

VANHEEL MANAGEMENT LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

VANHEEL MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 March 2019.

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 year were acting as a licensed corporation advising in securities and asset management and provision of management services, carrying out Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

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 year.

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 year.

DIRECTORS

The directors who held office during the year were: -

Harald Frederik DUDOK VAN HEEL

Anthea Jane DUDOK VAN HEEL

Bruce Douglas VON CANNON

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 year 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 year, the company entered into no equity-linked agreement.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the company a party to any arrangements to enable the directors of the company to acquire benefits by means of 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 **18 JUN 2019**

On behalf of the board



Chairman

Harald Frederik DUDOK VAN HEEL



pdfelement

The Trial Version



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 37, which comprise the statement of financial position as at 31 March 2019, 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 year then ended, 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 2019 and of its financial performance and its cash flows for the year then ended 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 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

VANHEEL MANAGEMENT LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2019

| | <u>Note</u> | <u>Year ended</u> <u>31/3/2019</u> <u>HK\$</u> | <u>1/1/2017 to</u> <u>31/3/2018</u> <u>HK\$</u> |
|-----------------------------------|-------------|--|---|
| Turnover | 3 | 6,060,910.92 | 6,165,419 |
| Other revenue | 4 | 1,799,326.71 | 3,441,857 |
| Other net (loss)/gain | 5 | (66,362.94) | 37,108 |
| Administrative expenses | | (7,702,393.56) | (9,548,261) |
| Profit before taxation | 6 | 91,481.13 | 96,123 |
| Income tax | 8 | (2,933.00) | (4,528) |
| Profit for the year/period | | 88,548.13 | 91,595 |

Note:

- (i) The company has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018.

The notes on pages 11 to 37 form an integral part of these financial statements.

VANHEEL MANAGEMENT LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

| | Year ended 31/3/2019 | 1/1/2017 to 31/3/2018 |
|---|---------------------------------------|--|
| | HK\$ | HK\$ |
| Profit for the year/period | 88,548.13 | 91,595 |
| Other comprehensive income for the year/period | - | - |
| Total comprehensive income for the year/period | 88,548.13 | 91,595 |

Note:

- (i) The company has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018.

The notes on pages 11 to 37 form an integral part of these financial statements.

VANHEEL MANAGEMENT LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

| | Note | 2019 HK\$ | 2018 HK\$ |
|---------------------------------|------|-------------------------|----------------------|
| Non-current assets | | | |
| Property, plant and equipment | 9 | 117,146.20 | 103,006 |
| Current assets | | | |
| Trade receivables | 10 | 2,187,915.60 | 1,540,734 |
| Other receivables | | 1,950.00 | - |
| Deposits and prepayments | | 193,290.00 | 193,290 |
| Provisional tax paid | | 7,321.00 | - |
| Time deposits | | 795,155.63 | 780,242 |
| Cash and bank balances | | 1,007,852.04 | 1,854,520 |
| | | 4,193,484.27 | 4,368,786 |
| Current liabilities | | | |
| Accrued charges | | (1,334,425.00) | (1,337,650) |
| Deposits received | | (15,643.76) | - |
| Amount due to a director | 11 | (15,828.49) | (201,770) |
| Amount due to a related company | 11 | - | (71,659) |
| Provision for taxation | | - | (4,528) |
| | | (1,365,897.25) | (1,615,607) |
| Net current assets | | 2,827,587.02 | 2,753,179 |
| NET ASSETS | | 2,944,733.22 | 2,856,185 |
| CAPITAL AND RESERVES | | | |
| Share capital | 12 | 600,002.00 | 600,002 |
| Retained profits | | 2,344,731.22 | 2,256,183 |
| TOTAL EQUITY | | 2,944,733.22 | 2,856,185 |

Approved and authorised for issue by the board of directors on 18 JUN 2019
and signed on its behalf.


Director
Harald Frederik DUDOK VAN HEEL


Director
Anthea Jane DUDOK VAN HEEL

VANHEEL MANAGEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

| | Share capital HK\$ | Retained profits HK\$ | Total HK\$ |
|--|--------------------------|-----------------------------|---------------|
| Balance at 1 January 2017 | 600,002.00 | 2,164,587.72 | 2,764,589.72 |
| Changes in equity for 2018 | | | |
| Total comprehensive income for the period | - | 91,595.37 | 91,595.37 |
| Balance at 31 March 2018 and 1 April 2018 | 600,002.00 | 2,256,183.09 | 2,856,185.09 |
| Changes in equity for 2019 | | | |
| Total comprehensive income for the year | - | 88,548.13 | 88,548.13 |
| Balance at 31 March 2019 | 600,002.00 | 2,344,731.22 | 2,944,733.22 |

Note:

- (i) The company has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018.

The notes on pages 11 to 37 form an integral part of these financial statements.

VANHEEL MANAGEMENT LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

| | Year ended 31/3/2019 HK\$ | 1/1/2017 to 31/3/2018 HK\$ |
|---|---------------------------------|----------------------------------|
| Cash flows from operating activities | | |
| Profit before taxation | 91,481.13 | 96,123 |
| Adjustments for: | | |
| Bank interest income | (14,939.02) | (7,124) |
| Depreciation of property, plant and equipment | 67,712.17 | 68,824 |
| Operating profit before working capital changes | 144,254.28 | 157,823 |
| Increase in trade receivables | (647,181.81) | (198,907) |
| Increase in other receivables | (1,950.00) | - |
| Increase in deposits and prepayments | - | (10,413) |
| (Decrease)/increase in accrued charges | (3,225.00) | 1,001,250 |
| Increase in deposits received | 15,643.76 | - |
| (Decrease)/increase in amount due to a director | (185,941.76) | 201,500 |
| (Decrease)/increase in amount due to a related company | (71,658.85) | 71,659 |
| Cash (used in)/generated from operations | (750,059.38) | 1,222,912 |
| Hong Kong profits tax (paid)/refund | (14,782.00) | 13,572 |
| Net cash (used in)/generated from operating activities | (764,841.38) | 1,236,484 |
| Cash flows from investing activities | | |
| Interest received | 14,939.02 | 7,124 |
| Payment for purchase of property, plant and equipment | (81,852.00) | (17,500) |
| Net cash used in investing activities | (66,912.98) | (10,376) |
| Net (decrease)/increase in cash and cash equivalents | (831,754.36) | 1,226,108 |
| Cash and cash equivalents at 1 April 2018/1 January 2017 | 2,634,762.03 | 1,408,654 |
| Cash and cash equivalents at 31 March 2019/2018 | 1,803,007.67 | 2,634,762 |
| Analysis of the balance of cash and cash equivalents | | |
| Time deposits | 795,155.63 | 780,242 |
| Cash and bank balances | 1,007,852.04 | 1,854,520 |
| | 1,803,007.67 | 2,634,762 |

Note:

(i) The company has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018.

The notes on pages 11 to 37 form an integral part of these financial statements.

VANHEEL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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 of Hong Kong Securities and Futures Ordinance. 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 18.

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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)(ii)).

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.

(d) Credit losses and impairment of assets

(i) Credit losses from financial instruments

(A) Policy applicable from 1 April 2018

The company recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to company in accordance with the contract and the cash flows that the company expects to receive).

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments (cont'd)

(A) Policy applicable from 1 April 2018 (cont'd)

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

In measuring ECLs, the company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the date of the statement of financial position; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the date of the statement of financial position.

For other financial instruments, the company recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments (cont'd)

(A) Policy applicable from 1 April 2018 (cont'd)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the company compares the risk of default occurring on the financial instrument assessed at the date of the statement of financial position with that assessed at the date of initial recognition. In making this reassessment, the company considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or (ii) the financial asset is 365 days past due. The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the company.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each date of the statement of financial position to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments (cont'd)

(A) Policy applicable from 1 April 2018 (cont'd)

Basis of calculation of interest income

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each date of the statement of financial position, the company assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments (cont'd)

(B) Policy applicable prior to 1 April 2018

Prior to 1 April 2018, an “incurred loss” model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables). Under the “incurred loss” model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

- 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 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Credit losses and 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 of disposal 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

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

A receivable is recognised when the company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(d)(i)).

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(g) Accruals and other payables

Accruals and other payables 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. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(d)(i).

(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 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(j) Provisions and contingent liabilities

(i) 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, 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.

(ii) Onerous contracts

An onerous contract exists when the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(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 year 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 year, 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 years.

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(l) Income tax (cont'd)

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.

(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 year.

(n) Revenue recognition

Income is classified by the company as revenue when it arises from the provision of services.

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those services. The company recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a service that is distinct or a series of distinct services that are substantially the same.

Control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the entity performs;
- the company’s performance creates and enhances an asset that the customer controls as the company performs; or
- the company’s performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(n) Revenue recognition (cont'd)

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

An entity shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Further details of the company's revenue and other income recognition policies are as follows:

(i) Assets management fee income

Assets management fee income is the consideration for the daily management of the funds and are calculated as a percentage of the net asset values as at the respective valuation date of each funds under management. Assets management fee income is recognised over time. As these fees are highly susceptible to factors outside the company's influence, they are only included in the transaction price when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and when the uncertainty associated with the variability is subsequently resolved.

In the comparative period, assets management fee income was recognised in the period in which the service is rendered. Revenue from rendering of investment advisory service was recognised on a similar basis in the comparative period under HKAS 18.

(ii) Interest income

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

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the company. Of these, the following developments are relevant to the company's financial statements:

(i) HKFRS 9, Financial instruments

(ii) HKFRS 15, Revenue from contracts with customers

(iii) HK(IFRIC) 22, Foreign currency transactions and advance consideration

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

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(i) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The company has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

For an explanation of how the company classifies and measures financial assets and recognises related gains and losses under HKFRS 9, see respective accounting policy notes in note 1(d)(i), (f) and (h).

The measurement categories for all financial assets and liabilities remain the same. The carrying amounts for all financial assets and liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The company did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

b. Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The company applies the new ECL model to financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

For further details on the company's accounting policy for accounting for credit losses, see note 1(d)(i).

The adoption of HKFRS 9 has not had a significant impact on the company's financial statements in this regard.

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The company has elected to use the cumulative effect transition method and there is no significant cumulative effect of initial application to be recognised as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. Timing of revenue recognition

Previously, revenue arising from provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- C. 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 is considered in determining when the transfer of control

The adoption of HKFRS 15 does not have a significant impact on when the company recognises revenue from provision of services.

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

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

b. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the company has an unconditional right to consideration. If the company recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the company recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

This change in accounting policy has no material impact on opening balances or classification of accounts as at 1 April 2018.

(iii) HK(IFRIC) 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining “the date of the transaction” for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that “the date of the transaction” is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the company.

3. TURNOVER

(a) Revenue

The principal activity of the company is provision of asset management services. Further details regarding the company’s principal activity are disclosed in note 3(b).

(b) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service line is as follows:

| | Year ended 31/3/2019 | 1/1/2017 to 31/3/2018 |
|---|---------------------------------------|--|
| | HK\$ | HK\$ |
| Revenue from contracts with customers | | |
| within the scope of HKFRS 15 | | |
| Disaggregated by major service line | | |
| Asset management fee income | 6,060,910.92 | 6,165,419 |
| Disaggregated by timing of revenue recognition | | |
| Over time | 6,060,910.92 | 6,165,419 |

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. OTHER REVENUE

| | Year ended 31/3/2019 HK\$ | 1/1/2017 to 31/3/2018 HK\$ |
|----------------------|---------------------------------|----------------------------------|
| Bank interest income | 14,939.02 | 7,124 |
| Sundry income | 1,784,387.69 | 3,434,733 |
| | <u>1,799,326.71</u> | <u>3,441,857</u> |

4. OTHER NET (LOSS)/GAIN

| | Year ended 31/3/2019 HK\$ | 1/1/2017 to 31/3/2018 HK\$ |
|------------------------------|---------------------------------|----------------------------------|
| (Loss)/gain on exchange, net | (66,362.94) | 37,108 |

5. PROFIT BEFORE TAXATION

| | Year ended 31/3/2019 HK\$ | 1/1/2017 to 31/3/2018 HK\$ |
|---|---------------------------------|----------------------------------|
| The profit before taxation is stated after charging:- | | |
| Auditor's remuneration | 26,000.00 | 25,000 |
| Depreciation of property, plant and equipment | 67,712.17 | 68,824 |
| Operating lease charges on property rental | 706,715.00 | 880,231 |
| Staff costs (including directors' emolument, note 7) | 5,482,243.75 | 6,981,724 |

6. 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:-

| | Year ended 31/3/2019 HK\$ | 1/1/2017 to 31/3/2018 HK\$ |
|--|---------------------------------|----------------------------------|
| Directors' salaries | 2,765,000.00 | 2,771,250 |
| Directors' quarter expenses | 1,104,000.00 | 1,380,000 |
| Mandatory provident fund contributions | 22,500.00 | 22,500 |
| | <u>3,891,500.00</u> | <u>4,173,750</u> |



VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

7. INCOME TAX

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

| | Year ended 31/3/2019 HK\$ | 1/1/2017 to 31/3/2018 HK\$ |
|---|---------------------------------|----------------------------------|
| Current tax | | |
| Provision for Hong Kong profits tax for the year/period | 11,731.00 | 18,114 |
| Tax reduction | (8,798.00) | (13,586) |
| | <u>2,933.00</u> | <u>4,528</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 year/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 at applicable tax rate:-

| | Year ended 31/3/2019 HK\$ | 1/1/2017 to 31/3/2018 HK\$ |
|--|---------------------------------|----------------------------------|
| Profit before taxation | 91,481.13 | 96,123 |
| Tax at the applicable tax rate of 16.5% (2018: 16.5%) | 15,094.00 | 15,860 |
| Tax effect of non-taxable income | (2,465.00) | (1,175) |
| Tax effect of origination and reversal of temporary differences not recognised | (898.00) | 5,824 |
| Tax effect of prior year's tax losses utilised this year/period | - | (2,395) |
| Tax reduction | (8,798.00) | (13,586) |
| Tax expense | <u>2,933.00</u> | <u>4,528</u> |

(c) Deferred tax liabilities unrecognised

Deferred tax liabilities have not been recognised in respect of the following item:-

| | 2019 HK\$ | 2018 HK\$ |
|--|------------------|---------------|
| Unrecognised taxable temporary differences | <u>28,235.00</u> | <u>22,792</u> |

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

9. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvement HK\$ | Office equipment HK\$ | Furniture and fixtures HK\$ | Motor vehicles HK\$ | Total HK\$ |
|---------------------------------|----------------------------------|-----------------------------|-----------------------------------|---------------------------|-------------------|
| Cost | | | | | |
| 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 | 92,817.50 | 473,069.50 | 18,353.00 | 180,000.00 | 764,240.00 |
| At 1/4/2018 | 92,817.50 | 473,069.50 | 18,353.00 | 180,000.00 | 764,240.00 |
| Additions during the year | - | 81,852.00 | - | - | 81,852.00 |
| At 31/3/2019 | 92,817.50 | 554,921.50 | 18,353.00 | 180,000.00 | 846,092.00 |
| Accumulated depreciation | | | | | |
| 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 | 92,817.50 | 370,063.13 | 18,353.00 | 180,000.00 | 661,233.63 |
| At 1/4/2018 | 92,817.50 | 370,063.13 | 18,353.00 | 180,000.00 | 661,233.63 |
| Charge for the year | - | 67,712.17 | - | - | 67,712.17 |
| At 31/3/2019 | 92,817.50 | 437,775.30 | 18,353.00 | 180,000.00 | 728,945.80 |
| Net book value | | | | | |
| At 31/3/2019 | - | 117,146.20 | - | - | 117,146.20 |
| At 31/3/2018 | - | 103,006.37 | - | - | 103,006.37 |

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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 17(b).

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

| | <u>2019</u> | <u>2018</u> |
|------------------------|---------------------|------------------|
| | HK\$ | HK\$ |
| 1 to 3 months past due | <u>2,187,915.60</u> | <u>1,540,734</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>2019</u> | <u>2018</u> |
|--|-------------------|----------------|
| | HK\$ | HK\$ |
| 600,002 ordinary shares, issued and fully paid | <u>600,002.00</u> | <u>600,002</u> |

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

**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:-

| | Year ended 31/3/2019 | 1/1/2017 to 31/3/2018 |
|--|---------------------------------|----------------------------------|
| | HK\$ | HK\$ |
| Director quarter rental charges payable to a related company | 1,104,000.00 | 1,380,000 |
| Management fee income receivable from a related company | 50,000.00 | 433,294 |

(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 2019, the total future minimum lease payments under non-cancellable lease are payable as follows:-

| | 2019 | 2018 |
|--------------------------------------|-------------------|-------------|
| | HK\$ | HK\$ |
| Within one year | 597,840.00 | 597,840 |
| After one year but within five years | - | 597,840 |
| | 597,840.00 | 1,195,680 |

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 2019

15. CAPITAL MANAGEMENT

Capital comprises 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.

As a licensed corporation, the company is subject to liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R") adopted by the Hong Kong Securities and Futures Commission. Under the SF(FR)R, the company must maintain its liquid capital (assets and liabilities adjusted as determined by the SF(FR)R) in excess of HK\$100,000 or 5% of their total adjusted liabilities, whichever is higher.

The entity is owned by the shareholders of the company, with share capital of HK\$600,002.00 (2018: HK\$600,002).

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

16. COMPUTATION OF LIQUID CAPITAL AS AT 31 MARCH 2019

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|------------------|
| | HK\$ | HK\$ |
| <u>Liquid assets:</u> | | |
| Bank balances | | |
| - held in other accounts and cash in hand | 1,803,007.67 | 2,634,762 |
| Other assets | | |
| - Asset management | 1,657,375.44 | 1,133,102 |
| - Other receivables | 1,950.00 | - |
| - Provisional tax paid | 7,321.00 | - |
| TOTAL LIQUID ASSETS | 3,469,654.11 | 3,767,864 |
| <u>Liabilities and financial adjustments:</u> | | |
| Other payables and liabilities | | |
| - Accrued charges | 1,334,425.00 | 1,337,650 |
| - Deposits received | 15,643.76 | - |
| - Amount due to a director | 15,828.49 | 201,770 |
| - Amount due to a related company | - | 71,659 |
| - Provision for taxation | - | 4,528 |
| TOTAL RANKING LIABILITIES | 1,365,897.25 | 1,615,607 |
| LIQUID CAPITAL | 2,103,756.86 | 2,152,257 |
| REQUIRED LIQUID CAPITAL | 100,000.00 | 100,000 |
| EXCESS IN LIQUID CAPITAL | 2,003,756.86 | 2,052,257 |

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The company has classified the following financial assets under the category of “ financial assets measured at amortised cost”.

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|--------------------------|---------------------|---------------------|
| Trade receivables | 2,187,915.60 | 1,540,734 |
| Other receivables | 1,950.00 | - |
| Deposits and prepayments | 193,290.00 | 193,290 |
| Time deposits | 795,155.63 | 780,242 |
| Cash and bank balances | 1,007,852.04 | 1,854,520 |
| | <u>4,186,163.27</u> | <u>4,368,786</u> |

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

| | <u>2019</u> HK\$ | <u>2018</u> HK\$ |
|---------------------------------|---------------------|---------------------|
| Accrued charges | 1,334,425.00 | 1,337,650 |
| Deposits received | 15,643.76 | - |
| Amount due to a director | 15,828.49 | 201,770 |
| Amount due to a related company | - | 71,659 |
| | <u>1,365,897.25</u> | <u>1,611,079</u> |

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 minimising 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.

(b) Credit risk

Credit risk refer to the risk that a counterparty will default on its contractual obligation resulting in a financial loss to the company. The company’s credit risk is primarily attributable to trade and other receivables. The company’s exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with credit rating, for which the company considers to have low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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

(b) Credit risk (cont'd)

Trade receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the company has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 0-30 days from the date of billing. Normally, the company does not obtain collateral from customers.

The company measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the company's different customer bases.

The following table provides information about the company's exposure to credit risk and ECLs for trade receivables as at 31 March 2019:

| | Expected loss rate % | Gross carrying amount HK\$ | Loss allowance HK\$ |
|-----------------------------|----------------------------|----------------------------------|---------------------------|
| Current (not past due) | 0% | 2,187,915.60 | - |
| 1-30 days past due | 0% | - | - |
| 31-90 days past due | 0% | - | - |
| 4-6 months past due | 0% | - | - |
| 6 months to 1 year past due | 0% | - | - |
| Over 1 year past due | 0% | - | - |
| | | <u>2,187,915.60</u> | <u>-</u> |

Expected loss rates are based on director's estimation with reference to past experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the company's view of economic conditions over the expected lives of the receivables.

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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

(c) Credit risk (cont'd)

Comparative information under HKAS 39

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment (see note 1(d)(i) – policy applicable prior to 1 April 2018). At 31 March 2018, nil amount of trade receivables was determined to be impaired. The ageing analysis of trade receivables that were not considered to be impaired was as follows:

| | 2018 HK\$ |
|------------------------|--------------|
| 1 to 3 months past due | 1,540,734 |

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.

There was no movement in the loss allowance account in respect of trade receivables during the year and nil balance as at 1 April 2018 and 31 March 2019.

(d) 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 2019, the financial liabilities of the company are analysed into relevant maturity brackets based on their contractual maturity in the table below.

2019:

| | 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 | 1,334,425.00 | - | - | - | 1,334,425.00 |
| Deposits received | 15,643.76 | - | - | - | 15,643.76 |
| Amount due to a director | - | - | - | 15,828.49 | 15,828.49 |
| | 1,350,068.76 | - | - | 15,828.49 | 1,365,897.25 |

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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

(d) Liquidity risk (cont'd)

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.

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 | 1,308,650 | 29,000 | - | - | 1,337,650 |
| Amount due to a director | - | - | - | 201,770 | 201,770 |
| Amount due to a related company | - | - | - | 71,659 | 71,659 |
| | <u>1,308,650</u> | <u>29,000</u> | <u>-</u> | <u>273,429</u> | <u>1,611,079</u> |

(e) 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>2019</u> <u>HK\$</u> | <u>2018</u> <u>HK\$</u> |
|---------------|----------------------------|----------------------------|
| Time deposits | 795,155.63 | 780,242 |
| Bank balances | 45,059.46 | 23,432 |
| | <u>840,215.09</u> | <u>803,674</u> |

(i) Sensitivity analysis

At 31 March 2019, if interest rates increase/ decrease by 100 basis points with all other variables held constant, the company's profit for the year/period would have increased/decreased by approximately HK\$8,402.15 (2018: HK\$8,037).

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

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

(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 2019 and 2018.

18. ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Note 17 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

Prior to 1 April 2018, the company makes impairment loss for doubtful debts based on an assessment of the recoverability of trade and other receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates based on the credit history of the clients and the current market conditions. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expenses in the period in which such estimate has been changed.

Starting from 1 April 2018, the company recognises ECL for trade and other receivables based on the company's ageing analysis, historical credit loss experience and forward-looking information. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (including sale of collateral held), discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

VANHEEL MANAGEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

19. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPETATIONS ISSUE BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019

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 year ended 31 March 2019 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 16, Leases | 1 January 2019 |
| HK(IFRIC) 23, Uncertainty over income tax treatments | 1 January 2019 |
| Annual Improvements to HKFRSs 2015-2017 Cycle | 1 January 2019 |
| Amendments to HKAS 28, Long-term interest in associates and joint ventures | 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 HKFRS 16 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 16, the actual impacts upon the initial adoption of this standard 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 standard is initially applied in the company's financial statements for the year ending 31 March 2020. The company may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial statements.

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 2019

19. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPETATIONS ISSUE BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2019 (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.

HKFRS 16 is effective for annual periods beginning on or after 1 April 2019. As allowed by HKFRS 16, the company plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The company will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application.

The company plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019 and will not restate the comparative information. As disclosed in note 14, at 31 March 2019 the company's future minimum lease payments under non-cancellable operating leases amount to HK\$597,840 for a property, the majority of which is payable within one year.

Other than the recognition of lease liabilities and right-of-use assets, the company expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the company's financial statements from 2020 onwards.

VANHEEL MANAGEMENT LIMITED
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the year ended 31 March 2019 and the period ended 31 March 2018 included in this profit and loss statement do not constitute the company's specified financial statements for those year/period as defined in section 436 of the Hong Kong Companies Ordinance but is derived therefrom.

The company is not required to deliver its specified financial statements to the Registrar of Companies and has not done so.

Auditor's reports have been prepared on the specified financial statements for both year/period.

The auditor's report for the year ended 31 March 2019 and the period ended 31 March 2018:

- (i) were not qualified or otherwise modified;
- (ii) did not refer to matter to which the auditor drew attention by way of emphasis without qualifying the reports; and
- (iii) did not contain a statement under section 406(2) or 407(2) or (3) of the Hong Kong Companies Ordinance.

FOR MANAGEMENT PURPOSES ONLY
VANHEEL MANAGEMENT LIMITED
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

| | Year ended 31/3/2019 HK\$ | 1/1/2017 to 31/3/2018 HK\$ |
|--|---------------------------------|----------------------------------|
| <u>Income</u> | | |
| Asset management fee received | 6,060,910.92 | 6,165,419 |
| Bank interest income | 14,939.02 | 7,124 |
| Sundry income | 1,784,387.69 | 3,434,733 |
| Gain on exchange, net | - | 37,108 |
| | <u>7,860,237.63</u> | <u>9,644,384</u> |
| <u>Less: Administrative and other expenses</u> | | |
| Accountancy fee | 20,000.00 | 20,400 |
| Audit fee | 26,000.00 | 25,000 |
| Business registration fee | 2,250.00 | - |
| Consultancy fee | 60,204.30 | 128,312 |
| Depreciation of property, plant and equipment | 67,712.17 | 68,824 |
| Director's emolument | 2,765,000.00 | 2,771,250 |
| Director quarter expenses | 1,104,000.00 | 1,380,000 |
| Electricity, water and gas | 4,846.30 | 7,565 |
| Entertainment | 34,283.90 | 40,035 |
| Insurance | 25,317.67 | 179,523 |
| Legal and professional fee | 19,355.30 | 134,325 |
| Local travelling | 4,270.30 | 30,349 |
| Loss on exchange, net | 66,362.94 | - |
| Motor car running expenses | 82,404.88 | 38,116 |
| Mandatory provident fund contributions | 48,803.75 | 64,330 |
| Overseas travelling | 804,882.21 | 581,293 |
| Postages | 7,471.08 | 11,888 |
| Printing and stationery | 29,107.00 | 30,399 |
| Repairs and maintenance | 11,344.00 | 20,182 |
| Rent, rates and management fee | 706,715.00 | 880,231 |
| Salaries and allowance | 1,564,440.00 | 2,766,144 |
| Subscription fee | 200,847.90 | 207,680 |
| Sundry expenses | 34,814.80 | 48,993 |
| Telephone charges | 78,323.00 | 113,422 |
| | <u>7,768,756.50</u> | <u>9,548,261</u> |
| | <u>91,481.13</u> | <u>96,123</u> |