

Directors' Report

Audited Financial Statements

German Chamber of Commerce, Hong Kong

30 June 2022

German Chamber of Commerce, Hong Kong

Directors' Report

The directors submit herewith their report and audited financial statements of German Chamber of Commerce, Hong Kong (the "Chamber") for the year ended 30 June 2022.

Principal activities

The principal activities of the Chamber are promotion of the economic welfare and advancement of its members in Hong Kong.

Results

The results of the Chamber for the year ended 30 June 2022 are set out in the statement of comprehensive income on page 6.

Directors

The directors who held office during the year or during the period from the end of the year to the date of this report were:

President

Stefan Johannes Hack

Vice Presidents

Markus Hasse-Pratje

Stefan William Kracht

Treasurer

Stefan Schratz

Directors

Guenther Siegfried Rittner

Andreas Kulenkampff-Boedecker

Frederik Gordon Gollob

Bjoern Lindner

Claus Walter Peter Schuermann

Bernd Wolfgang Ehmman

Thomas Gerigk

Alexander Spitzzy (appointed on 24 November 2021)

Ketan Sudhakar Joshi (appointed on 1 March 2022)

Horst Joachim Franz Geicke (resigned on 24 November 2021)

Carola Ruth Richter (resigned on 1 March 2022)

In accordance with the Chamber's Articles of Association, the existing directors will retire and, being eligible, will offer themselves for re-election.

Management contracts

The Chamber entered into an agreement with German Industry and Commerce Limited ("GIC") with effect from 27 November 2019 pursuant to which GIC provides management and administrative services to the Chamber. During the year, the Chamber paid a management fee of HK\$2,613,000 to GIC.

Equity-linked agreements

No equity-linked agreements into which the Chamber entered or subsisted at any time during the year.

Permitted indemnity provisions

No permitted indemnity provision was in force during the year, or is in force at the date of this report, for the benefit of a then director or a director of the Chamber.

German Chamber of Commerce, Hong Kong

Directors' Report

Auditor

A resolution will be submitted to the annual general meeting to re-appoint Mazars CPA Limited, *Certified Public Accountants*, as the auditor of the Chamber.

Approved by the Board of Directors and signed on its behalf by


Stefan Johannes Hack
President 19.10.22

Independent Auditor's Report

To the members of
German Chamber of Commerce, Hong Kong
(incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of German Chamber of Commerce, Hong Kong (the "Chamber") set out on pages 6 to 19, which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive income, the statement of changes in general fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Chamber as at 30 June 2022, and of its financial performance and 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 (the "HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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 are independent of the Chamber 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors of the Chamber are responsible for the other information. The other information comprises the directors' report.

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.

Independent Auditor's Report

To the members of

German Chamber of Commerce, Hong Kong

(incorporated in Hong Kong with liability limited by guarantee)

Responsibilities of Directors for the Financial Statements

The directors of the Chamber are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the 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 Chamber'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 Chamber or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the 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. This report is made solely to you, as a body, in accordance with section 405 of the 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 HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional skepticism 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 Chamber'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

German Chamber of Commerce, Hong Kong

(incorporated in Hong Kong with liability limited by guarantee)

Auditor's Responsibilities for the Audit of the 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 Chamber'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 Chamber 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.



Mazars CPA Limited

Certified Public Accountants

Hong Kong, **19 OCT 2022**

The engagement director on the audit resulting in this independent auditor's report is:

Weatherseed, Stephen Peter Stuart

Practising Certificate number: P05588

German Chamber of Commerce, Hong Kong

Statement of Comprehensive Income

Year ended 30 June 2022

	<i>Note</i>	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Income			
Income from membership	2	2,169,439	2,144,315
Income from member activities	2	661,957	117,144
Sponsorship income	2	354,000	261,000
		3,185,396	2,522,459
Expenditure			
Bank charges		229	1,236
Business registration fee		250	250
Management fee		2,613,000	2,370,000
Member activities		521,597	103,241
Membership fee		45,666	42,562
		3,180,742	2,517,289
Surplus before tax		4,654	5,170
Income tax expense	3	-	-
Surplus for the year and total comprehensive income for the year		4,654	5,170

German Chamber of Commerce, Hong Kong

Statement of Financial Position

At 30 June 2022

	Note	2022 HK\$	2021 HK\$
Current assets			
Deposits, prepayments and other receivables		40,000	42,550
Bank balances and cash		<u>626,732</u>	<u>629,040</u>
		<u>666,732</u>	<u>671,590</u>
Current liabilities			
Other payables		-	49,182
Contract liabilities	4	<u>102,470</u>	<u>62,800</u>
		<u>102,470</u>	<u>111,982</u>
Net current assets		<u>564,262</u>	<u>559,608</u>
NET ASSETS		<u>564,262</u>	<u>559,608</u>
GENERAL FUND			
Accumulated surplus		<u>564,262</u>	<u>559,608</u>

These financial statements on pages 6 to 19 were approved and authorised for issue by the Board of Directors on 19 OCT 2022 and signed on its behalf by


Stefan Johannes Hack
President
19.10.22


Stefan Schratz
Treasurer
19/10/2022

German Chamber of Commerce, Hong Kong

Statement of Changes in General Fund

Year ended 30 June 2022

	Accumulated surplus HK\$
At 1 July 2020	554,438
Surplus for the year and total comprehensive income for the year	<u>5,170</u>
At 30 June 2021	<u>559,608</u>
At 1 July 2021	559,608
Surplus for the year and total comprehensive income for the year	<u>4,654</u>
At 30 June 2022	<u>564,262</u>

German Chamber of Commerce, Hong Kong

Statement of Cash Flows

Year ended 30 June 2022

	2022 HK\$	2021 HK\$
OPERATING ACTIVITIES		
Surplus before tax	4,654	5,170
Changes in working capital:		
Deposits, prepayment and other receivables	2,550	14,610
Due from a related company	-	300,000
Other payables	(49,182)	49,182
Contract liabilities	39,670	32,716
Net cash (used in) from operating activities	(2,308)	401,678
Net (decrease) increase in cash and cash equivalents	(2,308)	401,678
Cash and cash equivalents at beginning of year	629,040	227,362
Cash and cash equivalents at end of year, represented by bank balances and cash	626,732	629,040

Notes to the Financial Statements

Year ended 30 June 2022

CORPORATE INFORMATION

German Chamber of Commerce, Hong Kong (the "Chamber") is incorporated in Hong Kong with limited liability by guarantee. Under the provisions of the Chamber's Articles of Association, every member of the Chamber shall undertake to contribute an amount not exceeding HK\$100 to the assets of the Chamber in the event that it is wound up. The Chamber's registered office is located at 19/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong. The principal activities of the Chamber are the promotion of the economic welfare and advancement of its members in Hong Kong.

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Companies Ordinance.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 financial statements. The adoption of the new / revised HKFRSs that are relevant to the Chamber and effective from the current year had no significant effects on the results and financial position of the Chamber for current and prior years.

A summary of the principal accounting policies adopted by the Chamber is set out below.

Basis of measurement

The measurement basis used in the preparation of these financial statements is historical cost.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Chamber becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Chamber's contractual rights to future cash flows from the financial asset expire or (ii) the Chamber transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

Classification and measurement

Financial assets are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income; or (iv) measured at FVPL.

Notes to the Financial Statements

Year ended 30 June 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement (Continued)

The classification of financial assets at initial recognition depends on the Chamber's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Chamber changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Chamber's financial assets at amortised cost include deposits, other receivables and bank balances and cash.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Chamber becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Chamber's financial liabilities include other payables. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

The Chamber recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Chamber measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Chamber measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Notes to the Financial Statements

Year ended 30 June 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information
- (ii) nature of instrument
- (iii) industry of debtors
- (iv) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Chamber considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Chamber may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Chamber, in full (without taking into account any collaterals held by the Chamber); or
- there is a breach of financial covenants by the counterparty.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Chamber compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Chamber considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Chamber.

Notes to the Financial Statements

Year ended 30 June 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Assessment of significant increase in credit risk (Continued)

Notwithstanding the foregoing, the Chamber assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Chamber's other receivables and bank balances are determined to have low credit risk.

Write-off

The Chamber writes off a financial asset when the Chamber has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Chamber expects no significant recovery from the amount written off based on historical experience of recoveries of similar assets. The Chamber expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Chamber's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Revenue recognition

Sponsorship income is recognised when the amount is received and receivable.

Revenue from contracts with customers within HKFRS 15

Nature of services

The nature of services provided by the Chamber is promotion of the economic welfare and advancement of its members in Hong Kong.

Identification of performance obligations

At contract inception, the Chamber assesses the services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a service (or a bundle of services) that is distinct; or
- (b) a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer.

Notes to the Financial Statements

Year ended 30 June 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Identification of performance obligations (Continued)

Service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the service either on its own or together with other resources that are readily available to the customer (i.e. the service is capable of being distinct); and
- (b) the Chamber's promise to transfer the service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Chamber satisfies a performance obligation by transferring a promised service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Chamber transfers control of a service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Chamber's performance as the Chamber performs;
- (b) the Chamber's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Chamber's performance does not create an asset with an alternative use to the Chamber and the Chamber has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Chamber satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Chamber considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Income from membership is recognised over time over the membership period.

Income from member activities is recognised at a point in time when the activities are held.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Chamber applies the input method (i.e. based on the proportion of the actual inputs deployed to date as compared to the estimated total inputs) to measure the progress towards complete satisfaction of the performance obligation because there is a direct relationship between the Chamber's inputs and the transfer of control of goods or services to the customers and reliable information is available to the Chamber to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Notes to the Financial Statements

Year ended 30 June 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Contract assets and contract liabilities

If the Chamber transfers goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Chamber has a right to an amount of consideration that is unconditional, before the Chamber transfers goods or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Chamber's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Chamber may receive from the customer the whole or some of the contractual payments before the services are completed (i.e. the timing of revenue recognition for such transactions). The Chamber recognises a contract liability until it is recognised as revenue.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, any deferred tax arising from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Related parties

A related party is a person or entity that is related to the Chamber.

- (a) A person or a close member of that person's family is related to the Chamber if that person:
- (i) has control or joint control over the Chamber;
 - (ii) has significant influence over the Chamber; or
 - (iii) is a member of the key management personnel of the Chamber or of the parent of the Chamber.

Notes to the Financial Statements

Year ended 30 June 2022

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

- (b) An entity is related to the Chamber if any of the following conditions applies:
- (i) The entity and the Chamber are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Chamber or an entity related to the Chamber. If the Chamber is itself such a plan, the sponsoring employers are also related to the Chamber.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Chamber or to the parent of the Chamber.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Future changes in HKFRSs

At the date of authorisation of these financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current year, which the Chamber has not early adopted. The directors do not anticipate that the adoption of the new / revised HKFRSs in future periods will have any material impact on the results of the Chamber.

2. INCOME

Income from membership represents revenue from contracts with customers within HKFRS 15 and is recognised over time over the membership period.

Income from member activities represents revenue from contracts with customers within HKFRS 15 and is recognised at a point in time when the activities are held.

Sponsorship income is mainly received from entities in Hong Kong.

Notes to the Financial Statements

Year ended 30 June 2022

3. TAXATION

For the years ended 30 June 2022 and 2021, Hong Kong Profits Tax has not been provided as the Chamber's estimated assessable profits for the year are wholly absorbed by unrelieved tax losses brought forward from previous years.

Reconciliation of tax expense

	2022 HK\$	2021 HK\$
Surplus before tax	<u>4,654</u>	<u>5,170</u>
Income tax at applicable tax rate of 16.5% (2021: 16.5%)	768	853
Tax exempt revenue	(416,367)	(396,877)
Non-deductible expenses	415,636	396,032
Utilisation of previously unrecognised tax losses	<u>(37)</u>	<u>(8)</u>
Tax expense for the year	<u>-</u>	<u>-</u>

At the end of the reporting period, deferred tax assets in respect of tax losses carried forward of HK\$1,681,000 (2021: HK\$1,682,000) have not been recognised as it is not probable that future taxable profit will be available against which the Chamber can utilise the benefits therefrom. Tax losses do not expire under current tax legislation.

4. CONTRACT LIABILITIES

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows.

	2022 HK\$	2021 HK\$
At beginning of the reporting period	62,800	30,084
Recognised as revenue	(48,550)	(30,084)
Receipt of advances or recognition of receivables	<u>88,220</u>	<u>62,800</u>
At end of the reporting period	<u>102,470</u>	<u>62,800</u>

All the performance obligations that were unsatisfied (or partially unsatisfied) as at 30 June 2022 and 2021 are part of contracts that have an original expected duration of one year or less. Given that the Chamber applies the practical expedient in paragraph 121(a) of HKFRS 15, the transaction price allocated to these performance obligations is not disclosed.

Notes to the Financial Statements

Year ended 30 June 2022

5. RELATED PARTY TRANSACTIONS

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year, the Chamber had the following transaction with a related party:

Related party relationship	Nature of transaction	2022 HK\$	2021 HK\$
Entity providing key management personnel services	Compensation for provision of key management personnel services to the Chamber	<u>2,613,000</u>	<u>2,370,000</u>

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Chamber's principal financial instruments mainly comprise bank balances and cash. The main purpose of these financial instruments is to raise and maintain finance for the Chamber's operations.

The main risk arising from the Chamber's financial instruments is credit risk. The Chamber does not have any written risk management policies and guidelines. However, the directors generally adopt conservative strategies on its risk management and limit the Chamber's exposure to these risks to a minimum.

Credit risk

The carrying amount of financial assets recognised on the statement of financial position, which is net of impairment losses, represents the Chamber's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Bank balances

All of the Chamber's bank balances were deposited with creditworthy financial institutions in Hong Kong, which the Chamber considers to have low credit risk.

The directors of the Chamber consider the ECL in respect of the bank balances to be insignificant after taking into account the financial position and credit quality of the counterparties, and the Chamber has not recognised any loss allowance for the years ended 30 June 2022 and 2021. There was no change in the estimation techniques or significant assumptions made during the year.

Fair value

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2022 and 2021.

Notes to the Financial Statements

Year ended 30 June 2022

7. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

The following disclosures are presented pursuant to section 383 of the Companies Ordinance.

a) Directors' remuneration

There was no directors' remuneration for the year (2021: *nil*).

b) Loans, quasi-loans and other dealings in favour of directors

There were no loans, quasi-loans or other dealings in favour of the directors of the Chamber that were entered into or subsisted during the year (2021: *nil*).

c) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Chamber's business to which the Chamber was a party and in which a director of the Chamber had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: *nil*).