

**STEWARDS**  
**(INCORPORATED IN HONG KONG**  
**AND LIMITED BY GUARANTEE)**  
**ANNUAL FINANCIAL REPORTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**  
**(For the purpose of Social Welfare Department)**



## Review Report to the Management Board of Stewards

We have audited the financial statements of Stewards ("the Company") for the year ended 31 March 2018 and have issued an unqualified independent auditor's report thereon dated 19 SEP 2018.

We conducted our review of the attached Annual Financial Report on pages 3 to 10 of the Company for the year ended 31 March 2018 in accordance with Practice No. 851 "Review of the Annual Financial Report of Non-governmental Organisations" issued by the Hong Kong Institute of Certified Public Accountants. The review includes considering the procedures and records relevant to the preparation of the Annual Financial Report and performing procedures to satisfy ourselves that the Annual Financial Report has been properly prepared from the books and records of the Company, on which the above audited financial statements of the Company are based.

### Review conclusions

On the basis of the results of our review and having regard to the audit procedures performed by us in relation to the audit of the financial statements of the Company for the year ended 31 March 2018:

- a. in our opinion the Annual Financial Report has been properly prepared from the books and records of the Company; and
- b. no matter have come to our attention during the course of our review, which cause us to believe that the Company has not:
  - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, Tide-over Grant and other social welfare subventions and expenditure in respect of Funding and Services Agreement activities and support services;
  - ii. kept separate Operating Income and Expenditure Account for each subvented service unit as required by the Lump Sum Grant Manual (LSG Manual) published by the Social Welfare Department of the Government of the HKSAR;
  - iii. prepared the Annual Financial Report in accordance with the format and requirements set out in the LSG Manual; and
  - iv. employed the staff quoted in the Tide-over Grant and Provident Fund arrangements during the year ended 31 March 2018.

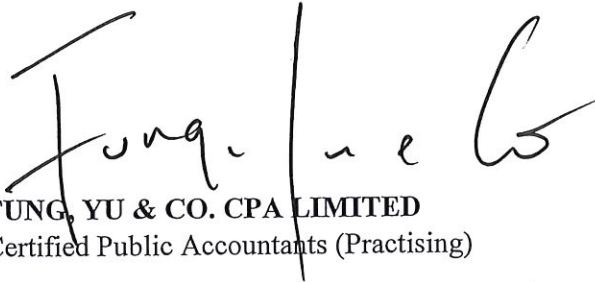


FUNG, YU & CO. CPA LIMITED  
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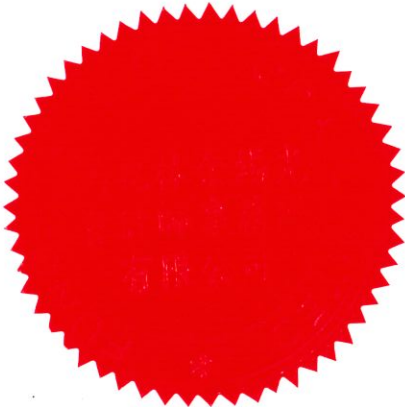
## Review Report to the Management Board of Stewards

This report is intended for filing with the Social Welfare Department of the Government of the HKSAR and should not be used for any other purpose.



**FUNG, YU & CO. CPA LIMITED**  
Certified Public Accountants (Practising)

**LAU VUI CHEONG**  
Practising Certificate Number: P03455



Hong Kong, 19 SEP 2018

**STEWARDS**  
**ANNUAL FINANCIAL REPORT**  
**1 APRIL 2017 TO 31 MARCH 2018**

|   | <u>Notes</u> | <u>2017-18</u>       | <u>2016-17</u>       |
|---|--------------|----------------------|----------------------|
|   |              | \$                   | \$                   |
| <b>INCOME</b>                                   |              |                      |                      |
| Lump Sum Grant                                  |              |                      |                      |
| a. Lump Sum Grant<br>(excluding Provident Fund) | 1b           | 69,877,744.00        | 66,385,750.00        |
| b. Provident Fund                               | 1c           | 5,194,288.00         | 5,015,593.00         |
| Special One-off Grant                           |              | -                    | -                    |
| Fee Income                                      | 2            | 2,113,307.00         | 2,125,420.00         |
| Central Items                                   | 3            | 638,800.00           | 531,000.00           |
| Rent and Rates                                  | 4            | 3,744,920.00         | 3,678,795.00         |
| Other Income                                    | 5            | 10,371,141.70        | 10,053,233.21        |
| Interest Received                               |              | 212,945.26           | 175,665.18           |
| <b>TOTAL INCOME</b>                             |              | <b>92,153,145.96</b> | <b>87,965,456.39</b> |
| <b>EXPENDITURE</b>                              |              |                      |                      |
| Personal Emoluments                             |              |                      |                      |
| a. Salaries                                     |              | 63,002,815.50        | 61,404,970.81        |
| b. Provident Fund                               | 1c           | 4,118,146.27         | 4,303,252.64         |
| c. Allowances                                   |              | 162,300.00           | 214,805.00           |
| Subtotal  | 6            | 67,283,261.77        | 65,923,028.45        |
| Other Charges                                   | 7            | 18,121,658.85        | 15,503,888.40        |
| Central Items                                   | 3            | 561,290.32           | 266,405.64           |
| Rent and Rates                                  | 4            | 4,450,939.90         | 4,062,216.10         |
| Special One-off Grant Payments                  | 7a           | -                    | -                    |
| <b>TOTAL EXPENDITURE</b>                        |              | <b>90,417,150.84</b> | <b>85,755,538.59</b> |
| <br>  |              |                      |                      |
| <b>SURPLUS FOR THE YEAR</b>                     | 8            | <b>1,735,995.12</b>  | <b>2,209,917.80</b>  |

The Annual Financial Report from pages 3 to 10 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE

CHAIRMAN

DATE: 19 SEP 2018

CHIEF EXECUTIVE

DATE: 19 SEP 2018

**STEWARDS**  
**NOTES TO THE ANNUAL FINANCIAL REPORT**

**1 Lump Sum Grant (LSG)**

**a. Basis of preparation**

The Annual Financial Report (AFR) is prepared in respect of all Funding and Service Agreement (FSA) activities (including support services to FSA activities) funded by the Social Welfare Department under the Lump Sum Grant Subvention System. AFR is prepared on cash basis, that is, income is recognised upon receipt of cash and expenditure is recognised when expenses are paid. Non-cash items such as depreciation, provisions and accruals **have not been included** in the AFR.

**b. Lump Sum Grant (excluding Provident Fund)**

This represents LSG (excluding Provident Fund) received for the year.

**c. Provident Fund**

This is Provident Fund received and contributed during the year.

Snapshot staff are defined as those staff occupying recognised or holding against subvented posts as at 1 April 2000.

6.8% and other posts represent those staff that are employed after 1 April 2000.

The Provident Fund received and contributed for staff under the Central Items have been shown under 3.

Details are analysed below:

| <u>Provident Fund Contribution</u>               | <u>Snapshot Staff</u> | <u>6.8% and Other</u> | <u>Total</u>        |
|--|-----------------------|-----------------------|---------------------|
|  | \$                    | \$                    | \$                  |
| Subvention Received                              | 1,507,409.00          | 3,686,879.00          | 5,194,288.00        |
| Provident Fund Contribution Paid during the year | 1,338,547.95          | 2,779,598.32          | 4,118,146.27        |
| Surplus/(Deficit) for the Year                   | 168,861.05            | 907,280.68            | 1,076,141.73        |
| Add: Surplus/(Deficit) b/f                       | 265,213.25            | 6,905,129.94          | 7,170,343.19        |
| Additional subvention received                   |                       |                       |                     |
| Less: Refund to Government                       | (155,649.00)          | 50,758.00             | (104,891.00)        |
| <b>Surplus/(Deficit) c/f</b>                     | <b>278,425.30</b>     | <b>7,863,168.62</b>   | <b>8,141,593.92</b> |

**2 Fee Income**

This represents social welfare fee income received for the year in respect of the fees and charges recognised for the purpose of subvention as set out in the LSG Manual.

## STEWARDS

### NOTES TO THE ANNUAL FINANCIAL REPORT

#### 3 Central Items

These are subvented service activities which are not included in LSG and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGOs. The Provident Fund received and contributed for staff under the Central Items have been separately included as part of the income and expenditure of the relevant items (paragraph 3.14 of LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

|   | <u>2017-18</u>    | <u>2016-17</u>    |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>Income</b>   |                   |                   |
| After School Care Programme-Fee Waiving Subsidy Scheme  | 298,800.00        | 261,000.00        |
| Training Sponsorship Scheme for two-year MOT Programme of PolyU   | 270,000.00        | 270,000.00        |
| Financial Incentive Scheme for Mentors of Employees with Disabilities   | -                 | -                 |
| One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities | 70,000.00         | -                 |
| <b>Total</b>  | <u>638,800.00</u> | <u>531,000.00</u> |
| <b>Expenditure</b>  |                   |                   |
| After School Care Programme-Fee Waiving Subsidy Scheme  | 291,290.32        | 266,405.64        |
| Training Sponsorship Scheme for two-year MOT Programme of PolyU   | 270,000.00        | -                 |
| Financial Incentive Scheme for Mentors of Employees with Disabilities   | -                 | -                 |
| One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities | -                 | -                 |
| <b>Total</b>  | <u>561,290.32</u> | <u>266,405.64</u> |

#### 4 Rent and Rates

This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditures on rent and rates in respect of premises not recognised by SWD have not been included in AFR.

#### 5 Other Income

This includes programme income and all income other than recognised social welfare fee income received during the year. Non-SWD subventions and donations received have not been included as Other Income in AFR. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR.

The breakdown on Other Income (paragraph 2.29 of LSG Manual (October 2016)) is as follows:

|   | <u>2017-18</u>       | <u>2016-17</u>       |
|---|----------------------|----------------------|
|   | \$                   | \$                   |
| <b>Other Income</b>   |                      |                      |
| (a) Fees and charges for services incidental to the operations of | 1,572,900.48         | 1,310,151.34         |
| (b) Production income   | 4,941,575.93         | 4,973,646.85         |
| (c) Programme income  | 3,856,665.29         | 3,769,435.02         |
|   | <u>10,371,141.70</u> | <u>10,053,233.21</u> |

**STEWARDS**

**NOTES TO THE ANNUAL FINANCIAL REPORT**

**6 Personal Emoluments**

Personal Emoluments include salary, provident fund, salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over \$700,000 each paid under LSG is appended below:

| Analysis of Personal Emoluments    | No of Posts | \$           |
|------------------------------------|-------------|--------------|
| HK\$700,001 - HK\$800,000 p.a.     | 2           | 1,533,157.64 |
| HK\$800,001 - HK\$900,000 p.a.     | 1           | 870,688.00   |
| HK\$900,001 - HK\$1,000,000 p.a.   | 2           | 1,850,994.00 |
| HK\$1,000,001 - HK\$1,100,000 p.a. | 2           | 2,083,335.60 |
| HK\$1,100,001 - HK\$1,200,000 p.a. |             |              |
| >HK\$1,200,000 p.a.                | 1           | 1,409,964.29 |

**7 Other Charges**

The breakdown on Other Charges is as follows

|                                   | <u>2017-18</u>       | <u>2016-17</u>       |
|-----------------------------------|----------------------|----------------------|
|                                   | \$                   | \$                   |
| Other Charges                     |                      |                      |
| (a) Utilities                     | 1,019,484.50         | 974,155.00           |
| (b) Food                          | 1,252,785.36         | 1,249,947.49         |
| (c) Administrative Expenses       | 1,088,483.06         | 781,645.13           |
| (d) Stores and Equipment          | 2,602,445.65         | 1,342,501.29         |
| (e) Repairs and Maintenance       | 1,440,472.00         | 578,783.54           |
| (f) Special Allowances            | 1,802,801.63         | 1,866,886.58         |
| (g) Programme Expenses            | 3,633,952.75         | 3,433,100.11         |
| (h) Transportation and Travelling | 641,225.33           | 706,656.20           |
| (i) Insurance                     | 429,699.14           | 463,676.49           |
| (j) Cost of production            | 4,057,431.73         | 3,972,765.60         |
| (k) Miscellaneous                 | 152,877.70           | 133,770.97           |
| <b>Total</b>                      | <u>18,121,658.85</u> | <u>15,503,888.40</u> |

**7a Special One-off Grant Payments**

Details of Special One-off Grant Payments are as follows:

|                                     | <u>2017-18</u> | <u>2016-17</u> |
|-------------------------------------|----------------|----------------|
|                                     | \$             | \$             |
| Special one-off Grant Payments      |                |                |
| (a) Voluntary Retirement Scheme     | -              | -              |
| (b) Compensation Scheme             | -              | -              |
| (c) Staff Training and Development  | -              | -              |
| (d) Other Staff-related Initiatives | -              | -              |
| <b>Total</b>                        | <u>-</u>       | <u>-</u>       |

**STEWARDS  
NOTES TO THE ANNUAL FINANCIAL REPORT**

**8 Analysis of Lump Sum Grant Reserve and balances of other SWD subventions**

|  | Lump Sum Grant<br>(LSG) | Special One-off<br>Grant (SOG) | Rent and Rates      | Central Items     | Total                |
|--|-------------------------|--------------------------------|---------------------|-------------------|----------------------|
|  | HK\$                    | HK\$                           | HK\$                | HK\$              | HK\$                 |
| <b>Income</b>  |                         |                                |                     |                   |                      |
| Lump Sum Grant   | 75,072,032.00           | -                              | -                   | -                 | 75,072,032.00        |
| Special One-off Grant  | -                       | -                              | -                   | -                 | -                    |
| Fee Income   | 2,113,307.00            | -                              | -                   | -                 | 2,113,307.00         |
| Other Income   | 10,371,141.70           | -                              | -                   | -                 | 10,371,141.70        |
| Interest Received (Note (1))   | 212,945.26              | -                              | -                   | -                 | 212,945.26           |
| Rent and Rates   | -                       | -                              | 3,744,920.00        | -                 | 3,744,920.00         |
| Central Items  | -                       | -                              | -                   | 638,800.00        | 638,800.00           |
| <b>Total Income (a)</b>  | <b>87,769,425.96</b>    | <b>-</b>                       | <b>3,744,920.00</b> | <b>638,800.00</b> | <b>92,153,145.96</b> |
| <b>Expenditure</b>   |                         |                                |                     |                   |                      |
| Personal Emoluments  | 67,283,261.77           | -                              | -                   | -                 | 67,283,261.77        |
| Other Charges  | 18,121,658.85           | -                              | -                   | -                 | 18,121,658.85        |
| Rent and Rates   | -                       | -                              | 4,450,939.90        | -                 | 4,450,939.90         |
| Central Items  | -                       | -                              | -                   | 561,290.32        | 561,290.32           |
| Special One-off Grant Payments   | -                       | -                              | -                   | -                 | -                    |
| <b>Total Expenditure (b)</b>   | <b>85,404,920.62</b>    | <b>-</b>                       | <b>4,450,939.90</b> | <b>561,290.32</b> | <b>90,417,150.84</b> |
| <b>Surplus/(Deficit) for the Year (a) - (b)</b>                        | <b>2,364,505.34</b>     | <b>-</b>                       | <b>(706,019.90)</b> | <b>77,509.68</b>  | <b>1,735,995.12</b>  |
| Less : Surplus/(Deficit) of Provident Fund                             | (1,076,141.73)          | -                              | -                   | -                 | (1,076,141.73)       |
|  | 1,288,363.61            | -                              | (706,019.90)        | 77,509.68         | 659,853.39           |
| <b>Surplus/(Deficit) b/f (Note (2))</b>                                | <b>23,942,303.76</b>    | <b>-</b>                       | <b>(383,419.11)</b> | <b>385,186.42</b> | <b>23,944,071.07</b> |
| Add: Refund from Government  | 25,230,667.37           | -                              | (1,089,439.01)      | 462,696.10        | 24,603,924.46        |
| Less : Refund to Government  | -                       | -                              | 383,422.00          | -                 | 383,422.00           |
| Transfer interest received to LSG as per SWD<br>letter dated 22.8.2018 | 3,961.26                | -                              | -                   | -                 | 3,961.26             |



STEWARDS  
NOTES TO THE ANNUAL FINANCIAL REPORT

8 Analysis of Lump Sum Grant Reserve and balances of other SWD subventions

| Lump Sum Grant<br>(LSG) | Special One-off<br>Grant (SOG) | Rent and Rates | Central Items | Total         |
|-------------------------|--------------------------------|----------------|---------------|---------------|
| HK\$                    | HK\$                           | HK\$           | HK\$          | HK\$          |
| 25,234,628.63           | -                              | (706,017.01)   | 462,696.10    | 24,991,307.72 |

Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplementary (Note (3))

Surplus/(Deficit) c/f (Note (4))

Notes:

- (1) Interest received on LSG and Provident Fund reserves, rent and rates, central items, Special One-off Grant are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance of Lump Sum Grant Surplus b/f from previous years (including holding account) and all interest received in previous years should be included in the surplus b/f under LSG.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule of Central Items.
- (4) The level of LSG cumulative reserves (i.e. S), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's operating expenditure (excluding Provident Fund expenditure) for the year.

**SCHEDULE FOR CENTRAL ITEMS  
ANALYSIS OF SUBVENTION AND EXPENDITURE  
FOR THE PERIOD FROM 1 APRIL 2017 TO 31 MARCH 2018**

ANNEX 1

Name of Agency :           STEWARDS          

| Unit Code and name | Subvented Element  | Subvention Released (Note 1) | Actual Expenditure (Note 2) | Surplus (Note 3) (a) | Deficit for the year |                              | Surplus b/f (Note 5) (e) | Surplus c/f (Note 6) (f)=(e)+(a)-(d) |
|--------------------|--|------------------------------|-----------------------------|----------------------|----------------------|------------------------------|--------------------------|--------------------------------------|
|                    |  |                              |                             |                      | Deficit (Note 3) (b) | Adjusted Deficit (d)=(b)-(c) |                          |                                      |
|                    |  | \$                           | \$                          | \$                   | \$                   | \$                           |                          | \$                                   |
| 3223               | After School Care Programme-Fee Waiving Subsidy Scheme   | 298,800.00                   | 291,290.32                  | 7,509.68             |                      |                              | (5,989.11)               | 1,520.57                             |
| 5162               | Visiting Medical Practitioner Scheme   | -                            | -                           | -                    | N.A.                 |                              | 550.53                   | 550.53                               |
| 6583               | Training Sponsorship Scheme for two-year MOT Programme of PolyU  | 270,000.00                   | 270,000.00                  | -                    | N.A.                 |                              | 270,000.00               | 270,000.00                           |
| 6484               | Financial Incentive Scheme for Mentors of Employees with Disabilities  | -                            | -                           | -                    | N.A.                 |                              | 120,625.00               | 120,625.00                           |
| 3701               | One-off Subsidy for Enchanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities | 70,000.00                    |                             | 70,000.00            | N.A.                 |                              | -                        | 70,000.00                            |
| <b>TOTAL</b>       |  | <b>638,800.00</b>            | <b>561,290.32</b>           | <b>77,509.68</b>     |                      |                              | <b>385,186.42</b>        | <b>462,696.10</b>                    |

**Notes:**

- 1 The figures of the whole financial year are extracted from the payroll for March (Final) of the financial year.
- 2 Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
- 3 Surplus / (Deficit) for each element represents the difference between subvention released and actual expenditure
- 4 Deficit i.r.o. the following central items arising from salary adjustment are transferred to the Limp Sum Grant Reserve as stated in SWD's letter ref. (28) in SWD/S/104/2 Pt. 17 dated 31 October 2017.
  - (i) Dementia Supplement for Elderly with Disabilities
  - (ii) Infirmary Care Supplement for the Aged Blind Persons
  - (iii) Dementia Supplement for Residential Elderly Services
  - (iv) Infirmary Care Supplement for Residential Elderly services
- 5 "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
- 6 "Surplus carried forward (c/f)" means surplus brought forward plus surplus, if any, arising from operations in current year.
- 7 Unit codes and names are extracted from the payroll from SWD.
- 8 The income and expenditure for the Special one-off Subsidy for Better Care for Elderly Persons with Dementia or Requiring Infirmary Care as allocated via SWD's letter ref SWD/S/E/RC/3 Pt.7 dated 27 February 2017 should also be included in the income/expenditure of the respective items.
- 9 The central items as listed above may not be exhaustive and any relevant details of central items released and/or expended during the year, where appropriate, should also be included.

**SCHEDULE FOR RENT AND RATES  
ANALYSIS OF SUBVENTION AND EXPENDITURE  
FOR THE PERIOD FROM 1 APRIL 2017 TO 31 MARCH 2018**

ANNEX 2

Name of Agency : STEWARDS

| Unit Code and name |  | Subvented Element | Subvention Released (Note 1) | Actual Expenditure (Note 2) | Surplus (Note 3) | Deficit (Note 3)            |
|--------------------|--|-------------------|------------------------------|-----------------------------|------------------|-----------------------------|
| 4950               | Sha Kok Y & C Centre                             | Rent Rates        | 396,000.00<br>27,299.00      | 396,000.00<br>34,400.00     |                  | -<br>(7,101.00)             |
|                    |  | Total             | 423,299.00                   | 430,400.00                  | -                | (7,101.00)                  |
| 5163               | Integrated Community Centres for Mental Wellness | Rent Rates        | 358,822.00<br>5,238.00       | 683,705.86<br>52,350.86     |                  | (324,883.86)<br>(47,112.86) |
|                    |  | Total             | 364,060.00                   | 736,056.72                  | -                | (371,996.72)                |
| 5825               | Yiu On Halfway House                             | Rent Rates        | 524,442.00<br>31,627.00      | 534,240.00<br>41,600.00     |                  | (9,798.00)<br>(9,973.00)    |
|                    |  | Total             | 556,069.00                   | 575,840.00                  | -                | (19,771.00)                 |
| 5210               | Kwong Yuen IT                                    | Rent Rates        | 424,994.00<br>37,953.00      | 434,520.00<br>47,000.00     |                  | (9,526.00)<br>(9,047.00)    |
|                    |  | Total             | 462,947.00                   | 481,520.00                  | -                | (18,573.00)                 |
| 5211               | Yiu On Integrated Rehabilitation Service Centre  | Rent Rates        | 597,731.00<br>45,943.00      | 726,970.92<br>77,793.26     |                  | (129,239.92)<br>(31,850.26) |
|                    |  | Total             | 643,674.00                   | 804,764.18                  | -                | (161,090.18)                |
| 6625               | Take Your Way (revamped to ICCMW)                | Rent Rates        | 302,280.00<br>25,302.00      | 302,280.00<br>30,200.00     | -                | (4,898.00)                  |
|                    |  | Total             | 327,582.00                   | 332,480.00                  | -                | (4,898.00)                  |
| 7773               | Yiu Tsuen Sheltered Workshop                     | Rent Rates        | 816,144.00<br>151,145.00     | 925,881.00<br>163,998.00    | -                | (109,737.00)<br>(12,853.00) |
|                    |  | Total             | 967,289.00                   | 1,089,879.00                | -                | (122,590.00)                |
|                    |  | Grand Total       | 3,744,920.00                 | 4,450,939.90                | -                | (706,019.90)                |

Notes :

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year. Reimbursement for rent and rates relating to previous financial years(s) (i.e. back payments) should not be included.
2. Surplus / (Deficit) for each element represents the difference between subvention released and actual expenditure.
3. Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee, building maintenance fee and Government Rent.

Schedule for Investment  
Analysis of Investment as at 31 March 2018

Name of Agency : STEWARDS

|                                       | <u>2017-18</u><br>HK\$'000 | <u>2016-17</u><br>HK\$'000 |
|---------------------------------------|----------------------------|----------------------------|
| LSG Reserve as at 31 March            | <u>25,235</u>              | <u>23,942</u>              |
| Represented by:<br>HKD Fixed Deposits | <u>25,235</u>              | <u>23,942</u>              |

Confirmed by:-

  
CHAIRMAN

  
CHIEF EXECUTIVE

## **A Statement for 'Non-Statutory Accounts' for the Purpose of Section 436(3) of the Hong Kong Companies Ordinance**

The Lump Sum Grant Annual Financial Report (the "LSG Report") for the year ended 31 March 2018 has been prepared for the filing with the Social Welfare Department of the Government of the HKSAR and is in addition to those prepared for statutory reporting purposes under the Companies Ordinance (Cap. 622). Consequently, the financial statements and comparatives in the LSG Report do not constitute the Company's statutory financial statements for the purposes of the Companies Ordinance for either of the years ended 31 March 2018 or 2017. Information relating to the Company's consolidated financial statements prepared for the purposes of the Companies Ordinance (the "Companies Ordinance financial statements") required to be disclosed by section 436 of the Companies Ordinance is as follows:

The Company has delivered its Companies Ordinance financial statements for the year ended 31 March 2017 to the Registrar of Companies and will deliver its Companies Ordinance financial statements for the year ended 31 March 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance in due course.

The Company's auditor has reported on the Companies Ordinance financial statements for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2) or 407(2) or (3) of the Companies Ordinance.

Issue date: 1 November 2018