

HONGKONG | JAPAN
BUSINESS CO-OPERATION
COMMITTEE

ANNUAL REPORT
2015/2016



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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 Committee

Dr Jonathan Choi Koon-shum, GBS, BBS, JP was re-appointed by the Chief Executive of the HKSAR to serve as Committee Chairman on 20th September 2014.

b. Committee

Changes during Annual General Meeting 2015

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 34th Annual General Meeting.

The following five members were identified for retirement in the Annual General Meeting in 2015:

Dr Philip Chen	Dr Stephen Tai
The Hon Jeffrey Lam	Mr Thomas Wu
	Dr Allan Wong

Dr Allan Wong, one of the retiring Directors, did not offer himself for re-election. The other four members offered themselves for re-election and were re-elected through resolutions in writing by all members of the Committee passed in lieu of the 34th Annual General Meeting on 9th September 2015.

Appointment of New Member

In accordance with Articles 4(b) and 27(c) of the Articles of Association of the Committee, Dr Adrian Cheng, Executive Vice Chairman and Joint General Manager, New World Development Company Limited, was admitted as Members of the Committee, with effect from 27th November 2015.

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

Committee

Chairman:

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

Members:

Mr Cha Mou Zing Victor

Mr Chan Wing Fui Peter

Mr Chen Aiping*

Dr Philip NL Chen, GBS, SBS, JP

Dr Cheng Chi Kong Adrian

Mr Chong Hot Hoi Bob, BBS

Mr Chu Lap Lik Victor

Ms Margaret Fong, JP

Dr Fu Yuning*

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

Mr Michael Wu

Mr Thomas Jefferson Wu

Dr Yim Fung, JP*

Mr Yue Yi*

Mr Zhu Qi

**Honorary member*

3. REVIEW OF ACTIVITIES

A . The 35th Plenary Session

The 35th Plenary Session of the Japan-Hong Kong Business & Hong Kong-Japan Co-operation Committees was held in Tokyo on 23rd March 2016. It was jointly chaired by Dr Jonathan Choi, Chairman of Sunwah Group, and Mr Katsunori Nagayasu, Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd.

This year's Plenary focused on economic updates on Hong Kong, the Chinese mainland and Japan; new business opportunities arising from Trans-Pacific Partnership, Olympic Games 2020, Belt and Road Initiative and 13th Five-Year Plan; and Hong Kong-Japan collaboration in the sectors of tourism, logistics as well as merchandise trade.

Mr Nagayasu discussed the value of regional economic agreements, such as the Trans-Pacific Partnership (TPP), Japan-China-Korea FTA and RCEP (Regional Comprehensive Economic Partnership). He commented that Hong Kong, the world's major financial centre and distribution centre, was an indispensable partner for Japan in those wider economic agreements.

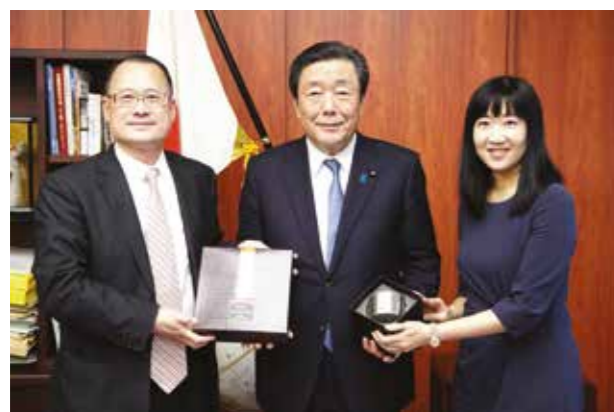
Dr Choi shared his insights on Hong Kong-Japanese cooperation to leverage emerging opportunities from the Chinese mainland. He advised that Chinese mainland's emphasis on promoting services plays to Hong Kong's strengths, with the city being one of the most service-oriented economies in the world, accounting more than 90 per cent of the GDP.

The Bank of Tokyo-Mitsubishi UFJ, Ltd provided latest updates of Japanese economy while Sumitomo Mitsui Banking Corporation highlighted the business opportunities brought by Tokyo 2020 Olympic Games. Marubeni Corporation further elaborated on the significance of Trans-Pacific Partnership and other economic partnerships for Japanese economy while Yamato Transport introduced the recent development of delivery service of food products from Japan to Hong Kong.

The Hong Kong members also visited Mr Yoichi Masuzoe, Governor of Tokyo; Mr Tsuneo Kitamura, Parliamentary Vice-Minister of Economy, Trade and Industry; Mr Hiroshi Moriyama, Minister of Agriculture, Forestry and Fisheries; Dr Sadayuki Sakakibara, Chairman, Japan Business Federation (Keidanren) 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) Dr Jonathan Choi, Chairman of HK-JBCC; Mr Hiroshi Moriyama, Minister of Agriculture, Forestry and Fisheries; Ms Margaret Fong, Executive Director, HKTDC



Hong Kong committee members visited Mr Tsuneo Kitamura, Parliamentary Vice-Minister of Economy, Trade and Industry (left).



Hong Kong Committee members visited Dr Sadayuki Sakakibara, Chairman, Keidanren (Japan Business Federation) (fourth from the left).

B . Hong Kong Food Seminars in Japan

To demonstrate Hong Kong as the re-export hub of Japan's food products, a series of thematic seminars were organised by the HKJBCC in eight places in Japan, including Shizuoka, Osaka, Tokyo, Shiga, Nara, Koga, Yamagata and Ishikawa during the past fiscal year. These outreach events, reaching out to more than 320 businesspeople in total, promoted Hong Kong as a business platform and logistics hub for Japanese food companies tapping into the Mainland and South East Asian markets.



Hong Kong's market potential for Japanese food exports was promoted in the food seminar organised on 20 May 2015 in Osaka.

C . Hong Kong Life Science Seminar in Osaka

To further promote co-operation between Hong Kong and Japan in life science industry, a seminar was organised in January 2016 in Osaka. Hong Kong's role as a biotechnology hub and a gateway to the mainland market was reinforced. The seminar attracted over 100 influential industry players in the Kansai region.



Over 100 participants from 72 companies attended the Life Science Seminar held in Osaka on 12 January 2016.

D . Environmental Protection Industry Seminars in Tokyo, Shiga, Miyazaki, Kitakyushu, Yokohama and Kawasaki

Seven outreach seminars promoting Hong Kong environmental protection industry were held in Tokyo, Shiga, Miyazaki, Kitakyushu, Yokohama and Kawasaki in 2015/16.

In conjunction with the N-Expo, the largest eco exhibition in Japan, the HKJBCC organised an Eco seminar in May 2015 in Tokyo. The meeting achieved success in reinforcing the role of Hong Kong as an eco-technology transfer hub for eco companies in Japan eyeing the mainland and other markets. A total of 60 participants representing 50 eco companies attended.

Altogether, the seminars in different areas of Japan successfully reached out to more than 260 participants representing 224 Japanese companies.



60 participants from 50 companies attended the Eco Seminar at N-Expo held in Tokyo on 26 May 2015.

E . Hong Kong Green Building Workshop at KENTEN

In June 2015, the HK-JBCC organised a Green Building Workshop at KENTEN, the largest green building fair in West Japan with more than 16,000 participants. The workshop attracted over 60 companies from Osaka, Hyogo, Shiga, Kyoto and other places in Kansai.



Over 60 companies attended the Green Building Workshop at KENTEN held in Osaka on 12 June 2015.

F . Hong Kong Content Promotion Seminars in Tokyo, Kobe, Okinawa and Sapporo



70 participants attended the Contents Promotion Seminar in Tokyo held on 26 May 2015.

Riding on the "Cool Japan" strategy of the Japanese government and to further promote Hong Kong as an ideal business platform for content and entertainment industries in the region, HK-JBCC organised several content promotion seminars and briefing sessions in Tokyo, Kobe, Okinawa and Sapporo in 2015/16.

These events offered a timely platform for disseminating information about the development of creative industries in Hong Kong and Asia, and encouraged Japanese companies to utilise the Hong Kong platform to seize business opportunities on the Chinese mainland. The seminars were well attended by 232 participants representing 178 companies.

G. Hong Kong Business Seminar cum High-level Networking Reception in Tokyo

HK-JBCC organised a business seminar cum high-level networking reception on 17th February 2016, shortly after the Chinese New Year. It served as a timely platform to promote Hong Kong's unique role as a financial and professional services hub to facilitate Belt and Road development.

Mr Sean Matsuda, Former CEO, Asia Pacific Region, HSBC Global Asset Management delivered keynote speech at the seminar and encouraged Japan business community to partner with Hong Kong to capture new opportunities arising from the Belt and Road Initiative.

Senior representatives from Ministry of Agriculture, Fisheries and Forestry, Ministry of Economy, Trade and Industry, Japan External Trade Organisation and Small & Medium Enterprises and Regional Innovation, Japan, etc. were invited to join the panel discussion. More than 100 business leaders, officials and multipliers from Japan attended the event.



Mr Sean Matsuda, Former CEO, Asia Pacific Region, HSBC Global Asset Management, delivered keynote speech at the business seminar cum high-level networking reception in Tokyo.



Guests toasted for prosperity and health for the New Year of the Monkey.

H. 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 were engaged to serve 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 105 in-depth



business consultations were completed in 2015/16. Riding on outreach seminars and briefings, business advisory services were also provided to local Japanese SMEs in Okayama, Wakayama, Yamaguchi, Hiroshima, Fukuoka, Shizuoka, Ibaraki Prefectures, etc.

Business Advisory Service was provided to a Japanese company interested in exploring Hong Kong and the Chinese mainland markets in Wakayama in March 2016.

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

Since 2005, HK-JBCC has been sponsoring winners from the Jewellery Design Competition and Hong Kong Watch & Clock Design Competition to attend an intensive design workshop at Hiko Mizuno Design College in Tokyo, Japan. The course has helped Hong Kong design talents to strengthen their design and marketing skills inspired by their Japanese design tutors. A total of six winners of the two competitions were sponsored by HK-JBCC to attend a five-day course (29th March 2016 to 4th April 2016) at the Hiko Mizuno College of Jewellery in Tokyo.



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

4. HONG KONG'S TRADE WITH JAPAN

A. Trade Figures, 2006 – March 2016 (HK\$ Million)

	2006	2007	2008	2009	2010	2011	2012
Domestic Exports	4,931	2,864	2,290	1,651	2,032	1,531	1,192
Re-Exports	115,490	116,703	118,663	107,218	125,615	133,624	142,778
Total Exports	120,422	119,568	120,952	108,869	127,647	135,155	143,970
Imports	268,140	287,329	297,552	236,369	308,161	318,601	311,605
Total Trade	388,562	406,896	418,504	345,238	435,808	453,756	455,575
Trade Balance	-147,719	-167,761	-176,600	-127,500	-180,514	-183,446	-167,635

	2013	2014	2015	% Change 2015/14	2016 (Jan-Mar)	% Change 2016/15	Hong Kong's Trade with Japan as % of HK's Total Trade in 2016 (Jan-Mar)
Domestic Exports	1,262	1,267	1,048	-17.3%	280	+36.9	1.8%
Re-Exports	133,967	130,238	121,724	-6.5%	28,068	-5.6	3.6%
Total Exports	135,229	131,505	122,772	-6.6%	28,348	-5.3	3.6%
Imports	286,343	288,891	260,294	-9.9%	53,088	-15.1	6.5%
Total Trade	421,572	420,396	383,067	-8.9%	81,437	-11.9	5.2%
Trade Balance	-151,114	-157,386	-137,522	n.a.	-24,740	n.a.	n.a.

Notes: 1) n.a. = not applicable

B. Hong Kong's Top Ten Trading Partners, 2015 (HK\$ Million)

Markets	Hong Kong's Domestic Exports	Hong Kong's Re-exports	Hong Kong's Total Exports	% Change 15/14
1. CHINA	20,433	1,916,082	1,936,515	-1.1%
2. U.S.A.	3,897	338,296	342,193	-1.4%
3. JAPAN	1,048	121,724	122,772	-8.9%
4. TAIWAN	2,088	62,941	65,029	-10.6%
5. SINGAPORE	2,266	56,185	58,451	-5.1%
6. KOREA REP	1,137	53,243	54,380	-4.8%
7. INDIA	547	101,284	101,831	-2.9%
8. THAILAND	1,272	47,820	49,093	-2.4%
9. VIETNAM	1,948	74,665	76,612	+16.7%
10. GERMANY	242	70,026	70,269	-5.9%

HONG KONG'S IMPORTS			HONG KONG'S TOTAL TRADE		
Suppliers	Amount	% Change	Trading Partners	Amount	% Change
1. CHINA	1,984,048	-0.1%	1. CHINA	3,920,564	-1.1%
2. TAIWAN	274,385	-8.6%	2. U.S.A.	553,126	-1.4%
3. JAPAN	260,294	-9.9%	3. JAPAN	383,067	-8.9%
4. SINGAPORE	245,867	-5.7%	4. TAIWAN	339,414	-10.6%
5. USA	210,933	-3.9%	5. SINGAPORE	304,318	-5.1%
6. KOREA REP	172,085	-2%	6. KOREA REP	226,465	-4.8%
7. MALAYSIA	94,084	-7.9%	7. INDIA	190,312	-2.9%
8. THAILAND	84,910	-3.7%	8. THAILAND	134,003	-2.4%
9. INDIA	82,913	-13.7%	9. VIETNAM	127,522	16.7%
10. SWITZERLAND	61,802	-22.1%	10. GERMANY	123,365	-5.9%

* INSIGNIFICANT

C. Hong Kong's Position in Japan's Trade, 2015 (USD Billion)

Japan's Total Exports			Japan's Imports			Japan's Total Trade		
Ranking	Amount	% Share	Ranking	Amount	% Share	Ranking	Amount	% Share
5	41.3	5.6	37	2.2	0.3	7	43.5	2.9

5. ADMINISTRATION

A. Secretariat

Staff establishment as at 31st March 2015 was as follows:

Secretary-General	Ms Iris Wong
Deputy Secretary-General	Ms Anne Chung
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\$ 275,217.68.

The accounts for the financial year 1st April 2015 to 31st March 2016 have been audited by PricewaterhouseCoopers, whose appointment was approved by resolution at the 34th Annual General Meeting. The Statement by the Directors on the Report and Accounts are on pages 15 to 27.

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 2016.

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

The results of the Committee for the year are set out in the statement of comprehensive income on page 19.

The directors recommend that the retained surplus of HK\$1,878 as at 31 March 2016 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)	
CHA Mou Zing Victor	
CHAN Wing Fui Peter	
CHONG Hot Hoi Bob	
CHU Lap Lik Victor	
FONG Shun Man Margaret	
LI Richard	
NG Win Kong Daryl	
SHAO Kung Chuen Daniel	
WU Wei Kuo Michael	
ZHU Qi	
CHENG Chi Kong Adrian	(appointed on 27th November 2015)
CHEN Nan Lok Philip	(retired and re-elected on 9th September 2015)
LAM Kin Fung Jeffrey	(retired and re-elected on 9th September 2015)
TAI Tak Fung	(retired and re-elected on 9th September 2015)
WU Thomas Jefferson	(retired and re-elected on 9th September 2015)
WONG Allan	(retired on 9th September 2015)

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.

Directors' material interest in transactions, arrangements and contracts that are significant in relation to the Committee's business

Ms. Margaret Fong is the Executive Director of Hong Kong Trade Development Council ("HKTDC") which is incorporated in Hong Kong.

Apart from the above, no transactions, arrangements and 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.

Business review

No business review is presented for 2016 as the Committee has been able to claim an exemption under section 388(3) of the Companies Ordinance Cap. 622 since it falls within the reporting exemption.

Permitted indemnity provisions

At no time during the financial year and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Committee.

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)
Wong Yan
Secretary - General
Hong Kong, 14 July 2016

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 6 to 16, which comprise the balance sheet as at 31 March 2016, and the statement of comprehensive income, statement of changes in fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors of the Committee 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 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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 financial statements that give a

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)

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 financial position of the Committee as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

(Signed)

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 14 July 2016

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 31 March

	Note	2016	2015
		HK\$	HK\$
INCOME			
Government / HKTDC subventions	5	3,885,218	3,702,667
EXPENDITURE			
Staff costs charged by HKTDC	6	1,355,636	1,332,112
Rent and rates		69,240	69,750
Other administrative expenses		45,124	32,154
Auditor's remuneration		42,000	44,000
Operational activities		2,373,218	2,224,651
		<u>3,885,218</u>	<u>3,702,667</u>
		-----	-----
Result for the year and total comprehensive income for the year		<u> -</u>	<u> -</u>

The notes on pages 22 to 27 are an integral part of these financial statements.

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>2016</u>	<u>2015</u>
		HK\$	HK\$
CURRENT ASSETS	Note		
Bank balances and cash	8	639,616	922,047
Other receivables	9	<u>41,736</u>	<u>-</u>
TOTAL ASSETS		<u>681,352</u>	<u>922,047</u>
CURRENT LIABILITIES			
Amount due to HKTDC	10	585,317	875,349
Accruals and other payables	11	<u>94,157</u>	<u>44,820</u>
TOTAL LIABILITIES		<u>679,474</u>	<u>920,169</u>
NET ASSETS		<u>1,878</u>	<u>1,878</u>
Financed by:			
ACCUMULATED FUND		<u>1,878</u>	<u>1,878</u>

The financial statements on pages 6 to 16 were approved by the Board of Directors on 14 July 2015 and are signed on its behalf by:

(signed)
 CHOI Koon Shum
 Director

(signed)
 FONG Shun Man Margaret
 Director

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>2016</u>	<u>2015</u>
	HK\$	HK\$
Results for the year	-	-
(Decrease)/increase in balances with HKTDC	(290,032)	684,703
Increase in other receivables	(41,736)	183,331
Decrease in accruals and other payable	49,337	4,020
Net cash (outflow)/inflow from operating activities	<u>(282,431)</u>	<u>872,054</u>
(Decrease)/increase in cash and cash equivalents	(282,431)	872,054
Cash and cash equivalents at the beginning of the year	<u>922,047</u>	<u>49,993</u>
Cash and cash equivalent at the end of the year	<u>639,616</u>	<u>922,047</u>
Analysis of balances of cash and cash equivalents:		
Bank balances	<u>639,616</u>	<u>922,047</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 31 March 2014	1,878
Results for the year and comprehensive income for the year	-
Total fund as at 31 March 2015	<u>1,878</u>
Results for the year and comprehensive income for the year	-
Total fund as at 31 March 2016	<u><u>1,878</u></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 31 March 2016, there were 16 members (31 March 2015: 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.

HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE
港日經濟合作委員會

(Incorporated in Hong Kong and limited by guarantee)

3. Summary of significant 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. 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 new or revised standards, amendments and improvements to existing standards (collectively the "new HKFRSs") that have come into effect and are considered relevant to its operations.

As at 31 March 2016, the following amendments to existing standards have been adopted by the Committee for the financial year beginning on or after 1 April 2015 and are considered relevant to the Committee's operations:

HKAS 19 (2011) (Amendment)	Employee Benefits
HKFRSs (Amendment)	Annual Improvements 2012, 2013

The adoption of these amendments to existing standards has no material impact on the Committee's result.

(b) New HKFRSs which are not yet effective

As at 31 March 2016, the following new HKFRSs which are considered relevant to the Committee's operations, are in issue but not yet effective:

		Effective from periods beginning on or after
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKFRSs (Amendment)	Annual Improvements 2014	1 January 2016

The Committee is in the process of assessing the impact of the above new HKFRSs when they become effective. The Committee is not yet in a position to state whether any substantial financial impact will be resulted.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the financial statements.

(d) Foreign currencies translation

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.

(e) Cash and cash equivalents

Cash and cash equivalents include cash at bank.

(f) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. If the collection of receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(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 or exercising significant influence over 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 Committee'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 the financial year ended 31 March 2016, the subvention from the Government was HK\$3,610,000 (2015: HK\$3,610,000) and the balance to be funded by HKTDC would be HK\$275,218 (2015: HK\$92,667).

6. Staff costs

The total amount of staff costs comprises:

	2016	2015
	HK\$	HK\$
Staff salaries and discretionary performance pay	1,166,300	1,140,094
Accommodation and other allowances, retirement benefit and staff-related expenses	117,398	121,876
Retirement benefit expenses	71,938	70,142
	<u>1,355,636</u>	<u>1,332,112</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 emoluments in respect of their services rendered to the Committee during the year (2015: Nil).

During the year, no emoluments, retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2015: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2015: Nil). There are no loans, quasi-loans or other dealings in favour of directors and their controlled bodies corporate (2015: Nil).

Other than those disclosed in the report of the directors, no director of the Committee had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Committee's business to which the Committee was or is a party that subsisted at the end of the year or at any time during the year (2015: Nil).

8. Bank balances and cash

Bank balances are denominated in Hong Kong dollars.

9. Other receivables

As at 31 March 2016, other receivables were fully performing and were aged within 30 days. The carrying amounts 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 carrying amount of balance with HKTDC approximates its fair value and is denominated in Hong Kong dollars.

11. Accruals and other payables

The carrying amounts at year end approximate their fair value and are denominated in Hong Kong dollars.

HONGKONG | JAPAN
BUSINESS CO-OPERATION COMMITTEE

38/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong
Tel: (852) 2584 4333 Fax: (852) 2583 9275