

Report of the Directors and Audited Financial Statements

HONG KONG GREEN BUILDING COUNCIL LIMITED

31 December 2023



HONG KONG GREEN BUILDING COUNCIL LIMITED

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REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2023.

Principal place of business

Hong Kong Green Building Council Limited (“the Council” or “HKGBC”) was incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Room 102, 1/F, Jockey Club Environmental Building, 77 Tat Chee Avenue, Kowloon Tong, Hong Kong.

Principal activities

The principal activities of the Council are to promote the adoption of green building standards and construction of green buildings in Hong Kong for environmental protection for the benefit of the community of Hong Kong.

Business Review

Vision and Mission

The Council is a non-profit, member-led organisation with the vision to help save the planet and improve the wellbeing of the people of Hong Kong by transforming the city into a greener built environment. Its mission is to lead market transformation by advocating green policies to the Government; introducing green building practices to all stakeholders; setting design, construction and management standards for the building profession; and promoting green living to the people of Hong Kong.

Our Work

The Council is committed to realising its mission. It carried out various activities and events in 2023 with the following highlights:

- *Helping Hong Kong to become a role model of decarbonizing the built environment for other high-density cities in the sub-tropical climate zone*
 - published the HKGBC Climate Change Framework (“the Framework”) for Built Environment to provide a practical reference for the industry and building owners to kick-start or continue their journey towards net-zero. Since the Framework was launched in June 2023, there were over 10,000 downloads from 52 global regions by the end of 2023.
 - launched the Zero-Carbon-Ready Building (ZCRB) Certification Scheme together with an energy performance calculator enabling the industry to evaluate their building energy performance, set zero-carbon-ready targets and pathways, and track the building’s progress on the pathway towards carbon neutrality.
 - published the HKGBC Guidebook for Sustainable Built Environment aiming to speed up Hong Kong’s transition to carbon neutrality by recommending sustainable built environment strategies.
- *Aligning with Government’s Climate Action Plan - Energy Efficiency in Buildings through promoting retro-commissioning (RCx) and retrofitting to the industry*
 - promoted the concept of RCx to more than 2,000 different stakeholders through the organisation of public seminars.

REPORT OF THE DIRECTORS (continued)

Business Review (continued)

Our Work (continued)

- *Aligning with Government's Climate Action Plan - Energy Efficiency in Buildings through promoting retro-commissioning (RCx) and retrofitting to the industry (continued)*
 - provided advisory services for CLP Power Hong Kong Limited (CLP) such as verifying the Eco Building Fund RCx projects, developing 5G management system in commercial buildings, developing online analytic tool for chiller optimization, and working with CLP to provide over 50 on-site RCx workshops in existing buildings to facilitate the industry practitioners to carry out RCx works.
 - provided technical services for Electrical and Mechanical Services Department such as conducting RCx studies for hospital building blocks, and developing RCx training materials for the Asia-Pacific Economic Cooperation (APEC) economies.
 - launched the Retrofitting Guidebook featuring over 50 retrofitting initiatives and 21 relevant cases studies, which had been downloaded more than 10,000 times by users from around 50 economies by the end of 2023, and started compiling Version Two of the Guidebook to further drive the sustainable transformations in existing buildings by incorporating new perspectives on kitchen retrofitting, architectural design, and rating of retrofitting initiatives.
- *BEAM Plus and Related Training*
 - launched a revamped version of BEAM Plus Interiors, extending application to domestic flat units.
 - operated the BEAM plus certification schemes, receiving registration from 109 new building projects, 60 existing properties, 9 interior fit-out projects, 2 neighbourhoods, 1 new and 2 existing data centres during the year.
 - accredited BEAM practitioners, with the resulting total numbers of BEAM Professionals, BEAM Affiliates, Green Building Faculty and BEAM Assessors reaching 3,730, 975, 139 and 82 respectively, and provided Continuing Professional Development (CPD) activities to BEAM practitioners, with the number of annual CPD training manhours reaching 18,235.
- *Scheme and Tool Development Other than BEAM Plus*
 - launched the Zero-Carbon-Ready Building (ZCRB) Certification Scheme, with 29 certificates awarded to 7 prominent developers to showcase their buildings' energy efficiency and to acknowledge their efforts in setting targets for their zero-carbon-ready journey, and organised Energy Assessor-ZCRB training sessions to build capacity of industry professionals.
 - continued to steer the RCx Registration Committee for the operation of the RCx Training and Registration Scheme, which was designed to offer systematic training and registration services for practitioners and services providers in Hong Kong. In 2023, HKGBC provided RCx training for over 500 industry practitioners of different building sectors to facilitate the industry to participate in RCx projects. Since 2019, the training sessions have been attended by over 2,100 industry practitioners, and more than 600 trainees have successfully registered as RCx Practitioners and RCx Professionals.

REPORT OF THE DIRECTORS (continued)

Business Review (continued)

Our Work (continued)

- *Scheme and Tool Development Other than BEAM Plus (continued)*
 - continued to promote the adoption of green and low-carbon products within the industry through the CIC Green Product Certification (CICGPC). As of December 2023, the number of certified products under the 28 product categories of CICGPC exceeded 800. In 2023, a study was initiated to review the scope of product categories and assessment criteria in order to effectively meet the industry's demand for greener and more low-carbon products.

- *Engagement and Outreach Activities*
 - organised the biennial Green Building Award 2023, with record-breaking numbers of nominations, to recognise the contributions and celebrate the achievements of outstanding projects and organisations in Hong Kong with a view to driving for excellence in the sustainable built environment.
 - completed the 11th edition of Hong Kong Green Building Week, a city-wide public campaign, as well as the Jockey Club BEAM Plus in Schools Project, and other educational and publicity initiatives to arouse public awareness on the benefits of green building and the importance of achieving carbon neutrality.
 - promoted the Hong Kong Green Shop Alliance (HKGSA) and organised the successful HKGSA Award with industry players to promote greener shopping environment.
 - hosted a study trip to Sydney, Australia to foster knowledge exchange on the latest developments, policies and technologies of green and smart buildings, with participation from the Development Bureau, HKGBC Directors and Members.
 - engaged the Council's Members via various activities including Expert Luncheon, Anniversary event, green building tours as well as other marketing and media opportunities.
 - jointly organised with the Chinachem Group its Sustainability Conference 2023 to facilitate discussion and sharing on pioneering an inclusive net-zero future for Hong Kong, engaging a total of 2,600 in-person and online attendees.
 - participated in Innovation Summit Hong Kong 2023 by Schneider Electric, HKET Real Estate Industry Forum 2023, ReThink Hong Kong, Environmental Forum with HKMU, and Eco Expo Asia 2023 by hosting conference and seminar sessions with the Council's Members as speakers to promote green building and carbon neutrality.
 - attained a total of 2,166 media coverages for the Council, of which 498 were driven by the HKGBC initiatives.
 - confirmed the joining of a new signatory party, namely the China Association of Building Energy Efficiency, for the Memoranda of Cooperation on RCx and Building Energy Saving Retrofit in 2023 to further promote the implementation of RCx and retrofitting in the Greater Bay Area.

REPORT OF THE DIRECTORS (continued)

Business Review (continued)

Financial Highlights

The financial position of the Council was healthy. As at 31 December 2023, the value of net current assets was HK\$74.8 million (2022: HK\$71.8 million), with a current ratio of 9.89 (2022: 18.53). The total revenue in 2023 was HK\$50.1 million, an increase of 4.2% compared to last year which was mainly attributed to increase in membership fee income, external sponsorship and schemes-related income.

The total funding support from the Construction Industry Council (“CIC”) amounted to HK\$4.1 million, an increase of 4.4% from last year, in which HK\$2.4 million was to support HKGBC’s projects and events while the remaining HK\$1.7 million was for the development and operation of green product certification scheme owned by CIC.

Income from BEAM Plus registration fees amounted to HK\$24.2 million this year, a decrease of 7.3% from last year. Membership fee income reached a record high at HK\$6.5 million, an increase of 21.6% from last year. Projects and programmes income amounted to HK\$4.7 million, a decrease of 2.7% from last year.

On the expenditure side, HK\$15.8 million was spent on projects and programmes, an increase of 90.4% compared to last year, mainly due to increase in expenses of Industry Standards Initiatives, Green Labelling Tool Launching and Sustainable Development Initiatives. The general and administrative expenses were HK\$26 million, representing an increase of 15.4% compared to last year.

Governance and Control

The Council has two Standing Committees to look after governance and control.

Finance and Executive Committee assists the Board in various control functions including overseeing corporate governance on approvals, developing policies and procedures, monitoring financial position, and maintaining budgetary control of the Council.

Governance and Quality Committee, with majority of its members from external parties, monitors the compliance and effectiveness of governance and quality standards as well as recommends necessary improvements.

During the year, the Council continued to carry out audits on BEAM Society Limited (BSL)’s assessment operations and updated the Corporate Governance and Procedural Manual to enhance its corporate governance standards.

Law Compliance

A Guide to Directors’ Duties issued by the Companies Registry was issued to all directors to remind them of their duty to act in good faith in the best interests of the Council. All directors, committee members and staff were also provided with a Code of Conduct (in light of the Council’s public body status) to remind their role as public servants, particularly on matters regarding conflict of interest and acceptance of advantage for the purpose of complying with the Prevention of Bribery Ordinance (Cap. 201).

During the year, the Council experienced no known non-compliance issues with laws or regulations and did not receive any material claim brought against the Council.

REPORT OF THE DIRECTORS (continued)

Business Review (continued)

Risks and Uncertainties

As reflected in this year's financial results, BEAM Plus registration fee income would fluctuate due to the state of the property market. To manage the uncertainty over income, the Council has proactively sought funding and generated income from different sources. By the end of 2023, the Council had accumulated a General Fund balance of HK\$50.8 million, which buffers the financial uncertainty and enables the Council to better meet future resource needs. The Council will continue to diversify its funding and income sources.

Key Relationships

Staff

The Council highly regards staff force as a valuable asset and encourages staff's development to boost internal core competence. During the year, training sessions on integrity, professional development, workshops on health, wellbeing and green awareness, as well as overseas exposure for capacity building were provided to staff.

BEAM Society Limited ("BSL")

BSL is a key partner of HKGBC in BEAM Plus and BEAM Practitioner schemes. HKGBC works closely with BSL in rating tool development work and entrusts BSL with BEAM Plus project assessment as well as training and examination of BEAM Practitioners.

Members

Membership is the cornerstone of the Council. As of the end of 2023, there were 185 Institutional Members including 114 Patron Members and 5,421 Associate Members. Membership income reached HK\$6.45 million. Through interaction and synergies created with our members, the Council effectively amplified its impact in creating a sustainable built environment. We also created tremendous value for our members through various events and opportunities for exposure.

A further engagement with HKGBC Members was that a group of young professionals named "Green Building Young Leaders" (GBYLs) were recruited and these GBYLs were actively involved and nurtured in the Council's various initiatives with mentorship provided.

Customers

The Council has the following major customers:

- Applicants of BEAM Plus and CIC Green Product Labelling Schemes
- Participants of RCx Training and Registration Scheme
- Applicants of ZCRB Certification Scheme and Energy Assessors - ZCRB
- Organisations that fund our projects such as the Hong Kong Jockey Club, CLP Power Hong Kong Limited, and the Government

REPORT OF THE DIRECTORS (continued)

Business Review (continued)

Key Relationships (continued)

Government

The Council is a close partner with the Government in driving the agenda of sustainable built environment. In particular, we are working closely with:

- Development Bureau on green building and sustainable infrastructure
- Environment and Ecology Bureau on climate change and public education
- Electrical and Mechanical Services Department on building energy efficiency
- Hong Kong Monetary Authority on Green Classification Framework for Hong Kong

Industry

Transforming the industry to create a more sustainable built environment is our mission. The industry we are serving includes all stakeholders of the building sector, ranging from developers, professionals, contractors, product/services providers, academia to technology providers. The Council develops and promotes best practices to the industry and facilitates changes.

Community

Creating behavioural change among and educating the general public is one of our key missions. We achieve this mission through our regular campaigns such as the Hong Kong Green Building Week and various educational programmes including the 3.5-year Jockey Club BEAM Plus in Schools Project, which certified 125 green schools and intensively educated their teachers and students.

International and Mainland Outreach

The Council continued to engage actively in various global initiatives of the World Green Building Council (WorldGBC) and participated in the WorldGBC Asia Pacific Network (APN). HKGBC Executive Director was the APN Chairman of WorldGBC for the term of 1 July 2021 to 30 June 2023 to lead the green building movement on regional and global levels.

Environmental Policies and Performance

In 2023, the Council continued to operate in an environmentally responsible manner. On-line meetings and electronic tools/platforms continued to be adopted to help reduce the Council's carbon footprint.

Subsequent Events

No important events affecting the Council have occurred since the end of the financial year.

REPORT OF THE DIRECTORS (continued)

Business Review (continued)

Future Development of the Council

The Council will move forward in a few key strategic directions as described below.

Enhancing the environmental performance of existing buildings is a challenge for major cities. The Council will make efforts to engage more existing buildings to adopt BEAM Plus. This will be accomplished by launching a revamped Existing Buildings rating tool in 2024 to meet the latest carbon neutrality and green finance trends.

The Council will also strive to enhance its global profile through a strong presence in international events, making contributions to the WorldGBC and attracting more BEAM Plus applications from regions outside Hong Kong. A generalised version of BEAM Plus to facilitate global applications is expected to be developed in 2024.

There will be a lot of infrastructures to be developed in Hong Kong and the Greater Bay Area (GBA). It is of paramount importance that they should be planned, designed, built and operated in a sustainable manner. To this end, the Council will work closely with the Government to develop a sustainability assessment tool for infrastructures.

The Council will explore opportunities of collaborating with organisations in the GBA, the Belt and Road countries, and APEC Member Economies on matters such as RCx, retrofitting, green building products and promotion of green building practices for optimising building energy performance and reducing carbon emissions of existing buildings.

The Council will, through its certification activities, facilitate the adoption of green finance by the industry in both the domestic and non-domestic markets.

Last but not least, the Council will continue to be one of the closest partners with the Government in driving a sustainable built environment and working towards carbon neutrality.

HONG KONG GREEN BUILDING COUNCIL LIMITED

REPORT OF THE DIRECTORS (continued)

Directors

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

Cheung Tin Cheung (Chairman)	
Cheng Ting Ning	
Cheung Chi Kong Victor	
Choi Wun Hing Donald	
Ho Chi Shing	
Ip Chung Man	
Kwok May Han Grace	
Lai Yuk Fai Stephen	
Leung Wai Kin	
Li Ho Kin	
Lo Chi Wah	
Ng Ka Wing Simon	
Pan Shujie	
Wong Yeuk Lan	
Yu Franklin	
Yuen Pak Leung	
Yun Ying Kit	
Fu Chin Shing	(appointed on 1 January 2023)
Chong Wang Hei Bruce	(appointed on 1 January 2024)
Duggie Alexander Main	(appointed on 1 January 2024)
Leung Tak Ming	(appointed on 1 January 2024)
Li Xiangdong	(appointed on 1 January 2024)
Lin Siu Hung Wallace	(appointed on 1 January 2024)
Young Andrew Meng Cheung	(appointed on 1 January 2024)
Yu Hon Kwan	(appointed on 1 January 2024)
Cheung Hau Wai	(resigned on 1 January 2023)
Cheng Chin Pang	(resigned on 1 January 2024)
Lam Ngan Tung Tony	(resigned on 1 January 2024)
Poon Shun Wing	(resigned on 1 January 2024)
So Hung Fai	(resigned on 1 January 2024)
Yau Man Hung Raymond	(resigned on 1 January 2024)
Yeung Hon Chung	(resigned on 1 January 2024)
Yu Shek Man Ringo	(resigned on 1 January 2024)

In accordance with the Council's existing Articles of Association, there being no provision in connection with the retirement of directors appointed by the Founding Members, and all elected directors will retire from the board at the end of the term of office of two years and will be eligible for re-election, provided that no directors shall serve on the Board for an aggregate period of more than six years, whether consecutive or not. In the event that an elected director has served on the Board as a director appointed by a Founding Member, such years of service shall be counted towards the said maximum six-year period.

REPORT OF THE DIRECTORS (continued)

Directors (continued)

As the composition of the Board of Directors of the Council was being drawn mainly from private or public construction industry sector organisations, it is inevitable that transactions will take place with organisations in which a director may have an interest. All transactions involving organisations in which directors of the Council may have an interest, subsisted at the end of the year or at any time during the year, were conducted on normal commercial terms and in accordance with the Council's procurement procedures.

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

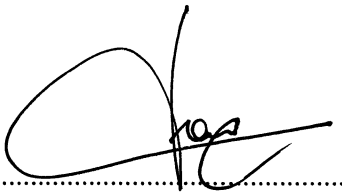
Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Council is currently in force and was in force throughout this year.

Auditors

During the year, KPMG ceased as auditors of the Council and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. A resolution for the reappointment of Ernst & Young as auditors of the Council will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



.....
Cheung Tin Cheung
Chairman

Hong Kong
28 May 2024



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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香港鰂魚涌英皇道979號
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Independent auditor's report
To the members of Hong Kong Green Building Council Limited
(Incorporated in Hong Kong, limited by guarantee)

Opinion

We have audited the financial statements of Hong Kong Green Building Council Limited (“the Council”) set out on pages 13 to 33, which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in reserve and funds and the cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Council as at 31 December 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 (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Council in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (“the Code”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

Independent auditor's report (continued)
To the members of Hong Kong Green Building Council Limited
(Incorporated in Hong Kong, limited by guarantee)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Council 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

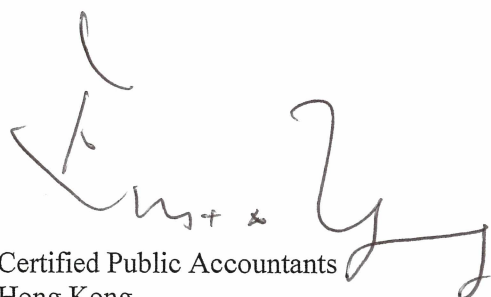
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report (continued)
To the members of Hong Kong Green Building Council Limited
(Incorporated in Hong Kong, limited by guarantee)

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council'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 Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

A handwritten signature in black ink, appearing to be 'K. Y. + 2', is written over the printed text of the auditor's name and date.

Certified Public Accountants
Hong Kong
28 May 2024

HONG KONG GREEN BUILDING COUNCIL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 HK\$	2022 HK\$
Revenue			
Funding support from a founding member, the Construction Industry Council (“CIC”)		4,107,206	3,934,411
Funding support from The Hong Kong Jockey Club Charities Trust		3,292,605	2,255,887
Other funding support income		61,745	23,609
Registration fee income	3	24,243,690	26,164,950
Membership fee income	4	6,451,000	5,305,500
Functions and events income	5	2,929,200	572,320
Seminar income		208,839	227,462
Projects and programmes income		4,749,937	4,882,676
BEAM practitioner’s qualification renewal fee income		1,100,210	1,018,330
Income from sharing the surplus of BEAM Plus operations		1,516,855	2,751,807
Other income	6	1,430,936	936,207
		<u>50,092,223</u>	<u>48,073,159</u>
Less: Expenditure			
Projects and programmes expenses	7	15,827,743	8,313,082
General and administrative expenses	8	25,980,053	22,511,160
Functions and events expenses	9	3,629,181	3,228,665
Publicity and advertising expenses		1,205,173	1,173,706
Seminar expenses		117,768	111,302
Depreciation		127,647	98,429
World Green Building Council membership expenses		195,647	195,595
		<u>47,083,212</u>	<u>35,631,939</u>
Surplus and total comprehensive income for the year		<u><u>3,009,011</u></u>	<u><u>12,441,220</u></u>

HONG KONG GREEN BUILDING COUNCIL LIMITED

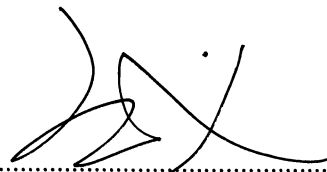
STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 HK\$	2022 HK\$
NON-CURRENT ASSET			
Property, plant and equipment	11	<u>217,828</u>	<u>228,475</u>
CURRENT ASSETS			
Deposits, prepayments and other receivables	12	6,781,469	4,355,260
Amounts due from founding members	16	4,154	177,335
Cash and cash equivalents	13	<u>76,421,406</u>	<u>71,333,547</u>
Total current assets		<u>83,207,029</u>	<u>75,866,142</u>
CURRENT LIABILITIES			
Payables and accruals	14	7,173,304	3,946,186
Amounts due to founding members	16	<u>1,242,400</u>	<u>148,289</u>
Total current liabilities		<u>8,415,704</u>	<u>4,094,475</u>
NET CURRENT ASSETS		<u>74,791,325</u>	<u>71,771,667</u>
NET ASSETS		<u>75,009,153</u>	<u>72,000,142</u>
Founding members' reserve	17(b)	200,000	200,000
Accumulated fund		8,014,944	7,800,086
Operation reserve fund	17(c)	16,000,000	14,000,000
General fund	17(c)	<u>50,794,209</u>	<u>50,000,056</u>
TOTAL RESERVE AND FUNDS		<u>75,009,153</u>	<u>72,000,142</u>



.....
Cheung Tin Cheung
Director



.....
Ho Chi Shing
Director

HONG KONG GREEN BUILDING COUNCIL LIMITED

STATEMENT OF CHANGES IN RESERVE AND FUNDS

31 December 2023

	Founding Members' reserve HK\$	Accumulated fund HK\$	Operation reserve fund HK\$	General fund HK\$	Total HK\$
Balance at 1 January 2022	200,000	7,738,922	14,000,000	37,620,000	59,558,922
Changes in reserve and funds for 2022:					
Surplus and total comprehensive income for the year before usage of funds	-	13,811,164	-	-	13,811,164
Usage of general fund	-	-	-	(1,369,944)	(1,369,944)
Surplus and total comprehensive income for the year	-	13,811,164	-	(1,369,944)	12,441,220
Transfer of funds	-	(13,750,000)	-	13,750,000	-
Balance at 31 December 2022 and 1 January 2023	200,000	7,800,086	14,000,000	50,000,056	72,000,142
Changes in reserve and funds for 2023:					
Surplus and total comprehensive income for the year before usage of funds	-	10,214,858	-	-	10,214,858
Usage of general fund	-	-	-	(7,205,847)	(7,205,847)
Surplus and total comprehensive income for the year	-	10,214,858	-	(7,205,847)	3,009,011
Transfer of funds	-	(10,000,000)	2,000,000	8,000,000	-
Balance at 31 December 2023	<u>200,000</u>	<u>8,014,944</u>	<u>16,000,000</u>	<u>50,794,209</u>	<u>75,009,153</u>

HONG KONG GREEN BUILDING COUNCIL LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 HK\$	2022 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		3,009,011	12,441,220
Adjustments for:			
Depreciation	8(b)	127,647	98,429
Bank interest income	6	<u>(1,348,086)</u>	<u>(124,357)</u>
		1,788,572	12,415,292
Increase in deposits, prepayments and other receivables		<u>(2,426,209)</u>	<u>(1,233,609)</u>
Decrease/(increase) in amounts due from founding members		173,181	<u>(27,320)</u>
Increase/(decrease) in payables and accruals		3,227,118	<u>(1,209,496)</u>
Increase/(decrease) in amounts due to founding members		<u>1,094,111</u>	<u>(1,338,614)</u>
Net cash flows from operating activities		<u>3,856,773</u>	<u>8,606,253</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		1,348,086	124,357
Payment for purchase of property, plant and equipment		<u>(117,000)</u>	<u>(180,468)</u>
Placement of time deposit		<u>(24,000,000)</u>	<u>-</u>
Net cash flows used in investing activities		<u>(22,768,914)</u>	<u>(56,111)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		<u>(18,912,141)</u>	8,550,142
Cash and cash equivalents at beginning of year		<u>59,333,547</u>	<u>50,783,405</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>40,421,406</u>	<u>59,333,547</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	40,421,406	59,333,547
Time deposits	13	<u>36,000,000</u>	<u>12,000,000</u>
Cash and cash equivalents as stated in the statement of financial position		76,421,406	71,333,547
Less: Time deposits with original maturity of more than three months when acquired	13	<u>(36,000,000)</u>	<u>(12,000,000)</u>
		<u>40,421,406</u>	<u>59,333,547</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE INFORMATION

The Council was incorporated in Hong Kong under the Hong Kong Companies Ordinance on 27 November 2009 and is limited by guarantee whereby in the event of the Council being wound up each member agrees to contribute to the assets of the Council an amount not exceeding HK\$100. The Council has become public body under the Prevention of Bribery Ordinance since 2016.

The principal activities of the Council are to promote the adoption of green building standards and construction of green buildings in Hong Kong for environmental protection for the benefit of the community of Hong Kong.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars (“HK\$”), which is also the Council’s functional currency.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Council has adopted the following revised HKFRSs, which are applicable to the Council for the first time in the current year's financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>

Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Council has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Council’s financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amendments to HKAS 8 *Definition of Accounting Estimates*

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Council's approach and policy align with the amendments, the amendments had no impact on the Council's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Council has not early applied any of the revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 December 2023 in these financial statements.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> ^{1, 4}
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> ¹
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> ¹
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ²

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

The Council is in the process of making an assessment of the impact of these revised HKFRSs upon initial application. So far, the Council considers that these revised HKFRSs are unlikely to have a significant impact on the Council's results of operations and financial position.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Council if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Council;
 - (ii) has significant influence over the Council; or
 - (iii) is a member of the key management personnel of the Council or of a parent of the Council;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Council are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Council are joint ventures of the same third party;
 - (iv) one 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 Council or an entity related to the Council;
 - (vi) the entity is controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Council.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Leasehold improvements	50%
Plant and machinery	50%
Furniture and fixtures	20%
Computer equipment	30%
Office equipment	20%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

The carrying amounts of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in the statement of profit or loss and other comprehensive income if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its fair value less costs of disposal 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 the time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the statement of profit or loss and other comprehensive income on the date of retirement or disposal.

Receivables (including amounts due from founding members)

A receivable is recognised when the Council 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 Council has an unconditional right to receive consideration, the amount is presented as a contract asset.

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

The Council applies the expected credit loss model on receivables that are subject to impairment. Impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Council is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The gross carrying amount of receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Council determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Payables (including amount due to a founding members)

Payables are initially recognised at the fair value subsequently measured at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Offsetting of receivable and payables

Receivables and payables are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Leases

A contract is, or contains, a lease if the contract conveys a 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 obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. All leases with a term of more than 12 months are recognised as assets representing the right of use of the underlying asset and liabilities representing the obligation to make lease payments, unless the underlying asset is of low value. Both the assets and the liabilities are initially measured on a present value basis.

The Council applies the short-term lease recognition exemption to its short-term leases of premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of services is transferred to the customers, at an amount that reflects the consideration to which the Council expects to be entitled in exchange for those services.

Funding support income

Funding support income is recognised when the Council's right to receive payment has been established.

Income from sharing the surplus of BEAM Plus operations

Income from sharing the surplus of BEAM Plus operations is recognised based on 20% share of surplus derived from BEAM Plus operations earned by BEAM Society Limited, a founding member, from the date when the Council's right to receive payment has been established.

Membership fee income and qualification renewal fee income

Membership fee income and qualification renewal fee income are recognised over the year of membership or qualification.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Registration fee, functions and events, seminar and projects and programmes income

Registration fee, functions and events, seminar and projects and programmes income are recognised when the services are rendered.

Other income

Interest income is recognised as it accrues using the effective interest method.

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Council will comply with the conditions attaching to them. Grants that compensate the Council for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Except for the funding support income of HK\$7,461,556 (2022: HK\$6,213,907) in total, all of other sources of revenue are within the scope of HKFRS 15.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits, as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Council's cash management.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Retirement benefit schemes

The Council operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Council in an independently administered fund. The Council’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Council’s employer voluntary contributions, which are refunded to the Council when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Defined benefit plans

The Council’s statutory obligation to pay long service payment in Hong Kong is a defined benefit plan. The cost of providing benefits relating to long service payment is determined using the projected unit credit actuarial valuation method.

Remeasurements, comprising actuarial gains and losses, and investment returns and other experience adjustments associated with the MPF employer contributions (excluding amounts included in net interest on the net defined benefit liability), are debited or credited to equity in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

HONG KONG GREEN BUILDING COUNCIL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2023

3. REGISTRATION FEE INCOME

Registration fee income represents registration fee received and receivable for registration services rendered by the Council for the applicants who apply to take part in a green building assessment and accreditation programme.

4. MEMBERSHIP FEE INCOME

	2023 HK\$	2022 HK\$
Platinum patron members	2,720,000	2,380,000
Gold patron members	1,560,000	1,230,000
Silver patron members	1,050,000	760,000
Bronze patron members	308,000	198,000
Marble patron members	416,000	333,000
Institutional members	345,000	346,500
Associate members	52,000	58,000
	<u>6,451,000</u>	<u>5,305,500</u>

5. FUNCTIONS AND EVENTS INCOME

	2023 HK\$	2022 HK\$
Income from Green Building Awards	2,429,200	22,320
Income from the Chinachem Group Sustainability Conference	<u>500,000</u>	<u>550,000</u>
	<u>2,929,200</u>	<u>572,320</u>

HONG KONG GREEN BUILDING COUNCIL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2023

6. OTHER INCOME

	2023 HK\$	2022 HK\$
Bank interest income	1,348,086	124,357
Sundry income	82,850	107,850
Government grants (note)	-	704,000
	<u>1,430,936</u>	<u>936,207</u>

Note: During the year ended 31 December 2022, the Council successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set by the HKSAR Government. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Council was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. There is no such subsidy introduced by Government during the year ended 31 December 2023.

7. PROJECTS AND PROGRAMMES EXPENSES

	2023 HK\$	2022 HK\$
Expenses for projects and programmes funded by CIC	3,883,953	2,957,581
Expenses for other projects and programmes	<u>11,943,790</u>	<u>5,355,501</u>
	<u>15,827,743</u>	<u>8,313,082</u>

HONG KONG GREEN BUILDING COUNCIL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2023

8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses included:

(a) Staff costs

	2023 HK\$	2022 HK\$
Contribution to defined contribution retirement plan	677,861	582,460
Salaries, wages and other benefits	<u>21,185,689</u>	<u>18,159,859</u>
	<u>21,863,550</u>	<u>18,742,319</u>

(b) Other items

	2023 HK\$	2022 HK\$
Auditor's remuneration	110,100	107,200
Depreciation	127,647	98,429
Facilities service fee - short term operating lease charges	<u>2,244,926</u>	<u>2,235,388</u>

9. FUNCTIONS AND EVENTS EXPENSES

	2023 HK\$	2022 HK\$
Expenses for Hong Kong Green Building Week	2,000,000	1,999,610
Expenses for Green Building Awards	1,296,558	223,513
Expenses for other events	332,623	248,055
Expenses for Greater Bay Area Sustainable Building Conference	<u>-</u>	<u>757,487</u>
	<u>3,629,181</u>	<u>3,228,665</u>

HONG KONG GREEN BUILDING COUNCIL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2023

10. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2023 HK\$	2022 HK\$
Directors' fees	-	-
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
	<u> </u>	<u> </u>

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Plant and machinery HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Computer equipment HK\$	Total HK\$
31 December 2023						
At 1 January 2023:						
Cost	436,612	1,324,982	1,690,238	345,100	2,029,236	5,826,168
Accumulated depreciation	<u>(436,612)</u>	<u>(1,324,982)</u>	<u>(1,643,618)</u>	<u>(332,773)</u>	<u>(1,859,708)</u>	<u>(5,597,693)</u>
Net carrying amount	<u> </u>	<u> </u>	<u>46,620</u>	<u>12,327</u>	<u>169,528</u>	<u>228,475</u>
At 1 January 2023, net of accumulated depreciation	-	-	46,620	12,327	169,528	228,475
Additions	-	-	7,232	7,658	102,110	117,000
Depreciation provided during the year	<u> </u>	<u> </u>	<u>(20,678)</u>	<u>(5,669)</u>	<u>(101,300)</u>	<u>(127,647)</u>
At 31 December 2023, net of accumulated depreciation	<u> </u>	<u> </u>	<u>(33,174)</u>	<u>(14,316)</u>	<u>(170,338)</u>	<u>(217,828)</u>
At 31 December 2023:						
Cost	436,612	1,324,982	1,693,528	351,725	2,131,346	5,938,193
Accumulated depreciation	<u>(436,612)</u>	<u>(1,324,982)</u>	<u>(1,660,354)</u>	<u>(337,409)</u>	<u>(1,961,008)</u>	<u>(5,720,365)</u>
Net carrying amount	<u> </u>	<u> </u>	<u>33,174</u>	<u>14,316</u>	<u>170,338</u>	<u>217,828</u>

HONG KONG GREEN BUILDING COUNCIL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2023

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements HK\$	Plant and machinery HK\$	Furniture and fixtures HK\$	Office equipment HK\$	Computer equipment HK\$	Total HK\$
31 December 2022						
At 1 January 2022:						
Cost	436,612	1,324,982	1,657,308	342,100	1,884,698	5,645,700
Accumulated depreciation	(436,612)	(1,324,982)	(1,627,255)	(326,535)	(1,783,880)	(5,499,264)
Net carrying amount	<u>-</u>	<u>-</u>	<u>30,053</u>	<u>15,565</u>	<u>100,818</u>	<u>146,436</u>
At 1 January 2022, net of accumulated depreciation	-	-	30,053	15,565	100,818	146,436
Additions	-	-	32,930	3,000	144,538	180,468
Depreciation provided during the year	-	-	(16,363)	(6,238)	(75,828)	(98,429)
At 31 December 2022, net of accumulated depreciation	<u>-</u>	<u>-</u>	<u>46,620</u>	<u>12,327</u>	<u>169,528</u>	<u>228,475</u>
At 31 December 2022:						
Cost	436,612	1,324,982	1,690,238	345,100	2,029,236	5,826,168
Accumulated depreciation	(436,612)	(1,324,982)	(1,643,618)	(332,773)	(1,859,708)	(5,597,693)
Net carrying amount	<u>-</u>	<u>-</u>	<u>46,620</u>	<u>12,327</u>	<u>169,528</u>	<u>228,475</u>

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023 HK\$	2022 HK\$
Prepayments	1,297,475	1,297,847
Deposits	10,291	21,092
Other receivables	5,473,703	3,036,321
	<u>6,781,469</u>	<u>4,355,260</u>

Impairment of deposits and other receivables

The carrying amount of deposits and other receivables approximated to their fair value as at 31 December 2023 and 2022. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit losses as at 31 December 2023 and 2022 were considered to be minimal.

HONG KONG GREEN BUILDING COUNCIL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2023

13. CASH AND CASH EQUIVALENTS

	2023 HK\$	2022 HK\$
Cash at bank and on hand	40,421,406	59,333,547
Time deposits with original maturity over three months	<u>36,000,000</u>	<u>12,000,000</u>
	<u>76,421,406</u>	<u>71,333,547</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Long term time deposits are made for varying periods of more than three months but less than one year and earn interest at the respective time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

The time deposits earn 3.20% to 5.02% (2022: 0.20% to 4.90%) interest per annum.

14. PAYABLES AND ACCRUALS

All of the payables and accruals are expected to be settled within one year or are repayable on demand.

15. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Council is exempted from taxation pursuant to Section 88 of the Inland Revenue Ordinance.

HONG KONG GREEN BUILDING COUNCIL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2023

16. AMOUNTS DUE FROM/(TO) FOUNDING MEMBERS

	2023 HK\$	2022 HK\$
<i>Amounts due from founding members</i>		
BSL	-	166,189
Business Environment Council Limited (“BEC”)	<u>4,154</u>	<u>11,146</u>
	<u>4,154</u>	<u>177,335</u>
<i>Amounts due to founding members</i>		
BSL	22,164	-
CIC	87,594	148,289
Professional Green Building Council Limited (“PGBC”)	<u>1,132,642</u>	<u>-</u>
	<u>1,242,400</u>	<u>148,289</u>

The amounts due from/(to) founding members are unsecured, interest-free and recoverable/(repayable) on demand. They are expected to be recovered/(repaid) within one year.

The amounts due from founding members are not past due and expected credit losses on the amounts are considered insignificant.

17. FOUNDING MEMBERS’ RESERVE AND FUNDS

(a) Components of the Council’s reserve and funds

The reconciliation between the opening and closing balances of each component of the Council’s reserve and funds is set out in the statement of changes in reserve and funds.

(b) Founding members’ reserve

The founding members’ reserve represents the contributions made by the four founding members of \$50,000 each upon the incorporation of the Council.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

17. **FOUNDING MEMBERS' RESERVE AND FUNDS (continued)**

(c) **Nature and purpose of funds**

Operation reserve fund

The operation reserve fund was established to retain the Patron Membership fee income and any other income which CIC allows the Council to keep at the end of a financial year, to serve as a reserve to sustain at least 6 months' operation of the Council during a prolonged period of financial shortfall, and to retain additional provision of reserve that the Board of the Council sees appropriate due to inflation in order to maintain at least 6 months' operation of the Council.

During the year ended 31 December 2023, HK\$2,000,000 surplus generated from self-financed core operation and activities was transferred from accumulated fund to operation reserve fund (2022: Nil).

General fund

The general fund was established to retain surplus generated by the Council's self-financed core operation and activities at the end of a financial year (excluding surplus generated by projects and events funded by third parties), as approved by the Board of the Council and to finance any ad-hoc researches, tool development and other activities that the Board of the Council thinks fit to carry out.

During the year ended 31 December 2023, surplus generated from self-financed core operation and activities of HK\$8,000,000 (2022: HK\$13,750,000) was transferred from accumulated fund to general fund.

(d) **Capital management**

The Council's primary objectives when managing capital are to safeguard the Council's ability to continue as a going concern.

The Council defines "capital" as including all components of reserve and funds.

The Council's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Council.

The Council is not subject to any externally imposed capital requirements.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

18. RELATED PARTY TRANSACTIONS**(a) Transactions with key management personnel**

All members of key management personnel are directors of the Council, and their remuneration is disclosed in note 10.

(b) Transactions with other related parties

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Council entered into the following material related party transactions:

	2023 HK\$	2022 HK\$
Funding support from CIC, a founding member	4,107,206	3,934,411
Facilities service fee paid to BEC, a founding member	2,314,020	2,285,200
Income from sharing the surplus of BEAM Plus operations received from BSL, a founding member	1,516,855	2,751,807
Functions and events expenses paid to CIC, a founding member	-	14,400
Projects and programmes income received and receivable from BSL, a founding member	250,873	175,694
Projects and programmes expense paid and payable to BSL, a founding member	3,492,815	28,703
Refund of facilities service fee received and receivable from BEC, a founding member	10,091	25,219
Repair of water pipes & drainage system received from BEC, a founding member	6,666	-
Repair of water pipes & drainage system received from BSL, a founding member	13,266	-
Functions and events surplus payable to PGBC, a founding member	1,132,642	-
Membership fee for BEAM Practitioners Annual Qualification received from BSL, a founding member	7,520	7,680
Instructor fee for training course paid to Dr Jack CHENG Chin-pang, a Director of HKGBC	-	40,000
	<u> </u>	<u> </u>

NOTES TO FINANCIAL STATEMENTS

31 December 2023

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit and liquidity risks arises in the normal course of the Council's business. The Council's exposure to these risks and the financial management policies and practices used by the Council to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Council. The Council's credit risk is primarily attributable to amounts due from founding members and other receivables. The Council's credit risk arising from cash and cash equivalents and time deposits is limited because the counterparties are banks with sound credit rating, for which the Council considers to have low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(b) Liquidity risk

The Council's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate funding from founding members to meet its liquidity requirements in the short and longer term.

(c) Fair values

The carrying amounts of the Council's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2023 and 2022.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 May 2024.

THE FOLLOWING INFORMATION DOES NOT FORM PART OF
THE AUDITED FINANCIAL STATEMENTS

**Management accounts in respect of the
Hong Kong Green Building Week 2023 (“HKGBW 2023”)**
(Expressed in Hong Kong dollars)

	HK\$
Revenue	
Funding support from Construction Industry Council for HKGBW 2023	<u>1,600,000</u>
Total income	<u>1,600,000</u>
Expenditure	
Expenses for API production	(326,263)
Expenses for Programme fee	(1,113,737)
Expenses for Agency management fee	(360,000)
Expenses for Staff cost	<u>(200,000)</u>
Total expenditure	<u>(2,000,000)</u>
Deficit for the event (to be borne by the Council)	<u><u>(400,000)</u></u>

**Summary of management accounts in respect of the
2 projects and 1 scheme approved and funded by
Construction Industry Council (“CIC”) in 2023**
(Expressed in Hong Kong dollars)

	HK\$
Revenue	
Funding Support from CIC for Hong Kong Green Shop Alliance	789,575
Funding Support from CIC for CIC Green Product Certification Scheme	467,631
Funding Support from CIC for Development of CIC Green Product Certification Accreditation and Standards for Low Carbon Materials/ Products Categories	<u>1,250,000</u>
Total Income	<u>2,507,206</u>
Expenditure	
Expenses for Hong Kong Green Shop Alliance	(986,969)
Net expenses for CIC Green Product Certification Scheme	(850,238)
Expenses for Development of CIC Green Product Certification Accreditation and Standards for Low Carbon Materials/ Products Categories	<u>(1,250,000)</u>
Total expenditure	<u>(3,087,207)</u>
Deficit for the projects (to be borne by the Council)	<u><u>(580,001)</u></u>