

Ying Wa Girl's School Alumnae Association Limited

(Incorporated in Hong Kong and Limited by Guarantee)

Directors' Report and Financial Statements

For the period from 1 March 2006 (Date of Incorporation) to 31 December 2006

Eric H. L. Chung & Co.

Certified Public Accountants

Hong Kong

YING WA GIRLS' SCHOOL ALUMNAE ASSOCIATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)

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YING WA GIRLS' SCHOOL ALUMNAE ASSOCIATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)

Directors' Report
For the period from 1 March 2006 (Date of Incorporation) to 31 December 2006

The directors submit their report together with the audited financial statements for the period from 1 March 2006 (Date of Incorporation) to 31 December 2006.

Principal activities

The principal activities of the association are to foster and promote close relationship and better understanding among the past and present students and staff of Ying Wa Girls' School ("YWGS") as well as to assist YWGS in all its projects and activities when necessary.

Results

The income received and expenditure paid by the association for the period from 1 March 2006 (Date of Incorporation) to 31 December 2006 are set out in the Income and Expenditure Account on page 4. The state of affairs as at 31 December 2006 is set out in the Balance Sheet on page 5.

Directors

The directors who held office during the period were:

Dr. Huen Kwai Fun	(appointed on 1 March 2006)
Ms. Chan May May	(appointed on 1 March 2006)
Ms. Chow Siu Fung	(appointed on 1 March 2006)
Ms. Chui Wai Shan, Anita	(appointed on 1 March 2006)
Ms. Ho Yan Tak, Katherine	(appointed on 1 March 2006)
Ms. Lai Yuk Fai	(appointed on 1 March 2006)
Ms. Lam Kam Yin	(appointed on 1 March 2006)
Ms. Lee Sai Fung, Odetta	(appointed on 1 March 2006)
Ms. Leung Helen	(appointed on 1 March 2006)
Ms. Leung Wai Kuen	(appointed on 1 March 2006)
Ms. Liu Suk Ling, Florence	(appointed on 1 March 2006)
Ms. Wong Choi Fong, Fanny	(appointed on 1 March 2006)
Ms. Wong Nga Lai	(appointed on 1 March 2006)

In accordance with Article 25 of the association's Articles of Association, all directors shall retire at every 2-yearly Annual General Meeting and shall be eligible for re-election.

Directors' interests

No contracts of significance in relation to the activities of the association to which the association was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

YING WA GIRLS' SCHOOL ALUMNAE ASSOCIATION LIMITED
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Directors' Report
For the period from 1 March 2006 (Date of Incorporation) to 31 December 2006

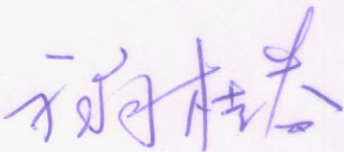
Honorary Auditors

Eric H.L. Chung & Co. Certified Public Accountants were appointed by the directors as honorary auditors of the association on 12 January 2007.

A resolution for their re-appointment as the association's honorary auditors for the ensuing year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

YING WA GIRLS' SCHOOL ALUMNAE ASSOCIATION LIMITED



Chairman

20 March 2007



**Independent Auditor's Report to the Members of
YING WA GIRLS' SCHOOL ALUMNAE ASSOCIATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)**

We have audited the financial statements of Ying Wa Girls' School Alumnae Association Limited ("Association") set out on pages 4 to 9, which comprise the Balance Sheet as at 31 December 2006, the Income and Expenditure Account, Statement of Changes in Equity and Cash Flow Statement for the period from 1 March 2006 (Date of Incorporation) to 31 December 2006, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility for the financial statements

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 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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the association's affairs as at 31 December 2006 and of its surplus and cash flows for the period from 1 March 2006 (Date of Incorporation) to 31 December 2006 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Eric H L Chung & Co.
Certified Public Accountants (Practising)
Hong Kong
21 March 2007

YING WA GIRLS' SCHOOL ALUMNAE ASSOCIATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)

Income and Expenditure Account
For the period from 1 March 2006 (Date of Incorporation) to 31 December 2006

	Notes	HK\$	2006 HK\$
INCOME			
Donation from members			51,200
Membership fee			<u>18,000</u>
			69,200
OTHER INCOME			
Bank interest income			<u>7,859</u>
			77,059
EXPENDITURES			
Archive		3,609	
Deficit from annual dinner	6	5,728	
Legal and professional fee		3,625	
Miscellaneous		2,459	
Postage		9,954	
Publication		21,883	
Retirement gift for teachers		659	
S5 Orientation		<u>3,281</u>	<u>(51,198)</u>
SURPLUS FOR THE PERIOD			<u>25,861</u>

The notes on pages 8 to 9 form an integral part of these financial statements

YING WA GIRLS' SCHOOL ALUMNAE ASSOCIATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)

Balance Sheet
As at 31 December 2006

	Notes	2006 HK\$
CURRENT ASSETS		
Fund receivables	7	670,106
Cash and bank balances	8	<u>154,211</u>
		<u>824,317</u>
 REPRESENTING:		
Accumulated Fund	3	798,456
Surplus for the period		<u>25,861</u>
		<u>824,317</u>

The financial statements were approved by the Board on 20 March 2007 and signed on its behalf by



Director



Director

The notes on pages 8 to 9 form an integral part of these financial statements

YING WA GIRLS' SCHOOL ALUMNAE ASSOCIATION LIMITED
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Statement of Changes in Equity
For the period from 1 March 2006 (Date of Incorporation) to 31 December 2006

	Reserves HK\$
Accumulated Fund transferred from Ying Wa Girls' School Alumnae Association	250,885
Accumulated Fund transferred from Holistic Education Fund – School History Fund	<u>547,571</u>
	798,456
Surplus for the period	<u>25,861</u>
Balance at 31 December 2006	<u>824,317</u>

The notes on pages 8 to 9 form an integral part of these financial statements

YING WA GIRLS' SCHOOL ALUMNAE ASSOCIATION LIMITED
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Cash Flow Statement
For the period from 1 March 2006 (Date of Incorporation) to 31 December 2006

	Notes	2006 HK\$
OPERATING ACTIVITIES		
Surplus for the period		25,861
Adjustment for:		
Interest income		<u>(7,859)</u>
Operating surplus before changes in working capital		18,002
Increase in fund receivables		<u>(670,106)</u>
Net cash used in operating activities		(652,104)
INVESTING ACTIVITIES		
Interest received		7,859
FINANCING ACTIVITIES		
Accumulated Fund transferred from:		
Ying Wa Girls' School Alumnae Association		250,885
Holistic Education Fund – School History Fund		<u>547,571</u>
Net increase in cash and cash equivalents	8	<u>154,211</u>

The notes on pages 8 to 9 form an integral part of these financial statements

YING WA GIRLS' SCHOOL ALUMNAE ASSOCIATION LIMITED
(Incorporated in Hong Kong and Limited by Guarantee)

Notes to the Financial Statements
For the period from 1 March 2006 (Date of Incorporation) to 31 December 2006

1. INCORPORATION DETAILS AND MEMBERS' LIABILITY

Incorporation details

The Association was incorporated under the Laws of Hong Kong on 1 March 2006 as limited by guarantee.

The objects for which the Association is established are to acquire and take over the whole of the assets and liabilities of the existing unincorporated institution known as Ying Wa Girls' School Alumnae Association ("YWGSAA").

Members' liability

The liability of the members is limited.

Every member of the Association undertakes to contribute to the assets of the Association in the event of the same being wound-up during the time that he is a member, or within one year afterwards, for payment of the debts and liabilities of the Association contracted before the time at which he ceases to be a member, and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories amongst themselves, such amount as may be required, not exceeding ten Hong Kong dollars (HK\$10).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been drawn up in accordance with the accounting principles generally accepted in Hong Kong.

Income recognition

Donation income are recognized on a cash basis.

Membership fee income are recognized on a cash basis.

Interest income are recognized on an accrual basis.

3. RESERVES

Of the total reserve \$824,317 at the balance sheet date, HK\$798,456 represented the surplus retained in the previous entity, namely Ying Wa Girls' School Alumnae Association ("YWGSAA"), as at 1 March 2006, subsequently brought forward to the Association upon incorporation.

4. DIRECTORS' EMOLUMENTS

None of the directors received any remuneration in respect of their services rendered to the Association during the period.

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Notes to the Financial Statements
For the period from 1 March 2006 (Date of Incorporation) to 31 December 2006

5. TAXATION

Under Section 24(1) of the Inland Revenue Ordinance, where a corporation carries on a club or similar institution which receives from its members not less than half of its gross receipts on revenue account, such corporation shall be deemed not to carry on a business subject to Hong Kong profits tax.

6. Deficit from annual dinner

	HK\$
Income	
Dinner fee	74,910
Donation	2,520
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	77,430
Less: Expenses	
Catering fee	(82,388)
Miscellaneous	(770)
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Deficit	<u>(5,728)</u>

7. Fund receivables

	HK\$
YWGSAA under HKD Floating Booster Index Linked Deposit	600,000
YWGSAA under saving account – Holistic Education Fund	11,095
YWGSAA under saving account – General Fund	59,011
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	670,106
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8. CASH AND BANK BALANCES

	HK\$
Current account	152,429
Petty cash	1,782
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	154,211
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