

SANYA BN VOCATIONAL SCHOOL

Independent Auditor's Report and Financial Information  
For the year ended 31 August 2019

SANYA BN VOCATIONAL SCHOOL

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL INFORMATION  
FOR THE YAER ENDED 31 AUGUST 2019

<u>CONTENTS</u>	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
STATEMENT OF COMPREHENSIVE INCOME	4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF CHANGES IN RESERVES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL INFORMATION	8 - 17

DTT(A)(19)I00152

## INDEPENDENT AUDITOR'S REPORT

### TO THE BOARD OF SANYA BN VOCATIONAL SCHOOL

(A non-profit organization established in the People's Republic of China)

### **Opinion**

We have audited the financial information of Sanya BN Vocational School (the "School") set out on pages 4 to 17, which comprise the statement of financial position as at 31 August 2019 and the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows for the year ended 31 August 2019, and notes to the financial information, including a summary of significant accounting policies (together "the Financial Information"). The Financial Information has been prepared by the management of the School in accordance with the basis of preparation set out in note 2 to the Financial Information.

In our opinion, the Financial Information for the year ended 31 August 2019 is prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Information section of our report. We are independent of the School in accordance with the International Ethics Standards Board for Accountants' 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.

### **Restriction on Distribution and Use**

Without modifying our opinion, we draw attention to note 2 to the Financial Information, which describes the basis of accounting. The Financial Information has been prepared solely for the information of the Board of the School. As a result, the Financial Information may not be suitable for another purpose. Our report is intended solely for the School and should not be distributed to or used by parties other than the School without our prior written consent. We do not assume responsibility towards or accept liability to any other person for the contents of this report. All duties and liabilities (including without limitation, those arising from negligence or otherwise) to any other parties are specifically disclaimed.

INDEPENDENT AUDITOR'S REPORT  
TO THE BOARD OF SANYA BN VOCATIONAL SCHOOL - continued  
(A non-profit organization established in the People's Republic of China)

**Responsibilities of Management and Those Charged with Governance for the Financial Information**

The management of the School is responsible for the preparation and presentation of the Financial Information in accordance with the basis of preparation set out in note 2 to the Financial Information, and for such internal control as the management of the School determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information, the management of the School is responsible for assessing the School'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 management of the School either intend to liquidate the School or to cease operations, or have no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Information**

Our objectives are to obtain reasonable assurance about whether the financial information 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 ISAs 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 information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, 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 School's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of the School.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF SANYA BN VOCATIONAL SCHOOL - continued

(A non-profit organization established in the People's Republic of China)

**Auditor's Responsibilities for the Audit of the Financial Information - continued**

- Conclude on the appropriateness of the management'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 School'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 information 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 School to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information 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.

*Deloitte Touche Tohmatsu Certified Public Accountants LLP*  
Deloitte Touche Tohmatsu Certified Public Accountants LLP  
25 September 2019

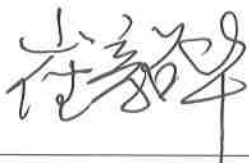
SANYA BN VOCATIONAL SCHOOL

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2019  
(Expressed in RMB)

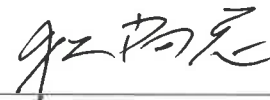
	Notes	Year ended 31 August 2019	Year ended 31 August 2018
<b>Total contributions</b>	5	696,445	2,828,305
<b>Operating expenditure</b>			
Salaries and social securities	6	(1,333,452)	(1,048,130)
Student costs		(648,498)	(660,095)
Teaching costs		(183,635)	(114,794)
Depreciation		(20,809)	(28,012)
Administrative costs		(15,185)	(78,681)
Renovation on premises		-	(153,625)
<b>Total operating expenditure</b>		(2,201,579)	(2,083,337)
<b>Net (deficit)/surplus of operating activities</b>		(1,505,134)	744,968
Government grants		666,860	-
Interest income		2,123	2,458
<b>(Deficit)/Surplus for the year</b>		(836,151)	747,426

The notes on pages 8 to 17 form part of these financial statements.

The financial statements from 4 to 17 are approved and authorised for issue by the Board of Governors, and signed on its behalf by:




Board Chairperson of the School



Person in charge of finance

SANYA BN VOCATIONAL SCHOOL

STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2019  
(Expressed in RMB)



	Notes	At 31 August	
		2019	2018
<b>Current assets</b>			
Cash and bank balances	7	130,968	895,298
Other receivables		6,088	5,955
Inventories	8	2,732	30,747
Total current assets		139,788	932,000
<b>Non-current assets</b>			
Property, plant and equipment	9	19,774	41,789
Total non-current assets		19,774	41,789
Total assets		159,562	973,789
<b>Current liabilities</b>			
Other payables	10	85,746	63,822
Total current liabilities		85,746	63,822
Total liabilities		85,746	63,822
<b>Reserves</b>			
Total liabilities and reserves		159,562	973,789

The notes on pages 8 to 17 form part of these financial statements.

SANYA BN VOCATIONAL SCHOOL

STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 AUGUST 2019  
(Expressed in RMB)



	<u>Total reserves</u>
Balance at 31 August 2017	162,541
Surplus for the year	747,426
Balance at 31 August 2018	909,967
Deficit for the year	(836,151)
Balance at 31 August 2019	<u>73,816</u>

The notes on pages 8 to 17 form part of these financial statements.



SANYA BN VOCATIONAL SCHOOL

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2019  
(Expressed in RMB)



	<u>Note</u>	<u>Year ended 31 August 2019</u>	<u>Year ended 31 August 2018</u>
<b>Cash from operating activities</b>			
(Deficit) /Surplus for the year		(836,151)	747,426
Adjustments for:			
Depreciation		20,809	28,012
Interest income		(2,123)	(2,458)
Loss on disposal of property, plant and equipment		1,206	6,947
Net cash (outflow)/inflow from operations before working capital movements		<u>(816,259)</u>	<u>779,927</u>
Working capital movements:			
(Increase)/Decrease in other receivables		(133)	21
Decrease in inventories		28,015	14,040
Increase in other payables		21,924	14,757
Net cash (used in)/generated from operating activities		<u>(766,453)</u>	<u>808,745</u>
<b>Cash flows from investing activities</b>			
Interest received		2,123	2,458
Payments for property, plant and equipment		(7,700)	
Net cash generated from/(used in) investing activities		<u>2,123</u>	<u>(5,242)</u>
<b>Net (decrease) /increase in cash and cash equivalents</b>		<u>(764,330)</u>	<u>803,503</u>
<b>Cash and cash equivalents at beginning of the fiscal year</b>		<u>895,298</u>	<u>91,795</u>
<b>Cash and cash equivalents at end of the fiscal year</b>	7	<u><u>130,968</u></u>	<u><u>895,298</u></u>

The notes on pages 8 to 17 form part of these financial statements.

## SANYA BN VOCATIONAL SCHOOL

### NOTES TO FINANCIAL INFORMATION FOR THE YEAR ENDED 31 AUGUST 2019

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(Expressed in RMB)

#### 1. GENERAL

Sanya BN Vocational School (三亚百年农工子弟职业学校, the "School") is a non-profit organization, founded in Sanya, People's Republic of China ("PRC"), which is supported by China Youth Development Foundation ("CYDF"), China Volunteer Service Foundation ("CVSF") and Beijing BN Vocational School (北京百年农工子弟职业学校, the "Beijing BNVS"). The premise of the School is subsidized by Sanya Horizon Industrial Co., Ltd. free of charge. The School started operation on 1 June 2010. The registration certificate (Qiong San Min Zheng Zi No. 110403) from Bureau of Civil Affairs of Sanya City was updated on 18 March, 2015, and the qualification of middle level vocational education and license of non-government school from Committee of Education of Sanya City was updated on 28 September, 2018. The School updated its certificate in 2019 (52460200567984100T).

The principal activity of the School is to provide three-year education programs free of charge to the young people from low-income families, and to help these young people become highly skilled employees to meet the current and future needs of cities for a skilled workforce from 1 September 2015. The School provided two-year programs before 1 September 2015.

#### 2. BASIS OF PREPARATION

The School maintains its accounting records and prepares its statutory financial statements for each calendar year in accordance with accounting standards and regulations of the PRC which are applicable to the School.

The Financial Information has been prepared solely for the information of the Board of the School. The School has prepared the Financial Information in accordance with accounting policies set out in note 4. These accounting policies are applied in accordance with International Financial Reporting Standards (IFRSs). Currently, the IFRSs do not contain specific guidelines for non-profit and non-governmental organizations concerning the accounting treatment and presentation of consolidated financial statements. Where the IFRSs are silent or do not give guidance on how to treat transactions specific to the not-for-profit sector, accounting policies have been based on the general IFRS principles, as detailed in the Conceptual Framework for Financial Reporting issued by the International Accounting Standards Board.

Different from its statutory financial statements, the period of accompanying Financial Information is from 1 September 2018 to 31 August 2019.

The Financial Information is presented in Renminbi ("RMB"), which is the functional and presentation currency of the School.

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2019

(Expressed in RMB)

3. APPLICATION OF ACCOUNTING POLICIES IN ACCORDANCE WITH NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 Application of accounting policies in accordance with new and revised standards, amendments and interpretations (new and revised IFRSs).

As of 31 August 2019, the following new and revised IFRSs have become effective.

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IAS 40	Transfers of Investment Property
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014-2016 Cycle
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015-2017 Cycle

The application of accounting policies in accordance of these new and revised IFRSs has no material effect on the amounts reported in the Financial Information or disclosures set out in the Financial Information.

3.2 New and revised IFRSs issued but not yet effective

The School has not early applied its accounting policies in accordance with the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts <sup>2</sup>
Amendments to IFRS 3	Definition of a Business <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IAS 1 and IAS 8	Definition of Material <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020

The School anticipates that the adoption of these new and revised IFRSs in future years will have no material financial impact on the Financial Information of the School.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which are applied in accordance with International Financial Reporting Standards.

##### Contributions

Cash contributions are recognized at the date of receipt of cash or when CYDF/Beijing BNVS confirms the amount of contribution.

Contributions of property, plant and equipment and inventory are recognized on the date of receipt at fair value if the objective evidence on the fair value is available. When the fair values of contribution in kind are not available, the School will not assign any value to these contributions but will keep a record of these contributions. After initial recognition, contribution in kind recognized as property, plant and equipment and inventory will follow the respective accounting policy of property, plant and equipment and inventory as set out in this note.

Contributions of service are recognized on the date of receipt of the service and are reported as equal contributions and expenditure in the statement of comprehensive income, if the objective evidence on the fair value is readily available.

##### Government grants

Government grants are not recognised until there is reasonable assurance that the School will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the School recognises as expenses the related costs for which the grants are intended to compensate.

##### Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

##### Foreign currency

For cash contributions made in foreign currencies, the School exchanges the contributions into equivalent amount of RMB on the date when the contribution is received at the quoted exchange rate for the day.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation

According to PRC Enterprise Income Tax Law, the income derived from a qualified non-profit organization is non-taxable. Based on Circular 13 issued jointly by the Chinese Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 13) on 7 February 2018, the non-profit organization should obtain the approval of such qualification from the Tax Bureau.

Although the School's application for Enterprise Income Tax exemption is in process, the Board believes that the School has satisfied all requirements for such qualification, and therefore deemed all contribution income as non-taxable.

Financial assets

*Classification and subsequent measurement of financial assets (upon application of IFRS 9)*

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The School's financial assets are classified into loans and receivables subsequently measured at amortized cost.

*Impairment of financial assets (upon application of IFRS 9)*

The School applies the IFRS 9 simplified approach to measure expected credit losses ("ECL") which uses a lifetime ECL for all accounts receivable. To measure the ECL, accounts receivable have been assessed individually with outstanding significant balances, the remaining balances have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortized cost mainly comprise of bank balances, other receivables and prepayments. They are measured on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

*Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 September 2018)*

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including other receivables and cash and bank balances) are measured at amortized cost using the effective interest method, less any impairment.



4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets - continued

*Impairment of loans and receivables (before application of IFRS 9 on 1 September 2018)*

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans or receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that loans and receivables because of financial difficulties.

Impairment loss on loans and receivable is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the loans and receivables' original effective interest rate.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the loans and receivables at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Loans and receivables are derecognized when the rights to receive cash flows from them expire or, they are transferred and the School has transferred substantially all the risks and rewards of ownership of them. On derecognition of a loan or receivable, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

*Financial liabilities at amortized cost*

Financial liabilities including other payables are subsequently measured at amortized cost, using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

## SANYA BN VOCATIONAL SCHOOL

### NOTES TO FINANCIAL INFORMATION FOR THE YEAR ENDED 31 AUGUST 2019

(Expressed in RMB)

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#### 4. SIGNIFICANT ACCOUNTING POLICIES - continued

##### Financial liabilities- continued

Interest expense is recognized on an effective interest basis.

Financial liabilities at amortized cost are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

##### Inventories

Inventories are recorded at lower of cost and net realisable value. The cost of inventories is based on the "first-in first-out" principle.

##### Property, plant and equipment

Property, plant and equipment are stated at costs less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method so as to depreciate the initial cost, after taking into account of the estimated residual value, over the item's useful life, which is as follows:

<u>Classes</u>	<u>Useful lives</u>	<u>Estimated residual value rates</u>	<u>Annual depreciation rates</u>
Equipment and vehicles	3 - 8 years	3%	12.13% - 32.33%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculation as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss in the period in which the item is derecognized.

##### Reserves

Reserves represent the cumulative excess of income from contributions and other income over operating expenditure.

SANYA BN VOCATIONAL SCHOOL

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2019

(Expressed in RMB)

5. CONTRIBUTIONS

	Year ended 31 August 2019 RMB	Year ended 31 August 2018 RMB
Cash contributions	696,445	2,828,305
Total contributions	<u>696,445</u>	<u>2,828,305</u>

6. SALARIES AND SOCIAL SECURITIES

	Year ended 31 August 2019 RMB	Year ended 31 August 2018 RMB
Salaries	1,137,872	864,936
Social securities	195,580	183,194
Total salaries and social securities	<u>1,333,452</u>	<u>1,048,130</u>

7. CASH AND BANK BALANCE

	As at 31 August	
	2019 RMB	2018 RMB
Cash on hand	2,680	5,209
Cash at banks	128,288	890,089
Total cash and bank balances	<u>130,968</u>	<u>895,298</u>

Cash at banks consist of interest bearing deposits at market rate 0.30% (31/08/2018: 0.30%).

For the purpose of the statement of cash flows, cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	As at 31 August	
	2019 RMB	2018 RMB
Cash on hand	2,680	5,209
Cash at banks	128,288	890,089
Less: time deposit with maturity over 3 months	-	-
Total cash and cash equivalents	<u>130,968</u>	<u>895,298</u>



SANYA BN VOCATIONAL SCHOOL

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2019

(Expressed in RMB)

8. INVENTORIES

	As at 31 August	
	2019 RMB	2018 RMB
Donated:		
Others	2,732	2,732
Purchased:		
Uniforms	-	15,469
Textbooks	-	4,437
Stationery	-	1,537
Others	-	6,572
Total inventories	<u>2,732</u>	<u>30,747</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Equipment and vehicles RMB	Total RMB
COST		
Balance at 31 August 2017	498,458	498,458
Addition	7,700	7,700
Disposal	(231,573)	(231,573)
Balance at 31 August 2018	274,585	274,585
Disposal	(38,071)	(38,071)
Balance at 31 August 2019	<u>236,514</u>	<u>236,514</u>
DEPRECIATION		
Balance at 31 August 2017	(429,410)	(429,410)
Depreciation charges	(28,012)	(28,012)
Disposal	224,626	224,626
Balance at 31 August 2018	(232,796)	(232,796)
Depreciation charges	(20,809)	(20,809)
Disposal	36,865	36,865
Balance at 31 August 2019	<u>(216,740)</u>	<u>(216,740)</u>
CARRYING VALUES		
Balance at 31 August 2018	<u>41,789</u>	<u>41,789</u>
Balance at 31 August 2019	<u>19,774</u>	<u>19,774</u>

## SANYA BN VOCATIONAL SCHOOL

### NOTES TO FINANCIAL INFORMATION FOR THE YEAR ENDED 31 AUGUST 2019

(Expressed in RMB)

#### 10. OTHER PAYABLES

	As at 31 August	
	<u>2019</u>	<u>2018</u>
	RMB	RMB
Salaries and social securities	60,912	52,185
Others	<u>24,834</u>	<u>11,637</u>
Total other payables	<u>85,746</u>	<u>63,822</u>

#### 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### (a) Foreign currency risk

The School is not exposed to significant fluctuations in foreign currency exchange rates as most of contributions are from Beijing BNVS denominated in RMB.

##### (b) Credit risk

The School has a treasury policy which focuses on security of cash and bank balances. Those are held in banks with high credit ranking. Thus, the School is not exposed to significant credit risk.

##### (c) Liquidity risk

The School's objective is to strike a balance between continuity of funding and flexibility by maintaining sufficient funds as cash on hand, demand deposits or short-term deposits with maturities of one year or less to meet short-term liabilities. Therefore, the School is not exposed to significant liquidity risk.

#### 12. RELATED PARTIES

##### (a) Identification of related parties

The School is supported by CYDF, which is identified as a related party.

Fellow schools that have the same supreme governing body (the Board) are identified as related parties.

The Board of the School and key management personnel are persons who have authorities and responsibilities for planning, directing and controlling the activities of the School. Related parties are the Board members, senior management, as well as close members of their families or households.

SANYA BN VOCATIONAL SCHOOL

NOTES TO FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 AUGUST 2019

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(Expressed in RMB)

12. RELATED PARTIES - continued

(b) Transactions with related parties

The School has entered into the following transactions with related party:

	<u>Year ended</u> <u>31 August 2019</u> RMB	<u>Year ended</u> <u>31 August 2018</u> RMB
Cash contributions from Beijing BNVS	<u>590,683</u>	<u>758,311</u>

There were no transactions with the key management personnel during the year ended 31 August 2019 or the year ended 31 August 2018.

(c) Remuneration

None of the members under (a) above received remuneration from the School during the year ended 31 August 2019, nor the year ended 31 August 2018.

13. APPROVAL OF FINANCIAL INFORMATION

The Financial Information was approved and authorized for issue by the Board on 25 September 2019.

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