



The Hong Kong Association of
Property Management Companies
Limited

香港物業管理公司協會有限公司

31 December 2016

Report of the Council

The Council submits herewith its annual report together with the audited financial statements for the year ended 31 December 2016.

Principal place of business

The Hong Kong Association of Property Management Companies Limited (“the company”) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 2008-2010, 20/F, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong.

Principal activities

The company’s objectives are to establish, improve and maintain standards for the professional management of land and buildings in Hong Kong.

Council members

The following members held office during the year and up to the date of this report were:

Chevalier Property Management Limited
China Overseas Property Services Limited
ISS EastPoint Property Management Limited
Guardian Property Management Limited
Hong Yip Service Company Limited
Hong Kong Housing Society
Hutchison Property Management Company Limited
Kai Shing Management Services Limited
Savills Property Management Limited
Urban Property Management Limited
Sino Estates Management Limited
Sunbase International Properties Management Limited
Well Born Real Estate Management Limited
MTR Corporation Limited
Shui On Properties Management Limited
Link Asset Management Limited
Modern Living Property Management Limited (appointed on 12 January 2017)

In accordance with article 57 of the company’s articles of association, all Council members retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Council members' interests in transactions, arrangements or contracts

No contract of significance to which the company was a party and in which a Council member had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was the company a party to any arrangement to enable the Council members to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

Auditor

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as honorary auditor of the company is to be proposed at the forthcoming annual general meeting.

By order of the Council

For and on behalf of
THE HONG KONG ASSOCIATION OF PROPERTY
MANAGEMENT COMPANIES LIMITED
香港物業管理公司協會有限公司

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Authorized Signature(s)

Hong Kong,



Independent auditor's report to the members of The Hong Kong Association of Property Management Companies Limited

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of the Hong Kong Association of Property Management Companies Limited (the "company") set out on pages 6 to 19, which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in members' fund and the cash flow statement 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 company as at 31 December 2016 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 are independent of the company 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.

Information other than the financial statements and auditor's report thereon

The Council members are responsible for the other information. The other information comprises all the information included in the annual report, other than 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.



Independent auditor's report to the members of the Hong Kong Association of Property Management Companies Limited (continued)

(Incorporated in Hong Kong and limited by guarantee)

Responsibilities of the Council members for the financial statements

The Council members 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 Hong Kong Companies Ordinance and for such internal control as the Council members determine are 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 Council members are responsible for assessing the company'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 Council members either intend to liquidate the company 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 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 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 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 company's internal control.



Independent auditor's report to the members of the Hong Kong Association of Property Management Companies Limited (continued)

(Incorporated in Hong Kong and limited by guarantee)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council members.
- Conclude on the appropriateness of the Council members' 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 company'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 company 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 Council members 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.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Statement of profit or loss and other comprehensive income for the year ended 31 December 2016 *(Expressed in Hong Kong dollars)*

	Note	2016	2015
Income			
Annual subscription fees		\$ 822,750	\$ 800,250
Admission fees		7,500	5,000
Income from annual dinner		439,750	743,800
Annual registration fees		334,500	322,500
Year book advertising income		331,000	393,000
Interest income		124	147
Sundry income		202,872	411,465
		<u>\$ 2,138,496</u>	<u>\$ 2,676,162</u>
Expenditure			
Annual dinner expenses		\$ (785,416)	\$ (1,040,458)
Staff costs	4(a)	(673,419)	(508,101)
Share costs for joint office		(292,805)	(311,070)
Expenditure on association events		(327,477)	(419,812)
Sponsorship		(79,935)	(37,416)
Year book printing expenses		(94,900)	(110,080)
Printing		(33,823)	(30,030)
Public relations		(25,028)	(5,677)
Professional fees		(17,755)	(19,200)
Spring cocktail		(32,769)	(29,731)
Depreciation		(81,342)	(50,929)
Sundry expenses		(97,013)	(131,794)
		<u>\$ (2,541,682)</u>	<u>\$ (2,694,298)</u>
Deficit before taxation	4	\$ (403,186)	\$ (18,136)
Income tax	5(a)	-	16,506
Deficit and total comprehensive income for the year		<u>\$ (403,186)</u>	<u>\$ (1,630)</u>

The notes on pages 10 to 19 form part of these financial statements.

Statement of financial position at 31 December 2016

(Expressed in Hong Kong dollars)

	Note	2016	2015
Non-current asset			
Property, plant and equipment	6	\$ 125,644	\$ 198,803
Current assets			
Receivables and deposits	7	\$ 103,437	\$ 147,139
Cash at bank and in hand		975,726	972,481
Tax recoverable	8	-	22,007
		<u>\$ 1,079,163</u>	<u>\$ 1,141,627</u>
Current liability			
Payables and accruals	9	\$ (267,901)	\$ (338)
		<u>\$ (267,901)</u>	<u>\$ (338)</u>
Net current assets		<u>\$ 811,262</u>	<u>\$ 1,141,289</u>
Net assets		<u>\$ 936,906</u>	<u>\$ 1,340,092</u>
Represented by:			
Members' fund	10	<u>\$ 936,906</u>	<u>\$ 1,340,092</u>

Approved and authorised for issue by the Council on

For and on behalf of
THE HONG KONG ASSOCIATION OF PROPERTY
MANAGEMENT COMPANIES LIMITED
香港物業管理公司協會有限公司

Authorized Signature(s)

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The notes on pages 10 to 19 form part of these financial statements.

**Statement of changes in members' fund
for the year ended 31 December 2016**
(Expressed in Hong Kong dollars)

	<i>Members' fund</i>
Balance at 1 January 2015	\$ 1,341,722
Changes in members' fund for 2015:	
Deficit and total comprehensive income for the year	<u>(1,630)</u>
Balance at 31 December 2015 and 1 January 2016	\$ 1,340,092
Changes in members' fund for 2016:	
Deficit and total comprehensive income for the year	<u>(403,186)</u>
Balance at 31 December 2016	<u>\$ 936,906</u>

The notes on pages 10 to 19 form part of these financial statements.

Cash flow statement for the year ended 31 December 2016 (Expressed in Hong Kong dollars)

	2016	2015
Operating activities		
Deficit before taxation	\$ (403,186)	\$ (18,136)
Adjustments for:		
Interest income	(124)	(147)
Depreciation	81,342	50,929
	<u> </u>	<u> </u>
Operating (deficit)/surplus before changes in working capital	\$ (321,968)	\$ 32,646
Decrease/(increase) in receivables and deposits	43,702	(92,707)
Increase /(decrease) in payables and accruals	267,563	(43,533)
	<u> </u>	<u> </u>
Net cash used in operations	\$ (10,703)	\$ (103,594)
Tax refunded		
– Hong Kong Profits Tax refunded	22,007	15,637
	<u> </u>	<u> </u>
Net cash generated from/(used in) operating activities	\$ 11,304	\$ (87,957)
	<u> </u>	<u> </u>
Investing activities		
Payments for purchase of property, plant and equipment	\$ (8,183)	\$ (234,146)
Interest received	124	147
	<u> </u>	<u> </u>
Net cash used in investing activities	\$ (8,059)	\$ (233,999)
	<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents	\$ 3,245	\$ (321,956)
Cash and cash equivalents at 1 January	972,481	1,294,437
	<u> </u>	<u> </u>
Cash and cash equivalents at 31 December	\$ 975,726	\$ 972,481
	<u> </u>	<u> </u>

Cash and cash equivalents represented cash at bank and in hand in the statement of financial position.

The notes on pages 10 to 19 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 Status of the company

- (a) The company is limited by guarantee. Under this guarantee, each member undertakes to contribute to the assets of the company, in the event that it is wound up during the time that he is a member or within one year of ceasing to be a member, for the payment of debts and liabilities of the company contracted before he ceases to be a member, and for the expenses of the winding up of the company, such amount as may be required up to a maximum of \$1,000.
- (b) The company's objectives are to establish, improve and maintain standards for the professional management of land and buildings in Hong Kong.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the company is set out below.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company. None of these developments have had a material effect on how the company's results and financial position for the current or prior periods have been prepared or presented.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in the financial statements. The company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

2 Significant accounting policies (continued)

(b) Basis of preparation of the financial statements

- (i) The measurement basis used in the preparation of the financial statements is the historical cost basis.
- (ii) The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of property, plant and equipment using the straight line method over their estimated useful lives as follows:

– Leasehold improvements	3 years
– Furniture and fixtures	5 years
– Computer equipment	3 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2 Significant accounting policies (continued)

(d) Receivables

Receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Impairment losses for bad and doubtful debts are recognised when there is objective evidence of impairment and are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the asset's original effective interest rate where the effect of discounting is material. Objective evidence of impairment includes observable data that comes to the attention of the company about events that have an impact on the asset's estimated future cash flows such as significant financial difficulty of the debtor.

Impairment losses for receivables whose recovery is considered doubtful but not remote are recorded using an allowance account. When the company is satisfied that recovery is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(f) Payables

Payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 Significant accounting policies (continued)

(g) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(h) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2 Significant accounting policies (continued)

(i) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(j) Income recognition

Income is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the company and the income and costs, if applicable, can be measured reliably, income is recognised in profit or loss as follows:

- (i) Annual registration and subscription fees, admission fees, income from the annual dinner, advertising income from the year book and sundry income are accounted for on an accrual basis and are recognised when no significant uncertainty as to their collectability exists.
- (ii) Interest income is recognised as it accrues using the effective interest method.

(k) Operating leases

Leases of assets under which the lessor has not transferred substantially all the risks and rewards of ownership to the company are classified as operating leases. Where the company has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2 Significant accounting policies (continued)

(f) Related parties

- (a) A person, or a close member of that person's family, is related to the company if that person:
- (i) has control or joint control over the company;
 - (ii) has significant influence over the company; or
 - (iii) is a member of the key management personnel of the company or the company's parent.
- (b) An entity is related to the company if any of the following conditions applies:
- (i) The entity and the company 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 company or an entity related to the company.
 - (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 members of a group of which it is a part, provides key management personnel services to the company or the company's parent.

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.

3 Council members' emoluments

None of the Council members received or was due any fees or emoluments for services rendered to the company during the year (2015: \$Nil).

4 Deficit before taxation

Deficit before taxation is arrived after charging:

(a) Staff costs

	2016	2015
Contributions to defined contribution retirement plan	\$ 29,400	\$ 27,497
Salaries, wages and other benefits	644,019	480,604
	<u>\$ 673,419</u>	<u>\$ 508,101</u>

(b) Other items

Operating lease charges: minimum lease payments	\$ 215,494	\$ 230,146
Auditors' remuneration	<u>-</u>	<u>-</u>

5 Taxation in the statement of profit or loss and other comprehensive income

(a) Taxation credited to profit or loss

In 2016 and 2015, no provision for Hong Kong Profits Tax has been made as the company sustained a loss for taxation purpose for both years.

	2016	2015
Current tax - Hong Kong Profits Tax		
Provision for the year	\$ -	\$ -
Over-provision in respect of prior years	<u>-</u>	<u>(16,506)</u>
	<u>\$ -</u>	<u>\$ (16,506)</u>

(b) Reconciliation between tax credit and deficit before taxation at applicable tax rate:

	2016	2015
Deficit before taxation	<u>\$ (403,186)</u>	<u>\$ (18,136)</u>
Notional tax on deficit before taxation calculated at 16.5% (2015: 16.5%)	\$ (66,526)	\$ (2,992)
Tax effect of non-taxable income	(21)	(24)
Tax effect of temporary differences not recognised	11,400	(6,935)
Tax effect of unused tax losses not recognised	55,147	9,951
Over-provision in respect of prior years	<u>-</u>	<u>(16,506)</u>
Actual tax credit	<u>\$ -</u>	<u>\$ (16,506)</u>

6 Property, plant and equipment

	<i>Leasehold improvements</i>	<i>Furniture and fixtures</i>	<i>Computer equipment</i>	<i>Total</i>
Cost:				
At 1 January 2015	\$ 30,488	\$ 14,675	\$ 85,486	\$ 130,649
Addition	149,297	55,333	29,516	234,146
Disposal	(30,488)	-	-	(30,488)
	<u>149,297</u>	<u>70,008</u>	<u>115,002</u>	<u>334,307</u>
At 31 December 2015	\$ 149,297	\$ 70,008	\$ 115,002	\$ 334,307
At 1 January 2016	\$ 149,297	\$ 70,008	\$ 115,002	\$ 334,307
Addition	6,975	-	1,208	8,183
	<u>156,272</u>	<u>70,008</u>	<u>116,210</u>	<u>342,490</u>
At 31 December 2016	\$ 156,272	\$ 70,008	\$ 116,210	\$ 342,490
Accumulated depreciation:				
At 1 January 2015	\$ (30,488)	\$ (14,675)	\$ (69,900)	\$ (115,063)
Charge for the year	(32,927)	(7,370)	(10,632)	(50,929)
Written back on disposal	30,488	-	-	30,488
	<u>(32,927)</u>	<u>(22,045)</u>	<u>(80,532)</u>	<u>(135,504)</u>
At 31 December 2015	\$ (32,927)	\$ (22,045)	\$ (80,532)	\$ (135,504)
At 1 January 2016	\$ (32,927)	\$ (22,045)	\$ (80,532)	\$ (135,504)
Charge for the year	(53,104)	(11,067)	(17,171)	(81,342)
	<u>(86,031)</u>	<u>(33,112)</u>	<u>(97,703)</u>	<u>(216,846)</u>
At 31 December 2016	\$ (86,031)	\$ (33,112)	\$ (97,703)	\$ (216,846)
Net book value:				
At 31 December 2016	\$ 70,241	\$ 36,896	\$ 18,507	\$ 125,644
At 31 December 2015	\$ 116,370	\$ 47,963	\$ 34,470	\$ 198,803

7 Receivables and deposits

Except for the balance of \$47,196 (2015: \$79,614), all of the remaining balance of receivables and deposits are expected to be recovered or recognised an expense within one year.

8 Taxation in the statement of financial position

(a) Current taxation in the statement of financial position represents:

	2016	2015
Provision for Hong Kong Profits Tax for the year	\$ -	\$ -
Provisional Profits Tax paid	-	(22,007)
	-	(22,007)
Tax recoverable	\$ -	\$ (22,007)
	-	(22,007)

(b) Deferred tax assets not recognised:

The company has not recognised deferred tax assets of \$70,485 (2015: \$3,939) in respect of unused tax losses of \$388,225 (2015: \$23,874) and deductible temporary differences of \$38,959 (2015: \$Nil) as it is not probable that future taxable profits against which the assets can be utilised will be available.

9 Payables and accruals

All of the payables and accruals are expected to be settled within one year.

10 Members' fund

(a) The only component of the company's fund is the members' fund. The reconciliation between the opening and closing balances of the members' fund is set out in the statement of changes in members' fund.

(b) Capital management

The company's primary objectives when managing capital are to safeguard the company's ability to continue as a going concern, so that it can continue to manage the company and the matters incidental to or connected with the company's principal activities.

The company defines "capital" as the members' fund maintained by the company. The company actively and regularly reviews and manages its capital structure to ensure effective use of the members' fund and sound financial status of the company. The company's overall capital management strategy remains unchanged from prior year.

11 Financial risk management and fair values of financial instruments

The company's activities expose it to credit risk and liquidity risk. The company's exposure to these risks and the financial risk management policies and practices used by the company to manage these risks are described below.

(a) Credit risk

The company's credit risk is primarily attributable to receivables and deposits, and cash at bank. The company has a defined credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The company's cash at bank is placed with a major financial institution with sound credit rating.

At the end of the reporting period, the company does not hold any other assets which are exposed to significant credit risk.

(b) Liquidity risk

The company regularly monitors its current and future funding requirements. The company maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) Fair values of financial instruments

The carrying amounts of the company's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2016 and 2015.

12 Operating lease commitment

At 31 December 2016, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	2016	2015
Within one year	\$ 215,494	\$ 215,494
After one year but within five years	811,693	984,088
After five years	-	43,099
	<u>\$ 1,027,187</u>	<u>\$ 1,242,681</u>

The company leases a property under an operating lease. The lease runs for a period of six years. The lease does not include contingent rental.

13 Material related party transactions

The company did not enter into any material related party transactions during the years ended 31 December 2016 and 2015.

