

**THE ASSOCIATION OF FORMER COUNCIL MEMBERS  
OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

**YEAR ENDED 31ST DECEMBER, 2012**

**REPORTS  
AND  
FINANCIAL STATEMENTS**

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CERTIFIED PUBLIC ACCOUNTANTS

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**THE ASSOCIATION OF FORMER COUNCIL MEMBERS OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**REPORT OF THE COUNCIL MEMBERS**

The Council Members have pleasure in submitting their annual report and audited financial statements for the year ended 31st December, 2012.

**PRINCIPAL ACTIVITIES**

The principal activities of the Association are to engage in the promoting social activities between members and for the benefit of securities industry in Hong Kong.

**RESULTS**

The result of the Association for the year ended 31st December, 2012 and the state of affairs of the Association at that date are set out in the financial statement on pages 5 to 10.

**COUNCIL MEMBERS**

The Council Members of the Association during the year and up to the date of this report were:-

Au Son Yiu	
Chan Cho Chak, John	
Chen Po Sum	
Cheung Kin Tung, Marvin	
Chow Man Yiu, Paul	(Appointed on 27th August, 2012)
Fung Chi Kin	
Lam Hon Keung, Keith	
Lee Yeh Kwong, Charles	
Lo Ka Shui	(Resigned on 27th August, 2012)
Sin Cho Chiu, Charles	
Wong Kai Ming	

In accordance with the Article of the Association's Article of Association, Messrs. Cheung Kin Tung, Marvin, Sin Cho Chiu, Charles and Wong Kai Ming retire by rotation and, being eligible, offer themselves for election.

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**THE ASSOCIATION OF FORMER COUNCIL MEMBERS OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**REPORT OF THE COUNCIL MEMBERS** (Continued)

**COUNCIL MEMBERS' INTERESTS**

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

**AUDITOR**

Messrs. Lui & Mak, Certified Public Accountants, who now retire and, being eligible, offer themselves for re-appointment.

On behalf of the Council,



\_\_\_\_\_  
Council member

Dated Hong Kong, 23rd May, 2013

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE ASSOCIATION OF FORMER COUNCIL MEMBERS  
OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

(incorporated in Hong Kong with limited liability by guarantee)

We have audited the financial statements of The Association of Former Council Members of the Stock Exchange of Hong Kong Limited ("the Association") set out on pages 5 to 10, which comprise the statement of financial position as at 31st December 2012, and the statement of income and accumulated surplus and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Council Members' Responsibility for the Financial Statements*

The Council Members are responsible for the preparation of financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 of financial statements that give a true and fair view 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 Council Members, 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 continued

**LUI & MAK**

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會計師事務所

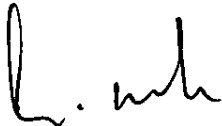
**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE ASSOCIATION OF FORMER COUNCIL MEMBERS  
OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

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(incorporated in Hong Kong with limited liability by guarantee)  
(Continued)

*Opinion*

In our opinion, the financial statements give a true and fair view of the state of the Association's affairs as at 31st December, 2012 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standard for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



**LUI & MAK  
CERTIFIED PUBLIC ACCOUNTANTS**

Rooms 604-7, Dominion Centre,  
43-59 Queen's Road East,  
Wan Chai,  
Hong Kong  
23rd May, 2013

**THE ASSOCIATION OF FORMER COUNCIL MEMBERS OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**STATEMENT OF INCOME AND ACCUMULATED SURPLUSES**

**FOR THE YEAR ENDED 31ST DECEMBER, 2012**

	<u>2012</u> HK\$	<u>2011</u> HK\$
<b>REVENUE</b>		
Subscriptions from members	42,000	43,000
Bank interest income	18	18
Ticket sales		
- members	5,760	6,600
- non-members	32,760	35,400
Other contribution - non members	<u>-</u>	<u>1,513</u>
	80,538	86,531
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<b>ADMINISTRATIVE EXPENSES</b>		
Bank charges	300	-
Business registration fee	450	2,450
Meeting and banquet expenses	10,300	12,200
Staff salaries	24,000	24,000
MPF contributions	1,200	1,200
Sundry expenses	239	1,025
Function expenses	<u>38,520</u>	<u>43,816</u>
	75,009	84,691
	-----	-----
<b>SURPLUS FOR THE YEAR</b>	5,529	1,840
<b>ACCUMULATED SURPLUSES AT BEGINNING OF THE YEAR</b>	<u>160,833</u>	<u>158,993</u>
<b>ACCUMULATED SURPLUSES AT END OF THE YEAR</b>	166,362 =====	160,833 =====

The notes on pages (8 to 10) form part of these financial statements.

**THE ASSOCIATION OF FORMER COUNCIL MEMBERS OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2012**

	<u>2012</u> HK\$	<u>2011</u> HK\$
<b>CURRENT ASSETS</b>		
Bank balance	166,362	159,682
Tax recoverable	<u>-</u>	<u>1,151</u>
	166,362	160,833
	=====	=====
<b>RESERVE</b>		
Accumulated surpluses	166,362	160,833
	=====	=====

The financial statements on pages (5 to 10) were approved and authorised for issue by the Council Members on 23rd May, 2013 and are signed on its behalf by:

 <sup>x</sup>  
\_\_\_\_\_  
Council Member

  
\_\_\_\_\_  
Council Member

The notes on pages (8 to 10) form part of these financial statements.

**THE ASSOCIATION OF FORMER COUNCIL MEMBERS OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2012**

	<u>2012</u> HK\$	<u>2011</u> HK\$
<b>OPERATING ACTIVITIES</b>		
Surplus before taxation	5,529	1,840
Adjustment for:		
Bank interest income	<u>(18)</u>	<u>(18)</u>
Cash generated from operations	5,511	1,822
Bank interest received	18	18
Profit tax refund/(paid)	<u>1,151</u>	<u>(2,302)</u>
Net cash flow generated from/(used in) operating activities	<u>6,680</u>	<u>(462)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,680	(462)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>159,682</u>	<u>160,144</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>166,362</u> =====	<u>159,682</u> =====
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balance	<u>166,362</u> =====	<u>159,682</u> =====

The notes on pages (8 to 10) form part of these financial statements.



**THE ASSOCIATION OF FORMER COUNCIL MEMBERS OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2012**

**(1) GENERAL INFORMATION**

The Association of Former Council Members of the Stock Exchange of Hong Kong Limited (the Association) is a company incorporated in Hong Kong limited by guarantee and not having a share capital. The liability of each member is limited to HK\$100. At 31st December, 2012, the Association had 42 members (2011: 43 members).

The Association's registered office is located at 12/F., Pearl Oriental House, 60 Stanley Street, Central, Hong Kong. Its principal activities are to engage in the promoting social activities between members and for the benefit of securities industry in Hong Kong.

These financial statements are presented in Hong Kong Dollars which is also the Association's function currency.

**(2) BASIS OF PREPARATION**

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the HKFRS for Private Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Association's accounting policies. Areas including higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note (4).

**THE ASSOCIATION OF FORMER COUNCIL MEMBERS OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2012**

**(3) SIGNIFICANT ACCOUNTING POLICIES**

**(a) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

**(b) Revenue recognition**

- (i) Subscription from members, including subscriptions received in advance, are recognised when they are received and receivable.
- (ii) Interest income is recognised on a time proportion basis on the principal outstanding and at the applicable rate.
- (iii) Ticket sales income is recognised when the tickets were delivered to the buyers.

**(c) Related parties**

For the purpose of these financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Association if that person:
  - (i) is a member of the key management personnel of the Association;
  - (ii) has control over the Association; or
  - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

**THE ASSOCIATION OF FORMER COUNCIL MEMBERS OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER, 2012**

**(3) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Related parties (Continued)**

(b) An entity is related to the Association if any of the following conditions applies:

- (i) either entity is an associate or joint venture of the other entity.
- (ii) both entities are joint ventures of a third entity.
- (iii) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (iv) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
- (v) the entity is controlled or jointly controlled by a person identified in (a).
- (vi) a person identified in (a)(i) has significant voting power in the entity.

**(4) KEY SOURCES OF ESTIMATION UNCERTAINTY**

There is no critical accounting judgement in applying the Association's accounting policies except those disclosed in the financial statements elsewhere.

**(5) INCOME TAX EXPENSE**

The Association is exempted from payment of profit tax under section 24(1) of the Inland Revenue Ordinance.

**(6) COUNCIL MEMBERS' EMOLUMENT**

No remuneration of any nature were paid or are payable to the Council Members of the Association for the year ended 31st December, 2012.