

THE YEH FAMILY PHILANTHROPY LIMITED

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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2014

THE YEH FAMILY PHILANTHROPY LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of The Yeh Family Philanthropy Limited (the "Philanthropy") for the year ended 31 December 2014.

Principal activities

The principal activity is seeking to build capacity in promising young minds through education and social entrepreneurship.

Results

The results of the Philanthropy for the year ended 31 December 2014 are set out in the statement of comprehensive income on page 5.

Reserves

Details of movements in the reserves of the Philanthropy during the year ended 31 December 2014 are set out in the statement of changes in fund on page 7 to the financial statements.

Directors

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

Mrs FUNG YEH Yi-hao Yvette
Mr YEH V-nee
Mr CHANG Tsou-sun
Mr LEUNG Kui-king Donald
Mr CHAN Bernard Charnwut

In accordance with the Articles of Association of the Philanthropy, Mr CHAN Bernard Charnwut retires and being eligible, offers himself for election.

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 year or at any time during the year.

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 year.

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, 22 June 2015

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE YEH FAMILY PHILANTHROPY LIMITED
(incorporated in 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 21, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, the statement of changes in general fund and the cash flow statement for the year then ended, 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 80 of Schedule 11 to 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 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 2014, and of its surplus and its cash flows for the year then ended 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, appearing to read "PricewaterhouseCoopers", written over a diagonal line.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 June 2015

THE YEH FAMILY PHILANTHROPY LIMITED

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 HK\$	2013 HK\$
Income	5	18,844,596	9,376,095
Fair value (loss)/gain on financial assets at fair value through profit or loss	9	(2,454,925)	24,106,958
Expenditure	6	(3,194,955)	(3,253,578)
Surplus and total comprehensive income for the year		<u>13,194,716</u>	<u>30,229,475</u>

The notes on pages 9 to 21 are an integral part of these financial statements.


THE YEH FAMILY PHILANTHROPY LIMITED

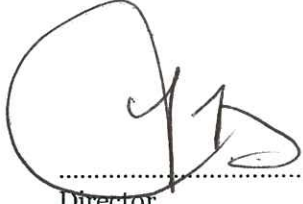
(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	2014 HK\$	2013 HK\$
Non-current asset			
Financial assets at fair value through profit or loss	9	313,078,267	349,597,558
Current assets			
Prepayments		-	3,599
Bank balances and deposits	10	55,994,262	10,056,206
		55,994,262	10,059,805
Total assets		369,072,529	359,657,363
General Fund			
Accumulated fund		368,658,429	355,463,713
Current liabilities			
Accruals and other payables		414,016	50,200
Amount due to a related company	11	84	4,115,826
Amount due to a director	11	-	27,624
Total liabilities		414,100	4,193,650
Total fund and liabilities		369,072,529	359,657,363

The financial statements on pages 9 to 21 were approved by the Board of Directors on 22 June 2015 and were signed on its behalf.


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Director


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Director

The notes on pages 9 to 21 are an integral part of these financial statements.

THE YEH FAMILY PHILANTHROPY LIMITED

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

**STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED 31 DECEMBER 2014**

	General fund HK\$
At 1 January 2013	325,234,238
Surplus for the year	<u>30,229,475</u>
At 31 December 2013	355,463,713
Surplus for the year	<u>13,194,716</u>
At 31 December 2014	<u><u>368,658,429</u></u>

The notes on pages 9 to 21 are an integral part of these financial statements.

THE YEH FAMILY PHILANTHROPY LIMITED

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

CASH FLOW STATEMENT**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 HK\$	2013 HK\$
Cash flows from operating activities			
Net cash generated from operations	12	6,402,255	6,154,123
Net cash generated from operating activities		<u>6,402,255</u>	<u>6,154,123</u>
Cash flow from investing activities			
Interest received		1,329	902
Purchase of financial assets at fair value through profit or loss		(32,167,654)	-
Proceeds from disposal of financial assets at fair value through profit or loss		75,845,492	-
Net cash from investing activities		<u>43,679,167</u>	<u>902</u>
Cash flows from financing activities			
(Decrease)/increase in amount due to a related company		(4,115,742)	1,392,775
Decrease in amount due to a director		(27,624)	(37,639)
Net cash (used in)/from financing activities		<u>(4,143,366)</u>	<u>1,355,136</u>
Net increase in cash and cash equivalents		45,938,056	7,510,161
Cash and cash equivalents at the beginning of the year		10,056,206	2,546,045
Cash and cash equivalents at the end of the year		<u>55,994,262</u>	<u>10,056,206</u>
Analysis of the balance of cash and cash equivalents			
Bank balances and deposits		<u>55,994,262</u>	<u>10,056,206</u>

The notes on pages 9 to 21 are an integral part of these financial statements.

THE YEH FAMILY PHILANTHROPY LIMITED

(incorporated in 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 is a charitable organisation incorporated in Hong Kong with limited liability by guarantee and not having a share capital. The principal activity is seeking to build capacity in promising young minds through education and social entrepreneurship. 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 22 June 2015.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

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, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4 to the financial statements.

Changes in accounting policies and disclosures

- (a) The following amendments to existing standards, which are relevant to the operations of the Philanthropy, have been published that are effective for the accounting period of the Philanthropy beginning on 1 January 2014:

HKAS 32 (amendment)	Financial instruments: Presentation – offsetting financial assets and financial liabilities
HKAS 36 (amendment)	Recoverable amount disclosures for non-financial assets

The adoption of the above amendments to existing standards had no material financial impact on the financial statements of the Philanthropy.

THE YEH FAMILY PHILANTHROPY LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS**2 Summary of significant accounting policies (Continued)****2.1 Basis of preparation (Continued)**

- (b) The Philanthropy has not early adopted the following new and revised standards and amendments to existing standards that have been issued and are mandatory for the accounting periods beginning on or after 1 January 2015:

		Applicable for accounting periods beginning on/after
HKAS 1 (amendment)	Disclosure initiative	1 January 2016
HKFRS 9	Financial instruments – hedge accounting	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2017
Amendments to HKAS 19 (2011)	Employee benefits: defined benefit plans – employee contributions	1 July 2014
HKFRSs (Amendment)	Annual improvements to 2010-2012 cycle	1 July 2014
HKFRSs (Amendment)	Annual improvements to 2011-2013 cycle	1 July 2014
HKFRSs (Amendment)	Annual improvements to 2012-2014 cycle	1 January 2016

The Philanthropy has already commenced an assessment of the impact of these new or revised standards, amendments to existing standards and interpretations but is not yet in a position to state whether they would have a significant impact on its results and financial position.

- (c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Philanthropy's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Philanthropy is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the financial statements will be affected.

2.2 Cash and cash equivalents

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

2.3 Financial assets

The Philanthropy classifies its financial assets as financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. The directors determine the classification of its financial assets at initial recognition. This category comprises financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term or if so designated by the directors. Financial assets at fair value through profit or loss are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

THE YEH FAMILY PHILANTHROPY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.3 Financial assets (Continued)

Regular way purchases and sales of financial assets are recognised on the trade-date - the date on which the Philanthropy commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Philanthropy has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income when the Philanthropy’s right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Philanthropy established fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment losses recognised in the profit or loss on equity instruments are not reversed through the statement of comprehensive income.

2.4 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 the amount has been reliably estimated. 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.

2.5 Employee benefits

(a) Employee leave entitlement

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.

THE YEH FAMILY PHILANTHROPY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.5 Employee benefits (Continued)

(b) Retirement benefit

The Philanthropy contributes to defined contribution retirement schemes available for all the 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 depending on their length of service and are expensed as incurred in the statement of comprehensive income.

2.6 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.

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.

2.7 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 statement of comprehensive income.

THE YEH FAMILY PHILANTHROPY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.8 Other payable

Other payable is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Revenue recognition

Proceeds from trading in financial assets at fair value through profit or loss are recognised when the legal titles to the investment is transferred to the purchasers.

Dividends from financial assets at fair value through profit or loss are accounted for to the extent of amounts received or rights to receive payment is established.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

3 Financial risk factors and management

3.1 Financial risk factors

The Philanthropy's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit and counterparty 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) Market risk

(i) Price risk

The Philanthropy is exposed to the price risk because investments held by the Philanthropy are classified on the statement of financial position as financial assets at fair value through profit or loss. The Philanthropy is not exposed to commodity price risk. To manage its price risk arising from investment funds, the Philanthropy diversifies its portfolio.

As at 31 December 2014, if the price of the investment funds the Philanthropy held had increased/decreased by 5%, with all other variables held constant, it would increase/decrease the Philanthropy's surplus for the year by approximately HK\$15,654,000 (2013: HK\$17,480,000) as a result of valuation gains/losses on financial assets at fair value through profit or loss.

THE YEH FAMILY PHILANTHROPY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk factors and management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Foreign exchange risk

The Philanthropy has financial assets and liabilities denominated in various currencies including Hong Kong dollar, United States dollar, Korean Won and Singapore dollar. The Philanthropy primarily exposes to foreign exchange risk arising from its bank deposits and financial assets at fair value through profit or loss, primarily with respect to Korean Won and Singapore dollar.

The Philanthropy monitors the relative foreign exchange position of its assets and liabilities to minimise foreign exchange risk.

At 31 December 2014, if HK dollar had weakened/strengthened by 5% against the Korean Won with all other variables held constant, surplus for the year would have been HK\$1,448,000 (2013: HK\$1,483,000) higher/lower, mainly as a result of fair value and exchange gains/losses on translation of Korean Won-denominated financial assets at fair value through profit or loss.

At 31 December 2014, if HK dollar had weakened/strengthened by 5% against the Singapore dollar with all other variables held constant, surplus for the year would have been HK\$1,783,000 (2013: HK\$1,863,000) higher/lower, mainly as a result of fair value and exchange gains/losses on translation of Singapore dollar-denominated bank balances and financial assets at fair value through profit or loss.

(iii) Interest rate risk

The Philanthropy's exposure to market risk for changes in interest rates relates primarily to the Philanthropy's bank deposits.

As at 31 December 2014, if it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, it would increase/decrease the Philanthropy's surplus for the year and accumulated fund by approximately HK\$52,000 (2013: HK\$49,000) as a result of interest income of bank deposits.

The sensitivity analysis above has been determined assuming that the changes in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rate over the period until next annual reporting period.

THE YEH FAMILY PHILANTHROPY LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk factors and management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit and counterparty risk

The Philanthropy has no significant concentrations of credit risk and counterparty risk. The Philanthropy's credit risk primarily arises from credit exposures to accounts receivable and counterparty risk primarily arises from financial assets at fair value through profit or loss. The Philanthropy has invested in a number of diversified fund portfolio managed by various fund managers with an appropriate credit history. The Philanthropy performs periodic credit evaluations of the investment held by various custodians and fund managers. The process is closely monitored on an ongoing basis.

The credit risk on bank balances is limited as they are placed in banks with high credit ranking.

(c) 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\$414,100 (2013: HK\$4,193,650) were less than one year at the year end.

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 and amount due to a director, the Philanthropy had no debt as at 31 December 2014 and 31 December 2013.

THE YEH FAMILY PHILANTHROPY LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS**3 Financial risk factors and management (Continued)****3.3 Fair value estimation**

The carrying amounts of the Philanthropy's current financial assets including prepayments, financial assets at fair value through profit or loss and bank balances and deposits, and current financial liabilities including accruals and other payables, amount due to a related company and amount due to a director, approximate their fair values due to their short term maturities.

The fair value of the Philanthropy's financial assets at fair value through profit or loss that are traded in active markets (such as shares of publicly listed companies) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Philanthropy is the bid price at year end date.

The fair value of financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques. The Philanthropy uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

The Philanthropy adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Philanthropy's financial assets that are measured at fair value:

	Valuation Technique			Total
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	
At 31 December 2014				
Financial assets at fair value through profit or loss	181,388,920	40,251,435	91,437,912	313,078,267
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Valuation Technique			Total
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	
At 31 December 2013				
Financial assets at fair value through profit or loss	251,900,509	35,454,968	62,242,081	349,597,558
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Philanthropy is the current bid price. These instruments are included in level 1.

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NOTES TO THE FINANCIAL STATEMENTS**3 Financial risk factors and management (Continued)****3.3 Fair value estimation (Continued)**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The valuation technique used to value financial instruments includes:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in level 3 financial instruments for the year ended 31 December 2014:

	Financial assets at fair value through profit or loss HK\$
At 1 January	62,242,081
Additions	30,721,000
Change in fair value	(1,525,169)
At 31 December	<u>91,437,912</u>
Fair value losses recognised in the statement of comprehensive income	<u>(1,525,169)</u>

The following table presents the changes in level 3 financial instruments for the year ended 31 December 2013:

	Financial assets at fair value through profit or loss HK\$
At 1 January	54,673,010
Change in fair value	7,569,071
At 31 December	<u>62,242,081</u>
Fair value gains recognised in the statement of comprehensive income	<u>7,569,071</u>

The fair values of the level 3 financial instruments were determined using the reported net assets values at the balance sheet date.

THE YEH FAMILY PHILANTHROPY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS**4 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Philanthropy makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimate of fair value of financial assets

The fair value of financial assets traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Philanthropy is the bid price at year end date.

The fair value of financial assets that are not traded in an active market (for example, over-the-counter derivatives and unlisted investments) is determined by using valuation techniques. The Philanthropy uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Philanthropy has used present values of estimated future cash flows based on discounted cash flow analysis for various financial assets that are not traded in active markets.

5 Income

	2014 HK\$	2013 HK\$
Dividend income from financial assets at fair value through profit or loss	7,190,444	7,931,576
Interest income from financial assets at fair value through profit or loss	1,592,780	1,322,344
Realised gain on financial assets at fair value through profit or loss	9,613,472	-
Interest income from bank deposits	1,329	902
Exchange loss	(265,460)	(82,165)
Miscellaneous income	712,031	203,438
	<u>18,844,596</u>	<u>9,376,095</u>

6 Expenditure

	2014 HK\$	2013 HK\$
Donation	1,815,609	1,688,466
Wages, salaries and allowances	107,877	466,904
Rent and rates	626,681	594,649
Auditor's remuneration	22,100	21,000
Bank charges and custodian management fees	230,160	243,293
Public relations expenses	177,208	52,213
Administration	215,320	179,903
Website and related costs	-	7,150
Total expenditure	<u>3,194,955</u>	<u>3,253,578</u>

THE YEH FAMILY PHILANTHROPY LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS**7 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 (2013: Nil).

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

8 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 the carrying on of a business for the purpose of the Inland Revenue Ordinance.

9 Financial assets at fair value through profit or loss

	2014 HK\$	2013 HK\$
At 1 January	349,597,558	325,490,600
Additions	32,167,654	-
Fair value (loss)/gain recognised in statement of comprehensive income	(2,454,925)	24,106,958
Disposals	(66,232,020)	-
At 31 December	<u>313,078,267</u>	<u>349,597,558</u>
Equity securities		
Listed in Hong Kong, at fair value	82,882,500	157,102,750
Listed overseas, at fair value	98,506,420	94,797,759
Unlisted overseas, at fair value	131,689,347	97,697,049
	<u>313,078,267</u>	<u>349,597,558</u>

The unlisted investments were revalued at 31 December 2014 on the basis of their open market value or valuation techniques by fund managers.

The financial assets at fair value through profit or loss are denominated in the following currencies:

	2014 HK\$	2013 HK\$
United States dollar	171,023,998	128,967,559
Hong Kong dollar	82,882,500	157,102,750
Korean won	28,951,761	29,653,209
Singapore dollar	30,220,008	33,874,040
	<u>313,078,267</u>	<u>349,597,558</u>

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NOTES TO THE FINANCIAL STATEMENTS**10 Bank balances and deposits**

	2014 HK\$	2013 HK\$
Bank balances	50,754,296	5,145,894
Call deposits	5,239,966	4,910,312
	<u>55,994,262</u>	<u>10,056,206</u>

Bank balances and deposits are denominated in the following currencies:

	2014 HK\$	2013 HK\$
Hong Kong dollar	46,966,263	1,767,293
United States dollar	3,586,695	4,910,312
Singapore dollar	5,441,304	3,378,601
	<u>55,994,262</u>	<u>10,056,206</u>

11 Amounts due to a related company and a director

The amounts due to a related company and a director is unsecured, interest free and repayable on demand. The balances are denominated in Hong Kong dollar.

12 Note to the cash flow statement

Reconciliation of surplus for the year to net cash generated from operations:

	2014 HK\$	2013 HK\$
Surplus for the year	13,194,716	30,229,475
Realised gain on financial assets at fair value through profit or loss	(9,613,472)	-
Fair value loss/(gain) on financial assets at fair value through profit or loss	2,454,925	(24,106,958)
Interest income	(1,329)	(902)
	<u>6,034,840</u>	<u>6,121,615</u>
Operating gain before working capital changes	6,034,840	6,121,615
Decrease in prepayments	3,599	308
Increase in accruals and other payables	363,816	32,200
	<u>6,402,255</u>	<u>6,154,123</u>
Net cash generated from operations	<u>6,402,255</u>	<u>6,154,123</u>

THE YEH FAMILY PHILANTHROPY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS**13 Related party transactions**

During the year, 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	2014 HK\$	2013 HK\$
Administration expenses paid to a related company	(a)	(120,000)	(120,000)
Rent and rates paid to a related company	(a)	<u>(626,681)</u>	<u>(594,649)</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.

14 Capital Commitments

At the end of the reporting period, the Philanthropy had capital commitments in respect of financial assets at fair value through profit or loss as follows:

	2014 HK\$	2013 HK\$
Contract but not provided for	<u>15,779,000</u>	<u>-</u>