

**ADREAM CHARITABLE FOUNDATION LIMITED**

真愛夢想中國教育基金有限公司

(Incorporated in Hong Kong with liability by guarantee)

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**ASTON WONG CPA LIMITED**

Certified Public Accountants (Practising)

黃達強會計師事務所有限公司

**ADREAM CHARITABLE FOUNDATION LIMITED  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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## **ADREAM CHARITABLE FOUNDATION LIMITED TRUSTEES' REPORTS**

The trustees submit herewith their annual report together with the audited financial statements for the year ended 31 December 2014.

### **PRINCIPAL ACTIVITIES**

The principal activities of Adream Charitable Foundation Limited ("the foundation" means the company registered by its Articles of Association) are promoting and furthering the educational development of students and teachers in economically deprived areas in the Mainland China.

### **RESULT**

The surplus of the foundation for the year ended 31 December 2014 and the state of the foundation's affairs as at that date are set out in the financial statements on pages 5 to 19.

### **FUNDS**

Movements in funds of the Foundation during the year are set out on page 7.

### **TRUSTEES**

The trustees during the financial year and up to the date of this report were:

#### Permanent trustees

Pan Jiang Xue  
Wu Chong

#### Other trustees

Wang Ji Fei  
Zhang Wei

In accordance with Article 44 and 46, except for the permanent trustees, all other trustees shall be appointed for a term of 2 years and shall hold office until the next Annual General Meeting but shall be eligible for re-election.

**ADREAM CHARITABLE FOUNDATION LIMITED  
TRUSTEES' REPORTS**

**TRUSTEES' INTERESTS IN CONTRACTS**

Apart for the transactions disclosed under "related party transactions" in note 18 to the financial statements, no other contract of significance to which the foundation or any party, and in which a trustee of the foundation had a material interest, subsisted at the end of the year or at any time during the year.

**AUDITORS**

The auditors, Messrs. Aston Wong CPA Limited, retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs. Aston Wong CPA Limited, as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board of trustees



Chairman

Hong Kong,

# ASTON WONG CPA LIMITED

*Certified Public Accountants (Practising)*

黃達強會計師事務所有限公司

Room 1701-1702, 17th Floor, Fee Tat Commercial Centre,  
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## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF ADREAM CHARITABLE FOUNDATION LIMITED** (incorporated in Hong Kong with liability by guarantee)

We have audited the financial statements of Adream Charitable Foundation Limited ("the foundation") set out on pages 5 to 19, which comprise the statement of financial position as at 31 December 2014, and the income and expenditure statement, the statement of changes in general funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Trustees' responsibility for the financial statements*

The trustees of the foundation are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 80 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**ASTON WONG CPA LIMITED**  
**Certified Public Accountants (Practising)**  
**黃達強會計師事務所有限公司**

**INDEPENDENT AUDITOR'S REPORT - Continued**  
**TO THE BOARD OF TRUSTEES OF**  
**ADREAM CHARITABLE FOUNDATION LIMITED**  
(incorporated in Hong Kong with liability by guarantee)

*Opinion*

In our opinion, the financial statements give a true and fair view of the state of the foundation's affairs as at 31 December 2014 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with Hong Kong Companies Ordinance.

**ASTON WONG CPA LIMITED**  
**Certified Public Accountants (Practising)**  
WONG, Tat Keung, Aston  
Practising Certificate Number: P04617

Room 1701 – 1702, 17/F., Fee Tat Commercial Centre,  
613 Nathan Road, Mongkok, Kowloon, Hong Kong.

**ADREAM CHARITABLE FOUNDATION LIMITED  
INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 HK\$	2013 HK\$
<b>Income</b>			
Donations income	6	8,244,463	1,342,848
Bank interest income		349	249
Dividend income from trading securities		53,195	64,868
Exchange gain, net		-	3,365
Gain on sales of trading securities		525,600	-
		<u>8,823,607</u>	<u>1,411,330</u>
<b>Expenditure</b>			
Donations expenditure	7	4,598,124	-
Administrative and other operating expenditure	8	48,007	43,658
Other expenditure	9	3,159	360
Fair value changes of trading securities at the reporting date		102,820	283,300
Loss on sales of trading securities		-	13,149
		<u>(4,752,110)</u>	<u>(340,467)</u>
Surplus before other comprehensive income		<u>4,071,497</u>	<u>1,070,863</u>
<b>Surplus and total comprehensive income</b>		<u><b>4,071,497</b></u>	<u><b>1,070,863</b></u>

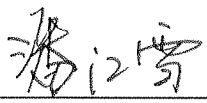
The notes on pages 9 to 19 are part of these financial statements.

**ADREAM CHARITABLE FOUNDATION LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

	Note	2014 HK\$	2013 HK\$
<b>ASSETS</b>			
<b>Current asstes</b>			
Trading securities	11	1,567,800	1,512,800
Cash and cash equivalents	12	5,851,070	1,834,573
		<u>7,418,870</u>	<u>3,347,373</u>
<b>Current liabilities</b>			
Sundry accounts payable	13	<u>(6,000)</u>	<u>(6,000)</u>
<b>NET ASSETS</b>		<u>7,412,870</u>	<u>3,341,373</u>
<b>FUNDS</b>			
General funds		<u>7,412,870</u>	<u>3,341,373</u>


The notes on pages 9 to 19 are part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on



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Trustee – PAN Jiang Xue



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Trustee – WU Chong



**ADREAM CHARITABLE FOUNDATION LIMITED  
STATEMENT OF CHANGES IN GENERAL FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>General funds HK\$</b>	<b>Retained surplus/ (Accumulated deficit) HK\$</b>	<b>Total HK\$</b>
<b>Balance at 1 January 2013</b>	3,000,000	(729,490)	2,270,510
<b>Changes in equity for 2013</b>			
Total comprehensive income for the year	--	1,070,863	1,070,863
<b>Balance at 31 December 2013 and 1 January 2014</b>	3,000,000	341,373	3,341,373
<b>Changes in equity for 2014</b>			
Total comprehensive income for the year	--	4,071,497	4,071,497
<b>Balance at 31 December 2014</b>	<u>3,000,000</u>	<u>4,412,870</u>	<u>7,412,870</u>

The notes on pages 9 to 19 are part of these financial statements.

**ADREAM CHARITABLE FOUNDATION LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	4,071,497	1,070,863
Adjustments for:		
Bank interest income	(349)	(249)
Dividend income	(53,195)	(64,868)
Exchange gain, net	-	(3,365)
Fair value change of trading securities at the reporting date	102,820	283,300
Loss / (Gain) on sale of trading securities	<u>(525,600)</u>	<u>13,149</u>
Operating surplus before working capital change and net cash generated from operating activities	<u>3,595,173</u>	<u>1,298,830</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Bank interest received	349	249
Dividend income from trading securities	53,195	64,868
Exchange gain, net	-	3,365
Proceeds from sales of trading securities	2,038,400	1,492,259
Purchase of trading securities	<u>(1,670,620)</u>	<u>(1,525,350)</u>
<b>Net cash generated from investing activities</b>	<u>421,324</u>	<u>35,391</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,016,497	1,334,221
<b>Cash and cash equivalents at beginning of the year (note 12)</b>	<u>1,834,573</u>	<u>500,352</u>
<b>Cash and cash equivalents at the end of the year (note 12)</b>	<u>5,851,070</u>	<u>1,834,573</u>

The notes on pages 9 to 19 are part of these financial statements.

**ADREAM CHARITABLE FOUNDATION LIMITED  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. FOUNDATION INFORMATION**

Adream Charitable Foundation Limited (“the foundation”) is a corporation which is incorporated and domiciled in Hong Kong with liability limited by guarantee. The address of its registered office and principal place of operation are 23 rd Floor, Wing On House, No. 71 Des Voeux Road Central, Hong Kong.

The principal activities of the foundation are promoting and furthering the educational development of students and teachers in economically deprived areas in the Mainland China.

In accordance with the Articles of Association of the foundation, the “trustee” means a director of the foundation.

**2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS**

The company’s financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. A summary of significant accounting policies adopted by the company is set out in note 3.

In 2014, the company has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 January 2014. A summary of the change in accounting policies resulting from the company’s application of these HKFRSs is set out in note 4.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for certain financial instruments, which are stated at fair value as explained in the accounting policies set out in note 3(b).

b. Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the foundation becomes a party to the contractual provision of the instrument.

Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**ADREAM CHARITABLE FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

b. Financial instruments (Cont'd)

Sundry accounts payables

Sundry accounts payable are initially measured at fair value and, after initial recognition, at amortised cost, except for amounts due to trustees and a related charity foundation with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

Trading securities

Investments in securities held for trading are classified as trading securities included in current assets and are stated in the statement of financial position at fair value. Any attributable transaction costs and gain or loss on the fair value changes of trading securities are recognized in profit or loss.

c. Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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, whose existence 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.

d. Revenue recognition

Provided it is probable that the economic benefits will flow to the foundation and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Donation income

Income from donations is recognized when cash is received and includes all sum received up to the reporting date.

ii) Interest income

Interest income from bank deposits is recognised as it accrues using the effective interest method.

iii) Dividend income

Dividend income from listed securities is recognized when the share price of the the investment goes ex-dividend.

**ADREAM CHARITABLE FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

- e. Foreign currency translation  
Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. At each reporting date, monetary assets and liabilities in foreign currencies are translated at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair value was determined. Exchange gains and losses are recognised in profit or loss.
- f. Related parties
- (a) A person or a close member of that person's family, is related to the company if that person:
- (i) has control or joint control over the company;
  - (ii) has significant influence over the company; or
  - (iii) is a member of the key management personnel of the company or of a parent of the company.
- (b) An entity is related to the company if any of the following conditions applies:
- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (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 employees of either the Company or an entity related to the company.
  - (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 the key management personnel of the entity (or of a parent of the entity).

**4. CHANGES IN ACCOUNTING POLICIES**

In 2014, the company has initially applied the new and revised HKFRSs issued by the HKICPA that are first effective for accounting periods beginning on or after 1 January 2014, including:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities
- Amendments to HKAS 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets
- HK(IFRIC) 21, Levies

The application of the new and revised HKFRSs has no material effects on the company's financial performance and positions and the impact of the adoption of some critical new or amended HKFRSs are discussed below:

**ADREAM CHARITABLE FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**4. CHANGES IN ACCOUNTING POLICIES (CONT'D)**

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10, which could include private equity organisations, venture capital organisations, pension funds and investment funds. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the company is not an investment entity.

Amendments to HKAS 32 Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the company.

Amendments to HKAS 36 Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments are the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. There has been no significant impact on the financial statement as the company does not have significant amount of impaired non-financial assets.

Amendments to HKAS 39 Novation of derivatives and continuation of hedge accounting

This amendment considers legislative changes to "over-the-counter" derivatives and the establishment of central counterparties. They provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the company does not own any hedged derivatives.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on the accounting for an obligation to pay a levy if that liability is within the scope of HKAS37 Provisions. It sets out what the obligating event is that gives rise to the payment a levy and, when a liability to pay a levy imposed by a government should be recognised. The company is not currently subjected to significant levies and therefore the impact on the company is insignificant.

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT**

The company's management makes assumptions, estimates and judgements in the process of applying the company's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumption, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

Key assumption and other key sources of estimation uncertainty

Certain key assumptions and risk factors in respect of the financial risk management are set out in note 16. There are no key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**ADREAM CHARITABLE FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**6. DONATION INCOME**

Donation income represents the donation income from the third parties. The amount of donation income during the year is analysed as follows:

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
Donation income from the third parties	8,244,463	1,342,848

**7. DONATION EXPENDITURE**

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
Donation made to a related charity foundation: 上海真愛夢想公益基金會	4,598,124	-

**8. ADMINISTRATIVE AND OTHER OPERATING EXPENDITURE**

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
Auditor's remuneration	6,000	6,000
Bank charges	9,843	7,534
Courier expenses	13,559	3,664
Legal and professional fees	18,605	23,515
Travelling expenses	-	2,945
	<u>48,007</u>	<u>43,658</u>

**9. OTHER EXPENDITURE**

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
Sundry expenses	985	360
Exchange losses, net	2,174	-
	<u>3,159</u>	<u>360</u>

**ADREAM CHARITABLE FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**10. INCOME TAX EXPENSE**

No Hong Kong Profits Tax had been made because the foundation has been recognized as an approved charitable institute within the scope of Section 88 of the Inland Revenue Ordinance.

**11. TRADING SECURITIES**

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
Listed equity securities, at market value		
- In Hong Kong	<u>1,567,800</u>	<u>1,512,800</u>

Fair values are determined with reference to quoted market bid prices.

**12. CASH AND CASH EQUIVALENTS**

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
Cash and bank balances	<u>5,851,070</u>	<u>1,834,573</u>
Cash and cash equivalents in the statement of financial position and in statement of cash flows	<u>5,851,070</u>	<u>1,834,573</u>

**13. SUNDRY ACCOUNTS PAYABLE**

All of the sundry accounts payable are expected to be settled within one year.

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
Sundry accounts payable	<u>6,000</u>	<u>6,000</u>



**ADREAM CHARITABLE FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**14. TRUSTEE'S REMUNERATION**

Trustee's Remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:-

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
Fee	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>
	<b><u>-</u></b>	<b><u>-</u></b>

**15. FUNDS DISCLOSURE**

General funds represent the unallocated surplus of donation income or it is used to supplement charitable financing in the period of deficits.

The foundation's objectives, when managing funds, are to safeguard the foundation's ability to continue as a going concern.

**16. FINANCIAL INSTRUMENT**

The foundation has classified its financial assets in the following category:

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
<u>Fair value through Profit &amp; Loss</u>		
Trading securities (note 11)	<u>1,567,800</u>	<u>1,512,800</u>
<u>Loans and receivable</u>		
Cash and cash equivalents (note 12)	<u>5,851,070</u>	<u>1,834,573</u>
	<b><u>7,418,870</u></b>	<b><u>3,347,373</u></b>

The foundation has classified its financial liabilities in the following category:

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
<u>Financial liabilities at amortised cost</u>		
Sundry accounts payable (note 13)	<u>6,000</u>	<u>6,000</u>
	<b><u>6,000</u></b>	<b><u>6,000</u></b>

**ADREAM CHARITABLE FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**16. FINANCIAL INSTRUMENT (CONT'D)**

The foundation is exposed to various kinds of risks in its operation and financial instruments. The foundation's risk management objectives and policies mainly focus on minimizing the potential adverse effects of these risks on the company by closely monitoring the individual exposure as follows:

- (a) Credit risk  
The foundation has no concentrations of credit risk.
- (b) Liquidity risk  
The foundation is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

Summary quantitative data

	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Within 1 year or on demand HK\$
<u>Year 2014</u>			
Sundry accounts payable (note 13)	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
<u>Year 2013</u>			
Sundry accounts payable (note 13)	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>

- (c) Interest rate risk  
As the foundation has no interest-bearing liabilities, the the foundation's expenses and financing cash flows are independent of changes in market interest rates.

The management does not anticipate any significant impact resulting from the change in interest rates because the time deposits are carried at low interest rates and the interest income thereon is not significant.

- (d) Currency risk  
The donation receipts and payments in various foreign currencies, mainly Renminbi, that exposes it to currency risk arising from such receipts and payments.

The foundation closely and continuously monitors the exposure on currency risk. Since Hong Kong Dollars is not pegged to Renminbi, the historical exchange rate fluctuation on Renminbi is insignificant. Thus, there are no significant exposures expected on these transactions and balances.

- (e) Equity price risk  
Equity price risk is the risk of loss arising from changes in equity prices. The Foundation is exposed to equity price risk at the value of its equity investments will decline if equity prices fall. These investments are classified as trading securities in the statement of financial position.

**ADREAM CHARITABLE FOUNDATION LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**16. FINANCIAL INSTRUMENT (CONT'D)**

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
Trading securities, at market value		
- Listed equity securities, at market value	<u>1,567,800</u>	<u>1,512,800</u>

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. The analysis is prepared assuming the financial instruments outstanding at the reporting date were outstanding for the whole year. As a result of the volatility of the financial market in 2014, the management regards the sensitivity rate is 30% for the purpose of assessing equity price risk. A 30 percent change is used when reporting equity price risk internally to key management personnel and represents management's assessment of the reasonably possible change in equity price.

At 31 December 2014, if the market bid price of the Foundation's listed equity investments had been 30 percent higher/lower, the Foundation's surplus would decrease/increase by HK\$470,340 (2013: HK\$453,840). This is mainly attributable to the change in fair values of the listed investments held for trading.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk as the period end exposure does not reflect the exposure during the period. An unexpected decrease in market bid price may result in the Foundation suffering significant deficit due to the leverage feature.

**17. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

Financial assets and liabilities measured at fair value in the statement of financial position are categorised in its entirety into the following three levels of the fair value hierarchy based on the basis of the lowest input that is significant to the fair value measurement in its entirety:

Level 1: fair value measured using quoted prices (unadjusted) in active markets for identical financial assets or liabilities

Level 2: fair value measured using inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly; and

Level 3: fair value measured using inputs for the financial asset or liability that are not based on observable market data

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**17. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONT'D)**

Financial assets measured at fair value:

	Level 1	Level 2	Level 3	Total
<u>Year 2014</u>				
Trading securities (note 11)	<u>1,567,800</u>	<u>-</u>	<u>-</u>	<u>1,567,800</u>
<u>Year 2013</u>				
Trading securities (note 11)	<u>1,512,800</u>	<u>-</u>	<u>-</u>	<u>1,512,800</u>

During the year, the company had no significant transfers between instruments in Level 1 and Level 2.

There are no financial assets that changing one or more of the inputs to reasonably possible alternative assumptions in their fair value measurements would change their fair value significantly.

**18. RELATED PARTY TRANSACTIONS**

In addition to the transactions and balances disclosed elsewhere in these financial statements, the foundation had the following material related party transactions during the year:

	<b>2014</b>	<b>2013</b>
	<b>HK\$</b>	<b>HK\$</b>
Donation made to:		
上海真愛夢想公益基金會	<u>4,598,124</u>	<u>-</u>

The related charity foundation is founded by Pan Jiang Xue, Wu Chong and Wang Ji Fei, who are trustees of the foundation.

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**19. HONG KONG FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR**

HKFRSs that have been issued but are not yet effective for the year include the following HKFRSs which may be relevant to the group's operations and financial statements:

	Effective for annual periods beginning on or after
No mandatory	
Amendments to HKAS 19, <i>Defined benefit plans:</i>	
<i>Employee contributions</i>	1 July 2014
<i>Annual improvements to HKFRSs 2010-2012 cycle</i>	1 July 2014
<i>Annual improvements to HKFRSs 2011-2013 cycle</i>	1 July 2014
<i>Annual improvements to HKFRSs 2012-2014 cycle</i>	1 January 2016
Amendments to HKAS 1, <i>Disclosure Initiative</i>	1 January 2016
Amendments to HKFRS 10, 11 and 12, <i>Investment Entities:</i>	1 January 2016
<i>Applying the Consolidation Exception</i>	
Amendments to HKFRS 11, <i>Accounting for acquisitions of interests in joint operations</i>	1 January 2016
Amendments to HKAS 16 and HKAS 38, <i>Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
Amendments to HKAS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018

The company has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the company's financial statements in the year of initial application. The company will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The company is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.