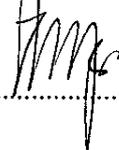


The Bank of East Asia Charitable  
Foundation Limited  
東亞銀行慈善基金有限公司

31 December 2020

CERTIFIED TRUE COPY  
For and on behalf of  
EAST ASIA SECRETARIES LIMITED



Secretary

Secretary of The Bank of East Asia  
Charitable Foundation Limited

- 7 OCT 2021



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## Report of the directors

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2020.

### Principal place of activity

The Bank of East Asia Charitable Foundation Limited (“the company”) is a company incorporated and domiciled in Hong Kong and has its registered office at 20/F, The Bank of East Asia Building, 10 Des Voeux Road Central, Hong Kong.

### Principal activities

The principal activities of the company are to promote, encourage and support the advancement of education, the relief of poverty, the advancement of religion and any other exclusively charitable purposes.

### Financial statements

The surplus for the company for the year ended 31 December 2020 and the state of the company’s affairs as at 31 December 2020 are set out in the financial statements on pages 6 to 15.

### Transfer to general funds

The surplus for the year of HK\$314,425 (2019: surplus HK\$1,833,636) has been transferred to the general funds. There is no other movement in general funds.

### Directors

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

Li Kwok Po, David  
Li Man Kiu, Adrian David  
Li Man Bun, Brian David  
Li Kai Cheong, Samson  
Tong Hon Shing  
Cheung King Yu, Jenny  
Law Chun Tak  
Lau Yuet Ping, Zoe (Appointed on 1 April 2020)  
Kam Annie Mimi (Resigned on 1 April 2020)

There being no provision in the company’s Articles of Association in connection with the retirement of directors, all existing directors continue in office for the ensuing year.

No transaction, arrangement or contract of significance to which the company was a party and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

### **Directors (continued)**

At no time during the year ended 31 December 2020 was the company a party to any arrangement to enable the directors of the company to acquire benefits by means of the acquisition of shares in or debentures of any body corporate.

### **Charitable donation**

Charitable donations made by the company during the year amounted to HK\$4,733,021 (2019: HK\$3,173,973).

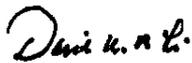
### **Indemnity of directors**

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the company is currently in force and was in force throughout this year.

### **Honorary auditors**

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as honorary auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Li Kwok Po, David

Hong Kong,

**29 JUL 2021**



# Honorary independent auditor's report to the members of The Bank of East Asia Charitable Foundation Limited

*(Incorporated in Hong Kong and limited by guarantee)*

## **Opinion**

We have audited the financial statements of The Bank of East Asia Charitable Foundation Limited ("the company") set out on pages 6 to 15, which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## **Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Information other than the financial statements and auditor's report thereon**

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



# Honorary independent auditor's report to the members of The Bank of East Asia Charitable Foundation Limited (continued)

*(Incorporated in Hong Kong and limited by guarantee)*

## **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 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.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



Honorary independent auditor's report to the members of  
The Bank of East Asia Charitable Foundation Limited  
(continued)

*(Incorporated in Hong Kong and limited by guarantee)*

**Auditor's responsibilities for the audit of the financial statements (continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*KPMG*

Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

29 JUL 2021

**Statement of comprehensive income**  
**for the year ended 31 December 2020**  
 (Expressed in Hong Kong dollars)

	Note	2020	2019
<b>Income</b>			
Donation received		\$ 5,000,000	\$ 5,000,000
Interest income	6	<u>129,551</u>	<u>146,734</u>
		<u>\$ 5,129,551</u>	<u>\$ 5,146,734</u>
<b>Expenditure</b>			
Sponsorship		\$ 35,000	\$ 95,100
Promotion expense		47,000	43,920
Donations paid		4,733,021	3,173,973
Administrative expenses		<u>105</u>	<u>105</u>
		<u>\$ 4,815,126</u>	<u>\$ 3,313,098</u>
<b>Surplus and total comprehensive income for the year</b>		<u>\$ 314,425</u>	<u>\$ 1,833,636</u>

The notes on pages 10 to 15 form part of these financial statements.



**Statement of changes in equity**  
**for the year ended 31 December 2020**  
(Expressed in Hong Kong dollars)

	<i>General funds</i>
<b>Balance at 1 January 2019</b>	\$ 8,317,060
Surplus and total comprehensive income for the year	<u>\$ 1,833,636</u>
<b>Balance at 31 December 2019 and 1 January 2020</b>	<u>\$ 10,150,696</u>
Surplus and total comprehensive income for the year	<u>\$ 314,425</u>
<b>Balance at 31 December 2020</b>	<u>\$ 10,465,121</u>

The notes on pages 10 to 15 form part of these financial statements.

## Cash flow statement for the year ended 31 December 2020 (Expressed in Hong Kong dollars)

	2020	2019
<b>Cash generated from operating activities</b>		
Surplus for the year	\$ 314,425	\$ 1,833,636
Adjustment for:		
Interest income	<u>(129,551)</u>	<u>(146,734)</u>
<b>Operating surplus before changes in working capital</b>	\$ 184,874	\$ 1,686,902
(Decrease)/increase in other payables	(3,100)	3,100
Increase in donation payables	<u>140,000</u>	<u>-</u>
<b>Net cash generated from operating activities</b>	<u>\$ 321,774</u>	<u>\$ 1,690,002</u>
<b>Cash generated from investing activities</b>		
Interest received	<u>\$ 139,646</u>	<u>\$ 145,033</u>
<b>Net cash generated from investing activities</b>	<u>\$ 139,646</u>	<u>\$ 145,033</u>
<b>Net increase in cash and cash equivalents</b>	\$ 461,420	\$ 1,835,035
<b>Cash and cash equivalents at 1 January</b>	<u>10,142,144</u>	<u>8,307,109</u>
<b>Cash and cash equivalents at 31 December</b>	<u>\$ 10,603,564</u>	<u>\$ 10,142,144</u>
<b>Analysis of balances of cash and cash equivalents</b>		
Demand deposits	\$ 5,356,708	\$ 4,980,775
Time deposits	<u>5,246,856</u>	<u>5,161,369</u>
<b>Cash at bank in the statement of financial position and cash and cash equivalents in the cash flow statement</b>	<u>\$ 10,603,564</u>	<u>\$ 10,142,144</u>

The notes on pages 10 to 15 form part of these financial statements.

# Notes to the financial statements

(Expressed in Hong Kong dollars)

## 1 Status of the company

The Bank of East Asia Charitable Foundation Limited ("the company") is incorporated in Hong Kong under the Hong Kong Companies Ordinance as a company limited by guarantee and not having a share capital.

The principal activities of the company are to promote, encourage and support the advancement of education, the relief of poverty, the advancement of religion and any other exclusively charitable purposes.

## 2 Significant accounting policies

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the company are disclosed below.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company. None of these developments have had a material effect on how the company's results and financial position for the current or prior periods have been prepared or presented.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 8).

### (b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

### (c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company. None of these have had a material effect on how the company's results and financial position for the current or prior periods have been prepared or presented.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## **2 Significant accounting policies (continued)**

### **(d) Revenue recognition**

Income is classified by the company as revenue when it arises from the provision of services in the ordinary course of the company's business.

Revenue is recognised when control over service is transferred to the customer, at the amount of promised consideration to which the company is expected to be entitled, excluding those amounts collected on behalf of third parties.

#### **(i) Donations**

Donations are recognised when the company becomes entitled to the donations and it is probable that economic benefits will flow to the company i.e. generally upon receipt of cash.

#### **(ii) Interest income**

Interest income is recognised as it accrues using effective interest method.

### **(e) Donations paid**

Donations paid are recognised when they are incurred and can be measured reliably.

### **(f) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

### **(g) Other provisions and contingent liabilities**

Provisions are recognised for other liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

## 2 Significant accounting policies (continued)

### (h) Related parties

- (a) A person, or a close member of that person's family, is related to the company if that person:
- (i) has control or joint control over the company;
  - (ii) has significant influence over the company; or
  - (iii) is a member of the key management personnel of the company.
- (b) An entity is related to the company if any of the following conditions applies:
- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 2 Significant accounting policies (continued)

### (i) Receivables

A receivable is recognised when the company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for credit losses as determined below, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for credit losses:

The loss allowance is estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

ECLs are remeasured at each reporting date with any changes recognised as a charge or release of impairment loss in profit or loss. The company recognises a charge or release of impairment loss with a corresponding adjustment to the carrying amount of receivables through a loss allowance account.

The gross carrying amount of a receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

## 3 Taxation

The company is exempted under section 88 of the Hong Kong Inland Revenue Ordinance from any tax by virtue of being a charitable institution of public character.

## 4 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2020	2019
Directors' fees	\$ -	\$ -
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
	<u>                    </u>	<u>                    </u>

## 5 Financial risk management

Exposure to credit, liquidity and interest rate risks arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below.

### (a) Credit risk

The company's credit risk is primarily attributable to bank and the related interest receivable balances. As all the bank and interest receivable balances are due from The Bank of East Asia, Limited ("BEA") which is an authorised institution in Hong Kong, management considers the credit risk to be not significant.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment.

### (b) Liquidity risk

The company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. At 31 December 2019, the current liabilities were interest-free and due to be repaid on demand. At 31 December 2020, there were no current liabilities.

### (c) Interest rate risk

The company's interest-bearing financial instruments are bank balances which bear interest at market rates.

At 31 December 2020, it is estimated that a general increase/decrease of 100 basis points (2019: 100 basis points) in interest rates, with all other variables held constant, would increase/decrease the company's surplus and increase/decrease the company's general funds by approximately \$62,163 (2019: increase/decrease the company's surplus and increase/decrease the company's general funds by approximately \$61,304).

The sensitivity analysis above indicates the annualised impact on the company's interest income that would arise assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points (2019: 100 basis points) increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of next reporting period.

### (d) Fair value

The fair values of financial assets and financial liabilities were considered not to be materially different from their carrying values as at 31 December 2020 and 2019.

## **6 Material related party transactions**

During the year, the company placed cash and deposits with BEA, of which the Chairman of the board of directors is the Executive Chairman. The balance as at 31 December 2020 amounted to \$10,603,564 (2019: \$10,142,144). Interest income earned from these deposits during the year amounted to \$129,551 (2019: \$146,734) and \$1,557 (2019: \$11,652) remained receivable at 31 December 2020.

During the year, the company received donation of \$5,000,000 from BEA (2019: \$5,000,000). The company also paid sponsorship of \$35,000 (2019: \$95,100) and promotion expense of \$47,000 (2019: \$43,920) to BEA for organisation of an event during the year.

All members of key management personnel are directors of the company, and their remuneration is disclosed in note 4.

## **7 General funds**

The general funds represent the cumulative surplus which is aimed to be used for promotion, encouragement and support for the advancement of education, the relief of poverty, the advancement of religion and any other exclusively charitable purposes.

## **8 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2020**

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. The company considers none of them are relevant to the company.