

## **CHINESE TEMPLES COMMITTEE**

### **Report on the administration of the Chinese Temples Fund for the year ended 31 March 2009**

The Chinese Temples Fund (the Fund) was established by the Chinese Temples Committee (the Committee) under Section 8(1) of the Chinese Temples Ordinance (Cap. 153) for the due observance of the customary ceremonies at temples and the maintenance of temple buildings and temple properties. Under Section 8(2) of the Ordinance, the Committee may, at its own discretion, transfer any surplus of the Fund to the General Chinese Charities Fund for the purpose 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. Surplus revenue from self-administered and delegated temples during the period under report amounted to HK\$28.72 million, representing an decrease of HK\$0.12 million as compared with that of HK\$28.84 million in 2007-08.

4. During the period under report, the total expenditure incurred on repairs and maintenance of the self-administered and delegated temples amounted to HK\$11.08 million. The renovation work for Tin Hau Temple in Joss House Bay was commenced in June 2009 for completion in December 2009.

5. The audited Financial Statements of the Fund for the year ended 31 March 2009 is at Appendix II.

(Tsang Tak-sing)  
Secretary for Home Affairs  
Chairman  
Chinese Temples Committee  
8 December 2009

**Membership of the Chinese Temples Committee  
(1.4.2008-31.3.2009)**

1. Secretary for Home Affairs (Chairman)  
Mr TSANG Tak-sing, JP
2. The Chairman of the Board of Directors (up to 31.3.2009)  
of Tung Wah Group of Hospitals  
(Mr MA Ching-hang, Patrick)
3. Ms TING Yuk-chee, Christina, SBS, BBS, JP (up to 27.6.2008)
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, BBS, MH
9. Ms IP Shun-hing, MH, JP (as from 21.10.2008)

**CHINESE TEMPLES FUND**  
**BALANCE SHEET AS AT 31 MARCH 2009**

	Note	2009 HK\$	2008 HK\$
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets	4	81,191,062	510,584,636
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<b>CURRENT ASSETS</b>			
Utilities deposits		201,600	203,600
Stock of worshipping items		39,054	13,931
Accounts receivable	5	1,425,657	3,442,916
Time deposits	6	435,778,029	109,909,699
Cash with the Director of Accounting Services		3,949,326	8,136,944
Cash at banks		5,405,271	2,230,710
Prepayments		6,099	-
		446,805,036	123,937,800
<b>CURRENT LIABILITIES</b>			
Contractors' retention money		411,520	474,113
Deposits from temple-keepers		2,552,659	3,257,219
Advance receipts		2,557,753	6,755,675
Accounts payable	7	316,315	907,311
		5,838,247	11,394,318
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<b>NET CURRENT ASSETS</b>		440,966,789	112,543,482
		-----	-----
<b>TOTAL NET ASSETS</b>		522,157,851	623,128,118
		=====	=====
<b>ACCUMULATED FUND</b>			
<b>RESERVE FOR THE MAINTENANCE OF TO CHI FAT SHE AT VICTORIA ROAD</b>		289,684,588	192,893,480
<b>RESERVE FOR THE MAINTENANCE OF TEMPLES</b>		1,492,603	1,243,651
<b>INVESTMENT REVALUATION RESERVE</b>		241,458,617	250,000,000
		(10,477,957)	178,990,987
		522,157,851	623,128,118
		=====	=====

The accompanying notes 1 to 17 form part of these financial statements.

(Tsang Tak-sing)  
Secretary for Home Affairs  
Chairman  
Chinese Temples Committee  
8 December 2009

**CHINESE TEMPLES FUND**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2009**

	Note	2009 HK\$	2008 HK\$
<b>INCOME</b>			
Surplus revenue from self-administered and delegated temples	8	28,065,517	26,243,824
Surplus revenue from 'One Tile One Wish' donation program	9	-	1,897,732
Surplus revenue from temples administered by Tung Wah Group of Hospitals	10	6,268,778	5,477,935
Donations		13,000	68,000
Dividends		10,322,026	9,384,888
Interest	11	5,965,636	7,269,956
Gains on disposal of available-for-sale financial assets		58,916,331	8,541,265
Sale of worshipping items		656,100	703,364
Other income	12	214,808	78,343
		110,422,196	59,665,307
<b>EXPENDITURE</b>			
Repairs and maintenance to self-administered and delegated temples		11,083,973	3,856,048
Grants for religious ceremonies and repairs to temples		2,264,199	2,835,870
Net payments from 'One Tile One Wish' donation program	9	9,411	-
Net payments for 'Temple Fair of Tam Kung Temple, Shaukeiwan'	13	1,780,716	-
Transfer to General Chinese Charities Fund		6,268,778	5,477,935
Legal expenses		159,950	188,425
Cost of worshipping items		212,493	167,146
Exchange losses		27,187	11,161
Miscellaneous		116,812	309,903
		21,923,519	12,846,488
<b>SURPLUS FOR THE YEAR</b>		88,498,677	46,818,819

The accompanying notes 1 to 17 form part of these financial statements.

**CHINESE TEMPLES FUND**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2009**

	<b>Accumulated Fund HK\$</b>	<b>Reserve for the maintenance of To Chi Fat She at Victoria Road HK\$</b>	<b>Reserve for the maintenance of Temples HK\$</b>	<b>Investment Revaluation Reserve HK\$</b>	<b>Total HK\$</b>
Balance at 1 April 2007	146,215,759	1,102,553	250,000,000	121,732,794	519,051,106
Net fair value gains on available-for-sale financial assets	-	-	-	65,239,556	65,239,556
Net fair value gains transferred to income and expenditure account on disposal	-	-	-	(7,981,363)	(7,981,363)
Transfer to Reserve for the maintenance of To Chi Fat She at Victoria Road	(141,098)	141,098	-	-	-
Surplus for the year 2007-08	46,818,819	-	-	-	46,818,819
Balance at 1 April 2008	192,893,480	1,243,651	250,000,000	178,990,987	623,128,118
Net fair value losses on available-for-sale financial assets	-	-	-	(60,105,827)	(60,105,827)
Net fair value gains transferred to income and expenditure account on disposal	-	-	-	(129,363,117)	(129,363,117)
Transfer to Reserve for the maintenance of To Chi Fat She at Victoria Road	(421,142)	421,142	-	-	-
Transfer from Reserve for the maintenance of To Chi Fat She at Victoria Road	172,190	(172,190)	-	-	-
Transfer from Reserve for the maintenance of Temples	8,541,383	-	(8,541,383)	-	-
Surplus for the year 2008-09	88,498,677	-	-	-	88,498,677
Balance at 31 March 2009	289,684,588	1,492,603	241,458,617	(10,477,957)	522,157,851

The accompanying notes 1 to 17 form part of these financial statements.

**CHINESE TEMPLES FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2009**

	<b>2009 HK\$</b>	<b>2008 HK\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	88,498,677	46,818,819
Dividend income	(10,322,026)	(9,384,888)
Interest income	(5,965,636)	(7,269,956)
Surplus revenue from temples administered by Tung Wah Group of Hospitals	(6,268,778)	(5,477,935)
Gains on disposal of available-for-sale financial assets	(58,916,331)	(8,541,265)
Transfer to General Chinese Charities Fund	6,268,778	5,477,935
Decrease in utilities deposits	2,000	-
(Increase)/Decrease in stock of worshipping items	(25,123)	34,981
(Increase)/Decrease in accounts receivable	(413,196)	562,743
(Increase)/Decrease in prepayments	(6,099)	4,749
Decrease in contractors' retention money	(62,593)	(34,957)
Decrease in deposits from temple-keepers	(704,560)	(485,635)
(Decrease)/Increase in advance receipts	(4,197,922)	2,678,721
Decrease in accounts payable	(590,996)	(180,694)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>7,296,195</b>	<b>24,202,618</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	-	(79,080,949)
Sale proceeds from disposal of available-for-sale financial assets	298,840,961	34,447,042
Net increase in time deposits with original maturity over 3 months	(54,800,127)	(26,992,523)
Bank interest received	4,051,905	4,451,377
Debt securities interest received	2,669,617	2,228,441
Dividends received	11,996,595	9,884,702
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>262,758,951</b>	<b>(55,061,910)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>270,055,146</b>	<b>(30,859,292)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>93,284,830</b>	<b>124,144,122</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>363,339,976</b>	<b>93,284,830</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Time deposits with original maturity within 3 months	353,985,379	82,917,176
Cash with the Director of Accounting Services	3,949,326	8,136,944
Cash at banks	5,405,271	2,230,710
	<b>363,339,976</b>	<b>93,284,830</b>

The accompanying notes 1 to 17 form part of these financial statements.

# CHINESE TEMPLES FUND

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL

The financial statements of the accounts of the Chinese Temples Fund (the Fund) are prepared in accordance with regulation 10(1) of the Chinese Temples Fund Regulations (Cap. 153 sub. leg. A). The Fund has been established for the due observance of the customary ceremonies at temples and the maintenance of temple buildings and temple properties in accordance with section 8(1) of the Chinese Temples Ordinance (Cap. 153). Any surplus of income may be transferred to the General Chinese Charities Fund for the purposes of any Chinese charity in Hong Kong in the discretion of the Chinese Temples Committee (the Committee) in accordance with section 8(2) of the Chinese Temples Ordinance.

The address of the Fund's principal place of business is 34<sup>th</sup> 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) Valuation of stock**

The cost of stock sold is calculated on a first-in-first-out basis. The value of stock at year end is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

**(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**

The Fund's major financial instruments include available-for-sale financial assets, bank deposits and cash with the Director of Accounting Services. The major risks associated with these financial instruments are set out below.

#### **(a) Credit risk**

The Fund's 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. The Fund limits its exposure to credit risk by transacting with well-established investment counterparties and banks with high credit ratings. For the cash balance with the Director of Accounting Services, credit risk is considered to be minimal.

#### **(b) Market risk**

The Fund is exposed to market risk due to changes in market variables such as equity prices and interest rates.

##### **(i) Equity price risk**

The Fund maintains a diversified portfolio of investments. The Committee monitors the performance of the portfolio and regularly reviews the investment strategy of the Fund to manage the equity price risk. It is estimated that if the market prices of the respective equity securities had been 68% (2008: 19%) higher/lower, the investment revaluation reserve of the Fund at the balance sheet date would have increased/decreased by about HK\$55,210,000 (2008: HK\$79,238,000). The sensitivity analysis was based on the carrying amount of equity securities held by the Fund on that date and on the assumption that all other variables were held constant.

##### **(ii) Interest rate risk**

As at 31 March 2009, it is 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 by approximately HK\$2,205,000 (2008: HK\$1,028,000). The sensitivity analysis was determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to interest-bearing financial instruments in existence at that date. The 50 basis point increase/decrease represents the Fund's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date.

#### **(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.

	<b>2009</b> <b>HK\$</b>	<b>2008</b> <b>HK\$</b>
<b>4. AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>		
Equity Securities		
Listed in Hong Kong	81,191,062	417,042,336
Debt Securities		
Listed in Hong Kong	-	18,342,000
Listed outside Hong Kong	-	75,200,300
	-	93,542,300
	<hr/>	<hr/>
Fair value at 31 March 2009	81,191,062	510,584,636
	=====	=====
<b>5. ACCOUNTS RECEIVABLE</b>		
Interest	352,811	1,108,697
Dividends	309,803	1,984,372
Revenue from self-administered and delegated temples	663,622	309,347
Miscellaneous	99,421	40,500
	<hr/>	<hr/>
	1,425,657	3,442,916
	=====	=====
<b>6. TIME DEPOSITS</b>		
Time deposits with original maturity over 3 months	81,792,650	26,992,523
Time deposits with original maturity within 3 months	353,985,379	82,917,176
	<hr/>	<hr/>
	435,778,029	109,909,699
	=====	=====
<b>7. ACCOUNTS PAYABLE</b>		
Repairs and maintenance to temples	141,369	542,552
Deposits from temple-keepers	87,700	87,700
Expenditure on self-administered and delegated temples	50,554	230,651
Miscellaneous	36,692	46,408
	<hr/>	<hr/>
	316,315	907,311
	=====	=====

	<b>2009</b> <b>HK\$</b>	<b>2008</b> <b>HK\$</b>
<b>8. SURPLUS REVENUE FROM SELF-ADMINISTERED AND DELEGATED TEMPLES</b>		
Receipts during the year	29,853,681	28,289,385
Less: Expenditure	(1,788,164)	(2,045,561)
	<u>28,065,517</u> =====	<u>26,243,824</u> =====
<b>9. (NET PAYMENTS)/SURPLUS REVENUE FROM 'ONE TILE ONE WISH' DONATION PROGRAM</b>		
Receipts during the year	9,750	2,211,159
Less: Expenditure	(19,161)	(313,427)
	<u>(9,411)</u> =====	<u>1,897,732</u> =====
<b>10. SURPLUS REVENUE FROM TEMPLES ADMINISTERED BY TUNG WAH GROUP OF HOSPITALS</b>		
Receipts during the year	13,659,094	11,020,898
Less: Expenditure	(7,390,316)	(5,542,963)
	<u>6,268,778</u> =====	<u>5,477,935</u> =====
<b>11. INTEREST</b>		
Interest on bank deposits	4,046,389	4,703,114
Interest on debt securities	1,919,247	2,566,842
	<u>5,965,636</u> =====	<u>7,269,956</u> =====
<b>12. OTHER INCOME</b>		
Administrative fees for film shootings at temples	5,000	24,000
Miscellaneous	209,808	54,343
	<u>214,808</u> =====	<u>78,343</u> =====

	<b>2009</b> <b>HK\$</b>	<b>2008</b> <b>HK\$</b>
<b>13. NET PAYMENTS FOR ‘TEMPLE FAIR OF TAM KUNG TEMPLE, SHAUKEIWAN’</b>		
Receipts during the period	177,763	-
Less: Expenditure	(1,958,479)	-
	<u>(1,780,716)</u>	<u>-</u>
	=====	=====

#### **14. CAPITAL MANAGEMENT**

The capital structure of the Fund consists of accumulated fund, reserve for the maintenance of To Chi Fat She at Victoria Road, reserve for the maintenance of temples and investment revaluation reserve. The Fund’s objectives when managing capital are to comply with the Chinese Temples Ordinance and to maintain a strong capital base for carrying out the purposes of the Fund as stated in note 1 above. The Fund manages capital to ensure that its level is sufficient to fund future grants and expenditure, taking into account projected cash flow requirements, future financial obligations and commitments.

#### **15. COMMITMENTS**

As at 31 March 2009, the financial commitments of the Fund are as follows:-

- (a) HK\$10,993,096 (2008: HK\$12,598,053) for approved or contracted out repairs to temples;
- (b) HK\$2,045,900 (2008: HK\$2,034,000) for rewards to temple-keepers upon the satisfactory completion of their temple management contracts; and
- (c) HK\$1,187,340 (2008: Nil) for taking up the rights issue of an equity security.

#### **16. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

The carrying values of financial assets and liabilities, such as cash and bank balances, accounts receivable and accounts payable, are assumed to approximate their fair values and accordingly, no disclosure of fair values for these items is presented.

#### **17. COMPARATIVE FIGURES**

Comparative figures have been reclassified to conform with the current year’s presentation.