

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

**Executive Committee's Report and
Financial Statements
For the year ended 31 August 2015**

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

EXECUTIVE COMMITTEE'S REPORT

The members of the Executive Committee submit their report together with the audited financial statements for the year ended 31 August 2015.

PRINCIPAL ACTIVITY

The company is a charitable institution and provides free English language education to under-privileged children.

RESULTS

The deficit for the year ended 31 August 2015 and the state of affairs at that date are set out on pages 5 to 21.

MEMBERS OF THE EXECUTIVE COMMITTEE

The members of the Executive Committee during the year and up to the date of this report were:-

Christopher BINGE
James Patrick CUNNINGHAM
Belinda Margaret GREER
Yoon Ping Sally KONG
Ning LI
Allen G. SING
Randall Theodore STEVENS
Yok Sing Jasper TSANG
Anthony John TURNER
Hoi Sze Alice WONG
Wai Mun Rose LEE (resigned on 1 April 2015)

In accordance with article 37 of the company's articles of association, all remaining members of the Executive Committee retire from the Executive Committee and, being eligible, offer themselves for re-election.

No transactions, arrangements or contracts of significance to which the company was a party and in which a member of the Executive Committee of the company or an entity connected with a member of the Executive Committee of the company had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

EXECUTIVE COMMITTEE'S REPORT

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the company was entered into or existed during the year.

AUDITOR

A resolution will be proposed at the forthcoming general meeting of the company to re-appoint the honorary auditor, BDO Limited.

By behalf of the Executive Committee



Chairman
Christopher BINGE

Hong Kong, - 4 MAY 2016



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**INDEPENDENT HONORARY AUDITOR'S REPORT
TO THE MEMBERS OF SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)**

(Incorporated in Hong Kong with limited liability by Guarantee and not having a share capital)

We have audited the financial statements of Summerbridge Hong Kong Limited set out on pages 5 to 21, which comprise the statement of financial position as at 31 August 2015, and the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MEMBERS OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The members of the Executive Committee of the company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the members of the Executive Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 405 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 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Executive Committee, 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.



**INDEPENDENT HONORARY AUDITOR'S REPORT
TO THE EXECUTIVE COMMITTEE OF SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)**

(Incorporated in Hong Kong with limited liability by Guarantee and not having a share capital)

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 August 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Shiu Hong NG
Practising Certificate number: P03752

Hong Kong, - 4 MAY 2016

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2015

| | Note | 2015 HK\$ | 2014 HK\$ |
|--|------|-------------------------|-------------------------|
| Revenue | | | |
| Corporate donations | | 3,114,286 | 4,439,941 |
| Lunch fees | | 74,650 | 77,400 |
| Other donations | | 22,643 | 92,058 |
| Other income | | 2,500 | 4,466 |
| Bank interest income | | 82 | 59 |
| Charity events | | - | 1,455,061 |
| Membership fee | | - | 1,000 |
| | | 3,214,161 | 6,069,985 |
| Expenditure | | | |
| Summer programs | | 1,926,469 | 1,807,502 |
| School year programs | | 856,220 | 738,838 |
| Office expenses | | 290,600 | 295,791 |
| Administrative salaries | | 293,270 | 282,371 |
| Development and public relations | | 82,747 | 171,191 |
| Exchange loss | | 11,149 | - |
| Bank charges | | 2,265 | 4,119 |
| Leadership exchange program | | - | 38,654 |
| | | (3,462,720) | (3,338,466) |
| (Deficit)/surplus and total comprehensive income for the year | 5 | <u>(248,559)</u> | <u>2,731,519</u> |

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

STATEMENT OF FINANCIAL POSITION
AT 31 AUGUST 2015

| | Note | 2015 HK\$ | 2014 HK\$ |
|--|------|--------------|--------------|
| Non-current assets | | | |
| Property, plant and equipment | 7 | - | - |
| Current assets | | | |
| Other receivables, rental deposits and prepayments | | 101,976 | 108,832 |
| Cash at bank and in hand | | 6,020,088 | 6,253,831 |
| | | 6,122,064 | 6,362,663 |
| Current liabilities | | | |
| Accruals | | 183,367 | 175,407 |
| Net current assets | | 5,938,697 | 6,187,256 |
| Net assets | | 5,938,697 | 6,187,256 |
| Representing: | | | |
| Accumulated surplus | | 5,938,697 | 6,187,256 |

On behalf of the Executive Committee



Member of the Executive Committee
Christopher BINGE



Member of the Executive Committee
Hoi Sze Alice WONG

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31 AUGUST 2015

| | Accumulated fund HK\$ |
|---|--------------------------------------|
| Balance at 1 September 2013 | 3,455,737 |
| Surplus and total comprehensive income for the year | <u>2,731,519</u> |
| Balance at 31 August 2014 | 6,187,256 |
| Deficit and total comprehensive income for the year | <u>(248,559)</u> |
| Balance at 31 August 2015 | <u><u>5,938,697</u></u> |

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2015

| | 2015 HK\$ | 2014 HK\$ |
|--|--------------------------------|--------------------------------|
| Cash flows from operating activities | | |
| (Deficit)/surplus for the year | (248,559) | 2,731,519 |
| Adjustment for: | | |
| Interest income | <u>(82)</u> | <u>(59)</u> |
| Operating cash flows before working capital changes | (248,641) | 2,731,460 |
| Decrease/(increase) in other receivables, rental deposits and prepayments | 6,856 | (29,396) |
| Increase in accruals | <u>7,960</u> | <u>77,912</u> |
| Net cash (used in)/generated from operating activities | (233,825) | 2,779,976 |
| Cash flows from investing activities | | |
| Interest received | <u>82</u> | <u>59</u> |
| (Decrease)/increase in cash at bank and in hand | (233,743) | 2,780,035 |
| Cash at bank and in hand at beginning of year | <u>6,253,831</u> | <u>3,473,796</u> |
| Cash at bank and in hand at end of year | <u><u>6,020,088</u></u> | <u><u>6,253,831</u></u> |

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

1. ORGANISATION AND OPERATIONS

The company is a charitable organisation limited by guarantee. Its registered office and principal place of business are located at Offices A&B, 20/F, Kam Chung Commercial Building, 19-21 Hennessy Road, Wanchai, Hong Kong. It was incorporated under the Hong Kong Companies Ordinance without a share capital on 26 November 2001, and is limited by guarantee. In the event of the company being wound up, each member may be required to contribute a sum not exceeding HK\$100. The number of members as at 31 August 2015 was 10 (2014: 11).

The financial statements are presented in Hong Kong dollar which is also the functional currency of the company.

The company's main objectives are:

- (a) To improve the educational trajectories of low-income students by providing them with tuition-free, quality English education and life skills development.
- (b) To foster cross-cultural exchange and a sense of civic duty among young people.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE PROVISIONS RELATING TO THE PREPARATION OF FINANCIAL STATEMENTS

(a) Adoption of new/revised HKFRSs - effective 1 September 2014

The company has applied all the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and interpretations ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the company's financial year beginning on 1 September 2014.

The adoption of these new/revised standards and interpretations had no material impact on the company's financial statements.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND NEW HONG KONG COMPANIES ORDINANCE PROVISIONS RELATING TO THE PREPARATION OF FINANCIAL STATEMENTS - Continued

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the company’s financial statements, have been issued, but are not yet effective and have not been early adopted by the company.

| | |
|---------------------|--|
| HKFRSs (Amendments) | Annual Improvements 2012-2014 Cycle ¹ |
| HKAS 1 (Amendments) | Disclosure Initiative ¹ |
| HKFRS 9 (2014) | Financial Instruments ² |
| HKFRS 15 | Revenue from Contracts with Customers ² |

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

The company is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the management so far concluded that the application of these new/revised HKFRSs will have no material impact on the company’s financial statements.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements apply to the Company in this financial year.

The members of the Executive Committee consider that there is no impact on the financial position or performance of the company, however the new Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the financial statements.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

3. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

(b) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost basis.

(c) Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at their historical cost, less any subsequent accumulated depreciation and any accumulated impairment losses.

Historical cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the asset or a separate asset.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Computer equipment is depreciated over 3 years.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

SUMMERBRIDGE HONG KONG LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(d) Impairment of other assets

At the end of each reporting period, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(e) Financial instruments

i) Financial assets

Loans and receivables

Receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

SUMMERBRIDGE HONG KONG LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(e) Financial instruments - Continued

ii) Impairment loss on financial assets

Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The company assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtors' financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(e) Financial instruments - Continued

iii) Financial liabilities

Financial liabilities at amortised cost including accruals are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

v) Derecognition

The company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(g) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals under operating leases are charged to profit or loss on a straight line basis over the lease term.

(h) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

SUMMERBRIDGE HONG KONG LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

3. PRINCIPAL ACCOUNTING POLICIES - Continued

(i) Translation of foreign currencies

Foreign currency transactions are translated into Hong Kong dollars, being the functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

(j) Revenue recognition

(i) Revenue from donations are recognised according to the terms of the agreement.

(ii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There is no significant risk of key assumptions concerning the future and other key sources of estimation at end of the reporting period which will cause an adjustment to the carrying amounts of assets and liabilities within the next financial year.

There are no significant effects on amounts recognised in the financial statements arising from the judgement or estimates used by management.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

5. (DEFICIT)/SURPLUS FOR THE YEAR

| | 2015 | 2014 |
|---|-------------|-------------|
| | HK\$ | HK\$ |
| (Deficit)/surplus for the year is arrived at after charging/(crediting):- | | |
| Members of the Executive Committee's remuneration | - | - |
| Honorary Auditor's remuneration | - | - |
| Staff costs:- | | |
| Salaries and allowances: | | |
| Administration | 279,787 | 269,413 |
| Education and learning programs | 1,969,520 | 1,725,288 |
| | 2,249,307 | 1,994,701 |
| Contributions to Mandatory Pension Fund: | | |
| Administration | 13,483 | 12,958 |
| Education and learning programs | 37,171 | 27,750 |
| | 50,654 | 40,708 |
| Exchange loss | 11,149 | - |
| Interest income | (82) | (59) |

6. TAXATION

The company is a charitable institution of a public character and is exempt from profits tax in Hong Kong under Section 88 of the Inland Revenue Ordinance.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

7. PROPERTY, PLANT AND EQUIPMENT

| | Computer equipment HK\$ |
|--|--|
| Cost | |
| At 1 September 2013, 31 August 2014 and 2015 | <u>199,257</u> |
| Accumulated depreciation | |
| At 1 September 2013, 31 August 2014 and 2015 | <u>199,257</u> |
| Net carrying amount | |
| At 31 August 2015 | <u><u>-</u></u> |
| At 31 August 2014 | <u><u>-</u></u> |

The Hongkong Bank Foundation had generously sponsored the purchase of laptops and printers for the Summerbridge Summer Program and School Year Program. The laptops and printers are used by our teachers and students for a variety of tasks, such as teaching activities, lesson planning and preparation, student assessment and administrative work.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

8. OPERATING LEASE ARRANGEMENTS

| | 2015 HK\$ | 2014 HK\$ |
|--|----------------|----------------|
| Minimum lease payments paid under an operating lease | <u>238,000</u> | <u>216,000</u> |

At end of reporting period, the company had outstanding minimum commitments under a non-cancellable operating lease, which fall due as follows:-

| | 2015 HK\$ | 2014 HK\$ |
|--|----------------|----------------|
| Within one year | 240,000 | 218,000 |
| In the second to fifth years inclusive | <u>40,000</u> | <u>280,000</u> |
| | <u>280,000</u> | <u>498,000</u> |

Operating lease payments represent rentals payable by the company on its office. The lease is negotiated for a term of two years at fixed rental.

9. CAPITAL MANAGEMENT

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern in order to provide funding to carry out its principal activity. The company's overall strategy remains unchanged from prior year. The source of capital of the company is its accumulated fund.

SUMMERBRIDGE HONG KONG LIMITED
(夏橋有限公司)

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

10. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The main risks arising from the company's financial instruments in the normal course of the company's business are credit risk, liquidity risk, interest rate risk and currency risk. These risks are limited by the company's financial management policies and practices described below.

(i) Credit risk

The company has no significant concentrations of credit risk. The carrying amount of the cash at bank included in the statement of financial position represents the maximum exposure to credit risk in relation to the financial assets.

(ii) Liquidity risk

The company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

All the company's financial liabilities are less than one year at the end of reporting period.

(iii) Interest rate risk

Interest bearing financial assets are mainly bank balances which are all short-term in nature. Therefore, any future variations in interest rates may impact on the income and operating cash flows of the company.

(iv) Currency risk

The company is exposed to currency risk primarily through holding of bank balances denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars. Considering that the exchange rate between Hong Kong dollars and United States dollars is pegged, the company believes its exposure to exchange rate risk is normal.

SUMMERBRIDGE HONG KONG LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2015

10. FINANCIAL RISK MANAGEMENT - Continued

(b) Fair value estimation

The fair values of the company's financial instruments are not materially different from their carrying amounts.

11. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the company's financial assets and financial liabilities as recognised at 31 August 2015 and 2014 may be categorised as follows:

| | 2015 HK\$ | 2014 HK\$ |
|--|------------------|------------------|
| Financial assets | | |
| Loans and receivables (including cash at bank) | <u>6,121,798</u> | <u>6,346,931</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>183,367</u> | <u>175,407</u> |

12. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Executive Committee on - 4 MAY 2016 .