

南區扶輪社漢達國際計劃有限公司

RCHKS-HANDA Projects International Limited

Financial Statements

For the year ended 31 March 2009

RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED
Report of the Directors

The directors have pleasure in submitting their report together with the audited financial statements of the Company for the year ended 31 March 2009.

Principal activity

The Company is a non-profit making organization that aims at providing medical assistance and rehabilitation, and improving the livelihood, living condition and educational opportunities for people affected by leprosy and their families in Liangshan Prefecture, Sichuan Province, China. It also aims at reducing leprosy-based stigma and discrimination through public education.

Project Partners and Implementation

The major Project was jointly run by the Liangshan Yi Autonomous Prefecture Centre for Disease Control (“CDC”) and the Guangzhou-based Handa Rehabilitation and Welfare Association (“Handa”). Project implementation was carried out by Handa which executed the project plan and the use of project funds as donated and approved by the Company. Starting from September 2009, project implementation became the responsibility of the Company after Handa’s withdrawal from the Project.

The Company also started “The Jinyang water project”, jointly with the Jinyang County Government. The Company committed a donation of Rmb300,000.00 to be paid in four instalments in accordance with the progress schedule. Construction was commenced in April 2008 and by September 2008, 80% of the work was completed. A total of Rmb180,000.00 (60% of the committed donation) was paid to the Jinyang County Government during the year. The rest of the committed donation was retained by the Company because the work was not completed in full compliance with the construction plan. The balance will be used for future repair and maintenance.

Results

The results of the Company for the year ended 31 March 2009 and the state of affairs of the Company as at that date are set out in the financial statements on pages 6 to 14.

Status of the Company

The Company was incorporated in Hong Kong with liability limited by guarantee not exceeding HK\$100.00 for each member.

RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED
Report of the Directors (Continued)

Property, plant and equipment

Movements of property, plant and equipment are shown in note 9 to the financial statements.

Directors

The directors who held office during the year and up to the date of this report are:-

Anderson David Coussmaker	
Barrett Peter Francis	
Brown Paul Lougher	(Resigned on 27 November 2008)
Chen Zhiqiang	
Leung Tak On, Anthony	
Pirie Nicholas Frederick Francis	
Ting Wai Cheung, Bernie	
Cavazzoni Francesco	(Appointed on 27 November 2008)
Chan Yuk Sang, Joseph	(Appointed on 27 November 2008)
Hutton Clelland Peabody	(Appointed on 27 November 2008)
Wan Kam To	(Appointed on 27 November 2008)

In accordance with the Company's Articles of Association, Anderson David Coussmaker, Barrett Peter Francis and Chen Zhiqiang shall retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests in contracts

No contracts of significance to which the Company was a party and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

Directors' rights to acquire shares or debentures

At no time during the year was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED
Report of the Directors (Continued)

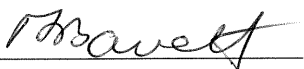
Management contracts

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

Auditors

The financial statements were audited by Messrs. Profectus & Co., Certified Public Accountants. A resolution to appoint the same as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board



Chairman

Hong Kong

22 October 2009

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED
(Incorporated in Hong Kong limited by guarantee and not having a share capital)

We have audited the financial statements of RCHKS-HANDA Projects International Limited set out on pages 6 to 14, which comprise the balance sheet as at 31 March 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 directors, 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.



Profectus & Co
certified public accountants
博達會計師事務所

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED
(Incorporated in Hong Kong limited by guarantee and not having a share capital)
(Continued)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2009 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 the Hong Kong Companies Ordinance.

Profectus & Co.
Certified Public Accountants

Room 1-3, 10/F.,
Kwan Chart Tower,
6 Tonnochy Road,
Wanchai, Hong Kong

22 October 2009

RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED

Income and Expenditure Account
For the year ended 31 March 2009
(Expressed in Hong Kong Dollars)

	Note	1/4/2008 to 31/3/2009	8/1/2007 (Date of Incorporation) to 31/3/2008
Donation income	4	1,872,309.01	3,196,349.20
Other income		0.00	9,189.76
		<u>1,872,309.01</u>	<u>3,205,538.96</u>
Donation	5	1,228,345.00	564,441.83
Project direct expenses		9,884.80	227,967.18
		<u>1,238,229.80</u>	<u>792,409.01</u>
		634,079.21	2,413,129.95
Administrative expenses			
Bank charges		2,413.78	4,372.71
Depreciation		67,908.64	65,801.21
Exchange difference		263.11	0.00
Insurance		6,502.20	6,342.42
Legal and professional fee		0.00	700.00
Mandatory provident fund contribution		10,000.00	7,000.00
Overseas traveling		50,674.19	58,217.80
Printing and stationery		200.00	3,650.78
Public relation expense		11,867.71	0.00
Recruitment		5,424.00	0.00
Salary and administrative service fee		343,346.80	140,000.00
Telecommunications		4,704.00	0.00
		<u>503,304.43</u>	<u>286,084.92</u>
Surplus for the year / period		<u><u>130,774.78</u></u>	<u><u>2,127,045.03</u></u>

RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED

Balance Sheet

As at 31 March 2009

(Expressed in Hong Kong Dollars)

	Note	As at 31/3/2009	As at 31/3/2008
ASSETS			
Non-current assets			
Property, plant and equipment	9	<u>124,962.49</u>	<u>184,441.43</u>
Current assets			
Other receivables		119,860.15	1,456.15
Prepayment		3,071.88	0.00
Cash and bank balances		<u>2,047,363.29</u>	<u>1,966,607.92</u>
		<u>2,170,295.32</u>	<u>1,968,064.07</u>
Current liabilities			
Accruals and other payables		<u>37,438.00</u>	<u>25,460.47</u>
Net current assets		<u>2,132,857.32</u>	<u>1,942,603.60</u>
NET ASSETS		<u><u>2,257,819.81</u></u>	<u><u>2,127,045.03</u></u>

Represented by:-

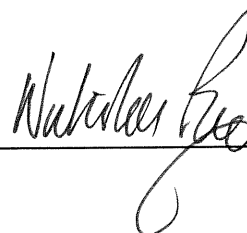
General fund	<u>2,257,819.81</u>	<u>2,127,045.03</u>
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Approved by the Board of Directors

Director



Director



RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED
Statement of Changes in Equity
For the year ended 31 March 2009
(Expressed in Hong Kong Dollars)

	General fund
At 8 January 2007 (Date of Incorporation)	0.00
Surplus for the period	<u>2,127,045.03</u>
At 31 March 2008 and 1 April 2008	2,127,045.03
Surplus for the year	<u>130,774.78</u>
At 31 March 2009	<u><u>2,257,819.81</u></u>

RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED

Cash Flow Statement

For the year ended 31 March 2009

(Expressed in Hong Kong Dollars)

	1/4/2008 to 31/3/2009	8/1/2007 (Date of Incorporation) to 31/3/2008
Cash flows from operating activities		
Surplus for the year / period	130,774.78	2,127,045.03
Adjustments for:		
Depreciation	<u>67,908.64</u>	<u>65,801.21</u>
Operating surplus before working capital changes	198,683.42	2,192,846.24
Changes in other receivables	(118,404.00)	(1,456.15)
Changes in prepayment	(3,071.88)	0.00
Changes in accruals and other payables	<u>11,977.53</u>	<u>25,460.47</u>
<i>Net cash from operating activities</i>	89,185.07	2,216,850.56
Cash flows from investing activities		
Additions to property, plant and equipment	<u>(8,429.70)</u>	<u>(250,242.64)</u>
<i>Net cash used in investing activities</i>	<u>(8,429.70)</u>	<u>(250,242.64)</u>
Changes in cash and cash equivalents	80,755.37	1,966,607.92
Cash and cash equivalents - at beginning of the year / period	<u>1,966,607.92</u>	<u>0.00</u>
Cash and cash equivalents - at end of the year / period	<u><u>2,047,363.29</u></u>	<u><u>1,966,607.92</u></u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	<u><u>2,047,363.29</u></u>	<u><u>1,966,607.92</u></u>

RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED

Notes to the Financial Statements

For the year ended 31 March 2009

(Expressed in Hong Kong Dollars)

1 Organization and principal activity

The Company, not having a share capital, was incorporated in Hong Kong under the Companies Ordinance, Chapter 32 with liability limited by guarantee of not exceeding \$100.00 for each member. The Company's registered office is located at Unit 1, 6th Floor, Eastern Harbour Centre, 28 Hoi Chak Street, Quarry Bay, Hong Kong.

The Company is a non-profit making organization that aims at providing medical assistance and rehabilitation, and improving the livelihood, living condition and educational opportunities for people affected by leprosy and their families in Liangshan Prefecture, Sichuan Province, China. It also aims at reducing leprosy-based stigma and discrimination through public education.

2 Adoption of new / revised Hong Kong Financial Reporting Standards ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Interpretations that are available for early adoption for the current accounting period of the Company.

The Company has not early adopted the HKFRSs that have been issued but are not yet effective for the current accounting period. In the opinion of the directors, the adoption of such HKFRSs will not result in substantial changes to the Company's results and financial position.

3 Significant accounting policies

The financial statements have been prepared in accordance with the HKFRSs. The significant accounting policies adopted are as follows:

a. Impairment of assets

Assets that have indefinite useful lives are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment loss is recognized in the income statement to reduce the asset to its recoverable amount.

RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED

Notes to the Financial Statements

For the year ended 31 March 2009

(Expressed in Hong Kong Dollars)

3 Significant accounting policies (Continued)

b. Property, plant and equipment

Property, plant and equipment are stated at cost less aggregate depreciation and impairment losses. The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the income statement.

Depreciation is calculated to write off the cost of property, plant and equipment over their estimated useful lives to the Company on a straight line basis. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. The principal bases for each class of property, plant and equipment are:-

Furniture and equipment	25.00%
Motor vehicle	33.33%

c. Retirement benefits costs

The Company operates an approved defined contribution retirement benefits scheme for employees, a Mandatory Provident Fund (MPF) Scheme under the MPF Schemes Ordinance. The assets of the scheme are held separately from those of the Company by an independent administrator. The contributions payable by the Company to the defined contribution retirement benefits scheme are charged to the income statement as incurred.

d. Revenue recognition

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

- Income from fund raising and donations is recognized when donations are received.
- Other income is recognized when it is received.

RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED

Notes to the Financial Statements

For the year ended 31 March 2009

(Expressed in Hong Kong Dollars)

3 Significant accounting policies (Continued)

e. Taxation

Income tax expense / income is the aggregate amount included in the determination of net profit or loss for the period in respect of current tax and deferred tax.

Current tax is the tax payable for the period based on the taxable profit.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

f. Cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

4 Donation income

	1/4/2008 to 31/3/2009	8/1/2007 (Date of Incorporation) to 31/3/2008
General funds from:		
- Individuals	78,070.00	422,418.74
- Charitable and non-profit making organizations, etc	1,794,239.01	2,606,407.76
- Related company with common directors	0.00	167,522.70
	<u>1,872,309.01</u>	<u>3,196,349.20</u>

RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED

Notes to the Financial Statements

For the year ended 31 March 2009

(Expressed in Hong Kong Dollars)

5 Donation	1/4/2008 to 31/3/2009	8/1/2007 (Date of Incorporation) to 31/3/2008
General funds to:		
- Charitable and non-profit making organizations:		
Handa Rehabilitation and Welfare Association	1,019,433.00	564,441.83
Jinyang County Government	<u>208,912.00</u>	<u>0.00</u>
	<u>1,228,345.00</u>	<u>564,441.83</u>

6 Taxation

No provision for Hong Kong profits tax has been made in the accounts. The Company is a charitable institution of a public character and is exempt from tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

7 Critical accounting estimates and judgements

The Company makes estimates and judgements which are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to impairment of assets.

8 Financial instruments

Exposure to currency, interest, credit, liquidity and fair value risks arise in the normal course of the Company's activity. These risks are limited by the Company's management policies.

In addition, as the Company only involved in receipt of donation income for its activity, the exposure to the above risks are not significant.

RCHKS-HANDA PROJECTS INTERNATIONAL LIMITED

Notes to the Financial Statements

For the year ended 31 March 2009

(Expressed in Hong Kong Dollars)

9 Property, plant and equipment

	Furniture and equipment	Motor vehicle	Total
Cost :-			
At 8/1/2007 (Date of Incorporation)	0.00	0.00	0.00
Additions	211,355.93	38,886.71	250,242.64
At 31/3/2008 and 1/4/2008	211,355.93	38,886.71	250,242.64
Additions	8,429.70	0.00	8,429.70
At 31/3/2009	219,785.63	38,886.71	258,672.34
Aggregate depreciation :-			
At 8/1/2007 (Date of Incorporation)	0.00	0.00	0.00
Charge for the period	52,838.98	12,962.23	65,801.21
At 31/3/2008 and 1/4/2008	52,838.98	12,962.23	65,801.21
Charge for the year	54,946.40	12,962.24	67,908.64
At 31/3/2009	107,785.38	25,924.47	133,709.85
Net book value :-			
At 31/3/2009	112,000.25	12,962.24	124,962.49
At 31/3/2008	158,516.95	25,924.48	184,441.43

10 Capital management

As the Company only involved in receipt of donation income for its activity and is not subject to externally imposed capital requirement, the Company monitors its capital structure on the basis of the surplus of the general fund.

11 Approval of financial statements

The financial statements set out on pages 6 to 14 were approved by the Board of Directors on 22 October 2009.