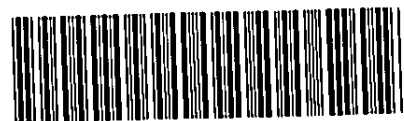


THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

余偉文會計師事務所
W. M. YU & CO.
CERTIFIED PUBLIC ACCOUNTANTS
HONG KONG



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THE HONG KONG RETIREMENT SCHEMES ASSOCIATION
EXECUTIVE COMMITTEE'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee has pleasure in submitting its report and the audited financial statements of the Association for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Association is to act as a representative of the participants in Hong Kong retirement schemes with the objectives of promoting their common interests and enhancing the standards of practice and conduct within the schemes and the industry.

RESULTS

The results of the Association for the year are set out in the income statement on page 5.

FIXED ASSETS

The movements in fixed assets during the year are set out in note 8 to the financial statements.

EXECUTIVE COMMITTEE

The Executive committee members who held office during the year were:

Mr. Leckie, Stuart Hamilton	(Appointed on 1 October 1996 and elected on 18 December 1996)
Mr. Wong, Hong Yuen Peter	(Elected on 18 December 1996)
Ms. Chung, Wing Suet Cynthia	(Elected on 12 March 2002)
Mrs. Chan Lam, Nancy See	(Elected on 11 March 2003)
Ms. Lau, Ka Shi	(Elected on 31 March 2004)
Ms. Hung, Luzia Rosa	(Elected on 2 March 2005, resigned on 13 February 2009 and re-elected on 24 June 2009)
Ms. Kee, Wing Man Denise	(Elected on 31 March 2006)
Mr. Lai, Kam Tong	(Elected on 29 March 2007)
Ms. Kriesel, Rosemarie Delphine	(Elected on 29 March 2007)
Mr. Lam, Allan Loc	(Elected on 29 March 2007 and resigned on 24 June 2009)
Mr. Watkin, Jonathan Peter	(Elected on 11 April 2008 and resigned on 24 June 2009)
Ms. Chan, Hiu Yin Yvonne	(Elected on 24 June 2009)
Mr. Yip, Chi Leung	(Elected on 24 June 2009)

In accordance with Article 41 of the Association's Articles of Association, all Executive Committee members retire at each ordinary general meeting and, being eligible, may offer themselves for re-election.

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

REPORT OF THE EXECUTIVE COMMITTEE

EXECUTIVE COMMITTEE MEMBERS' INTERESTS

Except as disclosed in note 10 to the financial statements, no contracts of significance in relation to the Association's activities to which the Association was a party and in which an 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the Association were entered into or existed during the year.

AUDITORS

The financial statements have been audited by W. M. Yu & Co., Certified Public Accountants, who now retired and being eligible, offer themselves for reappointment.

On behalf of the Executive Committee



CHAIRMAN

DATED 18 MAY 2010

W. M. YU & CO.

Certified Public Accountants

Room B1, 11/F

Loyong Court Commercial Building

212-220 Lockhart Road

Wanchai, Hong Kong

Tel: 2122 9423 Fax: 2122 9426

余偉文會計師事務所
香港執業會計師
洛洋閣商業大廈11樓B1室
香港灣仔駱克道212至220號

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE HONG KONG RETIREMENT SCHEMES ASSOCIATION
(incorporated in Hong Kong and limited by guarantee)**

Report on the financial statements

We have audited the financial statements of The Hong Kong Retirement Schemes Association set out on pages 5 to 19 which comprise the balance sheet as at 31 December 2009, the income statement, statement of changes in reserve and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Executive Committee's responsibility for the financial statements

The Executive Committee is 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 controls relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, and to report our opinion solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Committee, 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.

(Cont'd ... p.4)

W. M. YU & CO.

Certified Public Accountants

Room B1, 11/F

Loyong Court Commercial Building

212-220 Lockhart Road

Wanchai, Hong Kong

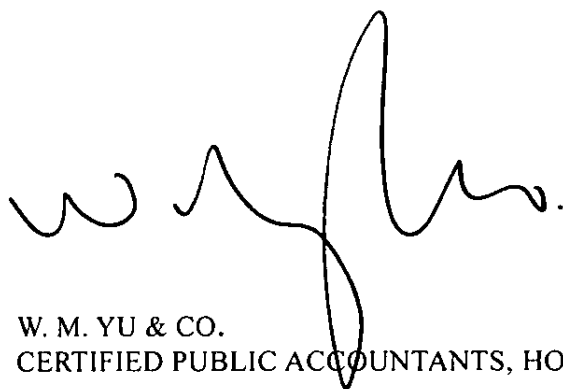
Tel: 2122 9423 Fax: 2122 9426

余偉文會計師事務所
香港執業會計師
香港灣仔駱克道212至220號
洛洋閣商業大廈11樓B1室

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE HONG KONG RETIREMENT SCHEMES ASSOCIATION
(incorporated in Hong Kong and limited by guarantee)

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 2009 and of its deficit 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 Companies Ordinance.



W. M. YU & CO.

CERTIFIED PUBLIC ACCOUNTANTS, HONG KONG

DATED 18 MAY 2010, HONG KONG

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION
 INCOME STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 HK\$	2008 HK\$
TURNOVER	3	1,068,368	1,459,280
COSTS OF FUNCTIONS AND EVENTS		<u>(264,814)</u>	<u>(503,250)</u>
		803,554	956,030
OTHER REVENUE	3	18,626	31,110
OTHER NET INCOME		<u>38,795</u>	<u>-</u>
Other losses	4	860,975	987,140
Administrative expenses		<u>(1,093,389)</u>	<u>(1,171,721)</u>
(Deficit) before taxation	5	(232,414)	(354,068)
Income tax (expenses)/credit	6	<u>-</u>	<u>25,000</u>
(Deficit) after taxation		(232,414)	(329,068)
Other comprehensive income			
-Available-for-sale equity securities: Net movement in investment revaluation reserve		<u>162,800</u>	<u>-</u>
Total comprehensive income for the year		<u><u>(69,614)</u></u>	<u><u>(329,068)</u></u>

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

BALANCE SHEET AS AT 31 DECEMBER 2009

		2009 HK\$	2008 HK\$
FIXED ASSETS	8	<u>3,878</u>	<u>6,876</u>
AVAILABLE-FOR-SALE EQUITY SECURITIES	9	<u>484,000</u>	<u>468,600</u>
CURRENT ASSETS			
Membership subscription fees, luncheon and seminar revenues receivable		28,721	21,496
Prepayments and deposits		67,078	37,578
Cash and cash equivalents	11	202,413	299,506
		<u>298,212</u>	<u>358,580</u>
CURRENT LIABILITIES			
Membership subscription fees received in advance		(70,098)	(880)
Accruals and other payables		(22,865)	(70,435)
		<u>(92,963)</u>	<u>(71,315)</u>
NET CURRENT ASSETS		<u>205,249</u>	<u>287,265</u>
TOTAL ASSETS		<u><u>693,127</u></u>	<u><u>762,741</u></u>
FINANCE BY:			
Accumulated surplus		530,327	762,741
Investment revaluation reserve		<u>162,800</u>	<u>-</u>
		<u><u>693,127</u></u>	<u><u>762,741</u></u>



CHAIRMAN



EXECUTIVE COMMITTEE MEMBER

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

STATEMENT OF CHANGES IN RESERVE

FOR THE YEAR ENDED 31 DECEMBER 2009

	Accumulated surplus	Investment revaluation reserve	Total
	HK\$	HK\$	HK\$
Balance as at 1 January 2008	1,091,809	178,793	1,270,602
Total comprehensive income for the year	<u>(329,068)</u>	<u>(178,793)</u>	<u>(507,861)</u>
Balance as at 31 December 2008 and 1 January 2009	762,741	-	762,741
Total comprehensive income for the year	<u>(232,414)</u>	<u>162,800</u>	<u>(69,614)</u>
Balance as at 31 December 2009	<u><u>530,327</u></u>	<u><u>162,800</u></u>	<u><u>693,127</u></u>

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 HK\$	2008 HK\$
Operating activities			
(Deficit) before tax		(232,414)	(354,068)
Adjustment for:			
Depreciation		3,278	6,552
Dividend income		(18,549)	(29,086)
Interest income		(22)	(2,024)
Impairment loss recognized in respect of available-for-sale equity securities		-	171,721
Profit on disposal of available-for-sale equity securities		(38,795)	-
Operating cash flow before changes in working capital		(286,502)	(206,905)
Decrease/(increase) in membership subscription fees, luncheon and seminar revenues receivable		(7,225)	4,600
Decrease/(Increase) in prepayments and deposits		(29,500)	15,868
(Decrease) /Increase in membership subscription fees received in advance		69,218	(15,840)
(Decrease) in other payables and accruals		(47,570)	(57,784)
Cash generated from operating activities		(301,579)	(260,061)
Hong Kong profits tax paid		-	(44,673)
Net cash from operating activities		(301,579)	(304,734)
Investing activities			
Dividend income		18,549	29,086
Interest income		22	2,024
Proceeds from sale of available-for-sale equity securities		209,549	
Purchase of available-for-sale equity securities		(23,354)	(303,265)
Purchase of computer equipment and furniture		(280)	(5,472)
Net cash inflow/(outflow) from investing activities		204,486	(277,627)
Net (decrease) in cash and cash equivalents		(97,093)	(582,361)
Cash and cash equivalents at beginning of year		299,506	881,867
Cash and cash equivalents at end of year	11	202,413	299,506

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1 PRINCIPAL ACTIVITIES AND REGISTERED OFFICE

The Hong Kong Retirement Schemes Association (the "Association") is a company limited by guarantee without share capital. The liability of each member is limited to HK\$100. Its registered office is located at Flat 2202, Tower II, Lippo Centre, 89 Queensway, Hong Kong. The principal activity of the Association is to act as a representative of the participants in Hong Kong retirement schemes with the objectives of promoting their common interests and enhancing the standards of practice and conduct within the schemes and the industry.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with 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"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the principal accounting policies adopted by the Association is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Association. The Association has adopted the new and revised HKFRSs below, which are relevant to its operations, in the preparation of these financial statements.

-Amendment to HKFRS 7 "Financial instruments: Disclosures"

-HKAS 1 (Revised 2007) Presentation of Financial Statements

Amendment to HKFRS 7 – the amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment introduces a three –level hierarchy for fair value measurement disclosure about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy.

As a result of the adoption of HKSA 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised statement of changes in equity. All other items of income and expenses are presented in the income statement, if they are recognized as part of profits or loss for the period, or otherwise in a new primary statement, the statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(b) Basis of preparation

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2009 and which have not been adopted in these financial statements.

HKFRS 1 (Amendment)	First time adoption of HKFRS
HKFRS 1 (Revised)	First time adoption of HKFRS
HKFRS 2 (Amendment)	Share-based payment
HKFRS 3 (Revised)	Business combinations
HKFRS 9	Financial instruments
HKAS 24 (Revised)	Related party disclosures
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Financial instruments: Presentation
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement – Eligible hedged items
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity instruments

The Executive Committee anticipates that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Association.

The financial statements are prepared on the basis that the Association is a going concern. The measurement basis used in the preparation of the financial statements is the historical cost except that, as disclosed in the accounting policies below, certain financial instruments classified as available-for-sale equity securities are stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments 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 recognized 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.

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(c) Revenue recognition

(i) Membership subscription fees

The subscription period runs from 1 January to 31 December. New members who join prior to 1 July pay the relevant subscription for the year. New members joining between 1 July and 30 September pay half of the relevant annual subscription. New members joining from 1 October to 31 December are granted membership for the remaining period of the year and the whole of next subscription year.

The fees received/receivable from members joining prior to 1 October have been recognized fully in the accounts. The fees relating to members joining between 1 October and 31 December have been treated as membership fees received in advance relating to the next subscription period.

(ii) Functions income

Functions income is recognized when the relevant activities are held.

(iii) Dividend

Dividend income is recognized when the right to receive payment is established.

(iv) Interest income

Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(d) Membership subscription fees, luncheon and seminar revenues receivable

Provision is made against membership subscription fees, luncheon and seminar revenues receivable to the extent they are considered to be doubtful. Membership subscription fees, luncheon and seminar revenues receivable in the balance sheet are stated net of such provision.

(e) Impairment of Assets

(i) Available-for-sale equity securities -

For available-for-sale equity securities, when there is an impairment, the cumulative loss, if any, that had been recognized directly in the investment revaluation reserve under equity is removed from equity and is recognized in the income statement. The amount of the cumulative loss that is recognized in the income statement is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in the income statement.

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(e) Impairment of Assets (Cont'd)

(i) Available-for-sale equity securities (Cont'd)

Impairment losses recognized in the income statement in respect of equity instruments classified as available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in the fair value of such assets is recognized in other comprehensive income and accumulated separately in the investment revaluation reserve under equity.

(ii) Other assets

Internal and external sources of information reviewed at each balance sheet date to identify indications that the assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. An impairment loss is recognized in the income statements whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognized.

(f) Fixed assets

Fixed assets, comprising office equipment, computer and leasehold improvements, are stated at cost less depreciation and identified impairment loss (if any), and are depreciated at rates sufficient to write off their costs less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates used for this purpose are as follows:

Office equipment	20%
Computer	33.33%
Leasehold improvement	33.33%

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(g) Available-for-sale equity securities

Investments in securities which are held for non-trading purpose are stated at fair value at the balance sheet date. At each balance sheet date the fair value is re-measured, with any unrealized holding gains or losses arising from the changes in fair value being recognized in other comprehensive income and accumulated separately in the investment revaluation reserve under equity, except for impairment losses (see note 2(e)(i)). Dividend income from these investments is recognized in the income statement in accordance with the policy set out in note 2 (c) (iii). When the investments are derecognized or impaired, the cumulative gain or loss previously recognized directly in the equity is recognized in the income statement.

Investments in debt and equity securities are recognized or derecognized on the date the Association commits to purchase or sell the investments or they expire.

(h) Cash and cash equivalents

For the purpose of the cash flow statements, cash equivalents represent short-term highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from surplus as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the income statements, except when it relates to items charged or credited directly to equity, in which case they are recognized in equity.

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(j) Employee benefits

Pension obligations

The Association contributes to a mandatory provident fund scheme under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions to the scheme by the Association and employees are calculated as a percentage of the employees' basic salaries.

The Association's contributions to the mandatory provident fund scheme are expensed as incurred. The assets of the scheme are held separately from those of Association in an independently administrated fund.

(k) Related parties

Parties are considered to be related to the Association if the Association has the ability to control, directly or indirectly, the party or exercise significant influence over the party in making financial and operating policy decisions, or vice versa, or where the Association and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, and/or their close family members) or entities and include entities which are controlled or under the significant influence of related parties of the Association where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Association or of any entity that is a related parties of the Association.

3 TURNOVER AND REVENUE

Turnover represents the membership subscription fees received and receivable, income from functions and events conducted. Revenues recognized during the year are as follows:-

	2009 HK\$	2008 HK\$
Turnover		
Membership subscription fees	518,140	500,940
Education programme revenue	77,605	170,021
Functions income	472,623	788,319
	<u>1,068,368</u>	<u>1,459,280</u>
Other revenue		
Dividend income	18,549	29,086
Bank interest income	22	2,024
Sundry income	55	-
Other net income		
Profit on disposal of available-for-sale equity securities	38,795	-
	<u>57,421</u>	<u>31,110</u>
Total revenue	<u>1,125,789</u>	<u>1,490,390</u>

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2009

4 OTHER LOSSES

	2009 HK\$	2008 HK\$
Impairment loss recognized in respect of available-for-sale equity securities	<u>-</u>	<u>171,721</u>

5 (DEFICIT) BEFORE TAXATION

(Deficit) before taxation has been arrived at:

After charging:

	2009 HK\$	2008 HK\$
Auditors' remuneration	7,000	7,000
Depreciation	3,278	6,552
Rental paid under operating lease for land and buildings	258,000	227,164
Staff costs		
-Salaries	456,519	778,668
-Staff benefits	150,000	50,000
-Contributions to mandatory provident fund	17,450	22,500
After crediting:		
Dividend income from listed investments	18,549	29,086
Bank interest income	<u>22</u>	<u>2,024</u>

6 TAXATION

No provision for Hong Kong profits tax has been made as the Association did not generate any assessable profits arising in Hong Kong during the year and in the opinion of the executive committee, the Association is exempted from the payment of Profits Tax under Section 24 of the Inland Revenue Ordinance. (2008: Nil)

No provision for deferred tax had been made as the effect of all temporary differences is immaterial.

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

7 EXECUTIVE COMMITTEE MEMBERS' EMOLUMENTS

None of the Executive Committee members received or will receive any fees or emoluments in respect of their services to the Association during the year (2008:Nil).

8 FIXED ASSETS

	Office equipment HK	Computer HK\$	Leasehold improvement HK\$	Total HK\$
AT COST				
At 1 January 2009	41,942	41,749	63,000	146,691
Addition	-	280	-	280
At 31 December 2009	<u>41,942</u>	<u>42,029</u>	<u>63,000</u>	<u>146,971</u>
ACCUMULATED DEPRECIATION				
At 1 January 2009	39,196	37,619	63,000	139,815
Charge for the year	589	2,689	-	3,278
At 31 December 2009	<u>39,785</u>	<u>40,308</u>	<u>63,000</u>	<u>143,093</u>
NET BOOK VALUE				
At 31 December 2009	<u>2,157</u>	<u>1,721</u>	<u>-</u>	<u>3,878</u>
At 31 December 2008	<u>2,746</u>	<u>4,130</u>	<u>-</u>	<u>6,876</u>

9 AVAILABLE -FOR -SALE EQUITY SECURITIES

	2009 HK\$	2008 HK\$
Listed in Hong Kong:		
At 1 January	468,600	515,850
Additions	23,354	303,264
Disposals	(170,754)	-
Net gains/(losses) transfer from /(to) equity	162,800	(178,793)
Impairment losses recognized	-	(171,721)
At 31 December	<u>484,000</u>	<u>468,600</u>
Market value of listed equity securities	<u>484,000</u>	<u>468,600</u>

THE HONG KONG RETIREMENT SCHEMES ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

9 AVAILABLE –FOR –SALE EQUITY SECURITIES (Cont'd)

As at 31 December 2009, the Association's equity securities were individually reviewed for impairment by management. Consequently, no provision for impairment was recognized in the income statement for the year ended 31 December 2009 (2008: HK\$171,721).

During the year ended 31 December 2009, available-for-sale equity securities with a carrying amount of HK\$170,754 were sold and a realized gain of HK\$38,795 was recognized and included in "Other net income".

No available-for-sale equity securities were pledged as security for bank borrowings of the Association as at December 31, 2009 and 2008.

10 RELATED PARTY TRANSACTION

During the year ended 31 December 2009, the Association entered into an office sharing agreement in respect of certain leasehold office premises with Stirling Finance Limited, Mr. Stuart Hamilton Leckie is the director of the company. The amount of rental incurred in the year is HK\$258,000 (2008: HK\$227,164). No amount was outstanding as at 31 December 2009 (2008: \$nil).

11 CASH AND CASH EQUIVALENTS

	2009 HK\$	2008 HK\$
Current account	200,813	155,634
Fixed deposit	-	142,268
Cash on hand	1,600	1,604
	<u>202,413</u>	<u>299,506</u>

All cash and cash equivalents in the balance sheet are denominated in Hong Kong currency.

12 FINANCIAL RISK MANAGEMENT

Financial instruments consist of receivables, available-for-sale equity securities, cash and bank balances, payables and accruals. Being member-based organizations, the Association carries as little risks from financial instruments as practicable. The Association is exposed to various financial risks which are discussed below:-

(i) Equity price risk

The Association is exposed to equity price changes arising from equity investments classified as available-for-sale equity securities (note 9). Equity securities consist of investment listed in Hong Kong. These equity investments are managed to generate lasting returns. The Association does not actively engage in the trading of financial assets for speculative purposes.

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FOR THE YEAR ENDED 31 DECEMBER 2009

12 FINANCIAL RISK MANAGEMENT (Cont'd)

(ii) Liquidity risk

The Association's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. All the company's financial liabilities are maturing within one year. The current financial strength of the Association poses no threat of liquidity to the Association.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Association is subject to the risk due to fluctuations in the prevailing levels of market interest rates on its cash and bank balances. Any fluctuation in the prevailing levels of market interest rates will have impact on the interest income alone as the Association has not borrowed any loans during the year. The Association manage the interest rate risk by monitoring closely the movements in interest rates in order to limit potential adverse impacts on interest income.

(iv) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

The Association's credit risk is primarily attributable to membership subscription fees, luncheon and seminar revenues receivable. They are very short term in nature and the associated risk is minimal.

(v) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at December 31, 2009 and 2008.

(vi) Estimation of fair values

Effective from January 1, 2009, the Association adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:-

-Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

-Inputs other than quoted prices that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

-Inputs that are not based on observable market data (level 3).

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FOR THE YEAR ENDED 31 DECEMBER 2009

12 FINANCIAL RISK MANAGEMENT (Cont'd)

(vi) Estimation of fair values (Cont'd)

The following table presents the Association's assets that are measured at fair value at December 31, 2009:

Asset	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Available-for-sale equity securities - Listed	<u>484,000</u>	<u>-</u>	<u>-</u>	<u>484,000</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Association include in level 1 is the current bid price. Instruments included in level 1 comprise available-for-sale equity securities listed in Hong Kong.

13 CAPITAL MANAGEMENT

The Association's objectives when managing capital are to safeguard the Association's ability to continue as a going concern and to provide capital of strengthening the Association's operational efficiency.

The Association regularly reviews and manages its capital to ensure adequacy for both operational and capital needs. For the purpose of capital disclosure, the Association regards the accumulated surplus as capital of the Association.

14 COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Executive Committee on **18 MAY 2010**