

CHINESE TEMPLES COMMITTEE

Report on the administration of the General Chinese Charities Fund for the year ended 31 March 2008

The General Chinese Charities Fund (the Fund), managed by the Chinese Temples Committee (the Committee), was established under Section 8 of the Chinese Temples Ordinance (Cap. 153). The Fund may, at the discretion of the Committee, be applied -

- (a) for payment of the necessary staff and the other administrative expenses incurred by the Committee in the exercise of its powers under the Chinese Temples Ordinance; and
- (b) for the purposes of any Chinese charity in Hong Kong.

2. The Fund is administered by the Committee. A membership list for the year under review is at Appendix I. The Trust Funds and Temples Joint Secretariat is responsible for the secretarial and accounting work of the Fund. The Director of Audit is the auditor of the Fund's account.

3. In 2007-08, the investment income of the Fund is HK\$76.54 million and the total expenditure is HK\$26.51 million. The total staff cost and administrative expenditure incurred by the Fund amounted to HK\$9.85 million with the rest of the expenditure deployed for charity use.

Grants from the Fund

4. During the period under report, a total of HK\$8.97 million was applied to support various charitable projects and for grants through District Officers for needy families/individuals.

Singleton hostel projects

5. From February 1991 to 31 March 2008 the total expended amount on the singleton hostel projects was HK\$107.62 million.

6. The Committee has approved on 26 November 2004 to apply HK\$8 million for the purpose of meeting the recurrent expenses for the four year period from 2005-06 to 2008-09 on the management of singleton hostels. Up to 31 March 2008, a total of HK\$6 million was granted.

7. The singleton hostel projects would be phased out in four years' time starting 2005-06. Properties originally purchased with the Fund's money will be disposed in a phased manner and the net proceeds would be returned to the General Chinese Charities Fund. For this year, a total of HK\$5.41 million was received from the net sale proceeds of properties.

8. The audited Financial Statements of the Fund for the year ended 31 March 2008 is at Appendix II.

(Tsang Tak-sing)
Secretary for Home Affairs
Chairman
Chinese Temples Committee
10 December 2008

**Membership of the Chinese Temples Committee
(1.4.2007-31.3.2008)**

1. Secretary for Home Affairs (Chairman)
Dr Patrick C P HO, JP (up to 30.6.2007)
Mr TSANG Tak-sing, JP (as from 1.7.2007)
2. The Chairman of the Board of Directors (up to 31.3.2008)
of Tung Wah Group of Hospitals
(Mr ONG Ka-lueng, Peter)
3. Ms TING Yuk-chee, Christina, SBS, BBS, JP
4. Mr CHEUNG Wai-kou, Lawrence, JP
5. Dr CHAN Yuk-kit
6. Dr TANG Lap-kwong
7. Dr LO Wai-cheung, Anthony
8. Mr TONG Wai-ki, MH

GENERAL CHINESE CHARITIES FUND

BALANCE SHEET AS AT 31 MARCH 2008

	Note	2008 HK\$	2007 HK\$
NON-CURRENT ASSETS			
Available-for-sale financial assets	4	233,083,175	238,156,185
Properties acquired for use as singleton hostels	5	2,690,128	2,869,469
		235,773,303	241,025,654
		235,773,303	241,025,654
CURRENT ASSETS			
Accounts receivable	6	3,399,401	4,956,419
Prepayments		2,775	2,533
Time deposits	7	17,938,731	14,431,028
Cash at banks		4,556,396	2,335,814
Cash with other government departments		1,933,725	3,705,038
Cash on hand		1,941	3,705
		27,832,969	25,434,537
		27,832,969	25,434,537
CURRENT LIABILITIES			
Provision for staff gratuity	8	860,533	613,431
Provision for untaken leave		174,462	139,094
Accounts payable	9	916,140	693,099
		1,951,135	1,445,624
		1,951,135	1,445,624
NET CURRENT ASSETS		25,881,834	23,988,913
		25,881,834	23,988,913
TOTAL NET ASSETS		261,655,137	265,014,567
		261,655,137	265,014,567
ACCUMULATED FUND			
Accumulated surplus		142,983,137	82,032,158
Investment revaluation reserve		118,672,000	182,982,409
		261,655,137	265,014,567
		261,655,137	265,014,567

The accompanying notes 1 to 13 form part of these financial statements.

(Tsang Tak-sing)
Secretary for Home Affairs
Chairman
Chinese Temples Committee
10 December 2008

GENERAL CHINESE CHARITIES FUND

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008**

	Note	2008 HK\$	2007 HK\$
INCOME			
Dividends		9,561,653	10,428,994
Interest	10	759,443	1,169,215
Net sale proceeds of properties		5,410,820	7,764,342
Gains on disposal of available-for-sale financial assets		66,217,044	16,791,254
Transfer from Chinese Temples Fund		5,477,935	4,343,494
Transfer from Board of Management of the Chinese Permanent Cemeteries		38,200	76,400
Refund of grants		-	1,956,770
		87,465,095	42,530,469
EXPENDITURE			
Transfer to Tung Wah Group of Hospitals		5,477,935	4,343,494
Grants	11	8,966,459	8,035,026
Staff costs		8,701,123	7,973,791
Other operating expenses		961,892	1,248,704
Singleton hostel operating expenses		2,222,624	2,000,000
Depreciation		179,341	537,561
Exchange losses		4,742	14,956
		26,514,116	24,153,532
SURPLUS FOR THE YEAR		60,950,979	18,376,937

The accompanying notes 1 to 13 form part of these financial statements.

GENERAL CHINESE CHARITIES FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008**

	Accumulated Surplus HK\$	Investment Revaluation Reserve HK\$	Total HK\$
Balance at 1 April 2006	63,655,221	187,584,562	251,239,783
Net fair value gains on available-for-sale financial assets	-	13,155,209	13,155,209
Net fair value gains transferred to income and expenditure account on disposal	-	(17,757,362)	(17,757,362)
Surplus for the year 2006-07	18,376,937	-	18,376,937
Balance at 1 April 2007	82,032,158	182,982,409	265,014,567
Net fair value losses on available-for-sale financial assets	-	(4,429,822)	(4,429,822)
Net fair value gains transferred to income and expenditure account on disposal	-	(59,880,587)	(59,880,587)
Surplus for the year 2007-08	60,950,979	-	60,950,979
Balance at 31 March 2008	142,983,137	118,672,000	261,655,137

The accompanying notes 1 to 13 form part of these financial statements.

**GENERAL CHINESE CHARITIES FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008**

	2008 HK\$	2007 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	60,950,979	18,376,937
Dividend income	(9,561,653)	(10,428,994)
Interest income	(759,443)	(1,169,215)
Gains on disposal of available-for-sale financial assets	(66,217,044)	(16,791,254)
Transfer from Chinese Temples Fund	(5,477,935)	(4,343,494)
Transfer to Tung Wah Group of Hospitals	5,477,935	4,343,494
Depreciation	179,341	537,561
Net sale proceeds of properties	(5,410,820)	(7,764,342)
Decrease in accounts receivable	357,464	314,769
(Increase)/Decrease in prepayment	(242)	81
Increase in provision for staff gratuity	247,102	21,016
Increase in provision for untaken leave	35,368	14,265
Increase in accounts payable	223,041	269,621
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NET CASH USED IN OPERATING ACTIVITIES	(19,955,907)	(16,619,555)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(74,821,012)	(33,337,974)
Sale proceeds from disposal of available-for-sale financial assets	81,800,657	41,154,482
Net increase in time deposits with original maturity over 3 months	(10,669,171)	-
Dividends received	10,748,802	9,820,915
Interest received	771,848	1,214,654
Net sale proceeds of properties	5,410,820	7,764,342
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NET CASH FROM INVESTING ACTIVITIES	13,241,944	26,616,419
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,713,963)	9,996,864
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,475,585	10,478,721
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CASH AND CASH EQUIVALENTS AT END OF YEAR	13,761,622	20,475,585
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ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Time deposits with original maturity within 3 months	7,269,560	14,431,028
Cash at banks	4,556,396	2,335,814
Cash with other government departments	1,933,725	3,705,038
Cash on hand	1,941	3,705
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	13,761,622	20,475,585
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The accompanying notes 1 to 13 form part of these financial statements.

GENERAL CHINESE CHARITIES FUND
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The financial statements of the General Chinese Charities Fund (the Fund) are prepared in accordance with direction 9(1) of the General Chinese Charities Fund Directions (Cap. 153 sub. leg. B). The Fund has been established under section 8 of the Chinese Temples Ordinance (Cap. 153) and may in the discretion of the Chinese Temples Committee (the Committee) be applied:

- (a) to the pay of the necessary staff and the other expenses incurred by the Chinese Temples Committee in the exercise of its powers; and
- (b) for the purposes of any Chinese charity in Hong Kong,

in accordance with section 9 of the Chinese Temples Ordinance.

The address of the Fund's principal place of business is 34th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with applicable Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong.

(b) Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention except that available-for-sale financial assets are stated at fair value as explained in the accounting policy set out in note 2(d) below.

(c) Adoption of new/revised HKFRSs

The Fund has adopted all new/revised HKFRSs which are effective and relevant to the Fund for the current accounting period.

The Fund has not early applied any HKFRS that is not yet effective for the current accounting period. The Fund has considered that these HKFRSs may not have a significant impact on its results of operations and financial position.

(d) Available-for-sale financial assets

The Fund's available-for-sale financial assets are classified as non-current assets unless the Committee intends to dispose of the investments within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date on which the Fund is committed to the transactions. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. At each balance sheet date, the fair value is re-measured and any unrealised holding gain or loss arising from the change in fair value is included in the investment revaluation reserve.

When available-for-sale financial assets are sold, the gains or losses from the investments are dealt with in the income and expenditure account.

The fair values of quoted investments are based on current bid-prices.

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income and expenditure account – is removed from the investment revaluation reserve and recognised in the income and expenditure account. Such impairment losses are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses for debt securities are recognised in the income and expenditure account. Reversals of impairment losses for equity securities are recognised directly in the investment revaluation reserve.

(e) Foreign currency translation

Hong Kong dollar is the currency of the primary economic environment in which the Fund operates. Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income and expenditure account.

(f) Revenue recognition

Interest income is recognised on an accrual basis. Dividend income is recognised when the Fund's right to receive payment is established.

(g) Properties acquired for use as singleton hostels

Properties are stated at cost less accumulated depreciation. Depreciation is provided to write off the costs of properties over their estimated useful lives, using the straight line method. Full year depreciation is provided for properties acquired during the year.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, having been within three months of maturity when acquired.

3. FINANCIAL INSTRUMENTS

The Fund's major financial instruments are available-for-sale financial assets and bank deposits. The major risks associated with these financial instruments are credit risk, market risk and liquidity risk.

(a) Credit risk

To minimise the credit risk arising from available-for-sale financial assets, the Committee closely monitors the investment portfolio of the Fund. For investments in debt securities, only those classified as grade A3 or grade A- or above are considered. For bank deposits, they are placed with reputable licensed banks in Hong Kong. The maximum exposure to credit risk as at the balance sheet date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet.

(b) Market risk

The Fund is exposed to market risk due to changes in market variables such as interest rates, equity prices and exchange rates. To manage the risk, the Committee regularly reviews the investment portfolio and the investment guidelines for monitoring the investment activities of the Fund.

As at the balance sheet date, it is estimated that if the market prices of the respective equity securities had been 13% higher/lower the balance of the Fund's investment revaluation reserve would have increased/decreased by about HK\$30,274,225 (2006-07: HK\$30,095,148). The sensitivity analysis was based on the carrying amount of equity securities held by the Fund at the balance sheet date, with other variables being held constant.

It is also estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Fund's surplus and accumulated fund by approximately HK\$112,188 (2007: HK\$118,706). The sensitivity analysis has been determined assuming that the change in interest rates occurred at the balance sheet date and was applied to the interest-bearing fixed deposits and investments in debt securities at that date. The 50 basis point increase or decrease represents the Fund's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

(c) Liquidity risk

In the management of liquidity risk, the Fund maintains the level of cash and cash equivalents that is considered adequate to finance its operations and mitigate the effects of fluctuations in cash flows.

	2008 HK\$	2007 HK\$
4. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Equity Securities		
Listed in Hong Kong	233,083,175	231,135,185
Debt Securities		
Listed in Hong Kong	-	7,021,000
Listed outside Hong Kong	-	-
	-	7,021,000
	233,083,175	238,156,185
Fair value at 31 March 2008	233,083,175	238,156,185

	2008 HK\$	2007 HK\$
5. PROPERTIES ACQUIRED FOR USE AS SINGLETON HOSTELS		
Cost		
Balance at 1 April 2007	25,794,581	35,433,951
Disposals	(5,637,680)	(9,639,370)
	<hr/>	<hr/>
Balance at 31 March 2008	20,156,901	25,794,581
	<hr/>	<hr/>
Accumulated depreciation		
Balance at 1 April 2007	22,925,112	32,026,921
Charge for the year	179,341	537,561
Written back on disposals	(5,637,680)	(9,639,370)
	<hr/>	<hr/>
Balance at 31 March 2008	17,466,773	22,925,112
	<hr/>	<hr/>
Net book value at 31 March 2008	2,690,128	2,869,469
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6. ACCOUNTS RECEIVABLE		
Interest	104,072	116,477
Dividend	3,080,523	4,267,672
Staff costs	197,282	572,270
Others	17,524	-
	<hr/>	<hr/>
	3,399,401	4,956,419
	<hr/> <hr/>	<hr/> <hr/>
7. TIME DEPOSITS		
Time deposits with original maturity over 3 months	10,669,171	-
Time deposits with original maturity within 3 months	7,269,560	14,431,028
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	17,938,731	14,431,028
	<hr/> <hr/>	<hr/> <hr/>
8. PROVISION FOR STAFF GRATUITY		
Balance at 1 April 2007	613,431	592,415
Provision for the year	578,301	525,217
Payments for the year	(331,199)	(504,201)
	<hr/>	<hr/>
Balance at 31 March 2008	860,533	613,431
	<hr/> <hr/>	<hr/> <hr/>

	2008 HK\$	2007 HK\$
9. ACCOUNTS PAYABLE		
Staff costs	86,716	91,522
Other operating expenses	829,424	601,577
	<u>916,140</u>	<u>693,099</u>
	=====	=====
10. INTEREST		
Interest on bank deposits	707,110	544,148
Interest on bonds	52,333	625,067
	<u>759,443</u>	<u>1,169,215</u>
	=====	=====
11. GRANTS		
Grants to Cantonese Opera Development Fund	-	7,000,000
Recurrent grants	1,375,847	835,026
Grant to the Organising Committee of the “Healthy Exercise for Longevity” Project	-	200,000
Celebration of the 10th Anniversary of the HKSAR Blessing Ceremony	750,000	-
Celebration of the 10th Anniversary of the HKSAR Activity Series	5,449,312	-
Programs on reading Chinese classical literatures	1,391,300	-
	<u>8,966,459</u>	<u>8,035,026</u>
	=====	=====

12. CAPITAL MANAGEMENT

The capital structure of the Fund consists of accumulated surplus and investment revaluation reserve. The Fund’s objectives when managing capital are to comply with section 9(1) of the Chinese Temples Ordinance and to maintain a strong capital base for the purposes of any Chinese charity in Hong Kong. The Fund manages capital by monitoring its level to ensure that it is sufficient to fund future expenditure, taking into account projected cash flow requirements, future financial obligations and commitments.

	2008 HK\$	2007 HK\$
13. COMMITMENTS		
(a) Outstanding allocation approved for the maintenance of singleton hostels		
Balance at 1 April 2007	4,000,000	6,000,000
Payment for the year 2007-08	(2,000,000)	(2,000,000)
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Balance at 31 March 2008	2,000,000	4,000,000
	<hr/>	<hr/>
(b) Sponsorship for the “Healthy Exercise for Longevity” Project		
Commitment approved in February 2007	800,000	1,000,000
Payment for the period	-	(200,000)
	<hr/>	<hr/>
Balance at 31 March 2008	800,000	800,000
	<hr/>	<hr/>
(c) Celebration of the 10th Anniversary of the HKSAR Blessing Ceremony		
Commitment approved in May 2007	1,500,000	-
Payment for the period	(750,000)	-
	<hr/>	<hr/>
Balance at 31 March 2008	750,000	-
	<hr/>	<hr/>
(d) Celebration of the 10th Anniversary of the HKSAR Activity Series		
Commitment approved in March 2007	10,000,000	-
Payment for the period	(5,449,312)	-
	<hr/>	<hr/>
Balance at 31 March 2008	4,550,688	-
	<hr/>	<hr/>
(e) Programs on reading Chinese Classical Literatures		
Commitment approved in June 2007	3,000,000	-
Payment for the period	(1,391,300)	-
	<hr/>	<hr/>
Balance at 31 March 2008	1,608,700	-
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Total commitments at 31 March 2008	9,709,388	4,800,000
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