

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED**

(Incorporated in Hong Kong with limited liability by guarantee)

**Reports and Financial Statements
For the year ended 31 March 2023**

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
EXECUTIVE COMMITTEE'S REPORT**

The Executive Committee present their report together with the audited financial statements for the year ended 31 March 2023.

1. PRINCIPAL ACTIVITIES

The Chamber is engaged in the promotion of commerce between Hong Kong and Malaysia among members and connecting members with each other and with outside partners to enable them to pursue the opportunities in the marketplaces of Hong Kong, China and Malaysia.

2. RESULTS AND FINANCIAL POSITION

The results of the Chamber for the year ended 31 March 2023 are set out in the statement of profit or loss and other comprehensive income on page 8.

The financial position of the Chamber as at 31 March 2023 is set out in the statement of financial position on page 9.

3. DIRECTORS

The directors of the Chamber during the year and up to the date of this report were:

Mr. SONG Hoi See
Dato' LIU Meng Fah

In accordance with the Chambers' Articles of Association, all directors continue in office.

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
EXECUTIVE COMMITTEE'S REPORT**

4. MEMBERS OF THE EXECUTIVE COMMITTEE

The members of the Executive Committee of the Chamber during the year and up to the date of this report were:

Dato' GAN Khai Choon	Chairman
Dato' Seri CHEAH Cheng Hye	Convenor of Advisory Council
Dato' LIU Meng Fah	Deputy Chairman/ Secretarial and Coordination Subcommittee Head
Ms. NG Cheng Cheng	Deputy Chairwoman/ Events and Activities Subcommittee Head
Mr. SONG Hoi See	Deputy Chairman
Mr. Kelvin TAN	Deputy Chairman/ Macau Subcommittee Head
Mr. CHEW Fook Aun	Deputy Chairman (appointed on 13 June 2022)
Mr. LIOW Zen Pin	Vice Chairman / Trade and Industries Subcommittee Head
Ms. Saniza OTHMAN	Vice Chairwoman/ InterChamber and Partnership Subcommittee Head
Ms. NG Woan Chiun	Vice Chairwoman/ Media and Communication Subcommittee Head
Ms. Gina WONG	Vice Chairwoman/ Membership Subcommittee Head (appointed on 13 June 2022)
Ms. Susan HO	Vice Chairwoman/ Media and Communication Subcommittee Head (resigned on 15 May 2022)
Mr. Edwin YAP	Treasurer
Mr. OH Kuan Yu	Committee member
Ms. Esther OW	Committee member
Ms. Helena PHUA	Committee member
Mr. LAI Voon Keat	Committee member
Ms. LAI Kee Hee	Committee member (appointed on 13 June 2022)
Ms. Jo-An YEE	Committee member (appointed on 13 June 2022)
Ms. TAN Sze Yan	Committee member (resigned on 19 April 2022)
Mdm. Ezzwane AHMAD	Committee member (resigned on 8 July 2022)

In accordance with the Chambers' Articles of Association, the following members of the Executive committee retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Dato' GAN Khai Choon
Dato' Seri CHEAH Cheng Hye
Mr. SONG Hoi See
Mr. Kelvin TAN
Mr. LIOW Zen Pin
Ms. Esther OW
Ms. Helena PHUA
Ms. NG Woan Chiun

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
EXECUTIVE COMMITTEE'S REPORT**

5. EXECUTIVE COMMITTEE MEMBERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE CHAMBER'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Chamber's business to which the Chamber was a party and in which an executive committee member of the Chamber had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

6. EXECUTIVE COMMITTEE MEMBERS' INTERESTS IN THE SHARES AND DEBENTURES OF THE CHAMBER OR ANY OTHER BODY CORPORATE

At no time during the year was the Chamber a party to any arrangement to enable the executive committee members of the Chamber to hold any interests in the shares, or debentures of, the Chamber or other body corporate.

7. MANAGEMENT CONTRACTS

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

8. AUDITOR

The financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Executive Committee



LIU Meng Fah

Hong Kong, 11 May 2023

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)**

Opinion

We have audited the financial statements of The Malaysian Chamber of Commerce (Hong Kong and Macau) Limited (the "Chamber") set out on pages 8 to 38 which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity 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 Chamber as at 31 March 2023, 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 (the "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 ("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 Chamber 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
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Other Information

The directors and the executive committee members are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 Directors and the Executive Committee members for the Financial Statements

The directors and the executive committee members 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 Companies Ordinance, and for such internal control as the directors and the executive committee members 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 and the executive committee members are responsible for assessing the Chamber'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 and the executive committee members either intend to liquidate the Chamber or to cease operations, or have no realistic alternative but to do so.

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. We report our opinion solely to you, as a body, in accordance with section 405 of the 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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 Chamber's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors and the executive committee members.
- Conclude on the appropriateness of the directors' and 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 Chamber'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 Chamber to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
(Incorporated in Hong Kong with limited liability by guarantee)**

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 directors and the 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.


Certified Public Accountants

11 May 2023

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	<u>2023</u> HK\$	<u>2022</u> HK\$
Membership and entrance fees	7	964,466	734,265
Other income	8	2,021,357	1,393,855
Administrative expenses		(2,346,257)	(1,941,305)
Donations to the Students Trust Fund and other		(22,236)	-
Surplus from operations		617,330	186,815
Finance costs	9	(1,088)	(1,240)
Surplus before tax		616,242	185,575
Income tax expense	10	-	-
Surplus for the year	11	616,242	185,575
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		616,242	185,575

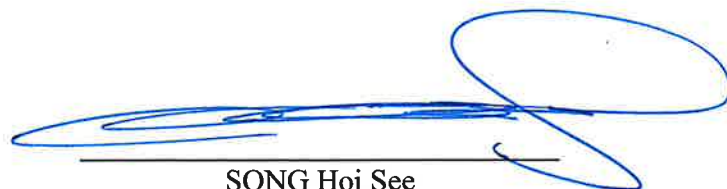
**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2023**

	Note	<u>2023</u> HK\$	<u>2022</u> HK\$
Non-current assets			
Property, plant and equipment	14	8,823	15,780
Intangible assets	15	44,257	73,761
Right-of-use assets	16	48,313	54,467
		<u>101,393</u>	<u>144,008</u>
Current assets			
Prepayments, deposits and other receivables		399,414	38,051
Bank and cash balances	17	3,444,394	2,457,226
		<u>3,843,808</u>	<u>2,495,277</u>
Current liabilities			
Contract liabilities	18	619,215	444,256
Lease liabilities	19	50,252	56,567
Other payables		590,391	69,361
		<u>1,259,858</u>	<u>570,184</u>
Net current assets		<u>2,583,950</u>	<u>1,925,093</u>
NET ASSETS		<u>2,685,343</u>	<u>2,069,101</u>
Reserves			
Capital contributions	20	2,179,000	2,179,000
Accumulated surplus/(deficit)		506,343	(109,899)
MEMBERS' FUNDS		<u>2,685,343</u>	<u>2,069,101</u>

Approved by the Directors and Executive Committee on 11 May 2023 and are signed on its behalf by:



LIU Meng Fah



SONG Hoi See

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	<u>Capital contributions</u> HK\$	<u>Accumulated surplus/ (deficit)</u> HK\$	<u>Total</u> HK\$
At 1 April 2021	2,179,000	(295,474)	1,883,526
Total comprehensive income for the year	<u>-</u>	<u>185,575</u>	<u>185,575</u>
At 31 March 2022 and 1 April 2022	2,179,000	(109,899)	2,069,101
Total comprehensive income for the year	<u>-</u>	<u>616,242</u>	<u>616,242</u>
At 31 March 2023	<u>2,179,000</u>	<u>506,343</u>	<u>2,685,343</u>

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	<u>2023</u> HK\$	<u>2022</u> HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	616,242	185,575
Adjustments for:		
Amortisation of intangible assets	29,504	33,006
Bank interest income	(7,524)	(3,695)
Depreciation of property, plant and equipment	6,957	4,041
Depreciation of right-of-use assets	58,493	76,572
Finance costs	1,088	1,240
COVID-19 related rent concessions received	(1,500)	-
Operating surplus before working capital changes	703,260	296,739
(Increase)/decrease in prepayments, deposits and other receivables	(361,363)	2,556
Increase in contract liabilities	174,959	300,572
Increase in other payables	521,030	59,147
Cash generated from operations	1,037,886	659,014
Interest expenses on lease liabilities	(1,088)	(1,240)
Net cash generated from operating activities	<u>1,036,798</u>	<u>657,774</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in time deposits with maturity more than three months when acquired	(1,507,990)	(406)
Decrease in pledged deposits	-	-
Interest received	7,524	3,695
Purchases of intangible assets	-	(88,513)
Purchases of property, plant and equipment	-	(9,543)
Net cash used in from investing activities	<u>(1,500,466)</u>	<u>(94,767)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal elements of lease payments	<u>(57,154)</u>	<u>(75,297)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(520,822)	487,710
CASH AND CASH EQUIVALENTS AT 1 APRIL	<u>2,425,726</u>	<u>1,938,016</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>1,904,904</u>	<u>2,425,726</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank and on hand and time deposits within three months of maturity when acquired (note 17)	<u>1,904,904</u>	<u>2,425,726</u>

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. GENERAL INFORMATION

The Malaysian Chamber of Commerce (Hong Kong and Macau) Limited (the “Chamber”) was incorporated in Hong Kong with limited liability by guarantee. The address of its registered office and principal place of business of the Chamber is Unit 1103, 11/F., Malaysia Building, 50 Gloucester Road, Wan Chai, Hong Kong.

The Chamber is engaged in the promotion of commerce between Hong Kong and Malaysia among members and connecting members with each other and with outside partners to enable them to pursue the opportunities in the marketplaces of China, Malaysia and Hong Kong.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These financial statements also comply with the requirements of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Chamber are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Chamber. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Chamber for the current and prior accounting periods reflected in these financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Chamber has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised HKFRSs (cont'd)

Amendments to HKFRS 16 (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Chamber did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

(b) New and revised HKFRSs in issue but not yet effective

The Chamber has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 April 2022. These new and revised HKFRSs include the following which may be relevant to the Chamber.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 - Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 - Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 - Lease Liability in a Sales and Leaseback	1 January 2024

The Chamber is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Chamber's accounting policies. The areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment

Property, plant and equipment are held for administrative purposes, are stated in the statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Chamber and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful life is as follows:

Office equipment	3 years
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The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(c) Leases - The Chamber as a lessee

At inception of a contract, the Chamber assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Chamber has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Leases - The Chamber as a lessee (cont'd)

At the lease commencement date, the Chamber recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Chamber enters into a lease in respect of a low-value asset, the Chamber decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Chamber is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Leases - The Chamber as a lessee (cont'd)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Chamber's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Chamber will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Chamber took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

(d) Intangible assets

Intangible assets acquired separately - Software and website development

Software and website development are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 3 years.

(e) Contract liabilities

A contract liability is recognised when the member pays consideration before the Chamber recognises the related revenue. A contract liability would also be recognised if the Chamber has an unconditional right to receive consideration before the Chamber recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Chamber becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The Chamber derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Chamber neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Chamber recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Chamber retains substantially all the risks and rewards of ownership of a transferred financial asset, the Chamber continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Chamber derecognises financial liabilities when, and only when, the Chamber's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(g) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Other receivables

A receivable is recognised when the Chamber has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Chamber has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (“ECL”).

(j) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Chamber after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(k) Other payables

Other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Chamber are recorded at the proceeds received, net of direct issue costs.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue and other income

Membership fee income is recognised over time on a straight-line basis over the membership period as the member simultaneously receive and consume the benefits of services provided by the Chamber.

Entrance fee income is recognised at a point in time on completion of initial application.

Function income is recognised at a point in time as the function is rendered.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

(n) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Chamber contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Chamber and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Chamber to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Chamber can no longer withdraw the offer of those benefits, and when the Chamber recognises restructuring costs and involves the payment of termination benefits.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Government grants

A government grant is recognised when there is reasonable assurance that the Chamber will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Chamber with no future related costs are recognised in profit or loss in the period in which they become receivable.

(p) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Chamber's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised 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 profit. 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, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Taxation (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Chamber expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Chamber recognises the right-of-use assets and the related lease liabilities, the Chamber first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Chamber applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Chamber intends to settle its current tax assets and liabilities on a net basis.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset / cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(r) Impairment of financial assets

The Chamber recognises a loss allowance for expected credit losses on deposits and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all financial instruments, the Chamber recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Chamber measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Impairment of financial assets (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Chamber compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Chamber considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Chamber's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Chamber's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Chamber presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Chamber has reasonable and supportable information that demonstrates otherwise.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

Despite the foregoing, the Chamber assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Chamber considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Chamber regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Chamber considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Chamber, in full (without taking into account any collaterals held by the Chamber).

Irrespective of the above analysis, the Chamber considers that default has occurred when a financial asset is more than 90 days past due unless the Chamber has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Impairment of financial assets (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Chamber writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Chamber's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Chamber's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Impairment of financial assets (cont'd)

Measurement and recognition of ECL (cont'd)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Chamber in accordance with the contract and all the cash flows that the Chamber expects to receive, discounted at the original effective interest rate.

If the Chamber has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Chamber measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Chamber recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Chamber has a present 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 only 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.

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Chamber has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Chamber estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 March 2023 were HK\$8,823 (2022: HK\$15,780) and HK\$48,313 (2022: HK\$54,467) respectively.

6. FINANCIAL RISK MANAGEMENT

The Chamber's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Chamber's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Chamber's financial performance.

(a) Foreign currency risk

The Chamber has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars. The Chamber currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Chamber monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

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6. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Chamber is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks. The Chamber's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies, for which the Chamber considers to have low credit risk.

(c) Liquidity risk

The Chamber's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(d) Interest rate risk

As the Chamber has no significant interest-bearing assets, the Chamber's operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments at 31 March 2023

	<u>2023</u> HK\$	<u>2022</u> HK\$
Financial assets:		
Financial assets measured at amortised cost	3,500,727	2,489,659
Financial liabilities:		
Financial liabilities at amortised cost	<u>79,176</u>	<u>64,061</u>

(f) Fair values

The carrying amounts of the Chamber's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

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7. MEMBERSHIP AND ENTRANCE FEES

Disaggregation of fees income is as follows:

	<u>2023</u> HK\$	<u>2022</u> HK\$
Membership fee income	625,466	476,265
Entrance fee income	<u>339,000</u>	<u>258,000</u>
	<u><u>964,466</u></u>	<u><u>734,265</u></u>

The Chamber derives revenue from the transfer of services over time and at a point in time in the following major categories and geographical region:

For the year ended 31 March	Membership fee income		Entrance fee income		Total	
	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Primary geographical markets						
- Asia Pacific	<u>625,466</u>	476,265	<u>339,000</u>	258,000	<u>964,466</u>	734,265
Timing of revenue recognition						
Services transferred at a point in time	-	-	<u>339,000</u>	258,000	<u>339,000</u>	258,000
Services transferred over time	<u>625,466</u>	476,265	-	-	<u>625,466</u>	476,265
Total	<u><u>625,466</u></u>	<u>476,265</u>	<u><u>339,000</u></u>	<u>258,000</u>	<u><u>964,466</u></u>	<u>734,265</u>

8. OTHER INCOME

	<u>2023</u> HK\$	<u>2022</u> HK\$
Advertising income	37,000	60,000
Bank interest income	7,524	3,695
Functions - Merdeka Nite/Dinner	<u>1,202,505</u>	<u>848,800</u>
- Other events	<u>714,267</u>	<u>480,800</u>
	1,916,772	1,329,600
Government grant	43,200	-
Rent concession	1,500	-
Sundry income	<u>15,361</u>	<u>560</u>
	<u><u>2,021,357</u></u>	<u><u>1,393,855</u></u>

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9. FINANCE COSTS

	<u>2023</u> HK\$	<u>2022</u> HK\$
Interest expenses on lease liabilities (note 16)	<u>1,088</u>	<u>1,240</u>

10. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required since the Chamber is exempted from Hong Kong Profits Tax under Section 24 of the Hong Kong Inland Revenue Ordinance as more than 50% of its income are from members.

The reconciliation between the income tax expense and the product of surplus before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	<u>2023</u> HK\$	<u>2022</u> HK\$
Surplus before tax	<u>616,242</u>	<u>185,575</u>
Tax at Hong Kong profits tax rate of 16.5%	101,680	30,620
Tax effect of income that is not taxable	(492,661)	(351,140)
Tax effect of expenses that are not deductible	<u>390,981</u>	<u>320,520</u>
Income tax expense	<u>-</u>	<u>-</u>

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11. SURPLUS/(DEFICIT) FOR THE YEAR

The Chamber's surplus for the year is stated after charging the following:

	<u>2023</u> HK\$	<u>2022</u> HK\$
Amortisation of intangible assets	29,504	33,006
Depreciation on property, plant and equipment	6,957	4,041
Depreciation on right-of-use assets	58,493	76,572
Function expenses - Merdeka Nite/Dinner	702,697	580,902
- Other events	535,076	377,984
	<u>1,237,773</u>	<u>958,886</u>

None of the executive committee members received any fees or emoluments in respect of their services to the Chamber during the year (2022: Nil).

12. EMPLOYEE BENEFITS EXPENSE

	<u>2023</u> HK\$	<u>2022</u> HK\$
Employee benefits expense:		
Salaries, bonuses and allowances	650,644	568,807
Retirement benefits scheme contributions	24,915	24,808
	<u>675,559</u>	<u>593,615</u>

13. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments / retirement benefits / termination benefits

None of the directors received any fees or emoluments in respect of their services during the year (2022: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts to which the Chamber was a party subsisted at the end of the year or any time during the year in which any director of the Chamber had a material interest.

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14. PROPERTY, PLANT AND EQUIPMENT

	Office equipment
	<u>HK\$</u>
Cost	
At 1 April 2021	11,328
Additions	<u>9,543</u>
At 31 March 2022 and 1 April 2022	20,871
Additions	<u>-</u>
At 31 March 2023	<u>20,871</u>
Accumulated depreciation	
At 1 April 2021	1,050
Change for the year	<u>4,041</u>
At 31 March 2022 and 1 April 2022	5,091
Charge for the year	<u>6,957</u>
At 31 March 2023	<u>12,048</u>
Carrying amount	
At 31 March 2023	<u>8,823</u>
At 31 March 2022	<u>15,780</u>

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15. INTANGIBLE ASSETS

	Software and website development (purchased) <u>HK\$</u>
Cost	
At 1 April 2021, 31 March 2022 and 1 April 2022	198,037
Additions	<u>-</u>
At 31 March 2023	<u>198,037</u>
Accumulated amortisation	
At 1 April 2021	91,270
Amortisation for the year	<u>33,006</u>
At 31 March 2022 and 1 April 2022	124,276
Amortisation for the year	<u>29,504</u>
At 31 March 2023	<u>153,780</u>
Carrying amount	
At 31 March 2023	<u><u>44,257</u></u>
At 31 March 2022	<u><u>73,761</u></u>

16. RIGHT-OF-USE ASSETS

	Leased properties <u>HK\$</u>
At 1 April 2021	72,033
Additions	59,006
Depreciation	<u>(76,572)</u>
At 31 March 2022 and 1 April 2022	54,467
Additions	52,339
Depreciation	<u>(58,493)</u>
At 31 March 2023	<u><u>48,313</u></u>

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16. RIGHT-OF-USE ASSETS (CONT'D)

	<u>2023</u> HK\$	<u>2022</u> HK\$
Depreciation expenses on right-of-use assets	58,493	76,572
Interest expense on lease liabilities (included in finance cost)	1,088	1,240
COVID-19 related rent concessions received	<u>1,500</u>	<u>-</u>

Details of total cash outflow for leases is set out in note 21(b).

The Chamber leases certain office premises and storeroom for its operations. Lease contracts are entered into for fixed term of one year (2022: two years to five and a half months). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Chamber applies the definition of a contract and determines the period for which the contract is enforceable.

17. BANK AND CASH BALANCES

	<u>2023</u> HK\$	<u>2022</u> HK\$
Time deposits	2,839,490	534,082
Cash at bank and on hand	<u>604,904</u>	<u>1,923,144</u>
	3,444,394	2,457,226
Less:		
Time deposits with maturity more than 3 months when acquired	<u>(1,539,490)</u>	<u>(31,500)</u>
Cash and cash equivalents	<u>1,904,904</u>	<u>2,425,726</u>

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

18. CONTRACT LIABILITIES

	<u>2023</u> HK\$	<u>2022</u> HK\$
Billings in advance of membership fee	<u>619,215</u>	<u>444,256</u>

The Chamber charge 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 recognised in surplus or deficit on a straight-line basis over the membership period. The contract liabilities mainly relate to the membership fees received in advance which represent the unearned membership income for the period from 1 April to 31 December of a calendar year.

Movements in contract liabilities:

	<u>2023</u> HK\$	<u>2022</u> HK\$
Balance at 1 April	444,256	143,684
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	(403,191)	(116,249)
Increase in contract liabilities as a result of billing in advance of membership fee	<u>578,150</u>	<u>416,821</u>
Balance at 31 March	<u>619,215</u>	<u>444,256</u>

The amount of membership fees received that is expected to be recognised as income after more than one year is HK\$162,641 (2022: HK\$41,065).

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

19. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	<u>2023</u> HK\$	<u>2022</u> HK\$	<u>2023</u> HK\$	<u>2022</u> HK\$
Within one year	51,677	57,419	50,252	56,567
In the second to fifth years, inclusive	-	-	-	-
	<u>51,677</u>	<u>57,419</u>	<u>50,252</u>	<u>56,567</u>
Less: Future finance charges	(1,425)	(852)	N/A	N/A
Present value of lease obligations	<u>50,252</u>	<u>56,567</u>	<u>50,252</u>	<u>56,567</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(50,252)</u>	<u>(56,567)</u>
Amount due for settlement after 12 months			<u>-</u>	<u>-</u>

All finance lease payables are denominated in Hong Kong dollars.

20. CAPITAL CONTRIBUTIONS

Capital contributions represent entrance fees received from Founding sponsor members. An analysis of the contributions as at 31 March 2023 is as follows:

	<u>2023</u> HK\$	<u>2022</u> HK\$
Founding sponsor corporate	1,300,000	1,300,000
Founding sponsor individual	<u>879,000</u>	<u>879,000</u>
	<u>2,179,000</u>	<u>2,179,000</u>

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Chamber's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Chamber's statement of cash flows as cash flows from financing activities.

	1 April 2022 HK\$	Addition HK\$	Cash flows HK\$	Rent concession HK\$	Interest expenses HK\$	31 March 2023 HK\$
Lease liabilities (note 19)	56,567	52,339	(58,242)	(1,500)	1,088	50,252
	1 April 2020 HK\$	Addition HK\$	Cash flows HK\$	Rent concession HK\$	Interest expenses HK\$	31 March 2022 HK\$
Lease liabilities (note 19)	72,858	59,006	(76,537)	-	1,240	56,567

(b) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	<u>2023</u> HK\$	<u>2022</u> HK\$
Within operating cash flows	1,088	1,240
Within financing cash flows	<u>57,154</u>	<u>75,297</u>
	<u>58,242</u>	<u>76,537</u>

These amounts relate to lease rental paid.

**THE MALAYSIAN CHAMBER OF COMMERCE
(HONG KONG AND MACAU) LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023
(for management purposes only)**

	<u>2023</u> HK\$	<u>2022</u> HK\$
MEMBERSHIP AND ENTRANCE FEES		
Founding sponsor corporate	62,375	57,476
Founding sponsor individual	16,675	14,761
Corporate member	216,837	189,799
Corporate sponsor member	59,750	5,400
Individual member	585,829	458,929
Young professional member	23,000	7,900
	964,466	734,265
OTHER INCOME		
Advertising income	37,000	60,000
Bank interest income	7,524	3,695
Functions income - Merdeka Nite/Dinner	1,202,505	848,800
- Other events	714,267	480,800
Sundry income	60,061	560
	2,021,357	1,393,855
	2,985,823	2,128,120
DONATIONS AND ADMINISTRATIVE EXPENSES		
Donations to the Students Trust Fund and other	22,236	-
Advisory service fees	59,047	21,357
Amortisation of intangible assets	29,504	33,006
Bank charges	5,812	4,897
Business registration fee	2,650	250
Cleaning fees	4,550	4,200
Depreciation of property, plant and equipment	6,957	4,041
Depreciation of right-of-use assets	58,493	76,572
Function expenses	1,237,773	958,886
Insurance	20,973	21,595
Newsletter and promotion	89,696	105,705
Membership fees	2,418	2,418
Miscellaneous	10,785	9,379
MPF contributions	24,915	24,808
Office management fees	7,497	11,781
Office supplies	-	5,398
Printing and stationery	17,296	16,132
Processing fee and commission	56,135	36,718
Government rent and rates	3,430	9,109
Salaries, bonuses and allowances	650,644	568,807
Telephone	3,218	3,800
Travelling	11,379	3,113
Water and electricity	4,433	3,790
Website and office maintenance	38,652	15,543
	2,368,493	1,941,305
FINANCE COSTS		
Interest expenses on lease liabilities	1,088	1,240
SURPLUS BEFORE TAX	616,242	185,575