

## **VANHEEL MANAGEMENT LIMITED**

### **DIRECTORS' REPORT**

The directors submit herewith their annual report together with the audited financial statements for the period from 1 January 2017 to 31 March 2018.

#### **CHANGE OF FINANCIAL YEAR END DATE**

During the period, the financial year end date of the company was changed from 31 December to 31 March.

#### **PRINCIPAL PLACE OF BUSINESS**

Vanheel Management Limited is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Suite 1702, St. George's Building, 2 Ice House Street, Central, Hong Kong.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company during the period are acting as a licensed corporation advising in securities and asset management and provision of management services.

#### **BUSINESS REVIEW**

The company is a private company and its members have passed a special resolution not to prepare a business review as required by Schedule 5 to the Hong Kong Companies Ordinance. Accordingly, the company is exempted from preparing a business review.

#### **DIVIDENDS**

The directors do not recommend the payment of any dividend for the period.

#### **SHARE CAPITAL**

Details of share capital of the company are set out in note 12 to the financial statements. There was no movement during the period.

#### **DIRECTORS**

The directors who held office during the period were: -

Harald Frederik DUDOK VAN HEEL

Anthea Jane DUDOK VAN HEEL

Bruce Douglas VON CANNON

- appointed on 21 June 2017

There being no provision in the company's Articles of Association for retirement by rotation, all directors continue in office.



## **VANHEEL MANAGEMENT LIMITED DIRECTORS' REPORT (CONT'D)**

### **PERMITTED INDEMNITY PROVISION**

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

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

### **EQUITY-LINKED ARRANGEMENTS**

During the period, the company entered into no equity-linked agreement.

At the end of the period, the company subsisted of no equity-linked agreement.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

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

### **AUDITORS**

Lee, Au & Co. retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Lee, Au & Co. as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

### **APPROVAL OF DIRECTORS' REPORT**

The report was approved by the directors on

On behalf of the board

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Chairman  
Harald Frederik DUDOK VAN HEEL

Hong Kong



**Independent Auditor's Report to the Members  
of Vanheel Management Limited**  
(Incorporated in Hong Kong with limited liability)

**Opinion**

We have audited the financial statements of Vanheel Management Limited set out on pages 6 to 30, which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the period from 1 January 2017 to 31 March 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 March 2018 and of its financial performance and its cash flows for the 1 January 2017 to 31 March 2018 in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 820 (Revised), The Audit of Licensed Corporations and Associated Entities of Intermediaries issued by the Hong Kong Institute of Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

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

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

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



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

The directors are responsible for the preparation of the 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In addition, the directors are required to ensure that the financial statements are in accordance with the records kept under the Hong Kong Securities and Futures (Keeping of Records) Rules and satisfy the requirements of the Hong Kong Securities and Futures (Accounts and Audit) Rules.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hong Kong Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition, we are required to obtain reasonable assurance about whether the financial statements are in accordance with the records kept under the Hong Kong Securities and Futures (Keeping of Records) Rules and satisfy the requirements of the Hong Kong Securities and Futures (Accounts and Audit) Rules.

As part of an audit in accordance with Hong Kong Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



### **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on matters under the Hong Kong Securities and Futures (Keeping of Records) Rules and Hong Kong Securities and Futures (Accounts and Audit) Rules of the Hong Kong Securities and Futures Ordinance**

In our opinion, the financial statements are in accordance with the records kept under the Hong Kong Securities and Futures (Keeping of Records) Rules and satisfy the requirements of the Hong Kong Securities and Futures (Accounts and Audit) Rules.

**Lee, Au & Co.**  
**Certified Public Accountants**

HONG KONG: 30 May 2018



**VANHEEL MANAGEMENT LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018**

	<u>Note</u>	<u>1/1/2017 to 31/3/2018</u> HK\$	<u>Year ended 31/12/2016</u> HK\$
<b>Turnover</b>	3	<b>6,165,419.07</b>	5,394,725
Other revenue	4	<b>3,441,856.86</b>	1,366,894
Other net gain/(loss)	5	<b>37,108.62</b>	( 21,330 )
Administrative expenses		<b>( 9,548,261.18 )</b>	( 6,787,400 )
<b>Profit/(loss) before taxation</b>	6	<b>96,123.37</b>	( 47,111 )
Income tax	8	<b>( 4,528.00 )</b>	-
<b>Profit/(loss) for the period/year</b>		<b>91,595.37</b>	( 47,111 )

The notes on pages 11 to 30 form an integral part of these financial statements.



**VANHEEL MANAGEMENT LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018**

	<u>1/1/2017 to 31/3/2018</u> HK\$	<u>Year ended 31/12/2016</u> HK\$
<b>Profit/(loss) for the period/year</b>	<b>91,595.37</b>	( 47,111 )
<b>Other comprehensive income for the period/year</b>	-	-
<b>Total comprehensive income/(loss) for the period/year</b>	<u><b>91,595.37</b></u>	<u>( 47,111 )</u>

The notes on pages 11 to 30 form an integral part of these financial statements.



**VANHEEL MANAGEMENT LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

	Note	<b>31/3/2018</b> HK\$	<b>31/12/2016</b> HK\$
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>103,006.37</b>	154,331
<b>Current assets</b>			
Trade receivables	10	<b>1,540,733.79</b>	1,341,826
Deposits and prepayments		<b>193,290.00</b>	182,877
Provisional tax paid		-	13,572
Time deposits		<b>780,242.19</b>	539,634
Cash and bank balances		<b>1,854,519.84</b>	869,020
		<b>4,368,785.82</b>	2,946,929
<b>Current liabilities</b>			
Accrued charges		( 1,337,650.00 )	( 336,400 )
Amount due to a director	11	( 201,770.25 )	( 270 )
Amount due to a related company	11	( 71,658.85 )	-
Provision for taxation		( 4,528.00 )	-
		( 1,615,607.10 )	( 336,670 )
<b>Net current assets</b>		<b>2,753,178.72</b>	2,610,259
<b>NET ASSETS</b>		<b>2,856,185.09</b>	2,764,590
<b>CAPITAL AND RESERVES</b>			
Share capital	12	<b>600,002.00</b>	600,002
Retained profits		<b>2,256,183.09</b>	2,164,588
<b>TOTAL EQUITY</b>		<b>2,856,185.09</b>	2,764,590

Approved and authorised for issue by the board of directors on  
and signed on its behalf.

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Director  
Harald Frederik DUDOK VAN HEEL

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Director  
Anthea Jane DUDOK VAN HEEL

The notes on pages 11 to 30 form an integral part of these financial statements.



**VANHEEL MANAGEMENT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018**

	Share capital HK\$	Retained profits HK\$	Total HK\$
<b>Balance at 1 January 2016</b>	600,002.00	2,211,698.39	2,811,700.39
<b>Changes in equity for 2016:</b>			
Total comprehensive loss for the year	-	( 47,110.67 )	( 47,110.67 )
<b>Balance at 31 December 2016 and 1 January 2017</b>	600,002.00	2,164,587.72	2,764,589.72
<b>Changes in equity for the period from 1 January 2017 to 31 March 2018</b>			
Total comprehensive income for the period	-	91,595.37	91,595.37
<b>Balance at 31 March 2018</b>	600,002.00	2,256,183.09	2,856,185.09

The notes on pages 11 to 30 form an integral part of these financial statements.



**VANHEEL MANAGEMENT LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018**

	<b>1/1/2017 to 31/3/2018</b>	<b>Year ended 31/12/2016</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	<b>96,123.37</b>	( 47,111 )
Adjustments for:		
Bank interest income	( 7,124.32 )	( 1,329 )
Depreciation of property, plant and equipment	<b>68,824.38</b>	55,491
	<hr/>	<hr/>
<b>Operating profit before working capital changes</b>	<b>157,823.43</b>	7,051
(Increase)/decrease in trade receivables	( 198,907.39 )	496,209
Increase in deposits and prepayments	( 10,413.00 )	-
Increase/(decrease) in accrued charges	<b>1,001,250.00</b>	( 67,900 )
Increase/(decrease) in amount due to a director	<b>201,500.00</b>	( 349,730 )
Increase in amount due to a related company	<b>71,658.85</b>	-
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>1,222,911.89</b>	85,630
Hong Kong profits tax refund	<b>13,572.00</b>	88,790
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>1,236,483.89</b>	174,420
	<hr style="border-top: 1px dashed;"/>	<hr style="border-top: 1px dashed;"/>
<b>Cash flows from investing activities</b>		
Interest received	<b>7,124.32</b>	1,329
Payment for purchase of property, plant and equipment	( 17,500.00 )	( 3,680 )
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	( 10,375.68 )	( 2,351 )
	<hr style="border-top: 1px dashed;"/>	<hr style="border-top: 1px dashed;"/>
<b>Net increase in cash and cash equivalents</b>	<b>1,226,108.21</b>	172,069
<b>Cash and cash equivalents at 1 January</b>	<b>1,408,653.82</b>	1,236,585
	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 March /31 December</b>	<b>2,634,762.03</b>	1,408,654
	<hr style="border-top: 3px double;"/>	<hr style="border-top: 3px double;"/>
<b>Analysis of the balance of cash and cash equivalents</b>		
Time deposits	<b>780,242.19</b>	539,634
Cash and bank balances	<b>1,854,519.84</b>	869,020
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	<b>2,634,762.03</b>	1,408,654
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The notes on pages 11 to 30 form an integral part of these financial statements.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**1. PRINCIPAL ACCOUNTING POLICIES**

**(a) Statements of compliance**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of Hong Kong Companies Ordinance, the Hong Kong Securities and Futures (Keeping of Records) Rules and the Hong Kong Securities and Futures (Accounts and Audit) Rules. A summary of the significant accounting policies adopted by the company is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the company for the current and prior accounting period reflected in these financial statements.

**(b) Basis of preparation of the financial statements**

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 17.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

**(c) Property, plant and equipment**

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses (note 1(d)).

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally 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 to the assets.

Depreciation is calculated on the straight-line basis to write off the cost of each asset, less its estimated residual value, if any, over its estimated useful life. The principal annual rates used for this purpose are as follows:-

Leasehold improvements	25%
Office equipment	20%
Furniture and fixtures	20%
Motor vehicles	30%

An item of asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in profit or loss in the period the item is derecognised.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

**(d) Impairment of assets**

**(i) Impairment of trade and other receivables**

Trade and other receivables that are stated at cost or amortised cost are reviewed at each date of the statement of financial position to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the company about one or more of the following loss events:

- significant financial difficulty of the debtor;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the company is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

**(d) Impairment of assets (cont'd)**

**(ii) Impairment of other assets**

Internal and external sources of information are reviewed at each date of the statement of financial position to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment

If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

**(e) Operating leases charges**

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the company determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases which do not transfer substantially all the risks and rewards of ownership to the company are classified as operating leases.

Where the company has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

**(f) Trade and other receivable**

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

**(g) Trade and other payable**

Trade and other payable are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. 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.

**(i) Related parties**

(a) A person, or a close member of that person's family, is related to the company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or the company's parent.

(b) An entity is related to the company if any of the following conditions applies:

- (i) The entity is a member of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

**(j) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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, whose existence 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.

**(k) Employee benefits**

Salaries, annual bonuses, paid annual leave, obligations for contributions to defined contribution retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance, and the cost of non-monetary benefits are recognised as expenses in profit or loss as incurred.

**(l) Income tax**

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position. Deferred tax assets and liabilities are not discounted.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

**(m) Translation of foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the date of the statement of financial position. Transactions during the period are translated into Hong Kong dollars at the rates of exchange ruling at the dates of the transactions. Profits and losses resulting from the above translations policy are included in profit or loss for the period.

**(n) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

**(i) Service income**

Service income is recognised as turnover in the period during which the service is rendered.

**(ii) Interest income**

Interest income is recognised as it accrues using the effective interest method.

**2. CHANGES IN ACCOUNTING POLICIES**

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the company. None of these impact on the accounting policies of the company.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

**3. TURNOVER**

Turnover comprises asset management fees invoiced to customers.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**4. OTHER REVENUE**

	<u>1/1/2017 to 31/3/2018</u>	<u>Year ended 31/12/2016</u>
	HK\$	HK\$
Bank interest income	7,124.32	1,329
Sundry income	3,434,732.54	1,365,565
	<u>3,441,856.86</u>	<u>1,366,894</u>

**5. OTHER NET GAIN/(LOSS)**

	<u>1/1/2017 to 31/3/2018</u>	<u>Year ended 31/12/2016</u>
	HK\$	HK\$
Gain/(loss) on exchange, net	37,108.62	( 21,330 )

**6. PROFIT/(LOSS) BEFORE TAXATION**

	<u>1/1/2017 to 31/3/2018</u>	<u>Year ended 31/12/2016</u>
	HK\$	HK\$
The profit/(loss) before taxation is stated after charging:-		
Auditor's remuneration	25,000.00	20,000
Depreciation of property, plant and equipment	68,824.38	55,490
Operating lease charges on property rental	880,231.00	668,730
Staff costs (including directors' emolument, note 7)	6,981,723.65	4,515,251

**7. DIRECTORS' EMOLUMENT**

Directors' emolument disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:-

	<u>1/1/2017 to 31/3/2018</u>	<u>Year ended 31/12/2016</u>
	HK\$	HK\$
Directors' salaries	2,471,250.00	1,865,000
Directors' quarter expenses	1,380,000.00	1,104,000
Mandatory provident fund contributions	22,500.00	18,000
	<u>3,873,750.00</u>	<u>2,987,000</u>



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**8. INCOME TAX**

(a) Taxation in the profit or loss represents:-

	<u>1/1/2017 to 31/3/2018</u> HK\$	<u>Year ended 31/12/2016</u> HK\$
Current tax		
Provision for Hong Kong profits tax for the period	<b>18,114.00</b>	-
Tax reduction	( <b>13,586.00</b> )	-
	<u><b>4,528.00</b></u>	<u>-</u>

The current portion of Hong Kong profits tax has been provided at the rate of 16.5% based on the assessable profits for the period.

Deferred taxation has not been provided as the tax effect of timing differences is insignificant at the date of statement of financial position.

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rate:-

	<u>1/1/2017 to 31/3/2018</u> HK\$	<u>Year ended 31/12/2016</u> HK\$
Profit/(loss) before taxation	<b>96,123.37</b>	( 47,111 )
Tax at the applicable tax rate of 16.5% (2016: 16.5%)	<b>15,860.00</b>	( 7,773 )
Tax effect of non-taxable income	( <b>1,175.00</b> )	( 219 )
Tax effect of origination and reversal of temporary differences not recognised	<b>5,824.00</b>	5,597
Tax effect of unused tax losses not recognised	-	2,395
Tax effect of prior year's tax losses utilised this period	( <b>2,395.00</b> )	-
Tax reduction	( <b>13,586.00</b> )	-
Tax expense	<u><b>4,528.00</b></u>	<u>-</u>

(c) Net deferred tax liabilities unrecognised

Net deferred tax liabilities have not been recognised in respect of the following items:-

	<u>31/3/2018</u> HK\$	<u>31/12/2016</u> HK\$
Taxable temporary differences	( <b>22,792.00</b> )	( 58,096 )
Tax losses	-	14,516
	<u>( <b>22,792.00</b> )</u>	<u>( 43,580 )</u>

The tax losses do not expire under current tax legislation.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**9. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold improvement HK\$	Office equipment HK\$	Furniture and fixtures HK\$	Motor vehicles HK\$	Total HK\$
<b>Cost</b>					
At 1/1/2016	92,817.50	451,889.50	18,353.00	180,000.00	743,060.00
Additions during the year	-	3,680.00	-	-	3,680.00
At 31/12/2016	92,817.50	455,569.50	18,353.00	180,000.00	746,740.00
At 1/1/2017	92,817.50	455,569.50	18,353.00	180,000.00	746,740.00
Additions during the period	-	17,500.00	-	-	17,500.00
At 31/3/2018	<b>92,817.50</b>	<b>473,069.50</b>	<b>18,353.00</b>	<b>180,000.00</b>	<b>764,240.00</b>
<b>Accumulated depreciation</b>					
At 1/1/2016	92,817.50	245,748.25	18,353.00	180,000.00	536,918.75
Charge for the year	-	55,490.50	-	-	55,490.50
At 31/12/2016	92,817.50	301,238.75	18,353.00	180,000.00	592,409.25
At 1/1/2017	92,817.50	301,238.75	18,353.00	180,000.00	592,409.25
Charge for the period	-	68,824.38	-	-	68,824.38
At 31/3/2018	<b>92,817.50</b>	<b>370,063.13</b>	<b>18,353.00</b>	<b>180,000.00</b>	<b>661,233.63</b>
<b>Net book value</b>					
At 31/3/2018	-	<b>103,006.37</b>	-	-	<b>103,006.37</b>
At 31/12/2016	-	154,330.75	-	-	154,330.75



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**10. TRADE RECEIVABLES**

Trade receivables are due within 90 days from the date of billing. Further details on the company's credit policy are set out in note 16(b).

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	<u>31/3/2018</u> HK\$	<u>31/12/2016</u> HK\$
1 to 3 months past due	<u><b>1,540,733.79</b></u>	<u>1,341,826</u>

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the company. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The company does not hold any collateral over these balances.

**11. AMOUNTS DUE TO A DIRECTOR AND A RELATED COMPANY**

The amounts due to a director and a related company are unsecured, interest-free and repayable on demand.

**12. SHARE CAPITAL**

	<u>31/3/2018</u> HK\$	<u>31/12/2016</u> HK\$
600,002 ordinary shares, issued and fully paid	<u><b>600,002.00</b></u>	<u>600,002</u>



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**13. RELATED PARTY TRANSACTION AND DIRECTORS' INTERESTS  
 IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the company had the following transaction with related parties:-

	<u>1/1/2017 to 31/3/2018</u>	<u>Year ended 31/12/2016</u>
	HK\$	HK\$
Director quarter rental charges payable to a related company	<b>1,380,000.00</b>	1,104,000
Management fee income receivable from a related company	<b>433,293.65</b>	112,551
	<u><u>1,813,293.65</u></u>	<u><u>1,216,551</u></u>

(b) Except for the related party transaction as disclosed above, no other transaction, arrangement or contract of significance to which the company was a party subsisted at the end of the period or at any time during the period in which any director had a material interest.

**14. COMMITMENT UNDER OPERATING LEASE**

At 31 March 2018, the total future minimum lease payments under non-cancellable lease are payable as follows:-

	<u>31/3/2018</u>	<u>31/12/2016</u>
	HK\$	HK\$
Within one year	<b>597,840.00</b>	141,510
After one year but within five years	<b>597,840.00</b>	-
	<u><u>1,195,680.00</u></u>	<u><u>141,510</u></u>

The company leases a property under operating lease. The lease typically runs for an initial period of three periods, with an option to renew the lease when all terms are renegotiated. Lease payments are payable monthly in fixed amount. There is no contingent rental payments.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**15. CAPITAL MANAGEMENT**

Capital comprises of share capital and reserves stated on the statement of financial position. The company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis.

The entity is owned by the shareholders of the company with share capital of HK\$600,002.00.

The directors are of the opinion that the company is subject to and has complied with imposed capital requirements stipulated under the Securities and Futures Ordinance and the Securities and Futures (Financial Resources) Rules during the period.

**16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES**

The company has classified the following financial assets under the category of "loan and receivables".

	<b>31/3/2018</b>	<b>31/12/2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Trade receivables	<b>1,540,733.79</b>	1,341,826
Deposits and prepayments	<b>193,290.00</b>	182,877
Time deposits	<b>780,242.19</b>	539,634
Cash and bank balances	<b>1,854,519.84</b>	869,020
	<b>4,368,785.82</b>	2,933,357

The company has classified the following financial liabilities under the category of "financial liabilities at amortised cost".

	<b>31/3/2018</b>	<b>31/12/2016</b>
	<b>HK\$</b>	<b>HK\$</b>
Accrued charges	<b>1,337,650.00</b>	336,400
Amount due to a director	<b>201,770.25</b>	270
Amount due to a related company	<b>71,658.85</b>	-
	<b>1,611,079.10</b>	336,670

The company is exposed to various kinds of risks in its operation and financial instruments. The company's risk management objective and policies mainly focus on minimizing the potential adverse effects of these risks on the company by closely monitoring the individual exposure as follows:-

(a) Foreign currency risk

The company has no significant exposure to foreign currency risks as the major currency exchange are USD which is pegged to the HKD.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)**

(b) Credit risk

The company's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The company has no significant concentrations of credit risk.

(c) Liquidity risk

The company regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient cash and cash equivalents to meet its liquidity requirements in the short and longer term.

As at 31 March 2018, the financial liabilities of the company are analysed into relevant maturity brackets based on their contractual maturity in the table below.

**31/3/2018:**

	Up to 3 months HK\$	>3 months to 1 year HK\$	> 1 year HK\$	Not determinable since repayable on demand HK\$	Total HK\$
Accrued charges	<b>1,308,650.00</b>	<b>29,000.00</b>	-	-	<b>1,337,650.00</b>
Amount due to a director	-	-	-	<b>201,770.25</b>	<b>201,770.25</b>
Amount due to a related company	-	-	-	<b>71,658.85</b>	<b>71,658.85</b>
	<b>1,308,650.00</b>	<b>29,000.00</b>	-	<b>273,429.10</b>	<b>1,611,079.10</b>

As at 31 December 2016, the financial liabilities of the company are analysed into relevant maturity brackets based on their contractual maturity in the table below.

**31/12/2016:**

	Up to 3 months HK\$	>3 months to 1 year HK\$	> 1 year HK\$	Not determinable since repayable on demand HK\$	Total HK\$
Accrued charges	308,400	28,000	-	-	336,400
Amount due to a director	-	-	-	270	270
	308,400	28,000	-	270	336,670



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)**

(d) Interest rate risk

Except for the cash at bank, the company has no significant interest-bearing assets and liabilities.

The company's income and operating cash flows are substantially independent of changes in market interest rate. Management does not anticipate significant impact resulted from changes in interest rate on interest bearing assets.

The company's exposure to interest rates on financial assets are detailed below:

	<u>31/3/2018</u>	<u>31/12/2016</u>
	HK\$	HK\$
Time deposits	<b>780,242.19</b>	539,634
Bank balances	<b>23,432.68</b>	243,321
	<u><b>803,674.87</b></u>	<u>782,955</u>

(i) Sensitivity analysis

As at 31 March 2018, if interest rates increase/ decrease by 100 basis points with all other variables held constant, the company's profit for the period/ year would have increased/decreased by approximately HK\$8,036.75 (2016: HK\$7,830).

(e) Fair value

Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2018 and 31 December 2016.

**17. ACCOUNTING JUDGEMENTS AND ESTIMATES**

**Key sources of estimation uncertainty and critical accounting judgements in applying the company's accounting policies**

Note 16 contains information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimation uncertainty and assumptions are as follows:

(a) Impairment on receivables

The policy for impairment losses for bad and doubtful debts of the company is based on the evaluation of the collectability of the outstanding balances and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate recoverability of these receivables, including the current liquidity and creditworthiness of each counterparty. If the financial conditions of the counterparties of the company were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**18. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPETATIONS ISSUE BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 31 MARCH 2018**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the period ended 31 March 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the company.

	<u>Effective for accounting periods beginning on or after</u>
HKFRS 9, Financial instruments	1 January 2018
HKFRS 15, Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 2, Share-based payment: Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKAS 40, investment property: Transfers of investment property	1 January 2018
HK(IFRIC) 22, Foreign currency transactions and advance consideration	1 January 2018
HKFRS 16, Leases	1 January 2019
HK(IFRIC) 23, Uncertainty over income tax treatments	1 January 2019

The company is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the company has identified some aspects of the new standards which may have a significant impact on the financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the company, and further impacts may be identified before the standards are initially applied in the company's financial statements for the year ending 31 March 2019. The company may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial statements.

**HKFRS 9, Financial instruments**

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the company's financial statements are as follows:



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**18. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPETATIONS ISSUE BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 31 MARCH 2018 (CONT'D)**

**HKFRS 9, Financial instruments (cont'd)**

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the company expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The company currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the company on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the company's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**18. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPETATIONS ISSUE BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 31 MARCH 2018 (CONT'D)**

**HKFRS 9, Financial instruments (cont'd)**

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The company currently does not have any transactions eligible for hedge accounting and therefore the accounting for its hedging relationships may not have any impact on the company on adoption of HKFRS 9.

**HKFRS 15, Revenue from contracts with customers**

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts. The company is currently assessing the impacts of adopting HKFRS 15 on its financial statements. Based on the preliminary assessment, the company has identified the following areas which are likely to be affected:

(a) Timing of revenue recognition

The company's revenue recognition policies are disclosed in note 1(n). Currently, revenue from the provision of services is recognised over time.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**18. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPETATIONS ISSUE BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 31 MARCH 2018 (CONT'D)**

**HKFRS 15, Revenue from contracts with customers (cont'd)**

(a) Timing of revenue recognition (cont'd)

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

The company is in the process of assessing whether this component in the company's payment schemes would be significant to the contract and therefore whether, once HKFRS 15 is adopted, the transaction price would need to be adjusted for the purposes of recognising revenue.

(c) Sales with a right of return

The company expects that the adoption of HKFRS 15 will not materially affect how the company recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the statement of financial position.

**HKFRS 16, Leases**

As disclosed in note 1(e), currently the company classifies leases into operating leases and accounts for the lease arrangements by recognising rental expenses incurred under operating leases on a systematic basis over the lease term.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.



**VANHEEL MANAGEMENT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2018**

**18. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPETATIONS ISSUE BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 31 MARCH 2018 (CONT'D)**

**HKFRS 16, Leases (cont'd)**

HKFRS 16 will primarily affect the company's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 14, at 31 March 2018 the company's future minimum lease payments under non-cancellable operating leases amount to HK\$1,195,680 for properties, the majority of which is payable between 1 to 5 years after the date of the statement of financial position. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The company will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

The company is considering whether to adopt HKFRS 16 before its effective date of 1 January 2019. However, early adoption of HKFRS 16 is only permitted if this is no earlier than the adoption of HKFRS 15. It is therefore unlikely that HKFRS 16 will be adopted before the effective date of HKFRS 15, being 1 January 2018.



**FOR MANAGEMENT PURPOSES ONLY**  
**VANHEEL MANAGEMENT LIMITED**  
**PROFIT AND LOSS STATEMENT**  
**FOR THE PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2018**

	<u>1/1/2017 to</u> <u>31/3/2018</u> <b>HK\$</b>	<u>Year ended</u> <u>31/12/2016</u> <b>HK\$</b>
<u>Income</u>		
Asset management fee received	<b>6,165,419.07</b>	5,394,725
Bank interest income	<b>7,124.32</b>	1,329
Sundry income	<b>3,434,732.54</b>	1,365,565
Gain on exchange, net	<b>37,108.62</b>	-
	<hr/> <b>9,644,384.55</b> <hr/>	<hr/> 6,761,619 <hr/>
<u>Less: Administrative and other expenses</u>		
Accountancy fee	<b>20,400.00</b>	16,000
Audit fee	<b>25,000.00</b>	20,000
Consultancy fee	<b>128,312.50</b>	-
Depreciation of property, plant and equipment	<b>68,824.38</b>	55,490
Director's emolument	<b>2,471,250.00</b>	1,865,000
Director quarter expenses	<b>1,380,000.00</b>	1,104,000
Electricity, water and gas	<b>7,565.00</b>	14,062
Entertainment	<b>40,034.60</b>	57,974
Insurance	<b>179,523.09</b>	21,788
Legal and professional fee	<b>134,325.20</b>	105,256
Local travelling	<b>30,348.88</b>	-
Loss on exchange, net	-	21,330
Motor car running expenses	<b>38,115.86</b>	79,810
Mandatory provident fund contributions	<b>64,330.00</b>	50,700
Overseas travelling	<b>581,293.24</b>	842,594
Postages	<b>11,888.02</b>	8,514
Printing and stationery	<b>30,399.12</b>	19,894
Repairs and maintenance	<b>20,182.00</b>	32,680
Rent, rates and management fee	<b>880,231.00</b>	668,730
Salaries and allowance	<b>3,066,143.65</b>	1,495,551
Subscription fee	<b>207,680.10</b>	200,396
Sundry expenses	<b>48,992.54</b>	15,734
Telephone charges	<b>113,422.00</b>	113,227
	<hr/> <b>9,548,261.18</b> <hr/>	<hr/> 6,808,730 <hr/>
Profit/(loss) before taxation	<hr/> <b>96,123.37</b> <hr/>	<hr/> ( 47,111 ) <hr/>