

HONG KONG, CHINA AUTOMOBILE ASSOCIATION

中國香港汽車會

(FORMERLY KNOWN AS HONG KONG AUTOMOBILE ASSOCIATION)

(前稱香港汽車會)

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

GENERAL COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

黃龍德會計師事務所有限公司

香港執業會計師、英國特許會計師

PATRICK WONG C.P.A. LIMITED

Certified Public Accountants (Practising), Hong Kong Chartered Accountants



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GENERAL COMMITTEE'S REPORT

The General Committee submits herewith the annual report together with the audited financial statements for the year ended 31 December 2022.

CHANGE OF ASSOCIATION NAME

By a special resolution passed on 11 May 2023, the name of the Association has changed from Hong Kong Automobile Association 「香港汽車會」 to Hong Kong, China Automobile Association 「中國香港汽車會」.

PRINCIPAL ACTIVITIES

The principal activities of Hong Kong, China Automobile Association (the “Association”) are to represent the interests of motorists, provide automobile related services to its members and organize motor vehicle sporting events.

RESULTS

The financial performance of the Association for the year ended 31 December 2022 and its financial position at that date are set out in the financial statements on pages 5 to 27.

GENERAL COMMITTEE MEMBERS

The General Committee members of the Association during the period beginning with the end of the financial year and ending on the date of this report are as follows:-

Mr. CHEUNG Kim Hung Julian	(retired and re-elected on 21 September 2023)
Ms. CHEUNG Ming Wai	(retired on 21 September 2023)
Mr. CHEUNG Pak Kit Simon	
Dr. HOU Lee Tsun Laurence	
Mr. LAI Chi Ho	(retired and re-elected on 21 September 2023)
Mr. LAI Cheuk Kit	(elected on 21 September 2023)
Mr. LAU Ho Kit Ivan	(retired on 21 September 2023)
Mr. LEE Ying Kin	
Dr. LEE Yiu Pui	
Mr. LIU Keung	
Mr. MA Ching Yeung Philip	(appointed on 17 October 2023)
Mr. MAK Hing Tak	
Mr. NG Wai Cheong	(elected on 24 September 2022)
Mr. WAI Siu Kit	(retired on 24 September 2022)
Mr. YU Kam Kee Lawrence	
Mr. FUNG King Leung	(retired and re-elected on 21 September 2023)
Mr. SHIU Wai Ho	
Mr. SIN Ho Ming	(retired and re-elected on 21 September 2023)

In accordance with Articles 22.2 and 22.3 of the Association's Articles of Association, Mr. CHEUNG Kim Hung Julian, Mr. LAI Chi Ho, Mr. FUNG King Leung, and Mr. SIN Ho Ming will retire in coming annual general meeting by rotation, and being eligible, offer themselves for re-election.

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GENERAL COMMITTEE'S REPORT
(CONTINUED)

GENERAL COMMITTEE MEMBERS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangement and contracts of significance to which the Association was a party and in which a General Committee member of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BUSINESS REVIEW

The Association falls within reporting exemption for the financial year. Accordingly, the Association is exempted from preparing a business review.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance) for the benefit of the General Committee members of the Association is currently in force and was in force throughout the year.

AUDITOR

The auditors, Patrick Wong C.P.A. Limited, Chartered Accountants, Certified Public Accountants (Practising), retire at the Annual General Meeting but, being eligible, offer themselves for re-appointment.

FOR AND ON BEHALF OF THE GENERAL COMMITTEE

MAK Hing Tak
Chairman

Hong Kong, 25 April 2024



黃龍德會計師

董事 Directors

黃龍德執業資深會計師
銅紫荊星章、太平紳士

黃俊碩執業資深會計師
立法會議員

劉旭明執業資深會計師

曾卓鋒執業資深會計師

PATRICK WONG, PhD, BBS, JP

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HON. WONG CHUN SEK, EDMUND

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HONG KONG, CHINA AUTOMOBILE ASSOCIATION
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(INCORPORATED IN HONG KONG AS A COMPANY LIMITED BY GUARANTEE WITHOUT A SHARE CAPITAL)

Opinion

We have audited the financial statements of **Hong Kong, China Automobile Association (Formerly name as Hong Kong Automobile Association)** ("Association") set out on pages 5 to 27, which comprise the statement of financial position as at 31 December 2022, and the income and expenditure account, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The General Committee is responsible for the other information. The other information comprises the information included in the General Committee's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of General Committee and those charged with governance for the financial statements

The General Committee is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the General Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

聯營公司 :

Associated :

龍德商務顧問有限公司
LT Business Consultants Limited

澳門黃林梁郭有限公司
Macau Wong Lam Leung & Kwok Limited

江門市龍德諮詢服務有限公司
Jiangmen Longde Consultants Limited



(to be continued, P.T.O.)



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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(CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Companies Ordinance, and for no other purposes. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Committee.
- Conclude on the appropriateness of the General Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PATRICK WONG C.P.A. LIMITED
黃龍德會計師事務所有限公司
Certified Public Accountants

劉旭明, 香港執業資深會計師
LAU YUK MING HAROLD
FCPA (Practising), MSCA
Certified Public Accountant (Practising), Hong Kong
Practising Certificate Number: P05468

Hong Kong, 25 April 2024

Ref : H716/A/PW/HL/1077/1587/486

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INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2022

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		\$	\$
Income			
Membership fee			
Subscription fees		1,727,217	1,804,486
Entrance fees		37,400	52,780
		1,764,617	1,857,266
Service income			
Motor sports and drives income		697,556	539,777
Technical and breakdown services and sales income		1,378,876	1,366,127
Auto transport income		57,965	182,820
Insurance commission		477,062	478,993
		2,611,459	2,567,717
Marketing income			
		241,930	245,864
Other income			
Interest income		27,167	6,571
Corporate activities income		436,312	360,482
Sundry income		1,659,723	173,809
Investment income		8,217	7,135
		2,131,419	547,997
Total income			
		6,749,425	5,218,844
Less : Expenditure			
Motor sports and drives expenses		529,303	322,921
Technical and breakdown services and sales expenses		1,517,130	1,772,439
Auto transport expenses		9,995	94,659
Insurance services expenses		547,201	556,330
Administration expenses		3,195,608	2,478,422
Marketing expenses		897,037	854,714
Events and activities		114,899	61,187
		6,811,173	6,140,672
Total expenditure			
		6,811,173	6,140,672
Deficit before tax			
	6	(61,748)	(921,828)
Income tax expense	7	(11,701)	-
		(73,449)	(921,828)
Deficit for the year			
		(73,449)	(921,828)

Deficit for the year represents the total comprehensive expense for the year presented, accordingly, no statement of comprehensive income is presented.

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STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		\$	\$
Non-current asset			
Plant and equipment	9	1,830,949	2,141,808
Current assets			
Inventories	10	78,179	68,664
Accounts and other receivables	11	675,029	793,346
Financial assets at fair value through profit or loss	12	174,972	174,972
Bank balances and cash		9,877,325	7,401,188
		10,805,505	8,438,170
Deduct:-			
Current liabilities			
Accounts and other payables	13	6,052,538	3,934,314
Income tax payable	7	11,701	-
		6,064,239	3,934,314
Net current assets		4,741,266	4,503,856
Total assets less current liabilities		6,572,215	6,645,664
Non-current liability			
Provision for long service payment		(189,578)	(189,578)
Net assets		6,382,637	6,456,086
Funds			
Accumulated surplus		6,312,637	6,386,086
General reserve		70,000	70,000
Total funds		6,382,637	6,456,086

APPROVED BY:-

MAK Hing Tak
General Committee member

NG Wai Cheong
General Committee member

The notes on pages 9 to 27 form an integral part of these financial statements.
Independent Auditor's Report - Pages 3 and 4

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STATEMENT OF CHANGES IN FUNDS
YEAR ENDED 31 DECEMBER 2022

	<u>General reserve</u> \$	<u>Accumulated surplus</u> \$	<u>Total</u> \$
Balance at 01/01/2021	70,000	7,307,914	7,377,914
Deficit for the year	-	(921,828)	(921,828)
	-----	-----	-----
Balances at 31/12/2021 and at 01/01/2022	70,000	6,386,086	6,456,086
Deficit for the year	-	(73,449)	(73,449)
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Balance at 31/12/2022	70,000	6,312,637	6,382,637
	=====	=====	=====

The notes on pages 9 to 27 form an integral part of these financial statements.
Independent Auditor's Report - Pages 3 and 4