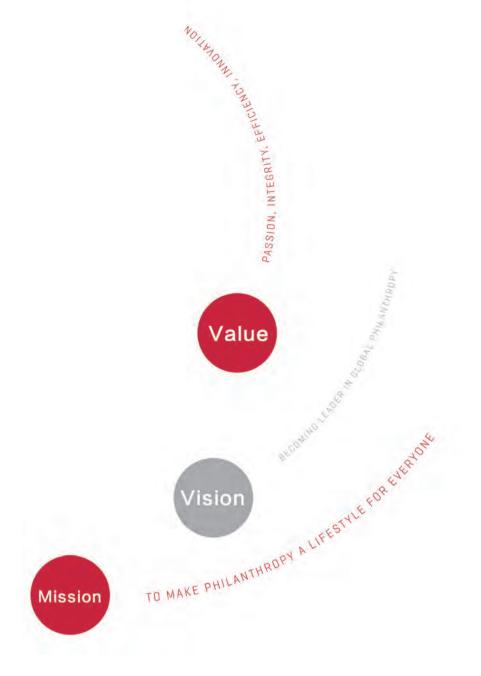
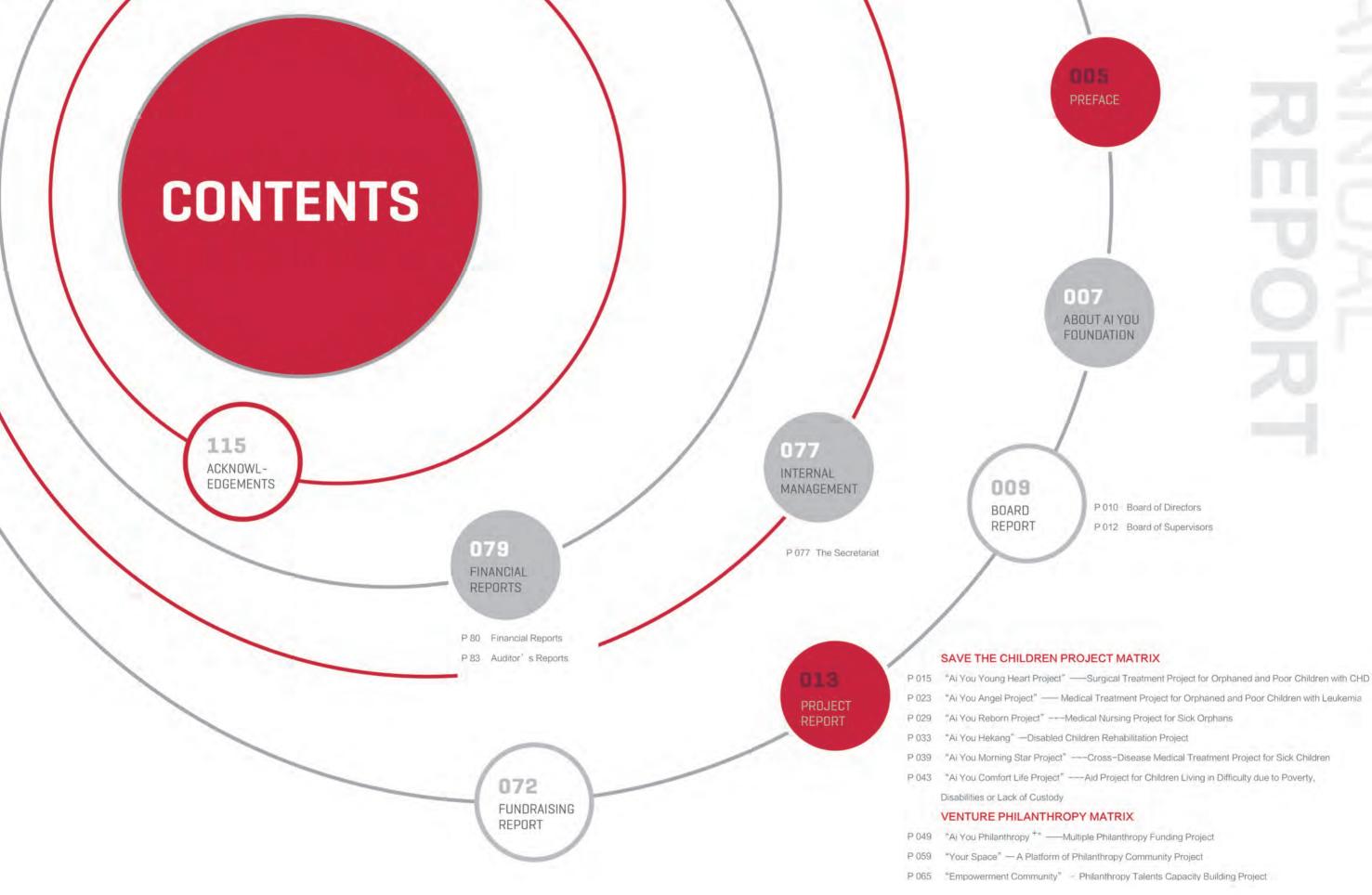


# ANNUAL REPORT





# 2016 ANNUAL Report



P 010 Board of Directors P 012 Board of Supervisors

- P 039 "Al You Morning Star Project" --- Cross-Disease Medical Treatment Project for Sick Children
- P 043 "Ai You Comfort Life Project" ----Ald Project for Children Living in Difficulty due to Poverty,



# PREFACE

In 2016, Donald Trump "surprisingly" became the new president of the United States, The United Kingdom voted to leave the European Union. Moreover, Brazilian President didn't show up during the Rio Olympic Games. China and the whole world launched its first quantum satellite to the space. AlphaGo won the game with a real chess player. Google set up a variety of unmanned driving car in Silicon Valley. Microsoft opened its new platform Wind Holographic. The world changed rapidly, the future imagined by ourselves is just around the corner.

In the past year, Pony Ma confirmed that he will donate 100 million stocks of Tencent Group to charitable works; China launched the Law of Philanthropic Regulations; the total amount of social donations reached to 100 billion RMB. Charity plays the role of transformers for rich people, as well as becomes a part of everyone's daily life.

Ai You also experienced a lot of changes in 2016. It developed a new framework for Ai You Children's saving projects. In addition to keeping the leading role of saving scale, Ai You started the first database for Children who had Congenital Heart Disease (CHD) surgeries. The 3D-printing technology supported by Ai You has been applied to clinical use, and successfully helped two children with complex CHD from Qinghai province. Besides, we made a breakthrough from the traditional project operating method, and started the project of "Children in Need" by combining top design with "light asset" from executive organizations. By the end of 2016, around 50,000 poor and orphaned children had been saved by Ai You projects.

For Ai You Philanthropy <sup>+</sup>, we made some great changes as well. Initially, the grantees of Ai You Philanthropy <sup>+</sup> have been separated to two parts, of which names are called "Ai You Fellows" and "Ai You Start-Ups". The change helps us to not only focus on the leaders in different charitable causes, but also put an eye on those early birds, who just set up their innovative ideas to practice in the charitable field. By the end of 2016, 100 organizations were funded by Ai You Social Venture department. Beyond the multi-dimensional grant-making, we created training plans for charitable operation and skills' development, in order to help our grantees to strengthen themselves in all perspectives.

In 2016, Tesla successfully attracted the focus from all around the world. Thanks to Elon Musk's amazing imagination and great innovation, this new automobile brand surprised the whole world. It left the traditional auto industry behind, and brought new future experience to customers. In 2017, Ai You would like to be a pioneer like Tesla. Six years ago, Ai You used the power of internet to conduct the projects' evaluation, which significantly improved the operational efficiency. Three years ago, we started to develop multi-tasks by not only focusing on scale of philanthropy, but also designing a theory of venture philanthropy with new ideas and creative actions. This year, Ai You will break the boundaries of industries. Philanthropy will no longer be an independent role. It will work together with other industries to welcome the challenge from this era. Impact investment and data philanthropy are not our new expectations. Instead, we need to equip ourselves with mobile internet and artificial intelligence. We anticipate in the near future that philanthropy will become a pioneer industry. Philanthropy will be easily linked to other industries after times of innovations and transformations. Well, this is my wish. Let's start the action and wait the earlier arrival of that day.

Let philanthropy becomes everyone's daily life!



# ABOUT AI YOU FOUNDATION

Ai You Foundation, a 5A level foundation in China established in 2004, is the first registered private foundation in China. Initiated, managed and run by entrepreneurs, Ai You implements various projects across China and promotes the development of the charity cause. Two charity chains, medical rescue project for poor and orphaned children and venture philanthropy project, have been developed by Ai You through exploration and development over the last decade.

On one hand, Ai You attaches great importance to offer medical assistance to orphaned and poor children and has been committed to building itself into the best medical assistance foundation for children in the world. The charity projects it has implemented so far include "Ai You Young Heart Project"-Surgical Treatment Project for Orphaned and Poor Children with Congenital Heart Diseases, "Ai You Angel Project"- Medical Treatment Project for Orphaned and Poor Children with Leukemia. "Ai You Reborn Project"—Medical Nursing Project for Orphaned Child Patients, and "Ai You He Kang Rehab Center"-Rehabilitation Project for Disabled Children. Two new projects were launched in 2016 "Ai You Morning Star Project" —— Severe Medical Treatment Project and "Ai You Wellness Project" -Children in Poverty Assistant Project.

By the end of 2016. "Ai You Young Heart Project" helped and assisted more than 40,000 children with Congenital Heart Diseases; "Ai You Angel Project" assisted over 2.000 children with Leukemia: and rehabilitation centers are open in 12 providences with the "Ai You He Kang Rehab Center" for Autism treatment and rehabilitation. "Ai You Chen Xing Project" saved 198 children with severe disease, with about 3 million expenses from the fund. "Ai You An Sheng Project" has completed the initial planning in 2016 and the pilot programs will be launched in 2017 with many villages' joint efforts to build children welfare service network, serving exceeding 50,000 children with living and development needs. Besides owning two largest-scale children medical assistance projects, Ai You also support clinical researches by medical institutes and to build the first national database of children having surgeries Congenital Heart Diseases'.

On the other hand, Ai You will share its experience of traditional charity project implementation over the last decade, introduce internationally advanced concepts and models and adopt mobile Internet technology to launch the projects of Ai You Philanthropy <sup>+</sup> Program – a multi-dimensional charitable grant-making project; Philanthropy Space – a platform-based project for NGOs; and Empowering Community – a training project for NGOs' leaders.

Ai You aims to provide social enterprises and charity organizations of great social influence with supports in fund, resource development, strategic guidance, management (HR, finance and IT) and brand activities in virtue of the experience and resources it accumulated over the last decade, and thus further push forward the development of China's charity cause. By the end of 2016, Ai You Philanthropy <sup>+</sup> have funded 100 NGOs as its grantees. Philanthropy Space and Empowering Community are two important accessories to support the success of Ai You Philanthropy <sup>+</sup>. These three projects integrate well with each other, and will establish an optimal ecological system for social venture.

After years of innovation, Ai You develop itself from children medical rescue program only to a comprehensive charitable map. "Ai You Model" becomes a familiar word during this process. Ai You strives to development with internet technologies and then realize an efficient integration of resources, in order to frame a new charitable ecology.

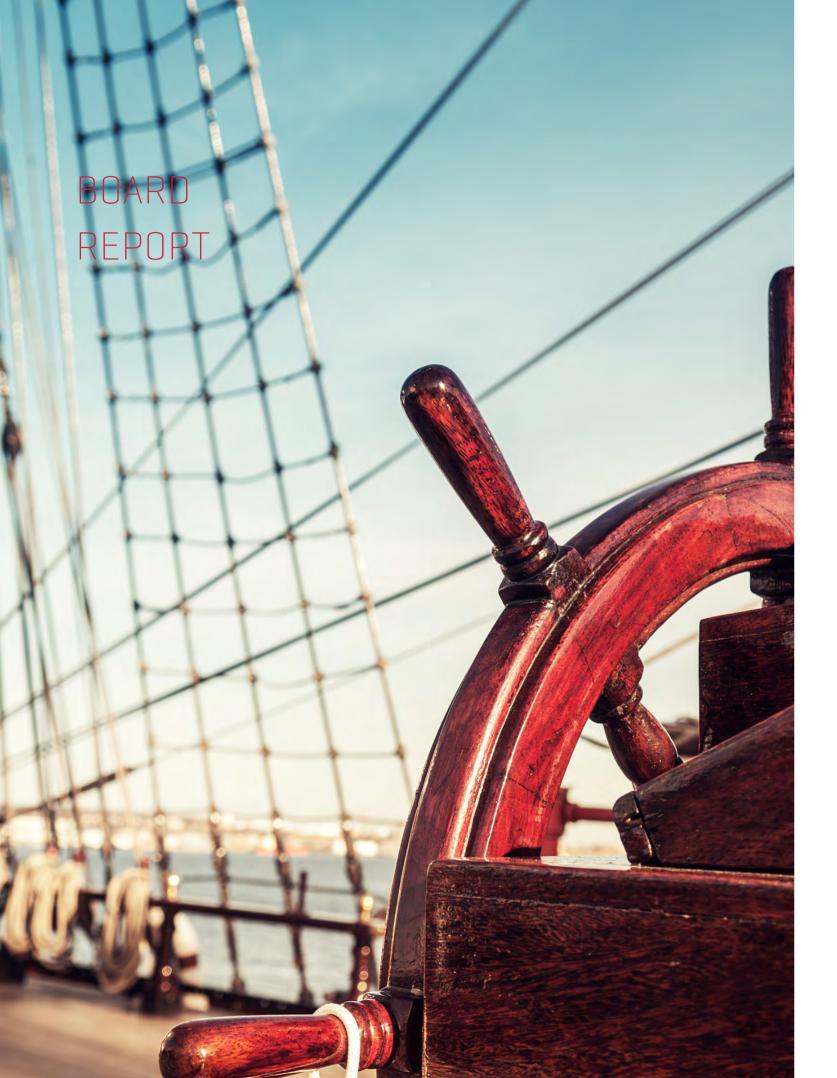
Ai You was awarded twice for "Chinese Philanthropy Award" and the "National Honorable Social Organization of 2015" by Ministry of Civil Affairs of P. R. China. Ai You also ranked No.1 on the foundation list of Forbes

Ai You Foundation, a 5A level foundation in China established in 2004, is the first registered private foundation in China. Initiated, managed and run by entrepreneurs, Ai You implements various projects across China and promotes the development of the charity cause. Two charity chains, medical rescue project for poor and orphaned children and venture philanthropy project, have been developed by Ai You through exploration and development over the last decade.



China in 2015. Several awards for excellent social organizations have been awarded to Ai You from national or regional rating institutions. Additionally, Ai You keeps an excellent record on the rating of transparency. Besides, the annual cross sector forum organized by Ai You allows local and international guests and professionals to get together and discuss the solutions for philanthropic development. The event brings Ai You to serve like a liaison between different social sectors.

Ai You implements enterprise-style management, always persists in specialized, standardized, professional and international development, and pursues transparency, high efficiency and measurable charity effects. Guided by an entrepreneurial spirit, Ai You has continued to innovate and explore new models that can solve social problems, promote the development of the charity sector and produce greater social impact. It has continuously explored concepts and practices that suit the development of the charity cause in China and built on its rich project experience to gradually form a set of unique charity methodologies. The greater value of Ai You's effort lies in that it provides a valuable reference model in China's public welfare and charity field.



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BOARD REPORT

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BOARD REPORT



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Ma Jiangtao I Supervisor Senior Partner & Supervisory Board Director Dacheng Law Offices

SAVE THE CHILDREN PROJECT MATRIX

In the year of 2016, exploration and innovation have been conducted persistently in the domain of "Ai You Save the Children", which have efficiently integrated resources and promoted the formulation and implementation of public policies. "Ai You Young Heart Project" expanded the scope of target diseases species, and built the first nationwide database of children's congenital heart disease in China, established the foundation for clinical research. And "Ai You Angel Project" filled in the blank of domestic and overseas research by building the database of children's degenerative diseases. By acquiring high-quality resources, "Ai You Hekang Rehab Center" extended the project scale and innovated the business model. Meanwhile, it is the first time that Ai You transcend the traditional project operation mode, that is, Ai You initiated the "Ai You Comfort Life Project" with top-level design and executing agencies' "asset-light" operation, which established the basic security guaranteed children welfare system together with the "Ai You Reborn Project". Furthermore, Ai You achieved the full-field coverage of children saving through the "Internet+" and big data, taking the lead in entering the 2.0 era of supporting clinical research.

PROJECT

REPORT



爱佑童心

# "Ai You Young Heart Project" — — Surgical Treatment Project for Orphaned and Poor Children with CHD

## 40,000 +

The number of beneficiaries by the end of 2016

## 7,002

The number of beneficiaries in 2016



## 129 million+

Expenditure for aid work in 2016

## 500 million+

Com. expenditure for aid work

- The cumulative number of beneficiaries exceeded 40,000 by the end of 2016.
- The number of beneficiaries in 2016: 7,002
- Expenditure for aid work in 2016 exceeded RMB 129 million.
- The cumulative expenditure for aid work exceeded RMB 500
- million by the end of 2016.



### Project at a Glance

The incidence of congenital heart disease (CHD) in China is about 7-11%. There are about 110,000 to 180,000 newborns with CHD every year. CHD has been the top cause of death for children under the age of five. However, the improvement of medical technology increases the cure rate of CHD. "Early detection, early diagnosis and early operation" has been the main principle in CHD treatment. With appropriate and timely treatment, most simple CHD can be completely cured. Most complex CHD can be cured anatomically, and with appropriate postoperative rehabilitation, patients can have a satisfactory quality of life. The cost of CHD treatment may range from dozens to hundreds of thousands Yuan. Part of treatment cost can be reimbursed under the current health insurance policies, but such a huge cost is still unaffordable for most families in poverty.

Started in 2006, "Ai You Young Heart Project" is the first philanthropy project launched by Ai You Foundation. Through over a decade of efforts, Ai You Young Heart Project has developed its unique aiding procedures and project management methods, based on an online office platform.

Ai You Young Heart Project has established partnership with a number of prestigious hospitals national wide to ensure quality treatment is provided to CHD children. Funding goes directly from project to designated hospitals, this allows donators' fund to be effectively utilized. Ai You Young Heart Project also partner with designated hospitals, ministries of civil affairs, medical administration authorities in rural areas and other civil organization, that established a robust assistance network to offer medical assistance to orphaned and poor children, so that more sick children in poverty to receive high-quality medical examination and surgical treatment. This allows resources to be complemented and shared and the assistance platform to play an effective role.

Till the end of 2016, "Ai You Young Heart Project" has benefited more than 40,000 children with CHD, remaining itself the largest orphaned and poor children with CHD funding project in the world, causing huge social influence. Meanwhile, Ai You Young Heart Project has developed the first national CHD database in China, and has been improve data acquisition platform. By the end of 2016, the platform has included 11,749 entry of CHD patient data.

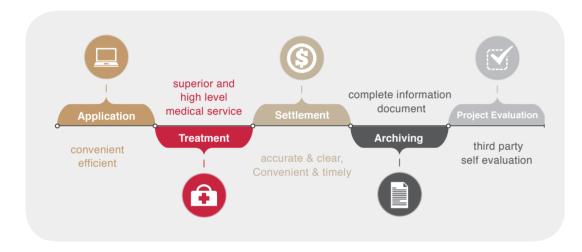
#### **Targeted Beneficiaries**

This project is launched to aid children with CHD aged between 0 and 14 from lower-income households.

#### Project Implementation Process of "Ai You Young Heart Project"

#### Effective Process

Managed based on the process of "application - treatment - settlement - archiving - project evaluation", "Ai You Young Heart Project" uses its on-line office platform to realize remote synergy between designated hospitals and the Foundation, offering an efficient, convenient, opened and transparent assistant track to beneficiaries.



Project Implementation Process of "Ai You Young Heart Project"

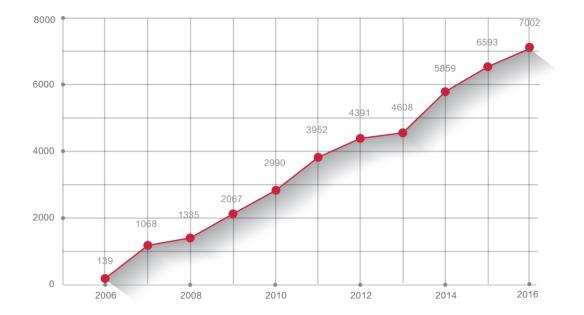
#### Standardized Management

To ensure efficient, transparent work and smooth cooperation, a set of regulations on standardized management has been put into effect. On the exterior side, project team has collaborated with other stakeholders to develop regulations on cooperate process, protocols and agreements, operation methods. On the interior side, project team has developed a series of regulations to manage and evaluate project, making sure that work is well-grounded and well-organized.

#### **Overall Upgrading & Coverage Expansion**

As the world's largest CHD aiding project, Ai You Young Heart Project has expanding its coverage since 2010. By the end of 2015, most types of complex CHDs and all four simple CHDs have been covered by the Project, and continues to expand its coverage and reinforce its support on complex CHDs. In 2015 and 2016, Ai You Young Heart Project has support more than 2,000 children with complex CHDs with cumulative expenditure of more than 60 million Yuan.

## The Number of Beneficiaries of "Ai You Young Heart Project" between 2006 and 2016



## Leveraging social resources, combined with public policy to reduce patients' financial burden

In 2010, aid policies for patients suffered from 4 types of simple CHDs in rural areas were enacted and piloted by Ministry of Health and Ministry of Civil Affairs based on rich experience gained by Ai You and other civil organizations in aid work. In order to fully mobilize social resources and utilize donations in an effective manner, Ai You has maintained cooperation with national health insurance policy - in Henan, Anhui, Hunan, and Jiangxi province, Ai You Young Heart Project has collaborate with medical administration authorities in rural area, relieving their families from financial burden for treatment and increasing the efficiency of donation utilization. What is more, Ai You Young Heart Project has made a cooperation agreement with the new rural cooperative medical service in Heilongjiang, Shanxi province that patients originated from these provinces can receive free CHD treatment.

Ai You has been encouraging designated hospitals to free medical consultation in Western region, and implement inter provincial and local health care reimbursement together with Ai You. In 2016, Ai You Young Heart Project has implemented more than 10 regional medical consultant, making affordable high quality medical services available to patients in Western region.

#### Data, laying the cornerstone of clinical research

Since the implementation of China's first national CHD database in April, 2016, nine prestigious hospitals has uploaded 11,479 entry of CHD surgical data by the end of December, in 2016, the National Council for CHD database management had held its first meeting of the Provisional Management Committee, and had

set up a data quality control team to ensure the authenticity, accuracy and integrity of data entry. Later, in order to improve the data quality and improve data acquisition platform, the data quality control team had conducted a selective examination on Fuwai Hospital, Shanghai children's Medical Center, Guangdong General Hospital and West China Hospital of Sichuan University. This database is available for doctors, genetic scientists, especially data scientists to explore the laws of the disease, and to obtain new knowledge that cannot be obtained by traditional methods via comprehensive, complete and systematic data. Also, Ai You Young Heart Project has tried to cooperate with scientific companies to promote the technology of artificial-intelligence-assisted medical diagnosis based on machine learning and big data, so that the lack and the uneven distribution of medical resources in China can be solved, and children in remote and poor areas can get timely and effective diagnosis and treatment.

#### Introducing third party services to promote the development of medical social workers

In order to improve children's medical experience, Ai You Young Heart Project has introduced third party medical social worker service in the hospital. Pilot project has been implemented in Guangzhou, Shanghai, so that medical social workers can work together with hopsitals to improve quality of service.

Children with complex CHD have longer period of recovery and higher risk of death after surgery. Parents can be extremely emotional vulnerable, or even experience mental collapse. They are in urgent need of social services such as emotion counselling or grief counseling.

For children with a long recovery period, social workers use stationery package to promote children and their family's emotion expression during the ward visits. In addition, social workers also link to other foundations and media coverage for cases of particularly difficult and high cost of postoperative cases.

#### Support pediatric development, pilot pediatrician training

The amount of pediatricians in China is significantly insufficient, the distribution is uneven, the level varies, and the loss of expertise is serious. In addition to the standardized training system for pediatricians, Ai You Young Heart Project has provided a systematic training support for the specialist. Based on the need of hospitals, the project uses a variety of methods to achieve the development of pediatricians. Meanwhile, the project has implemented a ladder training program to cover more primary hospitals. The project has been carried out with the Shanghai Children's Medical Center, SJTU, The Children's Hospital, Zhejiang University School of Medicine to carry out a variety of models of medical training pilot cooperation to explore the pediatrician training path.

### List of Members of "Ai You Young Heart Project" Expert Committee (in alphabetical order)

An Qi	West China Hospital, Sichuan University	Liu Jinfen	Shanghai Children's Medical Center, SJTU
Chen Jimei	Guangdong General Hospital	Liu Yinglong	Beijing Anzhen Hospital, Capital Medical University
Chen Rui	Shanxi Children's Hospital	Wang Huisha	<b>n</b> Shenyang General Hospital, PLA
Dong Nianguo	Union Hospital, Tongji Medical College, Huazhong University of Science and Technology	Yi Dinghua	The First Affiliated Hospital of the Fourth Medical University of PLA
Gu Hong	Beijing Anzhen Hospital, Capital Medical University	Yu Shiqiang	The First Affiliated Hospital of the Fourth Medical University of PLA
Hua Yimin	West China Second University Hospital	Zhang Haibo	Shanghai Children's Medical Center, SJTU
Li Shoujun	Fuwai Hospital for Cardiovascular Diseases, CAMS & PUMS	Zhang Zewei	The Children's Hospital, Zhejiang University School of Medicine





List of Designated Hospitals of "Ai You Young Heart Project" 2016 (in alphabetical order)

# North China Hua Xin Hospital The First Hospital of Hebei Medical University Children's Hospital of Hebei Province Beijing Anzhen Hospital, Capital Medical University Beijing Children's Hospital, Capital Medical University Shanxi Children's Hospital Cardiovascular Hospital of Shanxi Province The First Hospital of Shanxi Medical University The Second Hospital of Shanxi Medical University Fuwai Hospital for Cardiovascular Diseases, CAMS & PUMS Navy General Hospital Air Force General Hospital, PLA Chinese PLA General Hospital (301)

## East China

Anhui Provincial Children's Hospital

Anhui Provincial Hospital

Jinan Military Cardiovascular Hospital (Research Institution)

Jiangxi Provincial Children's Hospital

Nanjing Children's Hospital

Qingdao Women and Children's Hospital

Shandong Provincial Hospital

Shanghai Changhai Hospital

Shanghai Children's Medical Center, SJTU

Xin Hua Hospital Affiliated to Shanghai Jiao Tong University School of Medicine

Children's Hospital of Shanghai

Shanghai Tongji Hospital

The Children's Hospital, Zhejiang University School of Medicine

## Northeast China

The 1st Affiliated Hospital of Harbin Medical University

The 2nd Affiliated Hospital of Harbin Medical University

The Second Hospital of Jilin University

The Jilin Heart Hospital

Shenyang General Hospital, PLA

#### South China

Fujian Medical University Union Hospital

Guangzhou Women and Children's Medical Center

Guangzhou General Hospital, PLA

Guangzhou General Hospital

The First Affiliated Hospital of Guangxi Medical University

Haikou People's Hospital

Shenzhen Children's Hospital

### Southwest China

First Affiliated Hospital of Kunming Medical University (Yunda Hospital)

First People's Hospital of Yunnan Province (Kunhua Hospital)

Kunming Tongren Hospital

Xingiao Hospital, Third Military Medical University of Chinese PLA

The designated hospitals may be subject to change, the latest list of designated hospital on our official website should prevail in case of any difference.



### Central China

Union Hospital, Tongji Medical College, Huazhong University of Science and Technology

Henan Provincial Chest Hospital

Hunan Children's Hospital

Wuhan Asia Heart Hospital

The Second Xiangya Hospital of Central South University

#### Northwest China

The First Hospital of Lanzhou University

The First Affiliated Hospital of the Medical College, Shihezi University

Xinjiang Hospital for Cardiovascular and Cerebrovascular Diseases

The First Affiliated Hospital of the Fourth Medical University of PLA (Xijing Hospital)

Urumchi General Hospital, Lanzhou PLA

#### Yan'an Hospital of Kunming City

The Third Affiliated Hospital of Third Military Medical University of Chinese PLA (Daping Hospital)

West China Hospital, Sichuan University

West China Second University Hospital

## "Ai You Angel Project" — Medical Treatment Project for Orphaned and Poor Children with Leukemia



10,472

The number of accumulated remittance as of Dec. 31, 2016

752 The number of new beneficiaries in 2016



# 爱佑天使

## 60 million+

The cumulative expenditure for aid work in 2016

21 million+ Expenditure for aid work in 2016

# 2,170

The number of beneficiaries with leukemia as of Dec. 31, 2016

- The cumulative number of beneficiaries with leukemia exceeded 2,170.
- The cumulative remittance for aid work as of Dec. 31, 2016 exceeded 10,427.
- The cumulative expenditure for aid work exceeded RMB 60 million
- The number of new beneficiaries in 2016 reached 752.
- The expenditure for aid work in 2016 exceeded RMB 20 million

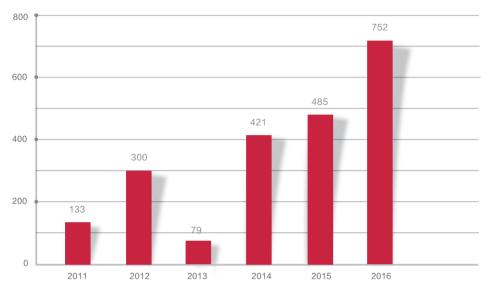


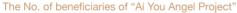
#### Project at a Glance

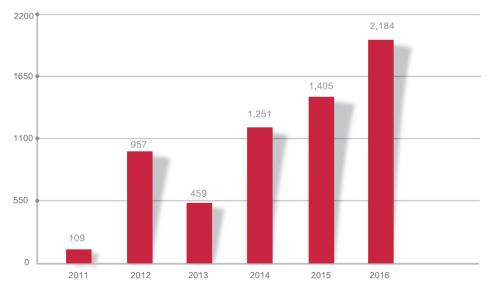
According to statistics released by health authorities, there are approx. 16,000-20,000 children diagnosed with leukemia every year in China. The childhood leukemia has been one of the major diseases threatening the health of children in our country. The lengthy cycles and high medical expenditure make many families flinched. "Ai You Angel Project" covers acute lymphoblastic leukemia (ALL) and acute promyelocytic leukemia (APL/M3) that account for 75-80% of childhood leukemia, and mobilizes social resources to help these poor children with leukemia pull through. Ai You Angel Project has established cooperation with 12 leading medical institutions in childhood leukemia treatment in North China, East China, Central China, South China, Southwest China, etc., and medical resources radiated out from these regions allow more children to have access to medical resources. Additionally, the project keeps optimizing and upgrading its operation platform to operate platform-based real-time communication and timely feedback giving with designated hospitals, providing beneficiaries with more efficient and convenient service. Using the multicenter cooperate group to research and improve the treatment level of bone marrow failure diseases. "Ai You Angel Project" is shifting from financial aid for leukemia children to solving the social issue of children blood diseases.

#### 2016 ANNUAL REPORT

Ai You Angel Project funded 752 patients in 2016 with an expenditure of 20.15 million Yuan. By the end of Dec. 2016, the cumulative number of beneficiaries with leukemia has exceeded 2,170, the cumulative remittance for aid work as of Dec. 31, 2016 exceeded 10,427, and the cumulative expenditure for aid work has exceeded 60 million Yuan.





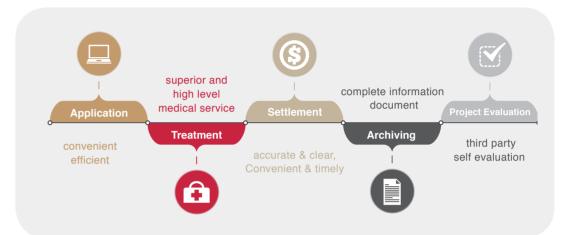




#### Targeted Beneficiaries

Approved children under the age of 14 from low-income household, receiving ALL (low risk and medium risk) or APL/M3 treatment (low risk and medium risk) in 12 designated hospitals nationwide.

#### **Project Implementation Process**



The Expert Committee of "Ai You Angel Project" held the second meeting on May, 2016. The Expert Committee discussed the present situation and future development of children's blood diseases, also agreed on establishing a children's blood disease research center of cooperation and implementing multicenter cooperation platform. Ai You Angel Project intends:

- form of single children blood disease;
- To popularize and standardize clinical diagnosis and treatment;

# domestic and foreign research

Ai You Angel Project decided to establish a children bone marrow failure data base in the form of multicenter group. The group involves several leading domestic hospitals including Blood Disease Hospital, CAMS (Hematology Research Institution), Shanghai Children's Medical Center, SJTU, West China Second University Hospital of Sichuan University, Children's Hospital of Chongqing Medical University, and Nanjing Children's Hospital. In order to promote the standardization of diagnosis and treatment, carry out training and education for medical professionals, implement patient education activities, the Expert Committee believe that the database can upgrade children's disease diagnosis and treatment level, and ultimately benefit the majority of the children and their families. The children's bone marrow failure disease database has been set up by the end of 2016, and has laid a solid foundation for the next step of the project.

PROJECT REPORT

• To promote the establishment of the domestic children's blood disease data registration system in the

• By helping to take the form of basic skills training to improve the level of grassroots doctors and clinics.

#### Set up a multi-center collaborative group of children bone marrow failure disease to fill gaps in



#### Funding research projects to promote the upgrading of treatment level

In 2016, Ai You Angel Project funded 6 pediatric hematology research projects with an accumulated expenditure of 1.95 million Yuan. Some have been included in The European Hematology Association (EHA) Congress, attracting attention of the international counterparts. Ai You Angel Project expect to improve the treatment level of blood disease through funding research projects and implementing multi-center project of bone marrow failure disease.

#### Mobile office platform to further improve efficiency

On the basis of the whole chain of office platform, Ai You Angel Project developed the mobile terminal APP in 2016. This APP can facilitate hospitals to submit application materials more efficiently, also to further shorten the waiting time of reviewing. In the future, Ai You Angel Project will continue to optimize the application platform in order to become more efficient, easier-accessible and more user-friendly.

#### List of Members of "Ai You Angel Project" Expert Committee (in alphabetical order)

Chen Jing	Shanghai Children's Medical Center, SJTU
Hu Shaoyan	Children's Hospital of Soochow University
Jiang Hua	Guangzhou Women and Children's Medical
Jin Runming	Union Hospital, Tongji Medical College, Hu
Lin Yudeng	Blood Disease Hospital, CAMS (Hematolog
Tang Yongmin	The Children's Hospital, Zhejiang University
Yu Jie	Children's Hospital of Chongqing Medical U
Zhai Xiaowen	Children's Hospital of Fudan University
Zheng Huyong	Beijing Children's Hospital, Capital Medical
Zhu Xiaofan	Blood Disease Hospital, CAMS (Hematolog
Zhu Yiping	West China Second University Hospital of S

#### List of Designated Hospitals of "Ai You Angel Project" 2016 (in alphabetical order)

Beijing Children's Hospital, Capital Medical University Children's Hospital of Capital Children's Disease Research Institution Children's Hospital of Fudan University Guangdong General Hospital Shanghai Children's Medical Center, SJTU

Union Hospital, Tongji Medical College, Huazhong University of Science and Technology

al Center
uazhong University of Science and Technology
gy Research Institution)
y School of Medicine
University
l University
gy Research Institution)
Sichuan University

Children's Hospital of Chongqing Medical University Children's Hospital of Soochow University Guangzhou Women and Children's Medical Center The Children's Hospital, Zhejiang University School of Medicine West China Second University Hospital of Sichuan	Blood Disease Hospital, CAMS (Hematology Research Institution)		
Guangzhou Women and Children's Medical Center The Children's Hospital, Zhejiang University School of Medicine West China Second University Hospital of Sichuan	Children's Hospital of Chongqing Medical University		
The Children's Hospital, Zhejiang University School of Medicine West China Second University Hospital of Sichuan	Children's Hospital of Soochow University		
The Children's Hospital, Zhejiang University School of Medicine West China Second University Hospital of Sichuan			
Medicine West China Second University Hospital of Sichuan	Guangzhou Women and Children's Medical Center		
West China Second University Hospital of Sichuan	The Children's Hospital, Zhejiang University School of		
	Medicine		
Line is smaller.	West China Second University Hospital of Sichuan		
University	University		

爱佑新生

## "Ai You Reborn Project" -- Medical Nursing Project for Sick Orphans

7,128 The cumulative number Of beneficiaries by the end of 2016

**2,759** The number of beneficiaries in 2016



## 6,367

The cumulative number of beneficiaries finished their nursing period by the end of 2016

903 The total number of beds

- The cumulative number Of beneficiaries by the end of 2016: 7,128
- The number of beneficiaries in 2016: 2,759
- The total number of beds; 903
- The cumulative number of beneficiaries finished their nursing
- period by the end of 2016: 6,367



#### Project at a Glance

According to China Children Welfare Policy Report 2014, the number of orphans among China's vulnerable children increased to 574,000 in 2013. More than 80% of these orphans suffered from severe congenital diseases and most of them are in serious conditioned that need timely treatment, professional nursing care and rehabilitation training.

In recent years, China has increased its input on children welfare institutions and children caring sections of social welfare institutions. Supported by the Ministry of Civil Affairs' Blue Sky Program, welfare institutions across the country have improved their infrastructure. In addition, government departments and civil affairs authorities at all levels have continuously raised the living standards for orphans. Thanks to the Tomorrow Program for sick orphans, there has been a marked improvement of the living conditions for sick and disabled orphans. However, due to regional difference in medical treatment level, limited operating funding and staffing, orphans suffering from dread diseases in some regions are still unable to receive quality medical assistance in time, and those who received medical assistance cannot receive professional preoperative and postoperative nursing care. Premature infants and physically weak orphans newly admitted into hospital have no access to professional nursing care, and children suffered from cerebral palsy and other congenital disabilities cannot be cured through surgery and are in urgent need of high-level medical rehabilitation.

In September 2011, Ai You Foundation launched "Ai You Reborn Project"--medical nursing project for sick orphans. By setting up independent and embedded nursing centers, the project aims to offer special rearing, surgical treatment and nursing care for rehabilitation of orphans suffered from diseases, save their lives and help them to get a fresh start and go for a bright future. In the past 5 years, the project has developed rehabilitation centers that radiate out across the country from 15 provinces, cities and municipalities in China, effectively solving the common short-handed problems, also known as "last spoon gap", in welfare institutions and greatly increasing level of nursing care for orphaned and poor children.



"Ai You Reborn Project" has offered aid to 7,128 orphans suffered from disease as of Dec. 31, 2016, among which 6,367 beneficiaries finished their nursing period and got a fresh start for their life, and the remaining 761 beneficiaries are still received nursing-care service.

#### **Target Beneficiaries**

Sick orphans under the age of 14, required preoperative and postoperative nursing care, approved to be listed among beneficiaries of Tomorrow Program after application;

orphans aged between 0 and 3, newly accepted by welfare institutions, required special nursing care due to premature delivery, physical weakness, congenital disability or other reasons;

orphans identified to be in need of special nursing care upon examination by other foundations.

#### Create a Communicative Platform and Improve the Professionalism of the Whole Network

In 2016, aiming to solve the problems caused by regional difference in children nursing level and management level, "Ai You Reborn Project" utilized its own resources to set up a network for mutual communications and learning among its children nursing centers. Through online consultations and offline tutorial guidance, the network encourages children nursing centers to be engaged in boarder information exchange in fields of know-how, managerial skills, giving publicity and fund raising, thereby the staff's passion, professional ability and management skills would be enhanced.

#### Open up High-quality Resources and Offer Joint Aid Cross-regionally

We bring the high-quality medical resource in Beijing and Shanghai into full play and radiate its advantages to children's welfare institutions across China, especially, to the "Ai You Reborn" children nursing centers in other cities. We offer medical aid to orphans with complex diseases or sick orphans with diseases that is hard to treat in their local hospitals. Furthermore, the intensive post-surgical care help the children get out of pain as soon as possible, recover and reborn.

#### Refine the Values of the Project and Strengthen the Internal Cohesion among Caregivers

In 2016, "Ai You Reborn Project" not just has gained improvement in professionalism of nursing care through exchanges and training, but also has been refining values through multiple channels. We held a "Beautiful Mum Contest" and a publicity campaign called "A Moment of Love" in order to raise public awareness for caregivers and also enhance their own values, thereby to strengthen the internal cohesion among caregivers as well as enable them to better identify their Mum's role in their work so as to take good care of every single child.

#### Appendix: List of Nursing Centers

Nursing Center
Shanghai Baby Home
Beijing Baby Home
Nanjing Children Nursing Center
Chengdu Children Nursing Center
Chongqing Children Nursing Center
Urumqi Children Nursing Center
Wuhan Children Nursing Center
Kunming Children Nursing Center
Nanchang Children Nursing Center
Jinan Children Nursing Center
Guangzhou Children Nursing Center
Ningxia Children Nursing Center
Xi' an Children Nursing Center



Partner
FAW–Volkswagen Audi
Beijing Watertek Co., Ltd.
Alibaba Charity Foundation
Tencent Foundation
Vanke Charity Foundation
Shanghai Haifeng Container Shipping Co., Ltd.
Ai You (HK) Foundation
Shanghai Red Avenue Foundation

## "Ai You Hekang" -- Disabled Children Rehabilitation Project



451 Trained organizations



# 爱佑和康

Hubei, Anhui, Ningxia, Hunan Shenzhen, Beijing, Yunnan, Guangxi, Shanxi

2016 Ai You Hekang Project organized several provincial training sessions

704

- Trained teachers
  - Until the end of 2016, Hekang Project has built 4 autism children rehabilitation

centers, 2 provincial DPF( Disabled Persons' Federation) rehabilitation centers, and carried out training programs and relative technical promotion with 7 provincial

- Disabled Persons' Federations.
- Number of the teachers in all the Hekang rehabilitation centers. 77
- Numbers of children in the training sessions until the end of 2016: 592
- Until the end of 2016, the total amount of Children helped by Hekang project: 1,250.
- In 2016, 9 provincial training sessions were organized, 451 organizations joined the trainings, 704 teachers were trained, 25,962 children have benefited from the training sessions.



#### Project at a Glance

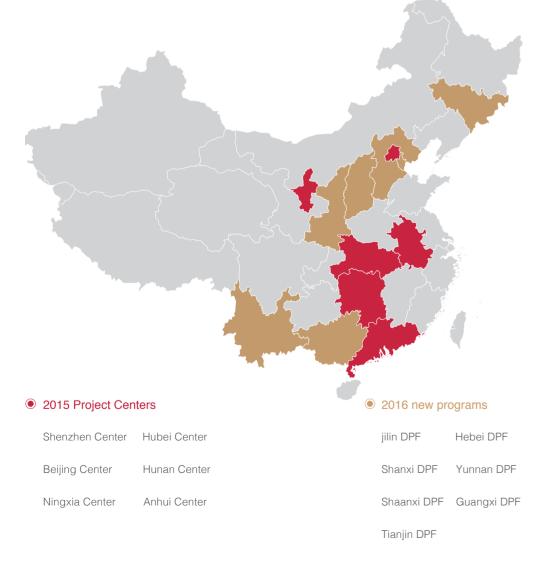
In June 2016, Ai You Foundation and Tencent Foundation jointly initiated "Ai You Hekang"—Disabled Children Rehabilitation Project, devoted to providing professional and high-level rehabilitation services to special children and their families.

Currently, China has a large number of children with autism and cerebral palsy but faces quite a few problems including insufficient rehabilitation service institutions, uneven level, a lack of social resources, heavy burdens imposed on families and many other problems. "Ai You Hekang" Project aims to develop high-level and professional team by introducing advanced rehabilitation philosophy and technological system from abroad and then found a series of chain rehabilitation service institutions that provide high-level and professional comprehensive services to disabled children and their families. Through scientific evaluation and systematic intervention training, these institutions can tap potentials of these special children and help them to develop abilities of living independently and integrate into the mainstream society; at the same time, they have led and promoted the development of China's rehabilitation for these children through high-level demonstration institutions and industrial training. In addition, it is expected to popularize relevant rehabilitation knowledge and technology by widely spreading the social significance of rehabilitation work. It advocates the society to devote attention and supports to disabled children and their families and solve this social problem from multiple perspectives, thereby creating a promising future to these children and their families.

#### Project Expansion

"Ai You Hekang" Project refers to the previous successful cooperation experience and continues to explore and make innovations to project cooperation mode by adopting the new strategy of introducing the world's advanced rehabilitation technology and organize trainings. By taking use of the resource sharing mechanism of the Ai You Hekang project, we have successfully introduced US authoritative autism experts to involve in technological promotion and training. Full use have been made to the existing resources of Ai You and the Disabled Persons' Federations to form complementary advantages so as to seek new direction for the project development.

In 2016, Hekang Project continues to explore the new cooperation mode with provincial DPFs and actively look for new partners. With the spreading of cooperation effect between "Ai You Hekang" and Ningxia, Hunan and Anhui Provincial DPFs, the year of 2016 witnessed the project signed the cooperation agreement with Guangxi, Yunnan, Shaanxi, Shanxi, Hebei, Jilin and Tianjin Provincial DPFs. In 2017, its coverage will be further expanded. The impact on beneficiary population and the autism development will be more significant.



#### **Business Innovation**

#### Introduction of International Advanced Rehabilitation Techniques

With the continuously maturity of centers' businesses, the project reconsiders from the whole industrial development of autism so as to address the problems including insufficient advanced technicians in China's autism rehabilitation field, as well as uneven rehabilitation level of institutions in different regions. At the same time, it can enhance the rehabilitation theoretical and technological level of autism rehabilitation backbone teachers and ensure rehabilitation quality and effect. The project started in-depth cooperation with foreign autism scientific research institutions, universities and industrial organizations. Cooperation relationships have been established with three US autism authoritative organizations:

- Koegel Autism Consultants of UC Santa Barbara, California University
- TEACCH Autism Consultants of University of North Carolina at Chapel Hill
- CBEM of California

We have regularly invited US experts to visit China and work together with provincial DPFs to promote training and the improvement and development of domestic rehabilitation of children with autism. At the same time, the project is still actively looking for new partners. We are negotiating with Columbia University, University of Belfast and US B. F. Skinner Foundation and other institutions.





Until the end of 2016, Ai You Hekang has organized 9 autism related international training courses cooperated with 9 provincial DPFs. 704 teachers from 451 organizations joined the trainings, and 25,962 children have directly benefited from the training sessions.

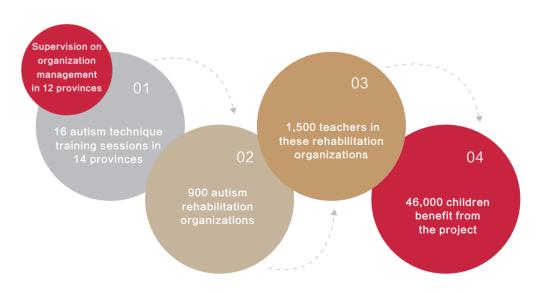
#### Jointly organizing international training courses on autism rehabilitation techniques



### Development of Autism Curriculum System

Based on the analysis of front-line rehabilitation teachers' needs for autism rehabilitation technological trainings and faced with a lack of systematic and standardized autism training courses, Hekang Project carefully combed out information about domestic autism rehabilitation technologies and experts at the beginning of 2016. After that, it negotiated with China Association of Rehabilitation of Disabled Persons, Autism Professional Committee of Zhongkang Association, Professional Applied Behavior Committee of Zhongkang Association and Peking University Sixth Hospital to jointly develop professional training course system that meets needs of domestic autism rehabilitation business development. The course is jointly developed by core experts of Autism Professional Committee of Zhongkang Association and Peking University Sixth Hospital and will be implemented through provincial faculty training organized by Hekang Project and provincial associations for disabled persons.

#### Project Plans for 2017



"Ai You Morning Star Project" — — Cross-Disease Medical Treatment Project for Sick Children





爱佑晨星

3 million+ The total project expenditure by the end of 2016

- The number of beneficiaries in 2016: 198
- The total project expenditure by the end of
- 2016 is more than 3 million RMB



#### Project at a Glance

"Ai You Morning Star Project" is a cross-disease medical treatment project aims at treating various children's diseases with good prognostic effect. Currently the disease scope of the project consists of 18 diseases, including birth-defect diseases, solid tumor and premature babies. In the whole children aid project chain of Ai You, "Ai You Morning Star Project" came first on the list to break the boundaries among diseases and put multiple hospital departments in collaboration. To the maximum extent, the project helps the orphaned and poor children to recover. The project saves so many little ones' life by supporting their poverty-stricken families to survive the toughest therapeutic phase, and it rekindles fire of hope for those families that are struggling in misery.

### **Target Beneficiaries**

Sick children under the age of 14 who have been treated in the 6 national designated hospitals and whose disease is within the disease scope , the children should come from poverty-stricken family and be approved by the project after application.

#### 2016 ANNUAL REPORT

#### Disease Scope of the Project

• Diseases of nervous system: congenital hydrocephalus and meningocele

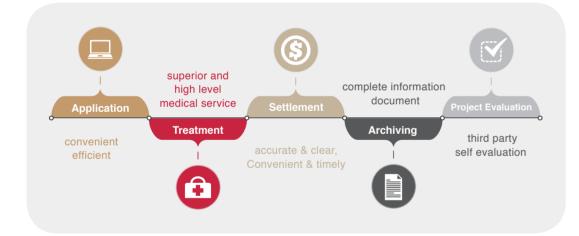
• Diseases of digestive system: congenital esophageal atresia, congenital esophagostenosis, congenital megacolon, congenital biliary atresia, congenital choledochus cyst, congenital enteric atresia, anal atresia, necrotizing enterocolitis, meconium peritonitis.

• Diseases of musculoskeletal system: congenital dislocation of the hip joint, congenital talipes equinovarus, congenital diaphragmatic hernia, gastroschisis, pcromphalus, craniofacial deformity.

• Children's solid malignant tumor

• Premature babies

#### **Operation Process**



#### **Project Management**

Due to the fact that a wider scope of diseases and more hospital departments are involved in "Ai You Morning Star Project", a bigger challenge also emerged in project management level. Ai You rises to the challenge by providing guidance and support to hospital's social work department and other charity related departments, promoting each department to work in coordination with the unified leadership from the hospital level. By doing this, not only the project management effect are enhanced but also a talent pool is established for next step's social work service. In the future, relying on the rich domestic medical resources for children, Ai You will keep taking up more hospitals with capacity and willingness into the "Ai You Morning Star Project" through strict selection. We look forward to more partners who are interested in our project to joining us in bringing hope into life of more sick children and their families.

#### A Story of the Quadruplets

5 PM, July 7th, 2016, in Fudan University Affiliated Maternity Hospital, Ms. Wu, a 29 year-old lady from Jiangxi Province, gave birth to quadruplets girls through cesarean section. The four girls are identical quadruplets through natural pregnancy, the chance is 1/15000000 globally according to the reporting. All of them were premature babies, additionally two of the four girls were infants of very low birth weight, and the other two girls were of extreme low birth weight. All of them had breathing and feeding difficulties in different degrees. The quadruplets were sent to Fudan University Affiliated Children's Hospital for rescue immediately. According to Ms. Wu, their family considered the birth of the quadruplets as luck but also as burden at the same time because the medical expense had exceeded RMB 400,000. In order to save these four little fragile lives, Ms. Wu's family applied "Ai You Morning Star Project" under the help of the hospital. Through strict audit and review, the quadruplets got sponsorship from Ai You and left the hospital with their parents eventually. This family regained their yearning and hoped for a better life.



## List of the 2016 Designated Hospitals of "Ai You Morning Star Project" (In the order of Pinyin)

- Fudan University Affiliated Children's Hospital
- Guangzhou Women and Children's Medical Center
- West China Hospital, Sichuan University
- Nanjing Children's Hospital
- Zhejiang University School of Medicine Affiliated Children's Hospital

PROJECT REPORT



Shanghai Jiao Tong University School of Medicine Affiliated Shanghai Children's Medical Center

## "Ai You Comfort Life Project" — — Aid Project for Children Living in Difficulty due to Poverty, Disabilities or Lack of Custody

Provide multilevel aid and services for the children living in difficulty including living assistance, medical treatment, parenting care, psychological support, schooling, and other forms of assistance



# 爱佑安生

Introduce and promote advanced ideas and skills to aid children living in difficulty.

Explore efficient service mode to aid children living in difficulty, and promote the legislation on the protection of children's rights.



### Project at a Glance

According to the statistics from the 6th China census of population, the country has around 610,000 "de facto orphans". Besides other children living in difficulty, the number of national children living in difficulty estimated by the Ministry of Civil Affairs is around 1 million. According to the media reporting, in Bijie Guizhou in 2012, 5 left behind children lost their lives when setting fire to warm themselves in dustbin. In June 2013 in Nanjing, a 3 year-old girl and her 1 year-old little sister dead from starvation in their own home because they were abandoned by their drug-addicted Mum. In August 2013 in Harbin, a father put four steel needles into his daughter's viscera only because he wanted to have a boy rather than girl... However these miserable stories are just the tip of the iceberg, a large group of children are facing severe survival, developmental and security problems due to the lack of or improper family custody or other family difficulties and they are in urgent need for special attention from the whole society.

In developed countries, there is a mature children protection system co-constructed by government, nongovernmental organizations and communities. However in China, there is a lack of system for children's security and welfare protection, the capital investment in children's welfare development is also very low, and the values of children's needs and development have not become a shared value of the whole society. The mode of our children's protection and aid is still at the exploratory stage.

#### **Target Beneficiaries**

"de facto orphans", left-behind children, migrant children, children who grow up in poverty and thus have poor access to medical treatment or education, children who are subject to abuse abandonment, or accidental injuries for lack of or improper family custody.

#### **Project Objectives**

• Provide multilevel aid and services for the children living in difficulty, including living assistance, medical treatment, parenting care, psychological support, schooling, and other forms of assistance.

• Introduce and promote advanced ideas and skills to aid children living in difficulty.

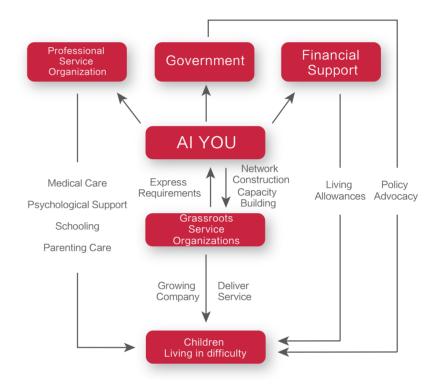
• Develop and cultivate a group of capable grassroots/community organizations to serve the children living in difficulty.

• Explore efficient service mode to aid children living in difficulty, and promote the legislation on the protection of children's rights.

#### **Operation Mode**

Ai You set up service network in grassroots units/communities where children living in difficulty are concentrated in, by doing that, we try to build an aid protection mode and mechanism for children living in difficulty. Therefore the children's survival, educational and developmental problems will be solved timely and effectively, furthermore the protection of children's rights will be promoted.

This is the very first time that Ai You adopts the "asset-light mode" into its project design process. In practice of the mode, Ai You is committed to the top-level design of the project, and it selects the local children's aid organizations through public offering, professional evaluation and on-the-spot investigation, to become Ai You's local executive partner so as to offer aid to children from the grassroots communities. Through the execution of the project, Ai You could give the best play to its advantages of resources integration, project management, and professional qualities in children's aid and etc. to offer effective solutions to the problems that emerge in childhood of children living in difficulty. At the same time, a group of capable executive partners are incubated in grassroots communities, so the project could be carried out with long-term stability and efficiency.



#### **Project Updates**

In 2016, project design was completed and the public offering for project executive party was launched. By the end of 2016, we achieved preliminary cooperation intentions with several organizations including the China Philanthropy Research Institute of Beijing Normal University and Beijing Pulei Social Work Service Center, etc. In 2017, in collaboration with our partners, "Ai You intends to carry out pilot work in more than 100 villages in Yunnan, Guizhou and Sichuan. We will set up grassroots service network to promote children's welfare, and the anticipated number of beneficiaries is more than 50,000 children in survival needs or developmental needs.

## VENTURE PHILANTHROPY PROJECT MATRIX

After years of development, Ai You Venture Philanthropy Matrix was improved gradually. "Ai You Philanthropy<sup>+</sup>" Project, a project that the representative organizations selected according to multiple filtering criteria could be provided with multi-dimensional funding and capacity coaching, had funded 100 organizations by the end of 2016. Meanwhile, Ai You, constructing a value sharing platform for philanthropy with mobile internet thinking, operated "Your Space" (a platform-based charity community project) and "Empowerment Community" (a capacity building project for the philanthropy's professionals), which effectively supplemented "Ai You Philanthropy together.

Your Space





Ai You

Philanthropy

Empowerment Community

> 047 048

## "AI YOU PHILANTHROPY +" – – MULTIPLE PHILANTHROPY FUNDING PROJECT



8 Philanthropy Domains 85

Sub-domains

100 Number of Organizations funded by Ai You Venture Philanthropy Project by 2016



31.2% Average Growth Rate of Revenue

## 167 million+

Total Revenue of 30 Organizations

- Number of Organizations funded by Ai You Venture Philanthropy
   Project by the end of 2016: 100
- Number of Philanthropy Domains. 8 Number of Sub-domains.85
- By the December of 2016, 30 organizations had been funded by "Ai You Philanthropy<sup>+</sup>" over 1 year; and the average growth rate of their revenues was 31.2%, while their total revenue reached ¥ 167 million.

#### Project at a Glance

"Ai You Philanthropy<sup>+</sup>" is a venture philanthropy project which was launched by Ai You Foundation in June 2013. On the basis of the experience and resource gained for years, Ai You assist social organizations in constructing more effective structures and generating profound social influence, by providing various supports in the areas of customized fund, resource enhancement, strategic guidance, management (human resource, financial affairs, IT) coaching, and brand activities etc.

In 2016, "Ai You Philanthropy<sup>+</sup>" was elaborately separated; that is, based on the "Philanthropy<sup>+</sup> Fellow" funding mode, the funding mode named "Philanthropy<sup>+</sup> Maker" was developed. "Philanthropy<sup>+</sup> Maker" expect to seek those start-up or booming philanthropy organizations with satisfactory prospect, and provided those organizations with funds in favor of their development.

EVENTS





#### Funding Mode of "Philanthropy + Fellow"

Amount: ¥ 300,000 /Year	\$	0	∧v
Period: 3 Years	¥ 300,000 /Year	3 Years	Non-directional
Use: Non-directional	Amount	Period	Use

#### Criteria for "Philanthropy + Fellow"

• Non-profit organization registered as private non-enterprise or social association, and the enterprise restricting its business scope to philanthropy and committing no dividend payment in its articles.

- Organization in the booming or strategy-upgrading stage
- Applicants satisfying the requirements below could have priority
- 1) Organization possesses significant impact in specific philanthropy domain.
- 2) Organization's main business, achieving effective preliminary practices, belongs to the area with great demand.
- 3) Organization's business model is considered to be distinct and possesses the potential for replication.





## Funding Mode of "Philanthropy + Maker"



#### Criteria for "Philanthropy + Maker"

• Non-profit organization registered as private non-enterprise or social association, and the enterprise restricting its business scope to philanthropy and committing no dividend payment in its articles.

- Organization in the start-up or booming stage
- Applicants satisfying the requirements below could have priority
- 1) Organization's business fills in the blank, or is close to public life.
- 2) With innovative business model, organization possesses philanthropy-light attributes.
- 4) Meritorious philanthropy performance.



3) Organization possess good capacity for public mobilization, or performance actively and continually in public.

## APPLICATION

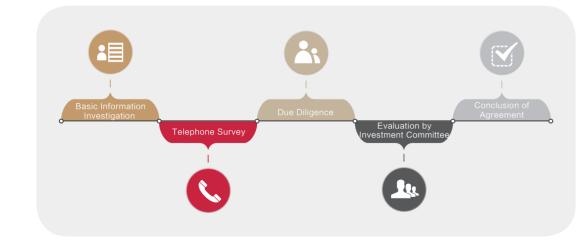


Recruitment Time: open perennially, examine and approve quarterly.

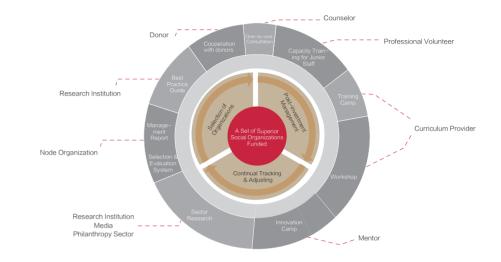
Recruitment Entry: On-line application through http://yiping.ayfoundation.org, 2 options, "Philanthropy +"and "Philanthropy + Maker", can be seen following registration.

#### PROCESS

Basic Information Investigation  $\rightarrow$  Telephone Survey  $\rightarrow$  Due Diligence  $\rightarrow$  Evaluation by Investment Committee  $\rightarrow$  Conclusion of Agreement



MODEL



#### EVALUATION SYSTEM OF ORGANIZATION GOWTH

Based on its own operating experience and the mainstream capacity evaluation models of philanthropy organizations in China, US and UK, "Ai You Philanthropy+" Project, together with Ernst & Young, developed a pre and post investment evaluation model, according to which project selection, project tracking and the evaluation of post investment capacity progress could be conducted; in the meantime, the application of this model would significantly contribute to optimizing funding selection and formulating funding program.



\_\_\_\_ PROJECT REPORT

#### 10 First-grade Indexes

Work Performance Relationship with Stakeholders Organization Strategy Fundraising Management Business Model Operation Management Team Building Leader & Founder Senior Executive Board of Directors

#### 32 Second-grade Indexes

#### MAP OF ORGANIZATION GROWTH

#### **Enhancement Capacity**

- Significant Promotion of Impact in Sector
- ♦ Enhancement in Fundraising Capacity, Diversification of Fundraising Methods, Distinct Improvement in Revenue Structure
- ♦ Increase in Brand Influence, Extensive Application of New Media. Implement of New Business Model Integrating On-line Activities with Off-line Activities



 Organization Extending in Scale, Average Growth Rate of Organization Revenue was 31.2% in 2016

#### Performance of Organization Growth

By the December of 2016, the average revenue growth rate of 30 organizations funded by "Ai You Philanthropy<sup>+</sup>" over 1 year had reached 31.2%, with the total revenue of ¥ 167 million and the average annual revenue of ¥ 5,566,700.

( "Ai You Philanthropy +"assist a number of organizations, such as FAZE, Rural Women, Huiling, Shanshui etc., in reviewing and planning strategies. For instance, Shanshui Conservation Center, getting involved in 12 various projects, faced problems in high management cost and limited efficiency. The "Ai You Philanthropy +"team, together with Shanshui team, formulated new focus strategy; by the end of 2016, Shanshui had achieved strategy review and relevant organizational structure matching.

• In the year of 2016, through developing crowdfunding and increasing service charge, organizations improved their revenue structures, reducing the dependence on one particular sponsor and preparing for the quit of foreign capital. For instance, During the "99 Philanthropy Day" Shanghai Daorong Nature Conservation and Sustainable Development Center raised ¥900,004 for the project "Water Purification Through Ecological Agriculture", while ¥103,852 for "Duck Husbandry and Agricultural Pollution Treatment".

• "Ai You Philanthropy +"funds supported the research and advocacy, promoting organizaitions' impact in sector and society. For instance, Beijing Facilitator Social Work Development Center organized a professional team to develop the summary of local experience and studies on specific issues.







#### 8 Domains and 85 Sub-domains





Sector Support

Environmental Conservation





Art & Culture

#### FELLOWS' TESTIMONIALS



Beijing Huizeren Philanthropy **Development Center** 



Dong QU Guangzhou Institute For Civil Society



Chun XIANG

Guangzhou Green Data Environmental Service Center



PROJECT REPORT



It is the transformation of people that is the core value provided to philanthropy organizations by Ai You Foundation. From the perspective of market, we have been offered with more professional guide and support.

As a CEO of philanthropy organization, how to attract more people to participate and support our career is considered to be one serious challenge for me. Thanks to the support and guide of Ai You Foundation, we have gained cross-sector knowledge and experience.

Thanks for the continual support of Ai You, and the performance of Venture Philanthropy is quite efficient. Furthermore, the flexible use of funds makes it possible to innovate and to develop the project.

"Philanthropy + Fellow"



"Philanthropy + Maker"



\* Institutions ranked in alphabetical order

PROJECT REPORT

#### \* Institutions ranked in alphabetical order

## "Your Space" — A Platform of Philanthropy Community Project



- 121 articles have been published on Your Space, and 34,836 people read 60,210
- times in total, 11,112 people forwarded 14,044 times in Wechat Moments.
- 1,177 registered users including 833 organizations and 322 individuals.
- 36 activities including 20 online expert interviews, 16 offline salons.



#### Project at a Glance

Based on the "Ai You Philanthropy<sup>+</sup>" Project, with internet thinking, Ai You Foundation established a public welfare community connecting philanthropy organizations and social resources in 2015. That's "Your Space". As a community in the Internet<sup>+</sup> age, Your Space radiates a wider population in more diverse forms. On one hand, Your Space connects Ai You Foundation, "Ai You Philanthropy<sup>+</sup>" fellows and peripheral philanthropy organizations together, facing all philanthropy organizations and people who are eager to improve themselves with sharing advantageous resources and constructing a high-value sharing platform, professionals from enterprises and donators (investors); on the other hand, Your Space is committed to bridge philanthropy and the external world, advocating cross-field thinking, promoting the sharing of cross-field experience and contributing to the formation of a more effective philanthropy model.

#### Involvement of cross-field experts and enhancement of capabilities of philanthropy area

In 2016, in accordance with the mission of Ai You "making philanthropy a lifestyle of every person", Your Space Community has attracted more commercial professionals to share their knowledge and experience in branding, human resources, product operation and other aspects to NGO fellows, thereby helping NGOs with improving their operational capability.



In May, Your Space Community organized "Brand Season 2016", six cross-field brand experts were invited to deeply analyze and share their experience from seven dimensions of branding, in addition to lead participants to take an all-round drill. Within 6 hours after the event was launched, it attracted brand managers of more than 50 organizations to register. Finally, 25 philanthropy brand managers from Beijing, Tianjin and Inner Mongolia attended this event.

#### Partners



#### Build Vertical Communities & Increase Communication Efficiency

Based on two interview groups of 500 members, Your Space subdivided the members by their feilds, regions and pecialization. After that, we built four vertical communities, respectively from Sichuan, Shanghai, Guangzhou, Hunan. Besides that, Your Space cooperates with Community Times and Sina's public welfare to set up social media, which makes the communication more efficiency.

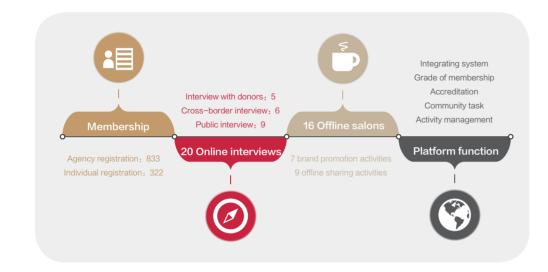
#### Construction of membership system and presence of community circle effect

"Your Space" fully mobilizes the subjective participation of NGOs and individuals by establishing membership system. It precisely positions participants through member rating. Different circles are formed according to geology, service area and other dimensions. Thereby, it realizes information sharing and resource exchanges. By 2016, Your Space community has 1,177 registers, including 833 organizations and 322 individual users.

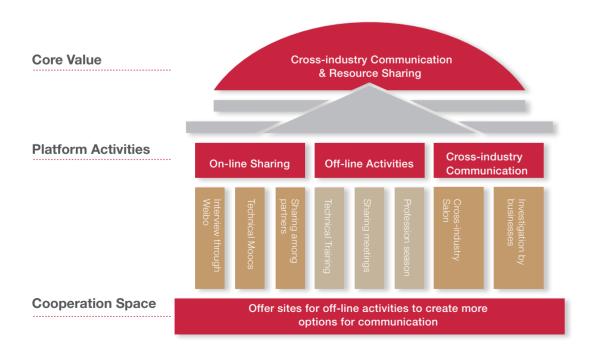




#### **Operation Process**



#### Project Pattern



### Integration of industrial resources and formation of value exchange platform

For information asymmetry of the philanthropy industry and urgent needs of middle- and small-sized NGOs urgently for improving their capacities, Your Space Community has established an industrial value exchange platform. It allows effective information to flow more smoothly in a combined form of online and offline channels. In 2016, the community invited experts on philanthropy industrial related laws, finance and media, salons, interviews and other activities were organized, which broke geographical boundaries and made more NGOs to communicate and learn from each other, thereby spurring the industry to progress.

#### Find high quality institutions, link supporting resources effectively

Your Space links supporting resources effectively, and has organized four online activities to provide resources for institutions. In the meantime, Your Space passes information about funded projects in offline activities. Your Space conducted interviews with China Charities Aid Foundation for Children,Yifang Foundation, Alibaba foundation, in order to help our partners to open more application channels.





# "Empowerment Community" -- Philanthropy Talents Capacity **Building Project**

Building the most professional transformative platform for philanthropy talents

# 赋能社



Promoting dynamic development of the NGO core leadership

# 3

Training middle managers, connecting strategy and its implementing



Cultivating junior staff All around development Self-improvement

#### **CEO Training Camps**

#### The First CEO training camp for Ai You fellow organizations

As the whole industry of philanthropy in China is right in the process of transformation, and the CEOs' ways of thinking directly influencing the direction of the organizations' strategy. Therefore, Ai You Empowerment Community initiated the first CEO training camp in March 2016. The camp was divided into eight modules, including strategy, branding, fundraising, finance, human resource and so forth. Professor GONG Yan of China Europe International Business School, Ms. LI Tiantian (AKA Tuo Bu Hua) the CEO of Luogic Show, Mr. MA Jinhua a Justice of the Peace in Hong Kong, and some other outstanding persons were invited to share their experience and knowledge with the audience. More than eighty NGO CEOs participated the camp.

The training camp provided an opportunity for the CEOs to communicate with the professors and successful business men/women, and the cutting-edge information and principles brought by them have offered valuable experience to the NGOs' development.

#### Project at a Glance

Under the background of transformation, in order to promoting philanthropy talents' growth, as well as nonprofit organizations developing, Ai You Empowerment Community has been launched in 2016. The Empowerment Community aims to build the most professional transformative platform for philanthropy talents. With professional angle and method, as well as outstanding training resources, matching the needs of the talents from different areas, thereby helping them to be outstanding.

With multi- dimensional studying system, mixed training method, and assisting to strengthen weak points, Ai You Empowerment Community tries to picture the map of philanthropy talents' growth. Emphasizing on the idea of across boundary, promoting business development with active learning. Transform organizations' capacity by transforming staff's capacity, thereby promoting the whole philanthropy industries in China steps forward.





#### The second CEO training camp: on strategy and leadership

In December of 2016, Ai You Empowerment Community organized the second training camp for the fellow NGO CEOs, the purpose of the second camp was to helping the CEOs with their capacity of organizational strategy planning and business model designing.

Cooperating with CEIBS Business Review, Ai You Empowerment Community invited Prof. WEI Wei of Peking University, Prof. CHEN Weiru of China Europe International Business School, Mr. XIONG Lin, CEO of Ziroom of Lianjia, etc., brought the CEOs a workshop including lectures, business simulation game, and entrepreneur experience sharing.

Through the training, the trainees acquired the opportunity to discuss with the teachers about the difficulties of designing a business strategy and how to implement it, and brought home practical management methods and tools. After the training camp, NGOs as Shifangyuan, Gongming have started their transformation on organizational strategy. With the application of the taking home message from the camp, remarkable results have been achieved.





### Assessments to the CEO training camps (Assessments made by Ernst & Young)

Ai You invited Ernst& Young to assess the works of the two CEO training camps in 2016. According to the assessment, approval rating for both camps reached higher than 90%. In addition, the assessments showed that the contents of the trainings have direct relevance with the NGOs' business.

Cooperative	Institutes	
University of International Business and Economics Key Logic	Plymouth University RTC Business School Shanghai Jiao Tong University	THOUGHTWORKS China Europe International Business School

#### Ai You Empowerment Community Middle Managers Training Camps



#### Ai You Empowerment Community Middle Managers Training Camps

Realizing the importance of the role of the middle managers in the NGOs, matching the actual developing facts of the philanthropy organizations, Ai You Empowerment Community has implemented the project of middle managers training camps.



Based on the multi- dimensioned investigation and all around interviews, business cases on philanthropy industry have first been developed in China, which made the training courses more practical and applicable.

The Empowerment Community maps the road of middle managers contains three stages. Since 2016, the first stage courses have been implemented, which including four themed sessions: Role perceptions and transformation, Effective execution, building an effective team cooperatively and finally Forging great projects with internet thinking. Aside of the courses, cross- business lectures, visiting outstanding enterprises were implemented in the camps. During the camps, the trainees were managing the camps on their own with the knowledge they acquired from the courses, making the camp a platform of sharing resources, encouraging each other and thereby growing together.

Ai You Empowerment Community Middle Managers Training Camps have been organized in Beijing and Shanghai separately, more than 80 attendees have benefited from them. 520 practicing reports have been collected, through which facts of trainee- transformation, growth and inspiration can be observed.

#### Feedback from the CEOs

Feedback 1: Since last year, our organization has repositioned our strategy, the middle manager we sent to the camp and his team were facing great pressure. This training camp has provided him an opportunity to rethink his position in the team and in the whole organization. We have seen the dramatic change on him. His ability of holding pressure, logical thinking, as well as seeing bigger picture have been much strengthened.

Feedback 2: During the training camp, I see her (one of the trainees) often in the office doing the homework, and sometimes consulting our advisors and other colleagues on different issues. I am very glad to see that she has been successfully transformed from a good staff focused on actions to a real middle manager paying more attention on exploring and managing! This is a transformation of the essence!

Feedback 3: Difference of before and after is evident. Before he tended to be stuck in some specific issues, but now he could see these issues from a higher point and broader perspective, and could actively understand and drive the implementing of our strategy. In addition, his capacity of communication has been improved significantly.

#### **Training Assessment**

## On Management Knowledge and Management Capacity

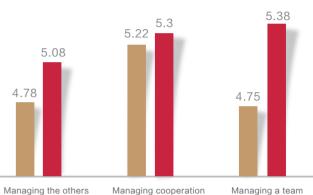
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4.78 4.69

Role Reorganization



PROJECT REPORT



### Management Capacity (before and after)

# Management Knowledge (before and after)

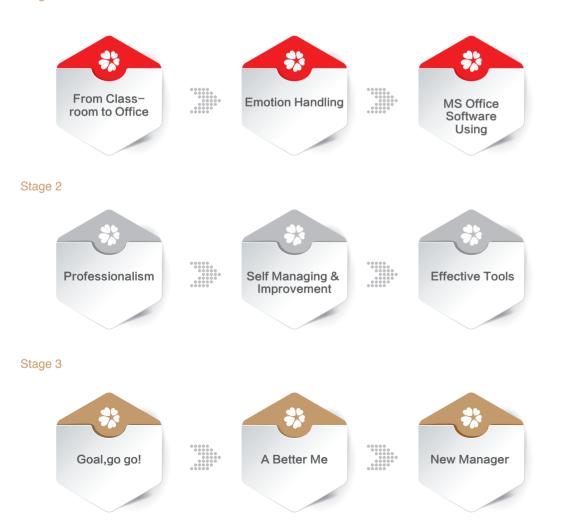
# Ai You Empowerment Community Elite Junior Staff On-line Cultivating Project

In order to match up with the CEO and middle manager training camps, meet the needs of organizations' reform, and press ahead with the strategies, Ai You Empowerment Community have designed the Elite Junior Staff On-Line Cultivating project after deeply investigation within Ai You fellows. The primary objective of the project is to improve professionalism and general working skills. The project is composed by online course, online activities and offline salons. More than 500 courses have been selected for the trainees who were divided into three stages based on the staff working experience. Predictively more than 500 NGO junior staffs will be benefit from the project. Adopting the internet thinking, the project will not only enhance the trainees' professional skills, but also provide a platform of sharing resources.

The comprehensive designing work of the Elite Junior Staff On-Line Cultivating Project has been accomplished in 2016, it will be launched officially in 2017.

#### Three stages of the online courses

Stage 1





#### 2016 ANNUAL REPORT

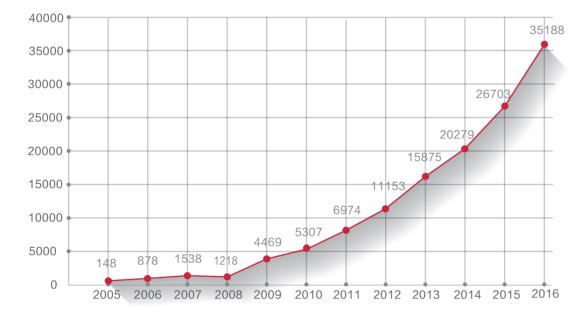
# Fundraising in 2016

In 2016, donors of Ai You and us witnessed a growth of 31.78% for the total amount of fundraising.

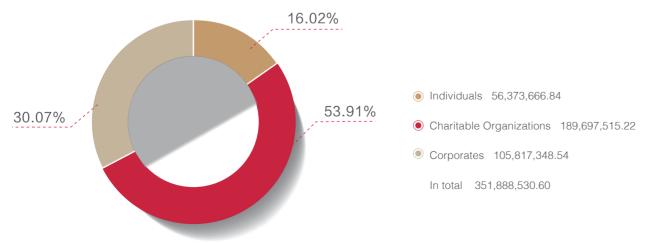
On one hand, Ai You keeps the diverse donation methods by caring about retention rate for constant donors, online donations, and offline campaigns. Besides, in the meantime of optimizing the fundraising products, Ai You addressed on the deep mining of donors' values. Instead of one-way service to donors, the team started to conduct the mutual extensions on donors' own value.

On the other hand, the team started to establish the systematical service to donors by accumulating and exploring the database about donors. 2016 is a start for Ai You's mission upgrading. The team has prepared well on its fundamental structure to support the development of Ai You's own ecology.

#### Data for Donations from 2005 to 2016



Annual Donation's Structure



#### Ai You Night, Creates Love Miracle Again

October 22nd, 2016, Ai You Foundation, worked together with Huaxia Leading Minds and Lian Jia on co-hosting the 2016 Ai You Night "Love, String of Times" fundraising gala. The event achieved a great success with a total donation of 251.5 million RMB. The number marked the history of fundraising amount for a single event in China. It also created a growing rate of 147% compared to the number in 2015 Ai You Night.

During the event, a child saved by Ai You named Xiao Le Weng performed an ethnical folk song to the audience. The sound of music touched everyone's deep heart onsite. Mr. Peter Lee, Vice President of Ai You Foundation accept the handmade gift presented by Xiao Le Weng's family.

At the last part of the event, Mr. Wang Bing, President of Ai You announced the amount of donations together with all other guests and entrepreneurs to the audience.



FUNDRAISING REPORT

## 2016 ANNUAL REPORT

#### Ai You Constant Donors in the Past Decade

Even entrepreneurs are constant donors for Ai You in the past decade, they are:

- Mr. Feng Lun, Chairman of F&E Asset Management
- Mr. Huang Qingping, Chairman of Yincheng Real Estate
- Mr. Jiang Nanchun, Chairman and CEO of Focus Media
- Mr. Xiao Feng, Vice Chairman and Executive Director of Wan Xiang Group
- Mr. Yu Feng, Founder and Chairman of YF Capital
- Mr. Yang Shaopeng, Chairman of SITC International Holdings Co., Ltd
- Mr. Zhou Chuanyou, Chairman of China Capital Investment Group



Internet-Based Crowd Funding: We are together, we will be great

From September 7th to 9th, 2016, Ai You Foundation worked together with Ai You Future Foundation to participate the 9-9 Charitable Day. It raised 3.83 million RMB for three Ai You projects: Ai You Young Heart, Ai You Reborn and Ai You Angel with near 700 thousand donors' participation. Ai You Young Heart became the top-raised project with most donors on 9.9 Day.

Among these numbers, common online donors donated 1,635,489.03 RMB. Three companies: SF Express, DiDi and Focus Media joined the love match activity and raised 883,237.54 RMB. Tencent Gong Yi presented a match gift of 1,313,322.98 RMB at the end, which multiplied the impact.



# Action and Philanthropy: Let Philanthropy Becomes a Lifestyle

Each person's one small step will become a huge step for the social philanthropy. In 2016, Ai You collaborated with Tencent Yi Hang Jia and other social enterprises to convert people's daily steps to charitable funds. The action built a charitable cycle for the crowd with the model of O2O. Luo Lai, Lian Jia, Focus Media, Vanke, Wan Ma Group, Midea, Blackmores and SF Express participated the matching gifts. It raised 257.3 billion steps for three Ai You projects: Ai You Young Heart, Ai You Reborn and Ai You Angel, which equals the distance of 60 times of the equator's length.

# Service for Donors

In 2016, Ai You moved forward on the service system for donors. Combining with the systematical management of projects, bill statement for donors in a fixed time period, reporting the funds' expenditures and projects' development, Ai You's work presented a high transparency and efficiency. In the same time, to meet the needs from donating entrepreneurs and volunteers, the team started projects try-out with volunteering activities and project returning visits events. Ai You worked together with partners like SF Express, Lian Jia, Hong Kong Al You, Luo Lai, Midea, Yincheng Real Estate and others to conduct these returning visits, and hospital visits, in order to connect donors to the all perspectives of projects.









FUNDRAISING REPORT



# ERNA MANAGEM FN

THE SECRETARIAT

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Assistant Secretary-General Zhong Wei

INTERNAL MANAGEMENT



Secretary-General Jessica Geng



Assistant Secretary-General Li Yanping



Assistant Secretary-General Sun Wei

# FINANCIAL REPORTS

Main Financial Indicators of 2016 (RMB)					
Category	2015	2016	Growth Rate		
Income					
Income from donations	267,035,913.23	351,888,530.60	31.78%		
Income from 1,000,000.00		-	0.00%		
Other incomes	8,257,610.35	9,001,476.33	9.01%		
Total	276,293,523.58	360,890,006.93	30.62%		
Expenditure					
Total	191,474,899.50	237,331,808.04	23.95%		

Asse	ets and Liabilities o
Category	2015
Assets	
Monetary funds	310,580,023.83
Receivables	4,425,302.59
prepaid expenses	284,267.53
Fixed assets	141,713.12
Long-term equity investment	-
long-term prepaid expenses	1,161,077.00
Total	316,592,384.07
Liabilities	
Payables	6,444,984.77
Salary payable	563,522.29
Tax payable	65,207.73
Total	7,073,714.79



\_\_\_\_ FINANCIAL REPORTS

# of 2016 (RMB) 2016 431,772,846.18 1,678,558.92 331,003.55 189,843.16 3,000,000.00 864,069.16 437,836,320.97 3,860,454.48 659,230.57 239,767.75 4,759,452.80

# Charity Project Expenditure Statistics for 2016 (RMB)

Makeup of Income from Donations in 2016 (restrictive & nonrestrictive) (RMB)			
Category	Amount	% Accounted for total Donation income of that year	

Restrictive	239,475,374.68	68.05%
"Ai You Young Heart Project" — — Surgical Treatment Project for Orphaned and Poor Children with Congenital Heart Diseases	157,434,853.36	44.75%
"Ai You Angel Project" — Medical Treatment Project for Orphaned and Poor Children with Leukemia	7,300,000.00	2.07%
"Ai You Reborn Project"——Medical Nursing Project for Orphaned Child Patients	49,420,521.32	14.04%
"Ai You HeKang Rehab Center"—— Rehabilitation Project for Disabled Children	1,000,000.00	0.28%
"Ai You Philanthropy+" —— Multidimensional Financial Aid Philanthropy Project	13,020,000.00	3.70%
Others	11,300,000.00	3.21%
Nonrestrictive	112,413,155.92	31.95%
Total	351,888,530.60	100.00%

Makeup of Income from Donations in 2016 (By Source of Donation) (RMB)				
Category	Amount	% Accounted for total Donation income of that year		
Individuals	56,373,666.84	16.02%		
Enterprises	105,817,348.54	30.07%		
Charity organizations	189,697,515.22	53.91%		
Total	351,888,530.60	100.00%		

Category	Amount	% Accounted for total Donation income of that year
"Ai You Young Heart Project" — — Surgical Treatment Project for Orphaned and Poor Children with Congenital Heart Diseases	129,389,515.98	57.65%
"Ai You Angel Project" — — Medical Treatment Project for Orphaned and Poor Children with Leukemia	21,841,200.59	9.73%
"Ai You Reborn Project"——Medical Nursing Project for Orphaned Child Patients	44,003,875.33	19.60%
"Ai You HeKang Rehab Center"——Rehabilitation Project for Disabled Children	4,153,759.16	1.85%
"Ai You Philanthropy <sup>+</sup> " —— Multidimensional Financial Aid Philanthropy Project	21,576,429.75	9.61%
Others	3,511,951.59	1.56%
Total	224,476,732.40	100.00%

## **Remuneration Report**

Remunerations of Part of Fo				
Post	Annual			
Secretary-General				
Deputy Secretary-General Assistant Secretary-General				
Division Manager				

FINANCIAL REPORTS

# undation Staff in 2016

# remuneration (RMB)

300,000

271,200

177,600

FINANCIAL STATEMENTS AND AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

Auditor's Report Balance sheet Income statement Cash flow statement Notes to financial statements Supplementary information provided by management General information Financial position Related financial information of the Foundation

	Client:	Ai You Foundation
	Auditor:	PricewaterhouseCoopers Zho
Tel: 010-65338888		010-65338888
	Fax:	010-65338800

FINANCIAL REPORTS

# AI YOU FOUNDATION FINANCIAL STATEMENTS AND AUDITOR'S REPORT

# FOR THE YEAR ENDED 31 DECEMBER 2016

Contents

Page 1-2 3 4 5 6-27 28-30

Coopers Zhong Tian LLP, Beijing Branch

[English Translation for Reference Only]

Auditor's Report

PwC ZT Beijing Shen Zi (2017) No. 204 (Page 1 of 2)

# To Ai You Foundation,

We have audited the accompanying financial statements of Ai You Foundation, which comprise the balance sheets as at 31 December 2016, the income statements, the cash flow statements for the year then ended, and the notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management of Ai You Foundation is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting System for Nongovernmental Non-profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing and Audit Guidelines on Foundation Financial Statements. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ai You Foundation as at 31 December 2016, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting System for Nongovernmental Non-profit Organizations.

PricewaterhouseCoopers Zhong Tian LLP **Beijing Branch** 

Beijing, the People's Republic of China

28 March , 2017

FINANCIAI REPORTS

# PwC ZT Beijing Shen Zi (2017) No. 204 (Page 2 of 2)

Ai You Foundation			As at 31	December 2016		Ur	hit: RMB Yuan
Assets	Line No.	31 December 2015	31 December 2016	LIABILITIES AND NET ASSETS	Line No.	31 December 2015	31 December 2016
Current asset:				Current liabilities:			
Cash at bank and on hand	1	310,580,023.83	431,772,846.18	Short-term borrowings	24		
Short-term investment	2	-		Accounts Payable	25	6,444,984.77	3,860,454.48
Other receivables	3	4,425,302.59	1,678,558.92	Payroll	26	563,522.29	659,230.57
Advance to suppliers	4			Taxes payable	27	65,207.73	239,767.75
Inventories	5	-	-	Advances from customers	28		
Prepaid expenses	6	284,267.53	331,003.55	Accrued expenses	29		1
Current portion of long-term debt investments	7			Provisions	30		1
Other current assets	8	-		Current portion of long-term liabilities	31		
Total current assets	9	315,289,593.95	433,782,408.65		32		
				Total current liabilities	33	7,073,714.79	4,759,452.80
ong-term investments:		·	Sector Sector				
Long-term equity investments	10	-	3,000,000.00	Long-term liabilities:			
Long-term debt investments	11	-		Long-term borrowings	34		
otal long-term investments	12	-	3,000,000.00	Long-term payables	35		
ixed assets:				Other long-term liabilities	36	-	
Fixed assets - cost	13	168,288.00	282,746.00	Total long-term liabilities	37		
Less: Accumulated depreciation	14	26,574.88	92,902.84				
Fixed assets - net	15	141,713.12	189,843.16	Entrusted liabilities:			
Construction in progress	16	-		Entrusted liabilities	38		
Cultural relic assets	17	-	-	Total liabilities	39	7,073,714.79	4,759,452.80
Fixed assets pending for disposal	18	-					
Total fixed assets	19	141,713.12	189,843.16				
ong-term prepaid expenses	20	1,161,077.00	864,069.16	Net assets:			
ntangible assets:				Unlimited net assets	40	235,798,282.09	305,268,144.42
Intangible assets	21	-	1	Limited net assets	41	73,720,387.19	127,808,723.75
				Total net assets	42	309,518,669.28	433,076,868.17
intrusted assets;							
Entrusted assets	22	-					
							L
Total assets	23	316,592,384.07	437,836,320.97	Total Liabilities and Net Assets	43	316,592,384.07	437,836,320.97

Unit: RMB Yuan Total 589 634,577.95 143,340.33 240,253,292.96 Limited 239,475 2016 7,955,402.55 268,155,50 120,636,713,97 ted 7,598,354.24 659,256.11 Total ar ended 31 December 2016 2015 Income Statement 1,000,000.00 800,194,39 192,855.42 163,887,473,54 161,894,423.13 Limited For the year e 6,798,159,25 466,400.69 112,406,050.04 10 141,490. Unlimited 05 Line No. 5 - financial products Items grants Ai You Foundation

087 088

# Cash flow statement

Item	Line No.	2016	2015
Cash flows from operating activities	1		
Cash generated from donation	2	351,888,530.60	267,035,913.23
Cash generated from membership fee	3	-	
Cash generated from rendering of services	4		
Cash received from sales of goods	5	-	-
Cash generated from government grants	6		1,000,000.00
Cash received relating to other operating activities	7	411,495.83	8,257,610.35
Sub-total of cash inflows	8	352,300,026.43	276,293,523.58
Cash paid for donation	9	223,825,672.36	180,532,368.86
Cash paid to and on behalf of employees	10	9,499,674.09	8,578,297.40
Cash paid for goods and services	11		
Cash paid relating to other operating activities	12	3,396,164.01	8,372,175.42
Sub-total of cash outflows	13	236,721,510.46	197,482,841,68
Net cash flows generated from operating activities	14	115,578,515.97	78,810,681.90
Cash flows from investing activities	15		
Proceeds from disposal of investment	16	230,850,000.00	
Proceeds from investment income	17	8,589,980.50	
Proceeds from disposal of fixed assets and intangible assets	18	-	
Cash received relating to other investing activities	19		
Sub-total of cash inflows	20	239,439,980.50	
Purchases of fixed assets and intangible assets	21	114,458.00	132,508.00
Cash paid for investments	22	233,850,000.00	
Including: cash paid to acquire long-term equity investments	1	3,000,000.00	
Cash paid relating to other investing activities	23	(138,783.88)	
Sub-total of cash outflows	24	233,825,674.12	132,508.00
Net cash flows generated from investing activities	25	5,614,306.38	(132,508.00
Cash flows from financing activities	26		
Cash received from borrowings	27	-	
Cash received relating to other financing activities	28		
Sub-total of cash inflows	29		
Repayments of borrowings	30	-	
Interest paid	31		
Cash paid relating to other financing activities	32	-	
Sub-total of cash outflows	33		
Net cash flows generated from financing activities	34	-	
Exchange gain/(loss) on cash and cash equivalents	35		
Net increase in cash and cash equivalents	36	121,192,822,35	78,678,173,9

#### AI YOU FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

#### L. General information

Geng Yuan.

The Foundation operates under the governance of the Ministry of Civil Affairs.

#### II. Basis of preparation

financial statements are prepared on a going concern basis.

#### III. Organizations

flows and other information for the year then ended.

IX. Summary of significant accounting policies

#### 1. Accounting system

regulations.

#### 2. Accounting period

The Foundation's accounting year starts on 1 January and ends on 31 December

Ai You Foundation (the "Foundation") was authorised for registration by the Ministry of Civil Affairs of the People's Republic of China on 6 May 2008. The unified social credit code is 531000005000210435. The legal representative is Mr Wang Bing and the Secretary-General is Mrs The approved scope of business of the Foundation includes sponsorship programs and medical treatment projects for the poor and disabled children; funding the supporting projects for the education and healthy growth of children; supporting the development of public service organisations; providing management advisory services on public projects; providing government purchase services; supporting the communication and training of medical researchers and staff, funding supports from medical social workers and other projects promoting the development of the healthcare industry. Management confirmed that there are no uncertainties or situations relating to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. The Statement of compliance with the Accounting System for Nongovernmental Non-profit The financial statements of the Foundation for the year ended 31 December 2016 are in compliance with the Accounting System for Nongovernmental Non-profit Organizations, and truly and completely present the financial position of the Foundation as at 31 December 2016 and its operations, cash The Foundation prepared its financial statements in accordance with the Accounting System for Nongovernmental Non-profit Organizations issued by the Ministry of Finance and other related -6-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) (English translation for reference only)

- IV. Summary of significant accounting policies (Cont'd)
- 3. Recording currency

The recording currency of the Foundation is Renminbi (RMB).

4. Basis of accounting and measurement bases

The Foundation follows the accrual basis of accounting. Assets are initially recorded at actual costs on acquisition and subsequently adjusted for impairment, if any

#### 5. Accounting methods for foreign currency transactions

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets.

#### 6. Short-term investments

Short-term investments include stocks and bonds which can be converted into cash when required and are held for a period not more than 1 year (inclusive). Short-term investments are measured at the investment costs when acquired. At the disposal of short-term investments, the difference between the amount received at disposal and the carrying amount of the short-term investments is recognised in investment profit or loss in the current period.

#### 7. Accounting methods for bad debts

The provision method is used to account for potential bad debts identified by the Foundation, and the Foundation makes provision for bad debts on an individual basis.

A provision for bad debts is made by the Foundation if:

- (i) the debtor goes bankrupt or dies, and the Foundation is not able to collect the amount under the original terms even if it had been repaid through the debtor's bankruptcy estates or heritage;
- (ii) the debtor has not performed its obligations for a long time, and there exists sufficient evidence that the debt is impossible to be recovered or the possibility thereof is small.

#### AI YOU FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) (English translation for reference only)

- IV. Summary of significant accounting policies (Cont'd)
- 8. Accounting for long-term investments
- (i) Long-term equity investments

method

(ii) Long-term debt investments

premiums of bonds are amortised on a straight-line basis.

(IIi) Provision for impairment of long-term investments

amount and its carrying amount.

#### 9. Measurement and depreciation of fixed assets

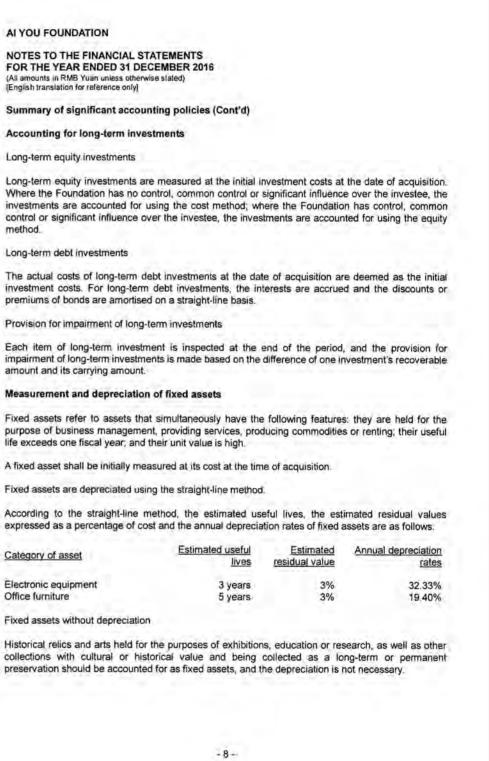
life exceeds one fiscal year; and their unit value is high.

- (i) A fixed asset shall be initially measured at its cost at the time of acquisition.
- (ii) Fixed assets are depreciated using the straight-line method.

Electronic equipment Office furniture

Category of asset

(iii) Fixed assets without depreciation



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

- IV. Summary of significant accounting policies (Cont'd)
- 10. Recognition of limited and unlimited net assets

If the use of economic benefits of and/ or generated by an asset (returns on asset investment and interests etc.) is limited by the timing or/and proposes set by the owner of the asset or by government rules and regulations, such asset is classified as limited net asset. Any other net assets are unlimited net assets.

#### 11. Revenue recognition

Revenue refers to the inflows of economic benefits or service potency which are received from the ordinary course of the Foundation's activities and which will result in an increase in the net assets of the current period. Revenues are divided by their sources into revenue from donation, government grants, revenue from rendering of services, investment income, revenue from sale of goods, other income, etc.

The Foundation recognises revenue according to the following criteria and realised revenue is recognised in profit or loss for the period.

At recognition, revenue is divided into revenue arising from exchange transactions and non-exchange transactions.

Unconditional donation or government grant is recognised when received; conditional donation or government grant is recognised when control rights of such assets are obtained; when the Foundation has donated assets or current obligations with the same amount that require to be fully or partly repaid, a liability or an expense is recognised based on the amount of such repayment.

Non-monetary assets generated from donation should be recognised at fair value. Donors are required to provide evidence for the fair value of the donated assets. Otherwise, revenue can't be recognised. Revenue generated from labour service donation is not recognised in revenue.

Where donors of assets set time or/and use limitations on such assets, from which the revenue generated is recognised as limited revenue; otherwise, the revenue is unlimited.

- V. Taxation
- 1. The primary categories and rates of taxes applicable to the Foundation

The primary categories and rates of taxes applicable to the Foundation are listed as follows

Category	Tax rate (%)	Tax base
Corporate income tax	25	Taxable income
Value-added tax ("VAT")	3	Taxable appreciation value

#### AI YOU FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

V Taxation (Cont'd)

#### 1. The categories and rates of taxes applicable to the Foundation (Cont'd)

1 May 2016. The Foundation is small-scale taxpayer and the applicable tax rate is 3%.

#### 2. Tax preference policies and bases

#### VI. Notes to the Financial Statements

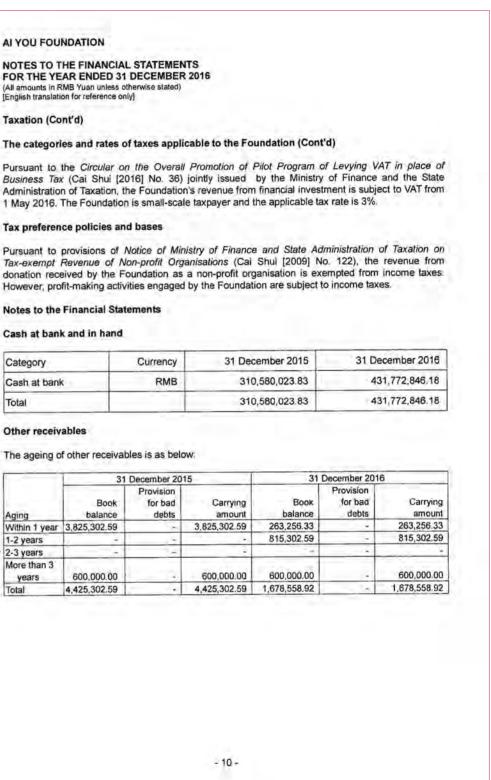
#### 1. Cash at bank and in hand

Category	Currency
Cash at bank	RMB
Total	

#### 2. Other receivables

#### (1) The ageing of other receivables is as below:

1	31	December 20	15
Aging	Book balance	Provision for bad debts	
Within 1 year	3,825,302.59	1	3
1-2 years	-		-
2-3 years	1		
More than 3 years	600,000.00	3	
Total	4,425,302.59		4



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

- VI. Notes to the Financial Statements (Cont'd)
- 2. Other receivables (continued)
- (2) Major clients of other receivables are as below.

-	31 Decemb	er 2015	31 Decemb	er 2016		
Client	Book balance	% of total balance	Book balance	% of total balance	Date of Occurrence	Reason of debt
Wu Han Union Hospital	200,000.00	4.52%	200,000.00	11.91%	5 December 2011	
Shanghai Children's Medical Centre	200,000.00	4.52%	200,000.00	11.91%	5 December 2011	Cash pledge
Beijing Children's Hospital	200,000.00	4.52%	200,000,00	11.91%	17 October 2011	Cash pledge
Children's Hospital of Fudan University			100,000,00	5.96%	22 July 2016	Cash pledge
Shenzhen Ai You Future Foundation	3,000,000.00	67.79%			9 September 2015	Open accounts
Beijing Kun Tai Jia Hua Real Estate Management Co., Ltd.	731,749.53	16.54%	864,638.88	51.51%	14 August 2015 and 25 November 2016	Office lease deposit
Beijing Sheng Da Lian Property Management Co., Ltd.	83,553.06	1.89%	98,371,77	5.86%	31 August 2015 and 21 November 2016	Office property fee deposit
Others - petty cash	10,000.00	0.22%	15,548.27	0.94%	2010	Petty cash for employees
Total	4,425,302.59	100.00%	1,678,558.92	100.00%		employees

#### AI YOU FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

VI. Notes to the Financial Statements (Cont'd)

#### 3. Prepaid expenses

Item	31 December 2015	Increase in the current year	Amortisation charged in the current year	31 December 2016
Rent	256,416.51	1,564,591.96	(1,522,795.51)	298,212.96
Property fee	27,851.02	288,389.34	(283,449.77)	32,790.59
Total	284,267.53	1,852,981.30	(1,806,245.28)	331,003.55

#### 4. Long-term equity investments

Investee	Initial investment cost	31 December 2015	31 December 2016	Proportion	Accounting Method
Justering (Beijing) Technologies Co., Ltd.	3,000,000.00		3,000,000.00	5.66%	Equity
Total	3,000,000.00		3,000,000.00	5.66%	

The Foundation holds 5.66% equity of Justering (Beijing) Technologies Co., Ltd. The investee's Board of Directors consist of 5 Directors, including one representative of the Foundation. The Foundation has the right to participate in the decision-making of the investee's financial and operating policies and has significant influence over the investee.

## 5. Fixed assets and accumulated depreciation

(1) Fixed assets are analysed by categories as follows:

Item	31 December 2015	Increase in the current period	Decrease in the current period	31 December 2016
1. Cost	168,288.00	114,458.00		282,746.00
Including: Electronic equipment	168,288.00	86,958.00		255,246.00
Office furniture		27,500.00		27,500.00
2. Accumulated depreciation	(26,574.88)	(66,327.96)	-	(92,902.84
Including: Electronic equipment	(26,574.88)	(63,660.42)		(90,235.30
Office furniture		(2,667.54)		(2,667.54
3. Carrying amount	141,713.12	48,130.04		189,843.16
Including: Electronic equipment	141,713.12	23,297.58	2	165,010.70
Office furniture		24,832.46		24,832.46

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

- VI. Notes to the Financial Statements (Cont'd)
- 5. Fixed assets and accumulated depreciation (Cont'd)
- (2) Fixed assets are analysed by purposes as follows:

		December 2015		31 December 2016		
Purpose	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Business management	168,288.00	(26,574.88)	141,713.12	282,746.00	(92,902.84)	189,843.16
Total	168,288.00	(26,574.88)	141,713.12	282,746.00	(92,902.84)	189,843.16

#### 6. Long-term prepaid expenses

Item	31 December 2015	Increase in the current year	Amortisation in the current year	31 December 2016
Expenditure on decoration	1,161,077,00	112,784.00	(409,791,84)	864,069,16
Total	1.161,077.00	112,784.00	(409,791.84)	864,069.16

#### 7. Payables

Item	31 December 2015	Increase in the current year	Decrease in the current year	31 December 2016
Payables	6,444,984.77	4,268,672.69	(6,853,202.98)	3,860,454.48
Total	6,444,984.77	4,268,672.69	(6,853,202.98)	3,860,454.48

# AI YOU FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

VI. Notes to the Financial Statements (Cont'd)

#### 7. Payables (Cont'd)

## Major clients of payables:

Item	31 December 2015	Increase in the current year	Decrease in the current year	31 December 2016
Shanghai Children's Medical Centre		626,306.60		626,306.60
Beijing Chunmiao Child Care Service Center		630,000.00		630,000.00
Xi Jing Hospital	287,318.07	473,611.78	(287,318.07)	473,611.78
The Children's Hospital, Zhejiang University School of Medicine		364,106.08		364,106.08
West China Hospital of Sichuan University	293,884.07	363,789.98	(293,884.07)	363,789.98
Nanjing Children's Hospital		356,699.81	-	356,699.81
Tianjin Hematonosis Hospital	850,132.81	-	(850, 132.81)	
Fuwai Hospital of CAMS	765,045.97		(765,045.97)	
General Hospital of Guangzhou Military Command of PLA	646,821.50		(646,821.50)	
Wu Han Union Hospital	460,498.02	-	(460,498.02)	
Beijing Anzhen Hospital	393,218.84		(393,218.84)	
Beijing Huaxin Hospital	353,308.99		(353,308.99)	Second States and States
Others	2,394,756.50	1,454,158.44	(2,802,974.71)	1,045,940.23
Total	6,444,984.77	4,268,672.69	(6,853,202.98)	3,860,454.48

FINANCIAL REPORTS

-14-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

VI. Notes to the Financial Statements (Cont'd)

## 8. Employee benefits payables

Item	31 December 2015	Increase in the current year	Payment in the current year	31 December 2016
<ol> <li>Wages and salaries, bonus, allowances and subsidies</li> </ol>	375,882.31	5,829,096,26	(5,764,421,68)	440,556,89
II. Social security contributions	187,639.98	2,429,626.25	(2,403,912,55)	213,353.68
Including: 1. Medical insurance	53,077.08	637,483.12		62,387.76
2. Basic pensions	123,573.52	1,560,466,74	(1,543,387,30)	140,652.96
3. Supplementary medical insurance		63,117,50	(63,117.50)	110,002.00
4. Unemployment insurance	5,252.02	110,183,95	(110,283,49)	5,152.48
5. Work injury insurance	2,206.70	12,610,31	(13,784,89)	1,032,12
6. Maternity insurance	3,530.66	45,764.63	(45, 166, 93)	4,128.36
III. Housing funds		1,372,436.00	(1,367,116.00)	5,320.00
Total	563,522.29	9,631,158.51	(9,535,450.23)	659,230,57

#### 9. Taxes payable

Item	31 December 2015	31 December 2016
Withholding individual income tax	65,207.73	100,983,87
Value-added tax ('VAT')		123,914,18
Urban maintenance and construction tax		8,673.99
Educational surcharge		6,195,71
Total	65,207.73	239,767,75

## AI YOU FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

#### VI. Notes to the Financial Statements (Cont'd)

#### 10. Net assets

Item	31 December 2015	Increase in the current year	Decrease in the current year	31 December 2016
Limited net assets	73,720,387.19	240,253,292.96	(186,164,956.40)	127,808,723.75
Unlimited net assets	235,798,282.09	120,636,713.97	(51,166,851.64)	305,268,144.42
Total	309,518,669.28	360,890,006.93	(237,331,808.04)	433,076,868,17

For the year ended 31 December 2016, net assets of the Foundation increased by RMB 123,558,198.89. The increase of net assets was generated from the total revenue of RMB 360,890,006.93 (unlimited revenue: RMB 120,636,713.97; limited Revenue: RMB 240,253,292.96). The decrease of net assets was generated from the total expenditure of RMB 237,331,808.04 (donation expenditure: RMB 224,476,732.40; general and administrative expenses: RMB 11,796,372.62; financial expenses: RMB 1,058,703.02)

#### 11. Revenue

Item	2016	2015
Revenue from donation	351,888,530.60	267,035,913.23
Government grants		1,000,000.00
Investment income - financial products income	8,589,980.50	7,598,354.24
Other income - interest income	411,495.83	659,256,11
Total	360,890,006.93	276,293,523.58

FINANCIAL REPORTS

- 16 -

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

- VI. Notes to the Financial Statements (Cont'd)
- 11. Revenue (Cont'd)
- (1) Revenue from large-amount donation

Companies and individuals with accumulative donation accounting for more than 5% of total revenue from donation of the Foundation and over RMB 5,000,000 in 2016 are listed below:

		2016		-
Donor	Limited	unlimited	Subtotal	Purpose
1. Li Jiajie and UBS OPTIMUS FOUNDATION - Total (Note X)	116,051,001.93		116,051,001.93	Aiyou Tongxin/Aiyou Tianshi
2. Qian Fenglei (Note X)		20,000,000.00	20,000,000.00	Matters specified in the Articles o Association of the Foundation
3. Tuandai Internet Technologies Services Co., Ltd.		13,000,000.00	13,000,000.00	Matters specified in the Articles of Association of the Foundation
4. Chengdu Zhenghe Lianzhong Internet Technologies Co., Ltd.		13,000,000.00	13,000,000.00	Matters specified in the Articles of Association of the Foundation
5. Vanke Foundation	11,000,000.00		11,000,000.00	Aiyou Tongxin /Aiyou Xinsheng/ Aiyou Yi+
<ol> <li>6. Car Cube Culture Development (Beijing) Co., Ltd.</li> </ol>	10,000,000.00		10,000,000.00	Aiyou Xinsheng
7. SF Foundation	7,000,000.00	3,000,000.00	10,000,000.00	Aiyou Tongxin/Aiyou Tianshi/Matters specified in the Articles of Association of the Foundation
8 Shenzhen Ai You Future		n		
Foundation (Note X)	10,000,000.00	1	10,000,000.00	Aiyou Tongxin/Aiyou Xinsheng
9. Zuo Hui	10,000.000.00		10,000,000.00	Aiyou Tongxin
10. Oceanwide Foundation		10,000,000.00	10,000,000.00	Matters specified in the Articles o Association of the Foundation
11. Tencent Foundation	9,000,000.00		9,000,000.00	Aiyou Xinsheng/ Aiyou Ya'an/Aiyou Yi+
12. Minsheng Life Insurance Company Ltd		9,000,000.00	9,000,000.00	Matters specified in the Articles o Association of the Foundation
13. Ma Huateng (Note X)	1	7,871,963.13	7,871,963.13	Matters specified in the Articles of Association of the Foundation
14. Beijing Chain of Home Real Estate Brokerage Co., Ltd.	1	7,500,000.00	7,500,000.00	Matters specified in the Articles of Association of the Foundation
<ol> <li>China Children and Teenagers' Fund</li> </ol>	7,025,877.85	1	7,025,877 85	Alyou Tongxin/Alyou Xinsheng
16. Shanghai Fenzhong Defeng Advertising Co., Ltd.	3,000,000.00	4,000,000.00	7,000,000.00	Matters specified in the Articles o Association of the Foundation/ Daily operation
17. Pang Shengdong	7,000,000.00		7,000,000.00	Aiyoi Yi+
18. Far East Charitable Foundation		6,000,000.00	6,000,000.00	Matters specified in the Articles o Association of the Foundation
19. Yujiang Luolai Investment Holdings Co., Ltd.	6,000,000.00	1	6,000,000.00	Aiyou Tongxin
20. He Zhitao	5,500,000.00		5,500,000.00	Aiyou Xinsheng
Total	201.576.879.78	93.371.963.13	294,948,842,91	

AI YOU FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

VI. Notes to the Financial Statements (Cont'd)

#### 11. Revenue (Cont'd)

(1) Revenue from large-amount donation (Cont'd)

Companies and individuals with accumulative donation accounting for more than 5% of total revenue from donation of the Foundation and over RMB 5,000,000 in 2015 are listed below:

and the second se		2015		
Donor	Limited	unlimited	Subtotal	Purpose
1. Li Jiajie and UBS OPTIMUS FOUNDATION - Total	60,170,696.46		60,170,696.46	Aiyou Tongxin/Aiyou Tianshi
2. Minsheng Life Insurance Company Lid	1.0.00	33,700,000.00	33,700,000.00	Matters specified in the Articles of Association of the Foundation
3. Tencent Foundation	12.630,912.31	-	12,630,912.31	Aiyou Tongxin/Aiyou Hekang
4. By-Health Co., Ltd.	- 1	10,000,000.00	10,000,000.00	Matters specified in the Articles of Association of the Foundation
5. SF Foundation	10,000,000.00		10,000,000.00	Aiyou Tongxin/Aiyou Tianshi
6. Vanke Foundation	9,765,840.26		9,766,840.26	Alyou Tongxin /Aiyou Xinsheng/ Aiyou Yi+/Daily operation
7. Allbaba Foundation	9,500,000.00		9,500,000.00	Aiyou Tongxin/Aiyou Xinsheng
8. TaiKang Life Insurance Co., Ltd.		9,000,000.00	9,000,000.00	Matters specified in the Articles of Association of the Foundation
9. Shen Peijin		7,560,000.00	7,560,000.00	Matters specified in the Articles of Association of the Foundation
10. Shenzhen TCL Foundation	4,000,000.00	3,500,000.00	7,500,000.00	Matters specified in the Articles of Association of the Foundation/Aiyou Yi+
11. Beijing Zeus Interactive Co., Ltd.		6,500,000.00	6,500,000.00	Matters specified in the Articles of Association of the Foundation
12. Tianjin Happy Times Technology Development Co., Ltd.		6,500,000.00	6.500,000.00	Matters specified in the Articles of Association of the Foundation
13. Ai You (HK) Foundation	6,055,164.33		6,055,164.33	Aiyou Xinsheng
<ol> <li>Foshan South Sea Wanda Plaza Co., Ltd.</li> </ol>	-	5,000,000.00	5.000,000.00	Matters specified in the Articles of Association of the Foundation
Total	112,123,613.36	81,760,000.00	193,883,613.36	

#### 12. Investment income

Item	1.1
Financial products	

All financial products of the Foundation are purchased from banks.

-17-

FINANCIAL REPORTS

2016	2015
8,589,980.50	7,598,354.24

-18-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

#### VI. Notes to the Financial Statements (Cont'd)

#### 13. Expenditure related to donation

Item	2016	2015
Aiyou Tongxin	129,389,515.98	106,830,465.03
Aiyou Xinsheng	44,003,875.33	40,430,727.59
Aiyou Tianshi	21,841,200.59	14,055,447.27
Aiyou Yi+	21,576,429.75	9,039,921.40
Aiyou Hekang	4,153,759.16	7,925,212.19
Birth defects	3,329,027.09	
Other Aiyou projects	182,924.50	110,000.00
Total	224,476,732.40	178,391,773.48

# 14. General and administrative expenses

Item	2016	2015
1. Employee benefits	6,407,137.02	9,107,046.22
2. Expense for operating supplies and service	5,389,235.60	3,976,079.80
Total	11,796,372.62	13,083,126.02

Total general and administrative expenses of the Foundation in 2016 amounted to RMB 11,796,372.62, 4.97% of total expenditure.

Total general and administrative expenses of the Foundation in 2015 amounted to RMB 13,083,126.02, 6.83% of total expenditure.

#### 15. Financial expenses

Item	2016	2015
Expenditures for charity dinner	1,058,703.02	-
Total	1,058,703.02	-

The financial expenses are presented in "Cash paid relating to other operating activities" in the cash flow statement for the year ended 2016.

Expenses of 2015 Aiyou Charity Dinner are paid by the AiYou foundation's directors.

#### AI YOU FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

#### VII. Notes to the council members, employee and employee benefit

#### 1. Name list of council members

No.	Position	Name	Attribution	Paid by the Foundation or not
1	President	Wang Bing	Ding Tian Asset Management Co., LTD	Not
2	Vice President	Li Jiajle	Hong Kong Henderson Land Group	Not
3	Vice President	Ma Huateng	Tencent Holdings Limited	Not
4	Director and secretary-general	Geng Yuan	Ai You Foundation	Yes
5	Director	Cao Guowei	Sina Corporation	Not
6	Director	Chen Xiao	Shanghai Ting Chao Investment Consulting Co., LTD	Not
7	Director	Feng Lun	Yufeng Capital (F&E)	Not
8	Director	Jiang Nanchun	Focus Media (China) Holding Ltd.	Not
9	Director	Li Yanhong	Baidu Corporation	Not
10	Director	Ma Yun	Alibaba	Not
11	Director	Shen Guojun	China Yintai Investment Limited	Not
12	Director	Shi Yuzhu	Shanghai Giant Network Technology Co., LTD	Not
13	Director	Yu Feng	Yunfeng Capital	Not
14	Director	Yu Liang	China Vanke Co.,LTD	Not
15	Director	Zhu Xinli	Beijing Huiyuan Beverage Food Group Co., LTD	Not
16	Director	Chen Dongsheng	TaiKang Life Insurance Co., LTD	Not
17	Director	Tian Suning	China Broadband Capital Partners	Not
18	Director	Guo Guangchang	Fosun Group	Not
19	Director	Yu Minhong	New Oriental Education & Technology Group	Not
20	Director	Li Dongsheng	TCL Group	Not
21	Director	Lu Weiding	Minsheng Life Insurance Company Ltd.	Not

2. average monthly salary of RMB 14,085.69.

#### VIII. Notes to the proportion of expenditure related to donation, employee benefits and general and administrative expenses

of total expenditure in 2016.

FINANCIAL REPORTS

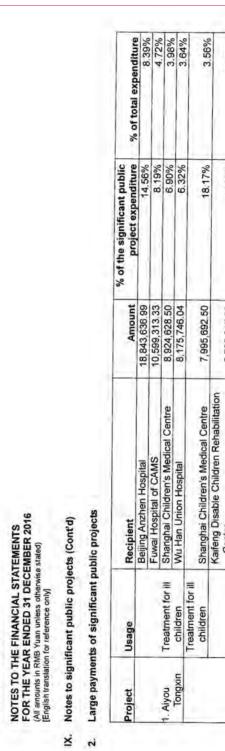


The Foundation had 42 employees in total in the current year, up by 3 as compared to the prior year. In 2015, salary paid to employees amounted to RMB 5,456,067.11 with an average monthly salary of RMB 11,658.26. In the current year, salary paid to employees amounted to RMB 7,099,187.74 with an

The net assets at 31 December 2015 amounted to RMB 309,518,669.28. Total expenditure related to donation in 2016 amounted to RMB 224,476,732.40, 72,52% of net assets at 31 December 2015. The general and administrative expenses in 2016 amounted to RMB 11,796,372.62, accounting for 4.97%

- 20 -

expenditure of significant public	ects in 2016				
Revenue for the current year					
	Employee compensatic volunteer subsidles a insurance incurred provision of chart services or execution charthy prove	Expenditure for the current year m, Expenditures Expen incurred for logistics, the or use of meeting, ity buildings, and an equipment manager the and supplies	current year Expenses for travel, logistics, training, audit meeting, training, audit and assessment for management of charity protocte		Take
1. Avyou longxin 157,434,853,36 126,948,217,90		119 504 84	1 102 244 23		120 380 515 08
2. Aiyou Xinsheng 49,420,521.32 43,657,284.76			45.740.60		44 003 875 33
	11.92 37,170,24	•	1,377.00	1	4.153.759.16
	425,376.84	1	53,510.90		21,841,200.59
020,000.00	39.98 1,241,175.43	•	97,814.34	2	21,576,429.75
Total 228,175,374.68 216,320,467.41	37.41 3.224,021.49	119,504.84	1,300,787.07	1	220,964,780.81



700	1 30%	1 08%	1 23%	10/0	705	YOPE	702	2%
1 60%	1.0	0.1	12	1 04%	2.08%	5	1 33%	0.20%
8.63%	2.07%	5.52%	6.27%	5.31%	10.52%	6.82%	71.98%	10.67%
3.795.617.00	3,111,551,36	2,430,561.53	2,760,360.00	2,335,654.44	4,630,000.00	3,000,000,00	2,990,000.00	443,008.41
Center	Nanjing Children Welfare Association	Wuhan Children Welfare Association	Chongqing Children Welfare Association	Chengdu Children Welfare Association	Beijing Chunmiao Child Care Service Centre	Aiyou - Faw-Volkswagen Audi Shanghai Baby House	Beijing Ai You Hekang Children's Rehabilitation Centre (Note X)	Creating Behavioral+Educational Momentum - Cbem
						Donation	Donation or	consulting service fee
						2. Aiyou Xinsheng Donation		. Aiyou Hekang

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

- Notes to significant public projects (Cont'd)
- Large payments of significant public projects (Cont'd) × Ni

Project	Usage	Recipient	Amount	% of the significant public project expenditure	% of total expenditure
		Beijing Children's Hospital	6,082,202.65	27.85%	2.71%
		Tianjin Hernatonosis Hospital (Institute of Hernatology)	5,159,764.60	23.62%	2.30%
		Wu Han Union Hospital	2,001,060.32	9.16%	0.89%
	Treatment for	Children's Hospital, Zhejiang University of Medicine	1,811,244.08	8.29%	0.81%
4. Aiyou Tianshi	ill children	Guangdong Provincial People's Hospital	1,098,663.39	5.03%	0.49%
		Beijing Aiyou Development Centre (Note X)	9,650,000.00	44.72%	4.30%
		Shanghai United Foundation	1,252,000.00	5.80%	0.56%
		- Shanghai Yangpu District Raleigh Youth Development Centre	302,000.00	1,40%	0.13%
		Shanghai Pudong New Area Heling Community Art Promotion			
		Association	300,000.00	1.39%	0.13%
		- Shanghai Yitu Access Studio	350,000.00	1.62%	0.16%
5. Aiyoi Yi+	Donation	Beijing Geluying Culture Development Co., Ltd.	300,000.00	1.39%	0,13%
Total			107,090,705.14		47.71%

than 5% of the more t 5 par he 2 à he t ň ina ents A party is presented as a recipient of large paym total expenditure of the significant project.

- 23 -

## AI YOU FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

X. Related parties and related party transactions

# 1. Significant related parties

Name of related party
Wang Bing
Li Jiajie
Ma Huateng
UBS OPTIMUS FOUNDATION
Qian Fenglei
Shenzhen Ai You Future Foundation
AI You (HK) Foundation
Beijing Aiyou Development Centre
Beijing Ai You Hekang Children's Rehabilitation C
Shenzhen Ai You Hekang Children's Rehabilitatio Centre
Ningxia Ai You Hekang Children's rehabilitation C
Hubei Wuhan Ai You Hekang Linjie Children's rehabilitation Centre
Hubei Wuhan Ai You Hekang Linjie Children's

### 2. Related party transactions

Name of related party	Amount	Nature of transaction
Li Jiajie and UBS OPTIMUS FOUNDATION	116,051,001.93	Donation received
Qian Fenglei	20,000,000.00	Donation received
Shenzhen Ai You Future Foundation	10,000,000.00	Donation received
Beijing Aiyou Development Centre	9,650,000.00	Donation expenditure
Ma Huateng		Donation received
Ai You (HK) Foundation	3,031,999.05	Donation received
Beijing Ai You Hekang Children's Rehabilitation Centre	2,990,000.00	Donation expenditure

FINANCIAL REPORTS



	Relationship with the Foundation
	Legal representative, President, founder and donor of the Foundation
	Major donor and vice president
	Major donor and vice president
	Major donor
	Major donor
1	Share five directors with the Foundation (9 directors in total)
	Share two directors with the Foundation (21 directors in total)
	Share the same founder and share one director with the Foundation (5 directors in total)
Centre	Funded and set up by the Foundation and share one director with the Foundation (5 directors in total)
ion	Funded and set up by the Foundation
Centre	Funded and set up by the Foundation
	Funded and set up by the Foundation

- 24 -

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

## XI. Detailed list of fixed assets

Name	Source	Date	Unit	Quantity	Unit price	Amount	Purpose
HP ML350 server	Purchase	5 December 2014	Set	1 J	35,780.00	35,780.00	Self-use
Lenovo B4400A 14-inch laptop	Purchase	28 February 2015	Set	1	3,999.00	3,999.00	Self-use
HP 14-inch laptop	Purchase	28 February 2015	Set	1	2,949.00	2,949.00	Self-use
Dell desktop computer	Purchase	31 March 2015	Set	1	2,999.00	2,999.00	Self-use
Lenovo laptop	Purchase	31 March 2015	Set	3	3,949.00	11,847.00	Self-use
Lenovo laptop	Purchase	30 April 2015	Set	1	6,299.00	6,299.00	Self-use
Lenovo laptop	Purchase	31 May 2015	Set	3	4,432.33	13,297.00	Self-use
Lenovo E450C laptop	Purchase	30 June 2015	Set	3	4,232.33	12,697.00	Self-use
Projector	Purchase	30 June 2015	Set	1	2,899.00	2,899.00	Self-use
Lenovo V3000 laptop	Purchase	30 June 2015	Set	1	4,499.00	4,499.00	Self-use
Samsung 19-inch display	Purchase	31 July 2015	Set	3	689.00	2,067.00	Self-use
Duplicator	Purchase	31 July 2015	Set	1	5,800.00	6,800.00	Self-use
Face recognition entrance guard	Purchase	30 November 2015	Set	. 1.	4,100.00	4,100.00	Self-use
TCL LCD TV	Purchase	30 November 2015	Set	1	5,999.00	5,999.00	Self-use
Samsung curve display	Purchase	30 November 2015	Set	1	1,359.00	1,359.00	Self-use
Call-centre system	Purchase	30 November 2015	Set	3	11,333.33	34,000.00	Self-use
UPS	Purchase	31 December 2015	Set	1	8,600.00	8,600.00	Self-use
Beng projector	Purchase	31 December 2015	Set	1	4,299.00	4,299.00	Self-use
Xbox One	Purchase	31 December 2015	Set	1	3,799.00	3,799.00	Self-use
Samsung curve display	Purchase	31 January 2016	Set	1	1,499.00	1,499.00	Self-use
Dell desktop computer host	Purchase	31 March 2016	Set	1	3,779.00	3,779.00	Self-use
OPTOMA projector	Purchase	31 March 2016	Set	1	12,000.00	12,000.00	Self-use
Lenovo 300 classic	Purchase	31 May 2016	Set	1	4,399.00	4,399.00	Self-use
Medium conference table	Purchase	29 June 2016	Set	1	4,300.00	4,300,00	Self-use
Office desk	Purchase	29 June 2016	Set	1	5,800.00	5,800.00	Self-use
Large conference table	Purchase	29 June 2016	Set	1	14,200.00	14,200.00	Self-use
Filing cabinet	Purchase	29 June 2016	Set	1	3,200.00	3,200.00	Self-use
Dell 14-inch laptop	Purchase	30 June 2018	Set	2	3,843.50	7,587.00	Self-use
Dell 14-inch laptop	Purchase	31 July 2016	Set	1	3,988.00	3,988.00	Self-use
Dell Vostro business laptop	Purchase	31 August 2016	Set	2	3,899.00	7,795.00	Self-use
MIPRO wireless microphone suit	Purchase	31 August 2016	Set	1	2,920.00	2,920.00	Self-use
Dell Vostro business laptop	Purchase	29 September 2016	Set	1	2,999.00	2,999 00	Self-use
Dell Vostro business laptop	Purchase	31 October 2016	Set	1	3,299.00	3,299.00	Self-use
Dell Vostro business laptop	Purchase	24 November 2016	Set	2	3,799.00	7,598.00	Self-use
Dell Vostro business laptop	Purchase	29 November 2016	Set	6	3,632,33	21,794.00	Self-use
Dell Vostro business laptop	Purchase	31 December 2016	Set	2	3.599.00	7,198.00	Self-use
Total	1					262,746.00	

#### AI YOU FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

# XII. Operating lease commitments

Item	31 December 2016	31 December 2015
Within 1 year	3,822,746.15	3,261,210,36
Between 1 to 2 years	3,308,507.54	3.261,210,36
Between 2 to 3 years		2,717,675.30
Total	7,131,253.69	9,240,096.02

#### XIII. Notes to limited assets

contracts.

#### XIV. Notes to entrusted assets

- The Foundation had no entrusted asset as at 31 December 2016.
- XV. Notes to impairment of significant assets
- XVI. Notes to assets with unavailable fair value
  - The Foundation had no assets with unavailable fair value as at 31 December 2016.
- XVII. Notes to labour service donation

The Foundation received no labour service donation for the year ended 2016.

# XVIII.Notes to significant subsequent events

The Foundation had no significant subsequent events.

FINANCIAL REPORTS

The Foundation received limited donation amounted to RMB 239,475,374.68 in 2016, all came from donation of individuals or companies. The Foundation made use of those assets according to the

Not applicable (the Foundation had no significant assets for the year ended 31 December 2016).

- 26 -

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (All amounts in RMB Yuan unless otherwise stated) [English translation for reference only]

XIX. Others

The Foundation had no other issue need to be specified as at 31 December 2016.

The above financial statements of the Foundation for the year ended 31 December 2016 and notes to the financial statement are in compliance with the Accounting System for Nongovernmental Non-profit Organizations.

Name of the Foundation: (Stamp)

Legal representative of the Foundation: (Signature)

Head of Financial Department: (Signature)

Date: 28 March 2017

Date: 28 March 2017

Ai You Foundation

# SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

- General information
- Financial position

Related financial information of the Foundation

- 27 -

FINANCIAL REPORTS

- 28 -

SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT [English translation for reference only]

#### 1. General information

The social credit code of Ai You Foundation is 531000005000210435. On 6 May 2008, the Ministry of Civil Affairs of the PRC approved the issuance of legal person registration certificate to the Foundation, with Wang Bing serving as the legal person. The address of the Foundation is Room 2408, 24/F, Kun Tai International Building, B12 Chaowai Avenue, Chaoyang District, Beijing. The Foundation is a non-public offering foundation with the original fund of RMB 20 million under the regulation of the Ministry of Civil Affairs, and has not established any branch as at 31 December 2016.

# II Financial position

- As at 31 December 2016, Ai You Foundation had total assets of RMB 437,836,320.97, of which cash at bank and on hand and receivables amounted to RMB 431,772,846.18 and RMB 1,678,558.92 (all representing other receivables), respectively; prepaid expenses, long-term prepaid expenses, fixed assets and long-term equity investments amounted to RMB 331,003.55, RMB 864,069,16, RMB 189,843.16 and RMB 3,000,000.00, respectively.
- 2 As at 31 December 2016, Ai You Foundation had total liabilities of RMB 4,759,452.80, all representing current liabilities.
- As at 31 December 2016, Ai You Foundation had total net assets of RMB 433,076,868.17, including limited net assets of RMB 127,808,723.75 and unlimited net assets of RMB 305,268,144.42.
- The annual revenue of Ai You Foundation for the year ended 31 December 2016 was RMB 360,890,006.93, of which revenue of donation, investment income and other income amounted to RMB 351,888,530.60, RMB 8,589,980.50 and RMB 411,495.83, respectively.

The annual expenses of Ai You Foundation for the year ended 31 December 2016 were RMB 237,331,808.04, of which donation expenditure, general and administrative expenses and financial expenses amounted to RMB 224,476,732.40, RMB 11,796,372.62 and RMB 1,058,703.02, respectively.

5 The expenditure related to donation of Ai You Foundation for the year ended 31 December 2016 was RMB 224,476,732.40, accounting for 72,52% of fund balance of the prior year, which was RMB 309,518,669.28; general and administrative expenses comprised labour cost, administrative and office expenses and professional service expenses, amounting to RMB 11,796,372,62, 4.97% of the total expenses for the current year.

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Nil
Jing Shui Zheng Zi No
Nil

- 29 -

B12       aoyang       Registration date       6 May 2008         39       Zip code       100020         Fund source       from donation         one Centre Branch of the CMBC       110908540910703         nent       Tel:       18611557220         n       Full-time or part-time       Full-time         Name of chief       executive of agency       bookkeeping         institution       Nil.         0. 110105500021043       Nil.	ember 2		
n Tai , B12 aoyang Registration date 6 May 2008 B39 Zip code 100020 Revenue Fund source from donation one Centre Branch of the CMBC 110908540910703 nent Tel: 18611557220 n Full-time or part-time Full-time Name of chief executive of agency bookkeeping institution Nit. o. 110105500021043			
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339     Zip code     100020       Fund source     from donation       one Centre Branch of the CMBC     110908540910703       nent     Tel:     18611557220       n     Full-time or part-time     Full-time       Name of chief     executive of agency       bookkeeping     institution     Nil.       o.     110105500021043	, B12 aoyang	Registration date	6 May 2008
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