

HONG KONG MARITIME MUSEUM LIMITED
(Trading in name of HONG KONG MARITIME MUSEUM)

AUDITED FINANCIAL STATEMENTS

31 MARCH 2013



鄒景福會計師事務所
PHILIP CHOW & COMPANY
Certified Public Accountants

10/F., Chiu Lung Bldg., 25 Chiu Lung St., Central, Hong Kong.
香港中環昭隆街二十五號昭隆大廈十樓
Tel 電話: (852) 2868 9117 Fax 傳真: (852) 2868 4787
Email 電郵: info@pcccpa.hk

DIRECTORS' REPORT

The directors herewith submit their annual report and the audited financial statements for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activities of the company are management and operation of a museum under the trading name of "HONG KONG MARITIME MUSEUM", admission tickets selling and retailing.

RESULTS

The results of the company for the year ended 31 March 2013 and the state of the company's affairs as at that date are set out in the financial statements.

DIVIDENDS

No dividend is recommended by the directors during the year.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment are shown in note 9 to the financial statements.

SHARE CAPITAL

Details of share capital of the company are set out in note 17 to the financial statements.

DIRECTORS

The directors who held office during the year and up to the date of this report were:-

Anthony John HARDY	
CHAN Yiu Kei	
CHEN Yee, Andrew	
WAUNG Sik Ying, William	
CHIN Kong, James	
KOO Chee Kong, Kenneth	
SHEK Yuk Yu	
TUNG Lieh Sing Alan	(appointed on 1 April 2012)
KOO Chee Chow David	(appointed on 1 February 2013)
LIANG Ming Shing	(resigned on 27 March 2013)

In accordance with the company's Articles of Association, all existing directors shall remain in office.

DIRECTORS' INTERESTS

Except as disclosed in note 19 to the financial statements, no contracts of significance to which the company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE OF SHARES OR DEBENTURES

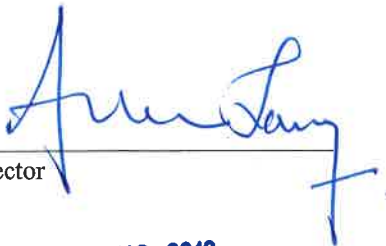
At no time during the year was the company a party to any arrangements to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of the company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The financial statements have been audited by Messrs. Philip Chow & Company, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By order of the Board


Director

Date: **27 AUG 2013**

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF HONG KONG MARITIME MUSEUM LIMITED
(Trading in the name of "HONG KONG MARITIME MUSEUM")
(incorporated in Hong Kong with limited liability)

We have audited the financial statements of Hong Kong Maritime Museum Limited (the "company") set out on pages 5 to 22, which comprise the balance sheet as at 31 March 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITOR'S RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2013 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

INDEPENDENT AUDITOR'S REPORT (CONT'D)



MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the inherent uncertainty as to the continuation of the financial support by the holding entity. The financial statements have been prepared on a going concern basis, the validity of which depends upon future financial support being available. The financial statements do not include any adjustments that would result from a failure to obtain such financial support. Details of the circumstances relating to this materiality uncertainty are described in note 3(a). We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.

PHILIP CHOW & COMPANY
Certified Public Accountants
Hong Kong

27 AUG 2019

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	<i>Note</i>	2013 <u>HK\$</u>	2012 <u>HK\$</u>
TURNOVER	4	755,236	1,143,970
Other revenue	5	881,610	52,778
Government subvention - consultancy studies grant		2,135,625	2,126,775
Government subvention - capital grant		55,818,290	11,319,903
Grant received from FIL Foundation		---	1,950,000
Cost of sales		(177,735)	(164,043)
Depreciation		(251,117)	(44,961)
Staff costs		(4,621,845)	(3,594,937)
Relocation and expansion - consultancy studies grant from the Government of the HKSAR		(2,135,625)	(2,126,775)
Relocation and expansion - capital grant from the Government of the HKSAR		(55,818,290)	(11,319,903)
Relocation and expansion - grant from FIL Foundation		---	(1,950,000)
Operating expenses		<u>(8,297,454)</u>	<u>(3,511,969)</u>
LOSS BEFORE TAXATION	6	(11,711,305)	(6,119,162)
Income tax	8	7,659	(5,881)
LOSS FOR THE YEAR		(11,703,646)	(6,125,043)
Other comprehensive income		<u>---</u>	<u>---</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(11,703,646)</u>	<u>(6,125,043)</u>

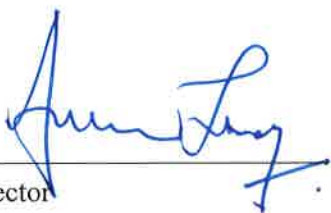
The accompanying notes form part of these financial statements

BALANCE SHEET

AS AT 31 MARCH 2013

	<i>Note</i>	2013 <u>HK\$</u>	2012 <u>HK\$</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	653,668	98,797
Intangible asset	10	185,833	185,833
		<u>839,501</u>	<u>284,630</u>
CURRENT ASSETS			
Inventories	11	1,984,469	414,782
Trade and other receivables	12	1,403,365	999,980
Cash and cash equivalents		448,635	738,792
		<u>3,836,469</u>	<u>2,153,554</u>
CURRENT LIABILITIES			
Other payables	13	2,283,155	673,229
Provision for long service payment	14	49,379	30,481
		<u>2,332,534</u>	<u>703,710</u>
NET CURRENT ASSETS		<u>1,503,935</u>	<u>1,449,844</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,343,436</u>	<u>1,734,474</u>
NON-CURRENT LIABILITIES			
Deferred taxation	15	---	(7,659)
Amount due to the holding entity	16	(44,410,513)	(32,090,246)
NET LIABILITIES		<u>(42,067,077)</u>	<u>(30,363,431)</u>
CAPITAL AND RESERVES			
Share capital	17	2	2
Accumulated losses		(42,247,079)	(30,543,433)
Capital subvention	18	180,000	180,000
		<u>(42,067,077)</u>	<u>(30,363,431)</u>

Director



Director



The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

	Share capital <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Capital subvention <i>HK\$</i>	Total <i>HK\$</i>
Balance at 31.3.2011	2	(24,418,390)	180,000	(24,238,388)
Total comprehensive loss for the year	<u>---</u>	<u>(6,125,043)</u>	<u>---</u>	<u>(6,125,043)</u>
Balance at 31.3.2012	2	(30,543,433)	180,000	(30,363,431)
Total comprehensive loss for the year	<u>---</u>	<u>(11,703,646)</u>	<u>---</u>	<u>(11,703,646)</u>
Balance at 31.3.2013	<u>2</u>	<u>(42,247,079)</u>	<u>180,000</u>	<u>(42,067,077)</u>

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

	2013	2012
	<u>HK\$</u>	<u>HK\$</u>
OPERATING ACTIVITIES		
Loss before taxation	(11,711,305)	(6,119,162)
Adjustments for:		
Depreciation	251,117	44,961
Loss on disposal of property, plant and equipment	10,341	449
Interest income	(31)	(54)
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL	<u>(11,449,878)</u>	<u>(6,073,806)</u>
Increase in inventories	(1,569,687)	(53,403)
Increase in accounts receivable	(56,976)	(397,237)
Increase in rental, utility and sundry deposits	(404,404)	(251,014)
Decrease/(increase) in prepayments	57,995	(179,775)
Increase in accrued expenses	1,545,574	573,400
Increase/(decrease) in temporary receipt	64,352	(10,000)
Increase in provision for long service payment	18,898	22,506
Increase in amount due to the holding entity	12,320,267	6,524,430
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>526,141</u>	<u>155,101</u>
INVESTING ACTIVITIES		
Payment for the purchase of property, plant and equipment	(816,329)	(99,091)
Bank interest received	31	54
NET CASH USED IN INVESTING ACTIVITIES	<u>(816,298)</u>	<u>(99,037)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(290,157)</u>	<u>56,064</u>
CASH AND CASH EQUIVALENTS AT 1 APRIL	<u>738,792</u>	<u>682,728</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>448,635</u>	<u>738,792</u>

ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2013	2012
	<u>HK\$</u>	<u>HK\$</u>
Cash and bank balances	<u>448,635</u>	<u>738,792</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

1. GENERAL

The company is incorporated as a private limited company in accordance with Companies Ordinance in Hong Kong. The address of registered office of the company is Suite B, 12/F, Two Chinachem Plaza, 135 Des Voeux Road Central, Hong Kong. The address of principal place of business of the company is Central Pier 8, Central, Hong Kong.

The principal activities of the company are management and operation of a museum under the trading name of "Hong Kong Maritime Museum", admission tickets selling and retailing.

2. ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS

The company has adopted all the new or revised standards, amendments and interpretations (herein collectively referred to as HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) that are effective for the current accounting period. The adoption of these new standards has not had any significant effect on the accounting policies or result and financial position of the company. Accordingly, no prior year adjustment is required.

The HKICPA has issued a number of new or revised HKFRSs but are not yet effective, and the company has not early adopted in these financial statements.

The company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the directors have concluded that while the adoption of the new or revised HKFRSs, may result in new or amended disclosure, these are unlikely to have a significant impact on the company's result of operations and financial position.

3. PRINCIPAL ACCOUNTING POLICIES

(a) *Going concern*

Notwithstanding the deficiency of net assets, the financial statements have been prepared on a going concern basis, as the holding entity has agreed to provide financial support and assistance as and when required in order to maintain the company as a going concern.

It is not considered, therefore, that any significant adjustments would need to be made to reduce the value of assets to their recoverable amount, to provide for any additional liabilities or to reclassify assets and liabilities.

(b) *Basis of preparation*

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the company is set out below.

The measurement basis used in the preparation of the financial statements is historical cost convention, except for certain financial instruments which are measured at fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(b) *Basis of preparation* (Cont'd)

The preparation of financial statements in conformity with HKFRSs 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 that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Judgements made by management in the application of HKFRSs that have no significant effect on the financial statements and estimate no significant risk of material adjustment in the next year.

(c) *Property, plant and equipment and depreciation*

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is provided to charge the cost of depreciable assets over their estimated useful lives on straight line basis, at the following rates per annum:-

Furniture and equipment	20%
Computer equipment	30%
Leasehold improvement	33.33%

Where parts of property, plant and equipment have the different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

(d) *Intangible assets*

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the company has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(e) *Inventories*

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as expenses in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(f) *Trade and other receivables*

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

(g) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and balances with banks, 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.

(h) *Impairment of assets*

(i) *Impairment of other receivables*

Other current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through statement of comprehensive income. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(h) *Impairment of assets* (Cont'd)

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

If any such indication exists, the asset's recoverable amount is estimated.

- *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- *Recognition of impairment losses*

An impairment loss is recognised in statement of comprehensive income whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to statement of comprehensive income in the year in which the reversals are recognised.

(i) *Other payables*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(j) *Related parties*

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

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

(k) *Subvention*

Subvention are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Company will comply with the conditions attaching to them.

Subvention that compensate the Company for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(l) *Employee benefits*

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the company. Where payment or settlement is deferred and the effect would be material, provisions are made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

The company operates defined contribution retirement schemes (including the Mandatory Provident Fund) for its employees, the assets of which are generally held in separate trustee - administered funds. The schemes are generally funded by payments from the company and employees.

The company's contributions to the defined contribution schemes are recognised as an expense in the statement of comprehensive income in the period to which the contributions relate.

(m) *Operating lease*

Rental payable under operating lease are charged to the statement of comprehensive income on a straight-line basis over the periods of the respective leases.

(n) *Income tax*

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the balance sheet date 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are 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 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discount.

- (i) Admission income is recognised when the tickets are issued to the customers.
- (ii) Management fee income is recognised when the management services have been provided to the customers.
- (iii) Membership fee income from public programs is recognised when membership is granted to the customers.
- (iv) Sales of goods are recognised when goods are delivered to customers and title has passed.
- (v) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rate applicable.

4. TURNOVER

	2013 <u>HK\$</u>	2012 <u>HK\$</u>
Admission income	293,900	579,482
Management fee income	1	1
Public programs	28,600	---
Sales of gifts and souvenirs	432,735	564,487
	<u>755,236</u>	<u>1,143,970</u>

5. OTHER REVENUE

	2013 <u>HK\$</u>	2012 <u>HK\$</u>
Donations received	8,539	28,750
Guided tour	1,000	13,000
Interest income	31	54
Sundry income	12,040	10,974
Venue hire	860,000	---
	<u>881,610</u>	<u>52,778</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

6. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:-

	2013 <u>HK\$</u>	2012 <u>HK\$</u>
Auditors' remuneration	38,800	27,000
Rent paid under operating lease	488,849	344,821
Loss on disposal of property, plant and equipment	10,341	449
Provision for long service payment	<u>18,898</u>	<u>22,506</u>

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:-

	2013 <u>HK\$</u>	2012 <u>HK\$</u>
Salaries and allowances	<u>Nil</u>	<u>Nil</u>
Mandatory Provident Fund contributions	<u>Nil</u>	<u>Nil</u>

8. INCOME TAX IN THE STATEMENT OF COMPREHENSIVE INCOME

	2013 <u>HK\$</u>	2012 <u>HK\$</u>
Deferred tax:		
Current year (<i>note 15</i>)	<u>(7,659)</u>	<u>5,881</u>

No provision for profits tax has been made in the financial statements as the company is entitled to exemption under Section 88 of the Inland Revenue Ordinance (Cap. 112) with effect from 15 July 2011.

The result for the year can be reconciled to the loss per statement of comprehensive income as follows:-

	2013 <u>HK\$</u>	2012 <u>HK\$</u>
Loss before taxation	<u>(11,711,306)</u>	<u>(6,119,162)</u>
Tax at the domestic profits tax rate of 16.5% (2012: 16.5%)	(1,932,365)	(1,009,661)
Tax effect on income that are not chargeable to tax	(5)	(9)
Tax effect on expense that are not deductible to tax	46,259	3,713
Deferred taxation (<i>note 15</i>)	(7,659)	5,881
Tax loss not recognised	<u>1,886,111</u>	<u>1,005,957</u>
Actual tax expense	<u>(7,659)</u>	<u>5,881</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$</i>	Furniture & equipment <i>HK\$</i>	Computer equipment <i>HK\$</i>	Total <i>HK\$</i>
<u>Cost</u>				
As at 1.4.2011	---	115,087	186,211	301,298
Additions	---	71,952	27,139	99,091
Disposal	---	(359)	(15,513)	(15,872)
As at 31.3.2012 and 1.4.2012	---	186,680	197,837	384,517
Additions	272,540	279,780	264,009	816,329
Disposal	---	(61,704)	(63,428)	(125,132)
As at 31.3.2013	272,540	404,756	398,418	1,075,714
<u>Accumulated depreciation</u>				
As at 1.4.2011	---	80,261	175,921	256,182
Charge for the year	---	29,949	15,012	44,961
Written back	---	(144)	(15,279)	(15,423)
As at 31.3.2012 and 1.4.2012	---	110,066	175,654	285,720
Charge for the year	90,847	70,422	89,848	251,117
Written back	---	(51,363)	(63,428)	(114,791)
As at 31.3.2013	90,847	129,125	202,074	422,046
<u>Net book value</u>				
As at 31.3.2013	181,693	275,631	196,344	653,668
As at 31.3.2012	---	76,614	22,183	98,797

10. INTANGIBLE ASSET

	Development costs <i>HK\$</i>
<u>Cost</u>	
As at 1.4.2012 and 31.3.2013	185,833
<u>Accumulated amortisation</u>	
As at 1.4.2012	---
Charge for the year	---
As at 31.3.2013	---
<u>Net book value</u>	
As at 31.3.2013	185,833
As at 31.3.2012	185,833

In the opinions of the directors, the expenditures on development software for the catalogue "The Hong Kong Maritime Museum Reference Chart and Pilotage Collection for China Sea Water: The Catalogue" are capitalised as the software is technically and commercially feasible and the company has sufficient resources and the intention to complete development. The expenditures capitalised are not amortised as their useful lives are assessed to be indefinite.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

11. INVENTORIES

	2013 <u>HK\$</u>	2012 <u>HK\$</u>
Merchandise	<u>1,984,469</u>	<u>414,782</u>

12. TRADE AND OTHER RECEIVABLES

	2013 <u>HK\$</u>	2012 <u>HK\$</u>
Accounts receivables	473,969	416,993
Rental, utility and sundry deposits	731,211	326,807
Prepayments	198,185	256,180
	<u>1,403,365</u>	<u>999,980</u>

Trade receivables of HK\$34,544 (2012: HK\$4,822) are due within one month. Other receivables and prepayments are expected to be recovered within one year.

13. OTHER PAYABLES

	2013 <u>HK\$</u>	2012 <u>HK\$</u>
Accrued expenses	2,217,603	672,029
Temporary receipt	65,552	1,200
	<u>2,283,155</u>	<u>673,229</u>

The other payables are expected to be settled within one year.

14. PROVISION FOR LONG SERVICE PAYMENT

	2013 <u>HK\$</u>	2012 <u>HK\$</u>
Balance brought forward	30,481	7,975
Add: Provision for the year	18,898	22,506
Balance carried forward	<u>49,379</u>	<u>30,481</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

15. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior reporting periods:-

	Accelerated tax depreciation <i>HK\$</i>
As at 1.4.2011	1,778
Credit to the statement of comprehensive income (<i>note 8</i>)	<u>5,881</u>
As at 31.3.2012 and 1.4.2012	7,659
Credit to the statement of comprehensive income (<i>note 8</i>)	<u>(7,659)</u>
As at 31.3.2013	<u>---</u>

No provision for deferred tax has been made as the company is entitled to exemption under Section 88 of the Inland Revenue Ordinance (Cap. 112) with effect from 15 July 2011.

16. AMOUNT DUE TO THE HOLDING ENTITY

The amount is unsecured, interest free and has no fixed terms of repayment.

17. SHARE CAPITAL

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Authorised:		
10,000 ordinary shares of HK\$1 each	<u>10,000</u>	<u>10,000</u>
Issued and fully paid:		
2 ordinary shares of HK\$1 each	<u>2</u>	<u>2</u>

Fully paid ordinary shares, which have a par value of HK\$1 each, carry one vote per share and carry a right to dividends.

18. CAPITAL SUBVENTION

	<i>HK\$</i>
As at 31.3.2012 and 31.3.2013	<u>180,000</u>

The fund support from The Lord Wilson Heritage Trust (the "Trust") totaling HK\$360,000. The purpose of the Trust is to support initiatives from community organizations by granting financial assistance for carrying out heritage-related projects.

In previous years, the company received a grant of HK\$180,000 towards the software development cost for the catalogue "The Hong Kong Maritime Museum Reference Chart and Pilotage Collection for China Sea Water: The Catalogue".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the company had the following transactions with the related party:-

<i>Name of related party</i>	<i>Relationship</i>	<i>Nature</i>	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Hong Kong Maritime Museum Trust	Holding entity	Management fee income	<u>1</u>	<u>1</u>
		Amount due to the holding entity	<u>44,410,513</u>	<u>32,090,246</u>

The balance with the holding entity is unsecured, interest-free and has no fixed terms of repayment.

20. CAPITAL MANAGEMENT

The company manages its capital to ensure that it will be able to continue as a going concern through the continuity of financial support from its holding entity. The company is not subject to externally imposed capital requirements. There have been no material changes in the company's capital management strategy during the year.

21. CATEGORIES OF FINANCIAL INSTRUMENTS

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Financial assets		
Loans and receivables (including cash and cash equivalents)	<u>1,852,000</u>	<u>1,738,772</u>
Financial liabilities		
Financial liabilities at amortised cost	<u>46,743,047</u>	<u>32,793,956</u>

22. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate, foreign currency risk and equity price risk arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below.

(a) Credit risk

The company's credit risk is primarily attributable to trade and other receivables, and cash and cash equivalents. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. Majority of cash is placed in various authorised institutions.

Bank balances are placed in authorised institutions and directors of the company consider the credit risk for such is minimal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

22. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Liquidity risk

The company maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements in the short and longer term.

The following details the company's non-derivative financial liabilities and the earliest date the company can be required to pay:

	2013			2012		
	Within one year <i>HK\$</i>	Over five year <i>HK\$</i>	Total <i>HK\$</i>	Within one year <i>HK\$</i>	Over five year <i>HK\$</i>	Total <i>HK\$</i>
Other payables	2,283,155	---	2,283,155	673,229	---	673,229
Provision for long service payment	49,379	---	49,379	30,481	---	30,481
Amount due to the holding entity	---	44,410,513	44,410,513	---	32,090,246	32,090,246
	<u>2,332,534</u>	<u>44,410,513</u>	<u>46,743,047</u>	<u>703,710</u>	<u>32,090,246</u>	<u>32,793,956</u>

(c) Interest rate risk

The company does not have any borrowing and therefore no significant exposure to interest rate risk.

(d) Foreign currency risk

Most of the net assets of the company are denominated in Hong Kong dollars. The company does not have significant exposure to foreign currency risk.

(e) Equity price risk

The company does not have any quoted and/or unquoted equity investment in other entities and movements in its own equity share price, and therefore no significant exposure to equity risk.

(f) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2013 and 2012.

23. OPERATING LEASE COMMITMENT

At 31 March 2013, the future minimum lease payments under non-cancellable operating leases are as follows:-

	2013 <i>HK\$</i>	2012 <i>HK\$</i>
Operating leases which expire:		
- within one year	307,000	134,103
- In the second to fifth years inclusive	<u>263,200</u>	---
	<u>570,200</u>	<u>134,103</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013 (CONT'D)

24. CAPITAL COMMITMENT

Capital commitment outstanding at 31 March 2013 not provided for in the financial statements was as follow:-

	2013 <u>HK\$</u>	2012 <u>HK\$</u>
Contracted for but not provided for	<u>18,762,000</u>	<u>75,206,122</u>

25. HOLDING ENTITY

As at 31 March 2013, the directors consider the company wholly owned by Hong Kong Maritime Museum Trust.

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the directors on **27 AUG 2013**