

## Herbert Smith

Bills Committee on Competition Bill  
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Our ref  
 2367/7777/30904577  
 Your ref

Date  
 17 November 2010

By email [hysiu@legco.gov.hk](mailto:hysiu@legco.gov.hk) and by hand

Dear Sir,

We act for Global Sources Ltd. (NASDAQ: GSOL) and its subsidiaries (collectively, "Global Sources") and write to you on their behalf with the attached submission regarding the Competition Bill.

As will be evident from the attached submission, our client has considerable concerns regarding the proposed exclusion mechanisms applying to statutory bodies. The submission identifies the areas of concern and proposed measures that our client would respectfully submit need to be taken to rectify these deficiencies in the Bill.

We look forward to presenting further on the issues raised in these submissions at the upcoming deputations hearing.

Please do not hesitate to contact us if you have any queries or require any further information.

We look forward to hearing from you.

Yours faithfully,

*Herbert Smith*

Encl.

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Herbert Smith in association with  
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Global Sources  
Submission to  
the Legislative Council  
Bills Committee  
On Competition Bill

Addressing Concerns as to  
the Exclusion and Exemption Mechanism  
for Statutory Bodies  
Engaged in Economic Activity

17 November 2010

## 1. EXECUTIVE SUMMARY

Global Sources Ltd. (NASDAQ: GSOL) and its subsidiaries (collectively, "**Global Sources**") is a leading business-to-business media organisation and a primary facilitator of trade with Greater China. Amongst other services, Global Sources is one of the major private trade fair organizers in Hong Kong.

Global Sources has very considerable concerns over the drafting of the exclusion and exemption provisions in the Competition Bill ("**Bill**"). These include that:

- Statutory bodies, even those engaging in economic activity in competition with the private sector, are not subject to the law<sup>1</sup> unless the Chief Executive in Council ("**CE in C**") chooses to issue regulations subjecting any particular statutory body or parts of its operations to the law.<sup>2</sup>
- The CE in C has an apparent discretion as to whether to issue such regulations and which statutory bodies to subject to the discipline of competition law.<sup>3</sup>
- Legco will have limited, if any, practical ability to review the process where a statutory body has not been included in the regulations (if any)<sup>4</sup> promulgated to subject statutory bodies to the law.
- Affected parties will, it appears, have
  - practically no say in whether statutory bodies that compete with them or impede their commercial activities are to be subject to the competition law; and
  - no apparent way to review the process where a statutory body has not been included in the regulations (if any) promulgated to subject statutory bodies to the law.
- It is not clear whether there will be sunset clauses on any exclusions for statutory bodies, requiring review of the need or justification for exclusions as market conditions and (potentially) the scope of particular statutory body activities change.
- There are various other exclusion and exemption provisions in the Bill which have not been adequately defined and there is no clarity as to whether statutory bodies engaging in economic activity might use these exclusions and exemptions even if they were *prima facie* included in regulations promulgated by the CE in C under clause 5(1)(a) of the Bill.

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<sup>1</sup> See section 3 of the Bill.

<sup>2</sup> See section 5 of the Bill.

<sup>3</sup> Note the use of the word "may" in the first line of section 5(1) of the Bill.

<sup>4</sup> Note that Singapore has a similar mechanism in its competition law and 6 years down the track such regulations have still not been issued.

## 2. IMPLICATIONS

This could have serious ramifications for businesses in Hong Kong that are in competition with such statutory bodies and for the Hong Kong economy generally. Those statutory bodies (some of which already receive government subsidies and other privileges that necessarily distort market competition) would have the advantage of not incurring the compliance costs of the law that will be shouldered by private sector undertakings. This tilts the competitive and legal playing field in their favour. They will also not have to be concerned as to whether their conduct might be adversely impacting competition, while at the same time they will be able to use the law against those with whom they compete!

A *prima facie* across-the-board statutory body exemption is a particular concern, given that Government intervention in the economy remains the single biggest inhibitor of competitiveness and efficiency the world over.

Although some statutory bodies such as the Urban Renewal Authority ("URA"), Hong Kong Trade Development Council ("HKTDC") and Ocean Park are clearly engaging in economic activities and, therefore, fulfil the criteria for being subjected to the competition law, the Government has not yet confirmed that it will be applied to them or otherwise indentified a list of any bodies that it says will be. Nor is there a timetable for doing so, although the Under Secretary for Commerce and Economic Development stated on 8 October 2010<sup>5</sup> that the list would be made available to the Bills Committee at the time the Bill was being scrutinised. It is apparent the Government is reluctant to commit to a position.

## 3. WHAT WE ASK THE BILLS COMMITTEE TO DO

The purpose of this letter is not to ask the Bills Committee to step into the shoes of COMPAG or the future Competition Commission to investigate into and/or adjudicate on statutory bodies that are or might be engaging in anticompetitive conduct. Its purpose is more modest but important: to respectfully request that the Bills Committee:

- (a) closely scrutinises the exclusion and exemption provisions in the Bill; and
- (b) ensures that appropriate amendments are made to ensure that statutory bodies engaging in economic activities will be subject to the competition law and that affected parties will have a reasonable opportunity to be heard in this process.

We set out in more detail in section 6 what we submit is required in this regard.

Hong Kong has long maintained that Government intervention in the markets should be minimal and, where there is intervention, to ensure that there is a demonstrated justification for it and that it is the minimum necessary in all the circumstances. Where statutory bodies are competing in the markets, there needs to be a level playing field.

Global Sources believes that the key to a thriving economy is market competition. An essential first step in this direction is for the Government to keep faith with its minimal and efficient government policy, by committing to subject statutory bodies that are engaging in economic activity, including the URA, HKTDC, Ocean Park, etc., to the competition law, without further delay.

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<sup>5</sup> At the Hong Kong General Chamber of Commerce seminar on competition law on 8 October 2010.

#### **4. ISSUES WITH THE BILL**

##### **(a) Framework of the Bill**

The Bill provides for both exclusions and exemptions.<sup>6</sup>

Exclusions apply automatically by operation of the Bill to:

- (i) all statutory bodies (cl.3), subject to the CE in C having the power to apply the law to them per cl.5(1)(a);
- (ii) specified persons / activities (cl.4), although we do not know what persons / activities will be specified until the CE in C issues regulations under cl.5(1)(b);
- (iii) agreements enhancing overall economic efficiency (cl. 30 and Schedule 1, s.1);
- (iv) conduct engaged in for the purpose of complying with a legal requirement, i.e. those imposed under any enactment in force in Hong Kong or imposed by any national law applying in Hong Kong (cl.30 and Schedule 1, s.2); and
- (v) undertakings entrusted by the Government with the operation of services of general economic interest, insofar as the first or second conduct rule would obstruct the performance of the particular task assigned to it (cl.30 and Schedule 1, s.3).

Exemptions may be granted by:

- (i) the Competition Commission to provide block exemption of agreements that enhance economic efficiency (cls.15-20); and
- (ii) the CE in C on public policy grounds (cl.31) or to avoid conflict with international obligations (cl.32).

We will discuss potential issues with each of these provisions, after the following general comments on Hong Kong's existing policy and competition law international best practice in relation to statutory body exclusions.

##### **(b) Hong Kong's existing economic policy**

Hong Kong has a long established policy of placing faith in markets and maintaining both minimal government and minimal intervention in the markets. Where there is a case for intervention, the policy has been to ensure that the intervention is the minimum required.

Consistent with this policy, the Government has also sought, where possible, to wind back its involvement in the economy. A classic example of this is found in the telecoms sector. Until 1995, that sector was subject to a monopoly Government franchise. From 1995, the sector was liberalised and exposed to competition to increase competitiveness and, thereby, the benefits that flow to Hong Kong society. The benefits of reduced Government intervention speak for themselves. Hong Kong now has one of the most competitive telecoms markets in the world.

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<sup>6</sup> This submission does not address merger related exclusions/exemptions.

COMPAG policy since its establishment in 1997 also had an important role. Consistent with the Government's then policy of minimal intervention, there was a clearly recognised role for COMPAG in identifying Government imposed sectoral restraints and initiating pro-competitive policies in Government and public sector bodies.<sup>7</sup>

Government intervention in the economy remains the single biggest inhibitor of competitiveness and efficiency the world over. If statutory bodies engaging in economic activities are granted an exclusion from the competition law in Hong Kong, this has the potential to seriously undermine existing policy and Hong Kong's competitiveness, running entirely contrary to the purported object of the Bill.

**(c) International best practice**

A concise statement of competition law international best practice is found in the United Nations Conference on Trade and Development paper on exemptions and exceptions in competition law ("**UN Paper**"):<sup>8</sup>

*"Best practice' advice recommends that competition (antitrust or antimonopoly) law should be a general law of general application; that is, the law should apply to all sectors and to all economic agents in an economy engaged in the commercial production and supply of goods and services. In this regard, both private and public (i.e. State) owned and operated enterprises should be subject to the same treatment."*

The UN Paper reviews the laws of various developed and developing economies (including the United States, Canada, the EU, the UK, Australia, New Zealand, Japan, Algeria, Morocco, Bulgaria, Croatia, Chile, Columbia, Venezuela, etc) and observes that "in almost all of the economies reviewed, the competition laws apply to both public and private sector enterprises" and only exempt areas that are "covered by other government legislation and regulations."<sup>9</sup>

The UN Paper observes that "... there are some notable differences as well ...in some of the more established competition law regimes, especially the United States, there is a patchwork of exemptions that have evolved through court proceedings and legislative actions responding to special interest groups." However, it states in relation to these exemptions that "[i]n many cases, there is a recognized need to re-evaluate these exemptions."<sup>10</sup> It is worth noting that the research paper more recently prepared by the Research and Library Services Division Legislative Council Secretariat observes in relation to the United States that "Government entities are exempted from the competition law" but, in any event, that "...federal government departments and agencies seldom engage in commercial activities".<sup>11</sup>

Importantly, the very clear conclusion reached in the UN Paper is that although "[i]n a number of jurisdictions, exemptions are granted for "special" sectors such as ... government enterprises ... [i]n most of these cases there are no credible economic bases for exempting these sectors or types of activities from competitive pressures."<sup>12</sup>

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<sup>7</sup> See paragraph 10 of COMPAG: "Statement on Competition Policy", May 1998.

<sup>8</sup> UNCTAD, "Application of Competition law: Exemptions and Exclusions", Document UNTRAD/DITC/CLP/Misc.25

<sup>9</sup> UN Paper at p 35.

<sup>10</sup> UN Paper at p 35.

<sup>11</sup> Jacky Wu of Research and Library Services Division Legislative Council Secretariat, *Competition policies in selected jurisdictions*, 25 June 2010, page 110.

<sup>12</sup> UN Paper at p 32.

The UN Paper also lays down recommendations as to the basic procedures and principles for granting any proposed exemptions for statutory bodies, including that:

- (i) exemptions should be granted on a limited-time basis with a “sunset” clause and provisions for periodic review;
- (ii) the review of exemptions should include analysis of their impact on economic efficiency and consumer welfare, and in a cost-benefit framework identify the “winners” and “losers”, and whether indeed there are overriding benefits that serve the consumer or broader economic interests;
- (iii) exemptions should be granted after public hearings with the participation of interested and affected parties;
- (iv) exemptions should be as "least restrictive of competition" as possible; and
- (v) exemptions should be generic in nature, relating to types of economic activities or arrangements.

The UN Paper highlights the importance of these procedures in promoting due process, transparency and economic policy coherence:

"There are fundamental legal and economic policy reasons for advancing the recommendation that competition law policy should be generally applicable. Entities engaged in the same or similar lines of activity should be subject to the same set of legal principles and standards to ensure fairness, equality and non-discriminatory treatment under the law. ... It would foster "due process" under the law."<sup>13</sup>

And

"[w]ith such principles, the number nature and scope of these exemptions and exceptions will tend to be more limited, and the procedures more accountable and transparent. There will also tend to be greater policy and economic coherence."<sup>14</sup>

Surprisingly, as will be seen from the analysis below, Hong Kong, the economy ranked to date as the freest in the world, is proposing to take quite the contrary approach, giving a *prima facie* exemption to all statutory bodies even if they are engaged in economic activities (per cls.3 and 5(1)(a)).

The controversial question whether statutory bodies should be subject to competition law is to be left to the discretion of the CE in C, with no public input and with limited oversight from Legco through the negative vetting process.

There is also no timeframe in the Bill for the CE in C to issue the regulations, leaving the prospect of an open-ended process that could see statutory bodies that should be subject to the law enjoying a *de facto* exclusion for months or years and there has been no mention of appropriate sunset clauses.

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<sup>13</sup> UN Paper at p 5.

<sup>14</sup> UN Paper at p 36.

**(d) The Statutory body exclusion (cl.3)**

All statutory bodies are *prima facie* excluded by operation of cl.3.

Clause 5(1)(a) provides that the CE in C may make regulations to apply the conduct rules, etc respectively to (i) any statutory body or (ii) various of its activities.

Clause 5(2) provides that the CE in C may only exercise this power if he is satisfied that:

- (a) the statutory body is engaging in an economic activity in direct competition with another undertaking;
- (b) the economic activity of the statutory body is affecting the economic activity of the specified market;
- (c) the economic activity of the statutory body is not directly related to the provision of an essential public service or the implementation of public policy; and
- (d) there are no other exceptional and compelling reasons of public policy against making such a regulation.

We have a number of concerns with the drafting of this exclusion.

First, in the Government's Legco Brief on the Competition Bill, the Government explained the reason for excluding statutory bodies from competition law was that "*the activities of the public sector are almost invariably non-economic* in nature falling outside the scope of the Bill".<sup>15</sup> However, statutory bodies whose activities are non-economic are already effectively excluded from the competition law. The law only applies to "undertakings" which are defined as entities that are "engaged in economic activities" under cl.2. Thus the need for this further up-front and absolute statutory body exclusion is highly questionable.

Secondly, the use of the word "may" in the first line of cl.5(1) implies that the CE in C has a discretion whether to invoke cl.5(1)(a), even when statutory bodies meet the criteria specified in cl.5(2)(a)-(d) ("**Criteria**"). However, there is no apparent justification for excluding statutory bodies from the competition law upfront, where they already fulfil the Criteria in the first place. Indeed, to do so would be contrary to the most fundamental object of existing COMPAG policy and the competition law, because it would give such bodies effective *carte blanche* to commit the most egregious anti-competitive acts without fear of censure from any quarter.

Thirdly, the use of the word "and" at the end of cl.5(2)(c) (Criteria (c)) is concerning, as it suggests that in order for a statutory body to be potentially subjected to the competition law, it must fulfil each and every one of the Criteria. There are a number of significant problems with this, including the following:

- (i) That a statutory body engages in economic activity in a market (the first limb of Criteria (a)) should in itself already be sufficient justification for the competition law to apply to it. Adding a requirement that it be in direct competition with another undertaking (the second limb of Criteria (a)) will frustrate the object of the competition law. There will clearly be instances in which statutory bodies have crowded out private competition or prevented any effective competition with them, but the competition law should not act to protect statutory monopolies in such circumstances. If statutory bodies are engaging in economic activity in

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<sup>15</sup> Para.14 of the Legco Brief dated 2 July 2010.



a market with the threat of potential entry by private undertakings, it is essential for the statutory body to be subject to competition law to ensure that it does not act to foreclose entry to maintain its monopoly position. The simplest test is one which simply asks whether the statutory body is engaged in economic activities. If it is, then *prima facie* it should be subject to competition law. The onus should then be on the statutory body to make the case, if it considers there are, nevertheless, some grounds for an exclusion.

- (ii) As to Criteria (b), the CE in C is not going to be in a position to form a view on this without undertaking an expansive and comprehensive competition investigation into the relevant competition law markets in which the statutory body operates. The recent grocery market industry investigation by the United Kingdom Competition Commission<sup>16</sup> demonstrates the magnitude and complexity of such a task. It is difficult to see how the CE in C could be in a position to undertake such investigations and analysis at present and, indeed, one of the very reasons for proposing the competition law was to give an independent commission the powers necessary to undertake such work because it was considered that COMPAG was, with its present powers, unable to effectively carry out such tasks.
- (iii) Even if the CE in C was *prima facie* able to undertake such analysis, it would require input from affected parties operating in or seeking entry to the relevant markets and there is no suggestion that the CE in C will be seeking such input – quite the converse, as this issue is presently being considered behind closed doors, with the Government refusing to allow affected parties to be involved.
- (iv) The term "directly related to" in Criteria (c) is also too broad. In line with the object of the competition law, exclusions from the competition regime should be drafted and construed as narrowly as possible. It should only be if application of the competition law to the statutory body would frustrate or impede the carrying out by that statutory body of its public service or public policy function that an exclusion should be considered. Even then, the onus should be on the statutory body to demonstrate that this is so.
- (v) Criteria (c) and (d) are not defined and could potentially be applied very broadly by the CE in C to support any decision to maintain the exclusion for particular statutory bodies, even if those statutory bodies should, on any independent view, be subject to the discipline of competition.

Fourthly, no time limit is specified for the CE in C to consider whether these statutory bodies should be subjected to the competition law and there is no express provision allowing concerned parties to require the CE in C to actively do so. Given that the CE in C has an apparent discretion as to whether any given statutory body falling within the cl.5(2) criteria will be subjected to the law, it appears that it will be difficult to challenge the CE in C on any failure or refusal to subject statutory bodies to the competition law.

It should be noted in this regard that Singapore has a similar blanket exclusion under s.33(4) of its Competition Act. According to the Legco Secretariat's Report, "Competition polices in selected jurisdictions" in June 2010, there were concerns in Singapore society that such exclusion would create an unlevel playing field. The Singapore Government said that the exclusion was based on public interest considerations and not intended to be permanent, committing to review the need for

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<sup>16</sup> <http://www.competition-commission.org.uk/inquiries/ref2006/grocery/>

exclusions after the law has been in force for some time. Six years on, the Singapore Government has still not conducted that review.<sup>17</sup>

Fifthly, the use of the process of regulations promulgated by the CE in C restricts public and Legco scrutiny. The negative vetting process will give Legco limited ability to consider the decisions being made by the CE in C in this regard, including in particular decisions not to put various statutory bodies in the regulations that apply the law to statutory bodies. It is submitted that something which is so integral to the scope and effectiveness of the competition law, and the future competitiveness of Hong Kong, should not be addressed in such a closed manner.

In all the circumstances, there is no apparent reason why issues such as this are being dealt with by the CE in C. These issues should, it is submitted, be considered by the independent Competition Commission, with the starting point being that all statutory bodies engaging in economic activity are subject to the competition law with the onus on them to make the case for exclusion. Affected parties should be given the right to be heard on this issue, which will potentially have enormous implications for them in their ability to survive and compete in Hong Kong.

Finally, and importantly, any statutory body exclusions should be subject to appropriate sunset clauses requiring review at established points in the future to consider whether it is appropriate to maintain the exclusion. Markets change and statutory bodies may engage in economic activities in the future or expand the scope of their operations. In the same way that undertakings that get the benefit of Commission decision are subject to conditions or limitations (and then only if they comply with those conditions or limitations), such processes are necessary in relation to statutory body exclusions, with appropriate mandatory sunset clauses. As noted above, this is in keeping with international competition law best practice.

#### **(e) Other exclusions and exemptions**

The Bill does not make it clear whether, even if they are subjected to the competition law under cl.5, statutory bodies could avail themselves of other exclusions and/or exemptions. This should be clarified in the drafting.

There might be a case for statutory bodies to have the ability to seek block exemptions for agreements (cl.15) or for compliance with international obligations (cl.32). There might also be a case for arguing for exclusions in appropriate circumstances for agreements enhancing economic efficiency and conduct engaged in to comply with legal requirements (ss.1 and 2 of Sched. 1).

However, the wording of the rest of the exclusions and exemptions provisions is very broad. What should be avoided is the use of these broad exclusions and exemptions as a convenient backdoor to exclude from competition law statutory bodies which are *prima facie* subjected to the law by the CE in C under cl.5(1)(a).

#### ***Services of general economic interest (cl.30 and s.3 of Sched.1)***

Under cl.30 and s.3 of Schedule 1, undertakings entrusted by the Government with the operation of services of general economic interest are excluded, in so far as the conduct rules would obstruct the performance of the tasks assigned to them. This exclusion applies automatically.

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<sup>17</sup> Para.6.2.15.12, Jacky Wu of Research and Library Services Division Legislative Council Secretariat, *Competition polices in selected jurisdictions*, 25 June 2010.

The Bill contains no guidance as to how this exclusion is intended to operate. However, it is noted that the Government has clarified in its Overview of Major Components of the Competition Bill<sup>18</sup> that this exclusion is directed at "... services that the authorities consider should be provided in all cases, whether or not there is incentive for the private sector to do so" and that "[s]uch services must be widely available and not restricted to a class, or classes of customers, e.g., public transport, water supply, power supply or postal services".

It should be made clear that statutory bodies carrying out other functions should not be able to use this as a backdoor to get an exclusion.

#### ***Specified persons/activities (cl.4)***

Specified persons or activities are excluded by operation of cl.4. The class of persons or activities to be exempted is not "populated" until the CE in C promulgates a regulation under cl.5(1)(b) to do so. It is worrying that the operation of this provision will not be transparent, as it does not contain any apparent criteria as to how this power should be exercised or any apparent grounds for challenging any regulation under this clause. It is not clear if this provision can be applied to statutory bodies or, if so, what the grounds would be. There is also, presently, no apparent reason why such decisions should be made by the CE in C instead of the Commission.

#### ***Public policy (cl.31)***

There is no express power to challenge orders gazetted by the CE in C to grant exemptions on public policy grounds under cl.31. Under cl.33, such orders made by the CE in C would be placed before Legco under a negative vetting procedure and there is no *prima facie* provision for public submissions to be made. It is submitted that this process is not satisfactory. It should be made clear whether and in what circumstances statutory bodies might avail themselves of this exemption. Again, it is also not clear why the CE in C, rather than the Commission, needs to be tasked with the consideration of such exclusions.

## **5. THE HONG KONG TRADE EXHIBITION INDUSTRY – A CASE STUDY**

### **(a) Introduction to HKTDC**

The Hong Kong Trade Development Council Ordinance (Cap. 1114) stipulates that HKTDC is a statutory body which exercises two main functions:

- to promote, assist and develop Hong Kong's overseas trade, with particular reference to exports; and
- to make such recommendations to the Government as it sees fit in relation to any measures which it considers would achieve an increase in Hong Kong's trade.

The HKTDC's work as a trade fair organizer (arguably falling outside the above scope) makes it a keen and key competitor in organising trade fairs and exhibitions in competition with the private sector. According to HKTDC's most recent financial report (2009/10), organizing exhibitions and missions was its greatest source (65%) of income.

#### Revenue from market operations

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<sup>18</sup> CB(1)320/10-11(02) dated November 2010, at paragraph 20.

For the year ended 31 March 2010, the Income Generated from the Group's Operational Activities is HK\$1,791,922,000 (as compared to HK\$1,554,691,000 for 2008/2009). Out of this:

- Exhibitions and Missions constitute: \$1,450,463,000 (or **65%** of its total income including income other than that generated from the Group's Operational Activities)
- Product Magazines and Online Marketplace constitute: \$185,595,000 (or **8.3%**)
- HKCEC Operation revenue amounts to: \$129,602,000 (or **5.8%**).

#### Government Subvention

TDC's total Government Subvention from Trade Declaration Charge is: HK\$370,800,000 (which represents **16.6%** of TDC's total income) for 2009/2010 (as compared to HK\$360 million for 2008/2009) (These figures can be found in the attached TDC financial information for 2009-2010).

There is no doubt that trade exhibitions and the other trade industry activities, such as trade magazine publication and the Online Marketplace, are "economic activity". The very existence of active private players proves this. These economic activities comprise a very significant part of the HKTDC's operations. There is also no apparent or convincing public policy or other reason why these aspects of HKTDC's operations should be excluded from the competition law.

#### **(b) Economic importance of the exhibition industry**

The exhibition industry is increasingly important to the Hong Kong economy.

KPMG Transactions Advisory Services Limited estimated in their "Economic impact of the Hong Kong exhibition industry"<sup>19</sup> report that the industry contributed HKD\$26.4 billion to Hong Kong's economy in 2006 (1.8% of Hong Kong's GDP).

For comparison, the expenditure effect of the industry was 1.5% of GDP in 2004, as against 1% in Germany and 0.8% in the UK. The industry generated (directly and indirectly) opportunities for 58,500 Full Time Equivalent employees in 2006.<sup>20</sup>

#### **(c) Regional leader**

Hong Kong's exhibition industry is a leader in the Asia Pacific region.

In terms of average revenue per fair, according to Business Strategies Group Limited's "The Trade Fair Industry in Asia" report in 2009, Hong Kong is the regional leader

Location	Average revenue per fair in 2008 (US\$m)
Hong Kong	4.08
Mainland China	2.71
Japan	2.07
Thailand	2.05

<sup>19</sup> published in August 2007 as quoted in paragraph 3.3 of Chinese University of Hong Kong and BMT Asia Pacific, *Hong Kong Trade Exhibition – An Industry Review* dated 31 October 2010 (the "CUHK-BMT Report")

<sup>20</sup> Paragraph 3.3 of the CUHK-BMT Report.

In terms of net exhibition space sold, the CUHK-BMT Report which compares the exhibition industry in Hong Kong with that in countries which are considered as sufficiently similar to Hong Kong's position (Tokyo, Singapore and Sydney) lists Hong Kong as the second largest in the Asia-Pacific region (after Tokyo).

In 2009, Hong Kong remained the regional leader with the highest average revenue per fair and the third largest space sold (behind Japan and China) in Asia according to Business Strategies Group Limited's "Asian Business Media Tracker – South China Exhibitions Market " report in September 2010.

**(d) Key players (supply side) in exhibition industry**

According to the CUHK-BMT Report, key players on the supply side in the exhibition industry are:

- (a) Government agencies in charge of trade policies;
- (b) venue suppliers;
- (c) exhibition organisers;
- (d) exhibitors; and
- (e) industry associations.

***Venue suppliers***

There are currently 3 major exhibitions centres in Hong Kong capable of holding trade exhibitions: Hong Kong Convention and Exhibition Centre (HKCEC), AsiaWorld-Expo (AWE) and Hong Kong Exhibition Centre (HKEC).

HKCEC, AWE, HKEC currently provide an available saleable exhibition space of 88,563 sq m, 70,000 sq m and 2,100 sq m respectively.<sup>21</sup> According to the CUHK-BMT Report, HKEC is not capable of holding "mega shows" due to its very limited floor space and therefore most competition in venue supply in the Hong Kong exhibition industry presently takes place between HKCEC and AWE.

HKCEC is owned by the HKTDC and the Government. Hong Kong IEC Limited (a joint venture between the Government and a private partner) owns AWE.

***Exhibition organisers***

The number of key trade exhibition organisers was 30 in 2008.<sup>22</sup> These consisted of one public organiser (i.e., HKTDC) and 29 private organisers such as Global Sources, UBM Asia Ltd etc.

**(e) Market structure**

***Market share***

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<sup>21</sup> Paragraph 2.1 of Chinese University of Hong Kong and BMT Asia Pacific, Hong Kong Trade Exhibition – An Industry Review (Phase 1 supplement) dated 19 April 2010 (the "CUHK-BMT Report Supplement")

<sup>22</sup> Paragraph 1 of the CUHK – BMT Report.

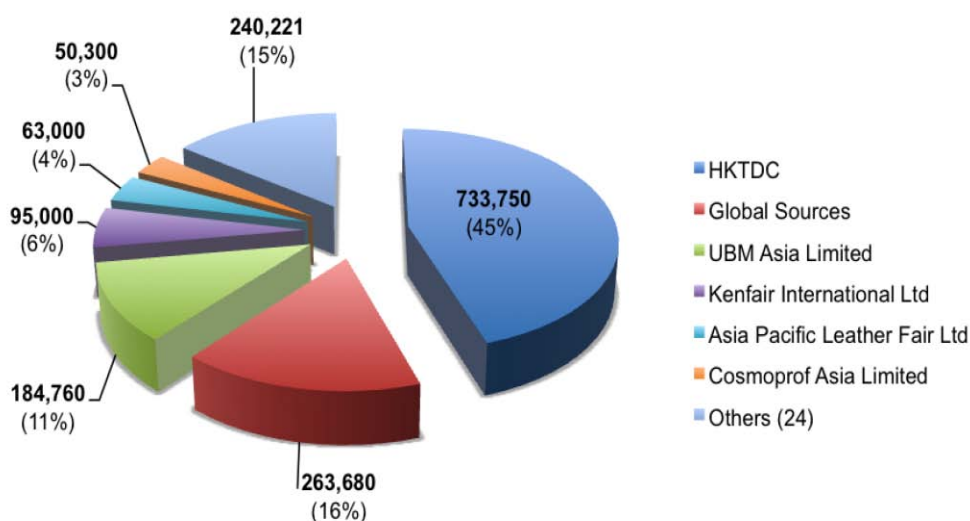
The CUHK-BMT Report studied the exhibition market and concluded, using a number of different measures, that HKTDC/HKCEC has a high percentage of market share in terms of gross exhibition space, number of trade fairs organised, gross revenue generated, etc.

This is particularly clear when one looks at the proportion of exhibition space sold to the private and public sectors. The private sector in the other three cities covered by the CUHK-RMT Report accounts for the majority of the space sold. However, somewhat surprisingly, given Hong Kong's supposed market-driven policy, a large proportion of the space in Hong Kong was sold to the public sector (which comprises only one entity, the HKTDC):<sup>23</sup>

	Public	Private
Tokyo	1%	99%
Sydney	2%	98%
Singapore	5%	95%
Hong Kong	45%	55%

The market share of Hong Kong's private organisers is more disparate and fragmented, as demonstrated by the considerable gap between HKTDC's market share (45%) and the market share of the next largest player, Global Sources (16%). The following chart sets out these shares:

#### 2008 Organiser Market Share (Gross Exhibition Space Sold sq m)



Source: Figure 3.4 of the CUHK – BMT Report

The position remained the same in 2009 if one looks at trade fair revenues. According to Business Strategies Group's estimates in 2010, HKTDC had a market share of 46% with UBM Asia, Global

<sup>23</sup> Figure 5.2 of the CUHK–BMT Report.

Sources and Kenfair having 17%, 13% and 6% respectively. The remaining 18% was divided amongst smaller competitors.<sup>24</sup>

Amongst the four selected cities in the CUHK-BMT Report, Hong Kong has (i) the highest exhibition to organiser ratio (i.e. the number of events organised per organiser); and (ii) the smallest number of organisers:<sup>25</sup>

	Average no. of exhibitions per organiser	No. of organisers
Tokyo	1.49	114
Singapore	1.57	44
Sydney	1.58	38
Hong Kong	2.7	30

The high level of market concentration in the exhibition industry naturally raises concerns about the need to ensure effective competition. Other factors include the following:

- As noted in the CUHK-BMT Report, the HKTDC/HKCEC has a high degree of vertical integration through the industry, acting as an industry promoter, exhibition organiser and venue owner.
- The HKTDC/HKCEC's market presence is further strengthened through its branding as a public organiser and the unique advantages it extracts from its relationship with government and the HKTDC's trade development functions.
- This position is compounded by HKTDC's operation of trade-related print and internet businesses and the enormous amount of relevant trade information that must be available to both HKTDC and HKCEC as a result of HKTDC's privileged statutory position as the public promoter of trade in Hong Kong.

All of these factors demonstrate the need to ensure a competitive playing field.

#### **(f) Conclusion**

It is apparent that the HKTDC has a significant and active role engaging in economic activity in the trade exhibition and related trade industry markets in competition with the private sector. No doubt, similar arguments can be made in other industries that Global Sources is less familiar with, such as in relation to the URA, and Ocean Park. However, we believe the example of the exhibition industry demonstrates the real and pressing need to ensure that statutory bodies engaging in economic activity will be subject to the competition law.

The inefficiency of Government intervention in the economy is recognised around the world, as evidenced by the last 20-30 years of liberalisation and privatisation in countries such as United Kingdom, New Zealand, Australia and Mainland China. It would clearly not be in Hong Kong's interests to create an environment that facilitates immunity for statutory bodies that engage in

<sup>24</sup> Business Strategies Group Limited, *Asian Business Media Tracker – South China Exhibitions Market* (revised) dated September 2010 at pp 3-4.

<sup>25</sup> Tables 5.4 and 5.5 of the CUHK-BMT Report.

economic activity or to protect statutory bodies engaging in economic activity from the discipline of competition. Indeed, it would run quite contrary to the most fundamental tenets of Hong Kong's long-standing economic policy of putting markets first, and international best practice (as cited above).

## **6. WAY FORWARD**

In view of the above, we respectfully submit that changes need to be made to the Competition Bill to ensure that:

- (a) Statutory bodies that are engaging in economic activity are *prima facie* subject to the competition law;
- (b) If any statutory body engaging in economic activity considers there are grounds for an exemption, the onus should then be on the statutory body to make an application to the (independent) Competition Commission for an exclusion or exemption;
- (c) Clear and economically justifiable criteria should be laid down in the law as to the basis on which such statutory bodies might be entitled to an exclusion or exemption, which should require any application to be assessed against an analysis of the impact of the exclusion or exemption on economic efficiency in a cost-benefit framework that identifies the "winners" and "losers" and whether, indeed, there are over-riding benefits that serve the consumer or broader economic interests.
- (d) Any process for seeking such an exclusion or exemption should:
  - (i) be transparent and open to the public;
  - (ii) allow affected parties to be heard;
  - (iii) be addressed by the Competition Commission;
  - (iv) be subject to appropriate appeal rights; and
  - (v) require the Competition Commission to consider and apply to any exclusion or exemption appropriate sunset clauses and other conditions or limitations deemed appropriate in all the circumstances.



# Finances 財務報告

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONG KONG TRADE DEVELOPMENT COUNCIL

(Incorporated in Hong Kong under the Hong Kong Trade Development Council Ordinance)

We have audited the consolidated financial statements of Hong Kong Trade Development Council (the "HKTDC") and the subsidiaries (collectively the "Group") set out on pages 64 to 105, which comprise the balance sheets of the Group and HKTDC as at 31 March 2010, and the consolidated income and expenditure account, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Council is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and Section 23 of the Hong Kong Trade Development Council 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 consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 24 of the Hong Kong Trade Development Council 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.

## 獨立核數師報告書

### 致香港貿易發展局理事會

(根據香港貿易發展局條例在香港註冊成立)

本核數師(以下簡稱「我們」)已審核列載於第64頁至105頁香港貿易發展局(以下簡稱「貴局」)及其子公司(以下合稱「貴集團」)的綜合財務報表。此綜合財務報表包括貴集團及貴局於2010年3月31日的資產負債表與截至該日止年度的綜合收支表、綜合全面收益表、綜合現金流量表和綜合資金總額變動表，以及主要會計政策概要及其他附註解釋。

### 貴局就財務報表須承擔的責任

貴局須負責根據香港會計師公會頒佈的香港財務報告準則及香港貿易發展局條例第23條編製及真實而公平地列報該等綜合財務報表。這責任包括設計、實施及維持與編製及真實而公平地列報財務報表相關的內部控制，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況下作出合理的會計估計。

### 核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見，並按照香港貿易發展局條例第24條僅向理事會報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

# Finances 財務報告

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 judgement, 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.

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and HKTDC as at 31 March 2010 and of the surplus and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 25 May 2010

審核涉及執行情序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價管理層所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

## 意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴局及貴集團於2010年3月31日結算時的財務狀況，及貴集團截至該日止年度的盈餘及現金流量。

**羅兵咸永道會計師事務所**  
香港執業會計師

香港，2010年5月25日

# Consolidated Income and Expenditure Account 綜合收支表

For the year ended 31 March 2010

截至2010年3月31日止之年度

(HK\$'000)	(港幣千元)	Note 附註	2009/10	2008/09
<b>Income</b>	<b>收入</b>			
Government Subvention from Trade Declaration Charge	從貿易報關費所得的政府撥款	5	370,800	360,000
Income Generated from the Group's Operational Activities	本集團貿易拓展活動經營收入	2 (d)		
– Exhibitions and Missions	– 貿易展覽會及訪問團		1,450,463	1,243,204
– Product Magazines and Online Marketplace	– 產品雜誌及網上採購平台		185,595	195,720
– HKCEC Operation	– 香港會議展覽中心營運		129,602	88,981
– Other Operational Income	– 其他經營收入		26,262	26,786
			1,791,922	1,554,691
Investment Income	投資收益	2 (h)	49,599	29,922
Interest on Bank Deposits	銀行存款利息	2 (d)	2,730	16,572
Miscellaneous Income	雜項收益		17,035	18,216
			1,861,286	1,619,401
<b>Total Income:</b>	<b>收入總額：</b>		<b>2,232,086</b>	<b>1,979,401</b>
<b>Expenditure</b>	<b>支出</b>			
Staff Costs	職員費用	2(n) & 6	532,209	501,589
Rent and Rates	租金及差餉		18,292	18,544
Other Office Expenses	其他事務費用		87,595	85,458
Exhibitions and Missions	貿易展覽會及訪問團		1,010,946	890,561
Other Promotional Activities	其他貿易拓展活動		331,807	312,490
Trade-related Activities	貿易相關活動		19,473	19,431
Exchange Difference	匯兌差額	2 (e)	(2,211)	(2,734)
Depreciation for HKCEC Atrium Link Extension	香港會議展覽中心中庭擴建的折舊	2 (f)	76,098	–
Depreciation of other Property, Plant and Equipment and Amortisation of Leasehold Land	其他物業、設備及器材的折舊及租賃土地的攤銷	2 (f) & (g)	60,546	51,619
Loss from Disposal of Property, Plant and Equipment	出售物業、設備及器材的虧損	2 (f)	131	366
SME Assistance Package	中小企支援措施		58,201	16,812
<b>Total Expenditure:</b>	<b>支出總額：</b>		<b>2,193,087</b>	<b>1,894,136</b>
Surplus before Finance Costs	扣除財務費用前盈餘		38,999	85,265
Finance Costs on Bank Borrowings	財務費用	2 (l) & 14	(7,706)	–
Surplus for the year	本年度盈餘		31,293	85,265
Transfer to Exhibition Services Fund	撥往展覽服務資金	18	(9,265)	–
Transfer from/(to) SME Assistance Package Fund	撥自/(往)中小企支援措施資金	19	8,829	(65,776)
Transfer from/(to) Other Specific Funds	撥自/(往)其他特定資金	20	4,829	(19,489)
Transfer to General Fund	撥往普通資金	16	(35,686)	–
			–	–

# Consolidated Statement of Comprehensive Income 綜合全面收益表

## For the year ended 31 March 2010

截至2010年3月31日止之年度

(HK\$'000)	(港幣千元)	Note 附註	2009/10	2008/09
Surplus for the year	本年度盈餘		<b>31,293</b>	85,265
Other Comprehensive Income:	其他全面收益：			
Realisation of cash flow hedges	現金流量對沖變現	20	<b>17,190</b>	(33,504)
Fair value loss on forward foreign currency contracts at year end	年終遠期外匯合約公平值虧損	20	<b>(10,865)</b>	(16,834)
Fair value loss on Interest rate swaps at year end	年終利率掉期合約公平值虧損	20	<b>(1,136)</b>	(356)
Other Comprehensive Income/(Expense) for the year	本年度其他全面收益／(費用)		<b>5,189</b>	(50,694)
Total Comprehensive Income for the year	本年度全面收益總額		<b>36,482</b>	34,571

# Consolidated Balance Sheet 綜合資產負債表

As at 31 March 2010

2010年3月31日結算

(HK\$'000)	(港幣千元)	Note 附註	2009/10	2008/09
<b>Non-current Assets</b>				
<b>非流動資產</b>				
Property, Plant and Equipment	物業、設備及器材	7(a)	1,920,676	1,833,846
Leasehold Land	租賃土地	8	307,721	315,516
Defined Benefit Retirement Scheme Assets	界定福利退休計劃資產	6(b)(ii)	69,632	66,721
			<b>2,298,029</b>	2,216,083
<b>Current Assets</b>				
<b>流動資產</b>				
Accounts Receivable, Deposits and Prepayments	應收賬項、訂金及預付款項	10	274,157	252,087
Fixed-income and Equity Securities	固定收益及股本證券	2(h) & 11	1,440,797	1,382,064
Cash and Bank Balances	現金及銀行結存	13	821,026	761,973
			<b>2,535,980</b>	2,396,124
<b>TOTAL ASSETS</b>	<b>資產總值</b>		<b>4,834,009</b>	4,612,207
<b>Non-current Liabilities</b>				
<b>非流動負債</b>				
Receipts in Advance	預收款項	15	215,208	241,859
Bank Borrowings	銀行貸款	2(l) & 14	594,000	359,825
			<b>809,208</b>	601,684
<b>Current Liabilities</b>				
<b>流動負債</b>				
Accounts Payable, Accruals and Receipts in Advance	應付賬款、應計項目及預收款項	15	1,107,866	1,169,157
Bank Borrowings	銀行貸款	2(l) & 14	72,000	29,175
Derivative Financial Instruments	衍生金融工具	2(j) & 12	13,452	17,190
			<b>1,193,318</b>	1,215,522
<b>TOTAL LIABILITIES</b>	<b>負債總值</b>		<b>2,002,526</b>	1,817,206
<b>Net assets</b>	<b>資產淨值</b>		<b>2,831,483</b>	2,795,001
<b>Financed By:</b>				
<b>資金來源:</b>				
<b>General Fund</b>	<b>普通資金</b>	16	<b>1,312,293</b>	1,483,952
<b>Reserve Fund</b>	<b>儲備資金</b>	17	<b>1,012,266</b>	852,999
<b>Exhibition Services Fund</b>	<b>展覽服務資金</b>	18	<b>190,723</b>	179,050
<b>SME Assistance Package Fund</b>	<b>中小企支援措施資金</b>	19	<b>55,317</b>	80,878
<b>Other Specific Funds</b>	<b>其他特定資金</b>	20	<b>260,884</b>	198,122
<b>Total Funds</b>	<b>資金總額</b>		<b>2,831,483</b>	2,795,001

(Signed)  
**Jack So, JP**  
 Chairman of HKTDC  
 (簽署)  
 蘇澤光先生  
 香港貿易發展局主席

(Signed)  
**The Hon Andrew Leung, SBS, JP**  
 Chairman of Staff and Finance Committee  
 (簽署)  
 梁君彥先生  
 職員及財務委員會主席

The financial statements were approved by the Council on 25 May 2010  
 以上財務報表於2010年5月25日由本局理事會通過

# Balance Sheet 資產負債表

As at 31 March 2010

2010年3月31日結算

(HK\$'000)	(港幣千元)	Note 附註	2009/10	2008/09
<b>Non-current Assets 非流動資產</b>				
Property, Plant and Equipment	物業、設備及器材	7(b)	1,845,525	1,759,944
Leasehold Land	租賃土地	8	307,721	315,516
Investment in and Balances with Subsidiaries	附屬公司投資 及結餘款項	9	83,400	83,400
Defined Benefit Retirement Scheme Assets	界定福利退休計劃資產	6(b)(ii)	69,632	66,721
			<b>2,306,278</b>	2,225,581
<b>Current Assets 流動資產</b>				
Accounts Receivable, Deposits and Prepayments	應收賬項、 訂金及預付款項	10	271,172	252,430
Fixed-income and Equity Securities	固定收益及股本證券	2(h) & 11	1,440,797	1,382,064
Cash and Bank Balances	現金及銀行結存	13	819,538	760,165
			<b>2,531,507</b>	2,394,659
<b>TOTAL ASSETS</b>	<b>資產總值</b>		<b>4,837,785</b>	4,620,240
<b>Non-current liabilities 非流動負債</b>				
Receipts in Advance	預收款項	15	215,208	241,859
Bank Borrowings	銀行貸款	2(l) & 14	594,000	359,825
			<b>809,208</b>	601,684
<b>Current Liabilities 流動負債</b>				
Accounts Payable, Accruals and Receipts in Advance	應付賬款、 應計項目及預收款項	15	1,111,855	1,173,866
Bank Borrowings	銀行貸款	2(l) & 14	72,000	29,175
Derivative Financial Instruments	衍生金融工具	2(j) & 12	13,452	17,190
			<b>1,197,307</b>	1,220,231
<b>TOTAL LIABILITIES</b>	<b>負債總值</b>		<b>2,006,515</b>	1,821,915
<b>Net Assets</b>	<b>資產淨值</b>		<b>2,831,270</b>	2,798,325
<b>Financed By: 資金來源:</b>				
<b>General Fund</b>	<b>普通資金</b>	16	1,237,142	1,410,050
<b>Reserve Fund</b>	<b>儲備資金</b>	17	970,323	815,363
<b>Exhibition Services Fund</b>	<b>展覽服務資金</b>	18	190,723	179,050
<b>SME Assistance Package Fund</b>	<b>中小企支援措施資金</b>	19	55,317	80,878
<b>Other Specific Funds</b>	<b>其他特定資金</b>	20	377,765	312,984
<b>Total Funds</b>	<b>資金總額</b>		<b>2,831,270</b>	2,798,325

(Signed)  
**Jack So, JP**  
 Chairman of HKTDC  
 (簽署)  
 蘇澤光先生  
 香港貿易發展局主席

(Signed)  
**The Hon Andrew Leung, SBS, JP**  
 Chairman of Staff and Finance Committee  
 (簽署)  
 梁君彥先生  
 職員及財務委員會主席

The financial statements were approved by the Council on 25 May 2010  
 以上財務報表於2010年5月25日由本局理事會通過

# Consolidated Statement of Cash Flows 綜合現金流量表

For the year ended 31 March 2010

截至2010年3月31日止之年度

(HK\$'000)	(港幣千元)	2009/10	2008/09
<b>Operating Activities</b>	<b>貿易拓展活動</b>		
Surplus for the year	本年度盈餘	31,293	85,265
Government Subvention from Trade Declaration Charge	從貿易報關費所得的政府撥款	(370,800)	(360,000)
Investment Income	投資收益	(49,599)	(29,922)
Interest on Bank Deposits	銀行存款利息	(2,730)	(16,572)
Finance Costs	財務費用	7,706	-
Adjustments for items not involving the movement of cash:	非現金項目的調整：		
Depreciation for HKCEC Atrium Link Extension	香港會議展覽中心中庭擴建的折舊	76,098	-
Depreciation of other Property, Plant and Equipment and Amortisation of Leasehold Land	其他物業、設備及器材的折舊及租賃土地的攤銷	60,546	51,619
Loss from Disposal of Property, Plant and Equipment	出售物業、設備及器材的虧損	131	366
Ineffective portion of Cash Flow Hedge	現金流量對沖的無效部份	1,451	-
(Increase)/Decrease in Accounts Receivable, Deposits and Prepayments	應收賬項、訂金及預付款項(增加)/減少	(22,070)	14,656
(Decrease)/Increase in Accounts Payable, Accruals and Receipts in Advance	應付賬款、應計項目及預收款項(減少)/增加	(87,942)	295,860
Increase in Defined-Benefit Retirement Scheme Assets	界定福利退休計劃資產增加	(2,911)	(2,694)
Net Cash (Outflow)/Inflow from Operating Activities	貿易拓展活動的淨現金(流出)/流入	(358,827)	38,578
<b>Investing Activities</b>	<b>投資活動</b>		
Investment Income	投資收益	49,599	29,922
Interest on Bank Deposits	銀行存款利息	2,730	16,572
Addition of Property, Plant and Equipment and Leasehold Land	購置物業、設備及器材及租賃土地	(215,837)	(655,724)
Proceeds from Disposal of Property, Plant and Equipment	出售物業、設備及器材所得款項	27	63
Increase in Fixed-income and Equity Securities	固定收益及股本證券增加	(58,733)	(36,698)
Decrease in Deposits held by Fund Managers for Investments	投資經理持有作投資用的現金存款減少	2,652	13,339
Net Cash Outflow from Investing Activities	投資活動的淨現金流出	(219,562)	(632,526)
Net Cash Outflow before Financing Activities	計算資金來源前的淨現金流出	(578,389)	(593,948)
<b>Financing Activities</b>	<b>資金來源</b>		
Government Subvention from Trade Declaration Charge	從貿易報關費所得的政府撥款	370,800	360,000
Proceeds from Bank Borrowings	銀行貸款所得款項	331,000	259,000
Repayment of Bank Borrowings	償還銀行貸款	(54,000)	-
Finance Costs	財務費用	(7,706)	-
Net Cash Inflow from Financing Activities	資金來源的淨現金流入	640,094	619,000
Increase in Cash and Cash Equivalents	現金及現金等價物增加	61,705	25,052
Cash and Cash Equivalents at beginning of the year	年初現金及現金等價物	728,779	703,727
Cash and Cash Equivalents at end of the year	年終現金及現金等價物	790,484	728,779
Analysis of Balances of Cash and Cash Equivalents:	現金及現金等價物的結存分析：		
Cash and Bank Balances	現金及銀行結存	821,026	761,973
Less: Deposits held by Fund Managers for Investments	減：投資經理持有作投資用的現金存款	(30,542)	(33,194)
		790,484	728,779

# Consolidated Statement of Changes in Funds 綜合資金總額變動表

## For the year ended 31 March 2010

截至2010年3月31日止之年度

(HK\$'000)	(港幣千元)	Note 附註	2009/10	2008/09
Total Funds brought forward as at 1 April	於4月1日資金總額承前結餘		<b>2,795,001</b>	2,760,430
Comprehensive Income	全面收益			
Surplus for the year dealt with in the Consolidated Income and Expenditure Account	在綜合收支表結算的本年度盈餘		<b>31,293</b>	85,265
Other Comprehensive Income/(Expenses)	其他全面收益/(費用)			
– Realisation of cash flow hedges	– 現金流量對沖變現	20	<b>17,190</b>	(33,504)
– Fair value loss on forward foreign currency contracts at year end	– 年終遠期外匯合約公平值虧損	20	<b>(10,865)</b>	(16,834)
– Fair value loss on interest rate swaps at year end	– 年終利率掉期合約公平值虧損	20	<b>(1,136)</b>	(356)
Total Other Comprehensive Income/(Expense) recognised directly in equity	於權益確認的其他全面總收益/(費用)		<b>5,189</b>	(50,694)
Total Comprehensive Income for the year	本年度全面收益總額		<b>36,482</b>	34,571
Total Funds carried forward as at 31 March	於3月31日資金總額轉撥下年度結餘		<b>2,831,483</b>	2,795,001



# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 1. GENERAL INFORMATION

The Hong Kong Trade Development Council (the “HKTDC”) was incorporated in 1966 under the Hong Kong Trade Development Council Ordinance to promote Hong Kong’s external trade in goods and services. The address of its registered office is 38/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

## 2. PRINCIPAL ACCOUNTING POLICIES

### (a) Basis of Preparation of Financial Statements

The consolidated financial statements included the financial statements of HKTDC and its subsidiaries, HKTDC (Japan) Limited and HKTDC Limited (collectively the “Group”).

The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and under the historical cost convention, as modified by investments in fixed-income and equity securities and derivative financial instruments, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. These estimates and assumptions affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of income and expenditure during the year. Although these estimates are based on management’s best knowledge of event and actions, actual results ultimately may differ from those estimates.

During the year, the Group has assessed the following revised standards, interpretation and amendments which are considered relevant to its operations:

HKAS 1 (Revised), “Presentation of Financial Statements”. The standard was effective from 1 January 2009. The Group has elected to present two statements: a Consolidated Income and Expenditure Account and a Consolidated Statement of Comprehensive Income. The consolidated financial statements have been prepared under the revised disclosure requirements.

## 1. 一般資料

香港貿易發展局(以下簡稱「本局」)於1966年依據香港貿易發展局條例註冊成立，專責推廣香港對外貿易，包括商品貿易及服務出口。總辦事處為香港灣仔港灣道一號會展廣場辦公大樓38樓。

## 2. 主要會計政策

### (a) 編製財務報表的基準

本綜合財務報表包括本局及附屬公司HKTDC (Japan) Limited及HKTDC Limited的財務報表(以下合稱「本集團」)。

本綜合財務報表乃按照香港會計師公會所頒佈的香港財務報告準則，並依據歷史成本常規法編製，惟固定收益及股本證券投資及衍生金融工具乃按公平值列賬。

編製符合香港財務報告準則的財務報表需要使用若干會計估計和假設。這亦需要管理層在應用本集團的會計政策過程中行使其判斷。此等估計和假設影響結賬日的資產和負債，以及是年度收入和支出的申報金額。雖然此等估計乃根據管理層對事件和活動的最適當了解，唯最終實際結果與估計或許有偏離。

本年度，本集團已進行評估以下與本集團營運業務相關準則修訂、詮釋和修改：

香港會計準則第1號(修訂)「財務報表的呈報」—自2009年1月1日起生效。本集團選擇以兩份報表(綜合收支表及綜合全面收益表)呈列。綜合財務報表已根據修訂後披露要求編製。

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (a) Basis of Preparation of Financial Statements (Cont'd)

HKFRS 7, "Financial Instruments – Disclosures" (Amendment). The amendment was effective from 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The change in accounting policy only results in additional disclosures.

### (b) Standards, Interpretations, Amendments and Improvements to Existing Standards which are Not Yet Effective

As at 31 March 2010, the following new or revised standards, interpretations, amendments and improvements which are considered relevant to the Group's operations, are in issue but not yet effective:

		Effective from period beginning on or after 應用日期
HKAS 24 (Revised) 香港會計準則24 (修訂)	Related Party Disclosures 關聯方披露	1 January 2011 2011年1月1日
HKAS 27 (Revised) 香港會計準則27 (修訂)	Consolidated and Separate Financial Statements 綜合財務報表和單獨財務報表	1 July 2009 2009年7月1日
HKAS 39 (Amendment) 香港會計準則39 (修改)	Eligible Hedge Items 合資格套期項目	1 July 2009 2009年7月1日
HKFRS 3 (Revised) 香港財務報告準則3 (修訂)	Business Combinations 業務合併	1 July 2009 2009年7月1日
HKFRS 9 香港財務報告準則9	Financial Instruments 金融工具	1 January 2013 2013年1月1日
HK(IFRIC) – Int 17 香港(國際財務報告解釋委員會) — 解釋公告17	Distribution of Non-cash Assets to Owners 向所有者分派非現金資產	1 July 2009 2009年7月1日
HK(IFRIC) – Int 18 香港(國際財務報告解釋委員會) — 解釋公告18	Transfer of Assets from Customers 客戶資產轉讓	1 July 2009 2009年7月1日
Amendments to certain HKASs and HKFRSs 香港會計準則及財務準則的修改	Improvements to HKFRSs 2009 香港財務報告準則的改進計劃2009	1 January 2010 2010年1月1日

The Group is in the process of assessing the impact of the above developments on the disclosure and presentation of the financial statements in the future accounting periods.

## 2. 主要會計政策(續)

### (a) 編製財務報表的基準(續)

香港會計準則7「金融工具—披露」(修改)—自2009年1月1日起生效。此項修改要求提高有關公平價值計量和流動性風險的披露。此修改特別要求按公平價值的計量架構披露公平價值計量。此會計政策的改變只導致額外披露。

### (b) 尚未生效的新訂、詮釋、修改及改善財務報告準則

於2010年3月31日，與本集團營運業務相關，已公佈但尚未生效的新訂或修訂準則、詮釋、修改及改善如下：

本集團正進行評估以上發展對將來會計年度財務報表的披露及列報方式的影響。

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (c) Consolidation

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

A subsidiary is fully consolidated from the date on which control is transferred to the Group. Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In HKTDC's own balance sheet, the investment in the subsidiaries is stated at cost less provision for impairment loss.

### (d) Income Recognition

Income generated from exhibitions and missions, and trade publications (product magazines and online marketplace) is recognised when the relevant exhibition or mission is held and the relevant trade publication is published. Government subvention is recognised in the specific fiscal year as approved by the Government. Income generated from HKCEC Operation and other operational income is recognised when services are rendered. The recognition of investment income is set out in note 2(h). Interest on bank deposits is recognised on a time-proportion basis using the effective interest method.

### (e) Foreign Currencies Translation

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is HKTDC's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income and Expenditure Account.

## 2. 主要會計政策(續)

### (c) 綜合賬目

附屬公司指本集團有權管控其財政及營運政策的實體，一般附帶超過半數投票權的股權。在評定本集團是否控制另一實體時，目前可行使或可兌換的潛在投票權的存在及影響均予考慮。

附屬公司在控制權轉移至本集團之日全面合併入賬。集團內公司之間的交易、交易的結餘及未實現收益或損失均予以對銷。附屬公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

在本局的資產負債表內，附屬公司的投資乃按成本值扣除減值虧損準備列賬。

### (d) 收益確認

貿易展覽會、訪問團及貿易刊物(產品雜誌及網上採購平台)的收入於有關貿易展覽會或訪問團舉辦後及有關貿易刊物出版後確認。政府撥款於政府批核的指定財政年度確認。香港會議展覽中心營運及其他收入於提供服務後確認。投資收入之確認列載於附註2(h)。銀行存款利息採用實際利息法按時間比例基準確認。

### (e) 外幣折算

本集團的財務報表所列項目均以該實體營運所在的主要經濟環境的貨幣計量(「功能貨幣」)。綜合財務報表以港幣呈報，港幣為本局的功能及列賬貨幣。

外幣交易採用交易日的匯率換算為功能貨幣。結算此等交易產生的匯兌盈虧以及將外幣計值的貨幣資產和負債以年終匯率換算產生的匯兌盈虧在收支表確認。

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (f) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the Income and Expenditure Account during the financial period in which they are incurred.

Property, plant and equipment are depreciated at rates sufficient to write off their cost over their estimated useful lives on a straight-line basis at the following annual rates:

Office buildings and staff quarters	2%
Furniture, equipment and fittings	20% to 33-1/3%
Motor vehicles and vessels	25%
Leasehold improvements	Over the unexpired lease periods
HKCEC Atrium Link Extension	Over the unexpired operating periods
Operating assets and exhibition stand systems	Over the number of years ranging from 2 to 8 for which the assets are expected to be used

No depreciation is provided for freehold land and assets under construction until they are completed and ready for use.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are dealt with in the Income and Expenditure Account.

## 2. 主要會計政策(續)

### (f) 物業、設備及器材

物業、設備及器材按原值減累積折舊及減值虧損列賬。歷史成本包括收購該項目直接應佔的開支。其後成本只有在與該項目有關的未來經濟利益有可能流入本集團，而該項目的成本能可靠計量時，才按適用包括在資產的賬面值或確認為獨立資產。所有其他維修及保養在產生的財政期間內於收支表支銷。

物業、設備及器材乃根據資產的估計可用年限以下列年折舊率採用直線法攤銷其原值：

辦事處樓宇及職員宿舍	2%
傢俬、設備及裝置	20%至33-1/3%
汽車及船舶	25%
租賃樓宇內部裝修	按尚餘租約年期平均攤銷
香港會議展覽中心中庭擴建	按尚餘營運年期平均攤銷
經營資產及展覽攤位裝置	按資產估計可用2至8年限平均攤銷

永久業權的土地及在建物業於完成及適合使用前不提撥折舊準備。

資產的剩餘價值及可使用年期在每個結算日進行檢討，及在適當時調整。若資產的賬面值高於其估計可收回價值，其賬面值即時撇減至可收回金額。

報廢或出售資產所產生的盈虧乃按出售所得款項與其賬面值的差額，在收支表內確認。

## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (g) Leasehold Land

Leasehold land represents operating lease prepayment for land less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of operating lease prepayment for land over the remaining lease term.

### (h) Investments

Investments in fixed-income and equity securities are stated at fair value at the balance sheet date. The fair values of quoted investments are based on current bid prices. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Investment income comprising interest, gain/loss on disposal of securities, and any increase or decrease in portfolio valuation net of fees and charges is dealt with in the Income and Expenditure Account.

Regular purchases and sales of investments are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

### (i) Impairment of Investments in Subsidiaries and Non-Financial Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 or cash-generating units. Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2. 主要會計政策(續)

### (g) 租賃土地

租賃土地指以經營租約土地下作出預付款項減累積攤銷及減值虧損。並以直線法按尚餘租約期攤銷經營租約土地的預付款項。

### (h) 投資

投資包括固定收益及股本證券，乃按結算日公平值列賬。有報價投資的公平值根據當時的買盤價計算。非活躍市場的金融工具是以估值方法來釐定，本集團採用多種方法並根據結算日的市場情況下作出假設。投資收益包括利息、出售證券損益及扣除投資費用與支出後的組合估值增減額，並已在收支表內結算。

一般投資的購入及出售在交易日確認。交易日指本集團承諾購入或出售該資產之日。當從投資收取現金流量的權利經已到期或經已轉讓，而本集團已將擁有權的所有風險和回報實際轉讓時，投資即終止確認。

### (i) 附屬公司及非金融資產投資的減值

各項資產，當有事件出現或情況改變顯示賬面值可能無法收回時就減值進行檢討。減值虧損按資產的賬面值超出其可收回金額的差額確認。可收回金額以資產的公平值扣除銷售成本或使用價值兩者之間較高者為準。於評估減值時，資產按可分開識別現金流量或現金產生單位的最低層次組合。已蒙受減值的資產在每個報告日均就減值是否可以撥回進行檢討。

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (j) Derivative Financial Instruments

Forward foreign currency and interest rate swap contracts are derivative financial instruments and are designated as effective cash flow hedges. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. Forward foreign currency and interest rate swap contracts are initially recognised at fair value at inception and subsequently re-measured at their fair value, using quoted forward exchange rates and interest rates at the balance sheet date.

The effective portion of changes in the fair value of the cash flow hedges which results in gains or losses is dealt with in the Other Comprehensive Income and Hedging Reserve. Any gain or loss relating to the ineffective portion is recognised immediately in the Income and Expenditure Account. Amounts accumulated in the Hedging Reserve are transferred to the Income and Expenditure Account in the periods when the hedged items are expensed. However, when the hedged items result in the recognition of non-financial assets or liabilities, the gains and losses previously deferred in the Hedging Reserve are transferred to the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Hedging Reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income and Expenditure Account. When a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in Hedging Reserve are immediately transferred to the Income and Expenditure Account.

## 2. 主要會計政策(續)

### (j) 衍生金融工具

遠期外匯及利率掉期合約被指定並符合資格作為現金流量對沖的衍生金融工具。本集團於訂立交易時就對沖工具與對沖項目的關係，以至其風險管理目標及執行多項對沖交易的策略存檔記錄。本集團亦於訂立對沖交易時和按持續經營基準，記錄其對於該等用於對沖交易的衍生工具是否高度有效地抵銷對沖項目現金流量變動的評估。遠期外匯及利率掉期合約於訂立交易時按公平值初步確認，及後公平值於結帳日以有報價遠期外匯利率及息率重新計量。

被指定並符合資格作為現金流量對沖的金融工具之公平值變動的有效部份於其他全面收益和對沖儲備中確認。與無效部份有關的盈虧即時在收支表確認。當被對沖預期項目支銷，在對沖儲備累計的金額將撥入收支表。然而，當被對沖的項目導致一項非財務資產或負債的確認，須在對沖儲備中撥出之前遞延入賬的收益和損失，並列入該資產或負債成本中。

當一項對沖工具到期或銷售後，或當對沖不再符合對沖會計處理的條件時，其時在對沖儲備中存有的任何累計盈虧仍保留在權益內，並於未來交易最終在收支表內確認時確認入賬。當某項未來交易預期不會再出現時，在對沖儲備中申報的累計盈虧即時轉撥入收支表。

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (k) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, time deposits held with banks and other short-term highly liquid investments that are readily convertible into cash.

### (l) Borrowings and Borrowing Costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income and Expenditure Account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance sheet date.

Loan interest and other borrowing costs are charged to the Income and Expenditure Account except for those interest costs which are capitalised as part of the cost of construction of a qualifying asset during the period of time that is required to complete and prepare the asset for its intended use or sale.

### (m) Income Tax

HKTDC is exempted under Section 87 of the Hong Kong Inland Revenue Ordinance from all taxes payable under the Ordinance.

## 2. 主要會計政策(續)

### (k) 現金及現金等價物

現金及現金等價物包括現金、銀行通知存款、及可預備兌換為現金的其他短期高流動性投資。

### (l) 貸款及借貸費用

貸款初步按公平值並扣除產生的交易成本確認。貸款其後按攤銷成本列賬，所得款項(扣除交易成本)與贖回價值的任何差額利用實際利息法於借貸期間內在收支表確認。

除非本集團有無條件權利將負債的償還遞延至結算日後最少12個月，否則貸款分類為流動負債。

除因建造或製造一項必須經一段長時間籌備，以達致預定用途或出售的資產所產生的借貸利息，會被資本化作為該資產的部分成本外，所有其他借貸利息及費用在產生時於收支表支銷。

### (m) 所得稅

依據香港稅務局條例第87條，本局獲豁免繳納該條例內所徵收之所有稅項。

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (n) Retirement Benefit Schemes

- (i) Defined Benefit Retirement Scheme-The Group operates a defined-benefit retirement scheme which provides retirement benefits linked to final salaries for its employees who have been members of the scheme before 1 December 2000. The assets of the scheme are held by a trustee separately from those of the Group and are invested through an investment adviser.

The Group recognises the excess or shortfall in the fair value of scheme assets over retirement benefit obligations together with adjustments for unrecognised actuarial gains or losses, as net assets or net liabilities in the balance sheet. The benefit obligations are calculated by estimating the amount of future payments that members have earned in return for their services in the current and prior periods. Future payments are discounted at a rate equivalent to the yield at balance sheet date on high-quality bonds that have maturity dates approximating the terms of the Group's retirement benefit obligations to determine the present value. Cumulative unrecognised actuarial gains or losses in excess of 10% of the greater of the fair value of the scheme assets and the present value of the defined-benefit obligations are amortised over the average remaining service lives of members of the scheme. Otherwise the actuarial gains or losses are not recognised. The calculations are performed by an independent, qualified actuary using the "Projected Unit Credit Method".

- (ii) Defined Contribution Retirement Scheme-The Group also operates a defined-contribution retirement scheme for employees who have joined the Group's services after 1 December 2000 in compliance with the Mandatory Provident Fund Ordinance. The Group's contributions to the Mandatory Provident Fund are expended as incurred. For certain overseas employees, the Group also contributed to respective local defined contribution retirement schemes.

## 2. 主要會計政策(續)

### (n) 退休福利計劃

- (i) 界定福利退休計劃—本集團設有一項界定福利的退休計劃，為2000年12月1日前登記為計劃成員的員工提供按最終薪金計算的退休福利。退休計劃的資產與本集團的資產分開，由一信託公司持有，並透過投資顧問進行投資。

本集團在資產負債表中確認由計劃資產的公平值相比於退休福利責任及未確認精算淨損益後的超逾為淨資產，倘不足則為淨負債。退休福利責任是按員工於當期及前期的服務而估計其所賺取未來福利支出的現值。未來福利的支出，乃按照與退休福利責任到期日相似的高質債券於資產負債表日的收益率折讓為其現值。累計未確認精算收益或虧損，若超逾計劃資產的公平值和界定福利責任現值兩者中較高者的百分之十，會按參加計劃成員的平均尚餘服務年期攤銷。否則，該精算損益將不會被確認。此計算乃由獨立合資格精算師採用「預計單位基貸記法」而作出。

- (ii) 界定供款退休計劃—本集團亦設有一項界定供款的退休計劃，依據強制性公積金計劃條例，為2000年12月1日以後加入本集團的員工提供退休保障。本集團作出的強制性公積金供款，在產生時支銷。本集團亦為某些海外僱員參與當地的退休計劃作出供款。



## Notes to the Consolidated Financial Statements 綜合財務報表附註

### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (o) Operating Leases

Leases where substantially all the rewards and risks of ownership of the assets remain with the lessor are accounted for as operating leases. Payments made under operating leases are expended on a straight-line basis over the lease term.

#### (p) Provisions

Provisions are recognised when either a legal or constructive obligation, as a result of a past event, exists at the balance sheet date and where the amount of the obligation can be reliably estimated.

#### (q) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate allowance for estimated irrecoverable amounts is recognised in the Income and Expenditure Account when there is objective evidence that the asset is impaired.

#### (r) Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2. 主要會計政策(續)

#### (o) 經營租約

資產擁有權的全部得益及風險實質地由出租公司保留的租約，皆作為經營租約入賬。經營租約的租金於租約期內以直線法支銷。

#### (p) 撥備

當因已發生的事件而於結算日產生法律或推定責任，而償付責任金額亦被可靠估計時作出撥備。

#### (q) 貿易及其他應收賬項

貿易及其他應收賬項初步以公平值確認，其後利用實際利息法按攤銷成本扣除減值撥備計量。當有客觀證據顯示資產減值，即為無法收回的估計金額作出減值撥備，並在收支表中列賬。

#### (r) 應付賬款

應付賬款初步以公平值確認，其後利用實際利息法按攤銷成本計量。

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial Risk Factors

#### (a) Investment Risk and Credit Risk

The Group adopts a prudent and conservative investment policy approved by the Government. The Group's investment portfolio consists mostly of fixed income securities with high credit ratings of at least A-1 or above as measured by Standard & Poor's or equivalent. The foreign currency exposures in debts instruments are managed through using financial derivatives. The Group's investment portfolio is also exposed to certain price risk of equity securities which are diversified globally.

The Group engaged an external consultant to measure the risk exposure of its investment portfolio at balance sheet date by adopting Value-at-risk approach. It is a measurement of volatility taking into account the historical and forecast returns, expected standard deviation and correlation of the asset classes in the investment portfolio. With a 95% confidence level, it is measured that the maximum likely loss of the investment portfolio is HK\$27 million (2008/09: HK\$25 million) over a 1-month period. The overall risk exposure is considered minimal.

The Group's cash at bank and bank deposits are deposited with short-term high credit ratings of A-1 as measured by Standard & Poor's. The credit risk is considered minimal.

The Group is exposed to credit risk in relation to trade and other receivables and amounts due from group companies. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets. To manage this risk, the management has monitoring procedures to ensure that, follow-up action is taken to recover overdue debts. In addition, the management reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment is made for the irrecoverable amounts.

## 3. 財務風險管理

### 3.1 財務風險因素

#### (a) 投資及信貸風險

本集團採用審慎及穩健的投資策略並獲政府批核。本集團的投資組合主要是高信貸評級的固定收益證券，獲標準普爾或相等評級達A-1或以上，證券中的外幣風險以財務衍生工具對沖。此外，投資組合內有全球性分散投資的股票，承受若干股票價格風險。

本集團聘用顧問公司，用風險值來量化結算日投資組合的風險。此風險計算方法已反映投資組合內各資產類別的過去及預期回報，預期的標準誤差及相關系數。以95%置信水平，投資組合在一個月期限內最高的可能損失約港幣2,700萬元(2008/09年度：港幣2,500萬元)，整體投資風險甚低。

本集團的銀行現金及存款獲標準普爾短期評級達A-1，故所承受的信貸風險甚微。

本集團的信貸風險來自貿易及其他應收賬項及集團內公司往來。本集團信用風險的最高風險承擔為金融資產的賬面值。管理層有足夠監管程序確保到期應收款被定期跟進。管理層亦定期檢查個別應款項餘額以確保不可收回金額已作足夠撥備。

## 3. FINANCIAL RISK MANAGEMENT (Cont'd)

### 3.1 Financial Risk Factors (Cont'd)

#### (b) Foreign Exchange Risk

The Group carries out some promotional activities in overseas countries and the related expenditure is principally paid in foreign currencies. Forward foreign currency contracts are entered into for hedging foreign currencies payment and foreign exchange risk exposure is considered minimal.

#### (c) Interest Rate Risk

The Group has interest-bearing assets, mainly, time deposits. If the interest rate on the time deposits had been 100 basis points per annum higher or lower with all other variables held constant, interest income would have been HK\$6.4 million higher or lower (2008/09: HK\$6.1 million).

The Group is exposed to interest rate risk arising from floating rate borrowings. At 31 March 2010, if interest rate on the bank loan had been 100 basis points higher or lower with all other variables held constant, interest costs incurred during the year would have been HK\$6.6 million higher or lower (2008/09: HK\$2.2 million).

## 3. 財務風險管理(續)

### 3.1 財務風險因素(續)

#### (b) 外匯風險

本集團在海外進行若干推廣活動，有關付款以外幣為主。為對沖外幣支出，本集團亦訂立遠期外匯合約，故此外匯風險甚微。

#### (c) 利率風險

本集團的計息資產主要為定期存款。若定期存款的利率上升或下跌100個基點，而所有其他因素維持不變，則利息收入應上升或下跌港幣640萬元（2008/09年度：港幣610萬元）。

本集團的利率風險來自浮動利率貸款。於2010年3月31日，若銀行貸款利率上升或下跌100個基點，而所有其他因素維持不變，則本年度利息支出應上升或下跌港幣660萬元（2008/09年度：港幣220萬元）。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 3. FINANCIAL RISK MANAGEMENT (Cont'd)

## 3.1 Financial Risk Factors (Cont'd)

## (d) Liquidity Risk

The Group maintains sufficient cash and liquid assets including marketable securities to finance its operations and is not exposed to significant liquidity risk.

The following tables provide the undiscounted cash flows of significant financial liabilities:

## 3. 財務風險管理(續)

## 3.1 財務風險因素(續)

## (d) 流動資金風險

本集團維持充足的現金存款和流動資產如有價證券作為營運資金，因此本集團並不承受重大流動資金風險。

以下列出主要財務負債的未貼現的現金流量：

		Within 1 year or on demand	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flow 合約性 未貼現的 總現金流量
(HK\$'000)	(港幣千元)	1年以下 或即付	1至2年內	2至5年內	5年以上	
<b>(i) The Group</b>	<b>本集團</b>					
At 31.3.2010	2010年3月31日結存					
Accounts payable, accruals and other payables	應付賬款、應計項目及 其他應付賬款	601,767	-	-	-	601,767
Bank borrowings	銀行貸款	86,652	85,068	250,452	380,844	803,016
Derivative financial instruments	衍生金融工具	13,452	-	-	-	13,452
At 31.3.2009	2009年3月31日結存					
Accounts payable, accruals and other payables	應付賬款、應計項目及 其他應付賬款	642,655	-	-	-	642,655
Bank borrowings	銀行貸款	37,478	46,340	133,844	215,547	433,209
Derivative financial instruments	衍生金融工具	17,190	-	-	-	17,190
<b>(ii) HKTDC</b>	<b>本局</b>					
At 31.3.2010	2010年3月31日結存					
Accounts payable, accruals and other payables	應付賬款、應計項目及 其他應付賬款	606,348	-	-	-	606,348
Bank borrowings	銀行貸款	86,652	85,068	250,452	380,844	803,016
Derivative financial instruments	衍生金融工具	13,452	-	-	-	13,452
At 31.3.2009	2009年3月31日結存					
Accounts payable, accruals and other payables	應付賬款、應計項目及 其他應付賬款	648,554	-	-	-	648,554
Bank borrowings	銀行貸款	37,478	46,340	133,844	215,547	433,209
Derivative financial instruments	衍生金融工具	17,190	-	-	-	17,190

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 3. FINANCIAL RISK MANAGEMENT (Cont'd)

### 3.2 Capital Management

The Group's capital consists of General Fund, Reserve Fund, Exhibition Services Fund, SME Assistance Package Fund and Other Specific Funds, which are set up for various designated purposes as described in notes 16 to 20. The Group's capital also consists of bank borrowings. It is the Group's objective to maintain sufficient Reserve Fund and bank borrowing balances to safeguard the Group's ability to continue as a going concern and to support its current and future capital and operating expenditure requirements.

In order to maintain the capital structure, the Group obtains funding arrangement through Government subvention agreed between HKTDC and the Government as set out in note 5 and bank borrowings as set out in note 14.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) divided by total capital. Total capital comprises total borrowings plus total funds as shown in the consolidated balance sheet.

During 2009/10, the Group's gearing ratio was as follows:

(HK\$'000)	(港幣千元)	2009/10	2008/09
Total borrowings	貸款總額	666,000	389,000
Total funds	資金總額	2,831,483	2,795,001
Total capital	資本總額	3,497,483	3,184,001
Gearing ratio	負債比率	19.0%	12.2%

## 3. 財務風險管理(續)

### 3.2 資金管理

本集團資金包括普通資金、儲備資金、展覽服務資金、中小企支援措施資金及其他特定資金，其各種指定用途已詳列於附註16至20內。本集團資金亦包括銀行貸款。本集團致力維持足夠儲備資金及銀行貸款，確保本集團能持續營運及提供現時及未來資金以及營運費用的所需。

為了維持資本結構，本集團獲得本局與政府的經費來源協定之政府撥款，詳情見附註5及銀行貸款，詳情見附註14。

本集團利用負債比率監察其資本。此比率按照貸款總額(包括綜合資產負債表所列的流動及非流動貸款)除以資本總額。資本總額為貸款總額加資金總額。

在2009/10年度，本集團的負債比率如下：

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 3. FINANCIAL RISK MANAGEMENT (Cont'd)

## 3.3 Fair Value Estimation

Effective from 2009/10, the Group 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 included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2010:

(HK\$'000)	(港幣千元)	Level 1 第一層	Level 2 第二層	Total 總額
<b>Assets</b>	<b>資產</b>			
Fixed-income Securities	固定收益證券	1,250,067	–	1,250,067
Equity Securities	股本證券	190,730	–	190,730
<b>Total assets</b>	<b>總資產</b>	<b>1,440,797</b>	<b>–</b>	<b>1,440,797</b>
<b>Liabilities</b>	<b>負債</b>			
Derivative Financial Instruments	衍生金融工具	–	13,452	13,452

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments of the Group included in level 1 are fixed-income and equity securities.

## 3. 財務風險管理(續)

## 3.3 公平價值估計

由2009/10年度起，本集團採納香港財務報告準則7有關金融工具在資產負債表按公平價值計量的修改，其規定按下列公平價值計量架構披露公平價值計量：

- 相同資產或負債在活躍市場的報價(未經調整)(第1層)。
- 除了第1層所包括的報價外，該資產和負債的可觀察的其他輸入，可為直接(即例如價格)或間接(即源自價格)(第2層)。
- 資產和負債並非依據可觀察市場數據的輸入(即非可觀察輸入)(第3層)。

下表顯示本集團資產和負債按2010年3月31日計量的公平價值：

在活躍市場買賣的金融工具的公平價值根據資產負債表日的市場報價列賬。當報價可即時和定期從證券交易所、交易商、經紀、業內人士、定價服務者或監管代理獲得，而該等報價代表按公平交易基準進行的實際和常規市場交易時，該市場被視為活躍。本集團持有的金融資產的市場報價為當時買方報價。此等工具包括在第1層。在第1層的工具主要為固定收益及股本證券。

## 3. FINANCIAL RISK MANAGEMENT (Cont'd)

### 3.3 Fair Value Estimation (Cont'd)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

## 4. CRITICAL ACCOUNTING ESTIMATES

The management makes estimates based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The impairment assessment of HKCEC Atrium Link Extension involves significant accounting estimates. HKTDC tests whether the carrying value of the HKCEC Atrium Link Extension has suffered any impairment in accordance with the accounting policy stated in note 2(i). The recoverable amount of the asset is determined based on discounted cash flow projections which have been developed based on projected growth rate, discount rate, etc as estimated and approved by management. As at 31 March 2010, if the projected growth rate and the discount rate applied had been 1% lower and higher respectively with all other variables held constant, the estimated recoverable amount would still be higher than the carrying value of HKCEC Atrium Link Extension.

## 3. 財務風險管理(續)

### 3.3 公平價值估計(續)

沒有在活躍市場買賣的金融工具(例如場外衍生工具)的公平價值利用估值技術釐定。估值技術儘量利用可觀察市場數據(如有)，儘量少依賴主體的特定估計。如計算一金融工具的公平價值所需的所有重大輸入為可觀察數據，則該金融工具列入第2層。

如一項或多項重大輸入並非根據可觀察市場數據，則該金融工具列入第3層。

用以估值金融工具的特定估值技術包括：

- 同類型工具的市場報價或交易商報價。
- 利率掉期的公平價值根據可觀察收益率曲線，按估計未來現金流量的現值計算。
- 遠期外匯合同的公平價值利用資產負債表日期的遠期匯率釐定，而所得價值折算至現值。
- 其他技術，例如折算現金流量分析，用以釐定其餘金融工具的公平價值。

## 4. 關鍵會計估計

管理層根據過往經驗和其他因素進行估計，包括在有關情況下相信對未來事件的合理預測。

香港會議展覽中心中庭擴建的減值測試涉及重要會計估計。本局跟據附註2(i)所列的會計準則測試香港會議展覽中心中庭擴建的賬面值是否出現減值。資產的可回收金額根據管理層所估計及批核的預計增長率及折現率等，以折現現金流量分析法計算。於2010年3月31日，若預計的增長率下跌1%而折現率上升1%，所有其他因素維持不變，香港會議展覽中心中庭擴建的可回收金額仍會高於其賬面值。

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 5. GOVERNMENT SUBVENTION FROM TRADE DECLARATION CHARGE

In accordance with the funding arrangement agreed between HKTDC and the Government for the financial years from 2007/08 to 2010/11, Government subvention payable to HKTDC will be determined having regard to the Government's financial position, HKTDC's funding requirements and by way of reference to a ceiling set at 60% of the total amount of trade declaration charge received in the preceding year but in any case will not be less than the 2006/07 subvention level.

In January 2009, HKTDC was advised by the Government that the amount of Government subvention from the trade declaration charge payable to HKTDC for 2009/10 would be HK\$370.80 million (2008/09: HK\$360.00 million), and that there would be no subsequent reconciliation with the actual receipts from the trade declaration charge. Of the total appropriation of HK\$370.80 million, HK\$19.47 million (2008/09: HK\$19.43 million) was used to fund trade-related activities, such as the Hong Kong Shippers' Council, the Hong Kong/Japan Business Co-operation Committee and the Governmental Relations Service, and the balance of HK\$351.33 million (2008/09: HK\$340.57 million) was applied to fund the activities directly under the Group.

## 6. STAFF COSTS – THE GROUP

The total amount of staff costs (including directors' pay and allowances) comprises:

(HK\$'000)	(港幣千元)	2009/10	2008/09
Staff salaries and discretionary performance pay	職員薪金及酌情按表現發放的薪酬	406,335	389,562
Accommodation and other allowances, retirement benefit and staff-related expenses	住宿及其他津貼、退休福利及員工相關支出	125,874	112,027
		<b>532,209</b>	501,589

## 5. 從貿易報關費所得的政府撥款

按照本局與政府就2007/08至2010/11財政年度的經費來源協定，政府撥款予本局會就政府財政狀況、本局的經費所需及政府在上年度徵收報關費所得總收益的60%為最高限額一併作為基準。唯任何情況下不得少於2006/07年度的撥款水平。

於2009年1月，政府知會本局，2009/10年度本局從貿易報關費所得的政府撥款為港幣3億7,080萬元(2008/09年度：港幣3億6,000萬元)，但不會按照實際貿易報關費收入加以調整。其中，港幣1,947萬元(2008/09年度：港幣1,943萬元)用於津貼香港付貨人委員會、港日經濟合作委員會與貿易相關活動的經費，餘額港幣3億5,133萬元(2008/09年度：港幣3億4,057萬元)則用於本集團轄下的活動。

## 6. 職員費用－本集團

本年度職員費用(包括總裁級薪金及津貼)如下：



# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 6. STAFF COSTS – THE GROUP (Cont'd)

### (a) Directors' Pay and Allowances

The directors are key management of the Group and include the Executive Director, Deputy Executive Directors and Assistant Executive Directors. Their total salaries and allowances during the year were as follows:

(HK\$'000)	(港幣千元)	2009/10			2008/09
		Executive Director	Other Directors	Total	Total
		總裁	其他總裁級	總額	總額
Salaries and discretionary performance pay	薪金及酌情按表現發放的薪酬	4,646	11,372	16,018	17,851
Accommodation and other allowances, retirement benefit and staff-related expenses	住宿及其他津貼、退休福利及員工相關支出	1,505	1,707	3,212	3,447
		<b>6,151</b>	<b>13,079</b>	<b>19,230</b>	21,298

The salaries and discretionary performance pay for all directors of the Group fell within the following ranges:

Hong Kong Dollars	港幣	2009/10	2008/09
		No. of Directors 總裁級人數	No. of Directors 總裁級人數
1,000,000 or below	1,000,000 或以下	1	–
2,000,001 to 2,500,000	2,000,001 至 2,500,000	1	3
2,500,001 to 3,000,000	2,500,001 至 3,000,000	2	1
3,000,001 to 3,500,000	3,000,001 至 3,500,000	1	1
4,500,001 to 5,000,000	4,500,001 至 5,000,000	1	1
		<b>6</b>	6

During the year, the Chairman and Council members of the Group did not receive any remuneration for their services rendered to the Group (2008/09: Nil).

## 6. 職員費用－本集團(續)

### (a) 總裁級薪金及津貼

總裁級乃本集團主要管理人員，包括總裁、副總裁及助理總裁，其本年度薪金及津貼如下：

支付予總裁級職員的薪金及酌情按表現發放的薪酬組別如下：

是年度，本集團主席及理事會成員並沒有為本集團提供服務而收取任何酬金(2008/09年度：無)。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 6. STAFF COSTS – THE GROUP (Cont'd)

## 6. 職員費用—本集團(續)

## (b) Retirement Benefit Scheme – Defined Benefit Retirement Scheme

## (b) 退休福利計劃—界定福利退休計劃

(HK\$'000)	(港幣千元)	The Group/HKTDC 本集團/本局	
		2009/10	2008/09
(i) Retirement benefit expenses recognised in the Income and Expenditure Account are as follows:	在收支表確認為退休福利支出如下：		
Current service cost	當期服務成本	29,300	37,171
Interest cost	利息成本	12,189	17,924
Net actuarial losses recognised during the year	是年度確認精算淨虧損	12,290	552
Expected return on scheme assets	計劃資產的預計回報	(31,822)	(41,431)
		<b>21,957</b>	14,216
(ii) Net assets recognised in the Balance Sheet and represented by the Retirement Benefit Scheme Fund are as follows:	在資產負債表確認的淨資產及以退休福利計劃資金代表如下：		
Fair value of scheme assets as at the end of the year	計劃資產於年終結算日的公平值	691,444	519,214
Present value of benefit obligations as at the end of the year	福利責任於年終結算日的現值	(647,418)	(635,227)
Surplus/(Deficit)	收益/(虧損)	44,026	(116,013)
Unrecognised net actuarial losses	未確認精算淨虧損	25,606	182,734
Net assets in the balance sheet	在資產負債表確認的淨資產	<b>69,632</b>	66,721
(iii) Movement in the fair value of scheme assets of the year was as follows:	計劃資產的公平值變動如下：		
At the beginning of the year	年初	519,214	686,409
Expected return on scheme assets	計劃資產的預期回報	31,822	41,431
Actual employer contributions	實際僱主供款	24,868	16,910
Actual employee contributions	實際僱員供款	8,576	8,717
Actual benefits paid	實際已付福利	(64,732)	(12,270)
Actuarial gains/(losses) on scheme assets	計劃資產的精算利益/(虧損)	171,696	(221,983)
At the end of the year	年終	<b>691,444</b>	519,214

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 6. STAFF COSTS – THE GROUP (Cont'd)

### (b) Retirement Benefit Scheme – Defined Benefit Retirement Scheme (Cont'd)

		The Group/HKTDC 本集團/本局	
		2009/10	2008/09
(HK\$'000)	(港幣千元)		
(iv)	Movement in the present value of benefit obligations of the year was as follows:		
	At the beginning of the year	635,227	697,794
	Current service cost	29,300	37,171
	Interest cost	12,189	17,924
	Actual employee contributions	8,576	8,717
	Actual benefits paid	(64,732)	(12,270)
	Actuarial losses/(gains) on benefit obligations	26,858	(114,109)
	At the end of the year	647,418	635,227

(v) The actual return on scheme assets for the year was HK\$203.52 million (2008/09: at a loss of HK\$180.55 million).

本年度計劃資產的實際回報為港幣2億352萬元 (2008/09年度：虧損港幣1億8,055萬元)。

(vi) The principal actuarial assumptions used as at 31 March are as follows:

		2009/10	2008/09
	Discount rate	2.8%	1.95%
	Expected rate of return on scheme assets	6%	6%
	Expected rate of future salary increase	2%-3%	1%-1.5%

(vii) The scheme assets are composed of:

		2009/10	2008/09
	Equities	54.9%	49.1%
	Fixed-income securities	45.2%	49.7%
	Cash and other net (liabilities)/assets	(0.1%)	1.2%
		100.0%	100.0%

(viii) The expected return on scheme assets is based on market expectation of long term return of the investment portfolio as a whole, net of administration costs.

計劃資產的預期回報乃根據整體投資組合 (扣除投資費用後) 的市場預計長期回報。

(ix) The expected Group's contributions to the defined benefit scheme for the year ending 31 March 2011 are HK\$14.47 million.

對於截至2011年3月31日止年度，就界定福利計劃的預期供款為港幣1,447萬元。

### (c) Retirement Benefit Scheme – Defined Contribution Retirement Schemes

During the year, the Group's contributions to the Defined Contribution Retirement Schemes amounted to HK\$7.18 million (2008/09: HK\$7.37 million).

### (c) 退休福利計劃 – 界定供款退休計劃

是年度，本集團向界定供款退休計劃的供款為港幣718萬元 (2008/09年度：港幣737萬元)。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 7. PROPERTY, PLANT AND EQUIPMENT

## (a) The Group

## 7. 物業、設備及器材

## (a) 本集團

		HKCEC Atrium Link Extension Project(#) 香港會議 展覽中心 中庭擴建 工程 (#)	HKCEC Atrium Link Extension(#) 香港會議 展覽中心 中庭擴建 (#)	Freehold Land, Office Buildings and Staff Quarters 永久業權的 土地、 辦事處樓宇 及職員宿舍	Furniture, Equipment, Fitting and Leasehold Improvements 傢俬 設備、裝置 及租賃樓宇 內部裝修	Motor Vehicles and Vessels 汽車 及船舶	Operating Assets and Exhibition Stand Systems 經營資產 及展覽 攤位裝置	Total 總額
(HK\$'000)	(港幣千元)							
2009/10								
Cost	原值							
At 1.4.2009	2009年4月1日結存	1,333,816	-	411,744	454,511	4,100	119,820	2,323,991
Additions	增置	172,660	-	-	34,204	543	8,430	215,837
Transferred from HKCEC Atrium Link Extension Project to HKCEC Atrium Link Extension	由香港會議展覽中心中庭 擴建工程轉撥至香港 會議展覽中心 中庭擴建	(1,506,476)	1,506,476	-	-	-	-	-
Disposals	出售	-	-	-	(62,029)	-	(2,936)	(64,965)
At 31.3.2010	2010年3月31日結存	-	1,506,476	411,744	426,686	4,643	125,314	2,474,863
Accumulated Depreciation	累積折舊							
At 1.4.2009	2009年4月1日結存	-	-	82,741	300,423	3,851	103,130	490,145
Depreciation of other Property, Plant and Equipment	其他物業、設備及 器材的折舊	-	-	6,854	38,413	249	7,235	52,751
Depreciation for HKCEC Atrium Link Extension	香港會議展覽中心中庭 擴建的折舊	-	76,098	-	-	-	-	76,098
Depreciation written back on disposals	出售時撥回	-	-	-	(61,887)	-	(2,920)	(64,807)
At 31.3.2010	2010年3月31日結存	-	76,098	89,595	276,949	4,100	107,445	554,187
Net Book Value	賬面淨值							
At 31.3.2010	2010年3月31日結存	-	1,430,378	322,149	149,737	543	17,869	1,920,676
2008/09								
Cost	原值							
At 1.4.2008	2008年4月1日結存	759,961	-	411,744	488,498	4,100	114,059	1,778,362
Additions	增置	573,855	-	-	66,296	-	11,398	651,549
Disposals	出售	-	-	-	(100,283)	-	(5,637)	(105,920)
At 31.3.2009	2009年3月31日結存	1,333,816	-	411,744	454,511	4,100	119,820	2,323,991
Accumulated Depreciation	累積折舊							
At 1.4.2008	2008年4月1日結存	-	-	75,886	369,699	3,563	102,620	551,768
Depreciation for the year	是年度折舊	-	-	6,855	30,878	288	5,847	43,868
Depreciation written back on disposals	出售時撥回	-	-	-	(100,154)	-	(5,337)	(105,491)
At 31.3.2009	2009年3月31日結存	-	-	82,741	300,423	3,851	103,130	490,145
Net Book Value	賬面淨值							
At 31.3.2009	2009年3月31日結存	1,333,816	-	329,003	154,088	249	16,690	1,833,846

# In 2005, HKTDC obtained the Government's approval to expand the HKCEC by converting the physical link between the HKCEC Phase I and II buildings into exhibition halls. The construction works of the HKCEC Atrium Link Extension project was completed and available for use in April 2009. Included in capital expenditure incurred for the construction works as at 31 March 2010 was total cumulative interest costs capitalised of HK\$4.61 million (2008/09: HK\$4.45 million).

# 本局在2005年獲得政府核准，為香港會議展覽中心的一期與二期樓宇之間的連接部份擴建成為展覽場地。於2009年4月，香港會議展覽中心中庭擴建工程已完成並開始使用。建築項目費用中已資本化的累積利息為港幣461萬元(2008/09年度：港幣445萬元)。

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 7. PROPERTY, PLANT AND EQUIPMENT (Cont'd) (b) HKTDC

## 7. 物業、設備及器材(續) (b) 本局

(HK\$'000)	(港幣千元)	HKCEC Atrium Link Project(#) 香港會議展覽中心中庭擴建工程 (#)	HKCEC Atrium Link Extension(#) 香港會議展覽中心中庭擴建 (#)	Freehold Land, Office Buildings and Staff Quarters 永久業權的土地、辦事處樓宇及職員宿舍	Furniture, Equipment, Fitting and Leasehold Improvements 傢俬、設備、裝置及租賃樓宇內部裝修	Motor Vehicles and Vessels 汽車及船舶	Operating Assets and Exhibition Stand Systems 經營資產及展覽攤位裝置	Total 總額
2009/10								
Cost	原值							
At 1.4.2009	2009年4月1日結存	1,333,816	-	332,125	447,312	4,100	119,820	2,237,173
Additions	增置	172,660	-	-	31,422	543	8,430	213,055
Transferred from HKCEC Atrium Link Extension Project to HKCEC Atrium Link Extension	由香港會議展覽中心中庭擴建工程轉撥至香港會議展覽中心中庭擴建	(1,506,476)	1,506,476	-	-	-	-	-
Disposals	出售	-	-	-	(62,029)	-	(2,936)	(64,965)
At 31.3.2010	2010年3月31日結存	-	1,506,476	332,125	416,705	4,643	125,314	2,385,263
Accumulated Depreciation	累積折舊							
At 1.4.2009	2009年4月1日結存	-	-	77,001	293,247	3,851	103,130	477,229
Depreciation of other Property, Plant and Equipment	其他物業、設備及器材的折舊	-	-	6,461	37,273	249	7,235	51,218
Depreciation for HKCEC Atrium Link Extension	香港會議展覽中心中庭擴建的折舊	-	76,098	-	-	-	-	76,098
Depreciation written back on disposals	出售時撥回	-	-	-	(61,887)	-	(2,920)	(64,807)
At 31.3.2010	2010年3月31日結存	-	76,098	83,462	268,633	4,100	107,445	539,738
Net Book Value	賬面淨值							
At 31.3.2010	2010年3月31日結存	-	1,430,378	248,663	148,072	543	17,869	1,845,525
2008/09								
Cost	原值							
At 1.4.2008	2008年4月1日結存	759,961	-	332,125	481,326	4,100	114,059	1,691,571
Additions	增置	573,855	-	-	66,269	-	11,398	651,522
Disposals	出售	-	-	-	(100,283)	-	(5,637)	(105,920)
At 31.3.2009	2009年3月31日結存	1,333,816	-	332,125	447,312	4,100	119,820	2,237,173
Accumulated Depreciation	累積折舊							
At 1.4.2008	2008年4月1日結存	-	-	70,540	362,527	3,563	102,620	539,250
Depreciation for the year	是年度折舊	-	-	6,461	30,874	288	5,847	43,470
Depreciation written back on disposals	出售時撥回	-	-	-	(100,154)	-	(5,337)	(105,491)
At 31.3.2009	2009年3月31日結存	-	-	77,001	293,247	3,851	103,130	477,229
Net Book Value	賬面淨值							
At 31.3.2009	2009年3月31日結存	1,333,816	-	255,124	154,065	249	16,690	1,759,944

# In 2005, HKTDC obtained the Government's approval to expand the HKCEC by converting the physical link between the HKCEC Phase I and II buildings into exhibition halls. The construction works of the HKCEC Atrium Link Extension project was completed and available for use in April 2009. Included in capital expenditure incurred for the construction works as at 31 March 2010 was total cumulative interest costs capitalised of HK\$4.61 million (2008/09: HK\$4.45 million).

# 本局在2005年獲得政府核准，為香港會議展覽中心的一期與二期樓宇之間的連接部份擴建成為展覽場地。於2009年4月，香港會議展覽中心中庭擴建工程已完成並開始使用。建築項目費用中已資本化的累積利息為港幣461萬元(2008/09年度：港幣445萬元)。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 8. LEASEHOLD LAND

The Group's interests in leasehold land in Hong Kong and outside of Hong Kong represent prepaid operating lease payments. Their net book values are analysed as follows:

(HK\$'000)	(港幣千元)	The Group/HKTDC 本集團/本局	
		2009/10	2008/09
On leases of between 31 to 62 years (2008/09: 32 to 63 years)	租約 31 至 62 年 (2008/09 年度: 32 至 63 年)	307,721	315,516
At beginning of the year	年初	315,516	319,092
Addition	增置	-	4,175
Amortisation	攤銷	(7,795)	(7,751)
At end of the year	年終	307,721	315,516

## 9. INVESTMENT IN AND BALANCES WITH SUBSIDIARIES

## i. HKTDC (Japan) Limited

(HK\$'000)	(港幣千元)	HKTDC 本局	
		2009/10	2008/09
Unlisted shares, at cost	非上市股份，按成本	22,800	22,800
Loan to the subsidiary	貸款予附屬公司	60,600	60,600
		83,400	83,400
Amount due to the subsidiary	應付附屬公司款項	(6,853)	(6,682)

HKTDC's wholly-owned subsidiary, HKTDC (Japan) Limited, was incorporated in Hong Kong and holds a property in Japan which is leased to HKTDC.

The authorised and paid-up share capital of HKTDC (Japan) Limited as at 31 March 2010 and 2009 was HK\$22,800,000, divided into 22,800,000 shares of HK\$1 each.

The loan to HKTDC (Japan) Limited is unsecured, has no fixed terms of repayment, denominated in Hong Kong dollar, and, for the year 2009/10, interest was charged at a rate of 3.10% per annum (2008/09: 2.90% per annum) and the carrying amount at the year end approximates its fair value.

The amount due to HKTDC (Japan) Limited is unsecured, interest free and repayable on demand. The carrying amount at the year end is included in "Accounts Payable, Accruals and Receipts in Advance" in the balance sheet and the balance approximates its fair value, is denominated in Hong Kong dollars.

## 8. 租賃土地

本集團於香港及以外地區的租賃土地的權益指預付經營租約款項。其賬面淨價分析如下：

## 9. 附屬公司投資及結餘款項

## i. HKTDC (Japan) Limited

本局的全資附屬公司HKTDC (Japan) Limited 於香港註冊成立，在日本持有一項已租予本局的物業。

於2010年3月31日及2009年3月31日，HKTDC (Japan) Limited 的法定及繳足股本為港幣2,280萬元，分為每股面值港幣1元的股份合共2,280萬股。

貸款予HKTDC (Japan) Limited為無抵押、無固定還款期，以港幣為單位，並於2009/10年度按年利率3.10厘計息(2008/09年度：2.90厘)。其賬面值與其公平值相若。

應付HKTDC (Japan) Limited款項為無抵押、免利息，及需求時還款。年終賬面值已列在資產負債表中的「應付賬款、應計項目及預收款項」內，結餘款額以港幣為單位，與其公平值相若。

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 9. INVESTMENT IN AND BALANCES WITH SUBSIDIARIES (Cont'd)

### ii. HKTDC Limited

HKTDC's wholly-owned subsidiary, HKTDC Limited, was incorporated in Hong Kong to carry out promotional activities and has established a branch and a Design Gallery shop outside Hong Kong.

The authorised share capital of HKTDC Limited as at 31 March 2010 was HK\$100,000,000, divided into 100,000,000 shares of HK\$1 each. The issued and paid-up capital of HKTDC Limited as at 31 March 2010 was HK\$1 (2008/09: HK\$1) held by HKTDC.

The amount due from HKTDC Limited as at 31 March 2010 was HK\$0.56 million (2008/09: HK\$2.65 million) and is unsecured, interest free and repayable on demand. The carrying amount at year end is included in "Accounts Receivable, Deposits and Prepayments" in the balance sheet and the balance approximates its fair value, is denominated in Hong Kong dollars.

## 9. 附屬公司投資及結餘款項(續)

### ii. 香港貿發局有限公司

本局的全資附屬公司HKTDC Limited在香港註冊成立，專責推廣香港對外貿易，並於海外設立了一間支行和一間設計廊。

於2010年3月31日，HKTDC Limited的法定股本為港幣1億元，分為每股面值港幣1元的股份合共1億股。發行及繳足股本為港幣1元(2008/09年度：港幣1元)，由本局持有。

於2010年3月31日，應收HKTDC Limited賬項為港幣56萬元(2008/09年度：港幣265萬元)無抵押、免利息，及需求時還款。年終賬面值已列在資產負債表中的「應收賬項、訂金及預付款項」內，結餘款額與其公平值相若並以港幣為單位。

## 10. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

## 10. 應收賬項、訂金及預付款項

(HK\$'000)	(港幣千元)	The Group 本集團		HKTDC 本局	
		2009/10	2008/09	2009/10	2008/09
Accounts receivable	應收賬項	76,148	62,379	76,148	62,379
Deposits and prepayments	訂金及預付款項	93,325	91,127	90,911	89,815
Retention receivable	應收的保留賬項	–	62,691	–	62,691
Other receivables	其他應收賬項	104,684	35,890	104,113	37,545
		<b>274,157</b>	252,087	<b>271,172</b>	252,430

The ageing analysis of the accounts receivable is as follows:

應收賬項的賬齡分析如下：

(HK\$'000)	(港幣千元)	The Group/HKTDC 本集團/本局	
		2009/10	2008/09
Performing – within credit term	信貸期限以內	72,233	60,356
Balances past due but not impaired	逾期但不需減值的結餘		
– Up to 3 months	– 3個月及以下	3,896	1,474
– 3 to 6 months	– 3至6個月	19	258
– Above 6 months	– 6個月以上	–	291
		<b>76,148</b>	62,379

The amounts which were past due but not impaired relate to a number of independent customers that have good track records and no history of default.

逾期但不需減值的應收賬項，是與有良好記錄及從沒有拖欠的獨立客戶有關。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 10. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS (Cont'd)

The carrying amounts of accounts receivables, deposits and prepayments, which approximate their fair values, are denominated in the following currencies:

## 10. 應收賬項、訂金及預付款項(續)

應收賬項、訂金及預付款項的賬面值與其公平值相若，以下列貨幣為單位：

(HK\$'000)	(港幣千元)	The Group 本集團		HKTDC 本局	
		2009/10	2008/09	2009/10	2008/09
Hong Kong dollars	港幣	242,828	183,252	240,927	184,590
Euro	歐元	10,036	11,395	10,036	11,395
United States dollars	美元	7,709	13,760	7,709	13,760
Other foreign currencies	其他外幣	13,584	43,680	12,500	42,685
		274,157	252,087	271,172	252,430

## 11. FIXED-INCOME AND EQUITY SECURITIES

(HK\$'000)	(港幣千元)	The Group/HKTDC 本集團/本局	
		2009/10	2008/09
Fixed-income Securities	固定收益證券	1,250,067	1,337,256
Equity Securities	股本證券	190,730	44,808
		1,440,797	1,382,064

## 11. 固定收益及股本證券

The fixed-income and equity securities are accounted for as financial assets at fair value through profit or loss, mainly denominated in Hong Kong dollars and United States dollars. Changes in fair value of fixed-income and equity securities are recorded in 'Investment Income' in the Consolidated Income and Expenditure Account. Included in the fixed income and equity securities was derivative financial asset on foreign currency contracts of HK\$10.75 million (2008/09: derivative financial asset on foreign currency contracts of HK\$3.96 million).

固定收益及股本證券以公平值列賬在綜合收支表內計入損益的金融資產。主要以港幣及美元為單位。其公平值的變動在綜合收支表列為「投資收益」。外幣交易合同產生的衍生金融工具資產為港幣1,075萬元(2008/09年度：外幣交易合同產生的衍生金融工具資產為港幣396萬元)已包含在固定收益及股本證券內。



# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 12. DERIVATIVE FINANCIAL INSTRUMENTS

## 12. 衍生金融工具

(HK\$'000)	(港幣千元)	The Group/HKTDC 本集團/本局	
		2009/10	2008/09
Interest rate swaps – cash flow hedges	利率掉期合約 – 現金流量對沖	1,136	356
Forward foreign exchange contracts – cash flow hedges	遠期外匯合約 – 現金流量對沖	12,316	16,834
Total	總計	13,452	17,190

### (a) Forward Foreign Exchange Contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2010 were HK\$225.79 million (2008/09: HK\$224.58 million).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses related to the effective hedges recognised in the hedging reserve in equity (note 20) on forward foreign exchange contracts as of 31 March 2010 and 2009, are recognised in the Income and Expenditure Account in the period or periods during which the hedged forecast transaction affects the Income and Expenditure Account.

The ineffective portion recognised in the Income and Expenditure Account that arises from cash flow hedges amounts to a loss of HK\$1.14 million (2008/09: Nil).

### (b) Interest Rate Swaps

The notional principal amounts of the outstanding interest rate swaps contracts as at 31 March 2010 were HK\$300 million (2008/09: HK\$150 million) with expiry date on 30 June 2014.

The fixed interest rates of interest rate swaps contracts for 2009/10 vary from 2.185% to 2.2175% (2008/09: 2.2175%). Gains and losses relate to effective hedges recognised in the Statement of Comprehensive Income and the hedging reserve in equity (note 20) on interest rate swap contracts as of 31 March 2010. Such gains or losses will be continuously released to the Income and Expenditure Account at each loan installment until the full repayment of the bank borrowings (note 14).

There was no ineffective portion to be recognised in the Income and Expenditure Account from interest rate swaps cash flow hedges for the year ended 31 March 2010 and 2009.

### (a) 遠期外匯合約

於2010年3月31日，仍未結算遠期外匯合約的設定本金金額為港幣2億2,579萬元(2008/09年度：港幣2億2,458萬元)。

被對沖的外幣極可能預測交易預期將於未來12個月內的多個日期產生。於2010年3月31日及2009年3月31日，就遠期外匯合同的有效部份在權益內的對沖儲備中確認的利得和損失(附註20)，會在對沖交易影響收支表的一個或多個期間內確認。

在收支表中確認來自現金流量對沖的無效部份金額為虧損港幣114萬元(2008/09年度：無)。

### (b) 利率掉期合約

於2010年3月31日，仍未結算利率掉期合約的設定本金金額為港幣3億元(2008/09年度：港幣1億5,000萬元)。到期日為2014年6月30日。

於2009/10年度，定息利率界乎2.185厘至2.2175厘(2008/09年度：2.2175厘)。就利率掉期合同有效部份在全面收益表及權益內的對沖儲備中確認的利得和損失(附註20)。該利得和損失將會繼續轉回收支表直至完全償還銀行貸款為止(附註14)。

於2010年3月31日及2009年3月31日，沒有利率掉期現金流量對沖的無效性予以記錄於收支表中確認。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 13. CASH AND BANK BALANCES

## 13. 現金及銀行結存

(HK\$'000)	(港幣千元)	The Group 本集團		HKTDC 本局	
		2009/10	2008/09	2009/10	2008/09
Time deposits held at banks	銀行定期存款	<b>639,433</b>	647,304	<b>639,433</b>	647,304
Deposits held by fund managers for investments	投資經理持有作投資用 的現金存款	<b>30,542</b>	33,194	<b>30,542</b>	33,194
Imprest accounts for overseas promotional projects	海外推廣計劃定額 備用賬	<b>7,604</b>	6,695	<b>7,604</b>	6,695
Cash, saving and current accounts	庫存現金、儲蓄及 支票戶口結存	<b>143,447</b>	74,780	<b>141,959</b>	72,972
		<b>821,026</b>	761,973	<b>819,538</b>	760,165

As at 31 March 2010, the effective interest rate on short-term bank deposits was 0.4% per annum (2008/09: 2.5% per annum). These deposits have maturity periods ranging from 30 to 90 days (2008/09: ranging from 30 to 90 days).

短期銀行存款於2010年3月31日的實際年利率為0.4厘(2008/09年度: 2.5厘), 此等存款的平均到期日介乎30日至90日(2008/09年度: 30日至90日)。

The carrying amounts of the cash and bank balances are denominated in the following currencies:

現金及銀行結存的賬面值以下列貨幣為單位:

(HK\$'000)	(港幣千元)	The Group 本集團		HKTDC 本局	
		2009/10	2008/09	2009/10	2008/09
Hong Kong dollars	港幣	<b>146,288</b>	296,694	<b>146,032</b>	296,175
Euro	歐元	<b>31,117</b>	57,450	<b>31,117</b>	57,450
United States dollars	美元	<b>593,254</b>	368,978	<b>593,254</b>	368,978
Other foreign currencies	其他外幣	<b>50,367</b>	38,851	<b>49,135</b>	37,562
		<b>821,026</b>	761,973	<b>819,538</b>	760,165

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 14. BANK BORROWINGS AND FINANCE COSTS

HKTDC has entered into an unsecured bank loan facility arrangement for HK\$720 million to partly finance the construction of the HKCEC Atrium Link Extension project. The bank loan is denominated in Hong Kong dollars and carries interest subject to floating rate. The effective interest rate at balance sheet date was 1.2% (2008/09: 1.5%). The bank loan is subject to interest-rate changes and the contractual repricing dates at each month end (2008/09: each month end).

At 31 March 2010, a total of HK\$666 million (2008/09: HK\$389 million) was drawn down to meet the progress payments of construction costs and is repayable in quarterly installments for a period of 10 years commencing from July 2009. The carrying amount approximates its fair value.

The bank loans are repayable as follows:

(HK\$'000)	(港幣千元)	The Group/HKTDC 本集團/本局	
		2009/10	2008/09
Within one year	1年以下	72,000	29,175
Between one to two years	1至2年內	72,000	38,900
Between two to five years	2至5年內	216,000	116,700
After five years	5年以上	306,000	204,225
		<b>666,000</b>	389,000

As at 31 March 2010, HK\$300 million (2008/09: HK\$150 million) of HKTDC's total borrowings bore effectively a fixed rate under the interest rate swap contracts (note 12), and the remaining bore floating interest rates.

Interest expense recognised in the Income and Expenditure Account for the year ended 31 March 2010 amounted to HK\$7.71 million (2008/09: Nil). Interest capitalised in the Atrium Link Extension project for the year ended 31 March 2010 amounted to HK\$0.15 million (2008/09: HK\$4.45 million).

## 14. 銀行貸款及財務費用

本年度，本局為會展中心中庭擴建計劃部分融資，達成一項達港幣7億2,000萬元無抵押的銀行貸款融資協議。此銀行貸款以港幣為單位，帶浮動利率。於資產負債表日的實際年利率為1.2厘(2008/09年度：1.5厘)。貸款受利率變動影響，合約須於每月結日重新定息(2008/09年度：每月結日)。

於2010年3月31日止，已提取的貸款達港幣6億6,600萬元(2008/09年度：港幣3億8,900萬元)，作為支付建築進度費用。貸款將於2009年7月起10年內按季度分期償還，其賬面值與公平值相若。

銀行貸款還款期如下：

於2010年3月31日，貸款總額港幣3億元(2008/09年度：港幣1億5,000萬元)與利率掉期合約完全對沖並以定息計算(附註12)。餘額以浮動利息計算。

2009/10年度於收支表確認的利息費用為港幣771萬元(2008/09年度：無)。於香港會議展覽中心中庭擴建工程中資本化的利息為港幣15萬元(2008/09年度：港幣445萬元)。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 15. ACCOUNTS PAYABLE, ACCRUALS AND RECEIPTS IN ADVANCE

## 15. 應付賬款、應計項目及預收款項

(HK\$'000)	(港幣千元)	The Group 本集團		HKTDC 本局	
		2009/10	2008/09	2009/10	2008/09
Accounts payable	應付賬款	1,379	10,843	1,379	10,843
Receipts in advance due within one year	1年以下預收款項	506,099	526,502	505,507	525,312
Accruals	應計項目	294,607	261,778	292,904	261,278
Other payables	其他應付賬款	305,781	370,034	312,065	376,433
		<b>1,107,866</b>	1,169,157	<b>1,111,855</b>	1,173,866

Receipts in advance comprised:

(HK\$'000)	(港幣千元)	The Group 本集團		HKTDC 本局	
		2009/10	2008/09	2009/10	2008/09
Within one year	1年以下	506,099	526,502	505,507	525,312
After one year	1年以上	215,208	241,859	215,208	241,859
		<b>721,307</b>	768,361	<b>720,715</b>	767,171

Included in other payables was construction fee payable for HKCEC Atrium Link Extension Project of HK\$109.18 million (2008/09: HK\$286.05 million).

其他應付賬款包括會展中心中庭擴建工程建造應付款項港幣1億918萬元(2008/09年度：港幣2億8,605萬元)。

The carrying amounts of accounts payable and other payables at the year end, which approximate their fair values, are denominated in the following currencies:

應付賬款及其他應付賬款的賬面值與其公平值相若，以下列貨幣為單位：

(HK\$'000)	(港幣千元)	The Group 本集團		HKTDC 本局	
		2009/10	2008/09	2009/10	2008/09
Hong Kong dollars	港幣	282,287	376,450	288,960	383,132
Euro	歐元	1,045	1,012	1,045	1,012
United States dollars	美元	361	377	361	377
Other foreign currencies	其他外幣	23,467	3,038	23,078	2,755
		<b>307,160</b>	380,877	<b>313,444</b>	387,276

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 16. GENERAL FUND

## 16. 普通資金

		The Group 本集團				HKTDC 本局			
		2009/10			2008/09	2009/10			2008/09
		HKCEC Atrium Link Extension	Others	Total	Total	HKCEC Atrium Link Extension	Others	Total	Total
(HK\$'000)	(港幣千元)	香港會議 展覽中心 中庭擴建	其他	總額	總額	香港會議 展覽中心 中庭擴建	其他	總額	總額
Balance brought forward	承前結餘	668,406	815,546	1,483,952	1,260,707	668,406	741,644	1,410,050	1,186,434
Transfer from Income & Expenditure Account	撥自收支表	-	35,686	35,686	-	-	30,130	30,130	1,832
Transfer (to)/from Reserve Fund (Note 17)	撥(往)/自儲備 資金(附註17)	(154,377)	(50,805)	(205,183)	8,576	(154,377)	(46,498)	(200,875)	7,115
Transfer (to)/from Exhibition Services Fund (Note 18)	撥(往)/自展覽 服務資金 (附註18)	-	(2,408)	(2,408)	6,110	-	(2,408)	(2,408)	6,110
Transfer from Other Specific Funds (Note 20)	撥自其他特定 資金(附註20)	245	-	245	208,559	245	-	245	208,559
Balance carried forward	轉撥下年度結餘	514,274	798,019	1,312,293	1,483,952	514,274	722,868	1,237,142	1,410,050

The General Fund represents the Group's contribution to the HKCEC Atrium Link Extension, other property, plant and equipment, operating assets, exhibition stand systems and leasehold land.

普通資金指本集團所資助的香港會議展覽中心中庭擴建、其他自置物業、設備、器材、經營資產、展覽攤位裝置及租賃土地。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 17. RESERVE FUND

## 17. 儲備資金

(HK\$'000)	(港幣千元)	The Group 本集團		HKTDC 本局	
		2009/10	2008/09	2009/10	2008/09
Balance brought forward	承前結餘	<b>852,999</b>	1,075,710	<b>815,363</b>	1,036,613
Transfer from/(to) General Fund (Note 16)	撥自/(往)普通資金 (附註16)	<b>205,182</b>	(8,576)	<b>200,875</b>	(7,115)
Transfer to Exhibition Services Fund (Note 18)	撥往展覽服務資金 (附註18)	–	(45)	–	(45)
Transfer from/(to) SME Assistance Package Fund (Note 19)	撥自/(往)中小企支援 措施資金(附註19)	<b>16,732</b>	(15,102)	<b>16,732</b>	(15,102)
Transfer to Other Specific Funds (Note 20)	撥往其他特定資金 (附註20)				
– HKCEC Atrium Link Extension	– 香港會議展覽中心中庭擴建	<b>(1,147)</b>	(198,988)	<b>(1,147)</b>	(198,988)
– HKCEC	– 香港會議展覽中心	<b>(61,500)</b>	–	<b>(61,500)</b>	–
		<b>(62,647)</b>	(198,988)	<b>(62,647)</b>	(198,988)
Balance carried forward	轉撥下年度結餘	<b>1,012,266</b>	852,999	<b>970,323</b>	815,363

Section 22(2) of Part VI on Financial Provisions and Reports of the Hong Kong Trade Development Council Ordinance requires disclosure of all unallocated balances and surpluses available for use during the year. The Reserve Fund represents all such surpluses.

根據香港貿易發展局條例第VI部分第22(2)條關於本局財務準備及報告的規定，本局須公佈每個財政年度內可以動用的未分配結餘及盈餘。儲備資金相等於此等盈餘的總額。

# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 18. EXHIBITION SERVICES FUND

## 18. 展覽服務資金

(HK\$'000)	(港幣千元)	The Group/HKTDC 本集團/本局	
		2009/10	2008/09
Balance brought forward	承前結餘	179,050	185,115
Transfer (to)/from General Fund (Note 16)	撥(往)/自普通資金(附註16)		
– Acquisition of operating assets	– 購置經營資產	(8,566)	(15,945)
– Depreciation/amortisation of operating assets	– 經營資產折舊/攤銷	10,958	9,535
– Written-down value of operating assets on disposal	– 出售經營資產的撇減值	16	300
		2,408	(6,110)
Transfer from Reserve Fund (Note 17)	撥自儲備資金(附註17)		
– Transfer of office equipment	– 辦事處設備轉移	–	45
Transfer from Consolidated Income and Expenditure Account	撥自綜合收支表	9,265	–
Balance carried forward	轉撥下年度結餘	190,723	179,050

The Exhibition Services Fund represents the accumulated net income generated from operating assets provided for support services to trade fairs and exhibitions organised by the Group. This Fund is set aside for future replacement and purchase of additional operating assets.

展覽服務資金指以經營資產提供支援服務予本集團所舉辦的貿易展覽會所得的累計淨收益。結存餘額則留作日後重置及增置所需的額外經營資產所用。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 19. SME ASSISTANCE PACKAGE FUND

## 19. 中小企支援措施資金

(HK\$'000)	(港幣千元)	The Group/HKTDC 本集團/本局	
		2009/10	2008/09
Balance brought forward	承前結餘	80,878	–
Transfer from Consolidated Income and Expenditure Account	撥自綜合收支表	–	84,898
Transfer (to)/from Reserve Fund (Note 17)	撥(往)/自儲備資金(附註17)	(16,732)	15,102
		<b>64,146</b>	100,000
Transfer to Consolidated Income and Expenditure Account	撥往綜合收支表		
– Fund utilised for buyer incentive programmes	– 貿易買家資助計劃	–	(16,812)
– Fund utilised for exhibitor subsidies	– 本地參展商提供優惠	(8,829)	(2,310)
		<b>(8,829)</b>	(19,122)
Balance carried forward	轉撥下年度結餘	<b>55,317</b>	80,878

The SME Assistance Package Fund was set aside to help Hong Kong companies during the financial turmoil in 2008. The package includes incentive programmes to trade buyers and also subsidies to Hong Kong exhibitors for using HKTDC's services. In 2009/10, HK\$8.83 million (2008/09: HK\$19.12 million) of the fund was utilised. Unissued cash coupons amounting to HK\$16.73 million was transferred back to the Reserve Fund. HKTDC also financed HK\$58.20 million for buyer incentive programmes out of current year budget.

中小企支援措施資金乃專為受到2008年金融海嘯影響的香港公司而設。支援措施包括貿易買家資助計劃及本地參展商提供優惠。本年度，本集團已動用資金為港幣883萬元(2008/09年度：港幣1,912萬元)。往年度撥備但未發行之現金券為港幣1,673萬元已撥回儲備資金。並且，本局已從本年度預算中動用港幣5,820萬元以推動貿易買家資助計劃。



# Notes to the Consolidated Financial Statements 綜合財務報表附註

## 20. OTHER SPECIFIC FUNDS

### (a) The Group

## 20. 其他特定資金

### (a) 本集團

		2009/10					2008/09	
(HK\$'000)	(港幣千元)	Hedging Reserve 對沖儲備	Retirement Benefit Scheme 退休福利計劃	Capital Assets 資本性資產	Exhibition Stand Systems 展覽攤位裝置	Convention And Exhibition Centre 會議展覽中心	Total 總額	Total 總額
Balance brought forward	承前結餘	(17,190)	66,721	66,325	46,381	35,885	198,122	238,898
Transfer from Reserve Fund (Note 17)	撥自儲備資金(附註 17)	-	-	-	-	62,647	62,647	198,988
Transfer from/(to)	撥自/(往)綜合收支表							
Consolidated Income and Expenditure Account								
- Interest income	- 利息收入	-	-	-	-	59	59	361
- Gain/(Loss) from Investment in fixed-income and equity securities	- 投資收益/(虧損)	-	-	3,510	2,455	-	5,965	(496)
- Ineffective portion of cash flow hedge	- 現金流量對沖的無效部份	(1,451)	-	-	-	-	(1,451)	-
- Cash contribution net of actuarial retirement benefit expenses	- 現金供款扣除精算退休福利支出淨值	-	2,911	-	-	-	2,911	2,694
- Fund utilised for HKCEC Phase II enhancement work	- 香港會議展覽中心二期改善工程	-	-	-	-	-	-	(3,070)
- HKCEC Phase III studies	- 香港會議展覽中心三期研究撥款	-	-	-	-	-	-	20,000
- Fund utilised for HKCEC Phase III studies	- 香港會議展覽中心三期研究支出	-	-	-	-	(12,313)	(12,313)	-
		(1,451)	2,911	3,510	2,455	(12,254)	(4,829)	19,489
Other Comprehensive Income	其他全面收益							
Realisation of cash flow hedges	現金流量對沖的變現	17,190	-	-	-	-	17,190	(33,504)
Fair value loss on forward foreign currency contracts at year end	年終遠期外匯合約公平值的虧損	(10,865)	-	-	-	-	(10,865)	(16,834)
Fair value loss on interest rate swap at year end	年終利率掉期合約公平值的虧損	(1,136)	-	-	-	-	(1,136)	(356)
		5,189	-	-	-	-	5,189	(50,694)
Transfer to General Fund (Note 16)	撥往普通資金(附註 16)							
- HKCEC Atrium Link Extension	- 香港會議展覽中心中庭擴建	-	-	-	-	(245)	(245)	(193,424)
- Acquisition of office premises	- 購置辦事處	-	-	-	-	-	-	(15,135)
		-	-	-	-	(245)	(245)	(208,559)
Balance carried forward	轉撥下年度結餘	(13,452)	69,632	69,835	48,836	86,033	260,884	198,122

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 20. OTHER SPECIFIC FUNDS (Cont'd)

## (b) HKTDC

## 20. 其他特定資金(續)

## (b) 本局

		2009/10						2008/09	
(HK\$'000)	(港幣千元)	Hedging Reserve	Retirement Benefit Scheme	Capital Assets	Exhibition Stand Systems	Investment In Subsidiary	Convention And Exhibition Centre	Total	Total
		對沖儲備	退休福利計劃	資本性資產	展覽攤位裝置	附屬公司投資	會議展覽中心	總額	總額
Balance brought forward	承前結餘	(17,190)	66,721	66,325	46,381	114,862	35,885	312,984	353,906
Transfer from Reserve Fund (Note 17)	撥自儲備資金(附註17)	-	-	-	-	-	62,647	62,647	198,988
Transfer from/(to) Income and Expenditure Account	撥自/(往)收支表								
- Interest income	- 利息收入	-	-	-	-	-	59	59	361
- Gain/(Loss) from investments in fixed-income and equity securities	- 投資收益/(虧損)	-	-	3,510	2,455	2,019	-	7,984	(642)
- Ineffective portion of cash flow hedge	- 現金流量對沖的無效部份	(1,451)	-	-	-	-	-	(1,451)	-
- Cash contribution net of actuarial retirement benefit expenses	- 現金供款扣除精算退休福利支出淨值	-	2,911	-	-	-	-	2,911	2,694
- Fund utilised for HKCEC Phase II enhancement work	- 香港會議展覽中心二期改善工程	-	-	-	-	-	-	-	(3,070)
- HKCEC Phase III studies	- 香港會議展覽中心三期研究撥款	-	-	-	-	-	-	-	20,000
- Fund utilised for HKCEC Phase III studies	- 香港會議展覽中心三期研究支出	-	-	-	-	-	(12,313)	(12,313)	-
		(1,451)	2,911	3,510	2,455	2,019	(12,254)	(2,810)	19,343
Other Comprehensive Income	其他全面收益								
Realisation of cash flow hedges	現金流量對沖的變現	17,190	-	-	-	-	-	17,190	(33,504)
Fair value loss on forward foreign currency contracts at year end	年終遠期外匯合約公平值的虧損	(10,865)	-	-	-	-	-	(10,865)	(16,834)
Fair value loss on interest rate swap at year end	年終利率掉期合約公平值的虧損	(1,136)	-	-	-	-	-	(1,136)	(356)
		5,189	-	-	-	-	-	5,189	(50,694)
Transfer to General Fund (Note 16)	撥往普通資金(附註16)								
- HKCEC Atrium Link Extension	- 香港會議展覽中心中庭擴建	-	-	-	-	-	(245)	(245)	(193,424)
- Acquisition of office premises	- 購置辦事處	-	-	-	-	-	-	-	(15,135)
		-	-	-	-	-	(245)	(245)	(208,559)
Balance carried forward	轉撥下年度結餘	(13,452)	69,632	69,835	48,836	116,881	86,033	377,765	312,984

## 20. OTHER SPECIFIC FUNDS (Cont'd)

The Hedging Reserve represents the effective portion of fair value gains or losses arising from the cash flow hedges as explained in note 2(j) and are recycled to the Income and Expenditure Account between 1 month and 12 months from the balance sheet date.

The Retirement Benefit Scheme Fund represents the Group's contribution to the scheme net of actuarial retirement benefit expenses charged to the Income and Expenditure Account.

The Capital Assets Fund exists for the acquisition of the Group's properties and will be transferred to the General Fund Account upon the execution of asset purchases.

The Exhibition Stand Systems Fund was set up for the acquisition of unique, custom-designed exhibition stand systems to upgrade the presentation of the Group's overseas promotional projects. Charges for the use of the exhibition stand systems and the amortisation of costs over the expected useful lives of the assets are dealt with through the Income and Expenditure Account.

The Investment in Subsidiary Fund was set up for the incorporation of subsidiary companies.

The Convention and Exhibition Centre Fund was set up to deal with the Group's contribution to the enhancement works of the HKCEC Phase II building, as well as further expansion projects.

## 20. 其他特定資金(續)

對沖儲備乃為現金流量對沖所產生的有效部份公平值盈虧而設，詳情見附註2(j)。並於結算日起計一至十二個月內轉撥入收支表。

退休福利計劃資金乃指本集團的計劃供款扣除已計入收支表的精算退休福利支出的淨值額。

資本性資產資金乃專為購置本集團的辦事處而設，並將於購入資產時轉撥普通資金賬。

展覽攤位裝置資金乃專為購買獨特、並為客戶而設計的展覽攤位裝置，藉此提高本集團海外貿易拓展活動的形象。使用展覽攤位裝置的收費及資產在預計可用年限內的攤銷成本均在收支表內結算。

附屬公司投資資金乃專為成立附屬公司而設立。

會議展覽中心資金乃專為處理本集團資助香港會議展覽中心二期樓宇的改善工程及擴建工程而設。

## Notes to the Consolidated Financial Statements 綜合財務報表附註

## 21. COMMITMENTS – THE GROUP/HKTDC

## (a) Capital Commitments

(HK\$'000)	(港幣千元)	2009/10	2008/09
Contracted But Not Provided For	已簽約但未撥備		
HKCEC Atrium Link Extension Project	香港會議展覽中心中庭擴建工程	–	146,931
Authorised But Not Contracted	已批准但未訂約		
Other Property, Plant and Equipment	其他物業、設備及器材	43,888	–

## (b) Operating Lease Commitments

Future aggregate minimum operating lease commitments in respect of the exhibition venue, office premises and staff quarters at 31 March are payable as follows:

(HK\$'000)	(港幣千元)	2009/10	2008/09
Not later than one year	一年以內	35,973	25,502
Later than one year and not later than five years	第二至第五年內	16,100	19,696
		52,073	45,198

## 21. 承擔—本集團／本局

## (a) 資本承擔

## (b) 經營租約承擔

於3月31日，根據有關展覽會場、辦事處及職員宿舍的經營租約而須於未來支付的最低租賃付款總額如下：

## 22. OTHER MATTERS

The Group provides financial assistance to The Hong Kong Shippers' Council and subsidises the activities of Hong Kong/Japan Business Co-operation Committee. Expenditure for these purposes during the year, which has been dealt with in the Consolidated Income and Expenditure Account, is as follows:

(HK\$'000)	(港幣千元)	2009/10	2008/09
Hong Kong Shippers' Council	香港付貨人委員會	5,659	5,658
Hong Kong/Japan Business Co-operation Committee	港日經濟合作委員會	39	12

## 22. 其他事項

本集團提供財政支援予香港付貨人委員會，並津貼港日經濟合作委員會的活動。本年度此等費用(已在綜合收支表結算)如下：

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## Auditor and Principal Bankers 核數師及主要銀行

### AUDITOR

PricewaterhouseCoopers

### PRINCIPAL BANKERS

Bank of China Group

Bank of East Asia Limited

Bank of Tokyo-Mitsubishi UFJ Limited

Citibank, N.A.

Dah Sing Bank Limited

Hongkong & Shanghai Banking Corporation Limited

Standard Chartered Bank

### 核數師

羅兵咸永道會計師事務所

### 主要銀行

中銀集團

東亞銀行

三菱東京UFJ銀行

花旗銀行

大新銀行

香港上海滙豐銀行

渣打銀行