

HONG KONG CREATIVE OPEN TECHNOLOGY ASSOCIATION LIMITED

香港創意開放科技協會有限公司

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

YAU WANG KWONG 丘宏光執業會計師

Certified Public Accountant (Practising)

HONG KONG CREATIVE OPEN TECHNOLOGY ASSOCIATION LIMITED

香港創意開放科技協會有限公司

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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HONG KONG CREATIVE OPEN TECHNOLOGY ASSOCIATION LIMITED

香港創意開放科技協會有限公司

DIRECTORS' REPORT

The directors present the annual report and the audited financial statements of Hong Kong Creative Open Technology Association Limited ("the Company") for the year ended 31 March 2017.

Principal activities

The principal activities of the Company are to promote the awareness, benefits and usages of open technology and to promote creativity through the use of open technology.

Results

The results of the Company for the year ended 31 March 2017 are set out in the statement of income and retained earnings on page 4.

The state of the Company's affairs at 31 March 2017 is set out in the statement of financial position on page 5.

Directors

The directors of the Company during year and up to the date of this report were:

Mr. So Hau Heng Haggen	
Mr. Wong Wan Chung	
Mr. Yeung Shu Hung	(appointed on 7 April 2016)
Mr. Fung Chun Wah Sammy	(resigned on 7 April 2016)

Pursuant to the Company's Articles of Association, all directors shall retire and, being eligible, offer themselves for re-election at the forthcoming general meeting.

Permitted indemnity provisions

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more directors of the Company.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the Company.

Equity-linked agreement

The Company did not enter into any equity-linked agreement during the year.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the operation of the Company were entered into or existed during the year.

Auditor

A resolution will be submitted to the annual general meeting to re-appoint Mr. Yau Wang Kwong, Certified Public Accountant (Practising) as auditor of the Company.

On behalf of the Board of Directors

So Hau Heng Haggen
Chairman
Hong Kong, 26 October 2017

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HONG KONG CREATIVE OPEN TECHNOLOGY ASSOCIATION LIMITED 香港創意開放科技協會有限公司**
(Incorporated in Hong Kong and limited by guarantee)

Opinion

I have audited the financial statements of Hong Kong Creative Open Technology Association Limited ("the Company") set out on pages 4 to 8, which comprise the statement of financial position as at 31 March 2017, the statement of income and retained earnings and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

I conducted my audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The directors are responsible for the other information. The other information comprises all information included in the directors' report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRS for Private Entities issued by the HKICPA 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HONG KONG CREATIVE OPEN TECHNOLOGY ASSOCIATION LIMITED 香港創意開放科技協會有限公司**
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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

YAU WANG KWONG
Certified Public Accountant (Practising)
Hong Kong, 26 October 2017

HONG KONG CREATIVE OPEN TECHNOLOGY ASSOCIATION LIMITED

香港創意開放科技協會有限公司

STATEMENT OF INCOME AND RETAINED EARNINGS**FOR THE YEAR ENDED 31 MARCH 2017**

	2017 HK\$	2016 HK\$
REVENUE		
Donation received	66,240	30,203
Open technology conference income		
- ticket sales	108,505	48,535
- sponsorship	430,053	447,804
- miscellaneous income	3,880	-
Training course fee income	108,050	206,633
Other income		
- bank interest income	7	3
- gain on foreign exchange	-	707
- miscellaneous income	-	1,500
	<u>716,735</u>	<u>735,385</u>
EXPENDITURE		
Auditor's remuneration	7,600	7,300
Bad debts	200	-
Bank charges	8,303	6,396
Business meals	4,151	-
Company secretarial service fee	3,180	1,905
Conference expenses	509,100	334,345
Domain registration	3,200	2,200
Local travelling	254	11,642
Loss on foreign exchange	447	-
Postage and delivery	60	1,649
Printing and stationery	40	13,192
Project cost for Open Source	40,000	-
Subscription fee	-	500
Storage	-	1,000
Sundries	1,784	669
Trademark registration	-	1,000
Training cost and materials	156,374	160,556
	<u>734,693</u>	<u>542,354</u>
SURPLUS / (DEFICIT) FOR THE YEAR	(17,958)	193,031
SURPLUS AT BEGINNING OF THE YEAR	198,906	5,875
SURPLUS AT END OF THE YEAR	<u>180,948</u>	<u>198,906</u>

The accompanying notes from page 7 to 8 form an integral part of these financial statements.

HONG KONG CREATIVE OPEN TECHNOLOGY ASSOCIATION LIMITED

香港創意開放科技協會有限公司

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2017

	At 31/3/2017 HK\$	At 31/3/2016 HK\$
CURRENT ASSETS		
Accounts receivables	115,807	202,187
Cash and cash equivalents	<u>124,691</u>	<u>19,908</u>
	<u>240,498</u>	<u>222,095</u>
CURRENT LIABILITES		
Receipt in advance	42,753	15,889
Accrued expenses	<u>16,797</u>	<u>7,300</u>
	<u>59,550</u>	<u>23,189</u>
NET CURRENT ASSETS	<u>180,948</u>	<u>198,906</u>
RESERVE		
Reserve fund	<u>180,948</u>	<u>198,906</u>
	<u>180,948</u>	<u>198,906</u>

The financial statements were approved and authorized for issue by the Board of Directors on 26 October 2017.

So Hau Heng Hagen
Director

Wong Wan Chung
Director

The accompanying notes from page 7 to 8 form an integral part of these financial statements.

HONG KONG CREATIVE OPEN TECHNOLOGY ASSOCIATION LIMITED

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STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 MARCH 2017**

	2017 HK\$	2016 HK\$
Operating activities		
Surplus / (deficit) for the year	(17,958)	193,031
Adjustments for:		
Bank interest income	(7)	(3)
	<u>(17,965)</u>	<u>193,028</u>
Changes in working capital:		
(Increase) / decrease in accounts receivable	86,380	(199,697)
Increase in receipt in advance	26,864	13,889
Increase in accrued expenses	9,497	500
	<u>104,776</u>	<u>7,720</u>
Net cash from operating activities	<u>104,776</u>	<u>7,720</u>
Investing activities		
Bank interest received	7	3
	<u>7</u>	<u>3</u>
Net cash from investing activities	<u>7</u>	<u>3</u>
Net increase in cash and cash equivalents	104,783	7,723
Cash and Cash equivalents at beginning of the year	19,908	12,185
	<u>124,691</u>	<u>19,908</u>
Cash and Cash equivalents at end of the year represented by bank balances and cash on hand	<u>124,691</u>	<u>19,908</u>

The accompanying notes from page 7 to 8 form an integral part of these financial statements.

HONG KONG CREATIVE OPEN TECHNOLOGY ASSOCIATION LIMITED

香港創意開放科技協會有限公司

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR 31 MARCH 2017

1. General

The Company is incorporated in Hong Kong, limited by guarantee and not having a share capital. The Company's registered office is located at Unit 504, 5/F, Hang Seng Castle Peak Road Building, 339 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

Every member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up, not exceeding HK\$1. The Company is a charitable institution to promote the awareness, benefits and usages of open technology and to promote creativity through the use of open technology.

2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

3. Principal accounting policies

a) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

- i. Donation is recorded on cash received basis.
- ii. Ticket sales income is recognized when the conference was concluded.
- iii. Sponsorship income is recognized when the right to receive payment is established.
- iv. Training course fee income is recognized when the services are performed.

b) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

c) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks or other financial institutions, and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

d) Receivables

Receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

HONG KONG CREATIVE OPEN TECHNOLOGY ASSOCIATION LIMITED

香港創意開放科技協會有限公司

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR 31 MARCH 2017

3. Principal accounting policies (continued)

e) Payables

Payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

f) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Hong Kong Dollars, which is the Company's functional and presentation currency.

ii. Transactions and balances

Foreign currency translations are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

4. Accounting estimates and uncertainty

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 HKFRS for Private Entities. The assumptions, estimates and judgements are based on the historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In the opinion of the directors, 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. In the opinion of the directors, there are no critical judgements in applying the Company's accounting policies.

5. Directors' remuneration

No amounts have been paid in respect of directors' emoluments, directors' or past directors' pensions or for any compensation to directors or past directors in respect of loss of office during the years ended 31 March 2017 and 31 March 2016.

6. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company is a charitable institution under Section 88 of the Inland Revenue Ordinance (Chapter 112) and is therefore exempted from taxes levied under this Ordinance.