

**THE YEH FAMILY PHILANTHROPY LIMITED**

(incorporated in the Hong Kong with limited liability by guarantee and not having a share capital)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 13 JUNE 2011**

**(DATE OF INCORPORATION)**

**TO 31 DECEMBER 2011**

## **THE YEH FAMILY PHILANTHROPY LIMITED**

### **DIRECTORS' REPORT**

The directors have pleasure in submitting their report together with the audited financial statements of the Philanthropy for the period from 13 June 2011 (date of incorporation) to 31 December 2011.

#### **Principal activities**

The Philanthropy is a charitable organisation and the principal activity is advancing the education of young people by developing their entrepreneurial, intellectual, physical, psychosocial and moral capabilities.

#### **Results**

The results of the Philanthropy for the period from 13 June 2011 (date of incorporation) to 31 December 2011 are set out in the statement of comprehensive income on page 5.

#### **Reserves**

Details of movements in the reserves of the Philanthropy during the period from 13 June 2011 (date of incorporation) to 31 December 2011 are set out in the statement of changes in funds balance on page 7 to the financial statements.

#### **Directors**

The directors of the Philanthropy during the period and up to the date of this report are:

Dr YEH Meou-tsen Geoffrey	(appointed on 13 June 2011 and resigned on 1 August 2011)
Mrs FUNG YEH Yi-hao Yvette	(appointed on 13 June 2011)
Mr YEH V-nee	(appointed on 13 June 2011)
Mr CHANG Tsou-sun	(appointed on 1 August 2011)
Mr LEUNG Kui-king Donald	(appointed on 1 August 2011)
Mr CHAN Bernard Charnwut	(appointed on 29 February 2012)

In accordance with the Articles of Association of the Philanthropy, all the directors shall remain in the office this year.

#### **Directors' interests in contracts**

No contract of significance in relation to the Philanthropy's business to which the Philanthropy, was a party and in which a director of the Philanthropy had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

### **Management contract**

No contract concerning the management and administration of the whole or any substantial part of the business of the Philanthropy was entered into or existed during the period.

### **Auditors**

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the board of directors



Director

Hong Kong, 10 December 2012

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE YEH FAMILY PHILANTHROPY LIMITED**

(incorporated in the Hong Kong with limited liability by guarantee and not having a share capital)

We have audited the financial statements of The Yeh Family Philanthropy Limited (the "Philanthropy") set out on pages 5 to 13, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in funds and cash flow statement for the period from 13 June 2011 (date of incorporation) to 31 December 2011, and a summary of significant accounting policies and other explanatory information.

**Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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 and to report our opinion solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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 judgement, 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 of financial statements that give a true and fair view 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 the directors, 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.





羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE YEH FAMILY PHILANTHROPY LIMITED  
(CONTINUED)**

(incorporated in the Hong Kong with limited liability by guarantee and not having a share capital)

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Philanthropy's affairs as at 31 December 2011, and of its result and its cash flows for the period from 13 June 2011 (date of incorporation) to 31 December 2011 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

A handwritten signature in blue ink, which appears to be "PricewaterhouseCoopers", written in a cursive style.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 10 December 2012

**THE YEH FAMILY PHILANTHROPY LIMITED**

(incorporated in the Hong Kong with limited liability by guarantee and not having a share capital)

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE PERIOD FROM 13 JUNE 2011 (DATE OF INCORPORATION)**

**TO 31 DECEMBER 2011**

	Note	For the period from 13 June 2011 (date of incorporation) to 31 December 2011 HK\$
Expenditure	4	1,223,194
Deficit for the period		<u>1,223,194</u>

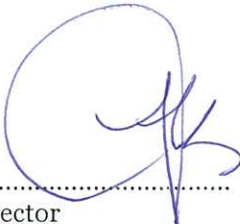
**THE YEH FAMILY PHILANTHROPY LIMITED**

(incorporated in the Hong Kong with limited liability by guarantee and not having a share capital)

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2011**

	Note	2011 HK\$
<b>LIABILITIES</b>		
Current liabilities		
Accruals and other payables		(64,263)
Amount due to a related company	7	(1,158,931)
Total liabilities		<u>(1,223,194)</u>
<b>FUND</b>		
Accumulated funds		<u>(1,223,194)</u>
Deficit on funds		<u>(1,223,194)</u>

  
.....  
Director

  
.....  
Director

**THE YEH FAMILY PHILANTHROPY LIMITED**

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**STATEMENT OF CHANGES IN FUNDS**

**FOR THE PERIOD FROM 13 JUNE 2011 (DATE OF INCORPORATION)**

**TO 31 DECEMBER 2011**

	Accumulated funds HK\$
At 13 June 2011	-
Deficit for the period	(1,223,194)
At 31 December 2011	<u>(1,223,194)</u>



**THE YEH FAMILY PHILANTHROPY LIMITED**

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**CASH FLOW STATEMENT**

**FOR THE PERIOD FROM 13 JUNE 2011 (DATE OF INCORPORATION)  
TO 31 DECEMBER 2011**

	Note	For the period from 13 June 2011 (date of incorporation) to 31 December 2011 HK\$
Cash flows from operating activities		
Net cash used in operations	8	(1,158,931)
Net cash used in operating activities		<u>(1,158,931)</u>
Cash flows from financing activity		
Increase in amount due to a related company		<u>1,158,931</u>
Net cash from financing activity		<u>1,158,931</u>
Net change in cash and cash equivalents		-
Cash and cash equivalents at the beginning of the period		<u>-</u>
Cash and cash equivalents at the end of the period		<u>-</u>

## **THE YEH FAMILY PHILANTHROPY LIMITED**

(incorporated in the Hong Kong with limited liability by guarantee and not having a share capital)

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

#### **1 General information**

The Yeh Family Philanthropy Limited (the "Philanthropy") is a charitable organisation incorporated in Hong Kong with limited liability by guarantee and not having a share capital. The principal activity is advancing the education of young people by developing their entrepreneurial, intellectual, physical, psychosocial and moral capabilities. The address of its registered office is Room 1103-06, 11th Floor, St. George's Building, 2 Ice House Street, Central, Hong Kong.

These financial statements are presented in Hong Kong dollar (HK\$) unless otherwise stated and have been approved for issue by the board of directors on 10 December 2012.

#### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

##### **2.1 Basis of preparation**

The financial statements of The Yeh Family Philanthropy Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Philanthropy's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

At 31 December 2011, the Philanthropy had net current liabilities and a deficit on fund of HK\$1,223,194. The members have confirmed their intention to provide sufficient financial support to the Philanthropy to enable the Philanthropy to meet its liabilities as and when they fall due and to enable the Philanthropy to continue operations in the foreseeable future. Consequently, the financial statements have been prepared on a going concern basis.

In the current period, the Philanthropy has adopted the new and revised accounting standards, amendments and interpretations which are mandatory.

HKICPA has published a number of new standards, interpretations and amendments to existing standards that are relevant to the Philanthropy's operations and are effective for the Philanthropy's accounting periods beginning on or after 1 April 2011. The Philanthropy has not early adopted these new standards, interpretations and amendments in the financial statements for the year ended 31 December 2011. The Philanthropy has already commenced an assessment of the impact of these new standards, interpretations and amendments but is not yet in a position to state whether they would have a significant impact on its results and financial position.

##### **2.2 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held to call with banks.



## **THE YEH FAMILY PHILANTHROPY LIMITED**

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

## **2 Summary of significant accounting policies (Continued)**

### **2.3 Provisions**

Provisions are recognised when the Philanthropy has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Philanthropy expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **2.14 Employee benefits**

#### **(a) Employee leave entitlements**

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### **(b) Retirement benefit**

The Philanthropy contributes to defined contribution retirement schemes available for all employees in Hong Kong, namely Hsin Chong Group Mandatory Provident Fund Scheme ("MPF"). The assets of the scheme are held separately from those of the Philanthropy in independently administered funds. The Philanthropy has no further payment obligations once the contributions have been paid. The Philanthropy's contributions to MPF are based on 5% of employees' salaries and are expensed as incurred in the statement of comprehensive income.

### **2.4 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Philanthropy. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Philanthropy.

## **THE YEH FAMILY PHILANTHROPY LIMITED**

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

#### **2 Summary of significant accounting policies (Continued)**

##### **2.4 Contingent liabilities and contingent assets (Continued)**

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

##### **2.5 Foreign currency translation**

###### **(a) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong dollar (HK\$), which is the Philanthropy's functional and presentation currency.

###### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account.

#### **3 Financial risk factors and management**

##### **3.1 Financial risk factors**

The Philanthropy's activities expose it to a variety of financial risks: foreign exchange risk and liquidity risk. The Philanthropy's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Philanthropy's financial performance. The Philanthropy has not used any derivative financial instruments to hedge risk exposures.

###### **(a) Foreign exchange risk**

The Philanthropy mainly operates in Hong Kong and majority of liabilities are denominated in Hong Kong dollar. The Philanthropy therefore has limited exposure to foreign exchange risk.

###### **(b) Liquidity risk**

The Philanthropy generally finances its operations with the financial support from a related company and members of the Philanthropy.

The Philanthropy's financial liabilities were current in nature and repayable on demand. Therefore the contractual undiscounted cash flows of the Philanthropy's financial liabilities of HK\$1,223,194 were less than one year at year end.



# THE YEY FAMILY PHILANTHROPY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk factors and management (Continued)

#### 3.2 Capital risk management

The Philanthropy's objectives when managing capital are to safeguard the Philanthropy's ability to continue as a going concern.

Except the amount due to a related company, the Philanthropy had no debt as at 31 December 2011.

#### 3.3 Fair value estimation

The carrying amounts of the Philanthropy's current financial liabilities including accruals and other payables and amount due to a related company, approximate their fair values due to their short term maturities.

### 4 Expenditure

	For the period from 13 June 2011 (date of incorporation) to 31 December 2011 HK\$
Wages, salaries and allowances	402,600
Rent and rates	317,036
Professional fee	217,000
Auditor's remuneration	9,000
Public relations expenses	83,373
Administration	113,283
Website and related costs	80,902
Total expenditure	<u>1,223,194</u>

### 5 Directors' emoluments

None of the directors received or will receive any fees or emoluments in respect of the services rendered to the Philanthropy during the year (2011: Nil).

The directors are regarded as the key management of the Philanthropy.

### 6 Taxation

The current view of the Inland Revenue Department in Hong Kong is that a charitable institution is not subject to Hong Kong profits tax as the operation of charitable institution does not constitute a business for the purpose of the Inland Revenue Ordinance.

**THE YEH FAMILY PHILANTHROPY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****7 Amount due to a related company**

The amount due to a related company is unsecured, interest free and repayable on demand. The balance is denominated in Hong Kong dollar.

**8 Note to the cash flow statement**

Reconciliation of deficit for the period to net cash used in operations:

	For the period from 13 June 2011 (date of incorporation) to 31 December 2011 HK\$
Deficit for the period	(1,223,194)
Operating loss before working capital changes	(1,223,194)
Increase in accruals	64,263
Net cash used in operations	<u>(1,158,931)</u>

**9 Related party transactions**

During the period, the Philanthropy entered into the following significant related party transactions which in the opinion of the directors were conducted in the normal course of the Philanthropy's operation.

	Note	For the period from 13 June 2011 (date of incorporation) to 31 December 2011 HK\$
Administration expenses paid to a related company	(a)	66,000
Rent and rates paid to a related company	(a)	<u>317,036</u>

Note:

- (a) Administrative expenses and rent and rates were paid to a related company at cost basis for administrative services obtained by the Philanthropy for its normal daily operation.