

**THE ENVIRONMENTAL MANAGEMENT
ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 19 MARCH 2020
(DATE OF INCORPORATION) TO 31 DECEMBER 2020**

THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 19 MARCH 2020
(DATE OF INCORPORATION) TO 31 DECEMBER 2020

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THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements for the period from 19 March 2020 (date of incorporation) to 31 December 2020.

Principal activities

The Hong Kong Environmental Management Association of Hong Kong Limited (“the Association”) aims at advancement of education in environmental protection and advancement of environmental protection for the benefit of the Hong Kong community by facilitating transparent, purposeful and informed dialogue on environmental and sustainability issues in the community at large; promoting an active exchange of knowledge amongst its members and the public; providing a platform for the development of management skills and their application for environmental professionals; and raising awareness amongst business communities on environmental and sustainability issues.

Results and appropriations

The results of the Association for the period from 19 March 2020 (date of incorporation) to 31 December 2020 are set out in the statement of profit or loss and other comprehensive income on pages 6.

In accordance with Part B of clause 4(2) of the Association's Articles of Association, no portion of the income or property of the Association be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise howsoever to any member.

Directors

The directors of the Association during the period and up to the date of this report were:

Cheung Chun Ming Freeman	(appointed on 19 March 2020)
Mak Sarah W C	(appointed on 19 March 2020)
Chan Kit Yan	(appointed on 19 March 2020)
Tsui Bing Cheung	(appointed on 26 March 2021)
Leung Sau Mei Teresa	(appointed on 26 March 2021)

In accordance with Part B of the Article 13 and 15, of the Association's Articles of Association, all directors shall be elected at the Annual General Meeting and shall hold office for a term of two years after the conclusion of the Annual General Meeting following their election. All retiring directors shall be eligible for re-election.

THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司

DIRECTORS' REPORT (Cont'd)

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Association were entered into or existed during the period.

Business review

The Association falls within the reporting exemption for the financial period in preparing the business review as the Association is qualified as a small guarantee company in accordance with the Hong Kong Companies Ordinance.

Permitted indemnity provision

At no time during the financial period and up to the date of this directors' report, there was or is, any permitted indemnity provisions in force for the benefit of any of the directors of the Association.

Auditors

The financial statements have been audited by Reanda Lau & Au Yeung (HK) CPA Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Cheung Chun Ming Freeman [Signed]
Director
HONG KONG, 30 July 2021

Reanda Lau & Au Yeung (HK) CPA Limited
Certified Public Accountants Hong Kong

21/F., Tai Yau Building,
181 Johnston Road, Wanchai,
Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED

香港環境管理協會有限公司

(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

Opinion

We have audited the financial statements of The Hong Kong Environmental Management Association of Hong Kong Limited (“the Association”) set out on pages 6 to 21, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in funds and the statement of cash flows for the period from 13 March 2020 to 31 December 2020, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Association as at 31 December 2020, and of its financial performance and its cash flows for the period 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 Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) 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 directors are responsible for the other information. The other information comprises the information included in the directors' 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.

Reanda Lau & Au Yeung (HK) CPA Limited
Certified Public Accountants Hong Kong

21/F., Tai Yau Building,
181 Johnston Road, Wanchai,
Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司
(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

Responsibilities of directors and those charged with governance for the financial statements

The directors are 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine 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 directors 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 directors either intend 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.

Auditor's responsibility 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 section 405 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.

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.

Reanda Lau & Au Yeung (HK) CPA Limited
Certified Public Accountants Hong Kong

21/F., Tai Yau Building,
181 Johnston Road, Wanchai,
Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司
(incorporated in Hong Kong with limited liability by guarantee and not having a share capital)

Auditor's responsibility for the audit of the financial statements (Cont'd)

- 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 directors.
- Conclude on the appropriateness of the directors' 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 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 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.

REANDA LAU & AU YEUNG (HK) CPA LIMITED
Certified Public Accountants
HONG KONG, 30 July 2021

Franklin Lau Shiu Wai
Practising Certificate Number: P01886

THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 19 MARCH 2020
(DATE OF INCORPORATION) TO 31 DECEMBER 2020

	Note	Period from 19.3.2020 to 31.12.2020 HK\$
REVENUE	4	14,013

EXPENDITURES		
Accountancy fee		500
Auditor's remuneration		4,000
Bank charges and handling fees		2,377
Rent and rates		1,200
Subscription fee		3,883
Web hosting expenses		173
Tax reporting fee		500
Sundry expenses		1,250

		13,883

SURPLUS BEFORE INCOME TAX	5	130
INCOME TAX	7	-

NET SURPLUS		
AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		130
		=====

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	As at 31.12.2020 HK\$
CURRENT ASSETS		
Receivables		27,961
Prepayment		11,398
Cash and cash equivalents	8	337,602
		<hr/>
		376,961
		<hr/>
CURRENT LIABILITIES		
Membership fees received in advance	9	34,538
Accrued expenses		7,621
		<hr/>
		42,159
		<hr/>
NET CURRENT ASSETS		334,802
		<hr/> <hr/>
Representing:		
Founding funds		334,672
Accumulated surplus		130
		<hr/>
TOTAL ACCUMULATED FUNDS		334,802
		<hr/> <hr/>

Cheung Chun Ming Freeman [Signed]
Director

Leung Sau Mei Teresa [Signed]
Director

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE PERIOD FROM 19 MARCH 2020
(DATE OF INCORPORATION) TO 31 DECEMBER 2020

	Founding funds HK\$	Accumulated surplus HK\$	Total HK\$
Funds transferred from the Environmental Management Association of Hong Kong (“the Society”)	334,672	-	334,672
Surplus and total comprehensive income for the period	-	130	130
Balance at 31 December 2020	<u>334,672</u>	<u>130</u>	<u>334,802</u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 19 MARCH 2020
(DATE OF INCORPORATION) TO 31 DECEMBER 2020

	Note	Period from 19.3.2020 to 31.12.2020 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before income tax and working capital changes		130
Increase in receivables		(27,961)
Increase in prepayment		(11,398)
Increase in accruals		7,621
Increase in membership fees received in advance		34,538
		<hr/>
NET CASH GENERATE FROM OPERATING ACTIVITIES		2,930 -----
CASH FLOWS FROM FINANCING ACTIVITY		
Funds transferred from		
the Environmental Management Association of Hong Kong (“the Society”)		334,672
		<hr/>
CASH GENERATING FROM FINANCING ACTIVITY		334,672 -----
Net increase in cash and cash equivalents		337,602
Cash and cash equivalents at beginning of the period		-
		<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	337,602 =====

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Environmental Management Association of Hong Kong Limited (“the Association”) is a company incorporated in Hong Kong with limited liability by guarantee and not having a share capital. The Association’s registered office is located at Office E, 8/F, Shing Hing Commercial Building, 21-27 Wing Kut Street, Central.

The Association is a charitable and non-profit making organisation. The Association aims at advancement of education in environmental protection and advancement of environmental protection for the benefit of the Hong Kong community by facilitating transparent, purposeful and informed dialogue on environmental and sustainability issues in the community at large; promoting an active exchange of knowledge amongst its members and the public; providing a platform for the development of management skills and their application for environmental professionals; and raising awareness amongst business communities on environmental and sustainability issues.

The Association succeeded the operation of the Environmental Management Association of Hong Kong (“the Society”) since 1 October 2020. The funds transferred from the Society to the Association was recognised as the Association's founding funds.

Under the Association's Articles of Association, if the Association is wound up while every member and persons who were a member within one year afterwards before winding up, shall contribute to the assets of the Association to the extent of not exceeding HK\$100.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the year presented, unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Association have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost conventions.

The preparation of financial statements in conformity with HKFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumption continuously, the actual results may differ from these estimates.

THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. However, the management has not made any judgement in the application of HKFRSs that have significant effect on the financial statements nor any estimates with a significant risk of material adjustment on the carrying amounts of assets and liabilities within the next financial year.

New and amended standards not yet adopted

HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
HKFRS 16 (Amendments)	COVID-19-Related Rent Concession ¹
HKFRS 17	Insurance Contracts ²
Annual Improvements Project (Amendments)	Annual Improvements to HKFRSs 2018 - 2020 ³
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope amendments ³
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current ⁴

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ Effective for a date to be determined

(b) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

At each reporting date, the Association assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on receivables are recognized in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(d) Contract liabilities

The Association charges their members an annual membership fee for renewal of membership on a calendar-year basis (i.e. from 1 January to 31 December), which is recognized in surplus or deficit on a straight-line basis over the subscription period. The contract liabilities mainly relate to membership fees received in advance which represent the unearned membership fee income for the period.

(e) Accruals and other payables

Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

(f) Revenues recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably, on the following bases:

- (i) Membership fees are recognized on a straight-line basis over the membership period.
- (ii) Application fees are recognized at a point in time on completion of assessment services by granting the qualification and status to the applicants.
- (iii) Income from seminars and courses is recognized over time as the services are rendered.
- (iv) Events fees are recognized when the events are conducted, and cash is certain for receivable.
- (v) Donation income is recognised upon receiving of cash or cash equivalent.
- (vi) Interest income are recognised on a time proportion basis, taking into account the principal amounts outstanding and interest rates applicable.

(g) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional and presentation currency of the Association.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Association is exposed to a variety of financial risks: credit risk and liquidity risk. The Association's overall risk management programme focuses on the unpredictability of financial market and seeks to minimise potential adverse effects on the Association's financial performance. The Association does not use derivative financial instruments to hedge certain risk exposures.

(i) Credit risk

The Association is exposed to credit risk in relation to its receivables, cash and bank balances. The Association's maximum exposure to credit risk is the carrying amounts of these financial assets. The credit risk on deposits with bank is limited because deposits are in banks with sound credit ratings.

The Association has designed its credit policy with an objective to minimize its exposure to credit risk. The Association's fee receivables is very short term in nature and the associated risk is minimal.

(ii) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash. Management of Association regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities.

The table below analyses the Association's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount HK\$	Total contractual undiscounted cash flow HK\$	Less than 1 year HK\$
<u>At 31 December 2020</u>			
Accrued expenses	7,621	7,621	7,621

THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Capital management

The Association's objectives when managing capital are to safeguard the Association's ability to continue as a going concern in order to strengthen the Association's operational efficiency.

The capital structure of the Association consists of founding funds and accumulated surplus. The Association actively and regularly reviews and manages its capital to ensure that its fee level is adequate to fund future expenditures, taking into account its projected cashflow requirement, future financial obligations and commitments.

4. REVENUE

	Period from 19.3.2020 to 31.12.2020 HK\$
Membership fee income	11,526
Application fee income	400
Donation income	2,087
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	14,013
	<hr/> <hr/>

5. SURPLUS BEFORE INCOME TAX

Surplus before income tax is stated after charging the following:

	Period from 19.3.2020 to 31.12.2020 HK\$
Auditor's remuneration	4,000
Short term operating lease expenses	1,200
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6. DIRECTORS' REMUNERATION

None of the directors received or will receive any fees or emoluments in respect of their services to the Association during the period.

THE ENVIRONMENTAL MANAGEMENT ASSOCIATION OF HONG KONG LIMITED
香港環境管理協會有限公司

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. INCOME TAX

No provision has been made for Hong Kong Profits Tax as the Association is exempted under Section 88 of Hong Kong Inland Revenue Ordinance.

8. CASH AND CASH EQUIVALENTS

As at
31.12.2020
HK\$

Cash at banks 337,602

All cash and cash equivalents are denominated in Hong Kong dollars.

9. CONTRACT LIABILITIES

It represented the Association's membership fee received in advance. Changes in the balances of contract liabilities during the period:

	HK\$
Increase of membership fee received in advance	
due to succession of operation of the Society	12,463
Decrease due to the recognition of revenue during the period	(11,563)
Increase due to cash received during the period	33,638
	<u>34,538</u>

10. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Association's board of directors on 30 July 2021.