

CHINESE TEMPLES COMMITTEE

Report on the administration of the General Chinese Charities Fund for the year ended 31 March 2009

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 2008-09, the investment income of the Fund is HK\$23.18 million and the total expenditure is HK\$26 million. The total staff cost and administrative expenditure incurred by the Fund amounted to HK\$12.09 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\$5.64 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 2009 the total expended amount on the singleton hostel projects was HK\$109.62 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. Up to 31 March 2009, all the said amount was granted. In addition, a grant of \$0.275 million has been approved during the period under report to assist elderly hostellers in the migration arrangement necessitated by the phasing-out of the singleton hostel projects.

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\$6.46 million was received from the net sale proceeds of properties.

8. 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
15 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)

GENERAL CHINESE CHARITIES FUND

BALANCE SHEET AS AT 31 MARCH 2009

	Note	2009 HK\$	2008 HK\$
NON-CURRENT ASSETS			
Available-for-sale financial assets	4	62,183,495	233,083,175
Properties acquired for use as singleton hostels	5	2,510,787	2,690,128
		<u>64,694,282</u>	<u>235,773,303</u>
CURRENT ASSETS			
Accounts receivable	6	1,551,541	3,399,401
Prepayments		3,058	2,775
Time deposits	7	61,967,048	17,938,731
Cash at banks		10,087,998	4,556,396
Cash with other government departments		2,690,637	1,933,725
Cash on hand		3,480	1,941
		<u>76,303,762</u>	<u>27,832,969</u>
CURRENT LIABILITIES			
Provision for staff gratuity	8	545,867	860,533
Provision for untaken leave		123,702	174,462
Accounts payable and accrued charges	9	2,851,160	916,140
		<u>3,520,729</u>	<u>1,951,135</u>
NET CURRENT ASSETS		<u>72,783,033</u>	<u>25,881,834</u>
TOTAL NET ASSETS		<u>137,477,315</u>	<u>261,655,137</u>
ACCUMULATED FUND			
Accumulated surplus		152,902,363	142,983,137
Investment revaluation reserve		(15,425,048)	118,672,000
		<u>137,477,315</u>	<u>261,655,137</u>

The accompanying notes 1 to 15 form part of these financial statements.

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

GENERAL CHINESE CHARITIES FUND

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

	Note	2009 HK\$	2008 HK\$
INCOME			
Dividends		8,461,664	9,561,653
Interest	10	402,646	759,443
Net sale proceeds of properties		6,461,189	5,410,820
Gains on disposal of available-for-sale financial assets		14,312,235	66,217,044
Transfer from Chinese Temples Fund		6,268,778	5,477,935
Transfer from Board of Management of the Chinese Permanent Cemeteries		-	38,200
Other income		8,048	-
		35,914,560	87,465,095
EXPENDITURE			
Transfer to Tung Wah Group of Hospitals		6,268,778	5,477,935
Grants	11	5,637,117	8,966,459
Staff costs		8,949,341	8,701,123
Rental and related charges		2,062,416	-
Other operating expenses		875,384	961,892
Singleton hostel operating expenses		2,000,000	2,222,624
Depreciation		179,341	179,341
Exchange losses		22,957	4,742
		25,995,334	26,514,116
SURPLUS FOR THE YEAR		9,919,226	60,950,979

The accompanying notes 1 to 15 form part of these financial statements.

GENERAL CHINESE CHARITIES FUND

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

	Accumulated Surplus HK\$	Investment Revaluation Reserve HK\$	Total HK\$
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
	<hr/>	<hr/>	<hr/>
Balance at 1 April 2008	142,983,137	118,672,000	261,655,137
Net fair value losses on available-for-sale financial assets	-	(49,955,266)	(49,955,266)
Net fair value gains transferred to income and expenditure account on disposal	-	(84,141,782)	(84,141,782)
Surplus for the year 2008-09	9,919,226	-	9,919,226
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Balance at 31 March 2009	152,902,363	(15,425,048)	137,477,315
	=====	=====	=====

The accompanying notes 1 to 15 form part of these financial statements.

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

	2009 HK\$	2008 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	9,919,226	60,950,979
Dividend income	(8,461,664)	(9,561,653)
Interest income	(402,646)	(759,443)
Gains on disposal of available-for-sale financial assets	(14,312,235)	(66,217,044)
Transfer from Chinese Temples Fund	(6,268,778)	(5,477,935)
Transfer to Tung Wah Group of Hospitals	6,268,778	5,477,935
Depreciation	179,341	179,341
Net sale proceeds of properties	(6,461,189)	(5,410,820)
(Increase)/Decrease in accounts receivable	(1,068,678)	357,464
Increase in prepayments	(283)	(242)
(Decrease)/Increase in provision for staff gratuity	(314,666)	247,102
(Decrease)/Increase in provision for untaken leave	(50,760)	35,368
Increase in accounts payable and accrued charges	1,935,020	223,041
NET CASH USED IN OPERATING ACTIVITIES	<u>(19,038,534)</u>	<u>(19,955,907)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	-	(74,821,012)
Sale proceeds from disposal of available-for-sale financial assets	51,114,867	81,800,657
Net decrease/(increase) in time deposits with original maturity over 3 months	5,326,410	(10,669,171)
Dividends received	11,297,636	10,748,802
Interest received	483,212	771,848
Net sale proceeds of properties	6,461,189	5,410,820
NET CASH FROM INVESTING ACTIVITIES	<u>74,683,314</u>	<u>13,241,944</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	55,644,780	(6,713,963)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,761,622	20,475,585
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>69,406,402</u>	<u>13,761,622</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Time deposits with original maturity within 3 months	56,624,287	7,269,560
Cash at banks	10,087,998	4,556,396
Cash with other government departments	2,690,637	1,933,725
Cash on hand	3,480	1,941
	<u>69,406,402</u>	<u>13,761,622</u>

The accompanying notes 1 to 15 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 RISK MANAGEMENT OBJECTIVES AND POLICIES

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 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.

(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 60% (2008: 13%) higher/lower, the balance of the Fund's investment revaluation reserve would have increased/decreased by about HK\$37,310,000 (2008: HK\$30,274,225). 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\$360,000 (2008: HK\$112,188). 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. The analysis was performed on the same basis for 2008.

(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.

	2009 HK\$	2008 HK\$
4. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Equity Securities		
Listed in Hong Kong	62,183,495	233,083,175
	<hr/>	<hr/>
Fair value at 31 March 2009	62,183,495	233,083,175
	<hr/> <hr/>	<hr/> <hr/>
5. PROPERTIES ACQUIRED FOR USE AS SINGLETON HOSTELS		
Cost		
Balance at 1 April 2008	20,156,901	25,794,581
Disposals	(4,628,140)	(5,637,680)
	<hr/>	<hr/>
Balance at 31 March 2009	15,528,761	20,156,901
	<hr/>	<hr/>
Accumulated depreciation		
Balance at 1 April 2008	17,466,773	22,925,112
Charge for the year	179,341	179,341
Written back on disposals	(4,628,140)	(5,637,680)
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Balance at 31 March 2009	13,017,974	17,466,773
	<hr/>	<hr/>
Net book value at 31 March 2009	2,510,787	2,690,128
	<hr/> <hr/>	<hr/> <hr/>
6. ACCOUNTS RECEIVABLE		
Interest	23,506	104,072
Dividends	244,551	3,080,523
Net sale proceeds of properties	1,081,500	-
Staff costs	201,980	197,282
Others	4	17,524
	<hr/>	<hr/>
	1,551,541	3,399,401
	<hr/> <hr/>	<hr/> <hr/>
7. TIME DEPOSITS		
Time deposits with original maturity over 3 months	5,342,761	10,669,171
Time deposits with original maturity within 3 months	56,624,287	7,269,560
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	61,967,048	17,938,731
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	2009	2008
	HK\$	HK\$
8. PROVISION FOR STAFF GRATUITY		
Balance at 1 April 2008	860,533	613,431
Provision for the year	535,889	578,301
Payments for the year	(850,555)	(331,199)
	<hr/>	<hr/>
Balance at 31 March 2009	545,867	860,533
	<hr/> <hr/>	<hr/> <hr/>
9. ACCOUNTS PAYABLE AND ACCRUED CHARGES		
Staff costs	308	86,716
Accrued rental and related charges	2,062,416	-
Grants	522,000	427,089
Other operating expenses	266,436	402,335
	<hr/>	<hr/>
	2,851,160	916,140
	<hr/> <hr/>	<hr/> <hr/>
10. INTEREST		
Interest on bank deposits	402,646	707,110
Interest on debt securities	-	52,333
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	402,646	759,443
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11. GRANTS		
Recurrent grants	2,920,750	1,375,847
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	750,000
Celebration of the 10th Anniversary of the HKSAR Activity Series	1,982,197	5,449,312
Programmes on reading Chinese classical literatures	11,254	1,391,300
	<hr/>	<hr/>
	5,637,117	8,966,459
	<hr/> <hr/>	<hr/> <hr/>
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.

	2009 HK\$	2008 HK\$
13. COMMITMENTS		
(a) Outstanding allocation approved for the maintenance of singleton hostels		
Balance at 1 April 2008	2,000,000	4,000,000
Allocation approved in March 2009	275,000	-
Payment for the year	(2,000,000)	(2,000,000)
	<hr/>	<hr/>
Balance at 31 March 2009	275,000	2,000,000
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(b) Sponsorship for the “Healthy Exercise for Longevity” Project		
Balance at 1 April 2008	800,000	800,000
Payment for the year	(200,916)	-
	<hr/>	<hr/>
Balance at 31 March 2009	599,084	800,000
	<hr/> <hr/>	<hr/> <hr/>
(c) Celebration of the 10th Anniversary of the HKSAR Activity Series		
Balance at 1 April 2008	4,550,688	10,000,000
Payment for the year	(1,982,197)	(5,449,312)
	<hr/>	<hr/>
Balance at 31 March 2009	2,568,491	4,550,688
	<hr/> <hr/>	<hr/> <hr/>
(d) Programmes on reading Chinese Classical Literatures		
Balance at 1 April 2008	1,608,700	3,000,000
Payment for the year	(11,254)	(1,391,300)
	<hr/>	<hr/>
Balance at 31 March 2009	1,597,446	1,608,700
	<hr/> <hr/>	<hr/> <hr/>
(e) Taking up the rights issue of a listed equity security		
Amount approved in March 2009	6,303,836	-
Payment for the period	-	-
	<hr/>	<hr/>
Balance at 31 March 2009	6,303,836	-
	<hr/> <hr/>	<hr/> <hr/>

14. 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.

15. COMPARATIVE FIGURES

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