THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED

REPORT AND FINANCIAL STATEMENTS
2009/10

WONG BROTHERS & CO.
CERTIFIED PUBLIC ACCOUNTANTS

THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

Contents

WONG BROTHERS & CO
CERTIFIED PUBLIC ACCOUNTANTS
民信會計師事務所

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顧問:陳昌寬會計師

Independent Auditors' Report to the Members of

THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee and not having a share capital)

We have audited the financial statements of The Education Foundation of the Federation of the Alumni Associations of the Chinese University of Hong Kong Limited (the Foundation) set out on pages 3 to 16, which comprise the statement of financial position as at 30 September 2010, and the statements of comprehensive income and expenditure, the statement of changes in funds and the statement of cash flows 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 Foundation 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. This report is made 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 contents of the 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' judgement, 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 Foundation'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 Foundation'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.

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Independent Auditors' Report to the Members of

THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee and not having a share capital)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Foundation's affairs as at 30 September 2010 and of its deficit 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.

Wong Brothers & Co.

Wong Brothers & Co.
Certified Public Accountants
Hon. Auditors

Hong Kong, 16 JUN 2011

THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

	Notes	2010 HK$	2009 HK$
Non-current assets			
Available-for-sale financial assets	7	45,622	51,541
Current assets			
Inventories	8	67,038	16,751
Other investment	9	4,002,099	4,481,489
Other receivables	10	274,226	223,591
Fixed deposits	11	3,048,455	6,662,572
Cash and bank balances	11	1,697,097	1,394,734
		9,088,915	12,779,137
Current liabilities			
Other payable	12	(375,202)	(37,235)
Net current assets		8,713,713	12,741,902
NET ASSETS		8,759,335	12,793,443
Representing:			
General fund		5,772,862	6,466,938
China education development fund		2,980,467	6,314,580
Investments revaluation reserve		6,006	11,925
		8,759,335	12,793,443

Approved by the board of directors
on 16 JUN 2011

Director
Mr. Lee Kam Chung

Director
Mr. Ivan K F Chan

THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE - GENERAL FUND

FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2010 HK$	2009 HK$
Income		
Dividend income	131,412	152,401
Donations received	46,640	306,500
Investment income	- -	60,480
Other income	8,600	- -
Bank interests received	1,420	12,462
	188,072	531,843
EXPENDITURE ON SCHOOLS AND EDUCATION DEVELOPMENT		
Equipment and expenditure for schools	(172,308)	(84,945)
ADMINISTRATIVE EXPENDITURE		
Auditors' remuneration	- -	- -
Advertising	- -	2,337
Bank charges	4,450	4,858
Bank interest expenses	5	- -
Insurance	1,742	- -
Mandatory provident fund contribution	7,632	3,819
Staff salaries and allowances	184,718	100,687
Sundry expenses	964	576
	(199,511)	(112,277)
OTHER EXPENSES		
Fair value loss on other investment	(510,329)	(151,296)
TOTAL EXPENDITURE	(882,148)	(348,518)
(Deficit)/surplus for the year	(694,076)	183,325
Other comprehensive income, net of tax	- -	- -
Total comprehensive income for the year	(694,076)	183,325

THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE – CHINA EDUCATION DEVELOPMENT FUND

FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2010 HK$	2009 HK$
Income		
Donations received	1,195,801	757,552
Dividend income	1,512	1,219
Surplus on functions	28,586	6,409
Bank interests received	2,964	42,130
Other income	406	1,600
Gain on exchange	- -	1,955
	1,229,269	810,865
EXPENDITURE ON SCHOOLS AND EDUCATION DEVELOPMENT		
Bursary	1,027,307	394,687
Meal support	- -	255
New buildings	1,228,160	131,987
Prizes	106,223	34,766
Special support	184,709	49,916
Subsidiaries and scholarship	228,233	52,986
School others	10,145	11,545
Teacher's training	35,638	43,132
Teen aids	592,050	930
Warm function expenses	1,087,097	- -
	(4,499,562)	(720,204)
ADMINISTRATIVE EXPENDITURE		
Bank charges	377	501
Computer expenses	10,237	750
Insurance	9,498	990
Loss on exchange	1,297	- -
Other function expenses	236	45,328
Postage	1,982	591
Printing and stationery	2,939	6,765
Removal cost	- -	3,670
Sundry expenses	6,709	18,481
Telephone and fax	9,254	4,493
Trade mark registration fee	17,045	- -
Travelling expenses	- -	121
Utilities	4,246	- -
	(63,820)	(81,690)
TOTAL EXPENDITURE	(4,563,382)	(801,894)
(Deficits)/surplus for the year	(3,334,113)	8,971
Other comprehensive income, net of tax		
Fair value (loss)/gain on revaluation of available-for-sale financial assets	(5,919)	11,925
Total comprehensive income for the year	(3,340,032)	20,896

THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Investment revaluation reserve HK$	General Fund HK$	China Education Development Fund HK$	Total HK$
At 1 October 2008	- -	6,283,613	6,305,609	12,589,222
Total comprehensive income for the year	11,925	183,325	8,971	204,221
At 30 September 2009 and 1 October 2009	11,925	6,466,938	6,314,580	12,793,443
Total comprehensive income for the year	(5,919)	(694,076)	(3,334,113)	(4,034,108)
At 30 September 2010	6,006	5,772,862	2,980,467	8,759,335

THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Note	2010 HK$	2009 HK$
Cash flows from operating activities			
(Deficit)/surplus for the year		(4,028,189)	192,296
Adjustment for:			
Dividend income		(132,924)	(153,620)
Investment income		- -	(60,480)
Bank interests received		(4,384)	(54,592)
Fair value loss on other investment		510,329	151,296
Operating cash flows before movements in working capital		(3,655,168)	74,900
Increase in inventories		(50,287)	(6,231)
(Increase)/decrease in other receivables		(50,635)	14,511
Increase/(decrease) in other payable		337,967	(11,699)
Cash (used in)/generated from operations		(3,418,123)	71,481
Bank interests received		4,384	54,592
Dividend received		101,985	31,799
Net cash (used in)/generated by operating activities		(3,311,754)	157,872
Investing activities			
Payment for available-for-sale financial assets		- -	(39,308)
Payment for other investment		- -	(405,272)
Proceeds from disposal of other investment		- -	60,480
Net cash outflow from investing activities		- -	(384,100)
Net decrease in cash and cash equivalents		(3,311,754)	(226,228)
Cash and cash equivalents at the beginning of the financial year		8,057,306	8,283,534
Cash and cash equivalents at the end of the financial year	11	4,745,552	8,057,306

THE EDUCATION FOUNDATION OF THE FEDERATION OF THE ALUMNI ASSOCIATIONS OF THE CHINESE UNIVERSITY OF HONG KONG LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

1. GENERAL INFORMATION

The principal activities of the Foundation are establishing non-profit-making schools and promoting education development.

The Foundation is incorporated in Hong Kong and limited by guarantee and not having a share capital. The address of its registered office is Alumni Affairs Office, 3/F., John Fulton Centre, The Chinese University of Hong Kong, Shatin, New Territories, Hong Kong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliances

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and under the historical cost convention, as modified by the available-for-sale financial assets and financial assets at fair value through profit or loss.

(b) Impact of new and revised HKFRS

(i) Standards, interpretations and amendments effective in current year.

The HKICPA has issued a number of revised standards, amendments and new interpretations to HKFRSs that are effective for the current accounting period of the foundation. The following is relevant to the Foundation's financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements
Amendment to HKFRS 7	Improving disclosures about financial instruments

Except for changes in format, contents and terminology of the financial statements (including revised tittles for the financial statements), and additional disclosures for financial instruments measured at fair value as required by HKAS1 (revised) and Amendments to HKFRS 7 respectively, the adoptions of the above standards, amendments and interpretation have no impact on the results and financial position of the current and prior years of the Foundation.

(ii) Impact of standards, amendments and interpretations yet to be adopted

Up to the date of approval of these financial statements, the HKICPA has issued a number of amendments, new/revised standards and new interpretations, which are not yet effective and which have not been early adopted by the Foundation for the year ended 30 September 2010. The directors are in the process of making an assessment and are not yet in a position to determine of what the impact of these new/revised standards, amendments and new interpretations to the results and financial position of the Foundation upon adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Recognition of revenue

Donation income is recorded on a cash basis.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the Foundation's right to receive payment has been established.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Foundation operates ('the functional currency"). The financial statements are presented in HK dollars, which is the Foundation's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions 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 recognised in the income and expenditure accounts, except when deferred in funds as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in funds.

2.4 Investments

The Foundation classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting year end.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (including trade and other investments) are acquired principally for the purpose of selling in the short term or so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting year end.

Gains or losses arising from changes in fair value are recognised in surplus or deficit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Investments (Cont'd)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Foundation provides money, goods or services directly to schools or other developments to promote education and to nurture youngsters. They are included in current assets, except for maturities greater than 12 months after the reporting year end. These are classified as non-current assets and carried at amortised cost using the effective interest rate method less impairment loss, if any. Loans and receivables are included in other receivables in the statement of financial position.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Foundation's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are measured at amortised cost using effect interest rate method less impairment loss if any.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting year end.

Available-for-sale financial assets are initially recognized at fair value plus transaction costs and subsequently measured at fair value. Unrealised gain or loss arising from a change in the fair value is recognised directly in equity, except for impairment losses and foreign exchange gains and losses. When the financial asset is derecognized, the accumulative fair value gain or loss previously recognised in equity are recognised in surplus or deficit.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Foundation establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Foundation assesses at each reporting year end whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, 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 surplus or deficit – is removed from funds and recognised in surplus or deficit.

Impairment loss is recognized in surplus or deficit when there is objective evidence that the investment is impaired. Impairment losses recognised in surplus or deficit on equity instruments are not reversed through surplus or deficit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Cash and cash equivalents

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.

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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Foundation's activities are exposed to interest rate risk, credit risk and price risk. The Foundation's overall risk management programme focuses on the unpredictability and volatility of financial markets and seeks to minimize potential adverse effects on these risks. No derivative financial instruments are used to hedge any exposures of these risks.

(a) Interest rate risk

The Foundation income and operating cash flows are substantially independent of changes in market interest rates. The Foundation has no significant interest bearing assets and liabilities except cash at banks and short-term time deposit at bank, which carry interest at floating interest rates. Interest rate risk arises from changes in interest rates of the financial assets/liabilities of the Foundation.

Details the interest rate profile of the Foundation at the reporting year end were included in note 11 to the financial statements.

It is estimated by the directors at 30 September 2010 for the sensitivity analysis of interest rate risk that if there is a general increase/decrease of 1% in interest rates, with all other variables held constant, the surplus/(deficit) and the accumulated funds would be increased/decreased by approximately the same impact. This sensitivity analysis for interest rate risk has been determined assuming that the change in interest rates had occurred at the reporting year end. The increase/decrease of 1% estimated by the directors are based on the director's assessment of a reasonably possible change in interest rates over the period until the next annual statement of financial position date. The analysis is performed on the same basis for 2009.

(b) Credit risk

The Foundation's credit risk mainly arises from cash and short-term deposits at a bank and cash retained with various counterparties. The Foundation has no significant concentration of credit risk other than the cash deposited with a bank. It has policies in place to ensure that the cash retained by various counterparties are made to those with an appropriate credit history. Ongoing credit evaluation is performed by the management to ensure that the Foundation does not have any significant credit risk exposure in respect of the default in repayments.

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(c) Foreign currency risk

The Foundation does not have any significant exposure to foreign exchange risk. The majority of donation received, receivables and payables are denominated in local currency. The sensitivity analysis of foreign currency risk is not presented.

(d) Price risk

The Foundation is exposed to equity securities price risk in respect of the listed investments classified in the statement of financial position either as available-for-sale financial assets or financial assets at fair value through profit or loss. The equity price risk exposure arises from changes in the market price of the listed investments. All other unquoted investments held by the Foundation are for long term strategic purposes, of which the performance are assessed by the directors on an ongoing basis.

The directors consider that the Foundation's policy is only to invest the above investments by its surplus funds and its exposure may not have significant impact on the Foundation's financial position and results. Details of the Foundation's listed investments are detailed in notes 7 and 9 to the financial statements.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the listed shares prices had increased/decreased by 5%, with all other variables held constant, the change would have the same impact on the Foundation's surplus/(deficit) and the accumulated funds in existence at the statement of financial position date. The changes represent director's assessment of reasonably possible changes in the relevant stock prices over the period until the next financial year end. The analysis is performed on the same basis for 2009.

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the officer aim to maintain flexibility in funding by keeping committed credit lines available.

As the Foundation maintains sufficient working capital, the liquidity risks and its exposure is considered limited by the directors.

3.2 Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting year end. The quoted market price used for financial assets held by the Foundation is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The presentation of financial statements in conforming with HKFRSs requires the use of certain critical accounting estimates and judgements in applying the accounting policies. These estimates and judgements 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.

5. DIRECTORS' REMUNERATION

During the year, none of the directors received any emoluments for their services rendered to the Foundation (2009: Nil).

6. TAXATION

No provision for taxation is made in the financial statements as the Foundation is qualified for exemption from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance (2009: Nil).

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2010 HK$	2009 HK$
Listed equity securities – Hong Kong		
At the beginning of the year	51,541	- -
Additions	- -	39,616
Revaluation surplus transfer to equity	- -	11,925
Revaluation deficit transfer to equity	(5,919)	- -
At the end of the year	45,622	51,541

The above investment represents acquisition of equity shares in HSBC Holding Plc sourced from a specific donation to Foundation's China Education Development Fund. The investment is subject to financial risk exposure in term of price.

Fair values for the listed equity securities have been determined by reference to their quoted bid prices at the reporting year end in an active market.
The investment was pledged to a bank against banking facilities granted to the Foundation.

8. INVENTORIES

Inventories represent undistributed materials and are stated at the low of cost and net realisable value. Cost is calculated using the first-in-first-out and are expected to be distributed to the recipient within twelve months.

9. OTHER INVESTMENT

	2010 HK$	2009 HK$
Market value		
Listed equity securities – Hong Kong	4,002,099	4,481,489

The above investment represents the Foundation's investment in HSBC Holdings Plc. and is subject to financial risk exposure in term of price.

The investment was pledged to a bank against banking facilities granted to the Foundation.

10. OTHER RECEIVABLES

	2010 HK$	2009 HK$
Accounts receivable	250,715	177,491
Amount due by a director (note 13)	- -	22,600
Sundry deposits	23,511	23,500
	274,226	223,591

The carrying value approximates their fair value.

11. CASH AND CASH EQUIVALENTS

	2010 HK$	2009 HK$
Short-term time deposits	3,048,455	6,662,572
Cash at banks	1,655,617	1,262,354
Cash in hands	41,480	132,380
	1,697,097	1,394,734
	4,745,552	8,057,306
Representing cash and bank balances designated for		
- General fund	1,757,320	1,896,573
- China Education Development Fund	2,988,232	6,160,733
	4,745,552	8,057,306

11. CASH AND CASH EQUIVALENTS (Cont'd)

Cash at saving bank accounts in the aggregate of HK$661,914 (2009: HK$108,436) includes a RMB savings account in the amount equivalent to HK$144,698 (2009: Nil) held jointly in the name of the Hon. Treasurer and a director on behalf of the Foundation. The cash at saving bank accounts earn interest at floating rates based on daily bank deposit rates.

Short-term bank deposits carry interest at the rate ranked from 0.01% to 0.25% (2009: 0.05% to 3%). These deposits have an average maturity of 30 days.

12. OTHER PAYABLES

	2010 HK$	2009 HK$
Accounts payable	- -	2,430
Amount due to a director (note 13)	20,097	- -
Sundry creditors	332,371	5,445
Accrued expenses	22,734	29,360
	375,202	37,235

The carrying value approximates their fair value.

13. AMOUNT DUE (BY)/TO A DIRECTOR

The advances are unsecured, interest free and repayable on demand.

14. FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The following table presents the financial instruments held by the Foundation measured at fair value at 30 September 2010 acrossing the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures. The three levels defined by HKFRS 7 are as follows:-

(a) Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

(b) Level 2: Fair values measured using significant Inputs, directly or indirectly, based on observable market data, other than those quoted prices in active markets for similar financial instruments.

(c) Level 3: Fair values measured using valuation techniques in which any significant input is not based on observable market data.

14. FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE (Cont'd)

	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
Assets				
Available-for-sale financial assets				
- Listed	45,622	--	--	45,622
Other investment				
- Listed	4,002,099	--	--	4,002,099
	4,047,721	--	--	4,047,721

During the year, there were no significant transfers o financial instruments between different levels of fair value hierarchy.