

CHINESE TEMPLES COMMITTEE

Report on the administration of the General Chinese Charities Fund for the year ended 31 March 2010

The General Chinese Charities Fund (the Fund), managed by the Chinese Temples Committee (the Committee), was established under Section 9 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 2009-10, the investment income of the Fund is HK\$3.79 million and the total expenditure is HK\$23.20 million. The total staff cost and administrative expenditure incurred by the Fund amounted to HK\$12.04 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\$5.20 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 2010 the total expended amount on the singleton hostel projects was HK\$109.90 million.

6. The Committee 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 and all the said amount was granted. In addition, a grant of \$0.275 million was approved in 2008-09 to assist elderly hostellers in the migration arrangement necessitated by the phasing-out of the singleton hostel projects.

7. The singleton hostel projects had already phased out. 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\$11 million was received from the net sale proceeds of properties.

8. The audited Financial Statements of the Fund for the year ended 31 March 2010 is at Appendix II.

(Tsang Tak-sing)
Secretary for Home Affairs
Chairman
Chinese Temples Committee
10 December 2010

**Membership of the Chinese Temples Committee
(1.4.2009-31.3.2010)**

1. Secretary for Home Affairs (Chairman)
Mr TSANG Tak-sing, GBS, JP
2. The Chairman of the Board of Directors (up to 31.3.2010)
of Tung Wah Group of Hospitals
(Dr LEE Sam-yuen)
3. Mr CHEUNG Wai-kou, Lawrence, JP (up to 31.7.2009)
4. Dr CHAN Yuk-kit
5. Dr TANG Lap-kwong
6. Dr LO Wai-cheung, Anthony
7. Dr TONG Wai-ki, BBS, MH
8. Ms IP Shun-hing, MH, JP
9. Mr MA Ching-yuk, BBS, JP (as from 1.8.2009)

GENERAL CHINESE CHARITIES FUND

BALANCE SHEET AS AT 31 MARCH 2010

	Note	2010 HK\$	2009 HK\$
NON-CURRENT ASSETS			
Available-for-sale financial assets	4	131,194,245	62,183,495
Properties acquired for use as singleton hostels	5	-	2,510,787
		131,194,245	64,694,282
		131,194,245	64,694,282
CURRENT ASSETS			
Accounts receivable	6	584,970	1,551,541
Prepayments		9,858	3,058
Time deposits	7	52,506,416	61,967,048
Cash at banks		2,404,493	10,087,998
Cash with other government departments		1,462,048	2,690,637
Cash on hand		23	3,480
		56,967,808	76,303,762
CURRENT LIABILITIES			
Provision for staff gratuity	8	910,085	545,867
Provision for untaken leave		166,835	123,702
Accounts payable and accrued charges	9	2,304,762	2,851,160
		3,381,682	3,520,729
NET CURRENT ASSETS		53,586,126	72,783,033
		53,586,126	72,783,033
TOTAL NET ASSETS		184,780,371	137,477,315
		184,780,371	137,477,315
ACCUMULATED FUND			
Accumulated surplus		150,224,144	152,902,363
Investment revaluation reserve		34,556,227	(15,425,048)
		184,780,371	137,477,315
		184,780,371	137,477,315

Notes 1 to 14 form part of these financial statements.

(Tsang Tak-sing)
Secretary for Home Affairs
Chairman
Chinese Temples Committee
10 December 2010

GENERAL CHINESE CHARITIES FUND

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2010 HK\$	2009 HK\$
INCOME			
Dividends		3,687,790	8,461,664
Interest	10	107,062	402,646
Gains on disposal of properties		10,999,182	6,461,189
Gains on disposal of available-for-sale financial assets		-	14,312,235
Transfer from Chinese Temples Fund		5,690,070	6,268,778
Transfer from Board of Management of the Chinese Permanent Cemeteries		38,200	-
Other income		-	8,048
		20,522,304	35,914,560
EXPENDITURE			
Transfer to Tung Wah Group of Hospitals		5,690,070	6,268,778
Grants	11	5,196,834	5,637,117
Staff costs		9,712,260	8,949,341
Rental and related charges		1,461,735	2,062,416
Other operating expenses		864,854	875,384
Singleton hostel operating expenses		268,546	2,000,000
Depreciation		-	179,341
Exchange losses		6,224	22,957
		23,200,523	25,995,334
(DEFICIT)/SURPLUS FOR THE YEAR		(2,678,219)	9,919,226

Notes 1 to 14 form part of these financial statements.

GENERAL CHINESE CHARITIES FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010**

	2010 HK\$	2009 HK\$
(DEFICIT)/SURPLUS FOR THE YEAR	(2,678,219)	9,919,226
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Available-for-sale financial assets		
Net fair value gains/(losses)	49,981,275	(49,955,266)
Net fair value gains transferred on disposal	-	(84,141,782)
	49,981,275	(134,097,048)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	47,303,056	(124,177,822)

GENERAL CHINESE CHARITIES FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2010**

	Accumulated Surplus HK\$	Investment Revaluation Reserve HK\$	Total HK\$
Balance at 1 April 2008	142,983,137	118,672,000	261,655,137
Total comprehensive income/(loss) for the year 2008-09	9,919,226	(134,097,048)	(124,177,822)
Balance at 31 March 2009	152,902,363	(15,425,048)	137,477,315
Total comprehensive income/(loss) for the year 2009-10	(2,678,219)	49,981,275	47,303,056
Balance at 31 March 2010	150,224,144 =====	34,556,227 =====	184,780,371 =====

**GENERAL CHINESE CHARITIES FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2010**

	2010 HK\$	2009 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit)/Surplus for the year	(2,678,219)	9,919,226
Dividend income	(3,687,790)	(8,461,664)
Interest income	(107,062)	(402,646)
Gains on disposal of available-for-sale financial assets	-	(14,312,235)
Transfer from Chinese Temples Fund	(5,690,070)	(6,268,778)
Transfer to Tung Wah Group of Hospitals	5,690,070	6,268,778
Depreciation	-	179,341
Gains on disposal of properties	(10,999,182)	(6,461,189)
Decrease/(Increase) in accounts receivable	1,237,803	(1,068,678)
Increase in prepayments	(6,800)	(283)
Increase/(Decrease) in provision for staff gratuity	364,218	(314,666)
Increase/(Decrease) in provision for untaken leave	43,133	(50,760)
(Decrease)/Increase in accounts payable and accrued charges	(546,398)	1,935,020
NET CASH USED IN OPERATING ACTIVITIES	<u>(16,380,297)</u>	<u>(19,038,534)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(19,029,475)	-
Sale proceeds from disposal of available-for-sale financial assets	-	51,114,867
Net decrease in time deposits with original maturity over 3 months	5,342,761	5,326,410
Dividends received	3,396,112	11,297,636
Interest received	127,508	483,212
Net sale proceeds of properties	13,509,969	6,461,189
NET CASH FROM INVESTING ACTIVITIES	<u>3,346,875</u>	<u>74,683,314</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(13,033,422)	55,644,780
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	69,406,402	13,761,622
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>56,372,980</u>	<u>69,406,402</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Time deposits with original maturity within 3 months	52,506,416	56,624,287
Cash at banks	2,404,493	10,087,998
Cash with other government departments	1,462,048	2,690,637
Cash on hand	23	3,480
	<u>56,372,980</u>	<u>69,406,402</u>

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.

Hong Kong Accounting Standard 1 (Revised): Presentation of Financial Statements (HKAS 1) introduces the statement of comprehensive income and presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Fund has elected to present two linked statements. HKAS 1 also introduces terminology changes to titles for the financial statements. While the Fund has changed the "Cash Flow Statement" to "Statement of Cash Flows", it has elected to retain the titles of "Income and Expenditure Account" and "Balance Sheet".

(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 recognised in other comprehensive income and accumulated separately in equity 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 other comprehensive income.

(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.

(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 RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) The Fund's major financial instruments are available-for-sale financial assets and bank deposits. The major risks associated with these financial instruments are set out below.

(i) 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 by Moody's Investors Service Inc. or grade A- by Standard & Poor's Corporation 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.

(ii) 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 10% (2009: 60%) higher/lower, the balance of the Fund's investment revaluation reserve would have increased/decreased by about HK\$13,120,000 (2009: HK\$37,310,000). 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 (2009: 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\$274,000 (2009: HK\$360,000). The sensitivity analysis was 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.

(iii) 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.

(b) Fair value hierarchy of financial instruments

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels according to the fair value hierarchy defined in HKFRS 7 Financial Instruments: Disclosures with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Available-for-sale equity securities				
- Listed	131,194,245	-	-	131,194,245
	=====	=====	=====	=====

During the year, there were no significant transfers between instruments in Level 1 and Level 2.

The three levels of the fair value hierarchy are:-

Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

	2010 HK\$	2009 HK\$
4. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Equity Securities		
Listed in Hong Kong	131,194,245	62,183,495
	<hr/>	<hr/>
Fair value at 31 March 2010	131,194,245	62,183,495
	<hr/> <hr/>	<hr/> <hr/>
5. PROPERTIES ACQUIRED FOR USE AS SINGLETON HOSTELS		
Cost		
Balance at 1 April 2009	15,528,761	20,156,901
Disposals	(10,830,941)	(4,628,140)
	<hr/>	<hr/>
Balance at 31 March 2010	4,697,820	15,528,761
	<hr/>	<hr/>
Accumulated depreciation		
Balance at 1 April 2009	13,017,974	17,466,773
Charge for the year	-	179,341
Written back on disposals	(8,320,154)	(4,628,140)
	<hr/>	<hr/>
Balance at 31 March 2010	4,697,820	13,017,974
	<hr/>	<hr/>
Net book value at 31 March 2010	-	2,510,787
	<hr/> <hr/>	<hr/> <hr/>
6. ACCOUNTS RECEIVABLE		
Interest	3,060	23,506
Dividends	536,230	244,551
Net sale proceeds of properties	-	1,081,500
Staff costs	43,999	201,980
Others	1,681	4
	<hr/>	<hr/>
	584,970	1,551,541
	<hr/> <hr/>	<hr/> <hr/>
7. TIME DEPOSITS		
Time deposits with original maturity over 3 months	-	5,342,761
Time deposits with original maturity within 3 months	52,506,416	56,624,287
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	52,506,416	61,967,048
	<hr/> <hr/>	<hr/> <hr/>

	2010 HK\$	2009 HK\$
8. PROVISION FOR STAFF GRATUITY		
Balance at 1 April 2009	545,867	860,533
Provision for the year	672,543	535,889
Payments for the year	(308,325)	(850,555)
	<hr/>	<hr/>
Balance at 31 March 2010	910,085	545,867
	=====	=====
9. ACCOUNTS PAYABLE AND ACCRUED CHARGES		
Staff costs	46,229	308
Accrued rental and related charges	-	2,062,416
Grants	2,228,334	522,000
Other operating expenses	30,199	266,436
	<hr/>	<hr/>
	2,304,762	2,851,160
	=====	=====
10. INTEREST		
Interest on bank deposits	107,062	402,646
	=====	=====
11. GRANTS		
Recurrent grants	1,768,500	2,920,750
Grant to the Organising Committee of the “Healthy Exercise for Longevity” Project	-	200,916
Celebration of the 10th Anniversary of the HKSAR Blessing Ceremony	-	522,000
Celebration of the 10th Anniversary of the HKSAR Activity Series	2,202,894	1,982,197
Programmes on reading Chinese classical literatures	-	11,254
Grant to the Organising Committee of the “Healthy Exercise for Longevity Project-Elders Love Sports”	200,000	-
Hong Kong Youth Consortium for 60 th Anniversary of the Founding of the People’s Republic of China	1,000,000	-
Grants to ‘Rendezvous 2009’	25,440	-
	<hr/>	<hr/>
	5,196,834	5,637,117
	=====	=====

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.

13. COMMITMENTS

(a) Financial commitments

As at 31 March 2010, the financial commitments of the Fund were as follows:-

- (i) HK\$599,084 (2009: HK\$599,084) for the sponsorship for the "Healthy Exercise for Longevity" project;
- (ii) HK\$1,597,446 (2009: HK\$1,597,446) for programmes on reading Chinese Classical Literatures;
- (iii) HK\$800,000 (2009: Nil) for the sponsorship for the 'Healthy Exercise for Longevity Project-Elders Love Sports';
- (iv) HK\$1,860,000 (2009: Nil) for grants to the Hong Kong Youth Consortium for 60th Anniversary of the Founding of the People's Republic of China; and
- (v) HK\$9,560 (2009: Nil) for grants to the "Rendezvous 2009".

(b) Lease commitments

As at 31 March 2010, the total future minimum lease payments under non-cancellable operating leases of premises were payable as follows:-

	2010	2009
	HK\$	HK\$
Not later than one year	820,192	-
	=====	=====

14. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of the Fund's bank balances, accounts receivable and accounts payable approximate their carrying amounts at the balance sheet date.