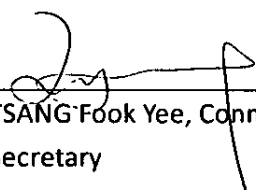


Report of the Trustees
Audited Financial Statements
FU TAK IAM FOUNDATION LIMITED
Year ended 31 December 2011

Certified True Copy



TSANG Fook Yee, Connie
Secretary

21-6-2012
Date

ANTHONY C.C. KAM & CO.
Certified Public Accountants
HONG KONG



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FU TAK IAM FOUNDATION LIMITED

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FU TAK IAM FOUNDATION LIMITED

REPORT OF THE TRUSTEES

The trustees submit their report together with the audited financial statements for the year ended 31 December 2011.

Principal activities

The principal activities of the Foundation are primarily engaged in the management of its funds and to support charitable organizations.

Results

The results of the Foundation for the year are set out in the income statement on page 5.

Reserves

Movements in the reserves of the Foundation during the year are set out in page 8 to the financial statements.

Donations granted

Details of the donations granted to charitable organizations are set out in note 10 to the financial statements.

Plant and equipment

Details of the movements in plant and equipment are set out in note 13 to the financial statements.

Share capital

Details of the share capital of the Foundation are set out in note 18 to the financial statements.

Trustees

The trustees during the year and up to the date of the report were:

FU Hau Chak, Adrian
FU Dei Yee, Nicolas
IP Sik On, Simon
LOH Kung Wai, Christine
TANG Yet San, Rick
CHUNG Kenneth Patrick
WONG Hong Yuen (Appointed on 11th November 2011)

In accordance with Article 41 of the Articles of Association, Mr FU Hau Chak, Adrian, Mr FU Dei Yee, Nicolas and Mr IP Sik On, Simon, as the first trustees, hold office for a term of five years from their respective dates of appointments. In accordance with Article 42, Ms LOH Kung Wai, Christine, Mr TANG Yet San, Rick, Mr CHUNG Kenneth Patrick and Mr WONG Hong Yuen hold office for a term of two years from their respective dates of appointments or re-appointments.

FU TAK IAM FOUNDATION LIMITED

REPORT OF THE TRUSTEES (Continued)

Trustees' interests

The Foundation had entered into certain funding agreements with organizations in which the trustees had non-beneficial interests.

Except for the above-mentioned and as detailed in note 20 to the financial statements, no contracts of significance in relation to the Foundation's business to which the Foundation was a party, and in which a trustee of the Foundation had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Foundation a party to any arrangement to enable the trustees of the Foundation to acquire benefits by means of the acquisition of an interest in, or debentures of, the Foundation or any other body corporate.

Management contracts

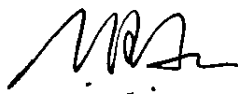
The Foundation entered into an agreement with Eurasian Management Limited ("Eurasian") on 1 October 2008 whereby Eurasian acts as an investment manager for the Foundation providing asset management services in return for a fee. This is a related party transaction and the fee involved is included in note 20 to the financial statements.

Except the above, no substantial contracts concerning the management and administration of the whole or any substantial part of the business of the Foundation were entered into or existed during the year.

Auditor

The financial statements have been audited by Anthony C.C. Kam & Co. who retire and, being eligible, offer themselves for re-appointment.

ON BEHALF OF THE BOARD



.....
Chairman of the meeting
Hong Kong
25 MAY 2012

甘志超會計師事務所
ANTHONY C.C. KAM & Co.

CHARTERED ACCOUNTANTS • CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the sole member of
FU TAK IAM FOUNDATION LIMITED
(incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of Fu Tak Iam Foundation Limited (the "Foundation") set out on pages 5 to 21, which comprise the balance sheet as at 31 December 2011, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The trustees of the Foundation are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the trustees determine is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial statements.

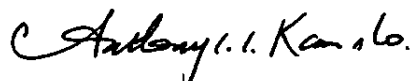
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the sole member of
FU TAK IAM FOUNDATION LIMITED
(incorporated in Hong Kong with liability limited by guarantee)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Foundation's affairs as at 31 December 2011 and its deficit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



Anthony C.C. Kam & Co.
Certified Public Accountants (Practising)
Hong Kong
25 MAY 2012

FU TAK IAM FOUNDATION LIMITED

INCOME STATEMENT

Year ended 31 December 2011

	Notes	2011 HK\$	2010 HK\$
Revenue	5	22,751,054	32,757,907
Other gains/ (losses), net	6	<u>10,258,519</u>	<u>(3,938,427)</u>
		33,009,573	28,819,480
Administrative expenses	7	(7,905,401)	(7,496,293)
Donations	10	<u>(29,325,764)</u>	<u>(27,975,465)</u>
Deficit for the year		<u><u>(4,221,592)</u></u>	<u><u>(6,652,278)</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

FU TAK IAM FOUNDATION LIMITED
 STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Note	2011 HK\$	2010 HK\$
Deficit for the year		(4,221,592)	(6,652,278)
Other comprehensive income for the year, net of tax Available-for-sale financial assets: net movement in the investment revaluation reserve	12	<u>(29,499,778)</u>	<u>87,659,839</u>
Total comprehensive (loss)/ income for the year		<u><u>(33,721,370)</u></u>	<u><u>81,007,561</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

FU TAK IAM FOUNDATION LIMITED

BALANCE SHEET

31 December 2011

	Note	2011 HK\$	2010 HK\$
NON-CURRENT ASSETS			
Plant and equipment	13	2,699	7,750
Long-term held-to-maturity financial assets	14	-	43,235,376
Available-for-sale financial assets	15	1,160,209,479	1,159,539,483
		<u>1,160,212,178</u>	<u>1,202,782,609</u>
CURRENT ASSETS			
Accounts receivable and prepayments	16	1,116,843	3,087,022
Short-term held-to-maturity financial assets	17	-	3,931,366
Available-for-sale financial assets	15	4,724,299	-
Bank deposits		65,526,589	57,973,892
Cash and bank balances		16,370,705	20,886,056
		<u>87,738,436</u>	<u>85,878,336</u>
CURRENT LIABILITIES			
Donations payable	10	42,292,162	50,603,185
Accruals		1,640,344	1,658,774
		<u>43,932,506</u>	<u>52,261,959</u>
NET CURRENT ASSETS		<u>43,805,930</u>	<u>33,616,377</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,204,018,108	1,236,398,986
NON-CURRENT LIABILITIES			
Donations payable	10	13,291,329	11,950,837
NET ASSETS		<u>1,190,726,779</u>	<u>1,224,448,149</u>
EQUITY			
Investment revaluation reserve		71,787,960	101,287,738
Retained surplus		1,118,938,819	1,123,160,411
		<u>1,190,726,779</u>	<u>1,224,448,149</u>



Trustee



Trustee

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

FU TAK IAM FOUNDATION LIMITED
STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Investment revaluation reserve HK\$	Retained surplus HK\$	Total HK\$
At 1 January 2010	13,627,899	1,129,812,689	1,143,440,588
Total comprehensive income/(loss) for the year	<u>87,659,839</u>	<u>(6,652,278)</u>	<u>81,007,561</u>
At 31 December 2010	<u><u>101,287,738</u></u>	<u><u>1,123,160,411</u></u>	<u><u>1,224,448,149</u></u>

	Investment revaluation reserve HK\$	Retained surplus HK\$	Total HK\$
At 1 January 2011	101,287,738	1,123,160,411	1,224,448,149
Total comprehensive loss for the year	<u>(32,577,777)</u>	<u>(4,221,592)</u>	<u>(36,799,369)</u>
Reclassification of financial assets	<u>3,077,999</u>	<u>-</u>	<u>3,077,999</u>
At 31 December 2011	<u><u>71,787,960</u></u>	<u><u>1,118,938,819</u></u>	<u><u>1,190,726,779</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

FU TAK IAM FOUNDATION LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2011

	Note	2011 HK\$	2010 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in)/ generated from operations	19	<u>(19,519,884)</u>	<u>7,835,458</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of long-term held-to-maturity financial assets		-	(3,860,692)
Purchase of short-term held-to-maturity financial assets		-	(98,585,907)
Purchase of available-for-sale financial assets		(92,718,791)	-
Sale of short-term held-to-maturity financial assets		-	7,895,002
Sale of available-for-sale financial assets		109,976,862	109,924,480
Return of capital on available-for-sale financial assets		5,557,280	4,194,932
Net cash generated from investing activities		<u>22,815,351</u>	<u>19,567,815</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,295,467	27,403,273
Cash and cash equivalents at the beginning of the year		78,859,948	51,561,286
Effect of foreign exchange rate changes		<u>(258,121)</u>	<u>(104,611)</u>
Cash and cash equivalents at the end of the year		<u><u>81,897,294</u></u>	<u><u>78,859,948</u></u>
Analysis of the balances of cash and cash equivalents:			
Bank deposits		65,526,589	57,973,892
Cash and bank balances		<u>16,370,705</u>	<u>20,886,056</u>
		<u><u>81,897,294</u></u>	<u><u>78,859,948</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

FU TAK IAM FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

1. CORPORATE INFORMATION

Fu Tak Iam Foundation Limited (the "Foundation") is incorporated under the Hong Kong Companies Ordinance on 26 January 2007. It is a not-for-profit organization established for charitable purposes.

The registered office and principal place of business of the Foundation is 19th Floor, Fairmount House, 8 Cotton Tree Drive, Central, Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments are stated at fair value.

The preparation of financial statements in conformity with HKFRS for Private Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the Foundation operates (the functional currency). The financial statements are presented in Hong Kong Dollars, which is the Foundation's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 recognized in profit or loss.

Foreign exchange gains and losses are presented in profit or loss within "other gains/ (losses), net".

31 December 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The annual rates ranged from 10% to 20% on a straight-line basis over their respective anticipated remaining useful lives.

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected assets is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial assets

The Foundation classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

31 December 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Financial assets (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, and these are classified as non-current assets. Loans and receivables are classified as accounts receivable and prepayments.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Foundation's management has the positive intention and ability to hold to maturity. If the Foundation were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognized on trade-date – the date on which the Foundation commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss. Investments are derecognized when the rights to receive cash flows from the investments have expired and the Foundation has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortized cost using the effective interest method.

Gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the profit or loss within “other gains/ (losses) – net” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit or loss as part of other revenue when the Foundation's right to receive payments is established.

31 December 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Financial assets (continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the securities and other changes in the carrying amount of the securities. The translation differences are recognized in the profit or loss, and other changes in carrying amount are recognized in other comprehensive income and accumulated separately in equity in the revaluation reserve. Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognized in other comprehensive income and accumulated separately in equity in the revaluation reserve.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income and accumulated separately in equity in the revaluation reserve are included in the income statement as "gains and losses from investments". Interest on available-for-sale financial assets calculated using the effective interest method is recognized in the profit or loss. Dividends on available-for-sale equity instruments are recognized in the profit or loss when the Foundation's right to receive payments is established.

The fair values of quoted investments are based on current quoted prices. If the market for a financial asset is not active (and for unlisted securities), the Foundation establishes 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.

The Foundation assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss – is removed from equity and recognized in the profit or loss. Impairment losses recognized in the profit or loss on equity instruments are not reversed through the profit or loss.

31 December 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Foundation documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Foundation also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

(i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income and accumulated separately in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit or loss within "other gains/ (losses), net".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the profit or loss. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the profit or loss.

(ii) Derivatives that do not qualify for hedge accounting

When derivatives instruments do not qualify for hedge accounting, changes in the fair value of these derivative instruments are recognized immediately in the profit or loss within "other gains/ (losses), net".

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the balance sheet.

Employee benefit obligations

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

FU TAK IAM FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Revenue recognition

The Foundation recognizes revenue on the following bases:

(i) Interest income

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

(ii) Dividend income

Dividend income is recognized when the right to receive payment is established.

(iii) Sale of investments

Sale of investments is recognized as income on completion of the related sale and purchase contract.

Donations

Donations made to charitable organizations are expensed when the Foundation has entered into funding agreements with the related charitable organizations.

Payables

Payables are recognized initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

3. RECLASSIFICATION OF FINANCIAL ASSETS

The Foundation reclassified held-to-maturity financial assets to available-for-sale financial assets as a result of a change of intention of holding those assets, and measured them at fair value. The differences between their carrying amounts and fair values have been recognised in other comprehensive income during the year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

Valuation of financial instruments

The fair value of quoted investments are based on current quoted prices. If the market for a financial asset is not active, and for unlisted investments, the Foundation establishes fair value by using valuation techniques. The Foundation uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

Impairment of available-for-sale

The Foundation follows the guidance of HKAS 39 to determine when an available-for-sale or a held-to-maturity financial asset is impaired. This determination requires significant judgment. In making this judgment, the Foundation evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow

FU TAK IAM FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

5. REVENUE

Income recognized during the year were as follows:

	2011 HK\$	2010 HK\$
Donations received	<u>11,933,755</u>	<u>22,278,449</u>
Interest income from		
- available-for-sale financial assets	4,809,850	2,462,890
- long-term held-to-maturity financial assets	-	2,874,802
- short-term held-to-maturity financial assets	-	152,187
- bank deposits	109,536	173,183
- amortization of net premium in long-term held-to-maturity financial assets	-	(120,703)
- amortization of net premium in short-term held-to-maturity financial assets	-	(39,521)
	<u>4,919,386</u>	<u>5,502,838</u>
Dividend income from		
- available-for-sale financial assets	5,918,532	3,151,147
- withholding tax on dividend income from available for-sale financial assets	(50,627)	(167,913)
	<u>5,867,905</u>	<u>2,983,234</u>
Other investment income	<u>30,008</u>	<u>1,993,386</u>
Total income	<u><u>22,751,054</u></u>	<u><u>32,757,907</u></u>

6. OTHER GAINS / (LOSSES), NET

	2011 HK\$	2010 HK\$
Exchange losses	(284,163)	(265,846)
Net gains / (loss) on sale of		
- short-term held-to-maturity financial assets	-	103,839
- available-for-sale financial assets	<u>10,542,682</u>	<u>(3,776,420)</u>
	<u><u>10,258,519</u></u>	<u><u>(3,938,427)</u></u>

FU TAK IAM FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

7. ADMINISTRATIVE EXPENSES

	2011 HK\$	2010 HK\$
Auditor's remuneration	53,160	45,160
Bank charges	645,374	620,003
Depreciation	5,051	5,051
Investment advisory fees	5,768,078	5,446,679
Legal and professional fees	2,000	5,822
Management fees	229,971	198,658
Salaries and other staff benefits	1,027,982	989,629
Others	173,785	185,291
	<u>7,905,401</u>	<u>7,496,293</u>

8. TRUSTEES' EMOLUMENTS

The Foundation has not paid or awarded any emolument to the trustees during the year (2010: nil).

9. STAFF COSTS

	2011 HK\$	2010 HK\$
Salaries and other costs	940,866	906,076
Retirement benefit costs – defined contribution schemes	87,116	83,553
	<u>1,027,982</u>	<u>989,629</u>

FU TAK IAM FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

10. DONATIONS GRANTED

2010

	Unpaid balance at 1 January 2010 HK\$	Amount granted during the year HK\$	Amount cancelled or returned HK\$	Net donations charged to income statement HK\$	Amount paid during the year HK\$	Effect of exchange rate changes HK\$	Unpaid balance at 31 December 2010 HK\$
In respect of:							
2008	20,997,717	-	(1,892,803)	(1,892,803)	(6,281,241)	-	12,823,673
2009	31,898,341	-	(495,301)	(495,301)	(6,292,552)	-	25,110,488
2010	-	30,363,569	-	30,363,569	(6,005,943)	262,235	24,619,861
	<u>52,896,058</u>	<u>30,363,569</u>	<u>(2,388,104)</u>	<u>27,975,465</u>	<u>(18,579,736)</u>	<u>262,235</u>	<u>62,554,022</u>

2011

	Unpaid balance at 1 January 2011 HK\$	Amount granted during the year HK\$	Amount cancelled or returned HK\$	Net donations charged to income statement HK\$	Amount paid during the year HK\$	Effect of exchange rate changes	Unpaid balance at 31 December 2011 HK\$
In respect of:							
2008	12,823,673	-	(287,849)	(287,849)	(8,465,073)	-	4,070,751
2009	25,110,488	-	-	-	(8,760,479)	-	16,350,009
2010	24,619,861	-	(430,312)	(430,312)	(9,627,770)	-	14,561,779
2011	-	30,093,925	(50,000)	30,043,925	(9,471,569)	28,596	20,600,952
	<u>62,554,022</u>	<u>30,093,925</u>	<u>(768,161)</u>	<u>29,325,764</u>	<u>(36,324,891)</u>	<u>28,596</u>	<u>55,583,491</u>

FU TAK IAM FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

11. TAXATION

No provision for taxation has been made because the Foundation was exempt from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance.

12. OTHER COMPREHENSIVE INCOME

Reclassification adjustments relating to components of other comprehensive income

	2011 HK\$	2010 HK\$
Available-for-sale financial assets:		
Changes in fair value recognized during the year	(22,796,489)	83,258,086
Reclassification adjustments for amounts transferred to surplus or deficit:		
- (Gain)/ loss on disposal, net	(9,781,288)	4,401,753
Reclassification of financial assets	<u>3,077,999</u>	<u>-</u>
Net movement in the investment revaluation reserve during the year recognized in other comprehensive income	<u>(29,499,778)</u>	<u>87,659,839</u>

13. PLANT AND EQUIPMENT

	2011 HK\$	2010 HK\$
Cost:		
At the beginning of the year and at the end of the year	25,255	25,255
Accumulated depreciation:		
At the beginning of the year	17,505	12,454
Charge for the year	5,051	5,051
At the end of the year	<u>22,556</u>	<u>17,505</u>
Net book value:		
At the end of the year	<u>2,699</u>	<u>7,750</u>

14. LONG-TERM HELD-TO-MATURITY FINANCIAL ASSETS

	2011 HK\$	2010 HK\$
Listed fixed interest securities outside Hong Kong, at cost	-	43,436,081
Amortization of net premium	<u>-</u>	<u>(200,705)</u>
	<u>-</u>	<u>43,235,376</u>
Market value of listed fixed interest securities	<u>-</u>	<u>46,190,553</u>

FU TAK IAM FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011 HK\$	2010 HK\$
<u>Non-current assets</u>		
Listed fixed interest securities outside Hong Kong, at fair value	42,912,413	-
Equity securities listed in Hong Kong, at fair value	33,105,081	33,946,186
Equity securities listed outside Hong Kong, at fair value	59,269,666	82,363,194
	<u>135,287,160</u>	<u>116,309,380</u>
Unlisted investments, at fair value	<u>1,024,922,319</u>	<u>1,043,230,103</u>
	<u>1,160,209,479</u>	<u>1,159,539,483</u>
<u>Current assets</u>		
Listed fixed interest securities outside Hong Kong, at fair value	<u>4,724,299</u>	<u>-</u>

16. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2011 HK\$	2010 HK\$
Accounts receivable	1,110,865	1,942,370
Prepayments, deposits and other receivables	5,978	1,144,652
	<u>1,116,843</u>	<u>3,087,022</u>

17. SHORT-TERM HELD-TO-MATURITY FINANCIAL ASSETS

	2011 HK\$	2010 HK\$
Listed fixed interest securities outside Hong Kong, at cost	-	4,065,070
Amortization of net premium	-	(133,704)
	<u>-</u>	<u>3,931,366</u>
Market value of listed fixed interest securities	<u>-</u>	<u>4,054,188</u>

FU TAK IAM FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

18. SHARE CAPITAL

The Foundation was incorporated with limited liability by guarantee and does not have share capital.

Under the provision of the Foundation's Memorandum and Articles of Association, in case of winding-up, the liability of each member is limited to HK\$10.

19. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the surplus to cash generated from operations:

	2011 HK\$	2010 HK\$
Deficit for the year	(4,221,592)	(6,652,278)
Adjustments of:		
Amortization of net premium on long-term held-to-maturity financial assets	-	120,703
Amortization of net premium on short-term held-to-maturity financial assets	-	39,521
Depreciation	5,051	5,051
Net (profit)/ loss on sale of available-for-sale financial assets	(10,542,682)	3,776,421
Gain on sale of short-term held-to-maturity financial assets	-	(103,839)
Stock dividend received	-	(273,558)
Effect of foreign exchange rate changes	284,163	265,846
Deficit before changes in working capital	(14,475,060)	(2,822,133)
Decrease in accounts receivable and prepayments	1,945,606	1,196,072
(Decrease)/ increase in donations payable and accruals	(6,990,430)	9,461,519
Cash (used in)/ generated from operations	<u>(19,519,884)</u>	<u>7,835,458</u>

20. RELATED PARTY TRANSACTIONS

The following is a summary of the related party transactions which were carried out in the normal course of the Foundation's operations:

	2011 HK\$	2010 HK\$
Other investment income received from a related party	-	1,941,785
Investment advisory fees paid to a related party	(5,231,343)	(5,301,308)
Management fees paid to a related party	(229,971)	(198,658)
Office rent and utilities paid to a related party	<u>(102,850)</u>	<u>(102,052)</u>

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the board of the trustees on 25 MAY 2012