

**AI YOU FOUNDATION**

**FINANCIAL STATEMENTS AND  
AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

# AI YOU FOUNDATION

## FINANCIAL STATEMENTS AND AUDITOR'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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Client: Ai You Foundation  
Auditor: PricewaterhouseCoopers Zhong Tian LLP, Beijing Office  
Tel: 010-65338888  
Fax: 010-65338800

[English translation for reference only]

## **Auditor's report**

PwC ZT Beijing Shen Zi (2019) No. 0079  
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**To Ai You Foundation,**

### **Opinion**

#### *What we have audited*

We have audited the accompanying financial statements of Ai You Foundation, which comprise:

- the balance sheet as at 31 December 2018;
- the business activity statement for the year then ended;
- the cash flow statement for the year then ended; and
- notes to the financial statements.

#### *Our 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 2018, and its financial performance and cash flows for the year then ended in accordance with the requirements of the *Accounting System for Non-governmental Non-profit Organisations*.

### **Basis for Opinion**

We conducted our audit in accordance with China Standards on Auditing ("CSAs") and *Audit Guidelines on Foundation Financial Statements*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Ai You Foundation in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

## **Responsibilities of Management and Those Charged with Governance 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 *Accounting System for Non-governmental Non-profit Organisations*, 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.

In preparing these financial statements, management is responsible for assessing Ai You Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Ai You Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Ai You Foundation's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ai You Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Ai You Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Zhong Tian LLP  
Beijing Office

Signing CPA

Zhao Yupeng

Beijing, the People's Republic of China  
30 March 2019

Signing CPA

Li Dan

# Balance Sheet

Ai You Foundation

As at 31 December 2018

Unit: RMB Yuan

Assets	Line No.	31 December 2017	31 December 2018	Liabilities and Net Assets	Line No.	31 December 2017	31 December 2018
Current assets:				Current liabilities:			
Cash at bank and on hand	1	35,565,275.81	26,058,750.41	Short-term borrowings	24	-	-
Short-term investments	2	510,660,783.95	588,081,037.23	Payables	25	7,202,300.99	5,724,167.83
Other receivables	3	1,529,526.05	4,345,934.20	Payroll	26	728,002.73	952,189.02
Advance to suppliers	4	-	-	Tax payable	27	65,562.59	54,991.20
Inventories	5	-	-	Advance from customers	28	-	-
Prepaid expenses	6	769,610.28	364,482.36	Accrued expenses	29	-	-
Long-term debt investments due within one year	7	-	-	Provisions	30	-	-
Other current assets	8	330,557.49	626,080.19	Current portion of long-term liabilities	31	-	-
Total current assets	9	548,855,753.58	619,476,284.39	Other non-current liabilities	32	-	-
				Total current liabilities	33	7,995,866.31	6,731,348.05
Long-term investments							
Long-term equity investments	10	7,593,613.88	4,084,032.88	Long-term liabilities:			
Long-term debt investments	11	-	-	Long-term borrowings	34	-	-
Total long-term investments	12	7,593,613.88	4,084,032.88	Long-term payables	35	-	-
				Other long-term liabilities	36	-	-
Fixed assets:				Total long-term liabilities	37	-	-
Fixed assets - cost	13	470,170.57	668,270.31				
Less: Accumulated depreciation	14	199,434.92	351,458.07	Entrusted liabilities:			
Fixed assets - net	15	270,735.65	316,812.24	Entrusted liabilities	38	-	-
Construction in progress	16	-	-	Total liabilities	39	7,995,866.31	6,731,348.05
Cultural relic assets	17	-	-				
Fixed assets pending for disposal	18	-	-				
Total fixed assets	19	270,735.65	316,812.24				
Long-term prepaid expenses	20			Net assets:			
				Unlimited net assets	40	436,478,124.17	496,920,151.84
Intangible assets:				Limited net assets	41	112,246,112.63	120,225,629.62
Intangible assets	21	-	-	Total net assets	42	548,724,236.80	617,145,781.46
Entrusted assets:							
Entrusted assets	22	-	-				
Total assets	23	556,720,103.11	623,877,129.51	Total liabilities and net assets	43	556,720,103.11	623,877,129.51

Legal representative:

Prepared by:

Reviewed by:

# Business Activity Statement

Unit: RMB Yuan

For the year ended 31 December 2018

Item	Line No.	2017			2018		
		Unlimited	Limited	Total	Unlimited	Limited	Total
Revenue							
Including: Revenue from donation	1	186,720,466.79	245,310,303.50	432,030,770.29	155,867,460.07	235,848,259.68	391,715,719.75
Revenue from services	2	-	166,415.09	166,415.09	-	83,490.57	83,490.57
Revenue from sales of goods	3	-	-	-	-	-	-
Government grants	4	-	-	-	-	-	-
Investment income	5	10,286,509.82	4,005,163.09	14,291,672.91	21,270,504.59	4,997,148.54	26,267,653.13
Other income - interest income	6	209,440.44	189,017.60	398,458.04	15,093.38	287,303.35	302,396.73
Total revenue	7	197,216,417.05	249,670,899.28	446,887,316.33	177,153,058.04	241,216,202.14	418,369,260.18
Expenditure							
Business activity cost	8	311,831,392.05	-	311,831,392.05	333,351,477.18	-	333,351,477.18
General and administrative expenses	9	16,706,886.89	-	16,706,886.89	15,156,425.10	-	15,156,425.10
Financing expenses	10	2,701,668.76	-	2,701,668.76	1,439,813.24	-	1,439,813.24
Total expenditure	12	331,239,947.70	-	331,239,947.70	349,947,715.52	-	349,947,715.52
Limited net assets transferred into unlimited net assets	13	265,233,510.40	(265,233,510.40)	-	233,236,685.15	(233,236,685.15)	-
Movements in net assets (presented with "-" for decrease)	14	131,209,979.75	(15,562,611.12)	115,647,368.63	60,442,027.67	7,979,516.99	68,421,544.66

Legal representative: Prepared by:

Reviewed by:

# Cash Flow Statement

Ai You Foundation

For the year ended 31  
December 2018

Unit: RMB Yuan

Item	Line No.	2018	2017
Cash flows from business activities	1		
Cash received from donation	2	391,715,719.75	432,030,770.29
Cash received from membership fee	3	-	-
Cash received from rendering of services	4	83,490.57	166,415.09
Cash received from sales of goods	5	-	-
Cash received from government grants	6	-	-
Cash received relating to other business activities	7	302,396.73	398,458.04
Sub-total of cash inflows	8	392,101,607.05	432,595,643.42
Cash paid for donation or financial aid	9	329,791,223.64	304,461,460.21
Cash paid to and on behalf of employees	10	12,426,233.67	11,997,041.16
Cash paid for goods and services	11	-	-
Cash paid relating to other business activities	12	11,549,556.25	11,055,779.05
Sub-total of cash outflows	13	353,767,013.56	327,514,280.42
Net cash flows from business activities	14	38,334,593.49	105,081,363.00
Cash flows used in investing activities	15		
Cash received from disposal of investments	16	506,565,581.00	357,490,000.00
Including: Cash received from disposal of long-term equity investments		8,115,581.00	-
Cash received from returns on investments	17	20,186,615.90	13,124,072.20
Cash received from disposal of fixed assets and intangible assets	18	-	-
Cash received relating to other investing activities	19	-	-
Sub-total of cash inflows	20	526,752,196.90	370,614,072.20
Cash paid to acquire fixed assets and intangible assets	21	198,099.74	187,424.57
Cash paid to acquire investments	22	574,395,216.05	871,715,581.00
Including: Cash paid to acquire long-term equity investments		6,000.00	4,665,581.00
Cash paid relating to other investing activities	23	-	-
Sub-total of cash outflows	24	574,593,315.79	871,903,005.57
Net cash flows used for investing activities	25	(47,841,118.89)	(501,288,933.37)
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	-	-
Cash paid for borrowings	30	-	-
Cash paid for interest	31	-	-
Cash paid relating to other financing activities	32	-	-
Sub-total of cash outflows	33	-	-
Net cash flows from financing activities	34	-	-
Effect of foreign exchange rate changes on cash	35	-	-
Net decrease in cash and cash equivalents	36	(9,506,525.40)	(396,207,570.37)

Legal representative:

Prepared by:

Reviewed by:



## **AI YOU FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

#### **General information**

Ai You Foundation (hereinafter "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. Geng Yuan.

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

The approved scope of business of the Foundation includes funding the sponsorship, medical aid and education support projects for orphaned, poor and disabled children; supporting the development of public service organisations; providing management and advisory services on public welfare projects; providing government purchase services; funding projects that promote the development of medical industry, such as medical research, communication and training for medical workers, medical social workers supporting, etc.

#### **II. Basis of preparation**

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 based on the assessment of the Foundation's ability to continue as a going concern. The financial statements are prepared on a going concern basis.

#### **III. Statement of compliance with the *Accounting System for Non-governmental Non-profit Organisations***

The financial statements of the Foundation for the year ended 31 December 2018 are in compliance with the *Accounting System for Non-governmental Non-profit Organisations*, and truly and completely present the financial position of the Foundation as at 31 December 2018 and its operations, cash flows and other information for the year then ended.

#### **IV. Summary of significant accounting policies**

##### **1. Accounting System**

The Foundation prepared its financial statements in accordance with the *Accounting System for Non-governmental Non-profit Organisations* issued by the Ministry of Finance and other complementary regulations.

##### **2. Accounting Period**

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

## **AI YOU FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2018

(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 Foundation's recording currency is Renminbi (RMB).

##### **4. Basis of accounting and measurement bases**

The Foundation follows the accrual basis of accounting. Assets are measured at historical costs.

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

Operating transactions denominated in foreign currency in the accounting year are measured at the RMB equivalent using the market rate at the actual date of transaction (middle rate). At the end of the year, monetary items will be adjusted with the market rate then, exchange gains or losses arising from which will be recognised into the financing expenses for the period or capitalised based on their purpose and nature.

##### **6. Short-term investments**

Short-term investments include stocks, bonds, etc., which are readily convertible to cash and are held for a period no more than 1 year (inclusive). Short-term investments are measured at the investment costs when acquired. Upon disposal of short-term investments, the difference between the amount received on disposal and the carrying amount of the short-term investments is recognised into profit or loss of investment in the current period.

##### **7. Accounting for bad debts**

The Foundation adopts the allowance method for the accounting for bad debts and makes provision on an individual basis.

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

- (1) the debtor goes bankrupt or deceases, 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 property or bequest;
- (2) the debtor fails to perform its obligations for a long time, and there is sufficient evidence that the debt is irrecoverable or the chance for recovery is minimum.

## AI YOU FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(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

###### (1) Long-term equity investments

Long-term equity investments are measured at the initial investment costs at the date of acquisition. Where the Foundation has no control, common control or significant influence over the investee, the investments are accounted for using the cost method; where the Foundation has control, common control or significant influence over the investee, the investments are accounted for using the equity method.

###### (2) Long-term debt investments

The actual costs of long-term debt investments at the date of acquisition are deemed as the initial investment costs. For long-term debt investments, the interests are accrued and the discounts or premiums of bonds are amortised on a straight-line basis.

###### (3) Provision for impairment of long-term investments

Each item of long-term investment is inspected at the end of the period, and the provision for impairment of long-term investments is made based on the difference of the recoverable amount of single investment and its carrying amount.

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

Fixed assets refer to assets held for administrative management, rendering of services, producing commodities or renting with estimated useful lives over one fiscal year and with relatively high unit value.

###### (1) A fixed asset shall be measured at the actual cost at the date of acquisition.

###### (2) Fix assets are depreciated using the straight line method.

According to the straight-line method, the depreciation rate is determined by deducting residual value rate from the cost and the estimated useful lives of the fixed assets. The annual depreciation rates by categories of fixed assets are as follows:

<u>Assets categories</u>	<u>Estimated useful lives</u>	<u>Estimated residual value rate</u>	<u>Annual depreciation rates</u>
Electronic equipment	3 years	3%	32.33%
Office furniture	5 years	3%	19.40%

## **AI YOU FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

#### **IV. Summary of significant accounting policies (Cont'd)**

##### **9. Measurement and depreciation of fixed assets (Cont'd)**

###### **(3) Fixed assets without depreciation.**

Historical relics and artistic works held for exhibition, education, research, etc., as well as other collections with cultural or historical value and collected as a long-term or permanent preservation should be accounted for as fixed assets, and the depreciation is not necessary.

##### **10. Recognition of limited and unlimited net assets**

When the usage of assets and the economic benefits generated from the assets (returns on investments and interests of the assets) are subject to the restriction on its timing or (and) usage set by the provider of the assets or related national laws or administrative regulations, the net assets generated therefrom are limited net assets; otherwise, they are unlimited net assets.

##### **11. Revenue recognition**

Revenue refers to the inflows of economic benefits or service potential generated from the operation of non-governmental non-profit organisations and will result in an increase in the net assets of the current period. Revenues are categorised by their sources as revenue from donation, revenue from government grants, revenue from rendering of services, investment income, revenue from sales of goods, other income, etc.

The Foundation recognises revenue realisation in accordance with the following criteria and realised revenue are recognised into 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 grants are recognised when received. Conditional donation or government grants are recognised when the Foundation obtains the control over them. When the Foundation has a present obligation that requires it to fully or partially repay the donated assets or corresponding amount, a liability or an expense is recognised based on the amount of such repayment.

Non-monetary assets from donation should be measured at fair value. The Foundation should require the donor to provide evidence for the fair value of the donated assets. Otherwise, such assets shall not be recognised as donation revenue. Revenue from labour service donation is not recognised into revenue.

Related revenue recognised from assets of which the usage is restricted in timing or (and) usage by the asset provider is limited revenue; other revenue is unlimited revenue.

## AI YOU FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

#### V. Taxation

##### 1. Main categories and rates of taxes applicable to the Foundation

The main categories and rates of taxes applicable to the Foundation are set out below:

<u>Category</u>	<u>Tax rate</u>	<u>Tax base</u>
Enterprise income tax	25%	Taxable income
Value-added tax ("VAT")	6%	Taxable value-added amount

Pursuant to the *Circular on the Overall Promotion of Pilot Program of Levying Value-Added Tax in Place of Business Tax* (Caishui [2016] No. 36) jointly issued by the Ministry of Finance and the State Administration of Taxation, as a general taxpayer, the Foundation's investment income from purchasing wealth management products ("WMPs") of banks is subject to VAT at a tax rate of 6% since 1 May 2016.

##### 2. Tax preference policies and bases

Pursuant to the *Circular on Issues of Enterprise Income Tax Exemption for Non-profit Organisations* issued by the MOF and the State Administration of Taxation (Cai Shui [2009] No. 122), qualified income of non-profit organisations is exempted from enterprise income tax, except for that generated from profit-making activities engaged by non-profit organisations.

# AI YOU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

### VI. Notes to the financial statements

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

Category	Currency	Opening balance	Ending balance
Cash at bank	RMB	35,565,275.81	26,058,750.41
Total		35,565,275.81	26,058,750.41

#### 2. Short-term investments

Categories of short-term investments	Opening balance			Ending balance		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
WMPs	510,660,783.95	-	510,660,783.95	588,081,037.23	-	588,081,037.23
Total	510,660,783.95	-	510,660,783.95	588,081,037.23	-	588,081,037.23

The WMPs of the foundation include the following 3 financial products. The first one is "Xinjiixin 16" structured deposit financial product purchased from China GuangFa Bank Beijing Branch. The "guaranteed floating income" is agreed, with an expected yield rate of 2.6%-4.85%. The actual yield rate is 3.86%-4.85% for the year of 2018. The second one is a structured deposit purchased from the Bank of Ningbo. The "guaranteed floating income" is agreed, with an expected yield rate of 1%-4.4%. The actual yield rate is 3.5%-4.4% for the year of 2018. The last one is a financial product purchased from China Merchants Bank named "Bubushengjin 8688". The "guaranteed floating income" is agreed, with an expected yield rate of 2.4%- 4%. The actual yield rate is 2.4%-3.5% for the year of 2018.

#### 3. Other receivables

(1) The ageing of other receivables is analysed as follows:

Ageing	Opening balance			Ending balance		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Within 1 year	714,223.46	-	714,223.46	2,830,631.61	-	2,830,631.61
1 to 2 years	-	-	-	700,000.00	-	700,000.00
2 to 3 years	815,302.59	-	815,302.59	-	-	-
Over 3 years	-	-	-	815,302.59	-	815,302.59
Total	1,529,526.05	-	1,529,526.05	4,345,934.20	-	4,345,934.20

# AI YOU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

### VI. Notes to the financial statements (Cont'd)

#### 3. Other receivables (Cont'd)

##### (2) Major customers of the receivables:

Name of customers	Opening balance		Ending balance		Date	Reason
	Book balance	% of total balance	Book balance	% of total balance		
Alipay (China) Network Technology Co., Ltd.	-	-	2,354,378.86	54.17%	31 December 2018	Charitable donation in petty cash
TenPay Payment Technology Co., Ltd.	-	-	45,580.60	1.05%	31 December 2018	Charitable donation in petty cash
Wuhan Union Hospital of China, Tongji Medical School of HUST	200,000.00	13.08%	400,000.00	9.20%	25 December 2017 and 20 July 2018	Deposit for hospitalisation
Shanghai Children's Medical Centre, Medical School of SJTU	200,000.00	13.08%	200,000.00	4.60%	29 December 2017	Deposit for hospitalisation
Children's Hospital, Capital Institute of Paediatrics	200,000.00	13.08%	200,000.00	4.60%	30 March 2017	Deposit for hospitalisation
Children's Hospital of Fudan University	100,000.00	6.54%	100,000.00	2.30%	29 November 2017	Deposit for hospitalisation
Chinese PLA General Hospital	-	-	200,000.00	4.60%	17 August 2018	Deposit for hospitalisation
Beijing Kuntai Jiahua Real Estate Management Co., Ltd.	731,749.53	47.84%	762,421.68	17.54%	14 August 2015, 25 November 2016 and 13 November 2018	Deposit for renting office
Beijing Shengdalian Property Management Co., Ltd.	83,553.06	5.46%	83,553.06	1.92%	31 August 2015 and 26 November 2016	Deposit for office property fee
Others - petty cash	14,223.46	0.93%	-	-	30 August 2015	Petty cash for the Foundation's employees
Total	1,529,526.05	100.00%	4,345,934.20	100.00%		

# AI YOU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

### VI. Notes to the financial statements (Cont'd)

#### 4. Prepaid expenses

Detailed item	Opening balance	Increase in the current year	Amortisation charged in the current year	Ending balance
Rental expenses	243,622.19	2,720,293.15	(2,707,162.28)	256,753.06
Property fee	27,851.02	304,784.75	(306,361.22)	26,274.55
Renovation expenses	498,137.07	34,149.20	(450,831.52)	81,454.75
Total	769,610.28	3,059,227.10	(3,464,355.02)	364,482.36

#### 5. Long-term equity investments

Investee	Initial investment cost	Opening balance	Ending balance	Proportion	Accounting Method
Justering (Beijing) Technologies Co., Ltd.*	3,000,000.00	2,942,764.93	2,942,764.93	5.66%	Equity method
Ningbo Meishan Free Trade Port Zone Ai You Yi Chuang Financial Consulting Co., Ltd.**	150,000.00	135,267.95	141,267.95	100.00%	Equity method
Shanghai Qiyun Investment Consulting Co., Ltd.	3,515,581.00	3,515,581.00	-	1.00%	Cost method
Beijing Xiangyue Education Technology Co., Ltd.	1,000,000.00	1,000,000.00	1,000,000.00	0.98%	Cost method
Total	7,665,581.00	7,593,613.88	4,084,032.88		

\* The Foundation holds 5.66% of the equity of Justering (Beijing) Technologies Co., Ltd. The investee's Board of Directors consists 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.

\*\* The Foundation actually holds 100% of the equity of Ningbo Meishan Free Trade Port Zone Ai You Yi Chuang Financial Consulting Co., Ltd. During the period, investment cost is not material and there is no material income or loss generated. Therefore, the foundation do not prepare the consolidated financial statements.



# AI YOU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

### VI. Notes to the financial statements (Cont'd)

#### 6. Fixed assets and accumulated appreciation

##### (1) Fixed assets listed by categories:

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
1. Total cost	470,170.57	198,099.74	-	668,270.31
Including: Electronic Devices	442,670.57	198,099.74	-	640,770.31
Office furniture	27,500.00	-	-	27,500.00
2. Total accumulated depreciation	(199,434.92)	(152,023.15)	-	(351,458.07)
Including: Electronic Devices	(191,432.30)	(146,688.07)	-	(338,120.37)
Office furniture	(8,002.62)	(5,335.08)	-	(13,337.70)
3. Total carrying amount	270,735.65	46,076.59	-	316,812.24
Including: Electronic Devices	251,238.27	51,411.67	-	302,649.94
Office furniture	19,497.38	(5,335.08)	-	14,162.30

##### (2) Fixed assets listed by usage:

Usage	Opening balance			Ending balance		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Self-use	470,170.57	(199,434.92)	270,735.65	668,270.31	(351,458.07)	316,812.24
Total	470,170.57	(199,434.92)	270,735.65	668,270.31	(351,458.07)	316,812.24

#### 7. Payables

Item	Opening balance	Increase in the current year	Decrease in the current year	Ending balance
Payables	7,202,300.99	7,855,973.52	(9,334,106.68)	5,724,167.83
Total	7,202,300.99	7,855,973.52	(9,334,106.68)	5,724,167.83

# AI YOU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(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 recipients of payables:

Item	Opening balance	Increase in the current year	Decrease in the current year	Ending balance
Fuwai Hospital of Chinese Academy of Medical Sciences	-	586,525.10	-	586,525.10
Wuhan Children's Hospital	-	563,637.00	-	563,637.00
Hunan Children's Hospital	736,455.50	485,503.07	(736,455.50)	485,503.07
Nanjing Children's Hospital	1,330,271.51	478,791.89	(1,330,271.51)	478,791.89
Shanghai Children's Medical Centre, Medical School of SJTU	-	401,791.20	-	401,791.20
West China Second Hospital of Sichuan University	-	336,196.63	-	336,196.63
Children's Hospital of Fudan University	471,262.00	312,800.00	(471,262.00)	312,800.00
Urumqi Children's Welfare Institute	-	300,970.00	-	300,970.00
PLA STC General Hospital	-	262,330.60	-	262,330.60
Others	4,664,311.98	4,127,428.03	(6,796,117.67)	1,995,622.34
Total	7,202,300.99	7,855,973.52	(9,334,106.68)	5,724,167.83

#### 8. Detailed changes in employee expenses

Item	Opening balance	Increase in the current year	Payments in the current year	Ending balance
I. Wages and salaries, bonus, allowances and subsidies	438,052.70	7,253,635.94	(7,097,289.87)	594,398.77
II. Staff welfare	-	68,772.83	(68,772.83)	-
III. Social security contributions	289,950.03	3,380,577.80	(3,312,737.58)	357,790.25
Including: 1. Medical insurance	85,129.20	973,700.40	(953,854.92)	104,974.68
2. Basic pensions	190,766.61	2,181,886.20	(2,137,267.89)	235,384.92
3. Supplementary medical insurance	-	63,501.96	(63,501.96)	-
4. Unemployment insurance	6,973.37	80,484.54	(78,762.15)	8,695.76
5. Work injury insurance	1,416.19	16,200.77	(15,870.01)	1,746.95
6. Maternity insurance	5,664.66	64,803.93	(63,480.65)	6,987.94
IV. Housing funds	-	1,936,862.00	(1,936,862.00)	-
Total	728,002.73	12,639,848.57	(12,415,662.28)	952,189.02

# AI YOU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

### VI. Notes to the financial statements (Cont'd)

#### 9. Taxes payable

Item	Opening balance	Ending balance
Withholding individual income tax	65,562.59	54,991.20
Total	65,562.59	54,991.20

#### 10. Net assets

Item	Opening balance	Increase in the current year	Decrease in the current year	Ending balance
Limited net assets	112,246,112.63	241,216,202.14	(233,236,685.15)	120,225,629.62
Unlimited net assets	436,478,124.17	177,153,058.04	(116,711,030.37)	496,920,151.84
Total	548,724,236.80	418,369,260.18	(349,947,715.52)	617,145,781.46

The Foundation's movements in net assets for the year ended 31 December 2018 are RMB 68,421,544.66. The increase in net assets was generated from the total revenue of RMB 418,369,260.18 (including: unlimited revenue of RMB 177,153,058.04 and limited revenue of RMB 241,216,202.14). The decrease in net assets was generated from the total expenditure of RMB 349,947,715.52 (including: business activity cost of RMB 333,351,477.18, general and administrative expenses of RMB 15,156,425.10 and financing expenses of RMB 1,439,813.24).

#### 11. Revenue

Item	2018	2017
Revenue from donation	391,715,719.75	432,030,770.29
Investment income	26,267,653.13	14,291,672.91
Other income - interest income	302,396.73	398,458.04
Revenue from services	83,490.57	166,415.09
Total	418,369,260.18	446,887,316.33

# AI YOU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(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 donations with large amount

Entities and individuals with accumulated donation over RMB 5,000,000 and more than 5% of total revenue from donation of the Foundation in 2018 are listed below:

Donor	2018			Usage
	Limited	Unlimited	Sub-total	
1. SF Foundation (Note X)	45,000,000.00	40,000,000.00	85,000,000.00	Ai You Young Heart/Ai You Morning Star/Ai You Angel/Matters specified in the Articles of Association of the Foundation
2. Mr. Li Jiajie and UBS OPTIMUS FOUNDATION (Switzerland) Beijing Office (Note X)	36,747,533.91	-	36,747,533.91	Ai You Young Heart
3. Shenzhen Ai You Future Foundation (Note X)	27,358,959.73	-	27,358,959.73	Ai You Angel/Ai You Comfort Life/Ai You Reborn/Ai You Morning Star/Ai You Young Heart
4. Petty cash of Alipay (China) Network Technology Co., Ltd.	18,999,361.34	3,814.00	19,003,175.34	Matters specified in the Articles of Association of the Foundation/Ai You He Kang/Ai You Angel/Ai You Comfort Life/Ai You Reborn/Ai You Morning Star/Ai You Young Heart
5. Beijing Lianjia Foundation	-	11,500,000.00	11,500,000.00	Matters specified in the Articles of Association of the Foundation
6. Zhejiang Hanye Co., Ltd.	-	11,500,000.00	11,500,000.00	Matters specified in the Articles of Association of the Foundation
7. Alibaba Foundation	11,500,000.00	-	11,500,000.00	Ordinary activities/Ai You Reborn/Ai You Young Heart
8. Tencent Foundation	9,416,189.69	931,997.57	10,348,187.26	Ai You Young Heart/Ai You Morning Star/Ai You Reborn/Ai You Comfort Life/Ai You Angel/Matters specified in the Articles of Association of the Foundation/Venture Philanthropy Projectss
9. MA HUATENG FOUNDATION LIMITED	-	10,000,000.00	10,000,000.00	Matters specified in the Articles of Association of the Foundation
10. Vanke Foundation	10,000,000.00	-	10,000,000.00	Ai You Reborn/Ai You Young Heart/Venture Philanthropy Projectss
11. Guangtian Group Co., Ltd.:	-	10,000,000.00	10,000,000.00	Matters specified in the Articles of Association of the Foundation
12. Zhejiang Hengfeng International Holdings Company Limited	-	10,000,000.00	10,000,000.00	Matters specified in the Articles of Association of the Foundation
13. Car Cube Cultural Development (Beijing) Co., Ltd.	10,000,000.00	-	10,000,000.00	Ai You Reborn
14. BRIGHT UNISON LIMITED	-	9,968,490.52	9,968,490.52	Matters specified in the Articles of Association of the Foundation
15. Shenzhen Baiyeyuan Investment Co., Ltd.	-	9,500,000.00	9,500,000.00	Matters specified in the Articles of Association of the Foundation
16. Wang Yue	-	7,500,000.00	7,500,000.00	Matters specified in the Articles of Association of the Foundation
17. Excellence Real Estate Holdings Co., Ltd.	7,000,000.00	-	7,000,000.00	Children's welfare
18. Shanghai Pudong Development Bank Co., Ltd.	6,198,000.00	-	6,198,000.00	Ai You Comfort Life/Research and innovation
19. Petty cash of TenPay Payment Technology Co., Ltd.	6,094,131.07	0.83	6,094,131.90	Ai You Young Heart/Ai You Morning Star/Ai You Reborn/Ai You Comfort Life/Ai You Angel/Matters specified in the Articles of Association of the Foundation
20. Yujiang Luolai Investment Holdings Co., Ltd.	6,000,000.00	-	6,000,000.00	Children's medical care
21. Shanghai Yunfeng Xinchuang Investment Management Co., Ltd.	-	5,500,000.00	5,500,000.00	Matters specified in the Articles of Association of the Foundation
22. Shanghai Fenzhong Defeng Advertising Co., Ltd.	-	5,000,000.00	5,000,000.00	Matters specified in the Articles of Association of the Foundation
Total	194,314,175.74	131,404,302.92	325,718,478.66	

## AI YOU FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

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#### VI. Notes to the financial statements (Cont'd)

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

##### (1) Revenue from donations with large amount (Cont'd)

Entities and individuals with accumulated donation over RMB 5,000,000 and more than 5% of total revenue from donation of the Foundation in 2017 are listed below:

Donor	2017			Usage
	Limited	Unlimited	Sub-total	
1. SF Foundation (Note X)	76,500,000.00	-	76,500,000.00	Children's medical care/Ordinary activities/Ai You Angel/Ai You Morning Star/Ai You Young Heart
2. Shenzhen Ai You Future Foundation (Note X)	41,400,000.00	-	41,400,000.00	Ai You Angel/Ai You Reborn/Ai You Morning Star/Ai You Young Heart
3. Mr. Li Jiajie and UBS OPTIMUS FOUNDATION - Total (Note X)	29,279,439.36	-	29,279,439.36	Ai You Young Heart
4. Shen Peijin (Note X)	-	22,500,000.00	22,500,000.00	Matters specified in the Articles of Association of the Foundation
5. MA HUATENG FOUNDATION LIMITED (Ma Huateng) (Note X)	-	22,500,000.00	22,500,000.00	Matters specified in the Articles of Association of the Foundation
6. Tuandai Internet Technologies Services Co., Ltd.	-	20,000,000.00	20,000,000.00	Matters specified in the Articles of Association of the Foundation
7. Golden Arches (China) Co., Ltd.	-	17,000,000.00	17,000,000.00	Matters specified in the Articles of Association of the Foundation
8. Car Cube Cultural Development (Beijing) Co., Ltd.	10,100,000.00	3,000,000.00	13,100,000.00	Ai You Reborn/Matters specified in the Articles of Association of the Foundation
9. Vanke Foundation	13,000,000.00	-	13,000,000.00	Children's medical care/Ai You Reborn
10. Tianjin Yingxiang Entertainment Technology Co., Ltd.	-	12,200,000.00	12,200,000.00	Matters specified in the Articles of Association of the Foundation
11. Tencent Foundation	12,008,738.17	-	12,008,738.17	Ai You Comfort Life/Ai You Reborn/Ai You Young Heart/Ai You Ya'an
12. Alibaba Foundation	11,500,000.00	-	11,500,000.00	Ordinary activities/Ai You Reborn/Ai You Young Heart
13. Zuo Hui	-	10,000,000.00	10,000,000.00	Matters specified in the Articles of Association of the Foundation
14. Beijing Lianjia Foundation	-	8,000,000.00	8,000,000.00	Matters specified in the Articles of Association of the Foundation
15. Hubei Zhuo'er Foundation	-	8,000,000.00	8,000,000.00	Matters specified in the Articles of Association of the Foundation
16. Pang Shengdong	7,000,000.00	-	7,000,000.00	Venture Philanthropy Projects
17. Zhejiang Hanye Co., Ltd.	-	5,500,000.00	5,500,000.00	Matters specified in the Articles of Association of the Foundation
18. Shanghai Yunfeng Xinchuang Investment Management Co., Ltd.	5,000,000.00	-	5,000,000.00	Ai You Comfort Life
19. Shanghai Defeng Advertising Co., Ltd.	5,000,000.00	-	5,000,000.00	Ai You Comfort Life
20. Livzon Pharmaceutical Group Inc.	-	5,000,000.00	5,000,000.00	Matters specified in the Articles of Association of the Foundation
Total	210,788,177.53	133,700,000.00	344,488,177.53	

## AI YOU FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

#### VI. Notes to the financial statements (Cont'd)

##### 12. Investment income

Item	2018	2017
WMPs	21,667,653.13	14,363,640.03
Long-term equity investments	4,600,000.00	(71,967.12)
Total	26,267,653.13	14,291,672.91

The Foundation's WMPs are purchased from banks.

##### 13. Business activity cost

Item	2018	2017
Ai You Young Heart	140,790,985.43	145,631,211.74
Ai You Reborn	48,883,348.40	51,090,544.21
Ai You He Kang	8,229,563.05	5,627,336.29
Ai You Angel	31,923,981.50	36,376,147.91
Venture Philanthropy Projectss	49,128,828.82	26,022,903.75
Ai You Ya'an	538,848.34	863,230.24
Ai You Morning Star	25,927,515.22	27,909,805.85
Ai You Comfort Life	12,255,966.48	17,310,212.06
Big data	8,013,691.40	1,000,000.00
Charity steward projects	2,741,342.24	-
Research and innovation projects	4,217,406.30	-
Other projects	700,000.00	-
Total	333,351,477.18	311,831,392.05

## AI YOU FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

#### VI. Notes to the financial statements (Cont'd)

##### 14. General and administrative expenses

Item	2018	2017
1. Employee benefits expense	7,225,023.66	8,034,711.12
2. Expense for operating supplies and service	7,931,401.44	8,672,175.77
Total	15,156,425.10	16,706,886.89

Total general and administrative expenses of the Foundation in 2018 amounted to RMB 15,156,425.10, accounting for 4.33% of total expenditure.

Total general and administrative expenses of the Foundation in 2017 amounted to RMB 16,706,886.89, accounting for 5.04% of total expenditure.

##### 15. Financing expenses

Item	2018	2017
Expenditures for charity dinner	1,439,813.24	2,701,668.76
Total	1,439,813.24	2,701,668.76

Such expenses are presented in the "Cash paid relating to other business activities" in the cash flow statement.

## AI YOU FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

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#### VII. Description of the numbers, changes and remunerations such as salaries obtained of the council members and employees

- Names and attributions of the council members, the number of council members that obtain remunerations from the Foundation and the amount of their remunerations

No.	Title	Name	Attribution	Paid by the Foundation or not
1	Chairwoman	Geng Yuan	Ai You Foundation	Yes
2	Chairman	Li Jiajie	Hong Kong Henderson Land Group	Not
3	Vice Chairman	Ma Huateng	Tencent Holdings Limited	Not
4	Secretary-General	Cong Zhigang	Ai You Foundation	Yes
5	Director	Wang Bing	Beijing Dingtian Investment Management Co., Ltd.	Not
6	Director	Cao Guowei	Sina Corporation	Not
7	Director	Jiang Nanchun	Focus Media (China) Holding Co., Ltd.	Not
8	Director	Li Yanhong	Baidu Corporation	Not
9	Director	Yu Feng	Shanghai Yunfeng Investment Management Co., Ltd.	Not
10	Director	Lu Weiding	Minsheng Life Insurance Co., Ltd.	Not
11	Director	Zhang Yichen	CITIC Capital Holdings Ltd.	Not
12	Director	Zuo Hui	Beijing Lianjia Real Estate Brokerage Co., Ltd.	Not

- The Foundation had 54 employees in total in the current year, up by 1 as compared to the prior year. In 2017, salary paid to employees amounted to RMB 8,828,351.73 with an average monthly salary of RMB 13,881.06 per person. In the current year, salary paid to employees amounted to RMB 9,115,412.80 with an average monthly salary of RMB 14,067.00 per person.

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

The total revenue as at 31 December 2017 amounted to RMB 446,887,316.33. Total expenditure related to public welfare activities in 2018 amounted to RMB 333,351,477.18, accounting for 74.59% of total revenue as at 31 December 2017. The general and administrative expenses in 2018 amounted to RMB 15,156,425.10, accounting for 4.33% of total expenditure in 2018.



# AI YOU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018  
(All amounts in RMB Yuan unless otherwise stated)  
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### IX. Significant public welfare projects

#### 1. Revenue and expenditure of significant public welfare projects in 2018

Project	Revenue for the current year	Direct or entrusted cash or goods for beneficiaries	Employee remunerations, volunteer subsidies and insurance incurred for rendering charity services or performing charity projects	Expenditures incurred for use of buildings, equipment and supplies	Expenditure for the current year		
					Expenses for travel, logistics, transportation, meeting, training, audit and assessment for management of charity projects	Others	Total
Ai You Young Heart	108,983,076.65	132,873,070.58	2,266,408.93	411,317.00	5,240,188.92	-	140,790,985.43
Ai You Reborn	53,972,355.91	46,442,997.81	809,276.70	180,712.59	1,450,361.30	-	48,883,348.40
Ai You He Kang	4,108,946.00	7,313,543.74	79,913.85	26,298.27	809,807.19	-	8,229,563.05
Ai You Angel	15,202,123.29	29,879,349.77	468,647.93	114,631.02	1,461,352.78	-	31,923,981.50
Venture Philanthropy Projects	4,500,000.00	48,625,270.50	-	-	503,558.32	-	49,128,828.82
Ai You Ya'an	-	538,848.34	-	-	-	-	538,848.34
Ai You Morning Star	11,438,026.37	24,290,741.04	560,008.03	141,117.52	935,648.63	-	25,927,515.22
Ai You Comfort Life	10,284,388.30	9,738,159.97	825,435.84	171,946.40	1,520,424.27	-	12,255,966.48
Total	208,488,916.52	299,701,981.75	5,009,691.28	1,046,022.80	11,921,341.41	-	317,679,037.24

# AI YOU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018  
(All amounts in RMB Yuan unless otherwise stated)  
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### IX. Significant public welfare projects (Cont'd)

#### 1. Revenue and expenditure of significant public welfare projects in 2018 (Cont'd)

"Significant public welfare projects" refer to public welfare projects that meet one of the following criteria:

- The revenue from donation in the project accounts for more than 20% of total revenue from donation of the Foundation for the current year;
- The expenditure in the project accounts for more than 20% of total expenditure of the Foundation for the current year;
- The project duration is longer than 2 years (inclusive).

#### 2. Recipients of large payments in significant public welfare projects

Project	Usage	Recipients	Amount	% of the significant public welfare project expenditure	% of total expenditure for public welfare project	Usage
Ai You Young Heart	Treatment for ill children	Beijing Anzhen Hospital, Capital Medical University	11,046,226.91	7.85%	3.31%	Treatment for ill children
		Wuhan Union Hospital, Tongji Medical College, Huazhong University of Science and Technology	10,678,342.35	7.58%	3.20%	Treatment for ill children
		Shanghai Children's Medical Centre, Medical School of SJTU	7,331,784.23	5.21%	2.20%	Treatment for ill children
		Guangzhou General Hospital of Guangzhou Military Region	7,286,648.76	5.18%	2.19%	Treatment for ill children
		Shanghai Children's Medical Centre, Medical School of SJTU	5,485,127.30	11.22%	1.65%	Treatment for ill children
Ai You Reborn	Donation	Nanjing Children Welfare House	4,574,647.57	9.36%	1.37%	Donations
		Kaifeng Disabled Children Rehabilitation Centre	4,295,141.92	8.79%	1.29%	Donations

# AI YOU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

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### IX. Significant public welfare projects (Cont'd)

#### 2. Recipients of large payments in significant public welfare projects (Cont'd)

Project	Usage	Recipients	Amount	% of the significant public welfare project expenditure	% of total expenditure for public welfare project	Usage
Ai You Reborn	Donations	Beijing Chunmiao Centre for Children's Aid Service and Communication	4,000,000.00	8.18%	1.20%	Donations
		Shanghai Baby Home	3,189,306.16	6.52%	0.96%	Donations
		Xi'an Children Welfare House	3,149,397.26	6.44%	0.94%	Donations
		Wuhan Children Welfare House	3,131,648.83	6.41%	0.94%	Donations
		Chongqing Children Welfare House	2,908,539.00	5.95%	0.87%	Donations
		Guangzhou Children Welfare House	2,881,152.00	5.89%	0.86%	Donations
Ai You Comfort Life	Donations	Beijing Ciyou Child Welfare Research Center	2,896,860.00	23.64%	0.87%	Donations
		FAZE Community Well-being Foundation (Guangzhou)	1,980,900.00	16.16%	0.59%	Donations
		Beijing Pulei Social Work Service Center	1,645,333.44	13.42%	0.49%	Donations
		Employee expenses	819,435.84	6.69%	0.25%	Employee expenses
		Zhenxiong County Civil Affairs Bureau	620,000.00	5.06%	0.19%	Donations

# AI YOU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018  
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### IX. Significant public welfare projects (Cont'd)

#### 2. Recipients of large payments in significant public welfare projects (Cont'd)

Project	Usage	Recipients	Amount	% of the significant public welfare project expenditure	% of total expenditure for public welfare project	Usage
Ai You Angel	Treatment for ill children	Institute of Hematology & Blood Diseases Hospital, Chinese Academy of Medical Sciences	5,223,308.72	16.36%	1.57%	Treatment for ill children
		Children's Hospital of Chongqing Medical University	4,883,126.21	15.30%	1.46%	Treatment for ill children
		Beijing Children's Hospital, Capital Medical University	3,533,581.96	11.07%	1.06%	Treatment for ill children
		Shanghai Children's Medical Centre, Medical School of SJTU	3,401,900.00	10.66%	1.02%	Treatment for ill children
		Guangzhou Women and Children's Medical Center	2,671,554.76	8.37%	0.80%	Treatment for ill children
		Guangdong Provincial People's Hospital	2,395,709.12	7.50%	0.72%	Treatment for ill children
Ai You Morning Star Venture Philanthropy Projects	Treatment for ill children	Wuhan Union Hospital, Tongji Medical College, Huazhong University of Science and Technology	2,147,057.04	6.73%	0.64%	Treatment for ill children
		West China Second Hospital of Sichuan University	1,828,984.93	5.73%	0.55%	Treatment for ill children
		Hunan Children's Hospital	3,360,947.46	12.96%	1.01%	Treatment for ill children
		Nanjing Children's Hospital	3,356,814.61	12.95%	1.01%	Treatment for ill children
		Hospital, Shanghai JiaoTong University School of Medicine	2,103,764.39	8.11%	0.63%	Treatment for ill children
		Children's Hospital of Fudan University	1,934,313.00	7.46%	0.58%	Treatment for ill children
Ai You He Kang	Donations or service fee	West China Hospital of Sichuan University	1,456,690.26	5.62%	0.44%	Treatment for ill children
		Beijing Ai You Development Centre (Note X)	47,861,290.00	97.42%	14.36%	Donations
		Beijing Ai You He Kang Children's Rehabilitation Centre (Note X)	2,800,000.00	34.02%	0.84%	Donations
		CBEM	425,015.35	5.16%	0.13%	Service fee
		West China Hospital of Sichuan University	488,848.34	90.72%	0.15%	Treatment for ill children
		Ya'an People's Hospital	50,000.00	9.28%	0.01%	Treatment for ill children
Total			167,843,397.72		50.35%	

A party is presented as a recipient of large payments in a significant project if the amount paid by the Foundation to the party accounts for more than 5% of the total expenditure of the significant project.

# AI YOU FOUNDATION

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

(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 parties	Relationship with the Foundation
Wang Bing	Legal representative, founder and investor of the Foundation
Li Jiajie	Major donor and Vice President
UBS OPTIMUS FOUNDATION (Switzerland) Beijing Office	Major donor
SF Foundation	Major donor
Shenzhen Ai You Future Foundation	Share four directors with the Foundation (9 directors in total)
Ai You (HK) Foundation	Share two directors with the Foundation (21 directors in total)
Shenzhen Ai You He Kang Children's Rehabilitation Centre	Funded and set up by the Foundation
Beijing Ai You He Kang Children's Rehabilitation Centre	Funded and set up by the Foundation and share one director with the Foundation (5 directors in total)
Beijing Ai You Development Centre	Share one director with the Foundation (5 directors in total)
Ningxia Ai You He Kang Children's Rehabilitation Centre	Funded and set up by the Foundation
Hubei Ai You He Kang Linjie Children's Rehabilitation Centre	Funded and set up by the Foundation
Beijing Ai You Institute of Data Application Technology	Funded and set up by the Foundation

#### 2. Related party transactions

Name of related parties	Amount of transaction for the period	Nature of transaction
SF Foundation	85,000,000.00	Donation received
Mr. Li Jiajie and UBS OPTIMUS FOUNDATION (Switzerland) Beijing Office	36,747,533.91	Donation received
Shenzhen Ai You Future Foundation	27,358,959.73	Donation received
Beijing Ai You Development Centre	47,906,202.36	Donation expenditure
Beijing Ai You He Kang Children's Rehabilitation Centre	2,800,000.00	Donation expenditure
Beijing Ai You Institute of Data Application Technology	7,740,000.00	Donation expenditure

# AI YOU FOUNDATION

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

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

### XI. Detailed list of fixed assets

Name	Source	Date	Unit	Qty.	Unit price	Amount	Usage
Lenovo B4400A 14-inch laptop	Purchased	28 February 2015	Set	1	3,999.00	3,999.00	Self-use
HP 14-inch laptop	Purchased	28 February 2015	Set	1	2,949.00	2,949.00	Self-use
Lenovo G40-70MA laptop	Purchased	31 March 2015	Set	1	3,749.00	3,749.00	Self-use
Lenovo Xiaoxin I1000 laptop	Purchased	31 March 2015	Set	1	4,399.00	4,399.00	Self-use
Dell desktop	Purchased	31 March 2015	Set	1	2,999.00	2,999.00	Self-use
Lenovo laptop	Purchased	31 March 2015	Set	1	3,699.00	3,699.00	Self-use
Lenovo laptop	Purchased	30 April 2015	Set	1	6,299.00	6,299.00	Self-use
Lenovo laptop	Purchased	31 May 2015	Set	1	4,499.00	4,499.00	Self-use
Lenovo laptop	Purchased	31 May 2015	Set	1	4,399.00	4,399.00	Self-use
Lenovo laptop	Purchased	31 May 2015	Set	1	4,399.00	4,399.00	Self-use
Lenovo E450C laptop	Purchased	30 June 2015	Set	1	4,499.00	4,499.00	Self-use
Lenovo E450C laptop	Purchased	30 June 2015	Set	2	4,099.00	8,198.00	Self-use
Projector	Purchased	30 June 2015	Set	1	2,899.00	2,899.00	Self-use
Lenovo Xiaoxin V3000 laptop	Purchased	30 June 2015	Set	1	4,499.00	4,499.00	Self-use
Samsung 19-inch display	Purchased	31 July 2015	Set	3	689.00	2,067.00	Self-use
Copier	Purchased	31 July 2015	Set	1	6,800.00	6,800.00	Self-use
Face recognition entrance access	Purchased	30 November 2015	Set	1	4,100.00	4,100.00	Self-use
TCL LCD TV	Purchased	30 November 2015	Set	1	5,999.00	5,999.00	Self-use
Samsung curve display	Purchased	30 November 2015	Set	1	1,359.00	1,359.00	Self-use
Call-centre system	Purchased	30 November 2015	Set	1	34,000.00	34,000.00	Self-use
UPS power supply	Purchased	31 December 2015	Set	1	8,600.00	8,600.00	Self-use
Benq projector	Purchased	31 December 2015	Set	1	4,299.00	4,299.00	Self-use
Xbox One	Purchased	31 December 2015	Set	1	3,799.00	3,799.00	Self-use
Samsung curve display	Purchased	31 January 2016	Set	1	1,499.00	1,499.00	Self-use
DELL desktop	Purchased	31 March 2016	Set	1	3,779.00	3,779.00	Self-use
OPTOMA projector	Purchased	31 March 2016	Set	1	12,000.00	12,000.00	Self-use
Lenovo Xiaoxin 300 classic	Purchased	31 May 2016	Set	1	4,399.00	4,399.00	Self-use
Dell 14-inch laptop	Purchased	30 June 2016	Set	1	3,699.00	3,699.00	Self-use
Dell Vostro 14-inch laptop	Purchased	30 June 2016	Set	1	3,988.00	3,988.00	Self-use
Dell Vostro 14VR-1728B 14-inch laptop	Purchased	31 July 2016	Set	1	3,988.00	3,988.00	Self-use
Dell Vostro 14VR-1728B 14-inch light business office laptop	Purchased	31 August 2016	Set	1	3,999.00	3,999.00	Self-use
Dell Vostro 14VR-1728B 14-inch light business office laptop	Purchased	31 August 2016	Set	1	3,799.00	3,799.00	Self-use
MIPRO wireless microphone set	Purchased	31 August 2016	Set	1	2,920.00	2,920.00	Self-use

# AI YOU FOUNDATION

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

(All amounts in RMB Yuan unless otherwise stated)  
(English translation for reference only)

### XI. Detailed list of fixed assets (Cont'd)

Name	Source	Date	Unit	Qty.	Unit price	Amount	Usage
Dell Vostro 14VR-1528B 14-inch light business office laptop	Purchased	30 September 2016	Set	1	2,999.00	2,999.00	Self-use
Dell Vostro 14-inch light business office laptop	Purchased	31 October 2016	Set	1	3,299.00	3,299.00	Self-use
Dell Vostro 14VR-1728B 14-inch light business office laptop	Purchased	24 November 2016	Set	2	3,799.00	7,598.00	Self-use
Dell Vostro 14VR-1728B 14-inch business office laptop	Purchased	29 November 2016	Set	5	3,599.00	17,995.00	Self-use
Dell Vostro 14VR-1728B 14-inch business office laptop	Purchased	29 November 2016	Set	1	3,799.00	3,799.00	Self-use
Dell Vostro 14VR-1728B 14-inch business office laptop	Purchased	31 December 2016	Set	1	3,599.00	3,599.00	Self-use
Dell Vostro 14VR-1728B 14-inch business office laptop	Purchased	31 December 2016	Set	1	3,599.00	3,599.00	Self-use
HP ML350 server	Purchased	1 December 2014	Set	1	35,780.00	35,780.00	Self-use
Office desk	Purchased	29 June 2016	Set	1	5,800.00	5,800.00	Self-use
Conference table - large size	Purchased	29 June 2016	Set	1	14,200.00	14,200.00	Self-use
Document cabinet	Purchased	29 June 2016	Set	1	3,200.00	3,200.00	Self-use
Conference table - medium size	Purchased	29 June 2016	Set	1	4,300.00	4,300.00	Self-use
Vostro 14VR-2729BB business laptop	Purchased	28 February 2017	Set	1	3,800.00	3,800.00	Self-use
DELL Vostro 14VR-2729BB 14-inch business laptop	Purchased	31 March 2017	Set	1	4,348.80	4,348.80	Self-use
Dell 7000R1525S 14-inch business office laptop	Purchased	31 March 2017	Set	2	4,999.00	9,998.00	Self-use
Dell 14-inch business office laptop	Purchased	30 April 2017	Set	2	4,443.59	8,887.18	Self-use
EPSON scanner	Purchased	30 April 2017	Set	1	2,288.89	2,288.89	Self-use
HP printer	Purchased	31 May 2017	Set	1	1,588.89	1,588.89	Self-use
Lenovo Xiaoxin laptop	Purchased	31 May 2017	Set	1	4,272.65	4,272.65	Self-use
Dell Inspiron light narrow bezel laptop	Purchased	30 June 2017	Set	2	4,272.65	8,545.30	Self-use
DELL 7000R1525S 14-inch business laptop	Purchased	31 July 2017	Set	3	4,271.80	12,815.40	Self-use
Switch	Purchased	31 August 2017	Set	1	7,863.25	7,863.25	Self-use
Firewall	Purchased	31 August 2017	Set	1	9,572.65	9,572.65	Self-use
DELL laptop	Purchased	31 August 2017	Set	3	4,700.85	14,102.55	Self-use
DELL laptop	Purchased	31 August 2017	Set	1	4,700.86	4,700.86	Self-use
Laptop	Purchased	31 October 2017	Set	2	4,529.06	9,058.12	Self-use
DELL laptop	Purchased	30 September 2017	Set	3	4,101.71	12,305.13	Self-use
Wireless AP	Purchased	31 October 2017	Set	1	2,136.75	2,136.75	Self-use
Laptop	Purchased	31 October 2017	Set	1	4,529.06	4,529.06	Self-use
Lenovo laptop	Purchased	30 November 2017	Set	1	5,127.35	5,127.35	Self-use
ipad mini4	Purchased	30 November 2017	Set	18	2,794.72	50,304.93	Self-use
ipad mini5	Purchased	31 November 2017	Set	4	2,794.70	11,178.80	Self-use
Lenovo laptop	Purchased	12 March 2018	Set	1	4,272.65	4,272.65	Self-use
Lenovo laptop	Purchased	24 April 2018	Set	2	4,268.38	8,536.76	Self-use
Lenovo laptop	Purchased	24 April 2018	Set	2	4,268.37	8,536.74	Self-use

# AI YOU FOUNDATION

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

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

### XI. Detailed list of fixed assets (Cont'd)

Name	Source	Date	Unit	Qty.	Unit price	Amount	Usage
Lenovo laptop	Purchased	24 April 2018	Set	1	4,271.79	4,271.79	Self-use
Lenovo laptop	Purchased	24 April 2018	Set	1	4,272.65	4,272.65	Self-use
Laptop	Purchased	31 May 2018	Set	1	4,529.06	4,529.06	Self-use
Computer monitor	Purchased	31 May 2018	Set	1	794.02	794.02	Self-use
Lenovo laptop	Purchased	30 June 2018	Set	1	4,093.96	4,093.96	Self-use
ASUS desktop	Purchased	30 June 2018	Set	1	22,413.79	22,413.79	Self-use
ASUS desktop	Purchased	30 June 2018	Set	1	12,931.03	12,931.03	Self-use
Lenovo laptop	Purchased	30 June 2018	Set	1	4,310.34	4,310.34	Self-use
DELL laptop	Purchased	31 July 2018	Set	2	4,309.49	8,618.98	Self-use
Lenovo laptop	Purchased	31 July 2018	Set	1	4,266.38	4,266.38	Self-use
Samsung display	Purchased	31 July 2018	Set	3	775.00	2,325.00	Self-use
Lenovo laptop	Purchased	31 July 2018	Set	1	4,300.00	4,300.00	Self-use
Lenovo laptop	Purchased	31 July 2018	Set	1	4,308.62	4,308.62	Self-use
Lenovo laptop	Purchased	31 July 2018	Set	1	4,309.48	4,309.48	Self-use
Zhiyun Yunhe 2 camera stabilizer	Purchased	31 July 2018	Set	1	3,792.24	3,792.24	Self-use
Canon EOS 5D Mark IV body only	Purchased	31 July 2018	Set	1	15,516.38	15,516.38	Self-use
Canon EOS 5D Mark IV Camera (EF 24-105mm f/4L IS II USM)	Purchased	31 July 2018	Set	1	19,481.90	19,481.90	Self-use
Canon EF 16-35mm f/2.8L III	Purchased	31 July 2018	Set	1	10,775.00	10,775.00	Self-use
Canon EF 24-70mm f/2.8L II	Purchased	31 July 2018	Set	1	9,050.86	9,050.86	Self-use
Canon EF 70-200mm f/2.8L IS II	Purchased	31 July 2018	Set	1	10,084.49	10,084.49	Self-use
Canon EF 50mmf/1.4	Purchased	31 July 2018	Set	1	2,068.11	2,068.11	Self-use
TERIS TX-V8L PLUS aluminium tripod	Purchased	31 July 2018	Set	2	3,500.00	7,000.00	Self-use
Sony UWP-D11 belt-pack wireless microphone	Purchased	31 July 2018	Set	1	2,999.00	2,999.00	Self-use
Lenovo laptop	Purchased	30 September 2018	Set	1	5,775.00	5,775.00	Self-use
Projector	Purchased	30 September 2018	Set	1	4,465.52	4,465.52	Self-use
Total						668,270.31	

### XII. Operating lease commitments

Item	31 December 2018	31 December 2017
Within 1 year	3,049,686.72	2,491,758.79
1 to 2 years	2,795,546.16	-
Total	5,845,232.88	2,491,758.79



**AI YOU FOUNDATION**

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

(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

**XIII. Notes to the assets with timing or usage limits posed by assets providers**

The Foundation received limited donation amounted to RMB 235,848,259.68 in 2018 donated by entities or individuals. The Foundation used the assets in public welfare projects as specified in the contract.

**XIV. Notes to entrusted business**

The Foundation had no entrusted business for the year ended 31 December 2018.

**XV. Notes to impairment of significant assets**

The Foundation had no impairment of significant assets.

**XVI. Notes to donated assets and other assets with no reliable fair value**

The Foundation had no donated assets and other assets with unavailable fair value as at 31 December 2018.

**XVII. Notes to labour service donation received**

The Foundation received no labour service donation for the year ended 2018.

**XVIII. Notes to events after balance sheet date not subject to adjustment**

The Foundation had no events after balance sheet date not subject to adjustment.

**XIX. Other pending issues**

The Foundation had no other issues need to be specified as at 31 December 2018.

The above financial statements of the Foundation for the year ended 31 December 2018 and notes to the financial statement are prepared in compliance with the *Accounting System for Non-governmental Non-profit Organisations*.

Name of the Foundation: (Stamp)

Legal representative of the Foundation: (Signature)

Date: 20 March 2019

Head of Financial Department: (Signature)

Date: 20 March 2019

**AI YOU FOUNDATION**

**SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**[English translation for reference only]**

- General information
- Financial position
- Related financial information of the Foundation

## **AI YOU FOUNDATION**

### **SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT**

[English translation for reference only]

#### **I. 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 as the legal representative. The address of the Foundation is Room 2408, 24/F, Kuntai International Building, B12 Chaowai Avenue, Chaoyang District, Beijing. The Foundation is a 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 2018.

#### **II. Financial position**

1. As at 31 December 2018, Ai You Foundation had total assets of RMB 623,877,129.51, of which cash at bank and on hand, short-term investments and receivables (all representing other receivables) amounted to RMB 26,058,750.41, RMB 588,081,037.23 and RMB 4,345,934.20, respectively; prepaid expenses, other current assets, fixed assets and long-term equity investments amounted to RMB 364,482.36, RMB 626,080.19, RMB 316,812.24 and RMB 4,084,032.88, respectively.
2. As at 31 December 2018, Ai You Foundation's total liabilities amounted to RMB 6,731,348.05, including current liabilities of RMB 6,731,348.05.
3. As at 31 December 2018, Ai You Foundation's total net assets amounted to RMB 617,145,781.46, including limited net assets of RMB 120,225,629.62 and unlimited net assets of RMB 496,920,151.84.
4. Revenue of Ai You Foundation for the year ended 31 December 2018 was RMB 418,369,260.18, including revenue from donation of RMB 391,715,719.75, revenue from rendering of service of RMB 83,490.57, investment income of RMB 26,267,653.13, and other income of RMB 302,396.73.
5. Expenditure of Ai You Foundation for the year ended 31 December 2018 were RMB 349,947,715.52, including business activity cost, general and administrative expenses and financing expenses of RMB 333,351,477.18, RMB 15,156,425.10 and RMB 1,439,813.24, respectively.
6. Expenditure of public welfare activities of Ai You Foundation for the year ended 31 December 2018 was RMB 333,351,477.18, accounting for 74.59% of fund's total income for the prior year of RMB 446,887,316.33. General and administrative expenses comprised labour cost, administrative and office expenses and professional service expenses, amounting to RMB 15,156,425.10, accounting for 4.33% of the total expenses for the current year.

# AI YOU FOUNDATION

## SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT

[English translation for reference only]

### III. Related financial information of the Foundation

31 December 2018

Name of the Foundation	Ai You Foundation		
Unified social credit code	531000005000210435		
Office address	Room 2408, 24/F, Kuntai International Building, B12 Chaowai Avenue, Chaoyang District, Beijing	Date of registration	6 May 2008
Tel:	+86 (10) 50948839	Zip code	100020
Legal representative	Wang Bing	Major fund source	Revenue from donation
Deposit bank	Vantone Centre Branch of the CMBC		
Bank account	110908540910703		
Name of financial unit	Financial Department	Tel:	18611557220
Name of accountant	Zhang Qianqian	Full-time or part-time	Full-time
Name of bookkeeping agency	Nil	Name of the person in charge of the bookkeeping agency	Nil
Unified social credit code	531000005000210435		
Branches and representative institutions with bank accounts and their deposit banks and corresponding bank accounts	Nil		
Entities	The foundation has one subordinate entity, Ningbo Meishan Free Trade Port Zone Ai You Yi Chuang Financial Consulting Co., Ltd.		