

THE ARMENIAN COMMUNITY OF HONG KONG AND CHINA  
LIMITED

(Incorporated in Hong Kong and limited by guarantee)

Report of the Directors and Audited Financial Statements

For the period from 27 March 2014 (date of incorporation) to  
31 December 2014



**EY** 安永

Building a better  
working world

THE ARMENIAN COMMUNITY OF HONG KONG AND CHINA LIMITED

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# THE ARMENIAN COMMUNITY OF HONG KONG AND CHINA LIMITED

## REPORT OF THE DIRECTORS

The directors present their first report and the audited financial statements of The Armenian Community of Hong Kong and China Limited (the "Company") for the period from 27 March 2014 (date of incorporation) to 31 December 2014.

### Principal activity

The Company is a non-profit organization with the following objectives:

- To promote and encourage fellowship in Hong Kong and China among those of Armenian descent.
- To support the education of Armenian topics which include language, culture and history and to promote mutual understanding through such means as cultural and social programs, events and activities and to make such activities available to the public of Hong Kong and China.
- To encourage and support historical and academic research on Armenian history in Hong Kong and China.
- To collaborate and cooperate with other Armenian and non-Armenian organizations in order to promote the objects of the Company.
- Subsidiary to the objects, the Company may, from time to time, as it deems fit, pursue other charitable purposes as permitted under Hong Kong law.

### Results

The Company's results and cash flow for the period from 27 March 2014 (date of incorporation) to 31 December 2014 and its state of affairs at that date are set out in the financial statements on pages 5 to 14.

### Share capital

The Company is not organized for profit and has no authority to issue share capital.

### Reserves

Details of movements in the Company's reserves during the period are set out in the statement of changes in accumulated surplus on page 6.

### Directors

The directors of the Company during the period were:

Henri-Kevork Arslanian  
Ramela Aida Ouzounian  
Granouch Minasian  
Taline Melanie Nichanian  
Nicholas Zachary Topjian  
Hagop Joseph Apikian (resigned on 31 October 2014)  
Jirair Baroudjian (resigned on 31 October 2014)  
Vachik Petrossian (resigned on 31 October 2014)  
Mher Sahakyan (resigned on 31 October 2014)  
Lilit Sargsyan (resigned on 31 October 2014)  
Magali Melkonian (resigned on 31 October 2014)

### Directors' interests

At no time during the period was the Company a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, nor were any such rights exercised by them.

Directors' interests in contracts

No director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Company to which the Company was a party during the period.

Auditors

Ernst & Young were appointed as the first auditors of the Company.

ON BEHALF OF THE BOARD

A handwritten signature in blue ink, appearing to be 'S. H. Ho', written over a dotted line.

Chairman

Hong Kong  
07 August 2015

**INDEPENDENT AUDITORS' REPORT****To the Members of The Armenian Community of Hong Kong and China Limited**  
(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of The Armenian Community of Hong Kong and China Limited (the "Company"), set out on pages 5 to 14, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, the statement of changes in accumulated surplus and the statement of cash flows for the period from 27 March 2014 (date of incorporation) to 31 December 2014 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.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 405 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 auditors' 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 auditors consider 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.



## Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2014, and of its financial performance and cash flows for the period from 27 March 2014 (date of incorporation) to 31 December 2014 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

*Ernst & Young*  
Certified Public Accountants  
Hong Kong  
07 August 2015

THE ARMENIAN COMMUNITY OF HONG KONG AND CHINA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the period from 27 March 2014 (date of incorporation) to 31 December 2014

	Notes	HK\$
<b>INCOME</b>		
Contributions	5	275,430
Other income	6	<u>49,249</u>
		<u>324,679</u>
<b>EXPENSES</b>		
Professional fees		263,335
Event expenses		38,023
General and administrative expenses		9,092
Other expenses		<u>1,275</u>
		<u>311,725</u>
<b>SURPLUS BEFORE TAX</b>	7	12,954
Income tax expense	10	<u>455</u>
<b>TOTAL SURPLUS AND COMPREHENSIVE INCOME FOR THE PERIOD</b>	7	<u><u>12,499</u></u>

*See accompanying notes to the financial statements.*

THE ARMENIAN COMMUNITY OF HONG KONG AND CHINA LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	HK\$
ASSETS		
Current assets:		
Cash and cash equivalents	9	<u>12,954</u>
Total current assets		<u>12,954</u>
LIABILITIES		
Current liabilities:		
Income tax payable	10	<u>455</u>
Total current liabilities		<u>455</u>
NET ASSETS		<u>12,499</u>
RESERVES:		
Accumulated surplus		<u>12,499</u>



Director



Director

See accompanying notes to the financial statements.



THE ARMENIAN COMMUNITY OF HONG KONG AND CHINA LIMITED

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

For the period from 27 March 2014 (date of incorporation) to 31 December 2014

	Accumulated Surplus HK\$
At 27 March 2014 (date of incorporation)	-
Total surplus and comprehensive income for the period	<u>12,499</u>
At 31 December 2014	<u><u>12,499</u></u>

*See accompanying notes to the financial statements.*

THE ARMENIAN COMMUNITY OF HONG KONG AND CHINA LIMITED

STATEMENT OF CASH FLOWS

For the period from 27 March 2014 (date of incorporation) to 31 December 2014

	Note	HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the period		12,499
Adjustment for:		
Change in operating assets and liabilities		<u>455</u>
Net cash flows from operating activities		<u>12,954</u>
Net increase in cash and cash equivalents		12,954
Cash and cash equivalents at the beginning of the period		<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u><u>12,954</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash on hand	9	<u><u>12,954</u></u>

*See accompanying notes to the financial statements.*

THE ARMENIAN COMMUNITY OF HONG KONG AND CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

1. DESCRIPTION OF BUSINESS, STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) *Description of business*

The Armenian Community of Hong Kong and China Limited (the "Company") was incorporated in Hong Kong as a company limited by guarantee on 27 March 2014. The address of its registered office is 11/F, Block A, Tonic Industrial Centre, 26 Kai Cheung Road, Kowloon Bay, Kowloon.

The Company is a not-for-profit organization. The objectives of the Company's operation are: a) to promote and encourage fellowship in Hong Kong and China among those of Armenian descent; b) to support the education of Armenian topics which include language, culture and history and to promote mutual understanding through such means as cultural and social programs, events and activities and to make such activities available to the public of Hong Kong and China; c) to encourage and support historical and academic research on Armenian history in Hong Kong and China; d) to collaborate and cooperate with other Armenian and non-Armenian organizations in order to promote the objects of the Company; and e) Subsidiary to the objects, the Company may, from time to time, as it deems fit, pursue other charitable purposes as permitted under Hong Kong law.

(b) *Statement of compliance*

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all 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. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial period and the comparative continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set in Sections 76 to 87 of Schedule 11 to that Ordinance.

(c) *Basis of preparation*

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest dollar.

The Company has adopted for the first time all the applicable and effective HKFRSs.

2 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Company has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective in the financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon their initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Company's results of operations and financial position.

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Related parties*

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and 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 or of a parent of the Company;
- b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Company 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); and
  - (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).

*Revenue recognition*

Revenue is recognised when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, on the following basis:

- (a) contributions, when the contributions are received or receivable;
- (b) contributed services are recognized as contribution revenue and expense at the fair value of those services when the services received required specialized skills or are provided by individuals possessing skills and would typically need to be purchased if not provided by donation or of the fair value of the asset or of the asset enhancement resulting from the services; and
- (c) interest income, on an accrual basis using the effective interest method

*Cash and cash equivalents*

For the purpose of the statement of cash flows and statement of financial position, cash and cash equivalents comprise of cash on hand denominated in HK\$ and Chinese Yuan ("CNY" or "CN¥"), which are not restricted as to use.

*Foreign Currency-Denominated Transactions*

The Company's reporting currency and functional currency is HK\$. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency using the applicable exchange rate at the reporting date. The differences are taken to profit or loss.

Since the CNY is not a fully convertible currency, all foreign exchange transactions involving CNY must take place either through the People's Bank of China or other institutions authorized to buy and sell foreign exchange.

THE ARMENIAN COMMUNITY OF HONG KONG AND CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Commitments and Contingencies*

In the normal course of activities, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters, including, among others, government investigations and non-income tax matters. An accrual for a loss contingency is recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the financial statements in accordance with HKFRSs require management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from management's estimates. In the opinion of the directors, there are no other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period.

5. CONTRIBUTIONS

An analysis of contributions is as follows:

	HK\$
Cash donation income	7,095
Contributed services:	
Professional services	263,335
Donated office space	<u>5,000</u>
	<u>268,335</u>
	<u>275,430</u>

6. OTHER INCOME

Other income pertained to the registration fees earned from various events held by the Company during the period aligned to its objectives as set out under Note 1 (a) of the financial statements.

THE ARMENIAN COMMUNITY OF HONG KONG AND CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

7. SURPLUS FOR THE PERIOD

The Company's surplus is arrived at after charging the following:

	HK\$
Professional services	263,335
Event expenses	38,023
Website development fees	4,071
Rental expense	5,000
Exchange differences	<u>21</u>
	<u>310,450</u>

8. DIRECTORS' REMUNERATION

No director received any fees or emoluments in respect of their services rendered to the Company during the period.

9. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents account as at 31 December 2014 consists of the following:

	HK\$
Cash on hand denominated in HK\$	5,377
Cash on hand denominated in CN¥	<u>7,577</u>
	<u>12,954</u>

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable surplus arising in Hong Kong during the period.

A reconciliation of the tax expense applicable surplus before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	2014 HK\$
Surplus before tax	<u>12,954</u>
Tax at the statutory tax rate of 16.5%	2,137
Offshore proceeds	<u>(1,682)</u>
Tax at the effective tax rate of 3.5%	<u>455</u>

As of 31 December 2014, the Company is still in the process of completing its tax exempt application under Section 88 of the Inland Revenue Ordinance (Cap. 112) that will allow the Company to be exempted from all taxes payable under the Ordinance.

31 December 2014

11. LIMITED BY GUARANTEE

The Company was incorporated as a company limited by guarantee and not having a share capital. Every member of the Company undertakes to contribute to the assets of the Company. In the event of the Company being wound up while he is a member, or within one year after he ceased to be a member, he shall be responsible for payment of the debts and liabilities of the Company contracted before he ceased to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding HK\$100. As at 31 December 2014, the Company has one member.

12. RELATED PARTY TRANSACTIONS

A portion of the Company's preliminary expenses that include incorporation and registration fees were borne and paid by one of its Directors. For the period ended 31 December 2014, a total amount of HK\$1,275 was paid by the Director.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to interest rate risk, credit risk, foreign currency risks and liquidity risk arises in the normal course of its operations. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below:

*Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The directors assessed that the Company has no relevant exposure to the risk of changes in market interest rates as its financial assets as of 31 December 2014 only consist of cash and cash equivalents that do not earn any interest.

*Credit risk*

Credit risk related to the extent to which failures by counterparties to discharge their obligations could reduce the amount of future cash flows to the Company from financial assets on hand as at the end of the reporting period.

The carrying amount of cash and cash equivalents represents the Company's maximum exposure to credit risk in relation to financial assets. The Company's cash and cash equivalents balance only consists of cash on hand. The directors consider that the Company does not have a significant concentration of credit risk.

*Foreign currency risk*

Foreign currency risk is the risk that the future cash flows or the fair value of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk through certain transactions that are denominated mainly in CNY. The directors consider the Company's exposure to such currency risk to be minimal.

THE ARMENIAN COMMUNITY OF HONG KONG AND CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk*

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. The Company manages its funds by maintaining a comfortable level of cash in order to meet continuous operational need.

*Capital Management*

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern in order to carry out its principal activity.

The capital structure of the Company consists of net assets. In order to maintain or adjust the capital structure, the Company may appeal for donations from general public.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 07 August 2015.