

**HONGKONG | JAPAN**

BUSINESS CO-OPERATION  
COMMITTEE

**ANNUAL REPORT**

2008/2009



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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 market.

## 2. MEMBERSHIP

The Chairman of the Hong Kong Committee is Dr. Victor Fung, Chairman, Li & Fung Group. Members are business leaders of various service and product industries in Hong Kong. The Committee has two Honorary Advisors, Sir Y.K. Kan and Sir S.Y. Chung. Committee Members are registered as Directors of the Committee, governed by the Memorandum and Articles of Association of the Committee.

### A. Changes in Membership

#### a. Chairman of Main Committee

Dr. Victor Fung was appointed by the Chief Executive of the HKSAR to serve as Main Committee Chairman on 19 September 2004. He was reappointed as the Chairman for another two years with effect from 19 September 2008.

#### b. Main Committee

In accordance with Clauses 28 & 29 of the Articles of Associations, which stipulate that one-third of the serving members of the Committee should retire every year in seniority order, the following members were identified for retirement in the 2009 AGM.

Dr. Victor Fung (Chairman)	Mr. Peter Hung	
Mr. James E. Thompson, GBS	Mr. C.C. Tung, SBS, JP	Dr. Allan Wong, GBS, JP

Mr. C.C. Tung and Mr. James E. Thompson, being two of the retiring Directors, have not offered themselves for election, leaving the Committee with 13 Directors. The other three 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 27th Annual General Meeting on 19 October 2009.

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

### **Main Committee**

Chairman:

Dr. Victor Fung

Members:

Mr. Chan Wing Kee, GBS, JP

Mr. Philip NL Chen, SBS, JP

Mr. Vincent Cheng, GBS, OBE, JP

Mr. Bob Chong Hot Hoi

Dr. Chow Yei Ching, GBS

Mr. Peter Hung

Mr. Stanley K.C. Ko, BBS, JP

Mr. Fred Lam, JP

The Hon. Jeffrey Lam, SBS, JP

Mr. Richard Li

Dr. Daniel Shao, BBS

Mr. James E. Thompson, GBS (Resigned on 19 October 2009)

Mr. C.C. Tung (Resigned on 19 October 2009)

Dr. Allan Wong, SBS, JP

### 3. REVIEW OF ACTIVITIES

#### A . The 30<sup>th</sup> Plenary Session

The 30th Plenary Session was held in Hong Kong on 27 May 2008. It was co-chaired by Dr. Victor Fung, Chairman of the HK-JBCC and Mr. Kunio Suzuki, Chairman of J-HKBCC and Representative Director and Chairman of the board, Mitsui O.S.K. Lines, Ltd.

At the plenary, members discussed on the recent development in economic integration between Hong Kong and the Pearl River Delta, which was facilitated under the Closer Economic Partnership Arrangement (CEPA). In particular, members highlighted Hong Kong's role as a regional financial centre with the increasing importance of Renminbi in the global economy.

On the other hand, also addressed the challenges that Hong Kong and Japanese companies faced when they were conducting business in the Chinese mainland, and explored new opportunities for Japanese companies to use Hong Kong as a platform to further their business in the mainland.

Members also discussed on the environmental issues in Hong Kong and the changes in clean production requirements in the mainland. In response to these circumstances, members also explored the opportunities of tripartite partnership between Hong Kong, Japan and the mainland to introduce Japan's environmental technology into the Pearl River Delta (PRD) region.





*(From left) Mr. Fred LAM, Executive Director, Hong Kong Trade Development Council (HKTDC), Mr. Kunio SUZUKI, Chairman, J-HKBC; Dr. Victor FUNG, Chairman, HK-JBCC and Mr. Shigekazu SATO, Consul-General of Japan in Hong Kong.*

## **B. Japanese Think-tank Mission to Hong Kong and Pan-PRD**

The mission was a joint effort of the Hong Kong-Japan Business Cooperation Committee, the Hong Kong Trade Development Council (HKTDC) and the Hong Kong Economic and Trade Office (Tokyo). Seven delegates from some of the most prominent research institutes in Japan joined the mission from 25 May 2008 to 1 June 2008. Fact-finding visits in Hong Kong, Shenzhen and Guangxi Province were arranged for the delegates to understand the latest economic development of Hong Kong and the Pan-Pearl River Delta.

A round-table meeting under the theme "Future Development of Pan-Asia and the Role of Hong Kong" was held as part of the mission programme on 30 May 2008. Economists and analysts were invited to share views on Hong Kong as a hub for technology, logistics and financial services, which attracted Asian companies to set up their regional headquarters in Hong Kong.

Members of the mission were impressed by the development of the PRD Region, and how Japanese companies could fully utilise the advantages of Hong Kong to develop their business in the Region.



Members of the mission visited companies in the PRD Region to understand the Region's recent developments



*(From left) Mr. Junya SANO, Senior Researcher, The Japan Research Institute, Limited; Ms. Joyce HUI, Director, International Promotions, HKTDC; Ms. Mie TAKAHASHI, Consultant, Emerging Markets Team, Daiwa Institute of Research Ltd.; Mr. Takashi SARADA, Senior Consultant, Asia Consulting Business Group, Nomura Research Institute, Ltd (NRI); Mr. Yuki INOMOTO, Chief Analyst, Marubeni Research Institute; Mr. KWOK Kwok Chuen, Government Economist, Financial Secretary's Office, HKSAR; Mr. Nobuhisa HASEGAWA, President, Fujitsu Research Institute; Prof. YEUNG Yue Man, Research Programme Director, Hong Kong Institutes of Asia-Pacific Studies, The Chinese University of Hong Kong; Mr. Yan ZHU, Senior Fellow, Economic Research Centre, Fujitsu Research Institute; Mr. George LEUNG, Advisor, Strategy and Economics, Asia-Pacific, The Hongkong and Shanghai Banking Corporation Limited; Mr. Edward LEUNG, Chief Economist, HKTDC; Ms Shigemi FURUTA, Director, Japan, HKTDC*

### **C. Hong Kong / Shenzhen Roadshow to Tokyo and Osaka – “Your Regional Partner in Business and Technology”**

Co-organised by HK-JBCC, HKTDC and the Shenzhen Municipal Government of the People's Republic of China, the Roadshow took place in Tokyo and Osaka on 16 and 18 July 2008 respectively. This Roadshow highlighted the Greater Pearl River Delta concept to the Japanese companies, with special focus on the Hong Kong – Shenzhen business model using Hong Kong as the services platform for doing business in China. Practical tips for Japanese SMEs in doing business with China were also featured. Service providers from Hong Kong and government representatives from Shenzhen were invited to join the Roadshow and established business contacts with Japanese SMEs.

The event was supported by influential local multipliers such as Japan External Trade Organization (JETRO), Japan Business Federation (Nippon Keidanren), Japan-HK Society and Japan-HK Business Co-operation Committee.



Panel speakers (from left): Mr. Kwan Chi Hung, Senior Fellow, Nomura Institute of Capital Markets Research; Mr. Toru Kurata, General Manager, Network Devices Business Group, TDK Corporation; Mr. Cheng Zhao, Director of Government Relationship Department of East Asia, Huawei Technologies Co. Ltd.; Mr. Tsuguhiko Kadokawa, Chairman and CEO, Kadokawa Group Holdings Inc.; Mr. Yuki Inomoto, Chief Analyst, Marubeni Research Institute, Marubeni Corporation; Mr. Wang Xiaochun, Deputy Director-General, Shenzhen Bureau of Trade and Industry (SZBTI); Mr. Christopher Jackson, Assistant Executive Director, HKTDC



Mr. Christopher Jackson, Assistant Executive Director, HKTDC presented the book "Evolving Hong Kong – Newly Revealed Secrets of its Competitiveness" in the Roadshow.

**D. Hong Kong Environmental Seminar Series in Kawasaki, Kobe, and Fukuoka**

A series of Environmental Seminars took place in Kawasaki, Kobe and Fukuoka in 2008. Speakers including Mr. Yasutsugu Ogura, Member of the Board, Senior Vice President, JFE Engineering Corporation and Ir. Daniel Cheng, Chairman, Hong Kong Environmental Industry Association were invited to share their views on what Hong Kong and Japan could offer and co-operate, in view of the rising global awareness in environmental issues.

The Kawasaki seminar held on 4 June has aroused immense interest among Japanese companies to explore collaboration opportunities in technology transfer with Hong Kong, and resulted in the signature of a Memorandum of Understanding between the Kawasaki City Government and HKTDC in October.



*Audience of the Environmental Seminar in Kawasaki held on 4 June.*



*Environmental Seminar in Kobe held on 5 June (From left): Mr. Felix CHAN, Director, Osaka Office, HKTDC; Mr. Masaru NISHIMURA, Director, Sales Department, Orient Co., Ltd.; Mr. Koji SASAYAMA, Plant Manager, Kansai Plant, Daiseiki Co., Ltd.; Mr. Megumi MANABE, Assistant to General Manager, Technical Development Division, Kobelco Eco-Solutions Co., Ltd.; Ms. Shigemi FURUTA, Director, Japan, HKTDC; Ir Daniel M CHENG, President, Hong Kong Environmental Industry Association; Mr. Raymond WONG, Senior Environmental Protection Officer, Cross-boundary & International Division, Environmental Protection Department, HKSAR; Prof. Carlos Wing-Hung LO, Department of Management and Marketing, The Hong Kong Polytechnic University; Mr. Ralph CHOW, Director, Product Promotion, HKTDC*

## **E. Hong Kong – Kawasaki Environmental Industry Business Roundtable**

50 participants from Japan and Hong Kong participated in this Roundtable held on 17 February 2009 in Kawasaki.

Panellists at the meeting have a wide range of backgrounds including local governments, industry associations, big companies and SMEs from Kawasaki and HK, financial institutions, IPR specialists, research institution, and environmental consultants.

The major discussion topics in the Roundtable included environmental issues in Hong Kong and Southern China, contributions of Hong Kong and Japan in coping with these environmental issues, and the business model for environmental technology transfer from Japan to China through the services provided in Hong Kong.



Panel discussion to explore collaboration opportunities between Hong Kong and Japan in the environmental industry.

## F. Other Activities

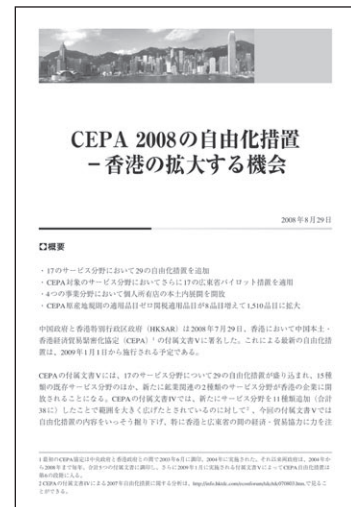
### a. Market Reports

Selected research reports by the HKTDC, such as "CEPA 2008 Liberalisation Measures", and industry reports on food and environmental industries, were translated into Japanese to provide timely and topical information on Hong Kong and the Chinese mainland to Japanese companies.

### b. Business Advisory Service

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

The Service has been offered at HKTDC's offices in Tokyo and Osaka by Japanese experts who possessed ample practical knowledge in doing business in Hong Kong and China. The advisory service proved to be of value to the Japanese business community, especially SMEs with little knowledge of doing business with Hong Kong and China. A total of 148 in-depth business consultations were completed in 2008/09.



### c. 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. A total of 17 VIPs were invited to attend different trade fairs and events in 2008/09.

### d. Webcast

Webcast interviews with successful Japanese companies and think tanks were conducted to share valuable business experience and future prospect of Hong Kong and China through the online platform. In 2008/09, interviews with guests such as Mr. Hirokazu Ohashi, Manager, Shizuoka-ken Muskmelon Growers Cooperative Association (MELOX Shizuoka), Ms. Vivian Tung, Senior Manger, Freshmart, Sogo Hong Kong, Mr. Hidenori Nakai, CEO, Yoshimoto Fandango Co., Ltd, Mr. Andrew Fung, General Manger, Head of Investment & Insurance, Hang Seng Bank Limited, were uploaded to the website. The summary of "Japan-Hong Kong Contents Collaboration Seminar" was also available on the website.



Webcast interviews are available at <http://www.hktdc.com/info/webcast/c/en/ojp/Japanese.htm>

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

HKTDC organises the Hong Kong Jewellery Design Competition and Hong Kong Watch & Clock Design Competition every year to foster and groom local young design talents in the industries. In 2008/09, the HK-JBCC sponsored three winners of each of the two Competitions to attend a five-day course at the Hiko Mizuno College of Jewellery in Tokyo. The course helped the young talents acquire new techniques for design and marketing.



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

## 4. HONG KONG'S TRADE WITH JAPAN

### A. Trade Figures, 1999 – 2009 (Jan-Mar) (HK\$ Million)

	1999	2000	2001	2002	2003	2004	2005
Domestic Exports	5,459	5,084	4,060	2,969	2,848	2,812	4,320
Re-Exports	67,506	82,050	83,551	80,743	91,154	104,733	114,258
Total Exports	72,965	87,134	87,611	83,722	94,003	107,545	118,578
Imports	162,652	198,976	176,599	182,569	213,995	256,141	256,501
Total Trade	235,616	286,110	264,210	266,281	307,997	363,686	375,079
Trade Balance	-89,687	-111,842	-88,988	-98,858	-119,992	-148,596	-137,923

	2006	2007	2008	% Change 2008/07	2009 (Jan-Mar)	% Change 2009/08	Hong Kong's Trade with Japan as % of HK's Total Trade in 2009 (Jan-Mar)
Domestic Exports	4,931	2,864	2,290	-20.1	402	-31.8	3.2
Re-Exports	115,490	116,703	118,663	+1.7	24,831	-12.9	5.0
Total Exports	120,422	119,568	120,952	+1.2	25,233	-13.3	5.0
Imports	268,140	287,329	297,552	+3.6	42,274	-40.8	7.8
Total Trade	388,562	406,896	418,504	+2.9	67,506	-32.9	6.5
Trade Balance	-147,719	-167,761	-176,600	n.a.	-17,041	n.a.	n.a.

Notes: 1) Hong Kong's overall domestic exports in 2008 decreased by 16.8% over 2007, and domestic exports to Japan decreased by 20.1%

2) n.a. = not applicable

## B. Hong Kong's Top Ten Trading Partners, 2008 (HK\$ Million)

Markets	Hong Kong's Domestic Exports	Hong Kong's Re-exports	Hong Kong's Total Exports	% Change
1. CHINA	34,758	1,335,687	1,370,445	+4.7
2. U.S.A.	18,860	340,395	359,255	-2.4
<b>3. JAPAN</b>	<b>2,290</b>	<b>118,663</b>	<b>120,952</b>	<b>+1.2</b>
4. GERMANY	1,931	92,011	93,942	+15.8
5. U.K.	2,723	72,665	75,388	+0.7
6. SINGAPORE	3,025	52,290	55,315	+9.6
7. TAIWAN	3,863	51,080	54,943	+3.8
8. INDIA	933	51,268	52,201	+50.0
9. KOREA REP	1,285	48,279	49,564	-6.4
10. NETHERLANDS	2,252	43,076	45,328	+2.0

Hong Kong's Imports			Hong Kong's Total Trade		
Suppliers	Amount	% Change	Trading Partners	Amount	% Change
1. CHINA	1,410,735	+6.1	1. CHINA	2,781,180	+5.4
<b>2. JAPAN</b>	<b>297,552</b>	<b>+3.6</b>	2. U.S.A.	509,992	+0.6
3. SINGAPORE	194,951	+0.1	<b>3. JAPAN</b>	<b>418,504</b>	<b>+2.9</b>
4. TAIWAN	192,041	-6.4	4. SINGAPORE	250,266	+2.1
5. U.S.A.	150,738	+8.6	5. TAIWAN	246,984	-4.3
6. KOREA REP	118,084	-1.1	6. KOREA REP	167,648	-2.7
7. MALAYSIA	66,137	+5.3	7. GERMANY	147,380	+14.1
8. THAILAND	63,756	+11.1	8. U.K.	113,430	+7.9
9. INDIA	58,015	+21.5	9. INDIA	110,216	+33.5
10. GERMANY	53,438	+11.2	10. THAILAND	95,329	+10.6

### C. Hong Kong's Position in Japan's Trade, 2008 (Yen Billion)

Japan's Total Exports			Japan's Imports			Japan's Total Trade		
Ranking	Amount	% Share	Ranking	Amount	% Share	Ranking	Amount	% Share
5	4,178	5.2	44	161	0.2	11	4,339	2.7

## 5. ADMINISTRATION

### A. Secretariat

Staff establishment as at 31 March 2009 was as follows:

Secretary-General	Ms. Iris Wong
Deputy Secretary-General	Ms. Myra Mak
Administrative Assistant	Ms. Gilly Ma

### 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 and the HKTDC was HK\$3,610,000 and HK\$61,710 respectively.

The accounts for the financial year 1 April 2008 to 31 March 2009 have been audited by PricewaterhouseCoopers, whose appointment was approved by resolution at the 26th Annual General Meeting. The Statement by the Directors on the Report and Accounts are on pages 19 to 30.

# HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

(Incorporated in Hong Kong and limited by guarantee)

## REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31st March 2009.

### 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.

<b>Results</b>	<b>HK\$</b>
Retained surplus as at 31st March 2008	1,876
Surplus for the year	<u>1</u>
Retained surplus as at 31st March 2009	<u><u>1,877</u></u>

The directors recommend that the retained surplus as at 31st March 2009 be carried forward.

### Directors

The directors of the Committee during the year were:

FUNG Kwok King Victor (Chairman)

CHAN Wing Kee

CHENG Hoi Chuen

CHOW Yei Ching

HUNG Hak Hip Peter

KO Kam Chuen Stanley

LAM Tin Fuk

Richard LI

James E. THOMPSON

TUNG Chee Chen

Allan WONG

CHEN Nan Lok Philip	(retired and re-elected on 20th October 2008)
CHONG Hot Hoi Bob	(retired and re-elected on 20th October 2008)
LAM Kin Fung Jeffrey	(retired and re-elected on 20th October 2008)
SHAO Kung Chuen Daniel	(retired and re-elected on 20th October 2008)
Marjorie YANG	(retired on 20th October 2008)

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**

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, 4 August 2009*

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

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

We have audited the financial statements of HongKong Japan Business Co-operation Committee (the "Committee") set out on pages 23 to 30, which comprise the balance sheet as at 31st March 2009, the income and expenditure account, the cash flow statement and the statement of changes in fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## **Directors' responsibility for the financial statements**

The directors of the Committee are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Committee as at 31st March 2009 and of the surplus 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, 4 August 2009*

# HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

(Incorporated in Hong Kong and limited by guarantee)

## INCOME AND EXPENDITURE ACCOUNT

For the Year Ended 31st March 2009

	Note	<u>2008/09</u>	<u>2007/08</u>
		HK\$	HK\$
<b>INCOME</b>			
Government / HKTDC subventions	5	3,622,738	3,671,710
Bank interest		<u>84</u>	<u>25,090</u>
Total Income:		<u>3,622,822</u>	<u>3,696,800</u>
<b>EXPENDITURE</b>			
Staff costs charged by HKTDC	6	1,180,542	1,101,042
Rent and rates		59,400	84,000
Other administrative expenses		32,004	43,551
Auditor's remuneration		56,000	52,300
Expenditure on operational activities		<u>2,294,875</u>	<u>2,415,906</u>
Total Expenditure:		<u>3,622,821</u>	<u>3,696,799</u>
SURPLUS FOR THE YEAR	8	<u>1</u>	<u>1</u>

# HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

(Incorporated in Hong Kong and limited by guarantee)

## BALANCE SHEET

As At 31st March 2009

		<u>2008/09</u>	<u>2007/08</u>
		HK\$	HK\$
<b>CURRENT ASSETS</b>	Note		
Other receivables		-	2,800
Bank balances and cash	10	<u>237,763</u>	<u>413,542</u>
<b>TOTAL ASSETS</b>		<u>237,763</u>	<u>416,342</u>
<b>CURRENT LIABILITIES</b>			
Amount due to HKTDC	11	179,468	361,716
Other payable and accruals		<u>56,418</u>	<u>52,750</u>
<b>TOTAL LIABILITIES</b>		<u>235,886</u>	<u>414,466</u>
<b>NET ASSETS</b>		<u><u>1,877</u></u>	<u><u>1,876</u></u>
Financed by:			
<b>ACCUMULATED FUND</b>			
Balance as at 1st April		1,876	1,875
Add: Surplus for the year		<u>1</u>	<u>1</u>
Balance as at 31st March		<u><u>1,877</u></u>	<u><u>1,876</u></u>

*(Signed)*  
**FUNG Kwok King Victor**  
*Director*

*(Signed)*  
**LAM Tin Fuk**  
*Director*

The financial statements were approved by the Board of Directors on 4 August 2009

# HONGKONG JAPAN BUSINESS CO-OPERATION COMMITTEE

(Incorporated in Hong Kong and limited by guarantee)

## CASH FLOW STATEMENT

For the Year Ended 31st March 2009

	<u>2008/09</u>	<u>2007/08</u>
	HK\$	HK\$
	Note	
Surplus for the year	1	1
Decrease in other receivables	2,800	8,200
Change in balance with HKTDC	(182,248)	18,669
Increase in other payable and accruals	<u>3,668</u>	<u>4,300</u>
(Decrease) / increase in cash and cash equivalents	<u>(175,779)</u>	<u>31,170</u>
Bank balances and cash at the beginning of the year	<u>413,542</u>	<u>382,372</u>
Bank balances and cash at the end of the year	<u>10</u> <u>237,763</u>	<u>413,542</u>

## STATEMENT OF CHANGES IN FUND

For the Year Ended 31st March 2009

	<u>2008/09</u>	<u>2007/08</u>
	HK\$	HK\$
Total fund brought forward as at 1st April	1,876	1,875
Surplus for the year	<u>1</u>	<u>1</u>
Total fund carried forward as at 31st March	<u>1,877</u>	<u>1,876</u>

## 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 2009, there were 15 members (31st March 2008: 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 of financial statements

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.

In 2008/09, the HKICPA has issued certain HKFRSs which are mandatory to the Committee. The Committee has assessed the impact of the adoption of these HKFRSs and considered that they are not relevant to the Committee's operations and there was no significant impact on the Committee's results and financial position or any substantial changes in the Committee's accounting policies.

**(b) Standards, interpretations, amendments and improvements to standards that are not yet effective**

The Committee has not early adopted the new standards, interpretations, amendments and improvements issued by the HKICPA that are not yet effective as at 31st March 2009. The Committee has considered that the only standard that is relevant to the Committee's operations is HKAS 1 (Revised) "Presentation of Financial Statements", which will be effective for accounting periods beginning on or after 1st January 2009. The Committee is in the process of assessing the impact of this standard on the disclosure and presentation of the financial statements in the future accounting periods.

**(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. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income and Expenditure Account.

**(d) Income recognition**

Government and Hong Kong Trade Development Council ("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.

**(e) Provisions**

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.

**(f) Other payable and accruals**

Other payable and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**(g) Retirement benefits**

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

**(h) Cash and cash equivalents**

Cash and cash equivalents include bank balances and cash.

**4. Financial risk management**

**(a) Credit Risk**

The carrying amounts of cash at bank balances and other receivables represent the Committee's maximum exposure to credit risk in relation to financial assets. The bank balances are placed with financial institutions with good credit rating.

**(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 2008/09, the subvention from the Government was HK\$3,610,000 (2007/08: HK\$3,610,000) and the balance required from HKTDC was HK\$12,738 (2007/08: HK\$61,710) respectively.

## 6. Staff costs

The total amount of staff costs of HK\$1,180,542 (2007/08: HK\$1,101,042) comprises:

	<u>2008/09</u>	<u>2007/08</u>
	HK\$	HK\$
Staff salaries and discretionary performance pay	1,032,169	1,034,962
Accommodation and other allowances, retirement benefit and staff-related expenses	<u>148,373</u>	<u>66,080</u>
	<u><u>1,180,542</u></u>	<u><u>1,101,042</u></u>

Certain 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 (2007/08: Nil).

## 8. Surplus of income over expenditure

According to the ground rules which control the expenditure of the Committee, any surplus of income over expenditure at the end of a financial year is to be returned to the Government. In view of the small surplus for the current year, no adjustment was made in the financial statements.

## 9. Taxation

The Committee, being a non-profit making organisation, is exempt from payment of Hong Kong profits tax under Section 87 of the Inland Revenue Ordinance.

**10. Bank balances and cash**

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

**11. Amount due to HKTDC**

The amount due to HKTDC is unsecured, interest free and repayable on demand.

**HONGKONG | JAPAN**  
BUSINESS CO-OPERATION COMMITTEE

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