

**THE HONG KONG FORMER IMMIGRATION SERVICE STAFF
ASSOCIATION LIMITED
("THE ASSOCIATION")**

香港前入境處職員協會有限公司

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

EXECUTIVE COMMITTEE MEMBERS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

黃林梁郭會計師事務所有限公司
WONGLAMLEUNG & KWOK C.P.A. LIMITED

Chartered Accountants
Certified Public Accountants (Practising)

**THE HONG KONG FORMER IMMIGRATION SERVICE STAFF
ASSOCIATION LIMITED
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香港前入境處職員協會有限公司
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)**

**EXECUTIVE COMMITTEE MEMBERS' REPORT AND FINANCIAL
STATEMENTS
YEAR ENDED 31 DECEMBER 2006**

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(All amounts in Hong Kong Dollars unless otherwise stated)

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EXECUTIVE COMMITTEE MEMBERS’ REPORT
YEAR ENDED 31 DECEMBER 2006

The executive committee members have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Association is a non-profit making company and is engaged in promoting the welfare of its members, strengthening communications among them, organizing activities and representing its members in dealing with government departments.

MEMBERS’ FUND

The members’ fund of the Association for the year ended 31 December 2006 and the state of its affairs at that date are set out in the financial statements on page 5 to 18.

EXECUTIVE COMMITTEE MEMBERS

The Executive Committee members who held office during the year and up to the date of this report were as follows:-

Chan Yee Wai, Vincent
 Chow Yuk Kwan
 Chu Hak Kong, Victor
 Hui Chiu-Yin
 Hui Kung Shun (Vice-President)
 Law Yiu Tung, Tony
 Leung Ka Ching
 Lo Hin Cheung, Elaine
 Lui Kwai Hung
 Ng Lin Kuen, Nancy
 Ng Sue Ping
 Pang Kue Chuen, Patrick (President)
 Ting Wing Chuen
 Tse Chor Kin, Freddy
 Wong Kwong Chung (Vice-President)
 Wong Shiu Pui, John

In accordance with Articles 41 and 42 of the Association’s Articles of Association, all Executive Committee members shall hold office for no more than two years and are eligible for re-election. The president and the Vice-President shall not serve in the same office for more than two consecutive terms.

EXECUTIVE COMMITTEE MEMBERS’ INTERESTS IN CONTRACTS

No contract of significance to which the Association was a party and in which a executive committee member of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

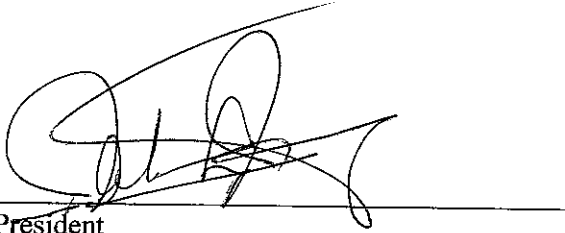
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EXECUTIVE COMMITTEE MEMBERS’ REPORT
YEAR ENDED 31 DECEMBER 2006
(CONTINUED)

HONORARY AUDITORS

The financial statements have been audited by Wong Lam Leung & Kwok C.P.A. Limited, Chartered Accountants, Certified Public Accountants (Practising), who retire and being eligible, offer themselves for re-appointment.

ON BEHALF OF THE EXECUTIVE COMMITTEE

A handwritten signature in black ink, appearing to be 'C. H. ...', is written over a horizontal line. The signature is stylized and somewhat illegible.

President

Hong Kong,
23 March 2007

WONG LAM LEUNG & KWOK C.P.A. LIMITED

Chartered Accountants
Certified Public Accountants (Practising)

11/F, China Insurance Group Building,
141 Des Voeux Road Central, Hong Kong.
TEL: 3187 8200
FAX: 3187 8279
E-mail: wllk@wllk.com.hk
Website: http://www.wllk.com.hk

DIRECTORS:

PATRICK L. T. WONG PhD JP
FCPA(Practising) ACA, FCCA, FMA, NSCA, FCIS, FCS, FTHK, FHKtdD

黃龍德執業會計師太平紳士 3187 8208

K. K. LEUNG MBA, JP
FCPA(Practising) ACA, FCCA, FMA, MSCPA, ATRK

梁光建執業會計師太平紳士 3187 8282

MA SHUK FONG VIVIEN CPA(Practising), FCCA

馬淑芳執業會計師 3187 8252

黃林梁郭會計師事務所
黃龍德執業會計師
梁光建執業會計師
馬淑芳執業會計師
香港中環德輔道中一四一號
電話：三壹八七 八二〇九
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電子郵箱：wllk@wllk.com.hk
網址：http://www.wllk.com.hk

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HONG KONG FORMER IMMIGRATION SERVICE STAFF ASSOCIATION LIMITED ("THE ASSOCIATION")

香港前入境處職員協會有限公司

(INCORPORATED IN HONG KONG LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

We have audited the financial statements of The Hong Kong Former Immigration Service Staff Association Limited set out on pages 5 to 18, which comprise the balance sheet as at 31 December 2006, and the income and expenditure account, statement of changes in members' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The executive committee members 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 purposes. 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 judgment, 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.

(to be cont'd)

聯營公司：

黃林梁郭秘書有限公司
黃林梁郭商業顧問有限公司
黃林梁郭證券有限公司
上海黃林梁郭投資諮詢有限公司
深圳市龍德企業管理顧問有限公司
江門市龍德諮詢服務有限公司
澳門黃林梁郭有限公司

業務聯系所：

深圳公正會計師事務所
珠海中拓正泰會計師事務所
珠海利安遠信信會計師事務所
廣州沛豐會計師事務所有限公司
上海恒信稅務會計顧問有限公司
北京中威投資諮詢有限公司
淡西華德誠信投資任會計師事務所

Associated:

Wong Lam Leung & Kwok Secretaries Limited
WLLK Business Consultants Limited
WLLK Services Limited
Shanghai Wong Lam Leung & Kwok Investment Consulting Company Limited
Shenzhen Patrick Wong Management Consultants Limited
Jiangmen Longde Consultants Limited
Macau Wong Lam Leung & Kwok Limited

Affiliated:

Shenzhen Gongzheng Certified Public Accountants
Zhuhai Top Centre CPAs, CPVs, CPAs Company Limited
Zhuhai Reanda Xinglong Certified Public Accountants Company Limited
Guangzhou Pei Feng Certified Public Accountants Company Limited
Shanghai Hopesun Tax & Accounting Consulting Company Limited
Beijing Zhongwei Investment Consultants Company Limited
Shaoxixi Huodecheng Certified Public Accountant Office Limited

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HONG KONG FORMER IMMIGRATION SERVICE STAFF ASSOCIATION LIMITED ("THE ASSOCIATION")

香港前入境處職員協會有限公司
(INCORPORATED IN HONG KONG LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
(CONTINUED)

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Association's affairs as at 31 December 2006 and of its 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.

Hong Kong, 23 March 2007

Ref: H519/PW/OH/931/486

聯營公司:

黃林梁郭秘書有限公司
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Shanghai Hopson Tax & Accounting Consulting Company Limited
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Shaanxi Huodecheng Certified Public Accountant Office Limited

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INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2006

	<u>Notes</u>	From 01/01/2006 to 31/12/2006 \$	From 19/11/2004 to 31/12/2005 \$
Revenue	5	96,550	748,800
Other revenue	6	81,472	41,827
		-----	-----
Expenditure	7	178,022 (68,269)	790,627 (82,875)
		-----	-----
Surplus before income tax		109,753	707,752
Income tax expense	8	(14,967)	-
		-----	-----
Surplus for the year/period		94,786	707,752
		=====	=====

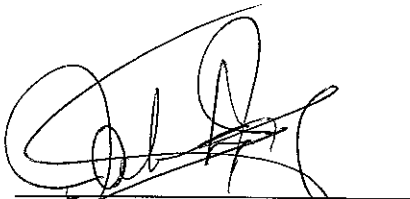
The notes on pages 9 to 18 are an integral part of these financial statements.
INDEPENDENT AUDITOR'S REPORT – Pages 3 and 4

THE HONG KONG FORMER IMMIGRATION SERVICE STAFF ASSOCIATION LIMITED
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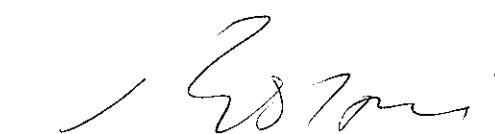
BALANCE SHEET
AT 31 DECEMBER 2006

	<u>Notes</u>	<u>2006</u> \$	<u>2005</u> \$
NON-CURRENT ASSETS			
Property, plant and equipment	10	15,539	20,719
Non-current financial assets	11	476,427	398,400
		-----	-----
		491,966	419,119
CURRENT ASSETS			
Dividend receivable		3,909	3,494
Prepayment		270	270
Bank balances and cash	12	380,809	283,881
		-----	-----
		384,988	287,645
Deduct:-			
CURRENT LIABILITIES			
Receipts in advance		2,400	2,100
Accrued expenses		802	-
Income tax payable	13	14,967	-
		-----	-----
		18,169	2,100
NET CURRENT ASSETS			
		366,819	285,545
NET ASSETS			
		-----	-----
		858,785	704,664
Financed by:-			
MEMBERS' FUND			
Welfare fund	14	660,200	660,200
Accumulated surplus	14	142,338	47,552
Fair value reserve	14	56,247	(3,088)
		-----	-----
		858,785	704,664
		=====	=====

APPROVED BY:-



President



Vice-President

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INDEPENDENT AUDITOR'S REPORT – Pages 3 and 4

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STATEMENT OF CHANGES IN MEMBERS' FUND
YEAR ENDED 31 DECEMBER 2006

	Welfare Fund \$	Accumulated Surplus \$	Fair value Reserve \$	Total \$
Surplus for the period	-	707,752	-	707,752
Donation received from honorary members transferred to Welfare Fund	660,200	(660,200)	-	-
Changes in fair value of available-for-sale financial assets	-	-	(3,088)	(3,088)
Balance at 31/12/2005	660,200	47,552	(3,088)	704,664
Surplus for the year	-	94,786	-	94,786
Changes in fair value of available-for-sale financial assets	-	-	59,335	59,335
Balance at 31/12/2006	660,200	142,338	56,247	858,785

The notes on pages 9 to 18 are an integral part of these financial statements.
INDEPENDENT AUDITOR'S REPORT – Pages 3 and 4

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CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2006

	<u>Note</u>	<u>2006</u>	<u>2005</u>
		\$	\$
Cash flows from operating activities			
Surplus before tax		109,753	707,752
Adjustments for:-			
Depreciation		5,180	5,180
Interest income		(9,363)	(4,553)
Dividend income		(19,359)	(3,494)
		-----	-----
Changes in working capital		86,211	704,885
Increase in receivable and prepayments		-	(3,764)
Increase in receipts in advance		300	2,100
Increase in accrued expenses		802	-
		-----	-----
Net cash inflow from operating activities		87,313	703,221
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(25,899)
Purchase of available-for-sale financial assets		-	(401,488)
Dividend income		252	3,494
Interest income		9,363	4,553
		-----	-----
Net cash flow used in investing activities		9,615	(419,340)
		-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS		96,928	283,881
CASH AND CASH EQUIVALENTS AT BEGINNING			
OF THE YEAR		283,881	-
		-----	-----
CASH AND CASH EQUIVALENTS AT END			
OF THE YEAR	12	380,809	283,881
		=====	=====

The notes on pages 9 to 18 are an integral part of these financial statements.
INDEPENDENT AUDITOR'S REPORT – Pages 3 and 4

THE HONG KONG FORMER IMMIGRATION SERVICE STAFF ASSOCIATION LIMITED
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香港前入境處職員協會有限公司
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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2006

1. GENERAL INFORMATION

The Hong Kong Former Immigration Service Staff Association Limited (the “Association”) was incorporated under the Hong Kong Companies Ordinance as a company limited by guarantee and not having a share capital. The liability of the members is limited and every member of the Association undertakes to contribute to the assets of the Association in the event of its being wound up to the extent of not exceeding HK\$10. The address of its registered office is Unit 1, 4/F., Chong Fat Building, 266-268 Cheung Sha Wan Road, Sham Shui Po, Kowloon.

The principal activities of the Association are the promotion of welfare of the members and strengthening communications among them, organizing activities and representing the members in dealing with government departments and particularly the Immigration Department.

2. STATEMENT OF COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

The Association’s financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, that include Hong Kong Financial Reporting Standards (HKFRSs) and the requirements of the Hong Kong Companies Ordinance. A summary of significant accounting policies is set out in note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

The measurement basis used in preparing the financial statements is historical cost, except for available for sale financial assets, which are stated at fair value. The accounting policy on investments is summarised in note 3(d).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association’s accounting policies. As assessed by the executive committee members there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

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NOTES TO THE FINANCIAL STATEMENTS
 31 DECEMBER 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:-

Leasehold improvements	- 5 years
Furniture and fixtures	- 5 years

The residual value and useful life of an asset are reviewed at least at each financial year-end.

The Association assesses at each reporting date whether there is any indication that any items of plant and equipment may be impaired and that an impairment loss recognised in prior periods for an item may have decreased. If any such indication exists, the Association estimates the recoverable amount of the item. An impairment loss, being the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, or a reversal of impairment loss is recognised immediately in income and expenditure account.

Gain or loss arising from the derecognition of an item of property, plant and equipment is included in income and expenditure account when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

(c) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, but are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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NOTES TO THE FINANCIAL STATEMENTS
 31 DECEMBER 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investments

Investments are recognised and derecognised on the trade date when the Association commits itself to purchase or sell an asset and are initially measured at fair value plus, in the case of investments other than trading securities, transaction cost. At each balance sheet date, the Association assesses whether there is any objective evidence that an investment or group of investments is impaired. Investments are further categorized into the following classifications for the measurement after initial recognition.

(i) Available-for-sale financial assets

Investments other than those held for trading and held to maturity are classified as available-for-sale financial assets and are stated in the balance sheet at fair value. Gain or loss on the fair value changes of available-for-sale financial assets is recognised directly in fair value reserves, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses which are recognised directly in income and expenditure account.

When the available-for-sale financial assets are derecognised, the cumulative gain or loss previously recognised directly in fair value reserves is recognised in income and expenditure account. Where the available-for-sale financial assets are interest-bearing, interest calculated using the effective interest method is recognised in income and expenditure account.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in fair value reserves and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in fair value reserves is removed from fair value reserves and recognised in income and expenditure account even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from fair value reserves and recognised in income and expenditure account is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in income and expenditure account.

Impairment losses recognised in income and expenditure account for an investment in an equity instrument classified as available-for-sale are not reversed through income and expenditure account. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income and expenditure account, the impairment loss is reversed, with the amount of the reversal recognised in income and expenditure account.

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NOTES TO THE FINANCIAL STATEMENTS
 31 DECEMBER 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

- Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debts, if any; and
- Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debts, if any.

At each balance sheet date, the Association assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on trade and other receivables are recognised in income and expenditure account when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition.

(f) Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, bank overdrafts which are repayable on demand form an integral part of the Association's cash management are included as a component of cash and cash equivalents.

(g) Trade and other payables

Trade and other payables are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Deferred tax

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are 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.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Association. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the Association and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognised as follows:

- (i) Contribution received are recognized as income when no significant uncertainty as to its collectability exists;
- (ii) Membership fee income are recognised in the relevant financial year of receipt;
- (iii) Interest income is recognized on a time-proportion basis using the effective interest method; and
- (iv) Dividend income is recognised when the right to receive payment is established.

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NOTES TO THE FINANCIAL STATEMENTS
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

4. FINANCIAL RISK MANAGEMENT

The Association is exposed to various kinds of risks in its operation and financial instruments. The Association's risk management objectives and policies mainly focus on minimizing the potential adverse effects of these risks on the Association by closely monitoring the individual exposure as follows:-

(a) Foreign currency risk

The Association has minimal exposure to foreign currency exchange rate risk as transactions are mainly denominated in Hong Kong dollars.

(b) Credit risk

The Association's credit risk is primarily attributable to receivables from its members. Management considers that the credit is low.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. The Association ensures that it maintains sufficient cash which is available to meet its liquidity.

(d) Cash flow interest rate risk

The Association has no significant interest-bearing assets and its liabilities are issued at fixed rates. Accordingly, the Association's income, expense and operating cash flows are substantially independent of changes in, market interest rate.

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5. TURNOVER

Turnover represents the contribution and membership fee income received and receivable during the year.

	From 01/01/2006 to 31/12/2006	From 19/11/2004 to 31/12/2005
	\$	\$
Contribution income	54,750	660,200
Membership fee income	41,800	88,600
	96,550	748,800
	96,550	748,800

6. OTHER INCOME

	From 01/01/2006 to 31/12/2006	From 19/11/2004 to 31/12/2005
	\$	\$
Income from Spring Festival Dinner	52,600	33,600
Dividend income	19,359	3,494
Interest income	9,363	4,553
Sundry income	150	180
	81,472	41,827
	81,472	41,827

7. EXPENSES BY NATURE

	From 01/01/2006 to 31/12/2006	From 19/11/2004 to 31/12/2005
	\$	\$
Expenses included in expenditure are analyzed as follows:-		
Depreciation	5,180	5,180
Operating lease charges in respect of rental of property	120	120
Expenditure on Spring Festival Dinner	37,810	51,778
	43,110	57,078

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2006

8. INCOME TAX IN THE INCOME STATEMENT

	<u>From 01/01/2006</u> <u>to 31/12/2006</u>	<u>From 19/11/2004</u> <u>to 31/12/2005</u>
	\$	\$
(a) Taxation in the income statement represents:-		
Current tax – Hong Kong profits tax		
Provision for the year is calculated at 17.5% of the estimated assessable profits for the year	14,967	-
	14,967	-

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	<u>From 01/01/2006</u> <u>to 31/12/2006</u>	<u>From 19/11/2004</u> <u>to 31/12/2005</u>
	\$	\$
Surplus before tax	109,753	707,752
Tax at the applicable tax rate of 17.5%	19,206	123,856
Tax effect of non-deductible expenses	787	-
Tax effect of non-taxable revenue	(5,026)	(123,856)
Income tax expense	14,967	-

9. EXECUTIVE COMMITTEE MEMBERS' EMOLUMENTS

Executive committee members' emoluments disclosed pursuant to section 161 of the Hong Kong Companies Ordinance for the year is \$nil (2005 : nil).

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10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Furniture & Fixtures	Total
	\$	\$	\$
COST			
At 31/12/2005 and at 31/12/2006	7,800	18,099	25,899
AGGREGATE DEPRECIATION			
At 01/01/2006	1,560	3,620	5,180
Charge for the year	1,560	3,620	5,180
At 31/12/2006	3,120	7,240	10,360
NET CARRYING AMOUNT			
At 31/12/2006	4,680	10,859	15,539
At 31/12/2005	6,240	14,479	20,719

11. NON-CURRENT FINANCIAL ASSETS

	2006	2005
	\$	\$
Available-for-sale financial assets, at fair value:		
- Listed equity securities in Hong Kong	476,427	398,400

12. CASH AND CASH EQUIVALENTS

	2006	2005
	\$	\$
Bank balances and cash	125,695	183,245
Fixed deposits	255,114	100,636
Cash and cash equivalents in the cash flow statement	380,809	283,881

Fixed deposits are deposits with maturity dates of three months or less from dates of deposits.

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13. INCOME TAX IN THE BALANCE SHEET

Current taxation in the balance sheet represents:-

	<u>2006</u>	<u>2005</u>
	\$	\$
Provision for Hong Kong profits tax for the year	14,967	-
	14,967	-

14. DEFERRED TAX LIABILITIES

No deferred tax has been provided in the financial statements as there are no material temporary differences. There are no significant potential deferred tax liabilities of the Association for which provision has to be made.

15. MEMBERS' FUND

	<u>Welfare Fund</u>	<u>Accumulated Surplus</u>	<u>Fair Value Reserve</u>	<u>Total Reserves</u>
	\$	\$	\$	\$
Surplus for the period	-	707,752	-	707,752
Donation received from honorary honorary members transferred to Welfare Fund	660,200	(660,200)	-	-
Fair value changes on available-for-sale financial assets taken to equity	-	-	(3,088)	(3,088)
Balance at 31 December 2005	660,200	47,552	(3,088)	704,664
Surplus for the year	-	94,786	-	94,786
Fair value changes on available-for-sale financial assets taken to equity	-	-	59,335	59,335
Balance at 31 December 2006	660,200	142,338	56,247	858,785

16. RELATED PARTY TRANSACTIONS

There were no significant related party transactions undertaken by the Association or the key management personnel of the Association during the year (2005 : nil).

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorized for issue by the Association's Executive Committee on 23 March 2007.