

HONGKONG | JAPAN
BUSINESS CO-OPERATION
COMMITTEE

ANNUAL REPORT
2013/2014



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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, GBS, 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, GBS, BBS, JP was re-appointed by the Chief Executive of the HKSAR to serve as Main Committee Chairman on 20 September 2012.

b. Main Committee

Changes during Annual General Meeting 2013

According to Clauses 28 & 29 of the Articles of Association the one-third of members (i.e. a total of five members) who have served the longest since their last re-election must retire in the 32nd Annual General meeting.

The five members who will be invited to offer themselves for re-election include Mr Daryl Ng, Mr Michael Wu and Dr Jonathan Choi and the three with the same re-election date, namely Mr Richard Li, Mr Chan Wing Kee and Mr Fred Lam.

As governed by the Articles, the fourth and fifth member to stand for re-election will be determined by lot. As agreed by the Chairman, Dr Jonathan Choi, the lot was conducted by Mr William Chui, Director of International and Mainland Relations, HKTDC on 19 July 2013.

As a result, the following five members were identified for retirement in the Annual General Meeting:

Mr Daryl Ng	Mr Chan Wing Kee
Mr Michael Wu	Mr Fred Lam
Dr Jonathan Choi	

Mr Chan Wing Kee, one of the retiring Directors, has not offered himself for election. The other four 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 32nd Annual General Meeting on 2 October 2013.

Appointment of New Members

In accordance with Articles 4(b) and 27(c) of the Articles of Association of the Committee, Mr Chan Wing Fui Peter, Chairman of YGM Trading Limited; and Mr Zhu Qi, Chief Executive Officer of Wing Lung Bank Limited, were admitted as Members of the Committee, with effect from 30 October 2013.

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

Main Committee

Chairman:

Dr Jonathan Choi Koon-shum, GBS, BBS, JP

Members:

Mr Cha Mou Zing Victor

Mr Chan Wing Fui Peter

Mr Chen AiPing*

Mr Philip NL Chen, GBS, SBS, JP

Mr Chong Hot Hoi Bob, BBS

Mr Chu Lap Lik Victor

Dr Fu Yuning*

Mr Peter Hung

Mr Fred Lam, JP

The Hon Jeffrey Lam, GBS, SBS, JP

Mr Richard Li

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

Dr Yim Fung, JP*

Mr Zhu Qi

** Honorary member*

3. REVIEW OF ACTIVITIES

A . The 33rd Plenary Session

The 33rd Plenary Session of the Japan-Hong Kong Business & Hong Kong-Japan Co-operation Committees was held in Tokyo on 26 March 2014. It was chaired jointly by Dr Jonathan Choi, Chairman of Sunwah Group, and Mr Akimitsu Ashida, Representative Director and Chairman of Japan's Mitsui OSK Lines Ltd.

One of the dominated discussions was the Shanghai Pilot Free Trade Zone (FTZ). Members from both sides shared their views on the latest developments of the pilot scheme, and how Hong Kong and Japan can collaborate closely to capture business opportunities. Other important topics discussed include financial liberalisation and internationalisation of Renminbi, urbanisation in China, and reverse innovation.

Mr CK Kwong, President of Asian Patent Attorneys Association, was also invited to share his views on how Hong Kong can serve as an intellectual property hub for Japanese companies, and encourages Japanese companies to collaborate with Hong Kong companies in terms of product innovation.

The Hong Kong members also visited Mr Yoshimasa Hayashi, Minister of Agriculture, Forestry and Fisheries; Mr Kazuyoshi Akaba, State Minister of Economy, Trade and Industry; and Mr Yoichi Masuzoe, Governor of Tokyo, to receive updates about Japan's economy, and to exchange ideas between the two regions.



Senior Hong Kong and Japanese business leaders participated in the annual bilateral meeting, which took place in Tokyo, Japan.



(Left to right) Mr Hayashi, Minister of Agriculture, Forestry and Fisheries; Dr Jonathan Choi, Chairman of HK-JBCC; Mr Fred Lam, Executive Director, HKTDC



Mr Kazuyoshi Akaba, State Minister of Economy, Trade and Industry (sixth from right), meets with Hong Kong committee members following the plenary



Hong Kong committee members visit Mr Yoichi Masuzoe, the Governor of Tokyo (fifth from right)

B . Think Global Think Hong Kong in Kyushu

A large-scale business symposium was held in Fukuoka in October to extend the impact to the south of Japan. This main symposium attracted close to 600 business executives. Three concurrent breakout sessions – on food & beverages, financial and environmental protection industries were also held. This Symposium is one of the largest trade promotions in the Kyushu region.

The Symposium also featured several high caliber speakers. Ms Anita Fung, CEO of the Hongkong and Shanghai Banking Corporation Ltd, gave a presentation on Hong Kong as a Renminbi hub and discussed the opportunities this can offer to Japanese companies; and Dr Jonathan Choi, Chairman of HKJBCC, explained what the Hong Kong platform can offer to Kyushu companies wishing to tap into the Chinese mainland market.



The Main Symposium was well attended by executives from Kyushu.



Dr Choi, Chairman of HK-JBCC, shared his insights on how Hong Kong can help Japanese companies to expand their businesses, and tap into other Asian markets.



Aimed at promoting economic co-operation between Hong Kong and Greater Kyushu, the promotion featured prominent speakers from both Hong Kong and Kyushu.

C . Hong Kong–Japan Environmental Partnership Seminar in Kyushu and Osaka

Two outreach seminars promoting Hong Kong environmental protection industry were held in Kyushu and Osaka in 2013. Ir Daniel Cheng, Managing Director, Dunwell Enviro-Tech (Holdings) Ltd, was invited as guest speaker to share Hong Kong's unique role in assisting Japanese companies to penetrate into the Chinese mainland eco technology markets. The seminars had successfully reached out to more than 150 participants representing 120 Japanese companies.



Over 70 participants from 64 companies attended the Eco Partnership Seminar held in Osaka on 12 June 2013.

D . Hong Kong Contents Promotion Workshops in Tokyo and Okinawa

To further promote Hong Kong as an ideal business platform for content and entertainment industries in the region, seminars and roundtables were held in Tokyo and Okinawa in 2013/14.

These informative events offered the timely platform for disseminating information about the development of the film industry in Hong Kong and Asia, and encourage Japanese companies to utilise the Hong Kong platform to seize business opportunities on the Chinese mainland. The initiatives were well attended by more than 70 participants from more than 50 companies.



Hong Kong Contents Roundtable Meeting in Okinawa held on 12 December 2013.

E . High-level Networking Reception in Tokyo

HK-JBCC jointly organised a High-level Networking Reception in Tokyo with the Hong Kong Economic and Trade Office (Tokyo) and HKTDC on 13 February 2014, coinciding with the Chinese New Year. The reception served as a timely platform to promote Hong Kong's unique position as a gateway to China and Hong Kong's advantages as Asia's central business district.

HK-JBCC Chairman Dr Jonathan Choi delivered the welcome remarks at the reception and encouraged the Japanese community to partner with Hong Kong to capture new business opportunities in the region.

More than 480 business leaders, officials and multipliers from Japan attended the event. Among them were Chairman of Japan-Hong Kong Parliamentarian League, Hon Baeri Kaieda; Governor of Wakayama Prefecture, Mr Yoshinobu Nisaka; and President of Japan National Tourism Organisation, Mr Ryoichi Matsuyama.



Dr Jonathan Choi, Chairman of HK-JBCC, delivered the welcome remarks at the high-level networking reception in Tokyo.



Guests toasted for prosperity and health in the New Year of the Horse.

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.

Japanese experts who possessed ample practical knowledge in doing business in Hong Kong and China served as business advisors via HKTDC's offices in Tokyo and Osaka. 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 112 in-depth business consultations were completed in 2013/14.

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 2013/14, Mr Toshikazu Masuyama, Deputy-General of Ministry of Economy, Trade and Industry (Hokkaido Bureau) was invited as guest speaker at a seminar during the HKTDC Hong Kong International Film & TV Market (FILMART) in March 2014.

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

Since 2005, HK-JBCC has been sponsoring winners from the Jewellery Design Competition and Hong Kong Watch & Clock Design to attend an intensive design workshop at Hiko Mizuno Design College in Tokyo, Japan. The course has helped Hong Kong design talents strengthen their design and marketing skills inspired by their Japanese design tutors. Winners of the two competitions are sponsored by HK-JBCC to attend a five-day course (10-14 March 2014) at the Hiko Mizuno College of Jewelry in Tokyo.



Winners of the competitions obtained new design idea and techniques through the five-day workshop provided by the Hiko Mizuno College of Jewelry.

4. HONG KONG'S TRADE WITH JAPAN

A. Trade Figures, 2004 – March 2014 (HK\$ Million)

	2004	2005	2006	2007	2008	2009	2010
Domestic Exports	2,812	4,320	4,931	2,864	2,290	1,651	2,032
Re-Exports	104,733	114,258	115,490	116,703	118,663	107,218	125,615
Total Exports	107,545	118,578	120,422	119,568	120,952	108,869	127,647
Imports	256,141	256,501	268,140	287,329	297,552	236,369	308,161
Total Trade	363,686	375,079	388,562	406,896	418,504	345,238	435,808
Trade Balance	-148,596	-137,923	-147,719	-167,761	-176,600	-127,500	-180,514

	2011	2012	2013	% Change 2013/12	2014 (Jan-Mar)	% Change 2014/13	Hong Kong's Trade with Japan as % of HK's Total Trade in 2014 (Jan-Mar)
Domestic Exports	1,531	1,192	1,262	+5.8%	391	+36.3%	3.1%
Re-Exports	133,624	142,778	133,967	-6.2%	31,867	-1.0%	4.0%
Total Exports	135,155	143,970	135,229	-6.1%	32,258	-0.7%	3.9%
Imports	318,601	311,605	286,343	-8.1%	64,056	+2.3%	6.8%
Total Trade	453,756	455,575	421,572	-7.5%	96,314	+1.3%	5.5%
Trade Balance	- 183,446	- 167,635	- 151,114	n.a.	-31,798	n.a.	n.a.

Notes: 1) n.a. = not applicable

B. Hong Kong's Top Ten Trading Partners, 2013 (HK\$ Million)

Markets	Hong Kong's Domestic Exports	Hong Kong's Re-exports	Hong Kong's Total Exports	% Change 13/12
1. CHINA	24,784	1,924,463	1,949,247	+5.2%
2. U.S.A.	5,401	325,902	331,303	+1.5%
3. JAPAN	1,262	133,967	135,229	-7.5%
4. TAIWAN	2,433	74,926	77,359	+4.2%
5. SINGAPORE	2,533	56,047	58,580	+0.9%
6. KOREA REP	1,058	63,070	64,128	+4.9%
7. INDIA	336	82,965	83,301	+7.3%
8. GERMANY	275	73,552	73,827	-4.0%
9. THAILAND	1,127	42,190	43,317	+5.4%
10. MALAYSIA	1,165	25,535	26,700	+1.7%

HONG KONG'S IMPORTS			HONG KONG'S TOTAL TRADE		
Suppliers	Amount	% Change	Trading Partners	Amount	% Change
1. CHINA	1,942,131	5.5%	1. CHINA	3,891,378	5.2%
2. JAPAN	286,343	-8.1%	2. U.S.A.	550,981	1.5%
3. TAIWAN	261,895	6.9%	3. JAPAN	421,572	-7.5%
4. SINGAPORE	246,441	*	4. TAIWAN	339,253	4.2%
5. USA	219,678	7.4%	5. SINGAPORE	305,021	0.9%
6. KOREA REP	158,709	3.4%	6. KOREA REP	222,838	4.9%
7. MALAYSIA	87,601	4.7%	7. INDIA	170,622	7.3%
8. INDIA	87,321	6.7%	8. GERMANY	129,689	-4.0%
9. THAILAND	77,544	6.4%	9. THAILAND	120,861	5.4%
10. GERMANY	77,195	-1.7%	10. MALAYSIA	114,301	1.7%

* INSIGNIFICANT

C. Hong Kong's Position in Japan's Trade, 2013 (USD Billion)

Japan's Total Exports			Japan's Imports			Japan's Total Trade		
Ranking	Amount	% Share	Ranking	Amount	% Share	Ranking	Amount	% Share
6	37.6	5.2	46	1.6	0.2	13	39.2	2.5

5. ADMINISTRATION

A. Secretariat

Staff establishment as at 31 March 2014 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\$563,222.

The accounts for the financial year 1 April 2013 to 31 March 2014 have been audited by PricewaterhouseCoopers, whose appointment was approved by resolution at the 32nd Annual General Meeting. The Statement by the Directors on the Report and Accounts are on pages 14 to 29.

HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

港日經濟合作委員會

(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 2014.

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 2013	1,878
Result for the year	-
Retained surplus as at 31st March 2014	<u>1,878</u>

The directors recommend that the retained surplus as at 31st March 2014 be carried forward.

Directors

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

CHOI Koon Shum (Chairman)(retired and re-elected on 2nd October 2013)

CHA Mou Zing Victor

CHEN Nan Lok Philip

CHONG Hot Hoi Bob

CHU Lap Lik Victor

HUNG Hak Hip Peter

LAM Kin Fung Jeffrey

LI Richard

SHAO Kung Chuen Daniel

TAI Tak Fung

WONG Allan

WU Thomas Jefferson

CHAN Wing Fui Peter (appointed on 30th October 2013)

ZHU Qi (appointed on 30th October 2013)

LAM Tin Fuk (retired and re-elected on 2nd October 2013)

NG Win Kong Daryl (retired and re-elected on 2nd October 2013)

WU Wei Kuo Michael (retired and re-elected on 2nd October 2013)

REPORT OF THE DIRECTORS (Continued)

Directors (Continued)

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, 10 July 2014

E. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

港日經濟合作委員會

(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 2014, 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 80 of Schedule 11 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 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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE**

港日經濟合作委員會

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

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 Committee as at 31st March 2014, 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, 10 July 2014

HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

港日經濟合作委員會

(Incorporated in Hong Kong and limited by guarantee)

F. STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31st March

	Note	<u>2014</u>	<u>2013</u>
		HK\$	HK\$
INCOME			
Government / HKTDC subventions	5	4,173,222	3,753,851
Total Income:		<u>4,173,222</u>	<u>3,753,851</u>
EXPENDITURE			
Staff costs charged by HKTDC	6	1,303,578	1,296,702
Rent and rates		69,240	68,400
Other administrative expenses		37,761	35,524
Auditor's remuneration		40,000	43,000
Expenditure on operational activities		<u>2,722,643</u>	<u>2,310,225</u>
Total Expenditure:		<u>4,173,222</u>	<u>3,753,851</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

港日經濟合作委員會

(Incorporated in Hong Kong and limited by guarantee)

G. BALANCE SHEET

As At 31st March

		<u>2014</u>	<u>2013</u>
		HK\$	HK\$
CURRENT ASSETS	Note		
Bank balances and cash	8	49,993	279,248
Other receivables	9	<u>183,331</u>	<u>—</u>
TOTAL ASSETS		<u>233,324</u>	<u>279,248</u>
CURRENT LIABILITIES			
Amount due to HKTDC	10	190,646	233,620
Accruals and other payables	11	<u>40,800</u>	<u>43,750</u>
TOTAL LIABILITIES		<u>231,446</u>	<u>277,370</u>
NET ASSETS		<u>1,878</u>	<u>1,878</u>
Financed by:			
ACCUMULATED FUND		<u>1,878</u>	<u>1,878</u>

(signed)
CHOI Koon Shum
Director

(signed)
LAM Tin Fuk
Director

The financial statements were approved by the Board of Directors on 10 July 2014.

HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

港日經濟合作委員會

(Incorporated in Hong Kong and limited by guarantee)

H. STATEMENT OF CASH FLOWS

For the Year Ended 31 March

	<u>2014</u>	<u>2013</u>
	HK\$	HK\$
Results for the year	-	-
(Decrease)/increase in balances with HKTDC	(42,974)	276,549
Increase in other receivables	(183,331)	-
Decrease in accruals and other payable	<u>(2,950)</u>	<u>(23,024)</u>
Net cash (outflow)/inflow from operating activities	<u>(229,255)</u>	<u>253,525</u>
(Decrease)/increase in cash and cash equivalents	(229,255)	253,525
Cash and cash equivalents at the beginning of the year	<u>279,248</u>	<u>25,723</u>
Cash and cash equivalent at the end of the year	<u>49,993</u>	<u>279,248</u>
Analysis of balances of cash and cash equivalents:		
Bank balances	<u><u>49,993</u></u>	<u><u>279,248</u></u>

HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

港日經濟合作委員會

(Incorporated in Hong Kong and limited by guarantee)

I. STATEMENT OF CHANGES IN FUND

	HK\$
Total fund as at 31st March 2012	1,878
Results for the year and comprehensive income for the year	-
Total fund as at 31 March 2013	<u>1,878</u>
Results for the year and comprehensive income for the year	-
Total fund as at 31st March 2014	<u><u>1,878</u></u>

HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

港日經濟合作委員會

(Incorporated in Hong Kong and limited by guarantee)

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 2014, there were 17 members (31st March 2013: 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.

During the year, the Committee has assessed the revised standards, interpretations and amendments that have come into effect in 2014 and are considered relevant to its operations.

As at 31st March 2014, the following amendments to existing standards have been adopted by the Committee for the financial year beginning on or after 1st April 2013 and are considered relevant to the Committee's operations:

New Standards, Interpretation and Amendment

HKFRS 7 (Amendment) Disclosures – Offsetting Financial Assets and Financial Liabilities

HKFRSs Amendment Annual Improvements 2011

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

As at 31st March 2014, the following amendments to existing standard which are considered relevant to the Committee's operations, are in issue but not yet effective:

		Effective from periods beginning on or after
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKAS 36 (Amendment)	Disclosures – Recoverable Amount of Impaired Assets	1st January 2014
HKFRSs Amendments	Annual Improvements 2012, 2013	1st July 2014

The Committee is in the process of assessing the impact of the above amendments to existing standard 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. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date. Exchange gains and losses on foreign currency translations are dealt with in the profit or loss.

(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 profit or loss 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 in the profit or loss.

(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 receivables. 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 the recoverable amounts of receivables 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 2013/14, the subvention from the Government was HK\$3,610,000 (2012/13: HK\$3,610,000) and the balance required from HKTDC was HK\$563,222 (2012/13: HK\$143,851).

6. Staff costs

The total amount of staff costs of HK\$1,303,578 (2012/13: HK\$1,296,702) comprises:

	<u>2013/14</u>	<u>2012/13</u>
	HK\$	HK\$
Staff salaries and discretionary performance pay	1,114,595	1,113,684
Accommodation and other allowances, retirement benefit and staff-related expenses	122,621	121,118
Retirement benefit expenses	<u>66,362</u>	<u>61,900</u>
	<u><u>1,303,578</u></u>	<u><u>1,296,702</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 (2012/13: Nil).

8. Bank balances and cash

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

9. Other receivables

As at 31st March 2014, HK\$183,331 (2013: Nil) other receivables were fully performing and were aged within 30 days.

The carrying amounts of receivables above at the year end approximate their fair values, and are denominated in Hong Kong dollars.

10. Amount due to HKTDC

The amount due to HKTDC is unsecured, interest free and repayable on demand. The net carrying amount of balance with HKTDC is approximate its fair value and is denominated in Hong Kong dollars.

10. Accruals and other payables

The carrying amount at year end is approximate its fair value and is denominated in Hong Kong dollars.

HONGKONG | JAPAN
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