

HONGKONG | JAPAN

BUSINESS CO-OPERATION
COMMITTEE

ANNUAL REPORT

2016/2017



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1. INTRODUCTION

The HongKong Japan Business Co-operation Committee (HK-JBCC) and its counterpart, the Japan HongKong Business Co-operation Committee (J-HKBCC), were established in 1979. The Committee organises high level business-to-business dialogue to foster friendship and 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 opportunities between Hong Kong and Japan.

It is the priority of the HongKong 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 promote Hong Kong as a trade and service platform for Japanese companies to make an inroad into the Chinese and Asian markets.

2. MEMBERSHIP

The Chairman of the Hong Kong Committee is Mr Cha Mou Zing Victor. Members are business leaders of various service and product industries in Hong Kong.

A. Changes in Membership

Chairman of Committee

Mr Cha Mou Zing Victor was appointed by the Chief Executive of the Hong Kong Special Administrative Region to serve as Committee Chairman on 20 September 2016.

Committee

Changes during Annual General Meeting 2016

According to Clauses 28 & 29 of the Articles of Association, 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 35th Annual General Meeting.

The following five members were identified for retirement in the Annual General Meeting in 2016:

Mr Chu Lap Lik Victor	Mr Wu Wei Kuo Michael
Mr Chan Wing Fui Peter	Dr Choi Koon Sum
Mr Ng Win Kong Daryl	

Mr Wu Wei Kuo Michael, 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 35th Annual General Meeting on 5 September 2016.

Dr Choi Koon Sum resigned as Director and Member of the Committee on 19 September 2016.

Appointment of New Member

In accordance with Articles 4(b) and 27(c) of the Articles of Association of the Committee, Dr Chan Raymond, Ms Chiu Wing Kwan Winnie and Mr Zhang Lei were admitted as Members of the Committee, with effect from 20 February 2017.

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

Committee

Chairman:

Mr Cha Mou Zing Victor

Members:

Mr Chan Wing Fui Peter

Dr Chan Raymond, JP

Mr Chen Aiping*

Dr Chen Nan Lok Philip, GBS, SBS, JP

Dr Cheng Chi Kong, JP

Ms Chiu Wing Kwan Winnie, JP

Mr Chong Hot Hoi Bob, BBS

Mr Chu Lap Lik Victor

Ms Fong Shun Man Margaret, JP

Dr Fu Yuning*

The Hon Lam Kin Fung Jeffrey, GBS, JP

Mr Li Richard

Mr Ng Win Kong Daryl, JP

Dr Shao Kung Chuen Daniel, BBS

Dr Tai Tak Fung Stephen, GBM, GBS, SBS, JP

Mr Wu Thomas Jefferson, JP

Dr Yim Fung, JP*

Mr Yue Yi*

Mr Zhang Lei

Mr Zhu Qi

**Honorary member*

3. REVIEW OF ACTIVITIES

A . The 36th Plenary Session

The 36th Plenary Session of the HongKong Japan & Japan HongKong Business Co-operation Committees was held in Hong Kong on 24 March 2017. The meeting was co-chaired by Mr Victor Cha, Chairman of the HongKong Japan Business Co-operation Committee and Deputy Chairman and Managing Director of HKR International Ltd; and Mr Katsunori Nagayasu, Chairman of the Japan HongKong Business Co-operation Committee and Senior Advisor of the Bank of Tokyo-Mitsubishi UFJ, Ltd.

Mr Cha highlighted the strong links between the two economies, noting that more than 1,300 Japanese companies set up in Hong Kong, overtaking United States' in having the largest business presence in the city.

Members were briefed on the latest economic and trade developments in Hong Kong, Japan and the Chinese mainland. Several sessions explored ways that Japanese and Hong Kong companies could collaborate, including in the areas of financial technology (Fintech) and smart cities.

Mr Nagayasu commented that FinTech was an area where both Japan and Hong Kong were in a position to lead the rest of the world. There was a lot of potential for co-operation in a third country, for example in China as well as Southeast Asia, not only limited to Japan and Hong Kong alone.

Experts in the fields of Fintech and smart cities briefed members on the latest developments in those fast-growing sectors. Among them was Egidio Zarrella, Head of Clients and Innovation, KPMG in China, who discussed opportunities arising from the Fintech revolution. Patrick Leung, Technical Director of Aviation and Transport Team of AECOM Asia Co Ltd, highlighted potential for collaboration between Hong Kong and Japanese companies to develop smart cities. Although Hong Kong was an early adopter of IoT technology in municipal management, transport and logistics, trade and e-commerce, he said that the government has been actively pioneering innovative applications of IoT, big data, cloud and mobile technologies to make Hong Kong smarter.

Soichi Nishimura, Chairman and Managing Director of Mitsui & Co (Hong Kong) Ltd, underscored Hong Kong's advantages as the preferred financial platform for international business. Mr Nishimura cited the city's potential to become a corporate treasury and debt-financing centre to support projects arising from China's Belt and Road Initiative. He also pointed out business potential arising from greater integration with neighbouring mainland economies with the near completion of the Hong Kong-Zhuhai-Macao Bridge.

The Hon Matthew Cheung Kin-Chung, Chief Secretary for Administration of the Hong Kong Special Administrative Region joined the plenary luncheon and delivered a speech.



The 36th HongKong Japan and Japan HongKong Committees Plenary Meeting was held in Hong Kong on 24 March 2017 with focus on potential collaboration in financial technology and smart cities



(From left to right) Ms Margaret Fong, Executive Director, HKTDC; Mr Victor Cha, Chairman of Hong Kong Committee; Mr Bob Chong, Managing Director of Chungnam Corporation Limited and the Hon Jeffrey Lam, Managing Director of Forward Winsome Industries Ltd



The Hon Matthew Cheung Kin-chung, Chief Secretary for Administration attended the Keynote Luncheon and delivered a speech.



More than 40 business leaders from Hong Kong and Japan took part in the 36th HongKong Japan and Japan HongKong Committees Plenary Meeting.

B . Hong Kong Food Seminars in Japan

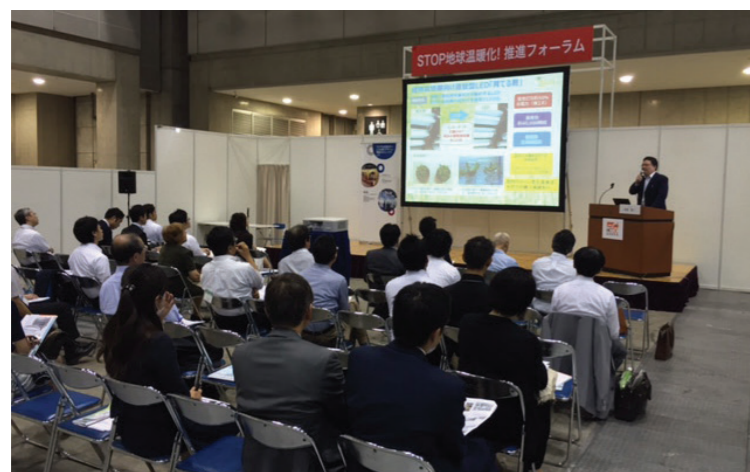
As Hong Kong was a leading showcase and trading centre for Japanese food, food-related promotion has long been one of the highlighted categories under HKJBCC. A series of thematic seminars targeting Japanese food companies were organised in Tokyo, Nagoya, Mie, Shiga, Kyoto, Osaka, Wakayama, Tokushima, Takamatsu, Kochi and Kagoshima. These outreach events attracted more than 450 business players in total, promoting Hong Kong as a trading platform and logistics hub for Japanese food companies.



Hong Kong's role as a key re-export hub for Japanese food companies was promoted during the seminar held in Kochi on 1 June 2016.

C . Eco Seminars in Japan

Trade and collaboration in eco technology was another promising area of co-operation between Hong Kong and Japan. Seven outreach seminars promoting Hong Kong environmental protection industry were held in Tokyo, Yokohama, Tsu, Otsu, Osaka and Fukuoka in 2016/17. The highlight of this series of promotion was the eco-seminar held at N-Expo, the largest eco exhibition in Japan. This seminar introduced Hong Kong's advantages and its eco-business landscape to Japanese industry players. A total of 38 participants representing 38 companies attended.



38 participants from 38 companies attended the eco seminar at N-Expo on 24 May 2016.

D . Hong Kong Green Building Workshop at KENTEN

In June 2016, the HK-JBCC organised a Green Building Workshop at KENTEN, the largest green building fair in West Japan with more than 19,000 participants. The workshop attracted over 65 companies from Osaka, Hyogo, Shiga, Kyoto and other places in Kansai.



65 participants from 65 companies attended the Green Building Workshop at KENTEN on 9 June 2016.

E . Hong Kong Life Science Seminar in Osaka

Given Hong Kong and Japan had similar demography and common vision for better healthcare, there was huge potential for co-operation in life science between the two places. In January 2016, a life-science seminar was organised in Osaka, demonstrating how Japanese biotechnological and medical companies could make the best use of Hong Kong's platform to expand their business overseas.



Over 40 life science industry players participated in the seminar held in Osaka on 16 Jan 2017.

F . Hong Kong Content Promotion Seminars in Japan



Over 40 participants attended the Hong Kong Contents Seminar in Sapporo held on 17 February 2017.

In view of the increasing export potential of Japanese culture and content-related products or services to global markets, several seminars were held in cities including Sapporo, Sendai, Tokyo, Niigata, and Miyazaki to introduce Hong Kong as an effective platform for Japanese companies to promote their cultural business overseas, which were attended by more than 180 industry players.

G. The Spring Reception in Tokyo

The spring reception was jointly organised by the Hong Kong Economic and Trade Office (Tokyo), HK-JBCC and HKTDC in Tokyo on 9 February 2017.

Attended by over 500 guests from Japanese political and business circles, academia and community groups including Hon. Asahiko MIHARA, Vice-Chairman, Japan Hong Kong Parliamentarians League, Member of House of Representatives, the reception served as an excellent annual platform for high-level business leaders to build closer rapport and explore potential collaborations between Hong Kong and Japan.



Ms Shirley YUNG, the Principal Hong Kong Economic and Trade Representative (Tokyo), delivered keynote speech at the seminar



Guests proposed a toast

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.

22 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 99 in-depth



business consultations were completed in 2016/17. Riding on outreach seminars and briefings, business advisory services were also provided to local Japanese SMEs in Yamaguchi, Aichi, Fukuoka, Shizuoka, Nagano, Hokkaido and Saitama Prefectures, etc.

Business Advisory Service was provided to a Japanese company interested in exploring overseas market via free port Hong Kong in Nagano Prefecture in October 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 five winners of the two competitions were sponsored by HK-JBCC to attend a five-day course (27 March to 31 March 2017) 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, 2007 – March 2017 (HK\$ Million)

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

	2013	2014	2015	2016	% Change 2016/15	2017 (Jan-Mar)	% Change 2017/16	Hong Kong's Trade with Japan as % of HK's Total Trade in 2017 (Jan-Mar)
Domestic Exports	1,262	1,267	1,048	1,199	14.4%	312	11.4%	3.1%
Re-Exports	133,967	130,238	121,724	115,547	-5.1%	29,160	3.9%	3.4%
Total Exports	135,229	131,505	122,772	116,746	-4.9%	29,472	4%	3.4%
Imports	286,343	288,891	260,294	246,698	-5.2%	57,815	8.9%	6%
Total Trade	421,572	420,396	383,067	363,444	-5.1%	87,287	7.2%	4.8%
Trade Balance	-151,114	-157,386	-137,522	-129,952	n.a.	-28,342	n.a.	n.a.

Notes: n.a. = not applicable

B. Hong Kong's Top Ten Trading Partners, 2016 (HK\$ Million)

Markets	Hong Kong's Domestic Exports	Hong Kong's Re-exports	Hong Kong's Total Exports	% Change 16/15
1. CHINA	18,563	1,924,906	1,943,469	-1.5%
2. U.S.A.	3,649	320,391	324,040	-4.1%
3. TAIWAN	1,842	72,674	74,516	8%
4. JAPAN	1,199	115,547	116,746	-5.1%
5. SINGAPORE	2,647	58,638	61,285	6.1%
6. KOREA REP	1,044	52,996	54,040	10.5%
7. INDIA	487	116,215	116,702	13.4%
8. THAILAND	1,041	46,908	47,949	-2.6%
9. VIETNAM	1,953	70,221	72,173	-0.9%
10. MALAYSIA	1,235	26,038	27,273	-4.4%

HONG KONG'S IMPORTS			HONG KONG'S TOTAL TRADE		
Suppliers	Amount	% Change	Trading Partners	Amount	% Change
1. CHINA	1,916,831	-3.4%	1. CHINA	3,860,300	-1.5%
2. TAIWAN	292,072	6.4%	2. U.S.A.	530,684	-4.1%
3. SINGAPORE	261,694	6.4%	3. TAIWAN	366,587	8%
4. JAPAN	246,698	-5.2%	4. JAPAN	363,444	-5.1%
5. USA	206,645	-2.0%	5. SINGAPORE	322,979	6.1%
6. KOREA REP	196,228	14%	6. KOREA REP	250,267	10.5%
7. INDIA	92,773	11.9%	7. INDIA	209,474	13.4%
8. MALAYSIA	90,584	-3.7%	8. THAILAND	130,535	-2.6%
9. THAILAND	82,586	-2.7%	9. VIETNAM	126,437	-0.9%
10. PHILIPPINES	59,768	5.8%	10. MALAYSIA	117,857	-4.4%

C. Hong Kong's Position in Japan's Trade, 2016 (USD Billion)

Japan's Total Exports			Japan's Imports			Japan's Total Trade		
Ranking	Value	% Share	Ranking	Value	% Share	Ranking	Value	% Share
5	33.7	5.2	38	2	0.3	8	35.6	2.8

5. ADMINISTRATION

A. Secretariat

Staff establishment as at 31 March 2017 was as follows:

Secretary-General	Ms Winsome Chan
Deputy Secretary-General	Ms Anne Chung

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\$247,939.

The accounts for the financial year 1 April 2016 to 31 March 2017 have been audited by PricewaterhouseCoopers, whose appointment was approved by resolution at the 35th Annual General Meeting. The Statement by the Directors on the Report and Accounts are on pages 15 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 31 March 2017.

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 21.

The directors recommend that the retained surplus of HK\$1,878 as at 31 March 2017 be carried forward.

Directors

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

CHA Mou Zing Victor (Chairman)	
CHEN Nan Lok Philip	
CHENG Chi Kong	
CHONG Hot Hoi Bob	
FONG Shun Man Margaret	
LAM Kin Fung Jeffrey	
LI Richard	
SHAO Kung Chuen Daniel	
TAI Tak Fung	
WU Thomas Jefferson	
ZHU Qi	
CHAN Raymond	(appointed on 20 February 2017)
CHIU Wing Kwan Winnie	(appointed on 20 February 2017)
ZHANG Lei	(appointed on 20 February 2017)
CHAN Wing Fui Peter	(retired and re-elected on 5 September 2016)
CHU Lap Lik Victor	(retired and re-elected on 5 September 2016)
NG Win Kong Daryl	(retired and re-elected on 5 September 2016)
WU Wei Kuo Michael	(retired on 5 September 2016)
CHOI Koon Shum	(resigned on 19 September 2016)

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 2017 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 Report of the Directors, 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)

Winsome Chan Wing Shan

Secretary - General

Hong Kong, 13 July 2017

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)

Opinion

What we have audited

The financial statements of HongKong Japan Business Co-operation Committee (the "Committee") set out on pages 21 to 29, which comprise:

- the balance sheet as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Committee as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Committee in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

**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)

Other Information

The directors of the Committee are responsible for the other information. The other information comprises the information included in the Report of the Directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the financial statements, the directors are responsible for assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Committee or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Committee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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)

Auditor's Responsibilities for the Audit of Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Committee to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Signed)
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 13 July 2017

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	2017 HK\$	2016 HK\$
INCOME			
Government / HKTDC subventions	5	3,857,939	3,885,218
EXPENDITURE			
Staff costs charged by HKTDC	6	1,182,209	1,355,636
Rent and rates		87,600	69,240
Other administrative expenses		44,697	45,124
Auditor's remuneration		44,300	42,000
Operational activities		2,499,133	2,373,218
		<u>3,857,939</u>	<u>3,885,218</u>
		-----	-----
Result for the year and total comprehensive income for the year		<u>-</u>	<u>-</u>

The notes on pages 24 to 29 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 31 March

		<u>2017</u>	<u>2016</u>
		HK\$	HK\$
CURRENT ASSETS	Note		
Bank balances	8	308,853	639,616
Prepayments and other receivables	9	<u>79,008</u>	<u>41,736</u>
TOTAL ASSETS		<u>387,861</u>	<u>681,352</u>
CURRENT LIABILITIES			
Amount due to HKTDC	10	340,983	585,317
Accruals and other payables	11	<u>45,000</u>	<u>94,157</u>
TOTAL LIABILITIES		<u>385,983</u>	<u>679,474</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 21 to 29 were approved by the Board of Directors on and are signed on its behalf by:

(signed)
 CHA Mou Zing Victor
 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>2017</u>	<u>2016</u>
	HK\$	HK\$
Results for the year	-	-
Decrease in amount due to HKTDC	(244,334)	(290,032)
Increase in prepayments and other receivables	(37,272)	(41,736)
(Decrease)/increase in accruals and other payables	(49,157)	49,337
Net cash outflow from operating activities	<u>(330,763)</u>	<u>(282,431)</u>
Decrease in cash and cash equivalents	(330,763)	(282,431)
Cash and cash equivalents at the beginning of the year	<u>639,616</u>	<u>922,047</u>
Cash and cash equivalent at the end of the year	<u>308,853</u>	<u>639,616</u>
Analysis of balances of cash and cash equivalents:		
Bank balances	<u>308,853</u>	<u>639,616</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 2015	1,878
Results for the year and total comprehensive income for the year	-
Total fund as at 31 March 2016	<u>1,878</u>
Results for the year and total comprehensive income for the year	-
Total fund as at 31 March 2017	<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. As at 31 March 2017, there were 17 members (31 March 2016: 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

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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 2017, the following amendments to existing standards have been adopted by the Committee for the financial year beginning on or after 1 April 2016 and are considered relevant to the Committee's operations:

HKAS 1 (Amendment)	Disclosure Initiative
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2012 - 2014 Cycle

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 2017, 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 7 (Amendment)	Disclosure Initiative	1 January 2017
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2014 - 2016 Cycle	1 January 2017 And 1 January 2018

The Committee is in the process of assessing the impact of the above new HKFRSs when they become effective. No substantial financial impact will be resulted.

(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.

(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.

4. Financial risk management (Continued)

(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 2017, the subvention from the Government was HK\$3,610,000 (2016: HK\$3,610,000) and the balance to be funded by HKTDC would be HK\$247,939 (2016: HK\$275,218).

6. Staff costs

The total amount of staff costs comprises:

	2017	2016
	HK\$	HK\$
Staff salaries and discretionary performance pay	1,118,654	1,166,300
Accommodation, other allowances and staff-related expenses	-	117,398
Retirement benefit expenses	63,555	71,938
	<u>1,182,209</u>	<u>1,355,636</u>

All staff members are employed by 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 (2016: 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 (2016: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2016: Nil). There are no loans, quasi-loans or other dealings in favour of directors and their controlled bodies corporate (2016: Nil).

7. Directors' remuneration (Continued)

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 (2016: Nil).

8. Bank balances

Bank balances are denominated in Hong Kong dollars.

9. Other receivables

As at 31 March 2017, 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

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