

**GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED**  
(Incorporated in Hong Kong with limited guarantee)

**Report of the Executive Committee Members  
And Financial Statements  
For the year ended 31 December 2021**

# GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

## REPORT OF EXECUTIVE COMMITTEE MEMBERS

The Executive Committee Members submit herewith their annual report together with the audited consolidated financial statements of Graphic Arts Association of Hong Kong Limited (the “Association”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2021.

### PRINCIPAL ACTIVITY

The principal activities of the Association was engaged in the promotion and development of printing knowledge and technology under various organisation names of “Graphic Arts Association of Hong Kong Limited - Print Awards” (香港印藝學會有限公司-印製大獎), “Printing Materials Testing & Analytic Centre” (印刷物料測試及分析中心) and “Hong Kong Printing Alumni Association” (香港印刷同學會) for its operation during the year. There were no significant changes in the nature of the Association’s objectives during the year.

The Association has a wholly-owned subsidiary, 印藝管理顧問服務(東莞)有限公司 (“the Subsidiary”), incorporated in The People’s Republic of China (“PRC”). The principal activity of the subsidiary was providing consulting business in the PRC.

### BUSINESS REVIEW

The Association and its subsidiary falls within reporting exemption for the financial year. Accordingly, the Association and its subsidiary are exempted from preparing a business review.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial performance of the Association for the year ended 31 December 2021 and the consolidated financial position of the Association at as 31 December 2021 are set out in the consolidated financial statements on pages 7 to 8.

### TRANSFER TO FUNDS

The surplus arising from the activities of the Group of HK\$ 498,359 (2020 : HK\$ 274,689) has been transferred to the general funds. Details movement in funds are set out in the note 9 (a) to the consolidated financial statements.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in property, plant and equipment of the Group are set out in note 6 to the consolidated financial statements.

## GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

### REPORT OF EXECUTIVE COMMITTEE MEMBERS

#### EXECUTIVE COMMITTEE MEMBERS

The Executive Committee Members of the Association during the year and up to the date of this report are as follows:

Ma Cho Lik	(Chairman)
Chow Yuet Keung	(1st Vice-Chairman)
Lin Tin Yi	(2nd Vice-Chairman)
Lai King Lung	(Honorary Treasurer)
King Pui Yuk, Alex	(Honorary Secretary)
Choy Wing Chiu, Dicky	(Honorary Chairman)
Lee Chun Lam	(Honorary Chairman)
Ng King Fai, John	(Honorary Chairman)
Teddy Chui	(Honorary Chairman)
Yip Wai Chi, Ebenezer	(Honorary Chairman)
Yu Hung Kin	(Honorary Chairman)
Cheung Cheuk Pang	
Chan Hau Yin, Kenny	
Siu Yuen Wah, Connie	
Au Siu Ki, Chris	
Chan Pui Kay, Ken	
Cheng Wai Sze, Cecilia	
Kwong Kwan Lai, Rebecca	
Lam Wo On	
Lau Wing	
Leung Yik Sze, Eunice	
Lee Ka Chung	
Ng Ka Tsun, Gaston	
Thomas Tang	
Wan Chung Ping, Anthony	
Yik Ka Kit	
Chan Siu Ming	
Cheung King Yue	
Cheung Kwan	
Chan Yiu Chung	- Appointed on 1 January 2021
Cheung Shirley	- Appointed on 1 January 2021
Tam Kit Ying Kitty	- Appointed on 20 September 2021
Ng Wai Chi	- Appointed on 20 September 2021
Lam Chun Haap	- Resigned on 1 January 2021
Cheung Kam Wah Eddie	- Resigned on 1 January 2021
Yiu Wai Lun	- Resigned on 1 January 2021
Choi Kam Ting Henry	- Resigned on 1 January 2021
Ng Sheung Pong	- Resigned on 1 January 2021

In accordance with articles 47 to 51 of the articles of association of the Association, Executive Committee Members shall retire for every 2 years after the date of their appointment and all retiring Executive Committee Members shall be eligible for re-election.

## GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

### REPORT OF EXECUTIVE COMMITTEE MEMBERS

#### PERMITTED INDEMNITY PROVISION

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more Executive Committee Members of the Association or subsidiary. At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more Executive Committee Members of the Association or subsidiary.

#### MATERIAL INTEREST IN TRANSACTION, ARRANGEMENT OR CONTRACT

No material transaction, arrangement or contract of significance to which the Association or the Subsidiary was a party and in which an Executive Committee Member of the Association or an entity connected with an Executive Committee Members had a material interest, whether directly or indirectly, subsisted during or at the end of the financial period.

#### AUDITOR

During the year, Messrs. Hung Chi Yuen, Andrew, Certified Public Accountant (Practising) resigned from auditor of the Association. Messrs. Chan Ngai Fan Certified Public Accountant (Practising) was appointed to fill in the capacity. A resolution will be submitted to the forthcoming annual general meeting of the Association to re-appoint Messrs. Chan Ngai Fan Certified Public Accountant (Practising) as auditor of the Association.

By order of the Committee



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Ma Cho Lik  
Chairman

Hong Kong, 12 August 2022



**INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE MEMBERS OF  
GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED**

(Incorporated in Hong Kong and limited guarantee)

**Opinion**

I have audited the consolidated financial statements of Graphic Arts Association of Hong Kong Limited ("the Association") and its subsidiary ("the Group") set out on pages 7 to 18, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated income statement for the year ended 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated financial statements of the Association are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

I conducted my audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 900 (Revised) Audit of Financial Statements Prepared in Accordance with the SME-FRS issued by the HKICPA. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Association in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Executive Committee Members of the Association is responsible for the other information. The other information comprises the information included in the report of Executive Committee Members, but does not include the consolidated financial statements and my auditor's report thereon.

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

In connection with my audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE COMMITTEE MEMBERS OF GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

(Incorporated in Hong Kong and limited guarantee)

### Responsibilities of Executive Committee Members for the Consolidated Financial Statements

The Executive Committee Members are responsible for the preparation of the consolidated financial statements in accordance with the SME-FRS issued by the HKICPA and Hong Kong Companies Ordinance, and for such internal control as the Executive Committee Members determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Executive Committee Members are 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 Executive Committee Members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The Executive Committee Members are responsible for overseeing the Association's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 my opinion. I report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. I 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 consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated 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 Executive Committee Members.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE MEMBERS OF  
GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED**

(Incorporated in Hong Kong and limited guarantee)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

- conclude on the appropriateness of the Executive Committee Members' 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 consolidated 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

I communicate with Executive Committee Members 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.



**Chan Ngai Fan Certified Public Accountant (Practising)**

Unit 1426, 14/F., Solo Building,  
41-43 Carnarvon Road, Tsimshatsui,  
Kowloon, Hong Kong

**Chan Ngai Fan**

Practising Certificate Number P05752  
Hong Kong, 12 August 2022

**GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	HK\$	HK\$
<b>INCOME</b>		
Member entrance and renewal fee income	2,101,403	2,201,348
Advertising income	124,726	104,766
Expert training income	463,619	684,220
Functions income	1,263,812	143,700
PRC service income	714,895	96,443
Interest form bank deposits	630	2,004
Exchange gains, net	1,486	815
Sponsorship income	378,448	208,448
Sale of goods	475,605	266,982
Other income	218,128	451,084
	<u>5,742,752</u>	<u>4,159,810</u>
<b>Expenditure</b>		
Bulletins and certificates costs	1,717,477	1,262,689
Functions costs	831,325	137,943
Cost of goods sold	329,112	320,807
Management and administration cost	2,356,284	2,158,863
	<u>5,234,198</u>	<u>3,880,302</u>
<b>SURPLUS BEFORE TAX</b>	<b>3</b>	<b>279,508</b>
<b>INCOME TAX EXPENSE</b>	<b>4</b>	<b>(4,819)</b>
<b>SURPLUS FOR THE YEAR</b>	<b><u>498,359</u></b>	<b><u>274,689</u></b>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these consolidated financial statements.



GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021

	Note	2021 HK\$	2020 HK\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	56,649	77,144
Investments in securities	7	849,366	402,966
		<u>906,015</u>	<u>480,110</u>
<b>Current assets</b>			
Trade receivables		236,530	532,369
Deposits paid and prepayment		198,555	60,000
Cash and cash equivalents		1,996,192	1,317,159
Amount due from related companies		-	500
		<u>2,431,277</u>	<u>1,910,028</u>
<b>Current liabilities</b>			
Trade payables		276,435	-
Accruals		538,788	147,387
Deposit received		22,398	134,800
Temporary receipts		800	68,440
Amount due to related companies	8	-	39,000
		<u>838,421</u>	<u>389,627</u>
<b>NET CURRENT ASSETS</b>		<u>1,592,856</u>	<u>1,520,401</u>
<b>NET ASSETS</b>		<u>2,498,871</u>	<u>2,000,511</u>
<b>REPRESENTED BY:</b>			
<b>RESERVES</b>	9(a)	<u>2,498,871</u>	<u>2,000,511</u>

Approved and authorized for issue by the Executive Committee Members on

  
\_\_\_\_\_  
Ma Cho Lik  
Chairman

  
\_\_\_\_\_  
Lin Tin Yi  
2nd Vice-Chairman

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these consolidated financial statements.

# GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

## ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 1. GENERAL INFORMATION

Graphic Arts Association of Hong Kong Limited (the “Association”) is incorporated in Hong Kong as a company limited by guarantee and have no share capital. The registered office and the principal place of operation of the Association is located at Flat C, 3/F., Winner Factory Building, 55 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The principal activities of the Association was engaged in the promotion and development of printing knowledge and technology under various organisation names of “Graphic Arts Association of Hong Kong Limited - Print Awards” (香港印藝學會有限公司·印製大獎), “Printing Materials Testing & Analytic Centre” (印刷物料測試及分析中心) and “Hong Kong Printing Alumni Association” (香港印刷同學會) for its operation during the year. There were no significant changes in the nature of the Association’s objectives during the year.

The Association has a wholly-owned subsidiary, 印藝管理顧問服務(東莞)有限公司 (“the Subsidiary”), incorporated in The People’s Republic of China (“PRC”). The principal activity of the subsidiary was providing consulting business in the PRC.

In the event of the Association being wound up, every member, or within one year after one ceased to be a member, of the association undertakes to contribute not exceeding HK\$100 towards payment of the debts and liabilities of the Association contracted before one ceases to be a member.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Association and its subsidiary (“the Group”) qualifies for the reporting exemption as a small guarantee company under section 359(3A) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its consolidated financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These consolidated financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Association is a going concern. The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the consolidated financial statements:

#### (a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Association and its subsidiary.

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally but not necessarily accompanying a shareholding of more than half of the voting power. The subsidiary is fully consolidated from the date on which control is transferred to the Group and is de-consolidated from the date that control ceases.

## GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(a) **Basis of consolidation** (Continued)

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, to ensure consistency with the policies adopted by the Group, adjustments are made to the financial statements of subsidiaries.

In the statement of financial position of the Association, the investment in a subsidiary is stated at cost less provision for impairment loss. The results of the subsidiary are accounted for by the Association on the basis of dividends received and receivable.

(b) **Foreign currency translation**

(i) **Functional and presentation currency**

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in Hong Kong Dollars, which is the Association's functional and the Group's presentation currency.

(ii) **Transactions and balances**

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 such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) **Taxation**

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

(d) **Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the reducing balance method. The following annual rates are used for the depreciation of property, plant and equipment:-

Type of assets	Rates
Furniture and fixtures	20%
Office equipment	20%
Computer	30%

(e) **Investment in securities**

Current investments are stated at the lower of cost and net realizable value. Long-term investments are stated at cost less accumulated impairment losses.

## GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(f) **Impairment of assets**

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the Income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior years.

(g) **Operating lease**

Leases that retain substantially all the risk and rewards incidental to ownership of the leased assets by the lessor are accounted for as operating leases. Lease payments under an operating lease are recognized as expenses on a straight-line basis over the lease term. All incentives for agreement of a new or renewed operating lease are recognized as an integral part of the net consideration agreed for the use of the leased assets. The aggregate benefit of incentives is recognized as a reduction of rental expenses over the lease term.

(h) **Trade and other receivables**

Trade and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

(i) **Retirement benefit costs**

Contributions to Mandatory Provident Fund Scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognized as an expense in the income statement as incurred.

(j) **Provisions and contingent liabilities**

Provisions are recognized for liabilities of uncertain timing or amount when the Association has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(k) **Trade receivables**

Trade receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

## GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(l) Related parties

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

- 1) A person or a close member of that person's family is related to the Association if that person:
  - (i) is a member of the key management personnel of the Association or of a parent of the Association;
  - (ii) has control over the Association; or
  - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.
  
- 2) An entity is related to the Association if any of the following conditions applies:
  - (i) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of a third entity.
  - (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
  - (vi) the entity is controlled or jointly controlled by a person identified in (1).
  - (vii) a person identified in (1)(i) has significant voting power in the entity.

(m) Recognition of revenue

Revenue consists of turnover and other revenue but excludes the reversal of impairment and/or provisions. Turnover comprises revenue generated from the principal activities of the Association. Revenue is recognized when it is probable that economic benefits will flow to the Association and when the revenue can be measured reliably, on the following basis:

- i) member entrance and renewal fee income are recognised upon the receipt of the payment after the member has been admitted or renewed as a member;
- ii) advertising income, PRC service income and functions income are recognised when services are rendered and completed;
- iii) sponsorship income and expert training income are recognised when it accrues;
- iv) sales of goods are recognized when the significant risks and rewards of ownership of the goods are transferred to the buyers, and the Association retains no more effective control over the goods;
- v) interest income is recognized on a time proportion basis taking into account the principal outstanding and the interest applicable;
- vi) dividend income from listed security is recognized when the shareholder's right to receive payment is established and is included in "other income" ; and
- vii) other income, except dividend income, are recognised on cash basis.

## GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3. SURPLUS BEFORE TAX

Surplus before tax is arrived at:-

	2021	2020
	HKD	HKD
After crediting the following item:		
Exchange gains, net	1,486	815
After charging the following items:		
Key management personnel's remuneration (note 5)	-	-
Bad debts	8,712	43,685
Depreciation on owned assets	20,495	26,264
Operating lease charges on property rental	131,808	120,000
Staff costs		
Staff salaries and allowances	1,464,540	1,326,422
Mandatory provident fund contributions	56,908	54,103
	<b>1,521,448</b>	<b>1,380,525</b>

#### 4. INCOME TAX EXPENSE

	2021	2020
	HKD	HKD
<b>Current tax:</b>		
Hong Kong Profits tax	-	-
Enterprise Income Tax in Mainland China	10,195	4,819
	<b>10,195</b>	<b>4,819</b>

Section 24(1) of the Inland Revenue Ordinance specifies that any person carries on a club or similar institution which received from its members not less than half of its gross receipts on Income Statement (including entrance fees and subscriptions), such person shall be deemed not to carry on a business. But where less than half of its gross receipts are received from members, the whole of the income from transactions both with members and others (including entrance fees and subscriptions) shall be deemed to be receipts from a business, and such person shall be chargeable in respect of the profits there from.

The Association is exempt from Hong Kong Profits Tax under Section 24(1) of the Inland Revenue Ordinance (2020: exempted from Hong Kong Profits Tax under section 24(1) of the Inland Revenue Ordinance)

Under the Enterprise Income Tax Law (the "EIT Law") of the People's Republic of China ("PRC") and Implementation Regulation of the EIT Law, the tax rate of the subsidiary in Mainland China is 25.0% for both years.

## GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 5. REMUNERATION OF THE EXECUTIVE COMMITTEE MEMBERS

During the years ended 31 December 2021 and year ended 31 December 2020, no amounts have been paid in respect of emoluments of Executive Committee Members, Executive Committee Members' or past Executive Committee Members' pensions, or for any compensation to Executive Committee Members or past Executive Committee Members in respect of loss of office.

#### 6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Office equipment HK\$	Computer HK\$	Total HK\$
<b>Cost</b>				
At 1 January 2021	671,773	337,417	103,390	1,112,580
Addition	-	-	-	-
At 31 December 2021	<u>671,773</u>	<u>337,417</u>	<u>103,390</u>	<u>1,112,580</u>
<b>Accumulated depreciation</b>				
At 1 January 2021	655,365	327,342	52,729	1,035,436
Annual depreciation	3,282	2,015	15,198	20,495
At 31 December 2021	<u>658,647</u>	<u>329,357</u>	<u>67,927</u>	<u>1,055,931</u>
<b>Net carrying amount</b>				
At 31 December 2021	<u>13,126</u>	<u>8,060</u>	<u>35,463</u>	<u>56,649</u>
At 31 December 2020	<u>16,408</u>	<u>10,075</u>	<u>50,661</u>	<u>77,144</u>

#### 7. INVESTMENTS IN SECURITIES

	2021 HKD	2020 HKD
Listed equities securities in Hong Kong, at cost	<u>849,366.00</u>	<u>402,966.00</u>
Listed equities securities in Hong Kong, at fair value	<u>969,300.00</u>	<u>523,500.00</u>

#### 8. AMOUNT DUE TO A RELATED COMPANY

The amount due to related company was unsecured, interest free and have been fully discharged during the reporting period.

## GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 9. RESERVES

- (a) The reconciliation between the opening and closing balances of each component of the Group's consolidated reserves is set out as below:

	Printing education fund HK\$	Environment education programme fund HK\$	Eco web 3.0 fund HK\$	Office premises acquisition fund HK\$	General Fund HK\$	Total HK\$
Balance as at 1 January 2020	211,986	(13,367)	42,450	1,432,563	57,190	1,730,822
Surplus / (deficit) for the year	(5,000)	-	-	-	274,689	269,689
Transfer	(206,986)	13,367	(42,450)	(1,432,563)	1,668,632	-
Balance as at 31 December 2020 and 1 January 2021	-	-	-	-	2,000,511	2,000,511
Surplus for the year	-	-	-	-	498,360	498,360
Balance as at 31 December 2021	-	-	-	-	2,498,871	2,498,871

- (b) Details of the changes in the Association's individual components of reserve between the opening and the end of the year are set out as below:

	Printing education fund HK\$	Environment education programme fund HK\$	Eco web 3.0 fund HK\$	Office premises acquisition fund HK\$	General Fund HK\$	Total HK\$
Balance as at 1 January 2020	211,986	(13,367)	42,450	1,432,563	57,190	1,730,822
Surplus / (deficit) for the year	(5,000)	-	-	-	180,712	175,712
Transfer	(206,986)	13,367	(42,450)	(1,432,563)	1,668,632	-
Balance as at 31 December 2020 and 1 January 2021	-	-	-	-	1,906,534	1,906,534
Surplus for the year	-	-	-	-	102,658	102,658
Balance as at 31 December 2021	-	-	-	-	2,009,192	2,009,192



## GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 9. RESERVES (Continued)

- (c) Surplus for the year included surplus from its sub-organisation under the names of “Graphic Arts Association of Hong Kong Limited - Print Awards”, details are as follows:

	2021	2020
	HK\$	HK\$
<b>INCOME</b>		
Member entrance and renewal fee income	116,360	31,820
Advertising income	28,600	6,000
Functions income	610,460	132,700
Interest form bank deposits	1	-
Sponsorship income	418,448	208,448
Other income	5,442	5,483
	1,179,311	384,451
<b>Expenditure</b>		
Bulletins and certificates costs	107,353	40,280
Functions costs	442,785	131,343
Management and administration cost	395,337	177,878
	945,475	349,501
<b>SURPLUS FOR THE YEAR</b>	<b>233,836</b>	<b>34,950</b>

- (d) Details of nature and purpose of reserves are as follows:

General fund comprises the accumulated surplus and accumulated amount transferred from other funds.

The Printing Education Fund aims at Publication issuing and granting of scholarship to some institutions for encouraging teenagers to improve their printing knowledge.

Environmental Education Programme Fund aims at enhancing the public knowledge about environment protection and in promoting green living with paper and printing.

The Eco Web 3.0 Fund aims at enhancing the public knowledge about environment protection in printing industry and in promoting environment protection information in the website.

Office Premises Acquisition Fund aims as acquisition of office premises for the Association.

However, the balance of The Printing Education Fund, Environmental Education Programme Fund, The Eco Web 3.0 Fund and Office Premises Acquisition Fund has transferred to General fund for the year ended 31 December 2020.

**GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED**

**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**10. STATEMENT OF FINANCIAL POSITION OF THE ASSOCIATION**

	Note	2021 HK\$	2020 HK\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	56,649	77,144
Investments in securities	7	849,366	402,966
Investment in a subsidiary	11	118,760	118,760
		<u>1,024,775</u>	<u>598,870</u>
<b>Current assets</b>			
Trade receivables		229,580	519,448
Deposit paid and prepayment		196,587	60,000
Cash and cash equivalents		1,486,431	1,215,903
Amount due from related companies		-	500
		<u>1,912,598</u>	<u>1,795,851</u>
<b>Current liabilities</b>			
Trade payables		276,435	-
Accruals		532,186	141,425
Temporary receipts		800	50,650
Amount due to a subsidiary		118,760	118,760
Other payables		-	3,552
Deposit received		-	134,800
Amount due to related companies	8	-	39,000
		<u>928,181</u>	<u>488,187</u>
<b>NET CURRENT ASSETS</b>		<u>984,417</u>	<u>1,307,664</u>
<b>NET ASSETS</b>		<u>2,009,192</u>	<u>1,906,534</u>
<b>REPRESENTED BY:</b>			
<b>RESERVES</b>	9(b)	<u>2,009,192</u>	<u>1,906,534</u>

Approved and authorised for issue by the Executive Committee Members on

  
\_\_\_\_\_  
Ma Cho Lik  
Chairman

  
\_\_\_\_\_  
Lin Tin Yi  
2nd Vice-Chairman

## GRAPHIC ARTS ASSOCIATION OF HONG KONG LIMITED

### ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 11. INVESTMENT IN A SUBSIDIARY

Details of the subsidiary of the Association at 31 December 2021 are as follows:

Name of subsidiary	Place of incorporation and principal place of operation	Percentage of ownership and voting power		Nature of business
		2021	2020	
印藝管理顧問服務(東 莞)有限公司	People's Republic of China	100%	100%	Providing consulting business

#### 12. OPERATING LEASE COMMITMENTS

At 31 December 2021, the Association had the following total future minimum lease payments payable under non-cancellable operating leases: -

	2021 HKD	2020 HKD
Not later than one year	110,000	-
Later than one year	-	-
	<u>110,000</u>	<u>-</u>

#### 13. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the branch operation of "Printing Materials Testing & Analytic Centre" (印刷物料測試及分析中心) and "Hong Kong Printing Alumni Association" (香港印刷同學會) has been ceased.

#### 14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation of current year.

#### 15. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2021 were approved for issue by the Executive Committee Members on 12 August 2022.