

CRICKET HONG KONG LIMITED
(Formerly known as The Hong Kong Cricket Association)
(Incorporated in Hong Kong and limited by guarantee)

Reports and Financial Statements
For the period from 1 January 2017 to 30 June 2018

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2018

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CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the period from 1 January 2017 to 30 June 2018.

1. PRINCIPAL ACTIVITY

The principal activity of the Company is the support, promotion and development of cricket in Hong Kong.

2. CHANGE OF COMPANY'S NAME

By a special resolution passed on 30 November 2017, the name of the Company was changed from "The Hong Kong Cricket Association" to "Cricket Hong Kong Limited".

3. CHANGE OF FINANCIAL PERIOD

The Company changed its financial year end date from 31 December to 30 June in order to conform to the cricket league season.

4. RESULTS AND APPROPRIATIONS

The results of the Company for the period from 1 January 2017 to 30 June 2018 are set out in the statement of profit or loss and other comprehensive income on page 10.

5. IN-KIND SPONSORSHIP

During the period, the Company has received in-kind financial support from a local official sport body and the Government of Hong Kong to help promoting cricket in Hong Kong.

The Company rented the office premises from the Management Office of Olympic House Limited. According to the agreement, the management office waived the rental expenses of HK\$176,720 (2016: HK\$111,840) as a support to the Company for the period.

The Company entered into an agreement with the Government of Hong Kong for cricket promoting activities. According to the agreement, the Government waived the venue charges of HK\$156,004 (2016: HK\$156,004) as a support to the Company for the period.

Details are set out in note 9 to the financial statements.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
DIRECTORS' REPORT

6. DIRECTORS

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

Rodney James Miles
 John Antony Cribbin
 Justin James Charles Pearce (resigned on 1 November 2017)
 Jonathan Charles Cummings

In terms of the revised Articles of Association, all current directors will retire at the next Annual General Meetings of the Company in accordance with Article 11.4(a).

Elections for directors of the Company will, hereafter, be conducted in accordance with Article 11 of the revised Articles of Association. Any eligible person may hold office and stand for election.

7. EXECUTIVE COMMITTEE MEMBERS

The executive committee members during the period were:

John Antony Cribbin	- Chairman
Jonathan Charles Cummings	- Secretary
Justin James Charles Pearce	- Treasurer (resigned on 1 November 2017)
John Wright	
Jawad Ashraf	(resigned on 31 August 2017)
Ravi Nagdev	
Anoop Gidwani	(resigned on 26 October 2017)
Tabarak Dar	
Renee Montgomery	
Sean Robson	
Simon Scanlon	
Nick Way	(resigned on 26 April 2018)
Rizwan Ullah	(appointed on 31 August 2017)
Clive Howard	(appointed on 26 October 2017)
Danny Lee Ka-hung	(appointed on 26 April 2018)

In accordance with the revised Articles of Association, the Executive Committee shall become a Board sub-committee (Cricket Committee) in accordance with Article 13.7 and be bound by these Articles of Association.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
DIRECTORS' REPORT

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

No transactions, arrangements and contracts of significance in relation to the Company's business in which any directors or executive committee members of the Company had a material interest, whether directly and indirectly, subsisted at the end of the period or at any time during the period.

9. 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 period.

10. PERMITTED INDEMNITY PROVISIONS

At all time during the financial period to which this Directors' Report relates a permitted indemnity provision was in force for the benefit of one or more of the directors and members of executive committee of the Company (whether made by the Company or otherwise).

11. BUSINESS REVIEW

The Company is a not-for-profit organisation with liability limited by guarantee.

In 2017 the Company made significant amendments in preparation for governance changes scheduled for late-2018. The existing Memorandum of Association was amended to dispense with the license from the Companies Registrar to omit the word "Limited" from Company's name and shortly thereafter the Company's name was changed from Hong Kong Cricket Association to Cricket Hong Kong Limited. It was also resolved to change the Company's year end from 31 December to 30 June in order to align the financial year with the domestic playing season. Consequently, these financial statements are for an 18-month period from 1 January 2017 to 30 June 2018.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
DIRECTORS' REPORT

11. BUSINESS REVIEW (CONT'D)

Financial Performance

There was a reduction in net assets of the Company for the 18-month period to 30 June 2018 of \$12.5m (year ended 31 December 2016: decrease of \$58k). This was predominantly due to the capital expenditure on the Gin Drinkers Bay development and the accounting treatment of loans made by the Company to a related company, China Cricket International Limited ("CCIL"). This was not in line with projections and has resulted in a 92% reduction in total reserves where a modest diminution had been anticipated.

Income Statement

The Company had a net overall deficit for the 2018 financial year of HK\$12,534,161. This is attributable to the capital expenditure on Gin Drinkers Bay (\$6.6m) and a provision against loans advanced to CCIL during the 18-month period (\$10.3m).

Excluding the above, the Company's normal business activities operated at surplus for the period of \$4.3m which was a good result as a deficit was budgeted. Both revenue and operating expenditure were similar in quantum to the previous 12-month period for 2016.

Outlook

The biggest financial risk to be managed by the Company is the ability of CCIL to repay the loans made by the Company over prior years. These loans currently amount to \$12.9m and it is of critical importance that a substantial portion of the loan is repaid in the coming financial year.

The Company is also heavily reliant on performance-based funding from the International Cricket Council ("ICC"), the global governing body, to maintain its principal activities. These funds are awarded according to various criteria that include international performance and increases in participation – it is therefore important that the Company make necessary adjustments to its operations to ensure that the level of funding remains consistent. The nature of the ICC's funding cycle is such that the current financial year is budgeted at deficit, for which the reserves had been earmarked. This situation reinforces the importance of the loan repayments by CCIL to the Company.

In addition, the Company has been reliant on specific financial support from the Hong Kong Government for the development of high-performance cricket in Hong Kong. The Company no longer qualifies for elite sports grants as cricket is not an Asia Games discipline – this loss is estimated to be slightly over \$7m per financial year.

CRICKET HONG KONG LIMITED
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DIRECTORS' REPORT

11. BUSINESS REVIEW (CONT'D)

Following the completion of development of the Gin Drinkers Bay facility, the Company is committed to substantial maintenance costs for grounds under its control. These costs have not been fully recovered in the past and it is imperative that all these grounds are operated at a minimum of financial neutrality. The Company is unlikely to be able to absorb any loss arising from the management of these grounds. It is also important that the Company secure an extension on the lease of the grounds under its control given the capital investment made in developing these facilities.

The Company will build a strong financial foundation to support the future development of the sport, in alignment with the strategy, so that it is able to react effectively to any reduction of funds from either of the major sources.

Subsequent to the year end, CCIL became a wholly owned subsidiary of the Company.

As mentioned earlier, the Company expects to operate at a deficit for the coming financial year, largely due to having to meet commitments for which funding had been previously obtained from the Government elite sports grants. These operations may have to be reassessed in the event that the outlook for the abovementioned loan repayment is not as positive as has been communicated.

12. AUDITOR

The financial statements have been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of RSM Hong Kong will be put at the forthcoming Annual General Meeting.

On behalf of the Board



John Antony Cribbin

Hong Kong, 28 November 2018

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CRICKET HONG KONG LIMITED****(Incorporated under the Hong Kong Companies Ordinance and limited by guarantee)****Opinion**

We have audited the financial statements of Cricket Hong Kong Limited (formerly known as “The Hong Kong Cricket Association”) (the “Company”) set out on pages 10 to 42, which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the period from 1 January 2017 to 30 June 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the period from 1 January 2017 to 30 June 2018 in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) 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 Company in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

(Incorporated under the Hong Kong Companies Ordinance and limited by guarantee)

Other Information

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the 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.

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

(Incorporated under the Hong Kong Companies Ordinance and limited by guarantee)

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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.

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF****CRICKET HONG KONG LIMITED****(Incorporated under the Hong Kong Companies Ordinance and limited by guarantee)**

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

We communicate with the board of directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Certified Public Accountants
Hong Kong

28 November 2018

CRICKET HONG KONG LIMITED**(Incorporated in Hong Kong and limited by guarantee)****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2018**

	Note	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
Revenue	7	34,869,794	23,618,861
Direct costs	8	<u>(29,756,403)</u>	<u>(18,976,036)</u>
Gross profit		5,113,391	4,642,825
Other income	7	4,681	-
Administrative expenses	9	<u>(17,652,233)</u>	<u>(4,700,982)</u>
Deficit before tax		(12,534,161)	(58,157)
Income tax expense	10	<u>-</u>	<u>-</u>
Deficit and total comprehensive income for the period/ year		<u>(12,534,161)</u>	<u>(58,157)</u>

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

	Note	At <u>30.6.2018</u> HK\$	At <u>31.12.2016</u> HK\$
Non-current assets			
Property, plant and equipment	12	<u>368,820</u>	<u>277,887</u>
Current assets			
Inventories	13	163,361	237,543
Trade and other receivables	14	1,362,416	2,070,027
Amount due from a related company	15	-	2,011
Bank and cash balances		<u>4,658,708</u>	<u>13,314,900</u>
		<u>6,184,485</u>	<u>15,624,481</u>
Current liabilities			
Accruals and other payables		2,882,793	1,866,285
Deferred income	16	<u>2,535,009</u>	<u>366,419</u>
		<u>5,417,802</u>	<u>2,232,704</u>
Net current assets		<u>766,683</u>	<u>13,391,777</u>
NET ASSETS		<u><u>1,135,503</u></u>	<u><u>13,669,664</u></u>
FUNDS			
Cricket Facilities Fund	18	-	7,518,954
General Reserve Fund	18	<u>1,135,503</u>	<u>6,150,710</u>
		<u><u>1,135,503</u></u>	<u><u>13,669,664</u></u>

Approved by the Board of Directors on 28 November 2018 and are signed on its behalf by:


 John Antony Cribbin


 Jonathan Charles Cummings

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
STATEMENT OF CHANGES IN FUNDS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2018

	Cricket Facilities Fund HK\$	General Reserve Fund HK\$	Total HK\$
At 1 January 2016	7,548,032	6,179,789	13,727,821
Deficit and total comprehensive income for the year	<u>(29,078)</u>	<u>(29,079)</u>	<u>(58,157)</u>
At 31 December 2016 and 1 January 2017	7,518,954	6,150,710	13,669,664
Deficit and total comprehensive income for the period	<u>(7,518,954)</u>	<u>(5,015,207)</u>	<u>(12,534,161)</u>
At 30 June 2018	<u><u>-</u></u>	<u><u>1,135,503</u></u>	<u><u>1,135,503</u></u>

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2018

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before tax	(12,534,161)	(58,157)
Adjustments for:		
Depreciation	258,732	149,162
Impairment on amount due from a related company	10,252,487	-
(Gain)/loss on disposal of property, plant and equipment	(4,681)	14,348
Operating cash flows before working capital changes	(2,027,623)	105,353
Decrease in inventories	74,182	14,569
Decrease in trade and other receivables	707,611	792,779
Increase in amount due from a related company	(10,250,476)	(2,011)
Increase in trade and other payables	1,016,508	1,293,796
Increase/(decrease) in deferred income	2,168,590	(1,300,845)
Net cash (used in)/generated from operating activities	(8,311,208)	903,641
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(373,071)	(199,237)
Proceeds from disposal of property, plant and equipment	28,087	-
Net cash used in investing activities	(344,984)	(199,237)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,656,192)	704,404
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	13,314,900	12,610,496
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	4,658,708	13,314,900
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	4,658,708	13,314,900

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2018

1. GENERAL INFORMATION

Cricket Hong Kong Limited (formerly known as The Hong Kong Cricket Association) (the “Company”) was incorporated in Hong Kong and limited by guarantee. The address of its registered office and principal place of business is 1019 Olympic House, 1 Stadium Path, So Kon Po, Causeway Bay, Hong Kong.

By a special resolution passed on 30 November 2017, the name of the Company was changed from “The Hong Kong Cricket Association” to “Cricket Hong Kong Limited”.

The principal activity of the Company is the support, promotion and development of cricket in Hong Kong.

2. BASIS OF PREPARATION

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

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

The Company changed its financial year end date from 31 December to 30 June in order to conform to the season of the cricket league. The current period financial statements cover an eighteen-month period ended 30 June 2018 and the comparative financial statements cover a twelve-month period ended 31 December 2016. The comparative amounts are therefore not entirely comparable.

CRICKET HONG KONG LIMITED
(Incorporated in Hong Kong and limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2018

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2017. None of these developments have had a material effect on how the Company's results and financial position for the current or prior periods have been prepared or presented.

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

The Company has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 January 2017. These new and revised HKFRSs include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019

The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Company has identified some aspects of the new standards which may have a significant impact on the financial statements. Further details of the expected impacts are discussed below. As the Company has not completed its assessment, further impacts may be identified in due course.

CRICKET HONG KONG LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2018

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

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

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual years beginning on or after 1 January 2018 on a retrospective basis. The Company plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Company's financial assets and financial liabilities as at 30 June 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Company's financial statements as follows:

Impairment

HKFRS 9 requires the Company to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Company does not expect the application of HKFRS 9 have significant impact on the recognition of impairment loss.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

CRICKET HONG KONG LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2018

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

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

HKFRS 15 Revenue from Contracts with Customers (cont'd)

Based on the assessment completed to date, the Company has identified the following areas which are expected to be affected:

Timing of revenue recognition

Revenue currently arising from supporting, promoting and developing cricket and subscriptions from members, subventions and grants from government and sporting bodies, league entry fees and sponsorships are described in note 4(k).

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Company has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue.

CRICKET HONG KONG LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2018

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

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

HKFRS 15 Revenue from Contracts with Customers (cont'd)

The Company anticipates that the application of HKFRS 15 in the future may result in more disclosures, however, the Company does not anticipate that the applications of HKFRS 15 will have a material impact on the time and amount of revenue recognised in the respective reporting period.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Company's operating leases. The Company's office premises and staff quarters are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Company may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Company's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2018

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

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

HKFRS 16 Leases (cont'd)

As disclosed in note 17, the Company's future minimum lease payments under non-cancellable operating leases for its staff quarters amounted to HK\$179,400 as at 30 June 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

(a) Foreign currency translation

(i) Functional and presentation currency

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Foreign currency translation (Cont'd)

(ii) Transactions and balances in the Company's financial statements

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

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

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

(b) Property, plant and equipment

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

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (cont'd)

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

Leasehold improvements	Unexpired term of lease
Ground equipment	25%
Office equipment	25%
Furniture and fixtures	25%
Computer equipment	25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

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

(c) Operating leases

Leases that do not substantially transfer to the Company all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods comprises all cost of purchase of cricket balls. Net realisable value is the estimated selling price in the ordinary course of business, less the estimates costs necessary to make the sale.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Recognition and derecognition of financial instruments

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Company transfers substantially all the risks and rewards of ownership of the assets; or the Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(f) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Company classifies its financial assets as loans and receivables. The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank and cash balances are classified in this category.

(g) Trade and other receivables

Trade receivables are amounts due from members for services performed by the Company in relation to cricket activities. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the operation if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, which are subject to an insignificant risk of change in value.

(i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability under HKFRSs. The accounting policy adopted for specific financial liabilities is set out below.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Other payables

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

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Subventions, affiliation fees, membership fees and playing fees relate to the playing season which is deemed to end on 31 May each year are accounted for on an accrual basis with income appropriately time apportioned.

Sales of goods are recognised when the Company has delivered products to the customer, the customer has accepted the products and the related risks and rewards of ownership and collectability of the related receivables is reasonably assured.

Sponsorship income is recognised when the right to receive payment is established or in accordance with the terms of the underlying sponsorship agreement.

Other and sundry income are recognised in the period in which they become receivable.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

(iii) Termination benefits

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

(m) Government grants

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

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

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Taxation

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition 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 end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of non-financial assets

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

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

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

(p) Impairment of financial assets

At the end of each reporting period, the Company assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the group of financial assets have been affected.

For trade receivables that are assessed not to be impaired individually, the Company assesses them collectively for impairment, based on the Company's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

The carrying amount of trade receivables is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(r) Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

(a) Property, plant and equipment and depreciation

The Company determines the estimated useful lives, residual values and related depreciation charges for the Company's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Company will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 30 June 2018 was HK\$368,820 (31 December 2016: HK\$277,887).

(b) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the period from 1 January 2017 to 30 June 2018 and the year ended 31 December 2016, no income tax was charged to profit or loss based on the estimated profit.

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6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Company has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$.

(b) Credit risk

The carrying amount of the bank and cash balances, trade and other receivables and amount due from a related company included in the statement of financial position represents the Company's maximum exposure to credit risk in relation to the Company's financial assets. The Company has policies in place for the control and monitoring of relevant credit risk. The Company will make specific provision for those balances which could not be recovered. Normally the Company does not obtain collateral from its debtors. In the opinion of the directors the credit risk is low.

The Company has significant concentrations of credit risk to its trade receivables as the Company's largest debtor and largest three debtors shared about 30% (31 December 2016: 31%) and 81% (31 December 2016: 85%) of trade receivables at the end of reporting period respectively. It has policies in place to ensure that sales are made to customers with an appropriate credit history. There is no recent history of default for the Company's largest three debtors.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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6. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements and maintain sufficient bank and cash balances and availability of funding from international cricket organisations and subvention from the government so as to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. In the opinion of the directors the Company does not have significant liquidity risk.

The maturity of all the Company's financial liabilities at the end of reporting period is less than one year.

(d) Capital risk management

The Company's capital management objectives are to be commercially and financially sound, able to provide the financial resources required to achieve the Strategic Plan and safeguard future activities of the Company. The capital of the Company is considered to be the Cricket Facilities Fund and the General Reserve Fund.

(e) Categories of financial instruments at 30 June 2018

	At 30.6.2018 HK\$	At 31.12.2016 HK\$
Financial assets:		
Loans and receivables (including cash and cash equivalents)	<u>5,813,829</u>	<u>14,675,821</u>
Financial liabilities:		
Financial liabilities at amortised cost	<u>2,852,093</u>	<u>1,866,285</u>

(f) Fair values

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

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7. REVENUE AND OTHER INCOME

The Company's revenue is primarily derived from supporting, promoting and developing cricket and comprises subscriptions from members, subventions and grants from government and sporting bodies, league entry fees and sponsorships.

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
Grants - Hong Kong SAR Government	9,505,990	5,549,736
- International Cricket Council	18,490,392	11,806,505
- Asian Cricket Council	126,454	1,933,386
Member subscriptions	372,590	185,598
Domestic competition fees	1,131,379	892,766
Sponsorship and event income	747,223	790,622
Development program course income	356,184	158,804
Coaching and officials course income	-	4,200
Other development income	26,555	78,941
Sales of cricket goods	468,105	279,140
Ground maintenance income	2,160,000	1,243,632
Donations	133,306	114,036
Sundry income	1,351,616	581,495
	<u>34,869,794</u>	<u>23,618,861</u>

The other income is as follows:

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
Gain on disposal of property, plant and equipment	<u>4,681</u>	<u>-</u>

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8. DIRECT COSTS

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
Representative squad costs (Note 8.1)	13,451,257	10,957,716
Ground expenditure (Note 8.2)	9,104,073	1,782,920
Domestic competition expenditure (Note 8.3)	1,526,139	1,113,991
Cost of cricket goods sold	446,183	226,728
Event and tournament expenditure - Hong Kong (Note 8.4)	1,895,788	3,617,754
Cricket development expenditure (Note 8.5)	3,332,963	1,276,927
	<u>29,756,403</u>	<u>18,976,036</u>

8.1 Representative squad costs

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
Player allowances	2,864,612	1,816,369
Travel expenses	1,368,177	1,650,818
Insurance	145,085	62,370
Kit, clothing and laundry expenses	518,128	507,701
National squad inventory reserve	39,781	658,566
Medical and physiotherapy	608,916	240,242
Accommodation and meals	950,373	1,257,454
Meals, refreshments and supplements	19,802	40,748
Coaching and equipment expenses	1,229,617	976,764
Functions and entertainment	52,882	36,098
Ground hire expenses	47,499	321,009
Ground officials	84,843	162,695
Match cost and participation fee	426,208	400,649
Promotion and marketing expenses	5,525	18,293
Staff costs	4,977,850	2,637,870
Sundry expenses	111,959	170,070
	<u>13,451,257</u>	<u>10,957,716</u>

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8. DIRECT COSTS (CONT'D)

8.2 Ground expenditure

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
Ground maintenance		
Mission Road maintenance expenditure	1,904,332	1,138,517
PKVR Reservoir maintenance expenditure	600,226	391,905
Ground development		
PKVR Reservoir development expenditure	-	52,008
Gin Drinkers Bay development expenditure (Note (i))	6,599,515	200,490
	9,104,073	1,782,920

Note:

- (i) The Company anticipates receipt of \$2,850,000 from the Sir David Trench Fund during the coming financial year to offset the total development cost of the cricket facility at Gin Drinkers Bay Landfill, which is leased from the Hong Kong Environment Protection Department.

The above lease expires on 23 March 2019 and the Company has commenced negotiations to extend the lease.

8.3 Domestic competition expenditure

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
Ground hire expenses	71,234	48,660
Umpire expenses	420,032	251,016
Equipment expenses	56,875	181,273
Insurance expenses	14,498	11,717
Meeting, food and refreshments	13,952	15,389
Trophies, medals and publicity	72,728	33,544
Staff costs	835,149	528,711
Sundry expenses	41,671	43,681
	1,526,139	1,113,991

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8. DIRECT COSTS (CONT'D)

8.4 Event and tournament expenditure - Hong Kong

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
ICC I-Cup and WCLC	1,720,755	750,630
HK T20 Blitz	-	853,150
ICC Women's World Cup Asia Qualifier	-	1,317,740
Hong Kong National Team ODI series	-	696,234
East Asia Tournament	175,033	-
	1,895,788	3,617,754

8.5 Cricket development expenditure

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
Schools, tertiary and community development activities	3,332,963	1,276,927

9. ADMINISTRATIVE EXPENSES

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
Accounting and bookkeeping fees	21,000	10,200
Auditor's remuneration	95,000	70,000
Bank charges	3,959	5,364
Depreciation	258,732	149,162
Impairment on amount due from a related company	10,252,487	-
Insurance	77,310	103,253
Local meeting, hospitality and entertainment	271,361	127,405
Office expenditure	179,146	187,237
Overseas meetings, accommodation and travel	175,895	100,062
Operating lease charges (Note)	-	-
Promotional and marketing expenses	108,124	250,427
Staff costs (excluding coaches) (Note 11)	5,487,225	3,581,423
Sundry expenses	299,276	116,449
Governance reform	422,718	-
	17,652,233	4,700,982

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9. ADMINISTRATIVE EXPENSES (CONT'D)

Note: The Company rented the office premises and sports venues from the management office of Olympic House Limited and the Government of Hong Kong respectively. According to the agreement, the management office and the Government waived the rental expenses and venue charges of HK\$176,720 and HK\$156,004 for the period respectively (year ended 31 December 2016: HK\$111,840 and HK\$156,004).

10. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period (year ended 31 December 2016: Nil).

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

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
Deficit before tax	<u>(12,534,161)</u>	<u>(58,157)</u>
Tax at the Hong Kong Profits Tax rate of 16.5% (year ended 31 December 2016: 16.5%)	(2,068,137)	(9,596)
Tax effect of income that is not taxable	(3,071,780)	(2,267,082)
Tax effect of expenses that are not deductible	1,691,660	2,367
Tax effect of temporary differences not recognised	(9,108)	6,353
Tax effect of tax losses not recognised	<u>3,457,365</u>	<u>2,267,958</u>
Income tax expense	<u><u>-</u></u>	<u><u>-</u></u>

At the end of reporting period the Company has unused tax losses of HK\$78,920,962 (31 December 2016: HK\$57,967,243) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

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11. STAFF COSTS

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
Salaries, wages, bonuses and allowances (Note)	14,882,751	7,726,100
Staff quarters	137,050	82,237
Retirement benefits scheme contributions	476,904	268,746
	<u>15,496,705</u>	<u>8,077,083</u>

Note: None of the directors or members of the Executive Committee received or will receive any fees or emoluments in respect of services provided to the Company during the period (year ended 31 December 2016: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Ground equipment HK\$	Office equipment HK\$	Furniture and fixtures HK\$	Computer equipment HK\$	Total HK\$
Cost						
At 1 January 2016	3,110,372	1,070,500	410,078	127,192	-	4,718,142
Additions	-	117,996	70,241	11,000	-	199,237
Disposals	-	-	(18,524)	-	-	(18,524)
At 31 December 2016 and 1 January 2017	3,110,372	1,188,496	461,795	138,192	-	4,898,855
Additions	37,100	223,399	-	18,890	93,682	373,071
Disposals	-	(40,125)	-	-	-	(40,125)
At 30 June 2018	<u>3,147,472</u>	<u>1,371,770</u>	<u>461,795</u>	<u>157,082</u>	<u>93,682</u>	<u>5,231,801</u>
Accumulated depreciation						
At 1 January 2016	2,997,188	1,027,487	330,924	120,383	-	4,475,982
Charge for the year	59,052	41,493	44,438	4,179	-	149,162
Disposals	-	-	(4,176)	-	-	(4,176)
At 31 December 2016 and 1 January 2017	3,056,240	1,068,980	371,186	124,562	-	4,620,968
Charge for the period	63,407	119,368	45,511	12,711	17,735	258,732
Disposals	-	(16,719)	-	-	-	(16,719)
At 30 June 2018	<u>3,119,647</u>	<u>1,171,629</u>	<u>416,697</u>	<u>137,273</u>	<u>17,735</u>	<u>4,862,981</u>
Carrying amount						
At 30 June 2018	<u>27,825</u>	<u>200,141</u>	<u>45,098</u>	<u>19,809</u>	<u>75,947</u>	<u>368,820</u>
At 31 December 2016	<u>54,132</u>	<u>119,516</u>	<u>90,609</u>	<u>13,630</u>	<u>-</u>	<u>277,887</u>

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13. INVENTORIES

	At <u>30.6.2018</u> HK\$	At <u>31.12.2016</u> HK\$
Cricket balls	<u>163,361</u>	<u>237,543</u>

The cost of inventories recognised as an expense and included in direct costs amounted to HK\$446,183 (year ended 31 December 2016: HK\$226,728). All of the inventories are expected to be recovered within one year.

14. TRADE AND OTHER RECEIVABLES

	At <u>30.6.2018</u> HK\$	At <u>31.12.2016</u> HK\$
Trade receivables	842,932	1,067,379
Deposits	101,500	85,900
Other receivables	210,689	205,631
Prepayments	<u>207,295</u>	<u>711,117</u>
	<u>1,362,416</u>	<u>2,070,027</u>

As of 30 June 2018, trade receivables of HK\$261,271 (31 December 2016: HK\$37,624) were past due but not impaired. These relate to a number of independent debtors for whom there is no recent history of default. The ageing analysis of trade receivables is as follows:

	At <u>30.6.2018</u> HK\$	At <u>31.12.2016</u> HK\$
Up to 3 months	201,625	25,824
3 - 6 months	32,646	11,800
6 - 12 months	<u>27,000</u>	<u>-</u>
	<u>261,271</u>	<u>37,624</u>

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15. AMOUNT DUE FROM A RELATED COMPANY

	At 30.6.2018 HK\$	At 31.12.2016 HK\$
Amount due from a related company (Note i)	12,930,468	2,679,992
Less: Allowance for impairment (Note ii)	(12,930,468)	(2,677,981)
	-	2,011

Notes:

- (i) The amount is due from China Cricket International Limited (“CCIL”) and is unsecured, interest-free and repayable on demand. The loans have been advanced to CCIL who organises and promotes cricket activities in Hong Kong under licence from the Company.

As in prior years, the amounts have been advanced to CCIL to finance the Hong Kong International Sixes and the T20 Blitz tournaments on the understanding that such amounts would be repaid on completion of the relevant events. The above events in 2017 and 2018 operated at a substantial deficit and CCIL were, at the end of the financial year, unable to repay these amounts. They were also unable to guarantee repayment within the following financial year. The Company is currently in discussions with the management of CCIL to ensure repayment of the loan within the coming financial year.

Subsequent to the reporting period, CCIL became a wholly-owned subsidiary of the Company on 1 July 2018.

- (ii) Movements in the allowance for impairment:

	Period from 1.1.2017 to 30.6.2018 HK\$	Year ended 31.12.2016 HK\$
At beginning of period/year	2,677,981	2,677,981
Impairment losses recognised	10,252,487	-
At end of period/year	12,930,468	2,677,981

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16. DEFERRED INCOME

	At <u>30.6.2018</u> HK\$	At <u>31.12.2016</u> HK\$
Affiliation income	2,535,009	365,779
Membership fees	<u>-</u>	<u>640</u>
	<u>2,535,009</u>	<u>366,419</u>

All of the deferred income is expected to be recognised as income within one year.

17. LEASE COMMITMENTS

At 30 June 2018 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At <u>30.6.2018</u> HK\$	At <u>31.12.2016</u> HK\$
Within one year	93,600	78,000
In the second to fifth years inclusive	<u>85,800</u>	<u>52,000</u>
	<u>179,400</u>	<u>130,000</u>

Operating lease payments represent rentals payable by the Company for certain of staff quarters. Leases are negotiated for an average term of two years and rentals are fixed over the lease terms and do not include contingent rentals.

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18. RESERVES

Cricket Facilities Fund

The Cricket Facilities Fund is intended to finance the future development of cricket facilities such as the establishment of new grounds, renewal of existing grounds and the establishment and renewal of practice facilities. Transfers from this fund require the approval, by simple majority, of both the Directors and the Executive Committee.

General Reserve Fund

The General Reserve Fund will, for the foreseeable future, finance extraordinary operating expenditure not covered by current period revenue. Transfers from this fund require the approval, by simple majority, of both the Directors and the Executive Committee.

19. CORPORATE STRUCTURE AND LEGAL STATUS

The Company is limited by guarantee and does not have a share capital. Under the provisions of the Company's articles of association, every member shall, in the event of the Company being wound up contributable to the assets of the Company to the extent of HK\$100.

20. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Company had the following transactions with CCIL, a related Company, during the period:

	Period from	Year ended
	1.1.2017 to	31.12.2016
	<u>30.6.2018</u>	<u>31.12.2016</u>
	HK\$	HK\$
Impairment on amount due from a related company	<u>10,252,487</u>	<u>-</u>

During the period (and up to the date of this report), there has been a common directorship of the Company and CCIL in so far as John Antony Cribbin, Rodney James Miles and Jonathan Charles Cummings are concerned.

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21. MANAGEMENT NOTES

Analysis of deficit:

	Period from 1.1.2017 to 30.6.2018
	HK\$
Deficit per statement of profit and loss and other comprehensive income	12,534,161
<u>Less: Impairment on amount due from a related company (Note 9)</u>	(10,252,487)
<u>Less: Gin Drinkers Bay development expenditure (Note 8.2)</u>	(6,599,515)
Operating surplus	<u>4,317,841</u>

22. EVENTS AFTER REPORTING PERIOD

Subsequent to the reporting period, on 1 July 2018, CCIL became a wholly owned subsidiary of the Company.