

HONGKONG | JAPAN

BUSINESS CO-OPERATION
COMMITTEE

ANNUAL REPORT

2011/2012



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1. INTRODUCTION

The Hong Kong-Japan Business Co-operation Committee (HK-JBCC) and its counterpart, the Japan-Hong Kong Business Co-operation Committee (J-HKBCC), were established in 1979. The Committee organises high level business-to-business dialogue to foster understanding between the business communities of Hong Kong and Japan. It also promotes trade, investment and other economic co-operation between the two territories.

The Hong Kong Trade Development Council (HKTDC) acts as the Secretariat for the Hong Kong committee and the Japan Business Federation (formerly known as the Keidanren) serves as the Secretariat for the Japan committee. The two committees are represented by the business leaders from a broad spectrum of trade and industry. Members of the committees meet once a year to enhance mutual understanding and explore new dimensions that can broaden and deepen business partnership between Hong Kong and Japan.

It is the priority of the Hong Kong-Japan Business Co-operation Committee to explore new dimensions in Hong Kong's economic relations with Japan and to act as a catalyst for a broader and deeper business partnership. The Committee has also undertaken to explore ways of promoting Hong Kong as a trade and service platform for Japanese companies to make an inroad in the Chinese and Asian markets.

2. MEMBERSHIP

The Chairman of the Hong Kong Committee is Dr Jonathan Choi Koon-shum, BBS, JP. Members are business leaders of various service and product industries in Hong Kong.

A. Changes in Membership

a. Chairman of Main Committee

Dr Jonathan Choi Koon-shum, BBS, JP was appointed by the Chief Executive of the HKSAR to serve as Main Committee Chairman on 20 September 2011.

b. Main Committee

In accordance with Clauses 28 & 29 of the Articles of Associations, which stipulate that one-third of the serving members of the Committee should retire every year in seniority order, the following members were identified for retirement in the 2011 AGM.

Mr Chong Hot Hoi Bob

Mr Philip Chen

Mr Peter Hung

The Hon Jeff Lam

Dr Daniel Shao

All five members have offered themselves for re-election and were re-elected through resolutions in writing by all members of the Committee passed in lieu of the 30th Annual General Meeting on 20 October 2011.

B. Membership of the Main Committee during the Year, up to the date of the report

Main Committee

Chairman:

Dr Jonathan Choi Koon-shum, BBS, JP.

Members:

Mr Cha Mou Zing Victor

Mr Chan Wing Kee, GBS, JP

Mr Philip NL Chen, GBS, SBS, JP

Mr Bob Chong Hot Hoi, BBS

Mr He Guangbai, JP *

Ms Pansy Ho

Mr Peter Hung

Mr Fred Lam, JP

The Hon. Jeffrey Lam, GBS, SBS, JP

Mr Li Ning *

Mr Richard Li

Dr Sarah Liao, GBS, MBE, JP, FRSC

Mr Liu Tingan *

Mr Daryl Ng Win Kong

Dr Daniel Shao, BBS

Dr Stephen T. F. TAI, GBS, SBS, JP

Dr Allan Wong, GBS, MBE, JP

Mr Michael Wu

Mr Thomas Jefferson Wu

Mr Yang Yuanqing *

**Honorary member*

3. REVIEW OF ACTIVITIES

A . Hong Kong Contents Promotion Workshops in Okinawa & Osaka

To explore new dimensions of Hong Kong's business partnership with Japan for the creative industry, a networking reception and a series of outreach seminars were held in Osaka and Okinawa in 2011/12.

These events offered the timely platform for disseminating information about the development of the film industry in Hong Kong & Asia, and promoting Japanese companies to better utilise the Hong Kong platform to seize business opportunities on the Chinese mainland. The seminars and networking reception were well attended by total 150 participants from 114 companies.



Audience of Hong Kong Contents Promotion Workshop in Okinawa held on 31 May 2011.

B . Outreach Eco Seminar in Osaka & Hiroshima

Two outreach seminars promoting Hong Kong environmental protection industry were held in Osaka and Hiroshima in July 2011. Mr Daniel Cheng, Managing Director of Dunwell Enviro-tech (Holding) Ltd was invited to share his experience on how to expand business in China through joint cooperation with companies in Chinese mainland, and how Japanese companies could make use of Hong Kong as a trading hub for the Eco business. The seminars had successfully reached out to 139 participants from 122 Japanese companies.



Over 90 participants from 87 companies attended the Outreach Eco Seminar in Osaka held on 19 July 2011.



Mr Ricky Fong, Assistant Marketing Manager, Hong Kong Trade Development Council (HKTDC) introduced the Hong Kong environmental protection industry and Hong Kong's role in helping Japanese companies to penetrate the Chinese mainland market to the audience in the Outreach Eco Seminar in Hiroshima on 20 July 2011.

C . High level mission to Japan

Japan's triple disasters in March - the earthquake, tsunami and problematic radiation leak in the Northeast of the country have caused grave damage to Japan's infrastructure and economy. Manufacturing sectors in Hong Kong, especially those of electronics, watch & clock, machinery have also been affected by shortage in supply of parts and components after the 3.11 disaster.

To help the Hong Kong business community to understand the latest supply situation, the recovery process of the production in Japan, to explore new business opportunities in the aftermath of 3.11, and to convey our sympathy to the Japanese business community, HKTDC and HK-JBCC co-organised a high level business delegation to Japan from 23 to 27 July 2011. Eight HK-JBCC members and thirteen industry representatives with strong Japanese business connections have taken part in this fact-finding mission.

The delegation met with Japanese business and political leaders and visited major corporations and agricultural establishments. The meeting helped delegates understand the real situation in Japan's business sector and to explore the way forward for Hong Kong/ Japan business partnership.



Meeting with Kansai Economic Federation. (left to right) Pictured are Mr Fred Lam, Executive Director, HKTDC; Dr Jonathan Choi, Chairman, HK-JBCC, Mr. Shosuke Mori, Chairman, Kansai Economic Federation; Mr. Masayuki Matsushita, Vice Chairman and Chairman of International Committee, Kansai Economic Federation.



Meeting with senior members of Keidanren in Tokyo.



(Left to right) Pictured are Ms Nobuta Samui, Managing Director, Keidanren; Mr Jonathan Choi, Chairman, HK-JBCC; Mr Akimitsu Ashida, Chairman, J-HKBCC; Mr Fred Lam, Executive Director, HKTDC.



Meeting with Japanese major political leaders, including Mr Sumio Mabuchi, former Minister of Land, Infrastructure, Transport and Tourism (front right 5); Mr Mitsuru Sakurai, Senior Vice Minister of Finance (front Left 4); Mr Teruhiko Mashiko, former Senior Vice Minister of Economy, Trade and Industry (front right 3) and Mr Naoki Minezaki, Cabinet Advisor and former Senior Vice Minister of Finance (front right 2).

D . Hong Kong–Japan Economic Summit 2011

As a follow-up on the high-level business mission to Japan in July 2011, HK-JBCC had jointly organised a Hong Kong–Japan Economic Summit 2011 with the Chinese General Chamber of Commerce (CGCC), the Japan Chamber of Commerce and Industry (JCCI) and the Japan–Hong Kong Business Co-operation Committee (J-HKBCC) in Hong Kong on 2 September. The Summit aimed at informing the Hong Kong business community on the latest recovery situation in Japan and to share with them the findings and insights gained in the recent mission.

Prestigious Japanese speakers included Chairman of Japan Chamber of Commerce Mr Okamura, Governor of Nagasaki Prefecture Mr Nakamura, Vice-Governor of Fukuoka Mr Ushio and Vice-Governor of Kumamoto Mr Murata, and Chairman of Kyushu Association of Corporate Executives Mr Nuki.

Over 290 business leaders, officials and multipliers from Hong Kong and Japan, including an incoming group of 50 business representatives from Japan had joined the event. The Japanese guest speakers, together with the Hong Kong speakers, shared their insights on the latest business situation and emerging business opportunities in Japan. Positive feedback has been generated and event was well covered by both local and international media.



Dr Jonathan Choi, Chairman, HK-JBCC and Chairman, CGCC encouraged more bilateral economic trade between Hong Kong and Japan.



Mr Yuji Kumamaru, Consul-General of Japan in Hong Kong said the economy in Hong Kong was expected to grow further more, which would not only benefit Hong Kong companies, but also Japanese companies.



Over 290 business leaders, officials and multipliers from Hong Kong and Japan, including an incoming group of 50 business representatives from Japan had joined the event.



(Left to right) Pictured are Mr Dennis Tokuaki Wu, Managing Director, Aji-No-Chinmi Co., (HK) Ltd; Mr Lawrence Fok, Chief Marketing Officer, Hong Kong Exchange and Clearing Ltd; Mr Masayoshi Nuki, Chairman, Kyushu Association of Corporate Executives; Mr Tadashi Okamura, Chairman, JCCI; Mr Yukio Tada, Representative, J-HKBCC; Mr Yuji Kumamaru, Consul-General of Japan in Hong Kong; Ms Margaret Fong, Deputy Executive Director, HKTDC; Dr Jonathan Choi, Chairman, HK-JBCC & Chairman, CGCC; Mr Houdou Nakamura, Governor of Nagasaki; Mr Shinichi Murata, Vice-Governor of Kumamoto; Mr Takeo Ushio, Vice Governor of Fukuoka; Mr Daniel Shao, Managing Director, Van Yu Group of companies, Mr Daisuke Matsunaga, Deputy Consul-General of Japan in Hong Kong.

E . Lunch with Mr Yukimoto ITO, Vice Mayor of the City of Sendai

Mr Yukimoto Ito, Vice Mayor of the City of Sendai, together with two government officials from Sendai, visited Hong Kong and Macau in November 2011.

Dr Jonathan Choi, Chairman of HK-JBCC, hosted a welcome lunch for the Vice Mayor. The latest recovery progress of Sendai and follow up actions for the Tohoku Area Recovery were discussed at the lunch.



Discussions between Dr Jonathan Choi, Chairman of HK-JBCC and the delegates.



(left to right) Pictured are Ms Iris Wong, Secretary General, HK-JBCC; Ms Betty Chan, Director of International Relations, Sun Wah Group; Mr Hiroto Minegishi, Assistant Senior Director, International Economy and Tourism Department, Economic Affairs Bureau City of Sendai; Mr Yukimoto Ito, Vice Mayor of Sendai; Dr Jonathan Choi, Chairman, HK-JBCC; Mr Frankie Wu, Chairman, Aji-No-Chinmi Co., (HK) Ltd; Mr Kai Iek, President, Macao-Japan Exchange Association; Mr Hiroaki Ichikawa, International Promotion Section Officer, International Economy and Tourism Department, Economic Affairs Bureau City of Sendai.

F. Other Activities

a. Business Advisory Service

Since its inception in March 2004, the Business Advisory Service has been well received by Japanese companies interested in doing business with Hong Kong and China.

The Service has been offered at HKTDC's offices in Tokyo and Osaka by Japanese experts who possessed ample practical knowledge of doing business in Hong Kong and China. The advisory service proved to be of value to the Japanese business community, especially SMEs with little knowledge of doing business with Hong Kong and China. A total of 124 in-depth business consultations were completed in 2011/12.

b. Japanese VIPs to Hong Kong local trade fairs

In order to promote the Hong Kong trade fairs and networking activities, each year HK-JBCC would sponsor important Japanese multipliers or buyers to visit Hong Kong. In 2011/12, one VIP was invited to attend the HKTDC Hong Kong International Film and TV Market 2012.

c. Webcast

Miyagi Prefecture in Japan was one of the directly stricken areas in the Great East Japan Earthquake. Against this backdrop, Gold Peak Group donated 30,000 electric torches and 100,000 batteries as immediate relief supplies to Miyagi Prefecture with the assistance of the 77 Bank and HKTDC. Deputy President of the 77 Bank, Mr Yoshiaki Nagayama and Deputy Governor of Miyagi Prefecture Mr Masahiro Wako shared their views on the economic outlook and opportunities for Hong Kong businesses after the 311 incidence in a webcast interview.



Webcast interview "Hong Kong Investment Welcome in Japan" is now available at HKTDC Youtube.

d. Hiko Mizuno Jewellery and Watch & Clock Workshops at Hiko Mizuno College of Jewellery, Tokyo

HKTDC organises the Hong Kong Jewellery Design Competition and Hong Kong Watch & Clock Design Competition every year to foster and groom local young design talents in the industries. Winners of the two competitions are sponsored by the HK-JBCC to attend a five-day course at the Hiko Mizuno College of Jewellery in Tokyo. Due to the 3.11 earthquake in Japan, five winners in 2010/11 had postponed their trips to Japan. In March 2012, the five winners together with the four winners of 2011/12 attended the course in Hiko Mizuno College of Jewellery in Tokyo.



Hong Kong participants shared design ideas and knowhow with teachers and fellow students of the Hiko Mizuno College of Jewellery.

4. HONG KONG'S TRADE WITH JAPAN

A. Trade Figures, 2002 – 2012 (Jan-Mar) (HK\$ Million)

	2002	2003	2004	2005	2006	2007	2008
Domestic Exports	2,969	2,848	2,812	4,320	4,931	2,864	2,290
Re-Exports	80,743	91,154	104,733	114,258	115,490	116,703	118,663
Total Exports	83,711	94,003	107,545	118,578	120,422	119,568	120,952
Imports	182,569	213,995	256,141	256,501	268,140	287,329	297,552
Total Trade	266,281	307,997	363,686	375,079	388,562	406,896	418,504
Trade Balance	-98,858	-119,992	-148,596	-137,923	-147,719	-167,761	-176,600

	2009	2010	2011	% Change 2011/10	2012 (Jan-Mar)	% Change 2012/11	Hong Kong's Trade with Japan as % of HK's Total Trade in 2012 (Jan-Mar)
Domestic Exports	1,651	2,032	1,531	-24.6%	307	-22.9%	2.4%
Re-Exports	107,218	125,615	133,624	6.4%	33,215	6.5%	4.3%
Total Exports	108,869	127,647	135,155	5.9%	33,521	6.2%	4.3%
Imports	236,369	308,161	318,601	3.4%	71,651	-6.6%	8.1%
Total Trade	345,238	435,808	453,756	4.1%	105,173	-2.9%	6.3%
Trade Balance	-127,500	-180,514	-183,446	n.a.	-38,130	n.a.	n.a.

Notes: 1) n.a. = not applicable

B. Hong Kong's Top Ten Trading Partners, 2011 (HK\$ Million)

Markets	Hong Kong's Domestic Exports	Hong Kong's Re-exports	Hong Kong's Total Exports	% Change
1. CHINA	30,699	1,716,656	1,747,355	9.3%
2. U.S.A.	7,165	323,606	330,771	-0.4%
3. JAPAN	1,531	133,624	135,155	5.9%
4. TAIWAN	3,004	82,266	85,270	24.3%
5. SINGAPORE	2,620	53,624	56,244	10.3%
6. KOREA REP	1,444	59,829	61,274	14.2%
7. INDIA	599	92,919	93,518	25.6%
8. GERMANY	589	88,675	89,264	10.7%
9. THAILAND	1,207	41,313	42,519	23.1%
10. MALAYSIA	1,266	27,337	28,602	10.9%

HONG KONG'S IMPORTS			HONG KONG'S TOTAL TRADE		
Suppliers	Amount	% Change	Trading Partners	Amount	% Change
1. CHINA	1,696,807	10.9%	1. CHINA	3,444,162	10.1%
2. JAPAN	318,601	3.4%	2. U.S.A.	542,140	6.0%
3. SINGAPORE	254,556	7.2%	3. JAPAN	435,756	4.1%
4. TAIWAN	240,916	7.2%	4. TAIWAN	326,186	11.2%
5. USA	211,368	18.0%	5. SINGAPORE	310,799	7.8%
6. KOREA REP	149,969	12.2%	6. KOREA REP	211,243	12.7%
7. MALAYSIA	89,015	5.1%	7. INDIA	180,121	23.2%
8. INDIA	86,603	20.6%	8. GERMANY	154,952	12%
9. THAILAND	76,537	0.3%	9. THAILAND	119,056	7.4%
10. GERMANY	65,688	13.9%	10. MALAYSIA	117,617	6.5%

C. Hong Kong's Position in Japan's Trade, 2011 (USD Billion)

Japan's Total Exports			Japan's Imports			Japan's Total Trade		
Ranking	Amount	% Share	Ranking	Amount	% Share	Ranking	Amount	% Share
5	42.8	5.2	4.5	1.5	0.2	12	44.4	2.7

5. ADMINISTRATION

A. Secretariat

Staff establishment as at 31 March 2012 was as follows:

Secretary-General	Ms. Iris Wong
Deputy Secretary-General	Ms. Myra Mak
Administrative Assistant	Ms. Kitty Szeto

B. Premises

The Secretariat continued to rent office space from the HKTDC.

C. Financial Arrangements

For the financial year under review, subvention from the HKSAR Government was HK\$3,610,000 and subvention from HKTDC was HK\$559,700.

The accounts for the financial year 1 April 2011 to 31 March 2012 have been audited by PricewaterhouseCoopers, whose appointment was approved by resolution at the 30th Annual General Meeting. The Statement by the Directors on the Report and Accounts are on pages 17 to 29.

HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

(Incorporated in Hong Kong and limited by guarantee)

D. REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31st March 2012.

Principal activities

The principal activities of the Committee are to foster friendship and understanding between the business communities of Hong Kong and Japan, and to seek, promote and assist in promoting trade, investment and other economic co-operation.

Results	HK\$
Retained surplus as at 31st March 2011	1,878
Result for the year	-
Retained surplus as at 31st March 2012	<u>1,878</u>

The directors recommend that the retained surplus as at 31st March 2012 be carried forward.

Directors

The directors of the Committee during the year were:

CHOI Koon Shum (Chairman)
CHAN Wing Kee
HO Chiu King Pansy Catilina
LAM Tin Fuk
LI Richard
LIAO Sau Tung Sarah Mary
NG Win Kong Daryl
TAI Tak Fung
WONG Allan
WU Wei Kuo Michael
WU Thomas Jefferson
CHA Mou Zing Victor (newly appointed on 21st June 2011)
CHEN Nan Lok Philip (retired and re-elected on 18th October 2011)
CHONG Hot Hoi Bob (retired and re-elected on 18th October 2011)

REPORT OF THE DIRECTORS (Continued)

Directors (Continued)

HUNG Hak Hip Peter (retired and re-elected on 18th October 2011)
LAM Kin Fung Jeffrey (retired and re-elected on 18th October 2011)
SHAO Kung Chuen Daniel (retired and re-elected on 18th October 2011)

In accordance with sections 28 and 29 of the Committee's Articles of Association, one-third of the directors who have been longest in office shall retire by rotation and, being eligible, offer themselves for re-election.

Interest in contracts

Mr. Lam Tin Fuk is the Executive Director of Hong Kong Trade Development Council ("HKTDC") which is incorporated in Hong Kong.

Apart from the above, no contracts of significance in relation to the Committee's business to which the Committee was a party and in which a director of the Committee had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Committee were entered into or existed during the year.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By order of the Board,

(Signed)
Secretary - General
Wong Yan
Hong Kong, 2 August 2012

E. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE (Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of HongKong Japan Business Co-operation Committee (the "Committee") set out on pages 5 to 14, which comprise the balance sheet as at 31st March 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in fund for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE
(Incorporated in Hong Kong and limited by guarantee) (Continued)**

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 Committee as at 31st March 2012, and of its results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

(Signed)

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 2 August 2012

HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

(Incorporated in Hong Kong and limited by guarantee)

F. STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31st March 2012

	Note	<u>2011/12</u>	<u>2010/11</u>
		HK\$	HK\$
INCOME			
Government / HKTDC subventions	5	4,266,492	3,272,612
Bank interest		<u>4</u>	<u>5</u>
Total Income:		<u>4,266,496</u>	<u>3,272,617</u>
EXPENDITURE			
Staff costs charged by HKTDC	6	1,225,295	1,077,632
Rent and rates		64,680	42,360
Other administrative expenses		41,933	44,233
Auditor's remuneration		66,000	64,185
Expenditure on operational activities		<u>2,868,588</u>	<u>2,044,207</u>
Total Expenditure:		<u>4,266,496</u>	<u>3,272,617</u>
RESULTS FOR THE YEAR AND COMPREHENSIVE INCOME FOR THE YEAR		<u><u>-</u></u>	<u><u>-</u></u>

HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

(Incorporated in Hong Kong and limited by guarantee)

G. BALANCE SHEET

As At 31st March 2012

		2011/12	2010/11
		HK\$	HK\$
CURRENT ASSETS	Note		
Bank balances and cash	8	25,723	444,199
Amount due from HKTDC	9	42,929	-
Prepayment		-	13,120
TOTAL ASSETS		68,652	457,319
CURRENT LIABILITIES			
Amount due to HKTDC	9	-	53,148
Accruals and other payables	10	66,774	402,293
TOTAL LIABILITIES		66,774	455,441
NET ASSETS		1,878	1,878
Financed by:			
ACCUMULATED FUND			
Balance as at 1st April		1,878	1,878
Add: Result for the year		-	-
Balance as at 31st March		1,878	1,878

(signed)
CHOI Koon Shum
Director

(signed)
LAM Tin Fuk
Director

The financial statements were approved by the Board of Directors on 2 August 2012.

HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

(Incorporated in Hong Kong and limited by guarantee)

H. STATEMENT OF CASH FLOWS

For the Year Ended 31st March 2012

	2011/12	2010/11
	HK\$	HK\$
Results for the year	-	-
Decrease in balances with HKTDC	(96,077)	(526,208)
Decrease/(increase) in prepayment	13,120	(13,120)
(Decrease)/increase in accruals and other payable	(335,519)	344,453
Net cash outflow from operating activities	(418,476)	(194,875)
Decrease in cash and cash equivalents	(418,476)	(194,875)
Cash and cash equivalents at the beginning of the year	444,199	639,074
Cash and cash equivalent at the end of the year	25,723	444,199
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	25,723	444,199

HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

(Incorporated in Hong Kong and limited by guarantee)

I. STATEMENT OF CHANGES IN FUND

For the Year Ended 31st March 2012

	<u>2011/12</u>	<u>2010/11</u>
	HK\$	HK\$
Total fund brought forward as at 1st April	1,878	1,878
Results for the year and comprehensive income for the year	<u>-</u>	<u>-</u>
Total fund carried forward as at 31st March	<u>1,878</u>	<u>1,878</u>

J. NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

The Committee is incorporated under the Hong Kong Companies Ordinance and is limited by guarantee.

Under the provision of the Memorandum of Association, the liability of the Committee in the event of its being wound up is limited to the extent of the guarantee undertaken by its members, which shall not exceed HK\$10 for each member. At 31st March 2012, there were 17 members (31st March 2011: 16 members).

2. General information

The principal activities of the Committee are to foster friendship and understanding between the business communities of Hong Kong and Japan, and to seek, promote and assist in promoting trade, investment and other economic co-operation. The address of its registered office and its principal place of business is 38/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

3. Principal accounting policies

(a) Basis of preparation

The financial statements of the Committee have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Committee's accounting policies. These estimates and assumptions affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of income and expenditure during the year. Although these estimates are based on management's best knowledge of event and actions, actual results ultimately may differ from those estimates.

3. Principal accounting policies (Continued)

(b) Revised standards and amendments to existing standards which are not yet effective

As at 31st March 2012, the following revised standard and amendment to existing standard which are considered relevant to the Committee's operations, are in issue but not yet effective:

HKFRSs (Amendment)	Improvements to HKFRSs 2011	Effective from periods beginning on or after
		1st January 2012

The Committee is in the process of assessing the impact of the above improvements to existing standards on the disclosure and presentation of the financial statements in the future accounting periods. The Committee is not yet in a position to state whether any substantial changes to the Committee's significant accounting policies and presentation of the financial statement will be resulted.

(c) Foreign currencies

Items included in the financial statements of the Committee are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Committee's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank.

(e) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate allowance for estimated irrecoverable amounts is recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

(f) Provision

Provisions are recognised when either a legal or constructive obligation, as a result of a past event, exists at the balance sheet date and where the amount of the obligation can be reliably estimated.

(g) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

(h) Income recognition

Government and HKTDC subventions are recognised in the specific fiscal year as approved by the Government and HKTDC. Interest on bank deposits is recognised on a time-proportion basis using the effective interest method.

(i) Employee benefits

Contributions to defined benefits and defined contribution schemes of HKTDC for the year are recognised as expense in statement of comprehensive income.

(j) Income tax

The Committee is exempted under Section 87 of the Hong Kong Inland Revenue Ordinance from all taxes payable under the Ordinance.

(k) Related party

A party is considered to be related to the Committee if the party has the ability, directly or indirectly, to control the Committee in making financial and operating decisions, or vice versa.

(l) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Committee. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

4. Financial risk management

(a) Credit risk

The Committee is exposed to credit risk in relation to cash at bank and amount due from HKTDC. The Committee's maximum exposure is the carrying amount of these financial assets. To manage this risk, the management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment is made for the irrecoverable amounts.

The Company's cash at bank are held in major financial institutions, which management believes are of high credit quality. The credit risk is considered minimal.

(b) Liquidity risk

The Committee maintains sufficient cash and liquid assets, and obtains subvention from the Government and HKTDC to finance its operations and is not exposed to liquidity risk. The amounts of current liabilities presented in the balance sheet are the contractual undiscounted cash flows due within 12 months, as the impact of discounting is not significant.

(c) Capital management

The Committee's capital consists of Accumulated Fund which represents residual of assets over liabilities. It is the Committee's objective to maintain a balanced account and to ensure going concern for carrying out the Committee's principal activities.

5. Government / HKTDC subventions

According to the existing funding arrangement, the Government and HKTDC agree to fund the expenditure of the Committee. For 2011/12, the subvention from the Government was HK\$3,610,000 (2010/11: HK\$3,272,612) and the balance required from HKTDC was HK\$656,492 (2010/11: Nil).

6. Staff costs

The total amount of staff costs of HK\$1,225,295 (2010/11: HK\$1,077,632) comprises:

	<u>2011/12</u>	<u>2010/11</u>
	HK\$	HK\$
Staff salaries and discretionary performance pay	1,029,199	964,425
Accommodation and other allowances, retirement benefit and staff-related expenses	<u>196,096</u>	<u>113,207</u>
	<u><u>1,225,295</u></u>	<u><u>1,077,632</u></u>

All staff members are employed by the HKTDC. The related actual staff costs incurred was recharged by HKTDC at pre-determined rate as agreed between the Committee and HKTDC.

7. Directors' remuneration

None of the directors received any remuneration in respect of their services rendered during the year (2010/11: Nil).

8. Bank balances and cash

The carrying amounts of the bank balances and cash are denominated in Hong Kong dollars.

9. Amount due from/(to) HKTDC

The amount due from/(to) HKTDC is unsecured, interest free and repayable on demand. The carrying amounts of balances with HKTDC are approximate their fair values and were denominated in Hong Kong dollars.

10. Accruals and other payables

	<u>2011/12</u>	<u>2010/11</u>
	HK\$	HK\$
Accruals	66,774	64,905
Overpayment of subvention to be returned to the Government	<u>-</u>	<u>337,388</u>
	<u><u>66,774</u></u>	<u><u>402,293</u></u>

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