

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007



CPA LIMITED

潘展聰會計師行有限公司

CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| Report of the Members of Executive Committee | 1 - 2 |
| Independent Auditor's Report | 3 - 4 |
| Income and Expenditure Account | 5 |
| Balance Sheet | 6 |
| Statement of Changes in Fund | 7 |
| Cash Flow Statement | 8 |
| Notes to the Financial Statements | 9 - 16 |

(EXPRESSED IN THE NEAREST HONG KONG DOLLARS)

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

REPORT OF THE COMMITTEE

FOR THE YEAR ENDED JUNE 30, 2007

The members of Executive Committee submit their annual report together with the audited financial statements for the year ended June 30, 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Chamber are to unite, promote and protect the general welfare and interests, and to promote and maintain a good public image of insurance intermediaries in Hong Kong.

FINANCIAL RESULTS

The results of the Chamber for the year ended June 30, 2007 are set out in the income and expenditure account on page 5.

The state of affairs of the Chamber as at June 30, 2007 is set out in the balance sheet on page 6. The cash flows of the Chamber are set out in the cash flow statement on page 8.

COMMITTEE MEMBERS

The members of Executive Committee during the year were:

Fong Tin Chi, Wilson
Mak Shun Pong, Philip
Sit Cho Lun, Joseph
Tsang Chun Ping, Roger
Lung Tat Ming, Geoffrey
Lee Johnson
Yuen Kwok Keung, Stephen
Lau Ting Yin, Anthony (resigned on January 1, 2007)
Kwok Yuk Fong, Fannie (resigned on January 1, 2007)
Cheng Kwok Kee, Steve
Tsang Chi Kan, Stephen (resigned on January 1, 2007)
Chan Yu Hing, Harry
Lee Shuk Han, Angela
Yiu Kam Fai, Frankie
Chu Yuen Yee, Jaclyn
Or Sin Wah, Amy
Wong Yiu Man

COMMITTEE MEMBERS (CONTINUED)

| | |
|-----------------|--------------------------------|
| Tam Chun Yeung | (appointed on January 1, 2007) |
| Kwan Yik Shun | (appointed on January 1, 2007) |
| Chiu Chun Keung | (appointed on January 1, 2007) |
| Ho Pak Yuen | (appointed on January 1, 2007) |

In accordance with clause 47 and 48 of the Articles of Association, the executive committee members shall retire from office at the next annual meeting of the Chamber after that at which they are elected, but are eligible for re-election.

COMMITTEE MEMBERS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Chamber's business to which the Chamber was a party and in which the executive committee members had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was the a party to any arrangements to enable the executive committee members of the Chamber to acquire benefits by means of acquisition of shares in, or debentures of, the Chamber or any other body corporate.

AUDITORS

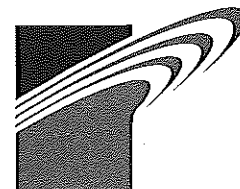
Philip Poon & Partners CPA Limited are the Chamber's retiring auditors who, being eligible, offer themselves for re-appointment.

FOR AND ON BEHALF OF THE
EXECUTIVE COMMITTEE



PRESIDENT

Hong Kong
November 14, 2007



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES
(LIMITED BY GUARANTEE)
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Hong Kong Chamber of Insurance Intermediaries set out on pages 5 to 16, which comprise the balance sheet as at June 30, 2007 and the income and expenditure account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Executive Committee members' responsibility for the financial statements

The executive committee members are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

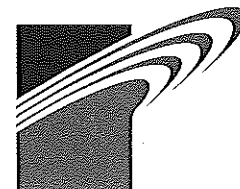
Auditor's responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 executive committee members, as well as evaluating the overall presentation of the financial statements.

...../To be continued



...../continued

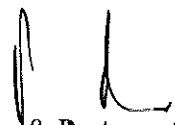
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES
(LIMITED BY GUARANTEE)
(Incorporated in Hong Kong with limited liability)

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 financial statements give a true and fair view of the state of the Chamber's affairs as at June 30, 2007 and of its surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Certified Public Accountants
Hong Kong
November 14, 2007


Philip Poon & Partners CPA Limited
Mr. Li Man Fai
Practising Certificate No.: P02637

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2007

| | <u>NOTE</u> | <u>2007</u> <u>HK\$</u> | <u>2006</u> <u>HK\$</u> |
|--|-------------|----------------------------|----------------------------|
| INCOME | | | |
| Membership subscription fee income | | 29,600 | 33,900 |
| Advertising income | | 122,500 | 122,400 |
| Bank interest income | | 11,365 | 10,617 |
| | | <u>163,465</u> | <u>166,917</u> |
| | | ----- | ----- |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | |
| Audit fee | | 3,800 | 3,800 |
| Bank charges | | 1,050 | 480 |
| Business registration fee | | 2,600 | 2,600 |
| Deficits from functions | 5 | 12,475 | 17,607 |
| Donation | | 3,000 | 5,000 |
| Entertainment | | 5,552 | -- |
| Honorarium | | -- | 22,748 |
| Insurance | | 14,859 | 15,828 |
| MPF contribution | | 2,177 | 1,800 |
| Postage | | 750 | 5,365 |
| Printing and stationery | | 4,219 | 3,301 |
| Staff salaries | | 33,000 | 36,000 |
| Storage fee | | 1,944 | 1,944 |
| Sundry expenses | | 1,004 | 4,055 |
| Telecommunication | | 3,840 | 3,829 |
| Year book publication | | 49,350 | 53,550 |
| | | <u>(139,620)</u> | <u>(177,907)</u> |
| | | ----- | ----- |
| SURPLUS/(DEFICIT) FOR THE YEAR | | <u>23,845</u> | <u>(10,990)</u> |
| | | ===== | ===== |

The notes on pages 9 to 16 form part of these financial statements.

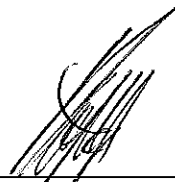
HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

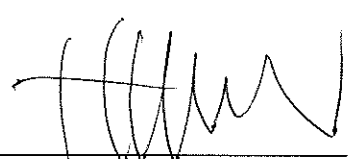
BALANCE SHEET AT JUNE 30, 2007

| | <u>NOTE</u> | <u>2007</u> <u>HK\$</u> | <u>2006</u> <u>HK\$</u> |
|---------------------------------------|-------------|----------------------------|----------------------------|
| NON-CURRENT ASSETS | | | |
| Fixed assets | 6 | 1 | 1 |
| | | ----- | ----- |
| CURRENT ASSETS | | | |
| Accounts receivable | | 40,000 | 66,360 |
| Bank balances | | 496,125 | 492,570 |
| | | ----- | ----- |
| | | 536,125 | 558,930 |
| | | ----- | ----- |
| CURRENT LIABILITIES | | | |
| Accruals | | 4,001 | 50,651 |
| | | ----- | ----- |
| NET CURRENT ASSETS | | 532,124 | 508,279 |
| | | ----- | ----- |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 532,125 | 508,280 |
| | | ===== | ===== |
| FINANCED BY | | | |
| Accumulated fund | | 532,125 | 508,280 |
| | | ===== | ===== |

Approved and authorised for issue by the Executive Committee on November 14, 2007



PRESIDENT



TREASURER

The notes on pages 9 to 16 form part of these financial statements.

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

STATEMENT OF CHANGES IN FUND

FOR THE YEAR ENDED JUNE 30, 2007

| | <u>2007</u> <u>HK\$</u> | <u>2006</u> <u>HK\$</u> |
|---------------------------------|----------------------------|----------------------------|
| Total fund at beginning of year | 508,280 | 519,270 |
| Surplus/(Deficit) for the year | 23,845 | (10,990) |
| | <hr/> | <hr/> |
| Total fund at end of year | 532,125 | 508,280 |
| | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 9 to 16 form part of these financial statements.

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2007

| | <u>NOTE</u> | <u>2007</u> <u>HK\$</u> | <u>2006</u> <u>HK\$</u> |
|--|-------------|----------------------------|----------------------------|
| NET CASH (USED IN)/FROM OPERATING ACTIVITIES | 8 | (7,810) | 19,752 |
| | | ----- | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 11,365 | 10,617 |
| Net cash from investing activities | | ----- 11,365 | ----- 10,617 |
| | | ----- | ----- |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 3,555 | 30,369 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 492,570 | 462,201 |
| | | ----- | ----- |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | ----- 496,125 | ----- 492,570 |
| | | ===== | ===== |
| ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Bank balances | | ----- 496,125 | ----- 492,570 |
| | | ===== | ===== |

The notes on pages 9 to 16 form part of these financial statements.

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

1. GENERAL INFORMATION

The Chamber is a company limited by guarantee and not having a share capital. The address of its registered office is 11/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon.

The principal activities of the Chamber are to unite, promote and protect the general welfare and interests, and to promote and maintain a good public image of insurance intermediaries in Hong Kong.

The financial statements are presented to the nearest Hong Kong dollars, which is the company's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

(a) Adoption of new and revised HKFRS

(i) Standards and interpretations not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

| | | <u>Effective for accounting periods commenced on or after</u> |
|-----------------------|--|---|
| HKAS 1 (Amendment) | Presentation of Financial Statements: Capital Disclosures | January 1, 2007 |
| HKAS 23 (Revised) | Borrowing Costs | January 1, 2009 |
| HKFRS 7 | Financial Instruments: Disclosures | January 1, 2007 |
| HKFRS 8 | Operating Segments | January 1, 2009 |

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Adoption of new and revised HKFRS (continued)

(i) Standards and interpretations not yet effective (continued)

| | | <u>Effective for accounting periods commenced on or after</u> |
|--------------------|--|---|
| HK(IFRIC) – Int 10 | Interim Financial Reporting and Impairment | November 1, 2006 |
| HK(IFRIC) – Int 11 | HKFRS 2 – Group and Treasury Share Transactions | March 1, 2007 |
| HK(IFRIC) – Int 12 | Service Concession Arrangements | January 1, 2008 |
| HK(IFRIC) – Int 13 | Customer Loyalty Programmes | July 1, 2008 |
| HK(IFRIC) – Int 14 | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | January 1, 2008 |

The executive committee members anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company.

(b) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost of fixed assets over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, at the rate of 20% per annum.

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Impairment

At each balance sheet date, the Chamber reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. 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.

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(d) Accounts and other receivables

Accounts and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits at banks, net of short-term bank loans and bank overdrafts which are repayable on demand.

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Accounts and other payables

Accounts and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which cases, they are stated at cost.

(g) Provision

Provisions are recognised when the Chamber has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Chamber expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(h) Revenue recognition

Membership subscription fee income and advertising income are recognised as revenue when received or receivable upon the issue of debit notes.

Interest income is recognised on a time proportion basis by reference to the principal amounts outstanding and the interest rates applicable.

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the balance sheet liability method. Deferred tax assets also arise from unused tax losses and unused tax credits. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. REMUNERATION OF EXECUTIVE COMMITTEE MEMBERS

Remuneration of the Executive Committee Members disclosed pursuant to Section 161 of the Companies Ordinance is as follows:

| | <u>2007</u> <u>HK\$</u> | <u>2006</u> <u>HK\$</u> |
|------------------|----------------------------|----------------------------|
| Fees | -- | -- |
| Other emoluments | -- | -- |
| | ===== | ===== |

4. TAXATION

No provision has been made for Hong Kong Profits Tax as the tax losses brought forward from previous years exceed the estimated assessable profits for the year.

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

5. DEFICITS FROM FUNCTIONS

| | <u>2007</u> | <u>2006</u> |
|------------------------------|-----------------|-----------------|
| | <u>HK\$</u> | <u>HK\$</u> |
| (i) China Trip | | |
| Gross receipts | 17,270 | 32,604 |
| Less : expenses | 24,223 | 33,495 |
| | <u>(6,953)</u> | <u>(891)</u> |
| (ii) CPD Courses | | |
| Gross receipts | 43,249 | 51,050 |
| Less : expenses | 26,367 | 42,610 |
| | <u>16,882</u> | <u>8,440</u> |
| (iii) One Day Trip | | |
| Gross receipts | -- | 7,860 |
| Less : expenses | -- | 8,583 |
| | <u>--</u> | <u>(723)</u> |
| (iv) Annual General Meeting | | |
| Gross receipts | 6,520 | 4,790 |
| Less : expenses | 10,175 | 7,050 |
| | <u>(3,655)</u> | <u>(2,260)</u> |
| (v) September 11 Forum | | |
| Gross receipts | 2,190 | -- |
| Less : expenses | 1,236 | -- |
| | <u>954</u> | <u>--</u> |
| (vi) Inauguration ceremony | | |
| Gross receipts | 8,900 | 6,940 |
| Less : expenses | 21,103 | 20,988 |
| | <u>(12,203)</u> | <u>(14,048)</u> |
| (vii) Last Friday fellowship | | |
| Gross receipts | 15,300 | 20,000 |
| Less : expenses | 24,850 | 30,725 |
| | <u>(9,550)</u> | <u>(10,725)</u> |
| (viii) Golf trip | | |
| Gross receipts | 26,450 | 29,250 |
| Less : expenses | 24,400 | 26,650 |
| | <u>2,050</u> | <u>2,600</u> |
| | <u>(12,475)</u> | <u>(17,607)</u> |

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

6. FIXED ASSETS

| | <u>Office equipment</u> <u>HK\$</u> |
|---|--|
| <u>Cost:</u> | |
| At July 1, 2005 and June 30, 2006 | 1,998 |
| At July 1, 2006 and June 30, 2007 | <u>1,998</u> |
| <u>Accumulated depreciation and impairment:</u> | |
| At July 1, 2005 and June 30, 2006 | 1,997 |
| At July 1, 2006 and June 30, 2007 | <u>1,997</u> |
| <u>Net book value:</u> | |
| At July 1, 2005 | 1 |
| At June 30, 2006 | <u>1</u> |
| At July 1, 2006 | 1 |
| At June 30, 2007 | <u>1</u> |

7. DEFERRED TAX

The amount of unused tax losses for which no deferred tax assets is recognised in the balance sheet is \$92,914 (2006 :\$108,394).

The deferred tax asset has not been recognised due to the unpredictability of future profit streams to offset against unused tax losses. These tax losses may be carried forward indefinitely.

HONG KONG CHAMBER OF INSURANCE INTERMEDIARIES

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

8. RECONCILIATION OF SURPLUS/(DEFICIT) BEFORE TAXATION TO NET CASH (USED IN)/FROM OPERATING ACTIVITIES

| | <u>2007</u> <u>HK\$</u> | <u>2006</u> <u>HK\$</u> |
|--|----------------------------|----------------------------|
| Surplus/(Deficit) before taxation | 23,845 | (10,990) |
| Adjustment for : | | |
| Interest income | (11,365) | (10,617) |
| Surplus/(Deficit) before working capital changes | <u>12,480</u> | <u>(21,607)</u> |
| Decrease in accounts receivable | 26,360 | 35,080 |
| Decrease in deposits | -- | 15,000 |
| Decrease in accruals | (46,650) | (8,721) |
| Net cash (used in)/from operating activities | <u>(7,810)</u> | <u>19,752</u> |

9. FINANCIAL RISK MANAGEMENT

The Chamber's activities are exposed to a variety of financial risks as summarised below:

(a) Interest rate risk

As the Chamber has no significant interest-bearing liabilities, it exposes to interest rate risk primarily to the bank deposits. In the opinion of the Executive Committee, the interest rate risk is minimal.

(b) Credit risk

The Chamber has policies in place to ensure that income receivable is from parties with appropriate credit history. Receivable balances are monitored by the management on an ongoing basis. As such, the Chamber's exposure to credit risk is minimal.

(c) Liquidity risk

The Chamber has policies to maintain continuity of funding to meet its liabilities. In the opinion of the Executive Committee, the Chamber has a solid financial position, and the exposure to liquidity risk is minimal.