

CHINA CARE FUND LIMITED
(培苗行動有限公司)
(incorporated in Hong Kong and limited liability by guarantee)

**Directors' Report and
Financial Statements
for The Year Ended 30 June 2025**

CHINA CARE FUND LIMITED
(培苗行動有限公司)
DIRECTORS' REPORT

The directors present their report together with the audited financial statements of China Care Fund Limited (the "Association") for the year ended 30 June 2025.

PRINCIPAL ACTIVITIES

The Association is a charitable organisation and is engaged in propagating education in the People's Republic of China and Hong Kong.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Association for the year ended 30 June 2025 and the financial position of the Association as at that date are set out in the financial statements on pages 6 to 37.

DIRECTORS

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

Sister Agnes LAW Yuen Ming

Mr. Arthur TSO Yeung

Mr. Francis CHAN Yuk Lam (Appointed on 28 October 2025)

In accordance with Article 45 of the Association's Articles of Association, Sister Agnes Law Yuen Ming shall retire from office by rotation and being eligible offers herself for re-election.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Association was entered into or existed during the year.

PERMITTED INDEMNITY PROVISIONS

No permitted indemnity provision (as defined in Section 469 of the Hong Kong Companies Ordinance) for the benefit of any of the directors of the Company being in force during the financial period and as at the date of this report

BUSINESS REVIEW

The Association is a company limited by guarantee at all times during the financial year and therefore is exempted from preparing a business review under Section 359(3) of the Hong Kong Companies Ordinance, Cap. 622.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Association to re-appoint the auditor, BDO Limited.

On behalf of the directors



Mr. Arthur TSO Yeung
Director

Hong Kong, **24 SEP 2026**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA CARE FUND LIMITED
(培苗行動有限公司)**
(Incorporated in Hong Kong and limited liability by guarantee)

Opinion

We have audited the financial statements of China Care Fund Limited (the "Association") set out on pages 6 to 37, which comprise the statement of financial position as at 30 June 2025, and the statement of comprehensive income, the statement of changes in total funds and the statement of cash flows for the year then ended, 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 Association as at 30 June 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("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 Association in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

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

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



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA CARE FUND LIMITED
(培苗行動有限公司)**

(Incorporated in Hong Kong and limited liability by guarantee)

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Association's internal control.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHINA CARE FUND LIMITED
(培苗行動有限公司)**

(Incorporated in Hong Kong and limited liability by guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Association'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 Association 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 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.

BDO Limited
Certified Public Accountants

Or Ying Ying, Anita
Practising Certificate Number: P07424

Hong Kong, **24 SEP 2026**

CHINA CARE FUND LIMITED
(培苗行動有限公司)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025			2024		
		General fund HK\$	Special purpose funds (Note 12) HK\$	Total HK\$	General fund HK\$	Special purpose funds (Note 12) HK\$	Total HK\$
Income							
Donations		3,135,708	7,624,804	10,760,512	3,172,926	3,960,763	7,133,689
Net exchange gain		50,377	-	50,377	32,278	-	32,278
Interest income		44,655	-	44,655	66,969	-	66,969
		<u>3,230,740</u>	<u>7,624,804</u>	<u>10,855,544</u>	<u>3,272,173</u>	<u>3,960,763</u>	<u>7,232,936</u>
Expenditure							
Function expenditure		(897,418)	-	(897,418)	(969,692)	-	(969,692)
Administrative expenditure		(1,440,273)	-	(1,440,273)	(1,538,242)	-	(1,538,242)
Sponsorship expenditure		-	(10,804,626)	(10,804,626)	-	(3,025,626)	(3,025,626)
Interest on lease liabilities		(1,016)	-	(1,016)	(980)	-	(980)
		<u>(2,338,707)</u>	<u>(10,804,626)</u>	<u>(13,143,333)</u>	<u>(2,508,914)</u>	<u>(3,025,626)</u>	<u>(5,534,540)</u>
(Deficit)/Surplus and total comprehensive income for the year	5	<u>892,033</u>	<u>(3,179,822)</u>	<u>(2,287,789)</u>	<u>763,259</u>	<u>935,137</u>	<u>1,698,396</u>

CHINA CARE FUND LIMITED
(培苗行動有限公司)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Notes	2025 HK\$	2024 HK\$
Non-current assets			
Property, plant and equipment	9	-	-
Right-of-use assets	10	-	47,455
		<u>-</u>	<u>47,455</u>
Current assets			
Deposits, other receivables and prepayments		171,014	537,966
Cash and bank balances		<u>16,992,886</u>	<u>14,806,864</u>
		<u>17,163,900</u>	<u>15,344,830</u>
Total assets		<u>17,163,900</u>	<u>15,392,285</u>
Current liabilities			
Sponsorship fees payable		4,248,923	2,198,200
Other payable and accrued charges		1,823,820	1,538,158
Lease liabilities	11	-	40,876
		<u>6,072,743</u>	<u>3,777,234</u>
Total current liabilities		<u>6,072,743</u>	<u>3,777,234</u>
Net current assets		<u>11,091,157</u>	<u>11,567,596</u>
Non-current liabilities			
Sponsorship fees payable		<u>3,050,528</u>	<u>1,286,633</u>
Net assets		<u>8,040,629</u>	<u>10,328,418</u>
Representing:			
General fund		6,973,844	6,081,811
Special purpose funds	12	<u>1,066,785</u>	<u>4,246,607</u>
Total funds		<u>8,040,629</u>	<u>10,328,418</u>



Mr. Arthur TSO Yeung
Director



Mr. Francis CHAN Yuk Lam
Director

CHINA CARE FUND LIMITED
(培苗行動有限公司)
STATEMENT OF CHANGES IN TOTAL FUNDS
FOR THE YEAR ENDED 30 JUNE 2025

	General fund HK\$	Special purpose funds HK\$	Total funds HK\$
At 1 July 2023	5,318,552	3,311,470	8,630,022
Surplus and total comprehensive income for the year	<u>763,259</u>	<u>935,137</u>	<u>1,698,396</u>
At 30 June 2024 and 1 July 2024	6,081,811	4,246,607	10,328,418
(Deficit)/Surplus and total comprehensive income for the year	<u>892,033</u>	<u>(3,179,822)</u>	<u>(2,287,789)</u>
At 30 June 2025	<u><u>6,973,844</u></u>	<u><u>1,066,785</u></u>	<u><u>8,040,629</u></u>

CHINA CARE FUND LIMITED
(培苗行動有限公司)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 HK\$	2024 HK\$
Cash flows from operating activities			
(Deficit)/Surplus for the year		(2,287,789)	1,698,396
Adjustments for:			
Depreciation of right-of-use assets		47,776	102,096
Exchange difference, net		(45)	47
Interest on lease liabilities		1,016	980
Interest expense		359,741	195,280
Interest income		(44,655)	(66,969)
Operating (deficit)/surplus before working capital changes		(1,923,956)	1,929,830
Increase in deposits, other receivables and prepayments		366,952	400,689
Increase/(Decrease) in sponsorship fees payable		3,454,877	(2,725,055)
Increase/(Decrease) in other payable and accrued charges		285,662	(1,575,292)
Net cash generated from/(used in) operating activities		<u>2,183,535</u>	<u>(1,969,828)</u>
Cash flows from investing activities			
Interest received		<u>44,655</u>	<u>66,969</u>
Net cash generated from investing activities		<u>44,655</u>	<u>66,969</u>
Cash flows from financing activities			
Repayment of principal amount of lease liabilities	17	(41,152)	(102,790)
Repayment of interest amount of lease liabilities	17	(1,016)	(980)
Net cash used in financing activities		<u>(42,168)</u>	<u>(103,770)</u>
Net increase/(decrease) in cash and cash equivalents		2,186,022	(2,006,629)
Cash and cash equivalents at beginning of the year		<u>14,806,864</u>	<u>16,813,493</u>
Cash and cash equivalents at end of the year		<u>16,992,886</u>	<u>14,806,864</u>
Analysis of cash and cash equivalents:			
Cash and bank balances		<u>16,992,886</u>	<u>14,806,864</u>

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

1. GENERAL

China Care Fund Limited (“the Association”) was incorporated in Hong Kong with limited liability by guarantee and does not have share capital.

The Association is a charitable organisation and is engaged in propagating education in the People’s Republic of China and Hong Kong. The address of its registered office and principal place of business is located at Unit No.02, 8/F CCT Telecom Building, No.11, Wo Shing Street, Sha Tin, New Territories.

In the event of winding up, each member is liable to contribute not exceeding HK\$100 and, if there remains, after satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the Association, but shall be given or transferred to some other institution or institutions, having similar objects of the Association and which shall prohibit the distribution of its or their income and property amongst its or their members to an extent at least as great as is imposed on the Association under or by virtue of Clause 5 of the Memorandum of Association, such institution or institutions to be determined by the members of the Association at or before the time of dissolution and in default thereof by a Judge of the High Court of the Hong Kong Special Administrative Region having the jurisdiction in regards to charitable funds, and if and so far as effect cannot be given to the aforesaid provision then to some charitable objects.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with HKFRS Accounting Standards, which is a collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the Hong Kong Companies Ordinance.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Association.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of amended HKFRS Accounting Standards - Effective on 1 July 2024

In the current year, the Association has applied for the first time for following amendments issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Association's financial statements for annual period beginning on 1 July 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2022)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

These amendments to HKFRS Accounting Standards had no material impact on the Association's financial statements.

(b) New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective

The following new and amendments to HKFRS Accounting Standards, potentially relevant to the Association's financial statements, have been issued but are not yet effective and have not been early adopted by the Association.

Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11 ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature - dependent Electricity ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

The directors anticipate that all of the relevant pronouncements will be adopted in the Association's accounting policy for the first period beginning after the effective date of the pronouncement. The above amendments to HKFRS Accounting Standards that have been issued but not yet effective are not expected to have a material impact on the Association's results and financial position upon application except for HKFRS 18.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS - Continued

(b) New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective - Continued

HKFRS 18 will replace HKAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosures are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. The directors are currently assessing the detailed implications of applying the new standard on the Association's financial statements. Based on preliminary assessment, the line items presented in the primary financial statements might change as a result of the application of the concept of "useful structured summary" and the enhanced principles on aggregation and disaggregation. The Association does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. Moreover, there will be significant new disclosures required for management-defined performance measures. HKFRS 18 is effective for annual periods beginning on or after 1 January 2027. Retrospective application is required and so the comparative information for the financial year ending 31 December 2026 will be restated in the accordance with HKFRS 18.

4. ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenditure.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

4. ACCOUNTING POLICIES - Continued

(a) Property, plant and equipment - Continued

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful life is as follows:

Leasehold improvements	5 years
Furniture and fixtures	5 years
Office equipment	2 years

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised as income or expenditure on disposal.

(b) Leases

The Association as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Association has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Association measures the right-of-use assets applying a cost model. Under the cost model, the Association measures the right-to-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

4. ACCOUNTING POLICIES - Continued

(b) Leases - Continued

The Association as a lessee - Continued

Lease liability

Lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Association uses the Association's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed lease payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Association presents lease liabilities separately in the statement of financial position.

(c) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Association commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

4. ACCOUNTING POLICIES - Continued

(c) Financial instruments - Continued

(i) Financial assets - Continued

Debt instruments

Subsequent measurement of debt instruments depends on the Association's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Association classifies its debt instruments is as follows:

Amortised cost

Financial assets that are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised as income or expenditure.

(ii) Impairment loss on financial assets

The Association recognises loss allowances for expected credit loss ("ECLs") on trade receivables, other receivables and financial assets measured at amortised cost. ECLs are measured on either of the following bases: (1) 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Association is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Association in accordance with the contract and all the cash flows that the Association expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For other debt financial assets, the Association applies general approach to measure ECLs based on 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

4. ACCOUNTING POLICIES - Continued

(c) Financial instruments - Continued

(ii) Impairment loss on financial assets - Continued

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Association's historical experience and informed credit assessment and including forward-looking information. The Association assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, such as past due status and credit risk ratings. The Association presumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Association has reasonable and supportable information that demonstrate otherwise.

The Association presumes that default does not occur later than when a financial asset is 90 days past due unless the Association has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Association recognises an impairment loss as expenditure for financial instruments carried at amortised cost by adjusting their carrying amount through the use of a loss allowance account. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Association determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment as income in the period in which the recovery occurs.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

The Association classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred. Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised as expenditure.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

4. ACCOUNTING POLICIES - Continued

(c) Financial instruments - Continued

(iii) Financial liabilities

Gains or losses are recognised as income or expenditure when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Association derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9 Financial instruments ("HKFRS 9").

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(d) Income recognition

Donations are recognised as income when the right to receive payment is established.

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

(e) Government grants

Government grants are not recognised until there is reasonable assurance that the Association will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Association with no future related costs are recognised as income in the period in which they become receivable.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

4. ACCOUNTING POLICIES - Continued

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at banks which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less any bank overdrafts which are repayable on demand and form an integral part of the Association's cash management.

(g) Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Association using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as income or expenditure.

(h) Employee benefits

(i) Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in the statement of comprehensive income when the services are rendered by the employees.

(ii) Short-term employee benefits

Employee entitlements to annual leave and statutory long service payments due on retirement or termination are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave and long-service payments as a result of services rendered by employees up to the end of the reporting period. The estimated liability is calculated net of expected reduction from benefits available from the Mandatory Provident Fund.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Association can no longer withdraw the offer of those benefits and when the Association recognises restructuring costs involving the payment of termination benefits.

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4. ACCOUNTING POLICIES - Continued

(i) Impairment of non-financial assets

Property, plant and equipment and right-of-use assets are subject to impairment testing. They are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised as an expense immediately for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's or cash-generating unit's recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of such impairment is credited to income in the period in which it arises.

(j) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Association has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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4. ACCOUNTING POLICIES - Continued

(k) Related parties

- (a) A person or a close member of that person's family is related to the Association if that person:
 - (i) has control or joint control over the Association;
 - (ii) has significant influence over the Association; or
 - (iii) is a member of key management personnel of the Association or the Association's parent.
- (b) An entity is related to the Association if any of the following conditions apply:
 - (i) The entity and the Association are members of the same group.
 - (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 the employees of the Association or an entity related to the Association.
 - (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 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 Association or to the Association's parent.

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5. (DEFICIT)/SURPLUS FOR THE YEAR

(Deficit)/Surplus for the year is arrived at after charging/(crediting):

	2025 HK\$	2024 HK\$
Depreciation of right-of-use assets	47,776	102,096
Bank interest income	(44,655)	(66,969)
Short-term leases	99,261	11,762
Interest on lease liabilities	1,016	980
Interest on financial liabilities repayable within five years (Note (a))	<u>359,741</u>	<u>195,280</u>

Note:

(a) It represents interest on sponsorship fees payable calculated under effective interest method, which the effective interest rate is carried at 5.25% to 5.875% (2024: 5.75% to 5.875%) per annum. The interest was included in sponsorship expenditure.

6. STAFF COSTS

	2025 HK\$	2024 HK\$
Staff costs comprise:		
Salaries	2,411,643	2,349,400
Contributions to defined contribution retirement plans	<u>66,960</u>	<u>74,100</u>
	<u>2,478,603</u>	<u>2,423,500</u>

7. DIRECTORS' EMOLUMENTS

There were no directors' fees or emoluments pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) for the years ended 30 June 2025 and 2024.

8. INCOME TAX EXPENSE

The Association is exempted from Hong Kong Profits Tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

CHINA CARE FUND LIMITED
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9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Total HK\$
Cost				
At 1 July 2023, 30 June 2024 and 30 June 2025	71,221	284,424	89,370	445,015
Accumulated depreciation				
At 1 July 2023, 30 June 2024 and 30 June 2025	<u>71,221</u>	<u>284,424</u>	<u>89,370</u>	<u>445,015</u>
Net book value				
At 30 June 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

10. RIGHT-OF-USE ASSETS

	Properties leased for own use HK\$
At 1 July 2023	66,530
Lease modification	76,782
Depreciation charges	(102,096)
Exchange realignments	<u>6,239</u>
At 30 June 2024 and 1 July 2024	47,455
Depreciation charges	(47,776)
Exchange realignments	<u>321</u>
At 30 June 2025	<u>-</u>

Total cash outflow for leases

For the year ended 30 June 2025, the total cash outflow for leases is HK\$141,429 (2024: HK\$115,532). Amounts include payments for principal and interest portion of lease liabilities and short-term leases. These amounts would be presented in Notes 17 and 5, respectively.

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11. LEASE LIABILITIES

The Association leases various properties in the jurisdictions from which it operates. Rental contracts are typically made for fixed period of 1 year (2024: fixed periods from 1 to 2 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as a security for borrowing purposes.

	HK\$
At 1 July 2023	60,598
Lease modification	76,782
Interest on lease liabilities	980
Repayment of principal amount of lease liabilities	(102,790)
Repayment of interest amount of lease liabilities	(980)
Exchange realignments	6,286
At 30 June 2024 and 1 July 2024	40,876
Interest on lease liabilities	1,016
Repayment of principal amount of lease liabilities	(41,152)
Repayment of interest amount of lease liabilities	(1,016)
Exchange realignments	276
At 30 June 2025	-

The future lease payments of the Association's leases (excluding short-term leases) are scheduled to be repaid as follows:

	Minimum lease payments HK\$	Interest HK\$	Present value HK\$
At 30 June 2024			
Due within one year	42,327	(1,451)	40,876

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12. SPECIAL PURPOSE FUNDS

Details of (deficit)/surplus for the years of Special Purpose Funds are as follows:

		2025		
	Note	Donations received HK\$	Sponsorship expenditure HK\$	Surplus/ (Deficit) HK\$
Alison Chow's Scholarship		-	(108,496)	(108,496)
Subject Project Fund (Ying Jiang)	a	732,680	(1,099,927)	(367,247)
Subject Project Fund (De Hong)	a	1,294,984	(1,369,508)	(74,524)
Subject Project Fund (Liang He)	a	1,488,583	(1,622,733)	(134,150)
Subject Project Fund (Ying Complete)	a	720,973	(1,193,056)	(472,083)
Subject Project Fund (Zhang Feng)	a	737,732	(868,091)	(130,359)
Subject Project Fund (Teng Xian)	a	-	(4,637)	(4,637)
Subject Project Fund (Long Chuan)	a	1,536,916	(1,619,176)	(82,260)
Learning Fee Fund		103,640	(258,819)	(155,179)
CCF University Programme	a	1,009,296	(2,660,183)	(1,650,887)
Total		<u>7,624,804</u>	<u>(10,804,626)</u>	<u>(3,179,822)</u>

		2024		
	Note	Donations received HK\$	Sponsorship expenditure HK\$	Surplus/ (Deficit) HK\$
Alison Chow's Scholarship		-	(54,250)	(54,250)
China Care Fund Scholarship		38,740	(32,550)	6,190
Subject Project Fund (Ying Jiang)	a	432,816	(567,629)	(134,813)
Subject Project Fund (De Hong)	a	1,286,304	(1,176,459)	109,845
Subject Project Fund (Hua Long)	a	(352,603)	597,790	245,187
Subject Project Fund (Liang He)	a	1,308,254	(2,087,486)	(779,232)
Subject Project Fund (Min He)	a	(835,103)	1,318,980	483,877
Subject Project Fund (Zhang Feng)	a	643,184	(890,059)	(246,875)
Subject Project Fund (Teng Xian)	a	430,776	822,002	1,252,778
Subject Project Fund (Xun Hua)	a	(365,920)	603,418	237,498
Subject Project Fund (Long Chuan)	a	1,251,715	(1,371,451)	(119,736)
Learning Fee Fund		122,600	(187,932)	(65,332)
Total		<u>3,960,763</u>	<u>(3,025,626)</u>	<u>935,137</u>

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12. SPECIAL PURPOSE FUNDS - Continued

Note a:

Under the subject project fund, the Association has entered into agreements with various schools and the relevant local authorities in the Mainland, committing to pay for the three or four years tuition fees and other study-related costs ("Sponsorship Fees") of certain numbers of students in those schools ("Sponsored Students"). The total Sponsorship Fees are payable by the Association over three or four academic years, and the amounts outstanding at the end of the reporting period are included in the statement of financial position as sponsorship fees payable.

The Association has secured the commitment from sponsors to sponsor all the Sponsored Students for their three or four-year studies. Sponsors have the option to pay the donations annually over the period or as a lump sum upfront. Committed donations not yet received by the Association at the end of the reporting period amounted to HK\$3,906,300 (2024: HK\$2,946,798).

Details of movement of Special Purpose Funds:

	Alison Chow's Scholarship HK\$	China Care Fund Scholarship HK\$	Emergency Relief Fund HK\$	K. F. Foundation Fund HK\$	施連君 Scholarship HK\$
At 1 July 2023	162,746	2,272	179,758	1,010,326	5,959
Surplus/ (Deficit) for the year	(54,250)	6,190	-	-	-
Transfer	-	-	-	-	-
At 30 June 2024 and 1 July 2024	108,496	8,462	179,758	1,010,326	5,959
Surplus/ (Deficit) for the year	(108,496)	-	-	-	-
Transfer	-	-	-	-	-
At 30 June 2025	-	8,462	179,758	1,010,326	5,959

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12. SPECIAL PURPOSE FUNDS - Continued

Details of movement of Special Purpose Funds: - Continued

	Subject Project Fund (Ying Jiang) HK\$	Subject Project Fund (De Hong) HK\$	Subject Project Fund (Gui Zhou) (Note b) HK\$	Subject Project Fund (Hua Long) HK\$	Subject Project Fund (Liang He) HK\$
At 1 July 2023	-	(496,284)	95,037	(221,612)	-
Surplus/ (Deficit) for the year	(134,813)	109,845	-	245,187	(779,232)
Transfer	-	-	(95,037)	-	-
At 30 June 2024 and 1 July 2024	(134,813)	(386,439)	-	23,575	(779,232)
Surplus/ (Deficit) for the year	(367,247)	(74,524)	-	-	(134,150)
Transfer	-	-	-	-	-
At 30 June 2025	<u>(502,060)</u>	<u>(460,963)</u>	<u>-</u>	<u>23,575</u>	<u>(913,382)</u>

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
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12. SPECIAL PURPOSE FUNDS - Continued

Details of movement of Special Purpose Funds: - Continued

	Subject Project (Ying Complete) HK\$	Subject Project Fund (Zhang Feng) HK\$	Subject Project Fund (Hui Ning) (Note b) HK\$	Subject Project Fund (HuZhu) (Note b) HK\$	Subject Project Fund (Le Du) (Note b) HK\$
At 1 July 2023	-	-	95,788	147,322	148,382
Surplus/ (Deficit) for the year	-	(246,875)	-	-	-
Transfer	-	-	-	(147,322)	(148,382)
At 30 June 2024 and 1 July 2024	-	(246,875)	95,788	-	-
Surplus/ (Deficit) for the year	(472,083)	(130,359)	-	-	-
Transfer	-	-	(95,788)	-	-
At 30 June 2025	(472,083)	(377,234)	-	-	-

CHINA CARE FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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12. SPECIAL PURPOSE FUNDS - Continued

Details of movement of Special Purpose Funds: - Continued

	Subject Project Fund (Min He) HK\$	Subject Project Fund (Ping An) (Note b) HK\$	Subject Project Fund (Rong Shui) (Note b) HK\$	Subject Project Fund (Ru Yuen) (Note b) HK\$	Subject Project Fund (Teng Chong) (Note b) HK\$
At 1 July 2023	(573,729)	435,607	87,887	192,240	59,344
Surplus/ (Deficit) for the year	483,877	-	-	-	-
Transfer	-	(435,607)	(87,887)	-	(59,344)
At 30 June 2024 and 1 July 2024	(89,852)	-	-	192,240	-
Surplus/ (Deficit) for the year	-	-	-	-	-
Transfer	-	-	-	(192,240)	-
At 30 June 2025	(89,852)	-	-	-	-

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
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12. SPECIAL PURPOSE FUNDS - Continued

Details of movement of Special Purpose Funds: - Continued

	Subject Project Fund (Teng Xian) HK\$	Subject Project Fund (Wei Yuan) (Note b) HK\$	Subject Project Fund (Xun Hua) HK\$	Subject Project Fund (Long Chuan) HK\$	Learning Fee Fund HK\$
At 1 July 2023	1,525,550	915,551	(194,875)	(243,660)	(22,139)
Surplus/ (Deficit) for the year	1,252,778	-	237,498	(119,736)	(65,332)
Transfer	-	-	-	-	-
At 30 June 2024 and 1 July 2024	2,778,328	915,551	42,623	(363,396)	(87,471)
Surplus/ (Deficit) for the year	(4,637)	-	-	(82,260)	(155,179)
Transfer	-	(915,551)	-	-	-
At 30 June 2025	<u>2,773,691</u>	<u>-</u>	<u>42,623</u>	<u>(445,656)</u>	<u>(242,650)</u>

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
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12. SPECIAL PURPOSE FUNDS - Continued

Details of movement of Special Purpose Funds: - Continued

	CCF University Programme HK\$	Subject Project Fund (Ceased Service) (Note b) HK\$	Total HK\$
At 1 July 2023	-	-	3,311,470
Surplus/(Deficit) for the year	-	-	935,137
Transfer	-	973,579	-
At 30 June 2024 and 1 July 2024	-	973,579	4,246,607
Surplus/(Deficit) for the year	(1,650,887)	-	(3,179,822)
Transfer	-	1,203,579	-
At 30 June 2025	(1,650,887)	2,177,158	1,066,785

Note b:

Upon cessation of the receipt of Sponsorship Fees for consecutive two years by the schools and the relevant local authorities, the funds were transferred to Subject Project Fund (Ceased Service).

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NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

13. FINANCIAL INSTRUMENTS BY CATEGORIES

	2025 HK\$	2024 HK\$
Financial assets at amortised cost		
Deposit and other receivables	134,672	461,773
Cash and bank balances	<u>16,992,886</u>	<u>14,806,863</u>
	<u>17,127,558</u>	<u>15,268,636</u>
Financial liabilities at amortised cost		
Sponsorship fees payable	7,299,451	3,484,833
Other payables and accrued charges	<u>379,440</u>	<u>431,375</u>
	<u>7,678,891</u>	<u>3,916,208</u>
Other financial instruments		
Lease liabilities	<u>-</u>	<u>40,876</u>

14. FINANCIAL RISK MANAGEMENT

The Association's activities expose it to a variety of financial risks which comprise market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The Association's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Association's financial performance. Risk management is carried out by key management under the policies approved by the directors. The Association does not have written risk management policies. However, the directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

Generally, the Association employs a conservative strategy regarding its financial risk management. As the directors consider that the Association's exposure to financial risk is kept at a minimum level, the Association has not used any derivatives or other instruments for hedging purposes. The most significant risks to which the Association is exposed to are described below:

(a) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Association's interest rate risk mainly arises from cash and bank balances, sponsorship fees payable and lease liabilities. Transactions arranged at variable rates and fixed rates expose the Association to cash flow interest rate risk and fair value interest rate risk respectively.

CHINA CARE FUND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

14. FINANCIAL RISK MANAGEMENT - Continued

(a) Interest rate risk - Continued

At the end of the reporting period, the Association had cash at bank which is exposed to prevailing market interest rate risk. In addition, sponsorship fees payable and lease liabilities which are fixed-rate instruments are insensitive to changes in interest rates and a change in interest rate at the end of the reporting period would not affect the Association's income or expenditure.

The following table indicates the approximate changes in deficit (2024: surplus) in response to reasonably possible changes in interest rate to which the Association has significant exposure at the end of the reporting period.

	2025 HK\$	2024 HK\$
Increase by 25 (2024: 25) basis points	(42,404)	36,905
Decrease by 25 (2024: 25) basis points	<u>42,404</u>	<u>(36,905)</u>

The Association currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The policies to manage interest rate risk have been consistently applied and are considered to be effective in limiting the Association's exposure to interest rate risk to a desirable level.

(b) Foreign exchange risk

Foreign currency risk refers to the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates.

The Association operates in Hong Kong, and its functional currency is HK\$ with certain of its business transactions being settled in Renminbi ("RMB"). The Association is thus exposed to currency risk arising from fluctuations on foreign currencies, primarily RMB against the functional currency of the Association. Currently, the Association does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The policies to manage foreign currency risk have been consistently applied and are considered to be effective in limiting the Association's exposure to foreign currency risk to a desirable level.

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14. FINANCIAL RISK MANAGEMENT - Continued

(b) Foreign exchange risk - Continued

The Association's foreign exchange risk arises mainly from the cash at bank, sponsorship fees payable and lease liabilities. The carrying amounts of the Association's financial assets/liabilities denominated in foreign currencies at the end of the reporting period were analysed in the table below.

	Assets		Liabilities	
	2025	2024	2025	2024
	HK\$	HK\$	HK\$	HK\$
Denominated in RMB	<u>8,575,424</u>	<u>8,094,212</u>	<u>7,341,749</u>	<u>3,525,709</u>

The following table indicates the approximate change in the Association's deficit (2024: surplus) in response to reasonably possible change in RMB to which the Association had significant exposure.

	(Increase)/decrease on deficit/surplus	
	2025	2024
	HK\$	HK\$
RMB to HK\$		
Appreciate by 3%	(37,010)	137,055
Depreciate by 3%	<u>37,010</u>	<u>(137,055)</u>

(c) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Association. The Association's credit risk is primarily attributable to its deposits and other receivables and cash and bank balances. The maximum exposure to credit risk of the Association in respect of these items at the end of the reporting period is their carrying amounts.

In order to minimise the credit risk, the management of the Association reviews the recoverable amount of each individual debt periodically and at the end of each reporting period to ensure that adequate impairment loss is made for irrecoverable amounts. In this regard, the management of the Association considers that the Association's credit risk is significantly reduced.

In respect of cash and bank balances, the Association's exposure to credit risk is limited because majority of the deposits are placed with reputable banks and financial institutions, for which the directors consider to have low credit risk.

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NOTES TO THE FINANCIAL STATEMENTS
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14. FINANCIAL RISK MANAGEMENT - Continued

(c) Credit risk - Continued

Impairment under ECL model

The Association assesses whether there has been a significant increase in credit risk for exposures since initial recognition on an ongoing basis. To assess whether there has been a significant increase in credit risk, the Association compares the risk of default occurring on the balances over the expected life between the reporting date and the date of initial recognition. For this purpose, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Association's historical experience and informed credit assessment and including forward-looking information. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;
- actual or expected significant changes in the operating results of the debtors;
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Association; and
- actual or expected significant adverse change in the regulatory, economic, or technological environment in which the debtor operates that results in a significant change in the debtor's ability to meet its debt obligations.

The Association presumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred which include significant financial difficulty of the debtors; a breach of contract, such as default or past due event; restructuring of the debt by the Association on terms that the Association would not consider otherwise; or it is becoming probable that the debtor will enter into bankruptcy or other financial reorganisation.

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NOTES TO THE FINANCIAL STATEMENTS
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14. FINANCIAL RISK MANAGEMENT - Continued

(c) Credit risk - Continued

Impairment under ECL model - Continued

The Association applies general approach to measure ECLs on deposits and other receivables and cash and bank balances. At 30 June 2025 and 2024, no loss allowance was provided for these outstanding balances. Other than that, management does not expect any losses from non-performance by the counterparties and assessed that the ECL rate in respect of these balances was immaterial.

(d) Liquidity risk

Liquidity risk relates to the risk that the Association will not be able to meet its obligations associated with its financial liabilities and other financial instruments that are settled by delivering cash or another financial asset. The Association is exposed to liquidity risk in respect of settlement of sponsorship fees payables, other payables and accrued charges, lease liabilities and its financing obligations, and also in respect of its cash flow management.

The Association's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its requirements in the short and longer term. In particular, the Association has invited donors to sponsor the subject projects in order to fulfil the upcoming contractual payments of HK\$7,299,451 (2024: HK\$3,484,833). At the end of the reporting period, sponsorship amounting to HK\$3,906,300 (2024: HK\$2,946,798) has been committed by donors.

The following table details the contractual maturities of financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows and the earliest date the Association can be required to pay:

	Within 1 year or on demand HK\$	More than 1 year but less than 2 years HK\$	Total undiscounted amount HK\$	Total carrying amount HK\$
At 30 June 2025				
Sponsorship fees payable	4,248,923	3,243,435	7,492,358	7,299,451
Other payables and accrued charges	379,440	-	379,440	379,440
	<u>4,628,363</u>	<u>3,243,435</u>	<u>7,871,798</u>	<u>7,721,188</u>

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NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2025

14. FINANCIAL RISK MANAGEMENT - Continued

(d) Liquidity risk - Continued

At 30 June 2024	Within 1 year or on demand HK\$	More than 1 year but less than 2 years HK\$	Total undiscounted amount HK\$	Total carrying amount HK\$
Sponsorship fees payable	2,198,202	1,362,223	3,560,425	3,484,833
Other payables and accrued charges	431,375	-	431,375	431,375
Lease liabilities	42,327	-	42,327	40,876
	<u>2,671,904</u>	<u>1,362,223</u>	<u>4,034,127</u>	<u>3,957,084</u>

15. CAPITAL MANAGEMENT

The directors regard the total funds as capital of the Association. Its objective when managing capital is to safeguard its ability to continue as a going concern. It manages capital by regularly monitoring its current and expected liquidity requirements.

16. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Association had no other material transactions with related parties during the year.

Management considers the directors of the Association as key management personnel of the Association. Details of directors' emoluments are disclosed in Note 7.

CHINA CARE FUND LIMITED
(培苗行動有限公司)
NOTES TO THE FINANCIAL STATEMENTS
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17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 11)	
	2025 HK\$	2024 HK\$
At beginning of year	40,876	60,598
<i>Other changes:</i>		
Lease modification	-	76,782
Interest on lease liabilities	1,016	980
Exchange realignments	276	6,286
Total other changes	1,292	84,048
<i>Changes from cash flows:</i>		
Repayment of principal amount of lease liabilities	(41,152)	(102,790)
Repayment of interest amount of lease liabilities	(1,016)	(980)
Total changes from financing cash flows	(42,168)	(103,770)
At end of year	-	40,876

18. EVENT AFTER THE REPORTING PERIOD

On 9 July 2025, the Association entered into a sale and purchase agreement to purchase a property at Unit No.02, 8/F CCT Telecom Building, No.11, Wo Shing Street, Sha Tin, New Territories as the office of the Association amounting to HK\$5,500,000 and the transaction cost amounting to HK\$179,030. The transaction has been completed on 7 September 2025.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Association for the year ended 30 June 2025 were approved and authorised for issue by the directors on **24 SEP 2026**.