

ROYAL ASCOT
***RESIDENTIAL DEVELOPMENT AND
RESIDENTIAL CAR PARK MANAGEMENT FUND***
AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2019

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

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(EXPRESSED IN HONG KONG DOLLARS)

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND OF BLOCK ONE ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 3 to 6, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 71 to 89.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Building Management Ordinance and Deed of Mutual Covenant require the Management Agent to prepare financial statements which give a true and fair view of the financial transactions and financial position of the Fund. Accordingly, the Management Agent is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management Agent determines 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 Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund'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 27 of the Building Management 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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with HKSAAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund'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 Fund 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.



C & T ASSOCIATES CPA LIMITED

Certified Public Accountants

Ellen Tsang Fung Chu

Practising Certificate Number: P02576

10/F Chiu Lung Building

25 Chiu Lung Street

Central

Hong Kong

14 DEC 2020

ROYAL ASCOT

- BLOCK ONE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019			2018	
		General	Building	Total	General	Building
	Note	fund	fund		fund	fund
		HK\$	HK\$	HK\$	HK\$	HK\$
Income						
Management fee income		6,590,208	---	6,590,208	6,215,448	---
Contribution		---	1,477,848	1,477,848	---	1,477,848
Licence fee income		68,278	---	68,278	69,157	---
Share of club house income	5(a)	1,003,751	---	1,003,751	914,933	---
Visitors' car parks income		268,194	---	268,194	280,721	---
Interest income		97,839	47,066	144,905	67,489	26,748
Shuttle bus income		313,531	---	313,531	332,895	---
Sundry income		16,723	---	16,723	27,473	78,886
		<u>8,358,524</u>	<u>1,524,914</u>	<u>9,883,438</u>	<u>7,908,116</u>	<u>1,583,482</u>
Expenditure						
Electricity		425,981	---	425,981	410,105	---
Water charges		1,200	---	1,200	1,207	---
Repairs and maintenance						
Lift		247,988	---	247,988	242,352	---
Plumbing and drainage		101,993	---	101,993	153,091	---
Electrical facilities		34,648	---	34,648	4,440	---
Air-conditioning system		34,829	---	34,829	21,236	---
Fire service and equipment		55,579	---	55,579	2,310	---
Security system		(6,071)	---	(6,071)	12,568	---
Building structure and equipment		(25,444)	---	(25,444)	21,857	---
Professional fee and bank charges		1,944	---	1,944	1,966	---
Share of club house expenses	5(b)	2,338,369	---	2,338,369	1,930,680	---
Share of development pool expenses	6	693,958	---	693,958	627,637	---
Share of residential pool expenses	7	3,287,707	---	3,287,707	3,023,106	---
Manager's remuneration - General Fund	4	499,366	---	499,366	454,110	---
Manager's remuneration - Building Fund	4	---	42,242	42,242	---	28,441
Property tax	3(m)	40,099	---	40,099	41,673	---
Building fund utilized		---	844,844	844,844	---	568,812
		<u>7,732,146</u>	<u>887,086</u>	<u>8,619,232</u>	<u>6,948,338</u>	<u>597,253</u>
Surplus and total comprehensive income for the year		626,378	637,828	1,264,206	959,778	986,229
Management fund at beginning of the year		4,277,827	2,489,253	6,767,080	3,318,049	1,503,024
Management fund at end of the year		4,904,205	3,127,081	8,031,286	4,277,827	2,489,253

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK ONE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

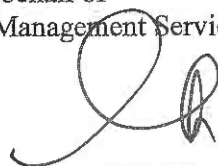
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	<i>Note</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Non-current assets			
Utility and other deposits		<u>22,157</u>	<u>22,157</u>
Current assets			
Cash and cash equivalents held by Manager	9	6,234,708	6,094,326
Management fee receivable		55,940	63,781
Other accounts receivable		8,182	12,057
Prepayments		53,198	37,425
Temporary payments		324,920	234,926
Cash and cash equivalents		<u>5,822,389</u>	<u>3,778,035</u>
		<u>12,499,337</u>	<u>10,220,550</u>
Current liabilities			
Amount due to Management Agent		80,668	52,096
Accounts payable and accruals		2,785,878	1,923,910
Refundable tenants' deposits		103,404	92,348
Contract liabilities from management fee received in advance	3(l)	27,999	13,561
Temporary receipts		101,190	101,630
Tax payable	3(m)	29,930	36,234
Provision for typhoon loss		<u>105,291</u>	<u>---</u>
		<u>3,234,360</u>	<u>2,219,779</u>
Net current assets		<u>9,264,977</u>	<u>8,000,771</u>
Total assets less current liabilities		<u>9,287,134</u>	<u>8,022,928</u>
Non-current liability			
Management fee deposits	11	<u>1,255,848</u>	<u>1,255,848</u>
Net assets		<u>8,031,286</u>	<u>6,767,080</u>
Management fund			
General fund	12	4,904,205	4,277,827
Building fund	13	<u>3,127,081</u>	<u>2,489,253</u>
		<u>8,031,286</u>	<u>6,767,080</u>

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited



Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK ONE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
Balance at 1 January 2018	3,318,049	1,503,024	4,821,073
Total comprehensive income for the year	<u>959,778</u>	<u>986,229</u>	<u>1,946,007</u>
Balance at 31 December 2018 and 1 January 2019	4,277,827	2,489,253	6,767,080
Total comprehensive income for the year	<u>626,378</u>	<u>637,828</u>	<u>1,264,206</u>
Balance at 31 December 2019	<u>4,904,205</u>	<u>3,127,081</u>	<u>8,031,286</u>

ROYAL ASCOT

- BLOCK ONE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Operating activities		
Surplus and total comprehensive income for the year	1,264,206	1,946,007
Adjustments for:		
Interest income	(144,905)	(94,237)
Operating surplus before changes in working capital	1,119,301	1,851,770
Decrease in amount due from Intra Properties	---	22,348
Increase in cash and cash equivalents held by Manager	(140,382)	(92,139)
Decrease in management fee receivable	7,841	4,852
Decrease in other accounts receivable	3,875	16,696
(Increase)/decrease in prepayments	(15,773)	4,667
Increase in temporary payments	(89,994)	(66,534)
Increase in amount due to Management Agent	28,572	22,823
Increase in accounts payable and accruals	861,968	379,889
Increase in refundable tenants' deposits	11,056	3,272
Increase/(decrease) in contract liabilities from management fee received in advance	14,438	(5,508)
Decrease in temporary receipts	(440)	(29,637)
(Decrease)/increase in tax payable	(6,304)	2,982
Increase in provision for typhoon loss	105,291	---
Net cash generated from operating activities	1,899,449	2,115,481
Investing activity		
Interest received	144,905	94,237
Net cash generated from investing activity	144,905	94,237
Net increase in cash and cash equivalents	2,044,354	2,209,718
Cash and cash equivalents at beginning of the year	3,778,035	1,568,317
Cash and cash equivalents at end of the year	5,822,389	3,778,035

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Cash at banks and on site	5,822,389	3,778,035

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND OF BLOCK TWO ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 9 to 12, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 71 to 89.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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In preparing the financial statements, the Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund'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 27 of the Building Management 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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund'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 Fund 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.


C & T ASSOCIATES CPA LIMITED

Certified Public Accountants

Ellen Tsang Fung Chu

Practising Certificate Number: P02576

10/F Chiu Lung Building

25 Chiu Lung Street

Central

Hong Kong

14 DEC 2020

ROYAL ASCOT

- BLOCK TWO OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019			2018		
		General fund	Building fund	Total	General fund	Building fund	Total
	<i>Note</i>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Income							
Management fee income		5,543,832	—	5,543,832	5,230,368	—	5,230,368
Contribution		—	1,191,648	1,191,648	—	1,191,648	1,191,648
Licence fee income		55,060	—	55,060	55,769	—	55,769
Share of club house income	5(a)	809,624	—	809,624	737,983	—	737,983
Visitors' car parks income		216,325	—	216,325	226,430	—	226,430
Interest income		55,511	38,697	94,208	33,327	22,193	55,520
Shuttle bus income		252,894	—	252,894	268,512	—	268,512
Sundry income		16,364	—	16,364	22,464	63,630	86,094
		<u>6,949,610</u>	<u>1,230,345</u>	<u>8,179,955</u>	<u>6,574,853</u>	<u>1,277,471</u>	<u>7,852,324</u>
Expenditure							
Electricity		378,175	—	378,175	413,908	—	413,908
Water charges		1,245	—	1,245	1,252	—	1,252
Repairs and maintenance							
Lift		247,988	—	247,988	242,352	—	242,352
Plumbing and drainage		106,308	—	106,308	72,091	—	72,091
Electrical facilities		8,348	—	8,348	11,720	—	11,720
Air-conditioning system		4,849	—	4,849	4,736	—	4,736
Fire service and equipment		(8,021)	—	(8,021)	5,430	—	5,430
Security system		(12,471)	—	(12,471)	30,718	—	30,718
Building structure and equipment		(12,892)	—	(12,892)	5,228	—	5,228
Professional fee and bank charges		1,943	—	1,943	1,936	—	1,936
Share of club house expenses	5(b)	1,886,125	—	1,886,125	1,557,283	—	1,557,283
Share of development pool expenses	6	559,615	—	559,615	506,133	—	506,133
Share of residential pool expenses	7	2,651,859	—	2,651,859	2,438,432	—	2,438,432
Manager's remuneration - General Fund	4	403,590	—	403,590	372,346	—	372,346
Manager's remuneration - Building Fund	4	—	34,073	34,073	—	22,940	22,940
Property tax	3(m)	32,343	—	32,343	33,612	—	33,612
Building fund utilized		—	681,450	681,450	—	458,802	458,802
		<u>6,249,004</u>	<u>715,523</u>	<u>6,964,527</u>	<u>5,697,177</u>	<u>481,742</u>	<u>6,178,919</u>
Surplus and total comprehensive income for the year							
		700,606	514,822	1,215,428	877,676	795,729	1,673,405
Management fund at beginning of the year							
		<u>1,903,239</u>	<u>2,055,574</u>	<u>3,958,813</u>	<u>1,025,563</u>	<u>1,259,845</u>	<u>2,285,408</u>
Management fund at end of the year							
		<u>2,603,845</u>	<u>2,570,396</u>	<u>5,174,241</u>	<u>1,903,239</u>	<u>2,055,574</u>	<u>3,958,813</u>

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK TWO OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

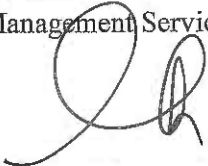
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	<i>Note</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Non-current assets			
Utility and other deposits		<u>18,645</u>	<u>18,645</u>
Current assets			
Cash and cash equivalents held by Manager	9	5,028,906	4,915,674
Management fee receivable		43,342	48,924
Other accounts receivable		6,599	9,725
Prepayments		42,908	30,185
Temporary payments		262,080	189,491
Cash and cash equivalents		<u>4,696,329</u>	<u>3,047,357</u>
		<u>10,080,164</u>	<u>8,241,356</u>
Current liabilities			
Amount due to Management Agent		1,464,000	1,483,141
Accounts payable and accruals		2,168,666	1,603,225
Refundable tenants' deposits		94,640	87,937
Contract liabilities from management fee received in advance	3(l)	36,066	45,176
Temporary receipts		38,501	38,856
Tax payable	3(m)	24,140	29,225
Provision for typhoon loss		84,927	---
		<u>3,910,940</u>	<u>3,287,560</u>
Net current assets		<u>6,169,224</u>	<u>4,953,796</u>
Total assets less current liabilities		<u>6,187,869</u>	<u>4,972,441</u>
Non-current liability			
Management fee deposits	11	<u>1,013,628</u>	<u>1,013,628</u>
Net assets		<u>5,174,241</u>	<u>3,958,813</u>
Management fund			
General fund	12	2,603,845	1,903,239
Building fund	13	2,570,396	2,055,574
		<u>5,174,241</u>	<u>3,958,813</u>

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited


Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK TWO OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
Balance at 1 January 2018	1,025,563	1,259,845	2,285,408
Total comprehensive income for the year	<u>877,676</u>	<u>795,729</u>	<u>1,673,405</u>
Balance at 31 December 2018 and 1 January 2019	1,903,239	2,055,574	3,958,813
Total comprehensive income for the year	<u>700,606</u>	<u>514,822</u>	<u>1,215,428</u>
Balance at 31 December 2019	<u>2,603,845</u>	<u>2,570,396</u>	<u>5,174,241</u>

ROYAL ASCOT

- BLOCK TWO OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Operating activities		
Surplus and total comprehensive income for the year	1,215,428	1,673,405
Adjustments for:		
Interest income	(94,208)	(55,520)
Operating surplus before changes in working capital	1,121,220	1,617,885
Increase in cash and cash equivalents held by Manager	(113,232)	(74,319)
Decrease in management fee receivable	5,582	1,521
Decrease in other accounts receivable	3,126	13,467
(Increase)/decrease in prepayments	(12,723)	3,765
Increase in temporary payments	(72,589)	(53,666)
(Decrease)/increase in amount due to Management Agent	(19,141)	1,459,476
Decrease in amount due to Intra Properties	---	(1,478,529)
Increase in accounts payable and accruals	565,441	251,528
Increase in refundable tenants' deposits	6,703	4,213
(Decrease)/increase in contract liabilities from management fee received in advance	(9,110)	2,996
Decrease in temporary receipts	(355)	(23,905)
(Decrease)/increase in tax payable	(5,085)	2,403
Increase in provision for typhoon loss	84,927	---
Net cash generated from operating activities	1,554,764	1,726,835
Investing activity		
Interest received	94,208	55,520
Net cash generated from investing activity	94,208	55,520
Net increase in cash and cash equivalents	1,648,972	1,782,355
Cash and cash equivalents at beginning of the year	3,047,357	1,265,002
Cash and cash equivalents at end of the year	4,696,329	3,047,357

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Cash at banks and on site	4,696,329	3,047,357

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND OF BLOCK THREE ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 15 to 18, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 71 to 89.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Building Management Ordinance and Deed of Mutual Covenant require the Management Agent to prepare financial statements which give a true and fair view of the financial transactions and financial position of the Fund. Accordingly, the Management Agent is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management Agent determines 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 Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund'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 27 of the Building Management 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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund'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 Fund 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.

C & T ASSOCIATES CPA LIMITED

Certified Public Accountants

Ellen Tsang Fung Chu

Practising Certificate Number: P02576

10/F Chiu Lung Building

25 Chiu Lung Street

Central

Hong Kong

14 DEC 2020

ROYAL ASCOT

- BLOCK THREE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019			2018		
		General fund	Building fund	Total	General fund	Building fund	Total
	<i>Note</i>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Income							
Management fee income		6,362,592	---	6,362,592	6,003,096	---	6,003,096
Contribution		---	1,368,024	1,368,024	---	1,368,024	1,368,024
Licence fee income		63,201	---	63,201	64,015	---	64,015
Share of club house income	5(a)	929,526	---	929,526	847,276	---	847,276
Visitors' car parks income		248,362	---	248,362	259,963	---	259,963
Interest income		74,283	46,120	120,403	46,976	26,895	73,871
Shuttle bus income		290,346	---	290,346	308,278	---	308,278
Sundry income		19,564	---	19,564	25,989	73,053	99,042
		<u>7,987,874</u>	<u>1,414,144</u>	<u>9,402,018</u>	<u>7,555,593</u>	<u>1,467,972</u>	<u>9,023,565</u>
Expenditure							
Electricity		410,903	---	410,903	414,595	---	414,595
Water charges		1,470	---	1,470	1,703	---	1,703
Repairs and maintenance							
Lift		285,633	---	285,633	279,072	---	279,072
Plumbing and drainage		37,138	---	37,138	190,147	---	190,147
Electrical facilities		2,800	---	2,800	5,140	---	5,140
Air-conditioning system		4,849	---	4,849	4,736	---	4,736
Fire service and equipment		6,979	---	6,979	15,790	---	15,790
Security system		(2,471)	---	(2,471)	6,568	---	6,568
Building structure and equipment		9,767	---	9,767	55,937	---	55,937
Professional fee and bank charges		2,016	---	2,016	1,986	---	1,986
Share of club house expenses	5(b)	2,165,453	---	2,165,453	1,787,910	---	1,787,910
Share of development pool expenses	6	642,356	---	642,356	580,967	---	580,967
Share of residential pool expenses	7	3,044,589	---	3,044,589	2,799,553	---	2,799,553
Manager's remuneration - General Fund	4	458,986	---	458,986	432,339	---	432,339
Manager's remuneration - Building Fund	4	---	39,119	39,119	---	26,337	26,337
Property tax	3(m)	37,128	---	37,128	38,590	---	38,590
Building fund utilized		---	782,370	782,370	---	526,747	526,747
		<u>7,107,596</u>	<u>821,489</u>	<u>7,929,085</u>	<u>6,615,033</u>	<u>553,084</u>	<u>7,168,117</u>
Surplus and total comprehensive income for the year							
		880,278	592,655	1,472,933	940,560	914,888	1,855,448
Management fund at beginning of the year							
		<u>2,805,791</u>	<u>2,469,734</u>	<u>5,275,525</u>	<u>1,865,231</u>	<u>1,554,846</u>	<u>3,420,077</u>
Management fund at end of the year							
		<u>3,686,069</u>	<u>3,062,389</u>	<u>6,748,458</u>	<u>2,805,791</u>	<u>2,469,734</u>	<u>5,275,525</u>

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK THREE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	<i>Note</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Non-current assets			
Utility and other deposits		<u>20,114</u>	<u>20,114</u>
Current assets			
Cash and cash equivalents held by Manager	9	5,773,666	5,643,665
Management fee receivable		50,985	57,642
Other accounts receivable		7,577	11,165
Prepayments		49,260	34,654
Temporary payments		300,893	217,554
Cash and cash equivalents		<u>5,391,836</u>	<u>3,498,658</u>
		<u>11,574,217</u>	<u>9,463,338</u>
Current liabilities			
Amount due to Management Agent		857,308	1,002,710
Accounts payable and accruals		2,501,650	1,829,168
Refundable tenants' deposits		112,497	101,411
Contract liabilities from management fee received in advance	3(l)	23,009	14,486
Temporary receipts		62,876	63,283
Tax payable	3(m)	27,713	33,553
Provision for typhoon loss		97,504	---
		<u>3,682,557</u>	<u>3,044,611</u>
Net current assets		<u>7,891,660</u>	<u>6,418,727</u>
Total assets less current liabilities		<u>7,911,774</u>	<u>6,438,841</u>
Non-current liability			
Management fee deposits	11	<u>1,163,316</u>	<u>1,163,316</u>
Net assets		<u>6,748,458</u>	<u>5,275,525</u>
Management fund			
General fund	12	3,686,069	2,805,791
Building fund	13	3,062,389	2,469,734
		<u>6,748,458</u>	<u>5,275,525</u>

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited


Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK THREE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
Balance at 1 January 2018	1,865,231	1,554,846	3,420,077
Total comprehensive income for the year	<u>940,560</u>	<u>914,888</u>	<u>1,855,448</u>
Balance at 31 December 2018 and 1 January 2019	2,805,791	2,469,734	5,275,525
Total comprehensive income for the year	<u>880,278</u>	<u>592,655</u>	<u>1,472,933</u>
Balance at 31 December 2019	<u>3,686,069</u>	<u>3,062,389</u>	<u>6,748,458</u>

ROYAL ASCOT

- BLOCK THREE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Operating activities		
Surplus and total comprehensive income for the year	1,472,933	1,855,448
Adjustments for:		
Interest income	(120,403)	(73,871)
Operating surplus before changes in working capital	1,352,530	1,781,577
Increase in cash and cash equivalents held by Manager	(130,001)	(85,326)
Decrease/(increase) in management fee receivable	6,657	(14,816)
Decrease in other accounts receivable	3,588	15,462
(Increase)/decrease in prepayments	(14,606)	4,322
Increase in temporary payments	(83,339)	(61,615)
(Decrease)/increase in amount due to Management Agent	(145,402)	974,834
Decrease in amount due to Intra Properties	---	(1,030,678)
Increase in accounts payable and accruals	672,482	404,673
Increase in refundable tenants' deposits	11,086	4,361
Increase in contract liabilities from management fee received in advance	8,523	4,335
Decrease in temporary receipts	(407)	(27,445)
(Decrease)/increase in tax payable	(5,840)	2,760
Increase in provision for typhoon loss	97,504	---
Net cash generated from operating activities	1,772,775	1,972,444
Investing activity		
Interest received	120,403	73,871
Net cash generated from investing activity	120,403	73,871
Net increase in cash and cash equivalents	1,893,178	2,046,315
Cash and cash equivalents at beginning of the year	3,498,658	1,452,343
Cash and cash equivalents at end of the year	5,391,836	3,498,658

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Cash at banks and on site	5,391,836	3,498,658

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND OF BLOCK FIVE ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 21 to 24, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 71 to 89.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Building Management Ordinance and Deed of Mutual Covenant require the Management Agent to prepare financial statements which give a true and fair view of the financial transactions and financial position of the Fund. Accordingly, the Management Agent is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management Agent determines 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 Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund'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 27 of the Building Management 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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

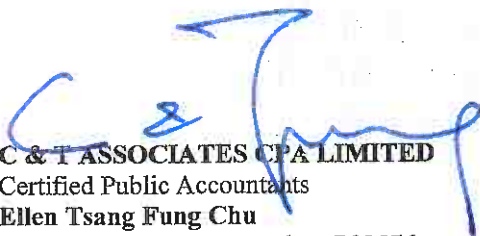


AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund'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 Fund 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.


C & T ASSOCIATES CPA LIMITED
Certified Public Accountants
Ellen Tsang Fung Chu
Practising Certificate Number: P02576
10/F Chiu Lung Building
25 Chiu Lung Street
Central
Hong Kong
14 DEC 2020

ROYAL ASCOT

- BLOCK FIVE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	General fund HK\$	2019 Building fund HK\$	Total HK\$	General fund HK\$	2018 Building fund HK\$	Total HK\$
Income							
Management fee income		6,362,592	---	6,362,592	6,003,096	---	6,003,096
Contribution		---	1,368,024	1,368,024	---	1,368,024	1,368,024
Licence fee income		63,201	---	63,201	64,015	---	64,015
Share of club house income	5(a)	929,526	---	929,526	847,276	---	847,276
Visitors' car parks income		248,362	---	248,362	259,963	---	259,963
Interest income		83,440	44,025	127,465	54,258	25,143	79,401
Shuttle bus income		290,346	---	290,346	308,278	---	308,278
Sundry income		18,464	---	18,464	26,539	73,053	99,592
		<u>7,995,931</u>	<u>1,412,049</u>	<u>9,407,980</u>	<u>7,563,425</u>	<u>1,466,220</u>	<u>9,029,645</u>
Expenditure							
Electricity		374,690	---	374,690	415,938	---	415,938
Water charges		952	---	952	639	---	639
Repairs and maintenance							
Lift		285,633	---	285,633	279,072	---	279,072
Plumbing and drainage		52,758	---	52,758	103,593	---	103,593
Electrical facilities		5,248	---	5,248	4,540	---	4,540
Air-conditioning system		4,849	---	4,849	20,737	---	20,737
Fire service and equipment		26,279	---	26,279	4,330	---	4,330
Security system		(5,551)	---	(5,551)	11,568	---	11,568
Building structure and equipment		2,654	---	2,654	53,117	---	53,117
Professional fee and bank charges		1,997	---	1,997	1,945	---	1,945
Share of club house expenses	5(b)	2,165,453	---	2,165,453	1,787,910	---	1,787,910
Share of development pool expenses	6	642,356	---	642,356	580,967	---	580,967
Share of residential pool expenses	7	3,044,589	---	3,044,589	2,799,553	---	2,799,553
Manager's remuneration - General Fund	4	458,316	---	458,316	426,725	---	426,725
Manager's remuneration - Building Fund	4	---	39,119	39,119	---	26,337	26,337
Property tax	3(m)	37,128	---	37,128	38,590	---	38,590
Building fund utilized		---	782,370	782,370	---	526,747	526,747
		<u>7,097,351</u>	<u>821,489</u>	<u>7,918,840</u>	<u>6,529,224</u>	<u>553,084</u>	<u>7,082,308</u>
Surplus and total comprehensive income for the year							
		898,580	590,560	1,489,140	1,034,201	913,136	1,947,337
Management fund at beginning of the year							
		3,422,571	2,333,839	5,756,410	2,388,370	1,420,703	3,809,073
Management fund at end of the year							
		<u>4,321,151</u>	<u>2,924,399</u>	<u>7,245,550</u>	<u>3,422,571</u>	<u>2,333,839</u>	<u>5,756,410</u>

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK FIVE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

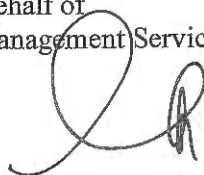
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	<i>Note</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Non-current assets			
Utility and other deposits		<u>19,814</u>	<u>19,814</u>
Current assets			
Cash and cash equivalents held by Manager	9	5,773,666	5,643,665
Management fee receivable		95,736	65,273
Other accounts receivable		7,577	11,165
Prepayments		49,260	34,654
Temporary payments		300,894	217,553
Cash and cash equivalents		<u>5,391,836</u>	<u>3,498,658</u>
		<u>11,618,969</u>	<u>9,470,968</u>
Current liabilities			
Amount due to Management Agent		350,837	399,777
Accounts payable and accruals		2,498,126	1,877,331
Refundable tenants' deposits		113,498	97,861
Contract liabilities from management fee received in advance	3(l)	42,931	62,819
Temporary receipts		99,308	99,715
Tax payable	3(m)	27,713	33,553
Provision for typhoon loss		97,504	---
		<u>3,229,917</u>	<u>2,571,056</u>
Net current assets		<u>8,389,052</u>	<u>6,899,912</u>
Total assets less current liabilities		<u>8,408,866</u>	<u>6,919,726</u>
Non-current liability			
Management fee deposits	11	<u>1,163,316</u>	<u>1,163,316</u>
Net assets		<u>7,245,550</u>	<u>5,756,410</u>
Management fund			
General fund	12	4,321,151	3,422,571
Building fund	13	<u>2,924,399</u>	<u>2,333,839</u>
		<u>7,245,550</u>	<u>5,756,410</u>

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited



Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK FIVE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
Balance at 1 January 2018	2,388,370	1,420,703	3,809,073
Total comprehensive income for the year	<u>1,034,201</u>	<u>913,136</u>	<u>1,947,337</u>
Balance at 31 December 2018 and 1 January 2019	3,422,571	2,333,839	5,756,410
Total comprehensive income for the year	<u>898,580</u>	<u>590,560</u>	<u>1,489,140</u>
Balance at 31 December 2019	<u>4,321,151</u>	<u>2,924,399</u>	<u>7,245,550</u>

ROYAL ASCOT

- BLOCK FIVE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Operating activities		
Surplus and total comprehensive income for the year	1,489,140	1,947,337
Adjustments for:		
Interest income	(127,465)	(79,401)
Operating surplus before changes in working capital	1,361,675	1,867,936
Increase in cash and cash equivalents held by Manager	(130,001)	(85,326)
(Increase)/decrease in management fee receivable	(30,463)	26,105
Decrease in other accounts receivable	3,588	15,462
(Increase)/decrease in prepayments	(14,606)	4,322
Increase in temporary payments	(83,341)	(61,614)
(Decrease)/increase in amount due to Management Agent	(48,940)	372,706
Decrease in amount due to Intra Properties	---	(567,176)
Increase in accounts payable and accruals	620,795	371,711
Increase in refundable tenants' deposits	15,637	2,811
(Decrease)/increase in contract liabilities from management fee received in advance	(19,888)	44,662
Decrease in temporary receipts	(407)	(27,445)
(Decrease)/increase in tax payable	(5,840)	2,760
Increase in provision for typhoon loss	97,504	---
Net cash generated from operating activities	1,765,713	1,966,914
Investing activity		
Interest received	127,465	79,401
Net cash generated from investing activity	127,465	79,401
Net increase in cash and cash equivalents	1,893,178	2,046,315
Cash and cash equivalents at beginning of the year	3,498,658	1,452,343
Cash and cash equivalents at end of the year	5,391,836	3,498,658

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Cash at banks and on site	5,391,836	3,498,658

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND OF BLOCK SIX ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 27 to 30, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 71 to 89.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Building Management Ordinance and Deed of Mutual Covenant require the Management Agent to prepare financial statements which give a true and fair view of the financial transactions and financial position of the Fund. Accordingly, the Management Agent is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management Agent determines 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 Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund'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 27 of the Building Management 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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund'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 Fund 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.



C & T ASSOCIATES CPA LIMITED

Certified Public Accountants

Ellen Tsang Fung Chu

Practising Certificate Number: P02576

10/F Chiu Lung Building

25 Chiu Lung Street

Central

Hong Kong

14 DEC 2020

ROYAL ASCOT

- BLOCK SIX OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019			2018		
		General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
	<i>Note</i>						
Income							
Management fee income		6,768,816	---	6,768,816	6,384,168	---	6,384,168
Contribution		---	1,517,520	1,517,520	---	1,517,520	1,517,520
Licence fee income		70,116	---	70,116	71,018	---	71,018
Share of club house income	5(a)	1,030,016	---	1,030,016	938,873	---	938,873
Visitors' car parks income		275,212	---	275,212	288,068	---	288,068
Interest income		96,112	48,383	144,495	64,528	27,508	92,036
Shuttle bus income		321,735	---	321,735	341,605	---	341,605
Sundry income		17,362	---	17,362	29,073	80,951	110,024
		<u>8,579,369</u>	<u>1,565,903</u>	<u>10,145,272</u>	<u>8,117,333</u>	<u>1,625,979</u>	<u>9,743,312</u>
Expenditure							
Electricity		384,952	---	384,952	386,707	---	386,707
Water charges		1,343	---	1,343	1,343	---	1,343
Repairs and maintenance							
Lift		255,481	---	255,481	249,696	---	249,696
Plumbing and drainage		20,032	---	20,032	154,341	---	154,341
Electrical facilities		(3,536)	---	(3,536)	10,940	---	10,940
Air-conditioning system		4,850	---	4,850	4,737	---	4,737
Fire service and equipment		1,779	---	1,779	630	---	630
Security system		(13,941)	---	(13,941)	9,168	---	9,168
Building structure and equipment		29,275	---	29,275	45,927	---	45,927
Professional fee and bank charges		1,949	---	1,949	1,927	---	1,927
Share of club house expenses	5(b)	2,399,555	---	2,399,555	1,981,197	---	1,981,197
Share of development pool expenses	6	712,641	---	712,641	644,535	---	644,535
Share of residential pool expenses	7	3,373,733	---	3,373,733	3,102,208	---	3,102,208
Manager's remuneration - General Fund	4	497,538	---	497,538	464,030	---	464,030
Manager's remuneration - Building Fund	4	---	43,347	43,347	---	29,185	29,185
Property tax	3(m)	41,154	---	41,154	42,770	---	42,770
Building fund utilized		---	866,952	866,952	---	583,702	583,702
		<u>7,706,805</u>	<u>910,299</u>	<u>8,617,104</u>	<u>7,100,156</u>	<u>612,887</u>	<u>7,713,043</u>
Surplus and total comprehensive income for the year							
		872,564	655,604	1,528,168	1,017,177	1,013,092	2,030,269
Management fund at beginning of the year							
		<u>4,054,703</u>	<u>2,559,502</u>	<u>6,614,205</u>	<u>3,037,526</u>	<u>1,546,410</u>	<u>4,583,936</u>
Management fund at end of the year							
		<u>4,927,267</u>	<u>3,215,106</u>	<u>8,142,373</u>	<u>4,054,703</u>	<u>2,559,502</u>	<u>6,614,205</u>

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK SIX OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

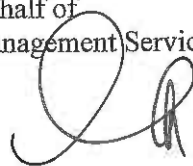
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	<i>Note</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Non-current assets			
Utility and other deposits		<u>21,632</u>	<u>21,632</u>
Current assets			
Cash and cash equivalents held by Manager	9	6,397,846	6,253,791
Management fee receivable		57,837	38,846
Other accounts receivable		8,396	12,372
Prepayments		54,598	38,410
Temporary payments		333,423	241,073
Cash and cash equivalents		<u>5,974,740</u>	<u>3,876,894</u>
		<u>12,826,840</u>	<u>10,461,386</u>
Current liabilities			
Amount due to Management Agent		391,895	395,660
Accounts payable and accruals		2,695,829	1,972,110
Refundable tenants' deposits		110,380	93,859
Contract liabilities from management fee received in advance	3(l)	18,684	19,003
Temporary receipts		60,640	61,090
Tax payable	3(m)	30,717	37,187
Provision for typhoon loss		108,050	---
		<u>3,416,195</u>	<u>2,578,909</u>
Net current assets		<u>9,410,645</u>	<u>7,882,477</u>
Total assets less current liabilities		<u>9,432,277</u>	<u>7,904,109</u>
Non-current liability			
Management fee deposits	11	<u>1,289,904</u>	<u>1,289,904</u>
Net assets		<u>8,142,373</u>	<u>6,614,205</u>
Management fund			
General fund	12	4,927,267	4,054,703
Building fund	13	3,215,106	2,559,502
		<u>8,142,373</u>	<u>6,614,205</u>

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited



Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK SIX OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
Balance at 1 January 2018	3,037,526	1,546,410	4,583,936
Total comprehensive income for the year	<u>1,017,177</u>	<u>1,013,092</u>	<u>2,030,269</u>
Balance at 31 December 2018 and 1 January 2019	4,054,703	2,559,502	6,614,205
Total comprehensive income for the year	<u>872,564</u>	<u>655,604</u>	<u>1,528,168</u>
Balance at 31 December 2019	<u>4,927,267</u>	<u>3,215,106</u>	<u>8,142,373</u>

ROYAL ASCOT

- BLOCK SIX OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Operating activities		
Surplus and total comprehensive income for the year	1,528,168	2,030,269
Adjustments for:		
Interest income	(144,495)	(92,036)
Operating surplus before changes in working capital	1,383,673	1,938,233
Increase in cash and cash equivalents held by Manager	(144,055)	(94,550)
(Increase)/decrease in management fee receivable	(18,991)	2,560
Decrease in other accounts receivable	3,976	17,133
(Increase)/decrease in prepayments	(16,188)	4,789
Increase in temporary payments	(92,350)	(68,275)
(Decrease)/increase in amount due to Management Agent	(3,765)	365,127
Decrease in amount due to Intra Properties	---	(301,490)
Increase in accounts payable and accruals	723,719	332,373
Increase in refundable tenants' deposits	16,521	3,094
(Decrease)/increase in contract liabilities from management fee received in advance	(319)	3,866
Decrease in temporary receipts	(450)	(30,413)
(Decrease)/increase in tax payable	(6,470)	3,055
Increase in provision for typhoon loss	108,050	---
Net cash generated from operating activities	1,953,351	2,175,502
Investing activity		
Interest received	144,495	92,036
Net cash generated from investing activity	144,495	92,036
Net increase in cash and cash equivalents	2,097,846	2,267,538
Cash and cash equivalents at beginning of the year	3,876,894	1,609,356
Cash and cash equivalents at end of the year	5,974,740	3,876,894

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Cash at banks and on site	5,974,740	3,876,894

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND OF BLOCK SEVEN ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 33 to 36, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 71 to 89.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. 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 Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Building Management Ordinance and Deed of Mutual Covenant require the Management Agent to prepare financial statements which give a true and fair view of the financial transactions and financial position of the Fund. Accordingly, the Management Agent is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management Agent determines 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 Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund'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 27 of the Building Management 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 HKSA 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund'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 Fund 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.


C & T ASSOCIATES CPA LIMITED

Certified Public Accountants

Ellen Tsang Fung Chu

Practising Certificate Number: P02576

10/F Chiu Lung Building

25 Chiu Lung Street

Central

Hong Kong

14 DEC 2020

ROYAL ASCOT

- BLOCK SEVEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019			2018		
		General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
	<u>Note</u>						
Income							
Management fee income		6,768,816	—	6,768,816	6,384,168	—	6,384,168
Contribution		—	1,517,520	1,517,520	—	1,517,520	1,517,520
Licence fee income		70,116	—	70,116	71,018	—	71,018
Share of club house income	5(a)	1,030,016	—	1,030,016	938,873	—	938,873
Visitors' car parks income		275,212	—	275,212	288,068	—	288,068
Interest income		92,380	49,433	141,813	62,253	28,852	91,105
Shuttle bus income		321,735	—	321,735	341,605	—	341,605
Sundry income		18,012	—	18,012	28,073	80,951	109,024
		<u>8,576,287</u>	<u>1,566,953</u>	<u>10,143,240</u>	<u>8,114,058</u>	<u>1,627,323</u>	<u>9,741,381</u>
Expenditure							
Cleaning		8,200	—	8,200	—	—	—
Electricity		435,919	—	435,919	425,637	—	425,637
Water charges		900	—	900	900	—	900
Repairs and maintenance							
Lift		255,481	—	255,481	249,696	—	249,696
Plumbing and drainage		141,411	—	141,411	103,545	—	103,545
Electrical facilities		(7,952)	—	(7,952)	12,480	—	12,480
Air-conditioning system		8,450	—	8,450	4,736	—	4,736
Fire service and equipment		15,480	—	15,480	4,980	—	4,980
Security system		(4,071)	—	(4,071)	6,568	—	6,568
Building structure and equipment		19,133	—	19,133	50,727	—	50,727
Professional fee and bank charges		2,006	—	2,006	2,007	—	2,007
Share of club house expenses	5(b)	2,399,555	—	2,399,555	1,981,197	—	1,981,197
Share of development pool expenses	6	712,641	—	712,641	644,535	—	644,535
Share of residential pool expenses	7	3,373,733	—	3,373,733	3,102,208	—	3,102,208
Manager's remuneration - General Fund	4	511,032	—	511,032	463,741	—	463,741
Manager's remuneration - Building Fund	4	—	43,347	43,347	—	29,185	29,185
Property tax	3(m)	41,154	—	41,154	42,770	—	42,770
Building fund utilized		—	866,951	866,951	—	583,702	583,702
		<u>7,913,072</u>	<u>910,298</u>	<u>8,823,370</u>	<u>7,095,727</u>	<u>612,887</u>	<u>7,708,614</u>
Surplus and total comprehensive income for the year							
		663,215	656,655	1,319,870	1,018,331	1,014,436	2,032,767
Management fund at beginning of the year		<u>3,897,276</u>	<u>2,663,778</u>	<u>6,561,054</u>	<u>2,878,945</u>	<u>1,649,342</u>	<u>4,528,287</u>
Management fund at end of the year		<u>4,560,491</u>	<u>3,320,433</u>	<u>7,880,924</u>	<u>3,897,276</u>	<u>2,663,778</u>	<u>6,561,054</u>

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK SEVEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

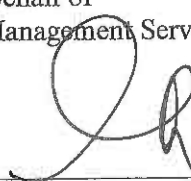
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	<i>Note</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Non-current assets			
Utility and other deposits		<u>22,232</u>	<u>22,232</u>
Current assets			
Cash and cash equivalents held by Manager	9	6,397,846	6,253,791
Management fee receivable		28,626	33,353
Other accounts receivable		8,396	12,372
Prepayments		54,598	38,410
Temporary payments		333,422	241,073
Cash and cash equivalents		<u>5,974,740</u>	<u>3,876,894</u>
		<u>12,797,628</u>	<u>10,455,893</u>
Current liabilities			
Amount due to Management Agent		543,983	467,910
Accounts payable and accruals		2,775,057	1,944,994
Refundable tenants' deposits		106,280	92,959
Contract liabilities from management fee received in advance	3(l)	10,225	8,946
Temporary receipts		74,720	75,171
Tax payable	3(m)	30,717	37,187
Provision for typhoon loss		<u>108,050</u>	<u>---</u>
		<u>3,649,032</u>	<u>2,627,167</u>
Net current assets		<u>9,148,596</u>	<u>7,828,726</u>
Total assets less current liabilities		<u>9,170,828</u>	<u>7,850,958</u>
Non-current liability			
Management fee deposits	11	<u>1,289,904</u>	<u>1,289,904</u>
Net assets		<u>7,880,924</u>	<u>6,561,054</u>
Management fund			
General fund	12	4,560,491	3,897,276
Building fund	13	<u>3,320,433</u>	<u>2,663,778</u>
		<u>7,880,924</u>	<u>6,561,054</u>

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited


Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK SEVEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
Balance at 1 January 2018	2,878,945	1,649,342	4,528,287
Total comprehensive income for the year	<u>1,018,331</u>	<u>1,014,436</u>	<u>2,032,767</u>
Balance at 31 December 2018 and 1 January 2019	3,897,276	2,663,778	6,561,054
Total comprehensive income for the year	<u>663,215</u>	<u>656,655</u>	<u>1,319,870</u>
Balance at 31 December 2019	<u><u>4,560,491</u></u>	<u><u>3,320,433</u></u>	<u><u>7,880,924</u></u>

ROYAL ASCOT

- BLOCK SEVEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Operating activities		
Surplus and total comprehensive income for the year	1,319,870	2,032,767
Adjustments for:		
Interest income	(141,813)	(91,105)
Operating surplus before changes in working capital	1,178,057	1,941,662
Increase in cash and cash equivalents held by Manager	(144,055)	(94,550)
Decrease/(increase) in management fee receivable	4,727	(12,487)
Decrease in other accounts receivable	3,976	17,133
(Increase)/decrease in prepayments	(16,188)	4,789
Increase in temporary payments	(92,349)	(68,275)
Increase in amount due to Management Agent	76,073	438,570
Decrease in amount due to Intra Properties	---	(267,321)
Increase in accounts payable and accruals	830,063	250,720
Increase in refundable tenants' deposits	13,321	2,444
Increase/(decrease) in contract liabilities from management fee received in advance	1,279	(8,895)
Decrease in temporary receipts	(451)	(30,412)
(Decrease)/increase in tax payable	(6,470)	3,055
Increase in provision for typhoon loss	108,050	---
Net cash generated from operating activities	1,956,033	2,176,433
Investing activity		
Interest received	141,813	91,105
Net cash generated from investing activity	141,813	91,105
Net increase in cash and cash equivalents	2,097,846	2,267,538
Cash and cash equivalents at beginning of the year	3,876,894	1,609,356
Cash and cash equivalents at end of the year	5,974,740	3,876,894

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Cash at banks and on site	5,974,740	3,876,894

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND OF BLOCK EIGHT ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 39 to 42, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 71 to 89.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Building Management Ordinance and Deed of Mutual Covenant require the Management Agent to prepare financial statements which give a true and fair view of the financial transactions and financial position of the Fund. Accordingly, the Management Agent is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management Agent determines 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 Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund'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 27 of the Building Management 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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

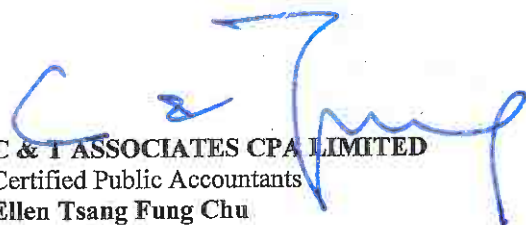


AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund'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 Fund 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.



C & T ASSOCIATES CPA LIMITED
Certified Public Accountants
Ellen Tsang Fung Chu
Practising Certificate Number: P02576
10/F Chiu Lung Building
25 Chiu Lung Street
Central
Hong Kong
14 DEC 2020

ROYAL ASCOT

- BLOCK EIGHT OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		2018		
		General	Building		General	Building
		fund	fund	Total	fund	fund
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The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK EIGHT OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

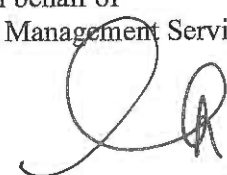
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	<i>Note</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Non-current assets			
Utility and other deposits		<u>28,517</u>	<u>28,517</u>
Current assets			
Amount due from Management Agent	8	322,867	361,638
Cash and cash equivalents held by Manager	9	8,830,730	8,631,896
Management fee receivable		84,165	90,181
Other accounts receivable		11,589	17,077
Prepayments		75,352	53,010
Temporary payments		460,212	332,745
Cash and cash equivalents		<u>8,246,729</u>	<u>5,351,143</u>
		<u>18,031,644</u>	<u>14,837,690</u>
Current liabilities			
Owners' utility deposits		3,500	3,500
Accounts payable and accruals		3,796,542	2,583,713
Refundable tenants' deposits		178,762	154,222
Contract liabilities from management fee received in advance	3(l)	71,771	26,066
Temporary receipts		92,153	92,775
Tax payable	3(m)	42,395	51,324
Provision for typhoon loss		149,135	---
		<u>4,334,258</u>	<u>2,911,600</u>
Net current assets		<u>13,697,386</u>	<u>11,926,090</u>
Total assets less current liabilities		<u>13,725,903</u>	<u>11,954,607</u>
Non-current liability			
Management fee deposits	11	<u>1,779,888</u>	<u>1,779,888</u>
Net assets		<u>11,946,015</u>	<u>10,174,719</u>
Management fund			
General fund	12	7,936,941	7,062,947
Building fund	13	4,009,074	3,111,772
		<u>11,946,015</u>	<u>10,174,719</u>

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited



Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK EIGHT OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
Balance at 1 January 2018	5,334,471	1,719,962	7,054,433
Total comprehensive income for the year	<u>1,728,476</u>	<u>1,391,810</u>	<u>3,120,286</u>
Balance at 31 December 2018 and 1 January 2019	7,062,947	3,111,772	10,174,719
Total comprehensive income for the year	<u>873,994</u>	<u>897,302</u>	<u>1,771,296</u>
Balance at 31 December 2019	<u><u>7,936,941</u></u>	<u><u>4,009,074</u></u>	<u><u>11,946,015</u></u>

ROYAL ASCOT

- BLOCK EIGHT OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Operating activities		
Surplus and total comprehensive income for the year	1,771,296	3,120,286
Adjustments for:		
Interest income	(213,935)	(138,399)
Operating surplus before changes in working capital	1,557,361	2,981,887
Decrease/(increase) in amount due from Management Agent	38,771	(361,638)
Decrease in amount due from Intra Properties	---	315,967
Increase in cash and cash equivalents held by Manager	(198,834)	(130,505)
Decrease/(increase) in management fee receivable	6,016	(23,815)
Decrease in other accounts receivable	5,488	23,648
(Increase)/decrease in prepayments	(22,342)	6,610
Increase in temporary payments	(127,467)	(94,238)
Decrease in amount due to Management Agent	---	(41,859)
Increase in accounts payable and accruals	1,212,829	380,744
Increase in refundable tenants' deposits	24,540	6,115
Increase/(decrease) in contract liabilities from management fee received in advance	45,705	(33,753)
Decrease in temporary receipts	(622)	(41,977)
(Decrease)/increase in tax payable	(8,929)	4,220
Increase in provision for typhoon loss	149,135	---
Net cash generated from operating activities	2,681,651	2,991,406
Investing activity		
Interest received	213,935	138,399
Net cash generated from investing activity	213,935	138,399
Net increase in cash and cash equivalents	2,895,586	3,129,805
Cash and cash equivalents at beginning of the year	5,351,143	2,221,338
Cash and cash equivalents at end of the year	8,246,729	5,351,143

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Cash at banks and on site	8,246,729	5,351,143

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND OF BLOCK NINE ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 45 to 48, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 71 to 89.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Building Management Ordinance and Deed of Mutual Covenant require the Management Agent to prepare financial statements which give a true and fair view of the financial transactions and financial position of the Fund. Accordingly, the Management Agent is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management Agent determines 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 Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund'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 27 of the Building Management 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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

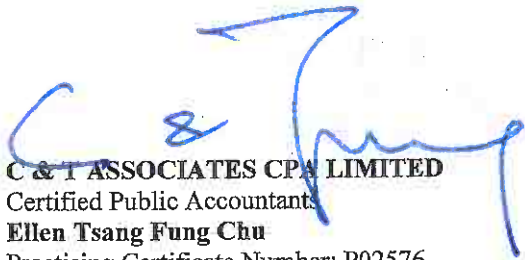


AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund'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 Fund 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.



C & T ASSOCIATES CPA LIMITED
Certified Public Accountant
Ellen Tsang Fung Chu
Practising Certificate Number: P02576

10/F Chiu Lung Building
25 Chiu Lung Street
Central
Hong Kong

14 DEC 2020

ROYAL ASCOT

- BLOCK NINE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

			2019		2018	
	General	Building	Total	General	Building	Total
Note	fund	fund	HK\$	fund	fund	HK\$
	HK\$	HK\$		HK\$	HK\$	
Income						
Management fee income	9,080,448	—	9,080,448	8,808,672	—	8,808,672
Contribution	—	2,093,472	2,093,472	—	2,093,472	2,093,472
Licence fee income	96,727	—	96,727	97,972	—	97,972
Share of club house income	5(a) 1,421,695	—	1,421,695	1,295,895	—	1,295,895
Visitors' car parks income	379,865	—	379,865	397,609	—	397,609
Interest income	167,067	62,117	229,184	117,148	34,079	151,227
Shuttle bus income	444,080	—	444,080	471,506	—	471,506
Sundry income	28,475	—	28,475	39,001	111,734	150,735
	<u>11,618,357</u>	<u>2,155,589</u>	<u>13,773,946</u>	<u>11,227,803</u>	<u>2,239,285</u>	<u>13,467,088</u>
Expenditure						
Electricity	451,608	—	451,608	423,747	—	423,747
Water charges	2,085	—	2,085	4,058	—	4,058
Repairs and maintenance						
Lift	308,112	—	308,112	301,104	—	301,104
Plumbing and drainage	17,933	—	17,933	93,429	—	93,429
Electrical facilities	7,748	—	7,748	4,440	—	4,440
Air-conditioning system	4,849	—	4,849	4,737	—	4,737
Fire service and equipment	(2,121)	—	(2,121)	19,980	—	19,980
Security system	(3,775)	—	(3,775)	10,641	—	10,641
Building structure and equipment	31,428	—	31,428	71,041	—	71,041
Professional fee and bank charges	164	—	164	2,678	—	2,678
Share of club house expenses	5(b) 3,312,025	—	3,312,025	2,734,579	—	2,734,579
Share of development pool expenses	6 983,107	—	983,107	889,152	—	889,152
Share of residential pool expenses	7 4,656,650	—	4,656,650	4,281,872	—	4,281,872
Manager's remuneration - General Fund	4 678,048	—	678,048	622,346	—	622,346
Manager's remuneration - Building Fund	4 —	59,831	59,831	—	40,283	40,283
Property tax	3(m) 56,798	—	56,798	59,029	—	59,029
Building fund utilized	—	1,196,623	1,196,623	—	805,658	805,658
	<u>10,504,659</u>	<u>1,256,454</u>	<u>11,761,113</u>	<u>9,522,833</u>	<u>845,941</u>	<u>10,368,774</u>
Surplus and total comprehensive income for the year	1,113,698	899,135	2,012,833	1,704,970	1,393,344	3,098,314
Management fund at beginning of the year	7,906,446	3,230,710	11,137,156	6,201,476	1,837,366	8,038,842
Management fund at end of the year	9,020,144	4,129,845	13,149,989	7,906,446	3,230,710	11,137,156

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK NINE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

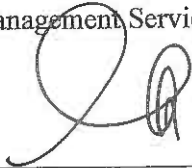
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	<i>Note</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Non-current assets			
Utility and other deposits		<u>28,317</u>	<u>28,317</u>
Current assets			
Amount due from Management Agent	8	1,489,585	1,539,408
Cash and cash equivalents held by Manager	9	8,830,730	8,631,896
Management fee receivable		43,057	50,166
Other accounts receivable		11,588	17,077
Prepayments		75,352	53,010
Temporary payments		460,212	332,745
Cash and cash equivalents		<u>8,246,729</u>	<u>5,351,143</u>
		<u>19,157,253</u>	<u>15,975,445</u>
Current liabilities			
Owners' utility deposits		23,500	23,500
Accounts payable and accruals		3,753,405	2,722,988
Refundable tenants' deposits		178,461	152,822
Contract liabilities from management fee received in advance	3(l)	21,545	48,210
Temporary receipts		87,252	87,874
Tax payable	3(m)	42,395	51,324
Provision for typhoon loss		<u>149,135</u>	<u>---</u>
		<u>4,255,693</u>	<u>3,086,718</u>
Net current assets		<u>14,901,560</u>	<u>12,888,727</u>
Total assets less current liabilities		<u>14,929,877</u>	<u>12,917,044</u>
Non-current liability			
Management fee deposits	11	<u>1,779,888</u>	<u>1,779,888</u>
Net assets		<u>13,149,989</u>	<u>11,137,156</u>
Management fund			
General fund	12	9,020,144	7,906,446
Building fund	13	<u>4,129,845</u>	<u>3,230,710</u>
		<u>13,149,989</u>	<u>11,137,156</u>

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited


Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK NINE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
Balance at 1 January 2018	6,201,476	1,837,366	8,038,842
Total comprehensive income for the year	<u>1,704,970</u>	<u>1,393,344</u>	<u>3,098,314</u>
Balance at 31 December 2018 and 1 January 2019	7,906,446	3,230,710	11,137,156
Total comprehensive income for the year	<u>1,113,698</u>	<u>899,135</u>	<u>2,012,833</u>
Balance at 31 December 2019	<u><u>9,020,144</u></u>	<u><u>4,129,845</u></u>	<u><u>13,149,989</u></u>

ROYAL ASCOT

- BLOCK NINE OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Operating activities		
Surplus and total comprehensive income for the year	2,012,833	3,098,314
Adjustments for:		
Interest income	(229,184)	(151,227)
Operating surplus before changes in working capital	1,783,649	2,947,087
Decrease/(increase) in amount due from Management Agent	49,823	(1,539,408)
Decrease in amount due from Intra Properties	---	1,266,341
Increase in cash and cash equivalents held by Manager	(198,834)	(130,505)
Decrease in management fee receivable	7,109	3,291
Decrease in other accounts receivable	5,489	23,648
(Increase)/decrease in prepayments	(22,342)	6,610
Increase in temporary payments	(127,467)	(94,238)
Decrease in amount due to Management Agent	---	(41,235)
Increase in accounts payable and accruals	1,030,417	552,096
Increase in refundable tenants' deposits	25,639	5,215
(Decrease)/increase in contract liabilities from management fee received in advance	(26,665)	17,433
Decrease in temporary receipts	(622)	(41,977)
(Decrease)/increase in tax payable	(8,929)	4,220
Increase in provision for typhoon loss	149,135	---
Net cash generated from operating activities	2,666,402	2,978,578
Investing activity		
Interest received	229,184	151,227
Net cash generated from investing activity	229,184	151,227
Net increase in cash and cash equivalents	2,895,586	3,129,805
Cash and cash equivalents at beginning of the year	5,351,143	2,221,338
Cash and cash equivalents at end of the year	8,246,729	5,351,143

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Cash at banks and on site	8,246,729	5,351,143

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND OF BLOCK TEN ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 51 to 54, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 71 to 89.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Building Management Ordinance and Deed of Mutual Covenant require the Management Agent to prepare financial statements which give a true and fair view of the financial transactions and financial position of the Fund. Accordingly, the Management Agent is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management Agent determines 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 Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund'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 27 of the Building Management 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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund'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 Fund 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.


C & T ASSOCIATES CPA LIMITED

Certified Public Accountants

Ellen Tsang Fung Chu

Practising Certificate Number: P02576

10/F Chiu Lung Building

25 Chiu Lung Street

Central

Hong Kong

14 DEC 2020

ROYAL ASCOT

- BLOCK TEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		2018		
		General	Building	General	Building	Total
		fund	fund	fund	fund	Total
		HK\$	HK\$	HK\$	HK\$	HK\$
Note						
Income						
		9,080,448	---	8,808,672	---	8,808,672
		---	2,093,472	---	2,093,472	2,093,472
		96,727	---	97,973	---	97,973
	5(a)	1,421,695	---	1,295,895	---	1,295,895
		379,865	---	397,609	---	397,609
		163,398	60,262	113,434	32,528	145,962
		444,080	---	471,506	---	471,506
		29,025	---	39,351	111,734	151,085
		<u>11,615,238</u>	<u>2,153,734</u>	<u>11,224,440</u>	<u>2,237,734</u>	<u>13,462,174</u>
Expenditure						
		427,036	---	408,837	---	408,837
		1,718	---	2,528	---	2,528
		308,112	---	301,104	---	301,104
		49,107	---	51,029	---	51,029
		(17,346)	---	31,290	---	31,290
		4,849	---	13,237	---	13,237
		21,579	---	53,480	---	53,480
		9,883	---	12,842	---	12,842
		(5,476)	---	16,176	---	16,176
		2,467	---	2,434	---	2,434
	5(b)	3,312,025	---	2,734,579	---	2,734,579
	6	983,107	---	889,152	---	889,152
	7	4,656,650	---	4,281,872	---	4,281,872
	4	676,921	---	619,343	---	619,343
	4	---	59,831	---	40,283	40,283
	3(m)	56,798	---	59,029	---	59,029
		---	1,196,623	---	805,658	805,658
		<u>10,487,430</u>	<u>1,256,454</u>	<u>9,476,932</u>	<u>845,941</u>	<u>10,322,873</u>
Surplus and total comprehensive income for the year						
		1,127,808	897,280	1,747,508	1,391,793	3,139,301
Management fund at beginning of the year						
		<u>7,661,650</u>	<u>3,110,432</u>	<u>5,914,142</u>	<u>1,718,639</u>	<u>7,632,781</u>
Management fund at end of the year						
		<u>8,789,458</u>	<u>4,007,712</u>	<u>7,661,650</u>	<u>3,110,432</u>	<u>10,772,082</u>

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK TEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	<i>Note</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Non-current assets			
Utility and other deposits		<u>27,717</u>	<u>27,717</u>
Current assets			
Amount due from Management Agent	8	1,023,440	1,050,667
Cash and cash equivalents held by Manager	9	8,830,730	8,631,896
Management fee receivable		92,712	90,281
Other accounts receivable		11,588	17,077
Prepayments		75,352	53,010
Temporary payments		460,212	332,745
Cash and cash equivalents		<u>8,246,729</u>	<u>5,351,143</u>
		<u>18,740,763</u>	<u>15,526,819</u>
Current liabilities			
Owners' utility deposits		2,500	2,500
Accounts payable and accruals		3,727,771	2,679,878
Refundable tenants' deposits		181,462	155,122
Contract liabilities from management fee received in advance	3(l)	13,557	38,518
Temporary receipts		74,602	75,224
Tax payable	3(m)	42,395	51,324
Provision for typhoon loss		149,135	---
		<u>4,191,422</u>	<u>3,002,566</u>
Net current assets		<u>14,549,341</u>	<u>12,524,253</u>
Total assets less current liabilities		<u>14,577,058</u>	<u>12,551,970</u>
Non-current liability			
Management fee deposits	11	<u>1,779,888</u>	<u>1,779,888</u>
Net assets		<u>12,797,170</u>	<u>10,772,082</u>
Management fund			
General fund	12	8,789,458	7,661,650
Building fund	13	4,007,712	3,110,432
		<u>12,797,170</u>	<u>10,772,082</u>

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited



Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK TEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
Balance at 1 January 2018	5,914,142	1,718,639	7,632,781
Total comprehensive income for the year	<u>1,747,508</u>	<u>1,391,793</u>	<u>3,139,301</u>
Balance at 31 December 2018 and 1 January 2019	7,661,650	3,110,432	10,772,082
Total comprehensive income for the year	<u>1,127,808</u>	<u>897,280</u>	<u>2,025,088</u>
Balance at 31 December 2019	<u><u>8,789,458</u></u>	<u><u>4,007,712</u></u>	<u><u>12,797,170</u></u>

ROYAL ASCOT

- BLOCK TEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Operating activities		
Surplus and total comprehensive income for the year	2,025,088	3,139,301
Adjustments for:		
Interest income	(223,660)	(145,962)
Operating surplus before changes in working capital	1,801,428	2,993,339
Decrease/(increase) in amount due from Management Agent	27,227	(1,050,667)
Decrease in amount due from Intra Properties	---	808,706
Increase in cash and cash equivalents held by Manager	(198,834)	(130,505)
(Increase)/decrease in management fee receivable	(2,431)	43,885
Decrease in other accounts receivable	5,489	23,648
(Increase)/decrease in prepayments	(22,342)	6,610
Increase in temporary payments	(127,467)	(94,238)
Decrease in amount due to Management Agent	---	(41,018)
Increase in accounts payable and accruals	1,047,893	451,536
Increase in refundable tenants' deposits	26,340	5,665
(Decrease)/increase in contract liabilities from management fee received in advance	(24,961)	4,639
Decrease in temporary receipts	(622)	(41,977)
(Decrease)/increase in tax payable	(8,929)	4,220
Increase in provision for typhoon loss	149,135	---
Net cash generated from operating activities	2,671,926	2,983,843
Investing activity		
Interest received	223,660	145,962
Net cash generated from investing activity	223,660	145,962
Net increase in cash and cash equivalents	2,895,586	3,129,805
Cash and cash equivalents at beginning of the year	5,351,143	2,221,338
Cash and cash equivalents at end of the year	8,246,729	5,351,143

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Cash at banks and on site	8,246,729	5,351,143

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND OF BLOCK ELEVEN ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 57 to 60, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 71 to 89.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Building Management Ordinance and Deed of Mutual Covenant require the Management Agent to prepare financial statements which give a true and fair view of the financial transactions and financial position of the Fund. Accordingly, the Management Agent is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management Agent determines 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 Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund'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 27 of the Building Management 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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with HKSAAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund'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 Fund 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.


C & T ASSOCIATES CPA LIMITED

Certified Public Accountants

Ellen Tsang Fung Chu

Practising Certificate Number: P02576

10/F Chiu Lung Building

25 Chiu Lung Street

Central

Hong Kong

14 DEC 2020

ROYAL ASCOT

- BLOCK ELEVEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019			2018	
		General	Building	Total	General	Building
		fund	fund		fund	fund
		HK\$	HK\$	HK\$	HK\$	HK\$
	Note					
Income						
Management fee income		9,080,448	---	9,080,448	8,808,672	---
Contribution		---	2,093,472	2,093,472	---	2,093,472
Licence fee income		96,727	---	96,727	97,973	---
Share of club house income	5(a)	1,421,695	---	1,421,695	1,295,895	---
Visitors' car parks income		379,865	---	379,865	397,609	---
Interest income		155,584	60,685	216,269	108,264	32,881
Shuttle bus income		444,080	---	444,080	471,506	---
Sundry income		29,225	---	29,225	39,541	111,733
		<u>11,607,624</u>	<u>2,154,157</u>	<u>13,761,781</u>	<u>11,219,460</u>	<u>2,238,086</u>
						<u>13,457,546</u>
Expenditure						
Electricity		442,686	---	442,686	454,193	---
Water charges		1,297	---	1,297	4,065	---
Repairs and maintenance						
Lift		308,112	---	308,112	301,104	---
Plumbing and drainage		168,483	---	168,483	86,929	---
Electrical facilities		7,848	---	7,848	23,590	---
Air-conditioning system		4,849	---	4,849	28,737	---
Fire service and equipment		(44,220)	---	(44,220)	11,930	---
Security system		625	---	625	89,292	---
Building structure and equipment		39,795	---	39,795	34,176	---
Professional fee and bank charges		2,246	---	2,246	2,259	---
Share of club house expenses	5(b)	3,312,025	---	3,312,025	2,734,579	---
Share of development pool expenses	6	983,107	---	983,107	889,152	---
Share of residential pool expenses	7	4,656,650	---	4,656,650	4,281,872	---
Manager's remuneration - General Fund	4	686,007	---	686,007	629,376	---
Manager's remuneration - Building Fund	4	---	59,831	59,831	---	40,283
Property tax	3(m)	56,798	---	56,798	59,029	---
Building fund utilized		---	1,196,623	1,196,623	---	805,658
		<u>10,626,308</u>	<u>1,256,454</u>	<u>11,882,762</u>	<u>9,630,283</u>	<u>845,941</u>
						<u>10,476,224</u>
Surplus and total comprehensive income for the year						
		981,316	897,703	1,879,019	1,589,177	1,392,145
Management fund at beginning of the year						
		<u>7,189,496</u>	<u>3,137,779</u>	<u>10,327,275</u>	<u>5,600,319</u>	<u>1,745,634</u>
Management fund at end of the year						
		<u>8,170,812</u>	<u>4,035,482</u>	<u>12,206,294</u>	<u>7,189,496</u>	<u>3,137,779</u>
						<u>10,327,275</u>

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK ELEVEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	<i>Note</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Non-current assets			
Utility and other deposits		<u>28,417</u>	<u>27,717</u>
Current assets			
Amount due from Management Agent	8	471,133	534,360
Cash and cash equivalents held by Manager	9	8,830,730	8,631,896
Management fee receivable		68,713	87,992
Other accounts receivable		11,589	17,077
Prepayments		75,352	53,010
Temporary payments		460,212	332,745
Cash and cash equivalents		<u>8,246,729</u>	<u>5,351,143</u>
		<u>18,164,458</u>	<u>15,008,223</u>
Current liabilities			
Owners' utility deposits		1,500	1,500
Accounts payable and accruals		3,725,445	2,623,282
Refundable tenants' deposits		177,962	150,772
Contract liabilities from management fee received in advance	3(l)	39,196	30,217
Temporary receipts		71,060	71,682
Tax payable	3(m)	42,395	51,324
Provision for typhoon loss		149,135	---
		<u>4,206,693</u>	<u>2,928,777</u>
Net current assets		<u>13,957,765</u>	<u>12,079,446</u>
Total assets less current liabilities		<u>13,986,182</u>	<u>12,107,163</u>
Non-current liability			
Management fee deposits	11	<u>1,779,888</u>	<u>1,779,888</u>
Net assets		<u>12,206,294</u>	<u>10,327,275</u>
Management fund			
General fund	12	8,170,812	7,189,496
Building fund	13	4,035,482	3,137,779
		<u>12,206,294</u>	<u>10,327,275</u>

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited



Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT

- BLOCK ELEVEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2019

	General fund <u>HK\$</u>	Building fund <u>HK\$</u>	Total <u>HK\$</u>
Balance at 1 January 2018	5,600,319	1,745,634	7,345,953
Total comprehensive income for the year	<u>1,589,177</u>	<u>1,392,145</u>	<u>2,981,322</u>
Balance at 31 December 2018 and 1 January 2019	7,189,496	3,137,779	10,327,275
Total comprehensive income for the year	<u>981,316</u>	<u>897,703</u>	<u>1,879,019</u>
Balance at 31 December 2019	<u><u>8,170,812</u></u>	<u><u>4,035,482</u></u>	<u><u>12,206,294</u></u>

ROYAL ASCOT

- BLOCK ELEVEN OF RESIDENTIAL DEVELOPMENT MANAGEMENT FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Operating activities		
Surplus and total comprehensive income for the year	1,879,019	2,981,322
Adjustments for:		
Interest income	(216,269)	(141,145)
Operating surplus before changes in working capital	1,662,750	2,840,177
Increase in utility and other deposits	(700)	---
Decrease/(increase) in amount due from Management Agent	63,227	(534,360)
Decrease in amount due from Intra Properties	---	437,218
Increase in cash and cash equivalents held by Manager	(198,834)	(130,505)
Decrease in management fee receivable	19,279	3,087
Decrease in other accounts receivable	5,488	23,648
(Increase)/decrease in prepayments	(22,342)	6,610
Increase in temporary payments	(127,467)	(94,238)
Decrease in amount due to Management Agent	---	(41,251)
Increase in accounts payable and accruals	1,102,163	502,772
Increase in refundable tenants' deposits	27,190	3,215
Increase in contract liabilities from management fee received in advance	8,979	10,044
Decrease in temporary receipts	(622)	(41,977)
(Decrease)/increase in tax payable	(8,929)	4,220
Increase in provision for typhoon loss	149,135	---
Net cash generated from operating activities	2,679,317	2,988,660
Investing activity		
Interest received	216,269	141,145
Net cash generated from investing activity	216,269	141,145
Net increase in cash and cash equivalents	2,895,586	3,129,805
Cash and cash equivalents at beginning of the year	5,351,143	2,221,338
Cash and cash equivalents at end of the year	8,246,729	5,351,143

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Cash at banks and on site	8,246,729	5,351,143

INDEPENDENT AUDITOR'S REPORT



TO THE OWNER OF BLOCKS OF RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND OF ROYAL ASCOT ('THE FUND')

OPINION

We have audited the financial statements of the Fund set out on pages 63 to 70, which comprise statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in owners' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 71 to 89.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 Fund 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.

RESPONSIBILITIES OF MANAGEMENT AGENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Building Management Ordinance and Deed of Mutual Covenant require the Management Agent to prepare financial statements which give a true and fair view of the financial transactions and financial position of the Fund. Accordingly, the Management Agent is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management Agent determines 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 Management Agent is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Fund'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 27 of the Building Management 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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

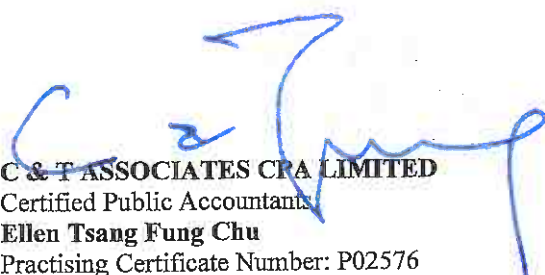


AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Agent.
- Conclude on the appropriateness of the Management Agent's 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 Fund'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 Fund 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.



C & T ASSOCIATES CPA LIMITED
Certified Public Accountants
Ellen Tsang Fung Chu
Practising Certificate Number: P02576

10/F Chiu Lung Building
25 Chiu Lung Street
Central
Hong Kong

14 DEC 2020

ROYAL ASCOT - BLOCK OF RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND
COMBINE STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Block 1 HK\$	Block 2 HK\$	Block 3 HK\$	Block 5 HK\$	Block 6 HK\$	Block 7 HK\$	Block 8 HK\$	Block 9 HK\$	Block 10 HK\$	Block 11 HK\$	Sub-total HK\$	Residential Car Park HK\$	Grand Total HK\$
Income														
Management fee income		6,590,208	5,543,832	6,362,592	6,362,592	6,768,816	6,768,816	9,080,448	9,080,448	9,080,448	9,080,448	74,718,648	6,565,440	81,284,088
Licence fee income		68,278	55,060	63,201	63,201	70,116	70,116	96,727	96,727	96,727	96,727	776,880	69,674	846,554
Share of club house income	5(a)	1,003,751	809,624	929,526	929,526	1,030,016	1,030,016	1,421,695	1,421,695	1,421,695	1,421,695	11,419,239	---	11,419,239
Visitors' car parks income		268,194	216,325	248,362	248,362	275,212	275,212	379,865	379,865	379,865	379,865	3,051,127	280	3,051,407
Interest income		97,839	55,511	74,283	83,440	96,112	92,380	153,651	167,067	163,398	155,584	1,139,265	155,588	1,294,853
Shuttle bus income		313,531	252,894	290,346	290,346	321,735	321,735	444,080	444,080	444,080	444,080	3,566,907	---	3,566,907
Sundry income		16,723	16,364	19,564	18,464	17,362	18,012	28,175	28,475	29,025	29,225	221,389	163,500	384,889
		<u>8,358,524</u>	<u>6,949,610</u>	<u>7,987,874</u>	<u>7,995,931</u>	<u>8,579,369</u>	<u>8,576,287</u>	<u>11,604,641</u>	<u>11,618,357</u>	<u>11,615,238</u>	<u>11,607,624</u>	<u>94,893,455</u>	<u>6,954,482</u>	<u>101,847,937</u>
Expenditure														
Salaries and allowances		---	---	---	---	---	---	---	---	---	---	---	1,087,408	1,087,408
Staff welfare		---	---	---	---	---	---	---	---	---	---	---	2,390	2,390
Uniform		---	---	---	---	---	---	---	---	---	---	---	6,861	6,861
Cleaning		---	---	---	---	---	8,200	---	---	---	---	8,200	1,023,908	1,032,108
Electricity		495,981	378,175	410,903	374,690	384,952	435,919	452,165	451,608	427,036	442,686	4,184,115	1,553,309	5,737,424
Water charges		1,200	1,245	1,470	952	1,343	900	1,620	2,085	1,718	1,297	13,830	8,527	22,357
Repairs and maintenance		---	---	---	---	---	---	---	---	---	---	---	---	---
Lift		247,988	247,988	285,633	285,633	255,481	255,481	308,112	308,112	308,112	308,112	2,810,652	---	2,810,652
Plumbing and drainage		101,993	106,308	37,138	52,758	20,032	141,411	204,263	17,933	49,107	168,483	899,426	(10,440)	888,986
Electrical facilities		34,648	8,348	2,800	5,248	(3,536)	(7,932)	7,848	7,748	(17,346)	7,848	45,654	60,315	105,969
Air-conditioning system		34,829	4,849	4,849	4,849	8,450	8,450	4,849	4,849	4,849	4,849	82,072	---	82,072
Fire service and equipment		55,579	(8,021)	6,979	26,279	1,779	15,480	4,479	(2,121)	21,579	(44,220)	77,792	240,883	318,675
Security system		(6,071)	(12,471)	(2,471)	(5,551)	(13,941)	(4,071)	7,925	(3,775)	9,883	625	(29,918)	(48,290)	(78,208)
Building structure and equipment		(25,444)	(12,892)	9,767	2,654	29,275	19,133	35,680	31,428	(5,476)	39,795	123,920	63,697	187,617
Public facilities		---	---	---	---	---	---	---	---	---	---	---	11,986	11,986
Insurance		---	---	2,016	1,997	1,949	2,006	2,293	---	2,467	2,246	19,025	99,429	99,429
Professional fee and bank charges		1,944	1,943	---	---	---	---	---	---	---	---	---	20,338	39,363
Auditor's remuneration		---	---	---	---	---	---	---	---	---	---	---	8,250	8,250
Headquarter expenses		---	---	---	---	---	---	---	---	---	---	---	24,324	24,324
Management office expenses		---	---	---	---	---	---	---	---	---	---	---	1,777	1,777
Stationery and printing		---	---	---	---	---	---	---	---	---	---	---	6,582	6,582
Share of club house expenses	5(b)	2,338,369	1,886,125	2,165,453	2,165,453	2,399,555	2,399,555	3,312,025	3,312,025	3,312,025	3,312,025	26,602,610	---	26,602,610
Share of development pool expenses	6	693,958	559,615	642,356	642,356	712,641	712,641	983,107	983,107	983,107	983,107	7,895,995	709,972	8,605,967
Share of residential pool expenses	7	3,287,707	2,651,859	3,044,589	3,044,589	3,373,733	3,373,733	4,656,650	4,656,650	4,656,650	4,656,650	37,402,810	---	37,402,810
Manager's remuneration - General Fund	4	499,366	403,590	458,986	458,316	497,538	511,032	692,833	678,048	676,921	686,007	5,562,637	341,244	5,903,881
Property tax	3(m)	40,099	32,343	37,128	37,128	41,154	41,154	56,798	56,798	56,798	56,798	456,198	8,141	464,339
Provision for typhoon loss		---	---	---	---	---	---	---	---	---	---	---	4,700	4,700
		<u>7,732,146</u>	<u>6,249,004</u>	<u>7,107,596</u>	<u>7,097,351</u>	<u>7,706,805</u>	<u>7,913,072</u>	<u>10,730,647</u>	<u>10,504,659</u>	<u>10,487,430</u>	<u>10,626,308</u>	<u>86,155,018</u>	<u>5,225,311</u>	<u>91,380,329</u>
Surplus for the year		626,378	700,606	880,278	898,580	872,564	663,215	873,994	1,113,698	1,127,808	981,316	8,738,437	1,729,171	10,467,608
Management fund at beginning of the year		4,277,827	1,903,239	2,805,791	3,422,571	4,054,703	3,897,276	7,062,947	7,906,446	7,661,650	7,189,496	50,181,946	6,714,891	56,896,837
Management fund at end of the year		<u>4,904,205</u>	<u>2,603,845</u>	<u>3,686,069</u>	<u>4,321,151</u>	<u>4,927,267</u>	<u>4,560,491</u>	<u>7,936,941</u>	<u>9,020,144</u>	<u>8,789,458</u>	<u>8,170,812</u>	<u>58,920,383</u>	<u>8,444,062</u>	<u>67,364,445</u>

The accompanying notes form part of these financial statements

ROYAL ASCOT - BLOCK OF RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND
COMBINE STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

	Note	Block 1	Block 2	Block 3	Block 5	Block 6	Block 7	Block 8	Block 9	Block 10	Block 11	Sub-total	Residential Car Park	Grand Total
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Income														
Management fee income		6,215,448	5,230,368	6,003,096	6,003,096	6,384,168	6,384,168	8,808,672	8,808,672	8,808,672	8,808,672	71,455,032	6,096,480	77,551,512
Licence fee income		69,157	55,769	64,015	64,015	71,018	71,018	97,973	97,973	97,973	97,973	786,883	69,674	856,557
Share of club house income	5(a)	914,933	737,983	847,276	847,276	938,873	938,873	1,295,895	1,295,895	1,295,895	1,295,895	10,408,794	---	10,408,794
Visitors' car parks income		280,721	226,430	259,963	259,963	288,068	288,068	397,609	397,609	397,609	397,609	3,193,649	420	3,194,069
Interest income		67,489	33,327	46,976	46,976	54,258	54,258	105,853	117,148	113,434	108,264	773,530	59,858	833,388
Shuttle bus income		332,895	268,512	308,278	308,278	341,605	341,605	471,506	471,506	471,506	471,506	3,787,197	---	3,787,197
Sundry income		27,473	22,464	25,989	26,539	29,073	28,073	39,101	39,001	39,351	39,541	316,605	93,277	409,882
		7,908,116	6,574,853	7,555,593	7,563,425	8,117,333	8,114,038	11,216,609	11,227,803	11,224,440	11,219,460	90,721,690	6,319,709	97,041,399
Expenditure														
Salaries and allowances		---	---	---	---	---	---	---	---	---	---	---	1,015,448	1,015,448
Staff welfare		---	---	---	---	---	---	---	---	---	---	---	3,100	3,100
Uniform		---	---	---	---	---	---	---	---	---	---	---	4,821	4,821
Cleaning		---	---	---	---	---	---	---	---	---	---	---	933,194	933,194
Electricity		410,105	413,908	414,595	415,938	386,707	425,637	462,667	423,747	408,837	454,193	4,216,334	1,599,324	5,815,658
Water charges		1,207	1,252	1,703	639	1,343	900	4,200	4,058	2,528	4,065	21,895	6,788	28,683
Repairs and maintenance		---	---	---	---	---	---	---	---	---	---	---	---	---
Lift		242,352	242,352	279,072	279,072	249,696	249,696	301,104	301,104	301,104	301,104	2,746,656	---	2,746,656
Plumbing and drainage		153,091	72,091	190,147	103,593	154,341	103,541	46,339	93,429	31,029	86,929	1,054,534	189,280	1,243,814
Electrical facilities		4,440	11,720	5,140	4,540	10,940	12,480	6,670	4,440	31,290	23,590	115,250	3,304	118,554
Air-conditioning system		21,236	4,736	4,736	20,737	4,737	4,736	4,737	4,737	13,237	28,737	112,366	---	112,366
Fire service and equipment		2,310	5,430	15,790	4,330	630	4,980	11,630	19,980	53,480	11,930	130,490	22,074	152,564
Security system		12,568	30,718	6,568	11,568	9,168	6,568	10,641	10,641	12,842	89,292	200,574	13,559	214,133
Building structure and equipment		21,857	5,228	55,937	53,117	45,927	50,727	53,111	71,041	16,176	34,176	407,297	183,567	590,864
Public facilities		---	---	---	---	---	---	---	---	---	---	---	(12,998)	(12,998)
Insurance		---	---	---	---	---	---	---	---	---	---	---	36,582	36,582
Professional fee and bank charges		1,966	1,936	1,986	1,945	1,927	2,007	2,326	2,678	2,434	2,259	21,464	17,237	38,701
Auditor's remuneration		---	---	---	---	---	---	---	---	---	---	---	8,250	8,250
Headquarter expenses		---	---	---	---	---	---	---	---	---	---	---	23,388	23,388
Management office expenses		---	---	---	---	---	---	---	---	---	---	---	77	77
Stationery and printing		---	---	---	---	---	---	---	---	---	---	---	3,699	3,699
Share of club house expenses	5(b)	1,930,680	1,557,283	1,787,910	1,787,910	1,981,197	1,981,197	2,734,579	2,734,579	2,734,579	2,734,579	21,964,493	---	21,964,493
Share of development pool expenses	6	627,637	506,133	580,967	580,967	644,535	644,535	889,152	889,152	889,152	889,152	7,141,382	642,121	7,783,503
Share of residential pool expenses	7	3,023,106	2,438,432	2,799,553	2,799,553	3,102,208	3,102,208	4,281,872	4,281,872	4,281,872	4,281,872	34,392,548	---	34,392,548
Manager's remuneration - General Fund	4	454,110	372,346	432,339	426,725	464,030	463,741	620,076	622,346	619,343	629,376	5,104,432	329,042	5,433,474
Property tax	3(m)	41,673	33,612	38,590	38,590	42,770	42,770	59,029	59,029	59,029	59,029	474,121	8,222	482,343
		6,948,338	5,697,177	6,615,033	6,529,224	7,100,156	7,095,727	9,488,133	9,572,833	9,476,932	9,630,283	78,103,836	5,030,079	83,133,915
Surplus for the year		950,778	877,676	940,560	1,034,201	1,017,177	1,018,331	1,728,476	1,704,970	1,747,508	1,589,177	12,617,854	1,289,630	13,907,484
Management fund at beginning of the year		3,318,049	1,025,563	1,865,231	2,388,370	3,077,526	2,878,945	5,334,471	6,201,476	5,914,142	5,600,319	37,564,092	5,425,261	42,989,353
Management fund at end of the year		4,277,827	1,903,239	2,805,791	3,422,571	4,054,703	3,897,276	7,062,947	7,906,446	7,661,650	7,189,496	50,181,946	6,714,891	56,896,837

The accompanying notes form part of these financial statements

ROYAL ASCOT - BLOCK OF RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND
COMBINE STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019										Residential Car Park HK\$	Grand Total HK\$
		Block 1 HK\$	Block 2 HK\$	Block 3 HK\$	Block 5 HK\$	Block 6 HK\$	Block 7 HK\$	Block 8 HK\$	Block 9 HK\$	Block 10 HK\$	Block 11 HK\$	Sub-total HK\$	
Income													
Contribution		1,477,848	1,191,648	1,368,024	1,368,024	1,517,520	1,517,520	2,093,472	2,093,472	2,093,472	2,093,472	16,814,472	16,814,472
Interest income		47,066	39,697	46,120	44,025	48,383	49,433	60,284	62,117	60,262	60,685	517,072	562,774
		<u>1,524,914</u>	<u>1,230,345</u>	<u>1,414,144</u>	<u>1,412,049</u>	<u>1,565,903</u>	<u>1,566,953</u>	<u>2,153,756</u>	<u>2,155,589</u>	<u>2,153,734</u>	<u>2,154,157</u>	<u>17,331,544</u>	<u>17,377,246</u>
Expenditure													
Manager's remuneration - Building Fund	4	42,242	34,073	39,119	39,119	43,347	43,347	59,831	59,831	59,831	59,831	480,571	480,921
Building fund utilized		844,844	681,450	782,370	782,370	866,952	866,951	1,196,623	1,196,623	1,196,623	1,196,623	9,611,429	9,618,427
Total building fund utilized		<u>887,086</u>	<u>715,523</u>	<u>821,489</u>	<u>821,489</u>	<u>910,299</u>	<u>910,298</u>	<u>1,256,454</u>	<u>1,256,454</u>	<u>1,256,454</u>	<u>1,256,454</u>	<u>10,092,000</u>	<u>10,099,348</u>
Surplus for the year		637,828	514,822	592,655	590,560	655,604	656,655	897,302	899,135	897,280	897,703	7,239,544	7,277,898
Building fund at beginning of the year		2,489,253	2,055,574	2,469,734	2,333,839	2,559,502	2,663,778	3,111,772	3,230,710	3,110,432	3,137,779	27,162,373	29,816,849
Building fund at end of the year		<u>3,127,081</u>	<u>2,570,396</u>	<u>3,062,389</u>	<u>2,924,399</u>	<u>3,215,106</u>	<u>3,320,433</u>	<u>4,009,074</u>	<u>4,129,845</u>	<u>4,007,712</u>	<u>4,035,482</u>	<u>34,401,917</u>	<u>37,094,747</u>
	Note	2018										Residential Car Park HK\$	Grand Total HK\$
		Block 1 HK\$	Block 2 HK\$	Block 3 HK\$	Block 5 HK\$	Block 6 HK\$	Block 7 HK\$	Block 8 HK\$	Block 9 HK\$	Block 10 HK\$	Block 11 HK\$	Sub-total HK\$	
Income													
Contribution		1,477,848	1,191,648	1,368,024	1,368,024	1,517,520	1,517,520	2,093,472	2,093,472	2,093,472	2,093,472	16,814,472	16,814,472
Interest income		26,748	22,193	26,895	25,143	27,508	28,852	32,546	34,079	32,528	32,881	289,373	311,557
Sundry income		78,886	63,630	73,053	73,053	80,951	80,951	111,733	111,734	111,734	111,733	897,458	897,458
		<u>1,583,482</u>	<u>1,277,471</u>	<u>1,467,972</u>	<u>1,466,220</u>	<u>1,625,979</u>	<u>1,627,323</u>	<u>2,237,751</u>	<u>2,239,285</u>	<u>2,237,734</u>	<u>2,238,086</u>	<u>18,001,303</u>	<u>18,023,487</u>
Expenditure													
Manager's remuneration - Building Fund	4	28,441	22,940	26,337	26,337	29,185	29,185	40,283	40,283	40,283	40,283	323,557	327,356
Building fund utilized		568,812	458,802	526,747	526,747	583,702	583,702	805,658	805,658	805,658	805,658	6,471,144	6,547,117
Total building fund utilized		<u>597,253</u>	<u>481,742</u>	<u>553,084</u>	<u>553,084</u>	<u>612,887</u>	<u>612,887</u>	<u>845,941</u>	<u>845,941</u>	<u>845,941</u>	<u>845,941</u>	<u>6,794,701</u>	<u>6,874,473</u>
Surplus/(deficit) for the year		986,229	795,729	914,888	913,136	1,013,092	1,014,436	1,391,810	1,393,344	1,391,793	1,392,145	11,206,602	11,149,014
Building fund at beginning of the year		1,503,024	1,259,845	1,554,846	1,420,703	1,546,410	1,649,342	1,719,962	1,837,366	1,718,639	1,745,634	15,955,771	18,667,835
Building fund at end of the year		<u>2,489,253</u>	<u>2,055,574</u>	<u>2,469,734</u>	<u>2,333,839</u>	<u>2,559,502</u>	<u>2,663,778</u>	<u>3,111,772</u>	<u>3,230,710</u>	<u>3,110,432</u>	<u>3,137,779</u>	<u>27,162,373</u>	<u>29,816,849</u>

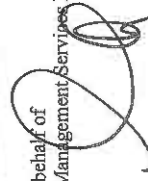
The accompanying notes form part of these financial statements

ROYAL ASCOT - BLOCK OF RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND
COMBINE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		2019										Residential Car Park	Grand Total
	Note	Block 1	Block 2	Block 3	Block 5	Block 6	Block 7	Block 8	Block 9	Block 10	Block 11	HK\$	HK\$
Non-current assets													
Utility and other deposits		22,157	18,645	20,114	19,814	21,632	22,232	28,517	28,317	27,717	28,417	237,562	237,936
Current assets													
Amount due from Management Agent	8	6,234,708	5,028,906	5,773,666	5,773,666	6,397,846	6,397,846	322,867	1,489,585	1,023,440	471,133	3,307,025	3,841,712
Cash and cash equivalents held by Manager	9	55,940	43,342	50,985	95,736	57,837	28,626	84,165	8,830,730	8,830,730	8,830,730	70,929,558	77,878,607
Management fee receivable		8,182	6,599	7,577	7,577	8,396	8,396	11,589	11,588	11,588	11,589	93,081	93,081
Other accounts receivable		53,198	42,908	49,260	49,260	54,598	54,598	75,352	75,352	75,352	75,352	605,230	618,535
Prepayments		374,920	262,080	300,893	300,894	333,423	333,422	460,212	460,212	460,212	460,212	3,696,480	3,850,091
Temporary payments		5,822,389	4,696,529	5,391,836	5,391,836	5,974,740	5,974,740	8,246,729	8,246,729	8,246,729	8,246,729	66,238,786	72,127,678
Cash and cash equivalents		12,499,337	10,080,164	11,574,217	11,618,969	12,826,840	12,797,628	18,031,644	19,157,253	18,740,763	18,164,458	145,491,273	159,064,437
Current liabilities													
Amount due to Management Agent		80,668	1,464,000	857,308	350,837	391,895	543,983	---	---	---	---	3,688,691	3,688,691
Owners' utility deposits		2,785,878	2,168,666	2,501,650	2,498,126	2,695,829	2,775,057	3,500	23,500	2,500	1,500	31,000	31,000
Accounts payable and accruals		103,404	94,640	112,497	113,498	110,380	106,280	178,762	178,461	181,462	177,962	1,357,346	1,442,405
Refundable tenants' deposits													
Contract liabilities from management fee received in advance	3(l)	27,999	36,066	23,009	42,931	18,684	10,225	71,771	21,545	13,557	39,196	304,983	364,412
Temporary receipts		101,190	38,501	62,876	99,308	60,640	74,720	92,153	87,252	74,602	71,060	762,302	774,852
Tax payable	3(m)	29,930	24,140	27,713	27,713	30,717	30,717	42,395	42,395	42,395	42,395	340,510	346,636
Provision for typhoon loss		105,291	84,927	97,504	97,504	108,050	108,050	149,135	149,135	149,135	149,135	1,197,866	1,207,074
		3,234,360	3,910,940	3,682,557	3,229,917	3,416,195	3,649,032	4,334,258	4,255,693	4,191,422	4,206,693	38,111,067	39,384,073
Net current assets		9,264,977	6,169,224	7,891,660	8,389,052	9,410,645	9,148,596	13,697,386	14,901,560	14,549,341	13,957,765	107,380,206	119,680,364
Total assets less current liabilities		9,287,134	6,187,869	7,911,774	8,408,866	9,432,277	9,170,828	13,725,903	14,929,877	14,577,058	13,986,182	107,617,768	119,918,300
Non-current liability													
Management fee deposits	11	1,255,848	1,013,628	1,163,316	1,163,316	1,289,904	1,289,904	1,779,888	1,779,888	1,779,888	1,779,888	14,295,468	15,459,108
Net assets		8,031,286	5,174,241	6,748,458	7,245,550	8,142,373	7,880,924	11,946,015	13,149,989	12,797,170	12,206,294	93,322,300	104,459,192
Management fund													
General fund	12	4,904,205	2,603,845	3,686,069	4,321,151	4,927,267	4,560,491	7,936,941	9,020,144	8,789,458	8,170,812	58,920,383	67,364,445
Building fund	13	3,127,081	2,570,396	3,062,389	2,924,399	3,215,106	3,320,433	4,009,074	4,129,845	4,007,712	4,035,482	34,401,917	37,094,747
		8,031,286	5,174,241	6,748,458	7,245,550	8,142,373	7,880,924	11,946,015	13,149,989	12,797,170	12,206,294	93,322,300	104,459,192

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited



Management Agent

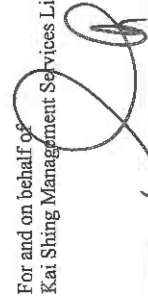
The accompanying notes form part of these financial statements

ROYAL ASCOT - BLOCK OF RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND
COMBINE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (CONT'D)

		2018										Residential	Grand
	Note	Block 1	Block 2	Block 3	Block 5	Block 6	Block 7	Block 8	Block 9	Block 10	Block 11	Car Park	Total
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Non-current assets													
Utility and other deposits		22,157	18,645	20,114	19,814	21,632	22,232	28,517	28,317	27,717	27,717	374	237,236
Current assets													
Amount due from Management Agent	8	---	---	---	---	---	---	361,638	1,539,408	1,050,667	534,360	336,409	3,822,482
Cash and cash equivalents held by Manager	9	6,094,326	4,915,674	5,643,665	5,643,665	6,253,791	6,253,791	8,631,896	8,631,896	8,631,896	8,631,896	6,753,379	76,085,875
Management fee receivable		63,781	48,924	57,642	65,273	38,846	33,353	90,181	50,166	90,281	87,992	42,786	669,225
Other accounts receivable		12,057	9,725	11,165	11,165	12,372	12,372	17,077	17,077	17,077	17,077	---	137,164
Prepayments		37,425	30,185	34,654	34,654	38,410	38,410	53,010	53,010	53,010	53,010	9,554	435,332
Temporary payments		234,926	189,491	217,554	217,553	241,073	241,073	332,745	332,745	332,745	332,745	310,587	2,983,237
Cash and cash equivalents		3,778,035	3,047,357	3,498,658	3,498,658	3,876,894	3,876,894	5,351,143	5,351,143	5,351,143	5,351,143	4,321,890	47,302,958
		10,220,550	8,241,356	9,463,338	9,470,968	10,461,386	10,455,893	14,837,690	15,975,445	15,526,819	15,008,223	11,774,605	131,436,273
Current liabilities													
Amount due to Management Agent		52,096	1,483,141	1,002,710	399,777	395,660	467,910	---	---	---	---	---	3,801,294
Owners' utility deposits		---	---	---	---	---	---	3,500	23,500	2,500	1,500	---	31,000
Accounts payable and accruals		1,923,910	1,603,225	1,829,168	1,877,331	1,972,110	1,944,994	2,583,713	2,722,988	2,679,878	2,623,282	1,079,446	22,840,045
Refundable tenants' deposits		92,348	87,937	101,411	97,861	93,859	92,959	154,222	152,822	155,122	150,772	88,044	1,267,357
Contract liabilities from management fee received in advance	3(l)	13,561	45,176	14,486	62,819	19,003	8,946	26,066	48,210	38,518	30,217	55,758	362,760
Temporary receipts		101,630	38,856	63,283	99,715	61,090	75,171	92,775	87,874	75,224	71,682	12,550	779,850
Tax payable	3(m)	36,234	29,225	33,553	33,553	37,187	37,187	51,324	51,324	51,324	51,324	6,174	418,409
		2,219,779	3,287,560	3,044,611	2,571,056	2,578,909	2,627,167	2,911,600	3,086,718	3,002,566	2,928,777	1,241,972	29,500,715
Net current assets		8,000,771	4,953,796	6,418,727	6,899,912	7,882,477	7,828,726	11,926,090	12,888,727	12,524,253	12,079,446	10,532,633	101,935,558
Total assets less current liabilities		8,022,928	4,972,441	6,438,841	6,919,726	7,904,109	7,850,958	11,954,607	12,917,044	12,551,970	12,107,163	10,533,007	102,172,794
Non-current liability													
Management fee deposits	11	1,255,848	1,013,628	1,163,316	1,163,316	1,289,904	1,289,904	1,779,888	1,779,888	1,779,888	1,779,888	1,163,640	15,459,108
Net assets		6,767,080	3,958,813	5,275,525	5,756,410	6,614,205	6,561,054	10,174,719	11,137,156	10,772,082	10,327,275	9,369,367	86,713,686
Management fund													
General fund	12	4,277,827	1,903,239	2,805,791	3,422,571	4,054,703	3,897,276	7,062,947	7,906,446	7,661,650	7,189,496	6,714,891	56,896,837
Building fund	13	2,489,253	2,055,574	2,469,734	2,333,839	2,559,502	2,663,778	3,111,772	3,230,710	3,110,432	3,137,779	2,654,476	29,816,849
		6,767,080	3,958,813	5,275,525	5,756,410	6,614,205	6,561,054	10,174,719	11,137,156	10,772,082	10,327,275	9,369,367	86,713,686

Approved by the Management Agent on 14 December 2020

For and on behalf of
Kai Shing Management Services Limited



Management Agent

The accompanying notes form part of these financial statements

ROYAL ASCOT - BLOCK OF RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

COMBINE STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Block 1 HK\$	Block 2 HK\$	Block 3 HK\$	Block 5 HK\$	Block 6 HK\$	Block 7 HK\$	Block 8 HK\$	Block 9 HK\$	Block 10 HK\$	Block 11 HK\$	Sub-total HK\$	Residential Car Park HK\$	Grand Total HK\$
General fund													
Balance at 1 January 2018	3,318,049	1,025,563	1,865,231	2,388,370	3,037,526	2,878,945	5,334,471	6,201,476	5,914,142	5,600,319	37,564,092	5,425,261	42,989,353
Total comprehensive income for the year	959,778	877,676	940,560	1,034,201	1,017,177	1,018,331	1,728,476	1,704,970	1,747,508	1,589,177	12,617,854	1,289,630	13,907,484
Balance at 31 December 2018 and 1 January 2019	4,277,827	1,903,239	2,805,791	3,422,571	4,054,703	3,897,276	7,062,947	7,906,446	7,661,650	7,189,496	50,181,946	6,714,891	56,896,837
Total comprehensive income for the year	626,378	700,606	880,278	898,580	872,564	663,215	873,994	1,113,698	1,127,808	981,316	8,738,437	1,729,171	10,467,608
Balance at 31 December 2019	4,904,205	2,603,845	3,686,069	4,321,151	4,927,267	4,560,491	7,936,941	9,020,144	8,789,458	8,170,812	58,920,383	8,444,062	67,364,445
Building fund													
Balance at 1 January 2018	1,503,024	1,259,845	1,554,846	1,420,703	1,546,410	1,649,342	1,719,962	1,837,366	1,718,639	1,745,634	15,955,771	2,712,064	18,667,835
Total comprehensive income/(loss) for the year	986,229	795,729	914,888	913,136	1,013,092	1,014,436	1,391,810	1,393,344	1,391,793	1,392,145	11,206,602	(57,588)	11,149,014
Balance at 31 December 2018 and 1 January 2019	2,489,253	2,055,574	2,469,734	2,333,839	2,559,502	2,663,778	3,111,772	3,230,710	3,110,432	3,137,779	27,162,373	2,654,476	29,816,849
Total comprehensive income for the year	637,828	514,822	592,655	590,560	655,604	656,655	897,302	899,135	897,280	897,703	7,239,544	38,354	7,277,898
Balance at 31 December 2019	3,127,081	2,570,396	3,062,389	2,924,399	3,215,106	3,320,433	4,009,074	4,129,845	4,007,712	4,035,482	34,401,917	2,692,830	37,094,747
Total													
Balance at 1 January 2018	4,821,073	2,285,408	3,420,077	3,809,073	4,583,936	4,528,287	7,054,433	8,038,842	7,632,781	7,632,781	53,519,863	8,137,325	61,657,188
Total comprehensive income for the year	1,946,007	1,673,405	1,855,448	1,947,337	2,030,269	2,032,767	3,120,286	3,098,314	3,139,301	3,139,301	23,824,456	1,232,042	25,056,498
Balance at 31 December 2018 and 1 January 2019	6,767,080	3,958,813	5,275,525	5,756,410	6,614,205	6,561,054	10,174,719	11,137,156	10,772,082	10,772,082	77,344,319	9,369,367	86,713,686
Total comprehensive income for the year	1,264,206	1,215,428	1,472,933	1,489,140	1,528,168	1,319,870	1,771,296	2,012,833	2,025,088	1,879,019	15,977,981	1,767,525	17,745,506
Balance at 31 December 2019	8,031,286	5,174,241	6,748,458	7,245,550	8,142,373	7,880,924	11,946,015	13,149,989	12,797,170	12,206,294	93,322,300	11,136,892	104,459,192

ROYAL ASCOT - BLOCK OF RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND
COMBINE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019										Residential Car Park	Grand Total
	Block 1	Block 2	Block 3	Block 5	Block 6	Block 7	Block 8	Block 9	Block 10	Block 11	Sub-total	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Operating activities												
Surplus and total comprehensive income for the year	1,264,206	1,215,428	1,472,933	1,489,140	1,528,168	1,319,870	1,771,296	2,012,833	2,025,088	1,879,019	15,977,981	17,745,506
Adjustments for:												
Interest income	(144,905)	(94,208)	(120,403)	(127,465)	(144,495)	(141,813)	(213,935)	(229,184)	(223,660)	(216,269)	(1,656,337)	(1,857,627)
Operating surplus before changes in working capital	1,119,301	1,121,220	1,352,530	1,361,675	1,383,673	1,178,057	1,557,361	1,783,649	1,801,428	1,662,750	14,321,644	15,887,879
Increase in utility and other deposits	---	---	---	---	---	---	---	---	---	(700)	(700)	(700)
Decrease/(increase) in amount due from Management Agent	---	---	---	---	---	---	38,771	49,823	27,227	63,227	179,048	(19,230)
Increase in cash and cash equivalents held by Manager	(140,382)	(113,232)	(130,001)	(130,001)	(144,055)	(144,055)	(198,834)	(198,834)	(198,834)	(198,834)	(1,597,062)	(1,792,732)
Decrease/(increase) in management fee receivable	7,841	5,582	6,657	(30,463)	(18,991)	4,727	6,016	7,109	(2,431)	19,279	5,326	14,492
Decrease in other accounts receivable	3,875	3,126	3,588	3,588	3,976	3,976	5,488	5,489	5,489	5,488	44,083	44,083
Increase in prepayments	(15,773)	(12,723)	(14,606)	(14,606)	(16,188)	(16,188)	(22,342)	(22,342)	(22,342)	(22,342)	(179,452)	(183,203)
(Decrease)/increase in temporary payments	(89,994)	(72,589)	(83,339)	(83,341)	(92,350)	(92,349)	(127,467)	(127,467)	(127,467)	(127,467)	(1,023,830)	(866,854)
Increase/(decrease) in amount due to Management Agent	28,572	(19,141)	(145,402)	(48,940)	(3,765)	76,073	---	---	---	---	(112,603)	(112,603)
Increase in accounts payable and accruals	861,968	565,441	672,482	620,795	723,719	830,063	1,212,829	1,030,417	1,047,893	1,102,163	8,667,770	8,688,958
Increase/(decrease) in refundable tenants' deposits	11,056	6,703	11,086	15,637	16,521	13,321	24,540	25,639	26,340	27,190	178,033	175,048
Increase/(decrease) in contract liabilities from management fee received in advance	14,438	(9,110)	8,523	(19,888)	(319)	1,279	45,705	(26,665)	(24,961)	8,979	(2,019)	1,652
Decrease in temporary receipts	(440)	(355)	(407)	(407)	(450)	(451)	(622)	(622)	(622)	(622)	(4,998)	(4,998)
Decrease in tax payable	(6,304)	(5,085)	(5,840)	(5,840)	(6,470)	(6,470)	(8,929)	(8,929)	(8,929)	(8,929)	(71,725)	(71,773)
Increase in provision for typhoon loss	105,291	84,927	97,504	97,504	108,050	108,050	149,135	149,135	149,135	149,135	1,197,866	1,207,074
Net cash generated from operating activities	1,899,449	1,554,764	1,772,775	1,765,713	1,953,351	1,956,033	2,681,651	2,666,402	2,671,926	2,679,317	21,601,381	22,967,093
Investing activity												
Interest received	144,905	94,208	120,403	127,465	144,495	141,813	213,935	229,184	223,660	216,269	1,656,337	1,857,627
Net cash generated from investing activity	144,905	94,208	120,403	127,465	144,495	141,813	213,935	229,184	223,660	216,269	1,656,337	1,857,627
Net increase in cash and cash equivalents	2,044,354	1,648,972	1,893,178	1,893,178	2,097,846	2,097,846	2,895,586	2,895,586	2,895,586	2,895,586	23,257,718	24,824,720
Cash and cash equivalents at beginning of the year	3,778,035	3,047,357	3,498,658	3,498,658	3,876,894	3,876,894	5,351,143	5,351,143	5,351,143	5,351,143	42,981,068	47,302,958
Cash and cash equivalents at end of the year	5,822,389	4,696,329	5,391,836	5,391,836	5,974,740	5,974,740	8,246,729	8,246,729	8,246,729	8,246,729	66,238,786	72,127,678

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2019										Residential Car Park	Grand Total
	Block 1	Block 2	Block 3	Block 5	Block 6	Block 7	Block 8	Block 9	Block 10	Block 11	Sub-total	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Cash at banks and on site	5,822,389	4,696,329	5,391,836	5,391,836	5,974,740	5,974,740	8,246,729	8,246,729	8,246,729	8,246,729	66,238,786	72,127,678

ROYAL ASCOT - BLOCK OF RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND
COMBINE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	2018										Residential		Grand	
	Block 1	Block 2	Block 3	Block 5	Block 6	Block 7	Block 8	Block 9	Block 10	Block 11	Sub-total	Car Park	Total	HK\$
Operating activities														
Surplus and total comprehensive income for the year	1,946,007	1,673,405	1,855,448	1,947,337	2,030,269	2,032,767	3,120,286	3,098,314	3,139,301	2,981,322	23,824,456	1,232,042	25,056,498	(1,144,945)
Adjustments for:														
Interest income	(94,237)	(55,520)	(73,871)	(79,401)	(92,036)	(91,105)	(138,399)	(151,227)	(145,962)	(141,145)	(1,062,903)	(82,042)	(1,144,945)	(1,144,945)
Operating surplus before changes in working capital	1,851,770	1,617,885	1,781,577	1,867,936	1,938,233	1,941,662	2,981,887	2,947,087	2,993,339	2,840,177	22,761,553	1,150,000	23,911,553	(3,667,279)
Increase in amount due from Management Agent	22,348	---	---	---	---	---	(361,638)	(1,539,408)	(1,050,667)	(534,360)	(3,486,073)	(181,206)	(3,667,279)	(3,667,279)
Increase in amount due from Intra Properties	(92,139)	(74,319)	(85,326)	(85,326)	(94,550)	(94,550)	315,967	1,266,341	808,706	437,218	2,850,380	578,417	3,428,997	(1,128,566)
Increase in cash and cash equivalents held by Manager	4,852	1,521	(14,816)	26,105	2,560	(12,487)	(23,815)	(130,505)	43,885	3,087	(1,048,230)	(80,336)	(1,128,566)	(1,128,566)
Decrease/(increase) in management fee receivable	16,696	13,467	15,462	15,462	17,133	17,133	23,648	3,291	23,648	23,648	189,945	---	189,945	(1,128,566)
Decrease in other accounts receivable	4,667	3,765	4,322	4,322	4,789	4,789	6,610	6,610	6,610	6,610	53,094	28,431	81,525	(1,128,566)
Decrease in prepayments	(66,534)	(53,666)	(61,615)	(61,614)	(68,275)	(68,275)	(94,238)	(94,238)	(94,238)	(94,238)	(756,931)	(57,816)	(814,747)	(1,128,566)
Increase in temporary payments	22,823	1,459,476	974,834	372,706	365,127	438,570	(41,859)	(41,235)	(41,018)	(41,251)	3,468,173	---	3,468,173	(1,128,566)
Increase/(decrease) in amount due to Management Agent	---	(1,478,529)	(1,030,678)	(567,176)	(301,490)	(267,321)	---	---	---	---	(3,645,194)	---	(3,645,194)	(1,128,566)
Decrease in amount due to Intra Properties	379,889	251,528	404,673	371,711	332,373	250,720	380,744	552,096	451,536	502,772	3,878,042	(98,923)	3,779,119	(1,128,566)
Increase/(decrease) in accounts payable and accruals	3,272	4,213	4,361	2,811	3,094	2,444	6,115	5,215	5,665	3,215	40,405	841	41,246	(1,128,566)
Increase in refundable tenants' deposits	---	---	---	---	---	---	---	---	---	---	---	---	---	(1,128,566)
Increase/(decrease) in contract liabilities from management fee received in advance	(5,508)	2,996	4,335	44,662	3,866	(8,895)	(33,753)	17,433	4,639	10,044	39,819	29,267	69,086	(1,128,566)
Decrease in temporary receipts	(29,637)	(23,905)	(27,445)	(27,445)	(30,413)	(30,412)	(41,977)	(41,977)	(41,977)	(41,977)	(337,165)	---	(337,165)	(1,128,566)
Increase/(decrease) in tax payable	2,982	2,403	2,760	2,760	3,055	3,055	4,220	4,220	4,220	4,220	33,895	(3,614)	30,281	(1,128,566)
Net cash generated from operating activities	2,115,481	1,726,835	1,972,444	1,966,914	2,175,502	2,176,433	2,991,406	2,978,578	2,983,843	2,988,660	24,076,096	1,359,310	25,435,406	(1,144,945)
Investing activity														
Interest received	94,237	55,520	73,871	79,401	92,036	91,105	138,399	151,227	145,962	141,145	1,062,903	82,042	1,144,945	(1,144,945)
Net cash generated from investing activity	94,237	55,520	73,871	79,401	92,036	91,105	138,399	151,227	145,962	141,145	1,062,903	82,042	1,144,945	(1,144,945)
Net increase in cash and cash equivalents	2,209,718	1,782,355	2,046,315	2,046,315	2,267,538	2,267,538	3,129,805	3,129,805	3,129,805	3,129,805	25,138,999	1,441,352	26,580,351	(1,144,945)
Cash and cash equivalents at beginning of the year	1,568,317	1,265,002	1,452,343	1,452,343	1,609,356	1,609,356	2,221,338	2,221,338	2,221,338	2,221,338	17,842,069	2,880,538	20,722,607	(1,144,945)
Cash and cash equivalents at end of the year	3,778,035	3,047,357	3,498,658	3,498,658	3,876,894	3,876,894	5,351,143	5,351,143	5,351,143	5,351,143	42,981,068	4,321,890	47,302,958	(1,144,945)

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2018										Residential		Grand	
	Block 1	Block 2	Block 3	Block 5	Block 6	Block 7	Block 8	Block 9	Block 10	Block 11	Sub-total	Car Park	Total	HK\$
Cash at banks and on site	3,778,035	3,047,357	3,498,658	3,498,658	3,876,894	3,876,894	5,351,143	5,351,143	5,351,143	5,351,143	42,981,068	4,321,890	47,302,958	(1,144,945)

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL

Royal Ascot - Residential Development and Residential Car Park ('Fund') is managed by Royal Ascot Management Company Limited, (the 'Manager'), in accordance with a Deed of Mutual Covenant dated 18 November 1995. Pursuant to a management agreement, the Manager appointed Kai Shing Management Services Limited, the ('Management Agent'), to undertake the management of Royal Ascot. Royal Ascot is situated at 1 Tsun King Road, Shatin.

These financial statements reflected the financial transactions and financial position of Residential Development administered by the Management Agent. Other than these accounts are not included in these financial statements.

2. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS

The Management Agent has adopted all the new or revised standards, amendments and interpretations (herein collectively referred to as HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) that are effective for the current accounting period. The adoption of these new standards has not had any significant effect on the accounting policies or result and financial position of the Fund.

In addition, the HKICPA has issued a number of new or revised HKFRSs but are not yet effective, and the Management Agent has not early adopted in these financial statements.

The Management Agent is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Management Agent has concluded that while the adoption of the new or revised HKFRSs, may result in new or amended disclosure, these are unlikely to have a significant impact on Residential Development's result of operations and financial position.

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) *Basis of preparation*

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) and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Fund is set out below.

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

The preparation of financial statements in conformity with HKFRSs requires the Management Agent to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are continually re-evaluated and are based on the Management Agent's expectations of future events which are considered to be reasonable.

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

(b) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the reporting entity and the revenue can be measured reliably, on the following basis:

- (i) Management fee income is recognized as revenue when the Management Agent's right to receive management fee is established.
- (ii) Visitor car park income is recognized when services are provided.
- (iii) Interest income is recognized using the effective interest method.
- (iv) Licence fee income is recognized in the period in which the licence is granted on a straight line basis over the terms of the agreement.
- (v) Shuttle bus income is recognized when shuttle bus tickets are sold or shuttle bus fares are settled by Octopus.

(c) Employee benefits

- (i) Contributions to defined contribution retirement plans, including contributions to Mandatory Provident Funds under the Hong Kong Mandatory Provident Fund Scheme Ordinance, are recognized as an expense in the statement of comprehensive income as incurred.
- (ii) Termination benefits are recognized as a liability and an expense when, and only when the owners of Residential Development demonstrably commits to terminate employment or provide termination benefits as a result of voluntary redundancy or has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(d) Share of development pool costs

The allocation of the contribution is in proportion of the management units attributable to the units owned by the respective owners in Royal Ascot to the total management units of Royal Ascot in accordance with the provisions of the Deed of Mutual Covenant.

	No. of management units	Sharing ratio (%)
Allocation to:		
- Residential units		
Block One	19,028	7.8
Block Two	15,358	6.29
Block Three	17,626	7.22
Block Five	17,626	7.22
Block Six	19,544	8.01
Block Seven	19,544	8.01
Block Eight	26,968	11.05
Block Nine	26,968	11.05
Block Ten	26,968	11.05
Block Eleven	26,968	11.05
	<hr/> 216,598	<hr/> 88.75
- Residential Car Park	19,480	7.98
- Commercial Accommodation and Kindergarten	7,974	3.27
	<hr/> 244,052	<hr/> 100

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

(e) *Share of residential pool costs and club house pool costs*

Residential pool costs and club house pool costs are apportioned between ten blocks of residential development at the following rates:

	No. of management units	Sharing ratio (%)
Block One	19,028	8.79
Block Two	15,358	7.09
Block Three	17,626	8.14
Block Five	17,626	8.14
Block Six	19,544	9.02
Block Seven	19,544	9.02
Block Eight	26,968	12.45
Block Nine	26,968	12.45
Block Ten	26,968	12.45
Block Eleven	26,968	12.45
	<u>216,598</u>	<u>100</u>

(f) *Recognition of dues and government fee*

Any dues or government fees charged on receipts, directly or indirectly associate with the operations of the Fund, should be recognized upon the confirmed issue of notice of assessment of the relevant transactions by the Government.

(g) *Capital expenditure*

Capital expenditure incurred for the management of the Fund is written off as and when incurred.

(h) *Accounts and other receivables*

Accounts and other receivables are initially recognized at fair value and thereafter stated at amortized cost less impairment losses for bad and 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 impairment losses for bad and doubtful debts.

(i) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and balances with banks, demand deposits with banks, 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.

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

(j) Impairment of assets

The carrying amounts of the Fund's assets subject to impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Recoverable amount is defined as the higher of value in use and fair value less costs to sell.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that it does not increase the asset's carrying amount above the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognised.

(k) Accounts and other payables

Accounts and other payables are initially recognized at fair value and thereafter stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Contract liabilities from management fee received in advance

Contract liability is recognised when the Manager's obligation to transfer goods or services to the owner for which the Manager has received consideration from the owner.

(m) Taxation

Tax charge represents property tax expense in respect of licence fee and car park income less deductions and allowance for the year and any adjustment to property tax payable in respect of prior years.

<u>2019</u>	Provision in respect of prior years <u>HK\$</u>	Provision for taxation for the year <u>HK\$</u>	Paid during the year <u>HK\$</u>	Provision at the end of the year <u>HK\$</u>
Block One	36,234	40,099	(46,403)	29,930
Block Two	29,225	32,343	(37,428)	24,140
Block Three	33,553	37,128	(42,968)	27,713
Block Five	33,553	37,128	(42,968)	27,713
Block Six	37,187	41,154	(47,624)	30,717
Block Seven	37,187	41,154	(47,624)	30,717
Block Eight	51,324	56,798	(65,727)	42,395
Block Nine	51,324	56,798	(65,727)	42,395
Block Ten	51,324	56,798	(65,727)	42,395
Block Eleven	51,324	56,798	(65,727)	42,395
	<u>412,235</u>	<u>456,198</u>	<u>(527,923)</u>	<u>340,510</u>

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

(m) Taxation (Cont'd)

<u>2018</u>	Provision in respect of prior years <u>HK\$</u>	Provision for taxation for the year <u>HK\$</u>	Over- provision of prior years <u>HK\$</u>	Paid during the year <u>HK\$</u>	Provision at the end of the year <u>HK\$</u>
Block One	33,252	41,673	(3,957)	(34,734)	36,234
Block Two	26,822	33,612	(3,193)	(28,016)	29,225
Block Three	30,793	38,590	(3,665)	(32,165)	33,553
Block Five	30,793	38,590	(3,665)	(32,165)	33,553
Block Six	34,132	42,770	(4,064)	(35,651)	37,187
Block Seven	34,132	42,770	(4,064)	(35,651)	37,187
Block Eight	47,104	59,029	(5,607)	(49,202)	51,324
Block Nine	47,104	59,029	(5,607)	(49,202)	51,324
Block Ten	47,104	59,029	(5,607)	(49,202)	51,324
Block Eleven	47,104	59,029	(5,607)	(49,202)	51,324
	<u>378,340</u>	<u>474,121</u>	<u>(45,036)</u>	<u>(395,190)</u>	<u>412,235</u>

(n) Related parties

For the purpose of these financial statements, related parties include the Management Agent and companies controlled by the Management Agent or under common control with the Management Agent.

4. MANAGER'S REMUNERATION

Manager's remuneration is payable to Royal Ascot Management Company Limited as the Manager and is calculated by reference to 7% (2018: 7%) of total management expenses in General Fund for the year incurred. Effective from 1 January 2017, Manager's remuneration of all Building Fund expenditure is calculated at 5% of the actual Building Fund expenditure subject to the final endorsement of The Manager.

<u>Residential development</u>	<u>2019</u> <u>HK\$</u>	<u>2018</u> <u>HK\$</u>
<u>General Fund</u>		
Manager's remuneration of General Fund expenditure charged by 7%	5,562,637	5,104,432
<u>Building Fund</u>		
Manager's remuneration of Building Fund expenditure charged by 5%	<u>480,571</u> <u>6,043,208</u>	<u>323,557</u> <u>5,427,989</u>

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

4. MANAGER'S REMUNERATION (Cont'd)

<i>Residential car park</i>	2019 <u>HK\$</u>	2018 <u>HK\$</u>
<u>General Fund</u>		
Manager's remuneration of General Fund expenditure charged by 7%	341,244	329,042
<u>Building Fund</u>		
Manager's remuneration of Building Fund expenditure charged by 5%	350	3,799
	<u>341,594</u>	<u>332,841</u>

5. SHARE OF CLUB HOUSE INCOME AND EXPENSES

(a) Share of club house income

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Swimming pool income	1,482,384	1,524,842
Recreational facilities income	1,996,406	1,865,816
Restaurant income	7,820,446	6,934,915
Sundry income	120,003	83,221
	<u>11,419,239</u>	<u>10,408,794</u>
Apportionment:		
Block One	1,003,751	914,933
Block Two	809,624	737,983
Block Three	929,526	847,276
Block Five	929,526	847,276
Block Six	1,030,016	938,873
Block Seven	1,030,016	938,873
Block Eight	1,421,695	1,295,895
Block Nine	1,421,695	1,295,895
Block Ten	1,421,695	1,295,895
Block Eleven	1,421,695	1,295,895
	<u>11,419,239</u>	<u>10,408,794</u>

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

5. SHARE OF CLUB HOUSE INCOME AND EXPENSES (Cont'd)

(b) Share of club house expenses

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Salaries and allowances	9,818,917	8,659,294
Staff welfare	21,885	22,460
Uniform	123,190	106,615
Cleaning	2,456,713	2,334,880
Electricity	2,352,931	2,331,304
Water, telephone and gas charges	277,973	248,000
Repair and maintenance		
- Lift	36,723	35,880
- Plumbing and drainage	444,251	272,810
- Electrical facilities	46,282	11,940
- Air-conditioning system	190,484	215,366
- Fire service and equipment	50,207	16,291
- Security system	2,728	20,472
- Office equipment and decoration	189,161	59,356
- Building structure and equipment	1,519,908	235,077
Public facilities	6,490	20,428
Swimming pool expenses	2,652,175	2,770,164
Gardening	---	3,600
General recreational facilities	724,210	350,950
Hardware and tools	8,542	450
Festival expenses	189,599	212,214
Management office expenses	58,516	22,309
Insurance	31,822	31,340
Professional fee and bank charges	159,383	138,348
Advertising expenses	---	6,759
Stationery and printing	40,160	43,611
Restaurant - food expenses	3,257,647	2,852,578
Restaurant - equipment expenses	600,067	324,756
Restaurant - miscellaneous expenses	600,248	562,091
Rates and government charges	54,903	55,150
Provision for typhoon loss	687,495	---
	<u>26,602,610</u>	<u>21,964,493</u>
Apportionment:		
Block One	2,338,369	1,930,680
Block Two	1,886,125	1,557,283
Block Three	2,165,453	1,787,910
Block Five	2,165,453	1,787,910
Block Six	2,399,555	1,981,197
Block Seven	2,399,555	1,981,197
Block Eight	3,312,025	2,734,579
Block Nine	3,312,025	2,734,579
Block Ten	3,312,025	2,734,579
Block Eleven	3,312,025	2,734,579
	<u>26,602,610</u>	<u>21,964,493</u>

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

6. SHARE OF DEVELOPMENT POOL EXPENSES

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Salaries and allowances	3,379,657	3,907,292
Staff welfare	12,705	21,580
Uniform	64,959	46,737
Cleaning	1,430,220	1,390,274
Electricity	291,241	286,959
Water and telephone charges	28,056	18,960
Repair and maintenance		
- Lift	434,950	394,680
- Plumbing and drainage	947,798	35,100
- Electrical facilities	43,856	14,139
- Air-conditioning system	192,246	130,518
- Fire service and equipment	155,275	10,402
- Security system	6,728	64,936
- Office equipment and decoration	347,636	308,336
- Building structure and equipment	39,799	75,733
Public facilities	45,768	31,746
Gardening	317,528	254,100
Hardware and tools	---	900
Management office expenses	195,166	155,087
Security fee	93,240	106,890
Insurance	186,366	169,247
Professional fee and bank charges	35,186	38,127
Headquarter expenses	304,000	305,308
Advertising expenses	22,613	63,210
Stationery and printing	163,787	104,292
Rates and government charges	101,625	112,075
Provision for typhoon loss	56,491	---
	<u>8,896,896</u>	<u>8,046,628</u>
Apportionment:		
Block One	693,958	627,637
Block Two	559,615	506,133
Block Three	642,356	580,967
Block Five	642,356	580,967
Block Six	712,641	644,535
Block Seven	712,641	644,535
Block Eight	983,107	889,152
Block Nine	983,107	889,152
Block Ten	983,107	889,152
Block Eleven	983,107	889,152
Commercial common	290,929	263,125
Residential car park	709,972	642,121
	<u>8,896,896</u>	<u>8,046,628</u>

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

7. SHARE OF RESIDENTIAL POOL EXPENSES

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Salaries and allowances	18,681,390	16,344,146
Staff welfare	57,930	71,208
Uniform	197,125	119,546
Cleaning	5,030,045	4,625,723
Electricity	2,011,009	1,926,922
Water and telephone charges	80,941	90,948
Repair and maintenance		
- Air-conditioning system	170	---
- Lift	99,060	96,600
- Plumbing and drainage	741,286	391,397
- Electrical facilities	181,094	66,700
- Fire service and equipment	7,095	1,822
- Security system	68,048	98,492
- Office equipment and decoration	146,994	91,570
- Building structure and equipment	805,509	2,312,869
Public facilities	293,824	310,847
Car park expenses	3,600	58,260
Shuttle bus expenses	5,172,385	5,124,351
General recreational facilities	(672)	---
Gardening	1,452,493	1,246,421
Hardware and tools	(10,577)	1,029
Festival expenses	158,187	122,578
Management office expenses	100,102	89,358
Insurance	1,102,041	571,627
Professional fee and bank charges	78,833	145,043
Advertising expenses	18,859	7,650
Auditor's remuneration	66,800	66,800
Headquarter expenses	284,400	273,456
Stationery and printing	25,234	55,118
Rates and government charges	89,370	82,067
Provision for typhoon loss	460,235	---
	<u>37,402,810</u>	<u>34,392,548</u>
Apportionment:		
Block One	3,287,707	3,023,106
Block Two	2,651,859	2,438,432
Block Three	3,044,589	2,799,553
Block Five	3,044,589	2,799,553
Block Six	3,373,733	3,102,208
Block Seven	3,373,733	3,102,208
Block Eight	4,656,650	4,281,872
Block Nine	4,656,650	4,281,872
Block Ten	4,656,650	4,281,872
Block Eleven	4,656,650	4,281,872
	<u>37,402,810</u>	<u>34,392,548</u>

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

8. AMOUNT DUE FROM MANAGEMENT AGENT

The amounts represent temporary advances made from the Management Agent to meet the management expenses of Residential Development.

9. CASH AND CASH EQUIVALENTS HELD BY MANAGER

The amounts of fixed deposit held by Manager are placed in time deposits of tenor up to 6 months the interest on which are credited back to owners of Residential Development as interest income in appropriate management funds.

10. CASH AT BANK

Cash at banks are held under the name of the Management Agent on trust for Residential Development.

11. MANAGEMENT FEE DEPOSIT

The amount represents payment from owners as security deposit. It is non-refundable to owners.

12. GENERAL FUND

The surplus in this fund is not refundable nor transferable to owners.

13. BUILDING FUND

The fund is set up for sharing expenditure of a capital nature for the replacement or improvement of installation, plant and equipment in the residential common areas.

Under the terms of DMC, surplus in this building fund is not refundable nor transferable to owners.

14. MANAGEMENT OF FUNDS

The Management Agent's objectives when managing Residential Development management funds are to safeguard the ability to continue as a going concern and to provide service to owners commensurately with the level of risk. The Management Agent manages Residential Development management funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. If necessary the Management Agent may adjust the amount of management fee to be collected from owners.

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15. FINANCIAL RISK MANAGEMENT

The Fund is exposed to credit risk and liquidity risk arising in the normal course of its business and financial instruments. The Fund's risk management objective, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

(a) *Credit risk*

Residential development

The Residential Development is exposed to credit risk on financial assets, mainly attributable to management fee receivables, which are due on presentation.

The Residential Development's bank balances are deposits in reputable banks in Hong Kong. As such no significant credit risk is anticipated.

Residential car park

The Residential car park's credit risk is primarily attributable to management fee receivable and is monitored and controlled by the Management Agent. Therefore, the credit risk is considered to be low.

(b) *Liquidity risk*

Residential development

The Residential Development is exposed to liquidity risk on financial liabilities. It is managed conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any emergency liquidity requirements.

The detail of remaining contractual maturities at the reporting date of the financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Residential Development can be required to pay are as follows:

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Liquidity risk (Cont'd)

Residential development (Cont'd)

2019

	Carrying amount <u>HK\$</u>	Total contractual undiscounted cash flow <u>HK\$</u>	Within 1 year or on demand <u>HK\$</u>
Refundable tenants' deposits			
Block One	103,404	103,404	103,404
Block Two	94,640	94,640	94,640
Block Three	112,497	112,497	112,497
Block Five	113,498	113,498	113,498
Block Six	110,380	110,380	110,380
Block Seven	106,280	106,280	106,280
Block Eight	178,762	178,762	178,762
Block Nine	178,461	178,461	178,461
Block Ten	181,462	181,462	181,462
Block Eleven	177,962	177,962	177,962
	<u>1,357,346</u>	<u>1,357,346</u>	<u>1,357,346</u>

2018

	Carrying amount <u>HK\$</u>	Total contractual undiscounted cash flow <u>HK\$</u>	Within 1 year or on demand <u>HK\$</u>
Refundable tenants' deposits			
Block One	92,348	92,348	92,348
Block Two	87,937	87,937	87,937
Block Three	101,411	101,411	101,411
Block Five	97,861	97,861	97,861
Block Six	93,859	93,859	93,859
Block Seven	92,959	92,959	92,959
Block Eight	154,222	154,222	154,222
Block Nine	152,822	152,822	152,822
Block Ten	155,122	155,122	155,122
Block Eleven	150,772	150,772	150,772
	<u>1,179,313</u>	<u>1,179,313</u>	<u>1,179,313</u>

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Liquidity risk (Cont'd)

Residential development (Cont'd)

2019

	Carrying amount <u>HK\$</u>	Total contractual undiscounted cash flow <u>HK\$</u>	Within 1 year or on demand <u>HK\$</u>
Accounts payable and accruals			
Block One	2,785,878	2,785,878	2,785,878
Block Two	2,168,666	2,168,666	2,168,666
Block Three	2,501,650	2,501,650	2,501,650
Block Five	2,498,126	2,498,126	2,498,126
Block Six	2,695,829	2,695,829	2,695,829
Block Seven	2,775,057	2,775,057	2,775,057
Block Eight	3,796,542	3,796,542	3,796,542
Block Nine	3,753,405	3,753,405	3,753,405
Block Ten	3,727,771	3,727,771	3,727,771
Block Eleven	3,725,445	3,725,445	3,725,445
	<u>30,428,369</u>	<u>30,428,369</u>	<u>30,428,369</u>

2018

	Carrying amount <u>HK\$</u>	Total contractual undiscounted cash flow <u>HK\$</u>	Within 1 year or on demand <u>HK\$</u>
Accounts payable and accruals			
Block One	1,923,910	1,923,910	1,923,910
Block Two	1,603,225	1,603,225	1,603,225
Block Three	1,829,168	1,829,168	1,829,168
Block Five	1,877,331	1,877,331	1,877,331
Block Six	1,972,110	1,972,110	1,972,110
Block Seven	1,944,994	1,944,994	1,944,994
Block Eight	2,583,713	2,583,713	2,583,713
Block Nine	2,722,988	2,722,988	2,722,988
Block Ten	2,679,878	2,679,878	2,679,878
Block Eleven	2,623,282	2,623,282	2,623,282
	<u>21,760,599</u>	<u>21,760,599</u>	<u>21,760,599</u>

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Liquidity risk (Cont'd)

Residential development (Cont'd)

2019

	Carrying amount <u>HK\$</u>	Total contractual undiscounted cash flow <u>HK\$</u>	Within 1 year or on demand <u>HK\$</u>
Temporary receipts			
Block One	101,190	101,190	101,190
Block Two	38,501	38,501	38,501
Block Three	62,876	62,876	62,876
Block Five	99,308	99,308	99,308
Block Six	60,640	60,640	60,640
Block Seven	74,720	74,720	74,720
Block Eight	92,153	92,153	92,153
Block Nine	87,252	87,252	87,252
Block Ten	74,602	74,602	74,602
Block Eleven	71,060	71,060	71,060
	<u>762,302</u>	<u>762,302</u>	<u>762,302</u>

2018

	Carrying amount <u>HK\$</u>	Total contractual undiscounted cash flow <u>HK\$</u>	Within 1 year or on demand <u>HK\$</u>
Temporary receipts			
Block One	101,630	101,630	101,630
Block Two	38,856	38,856	38,856
Block Three	63,283	63,283	63,283
Block Five	99,715	99,715	99,715
Block Six	61,090	61,090	61,090
Block Seven	75,171	75,171	75,171
Block Eight	92,775	92,775	92,775
Block Nine	87,874	87,874	87,874
Block Ten	75,224	75,224	75,224
Block Eleven	71,682	71,682	71,682
	<u>767,300</u>	<u>767,300</u>	<u>767,300</u>

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

15. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Liquidity risk (Cont'd)

Residential development (Cont'd)

2019

	Carrying amount <u>HK\$</u>	Total contractual undiscounted cash flow <u>HK\$</u>	Within 1 year or on demand <u>HK\$</u>
Contract liabilities from management fee received in advance			
Block One	27,999	27,999	27,999
Block Two	36,066	36,066	36,066
Block Three	23,009	23,009	23,009
Block Five	42,931	42,931	42,931
Block Six	18,684	18,684	18,684
Block Seven	10,225	10,225	10,225
Block Eight	71,771	71,771	71,771
Block Nine	21,545	21,545	21,545
Block Ten	13,557	13,557	13,557
Block Eleven	39,196	39,196	39,196
	<u>304,983</u>	<u>304,983</u>	<u>304,983</u>

2018

	Carrying amount <u>HK\$</u>	Total contractual undiscounted cash flow <u>HK\$</u>	Within 1 year or on demand <u>HK\$</u>
Contract liabilities from management fee received in advance			
Block One	13,561	13,561	13,561
Block Two	45,176	45,176	45,176
Block Three	14,486	14,486	14,486
Block Five	62,819	62,819	62,819
Block Six	19,003	19,003	19,003
Block Seven	8,946	8,946	8,946
Block Eight	26,066	26,066	26,066
Block Nine	48,210	48,210	48,210
Block Ten	38,518	38,518	38,518
Block Eleven	30,217	30,217	30,217
	<u>307,002</u>	<u>307,002</u>	<u>307,002</u>

Residential car park

Liquidity risk is managed by maintaining sufficient cash or cash equivalents.

ROYAL ASCOT - RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

16. RELATED PARTY TRANSACTIONS

During the year, the Estate had the following related party transactions with related companies of the Management Agent:

2019		Block 1 HK\$	Block 2 HK\$	Block 3 HK\$	Block 5 HK\$	Block 6 HK\$	Block 7 HK\$	Block 8 HK\$	Block 9 HK\$	Block 10 HK\$	Block 11 HK\$	Residential Pool HK\$	Club House HK\$	Development Pool HK\$	Total HK\$
	<i>Name of related parties</i>														
	<i>Nature</i>														
	Fidelity Guarantee Company Limited	Professional fee and bank charges	1,000	1,000	1,000	1,000	1,000	970	970	970	970	1,750	1,500	250	13,380
	G.R. Club Limited	Festival expenses General recreation facilities	—	—	—	—	—	—	—	—	—	—	12,060	—	12,060
	Home Master Services Limited	Cleaning General recreation facilities Management office expenses Public facilities Repairs and maintenance	—	—	—	—	—	—	—	—	—	4,250	13,480	—	17,730
		- Building structure and equipment	—	—	—	—	—	—	—	—	—	—	64,885	—	64,885
		- Office equipment and decoration	—	—	—	—	—	—	—	—	—	336	—	12,520	12,856
		Stationery and printing	—	—	—	—	—	—	—	—	—	86,440	—	2,800	89,240
		Swimming pool expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
		Uniform	—	—	—	—	—	—	—	—	—	—	14,496	38,077	60,254
		Repairs and maintenance	960	960	—	—	—	—	—	—	—	—	—	—	1,920
		- Office equipment and decoration	—	—	—	—	—	—	—	—	—	17,100	—	5,500	22,600
		Management office expenses	—	—	—	—	—	—	—	—	—	9,400	—	—	9,400
	Lik On Security Limited	Insurance	—	—	—	—	—	—	—	—	—	22,177	—	—	22,177
		Smartone Mobile Communications Limited	—	—	—	—	—	—	—	—	—	—	630	2,160	6,883
	Sun Hung Kai Properties Insurance Limited	Insurance	—	—	—	—	—	—	—	—	—	—	—	27,858	27,858
	SUNe Vision Super e-Technology Limited	Management office expenses Repair and maintenance	—	—	—	—	—	—	—	—	—	—	8,760	8,760	17,520
		- Electrical facilities	—	—	—	—	—	—	2,500	—	—	—	—	—	2,500
		- Office equipment and decoration	—	—	—	—	—	—	—	—	—	4,800	19,600	13,906	38,306
		- Security system	1,900	1,900	—	—	—	625	625	625	625	2,800	3,000	6,800	17,000
	Super e-Management Limited	Management office expenses Repair and maintenance	—	—	—	—	—	—	—	—	—	4,320	5,280	21,040	30,640
		- Security system	—	—	—	—	—	—	—	—	—	—	—	15,000	15,000

ROYAL ASCOT - RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

16. RELATED PARTY TRANSACTIONS (Cont'd)

2019		Block 1 HK\$	Block 2 HK\$	Block 3 HK\$	Block 5 HK\$	Block 6 HK\$	Block 7 HK\$	Block 8 HK\$	Block 9 HK\$	Block 10 HK\$	Block 11 HK\$	Residential Pool HK\$	Club House HK\$	Development Pool HK\$	Total HK\$
Name of related parties															
	Superpower Plumbing Engineering Company Limited													28,000	28,000
Accounts payable as at the end of the reporting period								625	3,125	625	625	25,286	109,695	28,800	168,781
2018															
Name of related parties															
	Fidelity Guarantee Company Limited	1,000	1,000	1,000	1,000	1,000	1,000	970	970	970	970	1,750	1,500	250	13,380
G.R. Club Limited	General recreation facilities												75,680		75,680
Home Master Services Limited	Cleaning													72,000	72,000
	General recreation facilities												10,800		10,800
	Festival expenses												5,300		5,300
	Management office expenses													1,800	1,800
	Public facilities													13,630	103,590
	Repairs and maintenance														
	- Building structure and equipment						2,980	4,625	4,625	4,625	4,625				21,480
	- Office equipment and decoration											4,200	256		4,200
	Uniform											512		11,691	12,459
Lik On Security Limited	Repairs and maintenance - Office equipment and decoration												2,500		32,500
Smartone Mobile Communications Limited	Management office expenses											2,596		2,160	4,756
Sun Hung Kai Properties Insurance Limited	Insurance													21,195	21,195
SUNeVision Super e-Technology Limited	Repair and maintenance - Office equipment and decoration - Security system	700	700	700	700	700	700	700	700	700	700	4,516	1,200	19,208	24,924
														4,800	11,800

ROYAL ASCOT - RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

16. RELATED PARTY TRANSACTIONS (Cont'd)

2018

<i>Name of related parties</i>	<i>Nature</i>	Block 1 HK\$	Block 2 HK\$	Block 3 HK\$	Block 5 HK\$	Block 6 HK\$	Block 7 HK\$	Block 8 HK\$	Block 9 HK\$	Block 10 HK\$	Block 11 HK\$	Residential Pool HK\$	Club House HK\$	Development Pool HK\$	Total HK\$
Super e-Management Limited	Management office expenses											240		18,000	18,240
	Professional fee and bank charges											240			240
	Repair and maintenance													15,000	15,000
	- Security system														
	- Office equipment and decoration											24,480			24,480
Superpower Plumbing Engineering Company Limited	Repairs and maintenance - Plumbing and drainage		6,000						14,000				28,500		48,500
Tsang Lik Services Limited	Cleaning											5,700			5,700
Accounts payable as at the end of the reporting period		3,925	3,353	3,706	4,706	5,802	4,002	4,883	6,683	12,883	4,883	68,130	81,351	24,300	228,609

These companies are the subsidiaries of Sun Hung Kai Properties Limited, the ultimate holding company of Kai Shing Management Services Limited, the Management Agent of Residential Development.

In the opinion of the Management Agent of Residential Development, the above transactions were entered into at a price on normal commercial terms.

ROYAL ASCOT

- RESIDENTIAL DEVELOPMENT AND RESIDENTIAL CAR PARK MANAGEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

17. PROVISION FOR TYPHOON LOSS

On 16 September 2018, Typhoon "Mangkhut" caused significant damages to certain common facilities of Royal Ascot. The Management Agent estimated that the aggregate replacement and repairs cost to reinstate these facilities to normal operation would exceed the amount of recovery from insurance claims by HK\$1.21 million.

18. CATEGORIES OF FINANCIAL INSTRUMENTS

	2019 <u>HK\$</u>	2018 <u>HK\$</u>
Financial assets		
Financial assets at amortised cost		
- Block One	12,468,296	10,205,282
- Block Two	10,055,901	8,229,816
- Block Three	11,545,071	9,448,798
- Block Five	11,589,523	9,456,128
- Block Six	12,793,874	10,444,608
- Block Seven	12,765,262	10,439,715
- Block Eight	17,984,809	14,813,197
- Block Nine	19,110,218	15,950,752
- Block Ten	18,693,128	15,501,526
- Block Eleven	18,117,523	14,982,930
- Residential car park	<u>13,560,233</u>	<u>11,765,425</u>
Financial liabilities		
Financial liabilities at amortised cost		
- Block One	4,460,278	3,439,393
- Block Two	4,900,428	4,271,963
- Block Three	4,818,160	4,174,374
- Block Five	4,365,520	3,700,819
- Block Six	4,675,382	3,831,626
- Block Seven	4,908,219	3,879,884
- Block Eight	6,071,751	4,640,164
- Block Nine	5,993,186	4,815,282
- Block Ten	5,928,915	4,731,130
- Block Eleven	5,944,186	4,657,341
- Residential car park	<u>2,430,520</u>	<u>2,399,438</u>

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management Agent on 14 December 2020.