

LIBRARY PROJECT LIMITED
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

LIBRARY PROJECT LIMITED

<u>CONTENTS</u>	<u>PAGE(S)</u>
REPORT OF DIRECTORS	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
AUDITED FINANCIAL STATEMENTS	
Statement of income and expenditure account	4
Statement of financial position	5
Statement of changes in fund	6
Notes to the financial statements	7 - 9

**LIBRARY PROJECT LIMITED
REPORT OF THE DIRECTORS**

The directors present herewith the report and the audited financial statements of the Company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The Company operates as a non-profit making organisation and was principally engaged in charitable activities during the year.

RESULTS

The Company's surplus for the year ended 31 December 2018 and its financial position as at 31 December 2018 are set out in the financial statements on pages 4 to 9.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Thomas STADER

NG Pun Lam, Jacqueline

(resigned on 12 July 2019)

HE ZhenZhen

(appointed on 12 July 2019)

In accordance with article 37 of the Company's articles of association, the remaining directors shall hold office only until the conclusion of the next annual general meeting, and shall then be eligible for re-election.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

AUDITOR

Messrs. Conpak CPA Limited was appointed as auditor of the Company upon the resignation of Messrs. Vincent Kwok & Co. Certified Public Accountants. A resolution for the re-appointment of Messrs. Conpak CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



Thomas STADER
Chairman

Hong Kong, 24 December 2019

**INDEPENDENT AUDITOR'S REPORT
TO THE SOLE MEMBER OF LIBRARY PROJECT LIMITED
(incorporated in Hong Kong with limited liability by guarantee)**

Opinion

We have audited the financial statements of Library Project Limited ("the Company") set out on pages 4 to 9, which comprise the statement of financial position as at 31 December 2018, the statement of income and expenditure account and the statement of changes in fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-Sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard 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 Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended 31 December 2017 were audited by another auditor who expressed unqualified audit opinion on those statements on 2 November 2018.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

**INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SOLE MEMBER OF LIBRARY PROJECT LIMITED
(incorporated in Hong Kong with limited liability by guarantee)**

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 in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.



Conpak CPA Limited
Certified Public Accountants

SUN Man Shing
Practising Certificate Number: P07186


Hong Kong, 24 December 2019

LIBRARY PROJECT LIMITED
STATEMENT OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

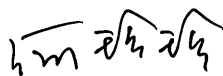
	Note	2018 US\$	2017 US\$
INCOME			
Donations	4	20,261	24,722
OTHER INCOME			
Bank interest income	4	5	1
		<hr/>	<hr/>
		20,266	24,723
		<hr/>	<hr/>
EXPENDITURES			
Accounting fee		1,108	-
Auditor's remuneration		2,849	903
Bank charges		343	272
Exchange losses, net		90	14
Insurance		-	2,659
Legal and professional fee		2,691	699
Rent expenses		386	3,930
Salaries and allowances		-	16,532
Sundry expenses		-	191
		<hr/>	<hr/>
		(7,467)	(25,200)
		<hr/>	<hr/>
SURPLUS/(DEFICIT) FOR THE YEAR	5	12,799	(477)
		<hr/> <hr/>	<hr/> <hr/>

LIBRARY PROJECT LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 US\$	2017 US\$
CURRENT ASSETS			
Deposits paid		194	194
Due from related companies	8	31,231	26,475
Cash and bank balances		13,737	1,737
		<hr/>	<hr/>
		45,162	28,406
CURRENT LIABILITY			
Accruals		(4,899)	(942)
		<hr/>	<hr/>
NET CURRENT ASSETS		40,263	27,464
		<hr/> <hr/>	<hr/> <hr/>
GENERAL FUND			
Retained surplus		40,263	27,464
		<hr/> <hr/>	<hr/> <hr/>



 Thomas STADER
 Director



 HE ZhenZhen
 Director

**LIBRARY PROJECT LIMITED
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31 DECEMBER 2018**

	US\$
RETAINED SURPLUS	
At 1 January 2017	27,941
Deficit for the year	(477)
	<hr/>
At 31 December 2017 and 1 January 2018	27,464
Surplus for the year	12,799
	<hr/>
At 31 December 2018	40,263
	<hr/> <hr/>

LIBRARY PROJECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. COMPANY INFORMATION

Library Project Limited is incorporated under the Hong Kong Companies Ordinance as a private company limited by guarantee without having share capital. The Company's registered office changed from "1501-08 Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong" to "6/F., Unit 1, Cheung Hing Industrial building, 12P Smithfield Road, Kennedy Town, Hong Kong" on 22 March 2018, and then changed to "Room 06, 13/F., South Tower, World Finance Centre, Harbour City, 17 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong" on 12 July 2019. The Company is exempted from tax under Section 88 of the Inland Revenue Ordinance as being a charitable institution or trust of a public character.

The Company operates as a non-profit making organisation and was principally engaged in charitable activities during the year.

2. BASIS OF PREPARATION

The Company qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance and is therefore entitled to prepare and present its financial statements in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS issued by the Hong Kong Institute of Certified Public Accountants and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

The measurement base adopted is the historical cost convention.

Application of the SME-FRS

The financial statements for the year ended 31 December 2018 are its first annual financial statements prepared under accounting policies that comply with the SME-FRS. The Company applied Hong Kong Financial Reporting Standards ("HKFRSs") to prepare its financial statements prior to the application of the SME-FRS.

The Company's date of transition is 1 January 2017 and the Company prepared its opening statement of financial position in accordance with the SME-FRS at that date.

The Company has applied all the mandatory exceptions and certain of the optional exemptions from full retrospective application of the SME-FRS when preparing these financial statements in accordance with the SME-FRS.

Except that it is not mandatory to prepare statement of cash flows under SME-FRS, there are no material differences between the income statement (previously known as the statement of comprehensive income under the HKFRSs), statement of financial position and statement of change in equity prepared under the SME-FRS and that under the HKFRSs.

LIBRARY PROJECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income and other income recognition

Income and other income are recognised when it is probable that the economic benefits will flow to the Company and when the income and other income can be measured reliably, based on (i) and (ii) respectively:

- (i) donations in cash for general purposes are recognised when the rights to receive payments have been established. Donations designed for specific purposes are deferred and recognised in profit or loss over the year necessary to match with the costs they are intended to compensate.
- (ii) bank interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

Foreign exchange

The reporting currency of the Company in United States Dollars, which is the currency of the primary economic environment in which the Company operates.

Foreign exchange transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting. Gains and losses on foreign exchange are recognised in the income statement.

Operating lease

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing the Company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the statement of income and expenditure account on the straight-line basis over the lease term.

Income tax

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

4. INCOME AND OTHER INCOME

Income represents donations received for both year. An analysis of income is as follows:

	2018 US\$	2017 US\$
Income:		
Donations	20,261	24,722
Other income:		
Bank interest income	5	1
Total	<u>20,266</u>	<u>24,723</u>

LIBRARY PROJECT LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018****5. SURPLUS/(DEFICIT) FOR THE YEAR**

The Company's surplus/(deficit) for the year is arrived at after charging the following items:

	2018 US\$	2017 US\$
Exchange losses, net	90	-
Rental expenses	386	-
Staff costs (excluding directors' remuneration):		
Salaries and allowances	-	16,532
	<u> </u>	<u> </u>

6. DIRECTORS' REMUNERATION

None of directors received or will receive any fees or emoluments in respect of the services to the Company during the year (2017: Same).

7. INCOME TAX

No provision for Hong Kong Profits Tax has been made in these financial statements as the Company is exempted from all taxes under Section 88 of the Inland Revenue Ordinance (2017: Same).

8. DUE FROM RELATED COMPANIES

The amount due from the related companies disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and 622G15(3)(b) and 622G15(3)(c) of Companies (Disclosure of Information about of Directors) Regulation, is as follows:

<u>Name of Company</u>	<u>Common director</u>	<u>Maximum outstanding during the year</u>	2018	2017
		US\$	US\$	US\$
The Library Project, Inc.	Thomas STADER	24,760	24,760	20,004
The Library Project	Thomas STADER	6,471	6,471	6,471
			<u> </u>	<u> </u>

Thomas STADER, a director of the Company, has beneficial interests in the related companies.

The amounts due are unsecured, interest-free and repayable on demand.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

10. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 24 December 2019.