



HONG KONG DANCE COMPANY LIMITED

(香港舞蹈團有限公司)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2008

林海涵會計師行
H. H. LAM & CO.

Chartered Accountants,
Certified Public Accountants
Hong Kong.

HONG KONG DANCE COMPANY LIMITED

REPORT OF THE BOARD MEMBERS

The Board Members of the Company have pleasure in submitting their annual report and the audited financial statements for the year ended 31st March 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were to establish and take all necessary steps for the promotion, maintenance, improvement and advancement of the interest of the public in Hong Kong and elsewhere in the development of dance, especially Chinese dance and various related forms of art, whether educational, cultural, classical, modern or contemporary.

RESULTS

The result of the Company's operations for the year ended 31st March 2008 and the state of its affairs at that date are set out in the financial statements on pages 5 to 16.

FIXED ASSETS

Details of the movements in fixed assets of the Company are set out in Note 7 to the financial statements.

BOARD MEMBERS OF THE COMPANY

The Board Members of the Company during the year were :-

Mr. Leung Wing Cheung, William, JP	
Ms. Ng Choi Yuk, Theresa	
Dr. Shen Shir Ming	(Appointed on 8th October 2007)
Mrs. Chan Lo Po Ling, Pauline	
Ms. Tang Tania Christina	
Prof. Man Kit Wah, Eva	
Mrs. Lo Liu Yiu Chee, Virginia	
Ms. Chung Wai Man, Sylvia	
Ms. Ko Kit Ying, Patra	
Mr. Cheng Shing Fung	(Appointed on 8th October 2007)
Ms. Chan Wen Mee, May	(Appointed on 8th October 2007)
Ms. Fong Doris	(Appointed on 8th October 2007)
Mr. Lee Shung Tak, BBS, JP	(Retired on 8th October 2007)
Ms. Tong Mei Mei, Estella	(Retired on 8th October 2007)

In accordance with Articles 38 and 40 of the Company's Articles of Association, Mr. Leung Wing Cheung, William, JP, Ms. Tang Tania Christina and Prof. Man Kit Wah, Eva retire on the date of the Annual General Meeting. Ms. Ng Choi Yuk, Theresa, Dr. Shen Shir Ming, Mrs. Lo Liu Yiu Chee, Virginia, Mr. Cheng Shing Fung, Ms. Chan Wen Mee, May and Ms. Fong Doris would hold office for the ensuing year.

HONG KONG DANCE COMPANY LIMITED
REPORT OF THE BOARD MEMBERS (CONTINUED)

BOARD MEMBERS OF THE COMPANY (Continued)

In accordance with Article 36 of the Company's Articles of Association, Mrs. Chan Lo Po Ling, Pauline, Ms. Ko Kit Ying, Patra and Ms. Chung Wai Man, Sylvia being appointed by the Government retire on the date of the Annual General Meeting but being eligible for re-appointment by the Government.

BOARD MEMBERS' INTEREST IN CONTRACTS

In the opinion of the Board Members of the Company, there were no contracts of significance in relation to the Company's business to which the Company was a party and in which a Board Member of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

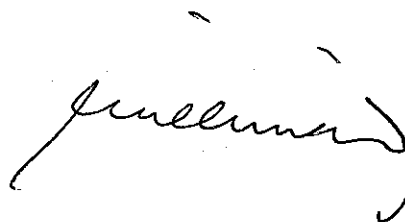
MANAGEMENT CONTRACTS

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

AUDITORS

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

On behalf of the Board



Chairman

Hong Kong, - 1 SEP 2008

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HONG KONG DANCE COMPANY LIMITED**

(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Hong Kong Dance Company Limited set out on pages 5 to 16, which comprise the balance sheet as at 31st March 2008, and the income and expenditure statement, statement of recognized income and expenses and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

BOARD MEMBERS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board Members are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the 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 and true and fair presentation of the financial statements 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 Board Members, as well as evaluating the overall presentation of the financial statements.

ROOMS 905-909, YU TO SANG BUILDING, 37, QUEEN'S ROAD CENTRAL, HONG KONG.
TEL: 2523 0191, 2522 2423, 2522 5924, 2523 5425, 2524 1984 FAX: (852) 2845 2720
H.H. LAM, B. A. (ECON), F.H.K.S.A., F.C.A. TEL: 2525 1686 E-mail: hhlamco@netvigator.com

林海涵會計師行
香港中環皇后大道中37號
余道生行十樓
電話：二五二二二四二二
二五二二二四二三
二五二二二四二四
二五二二二四二五
二五二四一九八四
香港大學經濟系榮譽學士
英國特許會計師
林海涵
二五二五二六八六

Page 4

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HONG KONG DANCE COMPANY LIMITED (Continued)

(Incorporated in Hong Kong and limited by guarantee)

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 the company's affairs as at 31st March 2008 and of its deficit 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 and the Notes for Auditors and Accountants of Miscellaneous Organizations in Receipt of Government Subvention.



H. H. LAM & CO.
CHARTERED ACCOUNTANTS
CERTIFIED PUBLIC ACCOUNTANTS

Hong Kong,

HONG KONG DANCE COMPANY LIMITED
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2008

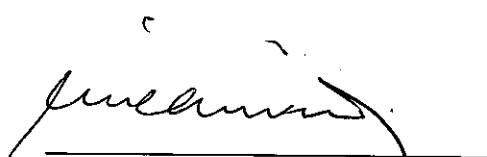
	<u>Note</u>	<u>2008</u>	<u>2007</u>
		<u>HK\$</u>	<u>HK\$</u>
<u>INCOME</u>	3	36,198,295	32,308,287
<u>EXPENDITURE</u>			
Direct Production Costs		7,768,619	7,204,471
Personal Emoluments		16,663,372	15,181,094
Marketing and Promotion Expenses		2,456,029	2,359,051
Outreach and Education Expenses		1,790,384	1,828,555
Overseas Tour Expenses		3,628,103	-
Other Operating Expenses		5,716,169	5,724,827
		(38,022,676)	(32,297,998)
(Deficit)/Surplus for the year	4	(1,824,381)	10,289

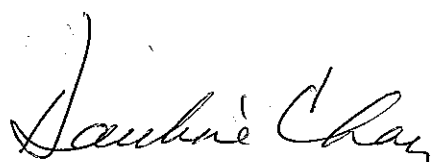
The annexed notes form an integral part of these financial statements.

HONG KONG DANCE COMPANY LIMITEDBALANCE SHEETAS AT 31ST MARCH 2008

	<u>Note</u>	<u>2008</u>	<u>2007</u>
		<u>HK\$</u>	<u>HK\$</u>
<u>NON-CURRENT ASSETS</u>			
Fixed Assets	7	4	4
<u>CURRENT ASSETS</u>			
Receivables, Deposits and Prepayments		2,065,047	1,529,270
Short-term Bank Deposits	8	2,558,155	5,844,874
Cash at Bank and in Hand	9	1,828,217	2,971,359
		6,451,419	10,345,503
<u>CURRENT LIABILITIES</u>			
Payables and Accruals		(784,007)	(2,862,309)
Net Current Assets		5,667,412	7,483,194
Net Assets		5,667,416	7,483,198
Represented by :			
<u>GENERAL FUND</u>		4,993,119	6,827,789
<u>DEVELOPMENT FUND</u>	10	674,297	655,409
		5,667,416	7,483,198

Approved and authorized for issue by the Board on - 1 SEP 2008


 Leung Wing Cheung, William, JP
 Chairman


 Chan Lo Po Ling, Pauline
 Treasurer

The annexed notes form an integral part of these financial statements.

HONG KONG DANCE COMPANY LIMITED
STATEMENT OF RECOGNIZED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST MARCH 2008

	General <u>Fund</u> <u>HK\$</u>	Development <u>Fund</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
Balance at 1st April 2006	8,222,988	633,380	8,856,368
Surplus for the year	10,289	22,029	32,318
Refund of Surplus to The Government of the HKSAR	<u>(1,405,488)</u>	<u>-</u>	<u>(1,405,488)</u>
Balance at 31st March 2007 and 1st April 2007	6,827,789	655,409	7,483,198
(Deficit) for the year	(1,824,381)	18,888	(1,805,493)
Refund of Surplus to The Government of the HKSAR	<u>(10,289)</u>	<u>-</u>	<u>(10,289)</u>
Balance at 31st March 2008	<u>4,993,119</u>	<u>674,297</u>	<u>5,667,416</u>

HONG KONG DANCE COMPANY LIMITEDCASH FLOW STATEMENTFOR THE YEAR ENDED 31ST MARCH 2008

	<u>2008</u>	<u>2007</u>
	<u>HK\$</u>	<u>HK\$</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
(Deficit)/Surplus for the year	(1,824,381)	10,289
Adjustments for :		
- Bank Interest Received	(232,580)	(339,644)
- Depreciation on Fixed Assets	291,811	275,304
(Deficit) before Changes in Working Capital	(1,765,150)	(54,051)
(Increase) in Receivable, Deposits and Prepayments	(535,777)	(276,753)
(Decrease)/Increase in Payables and Accruals	(2,078,302)	528,736
Net Cash (used in)/generated from Operating Activities	(4,379,229)	197,932
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Payment for the Purchase of Fixed Assets	(291,811)	(275,304)
Increase in Development Fund	18,888	22,029
Bank Interest Received	232,580	339,644
Net Cash (used in)/generated from Investing Activities	(40,343)	86,369
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Refund of Surplus to The Government of the HKSAR	(10,289)	(1,405,488)
Net Cash (used in) Financing Activities	(10,289)	(1,405,488)
Net (Decrease) in Cash and Cash Equivalents	(4,429,861)	(1,121,187)
Cash and Cash Equivalents at beginning of the year	8,816,233	9,937,420
Cash and Cash Equivalents at end of the year	4,386,372	8,816,233
<u>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</u>		
Short-Term Bank Deposits	2,558,155	5,844,874
Cash at Bank and in Hand	1,828,217	2,971,359
	4,386,372	8,816,233

HONG KONG DANCE COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTS1) GENERAL INFORMATION

The Company is a charitable institution incorporated in Hong Kong and is limited by guarantee, such that under the provisions of the Company's Memorandum of Association, every member shall, in the event of the Company being wound up, contribution such amount may be required to meet the liabilities of the Company but not exceeding HK\$100.00 per member.

The address of its registered office is 4th Floor, Sheung Wan Municipal Services Building, 345 Queen's Road Central, Hong Kong.

The principal activities of the Company are to establish and take all necessary steps for the promotion, maintenance, improvement and advancement of the interest of the public in Hong Kong and elsewhere in the development of dance, especially Chinese dance and various related forms of art, whether educational, cultural, classical, modern or contemporary.

2) PRINCIPAL ACCOUNTING POLICIES2.1 Statement of Compliance

The 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 the Hong Kong Companies Ordinance. A summary of the principal accounting policies adopted by the company is set out below.

No early adoption of HKAS 1 (Revised), HKAS 23 (Revised), HKAS 27 (Revised), HKFRSs 2 (Amendment), HKFRSs 3 (Revised), HKFRSs 8, HK(IFRIC)-Ints. 12, 13 and 14 that have been issued but are not yet effective. The adoption of such Standards or Interpretations will not result in substantial changes to the company's accounting policies.

2.2 Basis of Preparation of the Financial Statement

The financial statements have been prepared under the historical cost convention.