

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

# TEN YEAR REVIEW

CIVIC EXCHANGE ANNUAL REPORT  
2006-2007



# TABLE OF CONTENTS

|  |    |
|--|----|
| <b>Greetings from Civic Exchange</b>   | 3  |
| <b>A Message from the CEO</b><br>Christine Loh                                   | 4  |
| <b>A Message from the CFO</b><br>Kylie Uebergang                                 | 6  |
| <b>Programme Manager Reports</b>   | 9  |
| <b>Civic Participation and Social Development</b><br>Yan-yan Yip                 | 9  |
| <b>Environment and Conservation</b><br>Michele Weldon                            | 11 |
| <b>Measuring Our Impact</b>  | 16 |
| <b>Funders</b>   | 20 |
| <b>Collaborators and Acknowledgements</b>  | 21 |
| <b>REPORTS AND FINANCIAL STATEMENTS FOR THE<br/>YEAR ENDED 30 SEPTEMBER 2007</b> | 24 |
| <b>Contact Information</b>   | 37 |

## GREETINGS FROM CIVIC EXCHANGE



**Top row (left to right):** Michele Weldon, Christine Loh, Anthony Ng, Marcos Van Rafelghem, Allan Man, Simon K.W. Ng, Winston Chu

**Middle row:** Kylie Uebergang, Gladys Li, Stephen Brown, Kate Trumbull

**Front row:** Yan-yan Yip, Esther Lam, Carine Lai

# A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

**CHRISTINE LOH**

The year 2007 has always been important in Hong Kong's political consciousness as it represents a decade after 1997, when Hong Kong became a Special Administrative Region of the People's Republic of China. The events relating to the transfer of sovereignty from British to Chinese rule remain crystal clear in our collective memory. The trials and tribulations of the past ten years have also left their mark. Hong Kong survived two severe economic downturns, an infectious diseases outbreak in 2003 that made the city a pariah in the world, rocky politics that bought out half a million people in protest against the government, and the downfall of the then administration.

In the summer of 2006, we decided to commemorate the establishment of the Hong Kong Special Administration with a series of books to record the events of the past decade. After all, to keep records and to make sense of them is a key function of a think tank. We assembled teams to write and quickly got down to dividing up the work. With the limited time and resources available, we could only cope with four books—two on the environment, and two on political development. We would have liked to have done more but we just did not have the capacity to do so. I am grateful to our tireless researchers for their tenacious pursuit of high quality work, delivered on time and on budget. In June and July 2007, Civic Exchange published the four books in English and by early August and September, full Chinese versions also became available. In effect, our teams produced eight books. While it sucked a lot of the organisation's attention for months, we have allowed ourselves a small sense of satisfaction because it did take a lot of energy to do what we did. I am grateful to each and every one of the authors, translators and layout designers for their tremendous effort. In particular, the additional responsibilities Yan-yan Yip had to bear almost single-handedly in managing the publication and translation of the books needs to be recognised here.

In the past year, Civic Exchange has continued to work on air quality issues, relating to local and regional pollution, as well as supporting research to help clean up air pollution in Beijing for the 2008 Beijing Olympics. We are heartened by the high-level attention being paid to environmental issues by national leaders. There is greater appreciation of the negative public health and ecological impacts of pollution. We would like our local leaders in Hong Kong to make greater efforts



to clean up transportation and marine-related emissions, and to look more broadly and imaginatively on how to work with the Guangdong authorities to deal with regional air pollution. We see a number of low-hanging fruit, we have identified them for the authorities, and we would like them harvested sooner rather than later. We will continue our efforts in this direction in the coming year.

Moreover, the national policy attention on energy and climate change is also encouraging. Civic Exchange's work in these areas is receiving national and international attention. In light of the run-up to the Kyoto Protocol's Conference of the Parties in Bali (December 2007), Civic Exchange teamed-up with the Singapore Institute for International Affairs in June this year to prepare for the event by providing an overview report on Asia's position on climate change. Our relationship will lead to further collaboration next year. Moreover, Civic Exchange will also be working in partnership with C40 Cities—Climate Leadership Group through my special advisory relationship with its secretariat, which is under the Mayor of London's leadership. The aim is to share best practices relating to energy and climate change among the major cities of the world, including Hong Kong. We are excited about these new projects. They represent a significant step for Civic Exchange to work in the international arena.

Despite the tough workload, we have fun at Civic Exchange. I know that each and every one of the people who work with us is personally committed to a high level of professionalism and to work in an open and collaborative manner with each other. We are grateful to our board of directors which actively contributes to our daily efforts, and our funders who sustain our material needs. I am grateful to the good cheer of everyone for keeping the engine running with happy, high-octane energy.

Christine Loh  
September 2007

# A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

**KYLIE UEBERGANG**

## **Funding Levels**

Project donations in the year 06/07 amounted to HK\$4.8 million and overall funding including service and other funds totalled HK\$5.4 million; an increase of 37% on last year's funding. We are also happy to see an improvement in our overall net funding with a surplus of HK\$198,042 for this year and an accumulated general fund surplus of HK\$882,310.

## **Funding Sources**

Similar to last year approximately 80% of our funding came from local sources with the largest contributing sector being business (43% of total funding), followed by individuals (29% of total), non-profit organisations (4% of total), charitable foundations (3% of total) and the HKSAR Government (through competitively bid tenders and consultancy agreements, 2% of total). The remaining 19% of our funding came from international non-profit organisations and foundations.

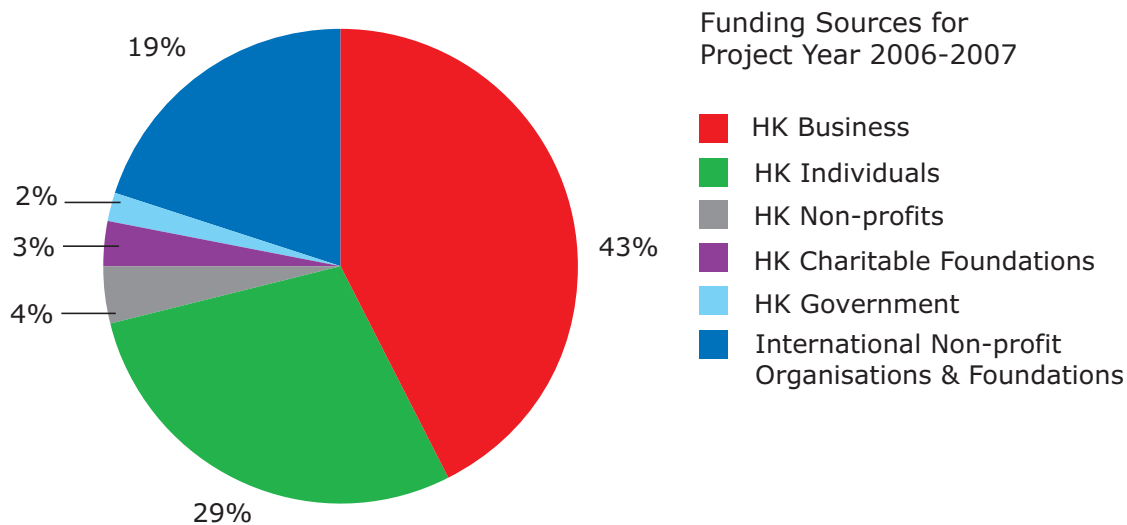
The main difference in our year-on-year funding sources was the increase in business and individual funding (43% and 29%, respectively) which accounted for over 70% of our total funding compared to less than 50% last year. Hong Kong business has been particularly keen to fund projects relating to air quality, energy and climate change research and events. At the other end, the biggest funding drop year-on-year was from charitable foundations which had surged in 2006 due to two air quality research grants. However, I am pleased to report that we have recently confirmed a follow-up grant from one of these foundations for our 2008 project year.

## **Funding Uses**

### ***Environment and Conservation***

Environmental and conservation projects made up 58% of our total project focus this year compared to 38% last year. Our research focussed on the areas including the potential impacts of climate change within the Pearl River Delta region, the use of emissions trading in tackling climate change, the relative significance of Hong Kong's





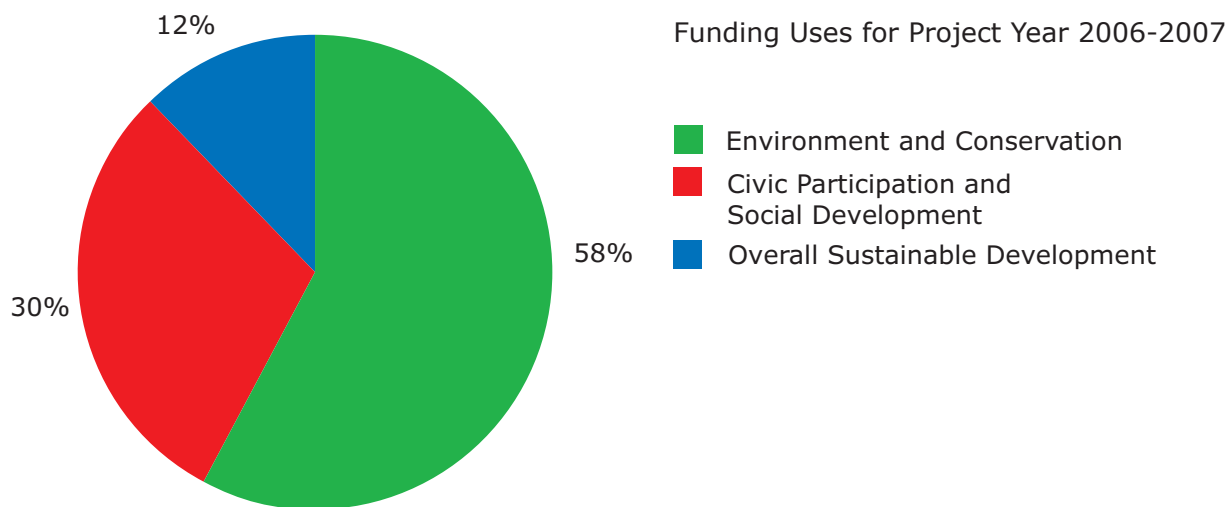
local versus regional particulate matter emissions which is a critical pollutant in terms of health impacts and an overview of the initiatives that London and Los Angeles have undertaken to tackle their air pollution and resulting health problems. Last but not least, we published two books focussing on the history and developments in Hong Kong’s air and overall environmental policies since the political Handover of Hong Kong in 1997. We also increased our profile through a number of seminars focussing on air pollution, energy and climate change issues which we hope to continue in 2008. Additionally we initiated a number of new projects which will yield results next year. These, along with the projects mentioned above, are outlined on pages 11-15.

We decided not to continue with the organisation of the International Coastal Clean-up in 2007 although we are please that other organisations have taken up the management of this event.

**Civic Participation and Social Development**

30% of total funding for this year related to Civic Participation and Social Development projects. Similar to the past few years, the majority of this funding enabled activities under the political development and governance theme including the publishing of two books focussing on constitutional development since the Handover of Hong Kong to China in 1997 and reflections on the leadership of Tung Chee Hwa and Donald Tsang since that event. Indeed, the ten year anniversary of Hong Kong’s Handover to China provided opportunities for much reflection on achievements in the areas of governance and Hong Kong’s development overall and the HKSAR Government’s public consultation on Constitutional Development provided Civic Exchange with a clear avenue to direct its research focus. A description of these projects are included on pages 9-10.

Building on our long-term concern about the state of Hong Kong’s institutional memory and public records system, Civic Exchange reviewed Hong Kong’s existing legislation with comparison to other jurisdictions and found it to be seriously lacking. Further details of this project are also included on page 10.



**Sustainable Development**

While we would argue that all of the work we do contributes to the multi-faceted, multi-stakeholder building blocks required in pursuit of sustainable development, a few of our projects specifically try to integrate economic, social and environmental factors into their core research focus. One of our ongoing projects and a core interest of Civic Exchange is sustainable urban planning and in the past year we have worked with various interested non-profit groups in Hong Kong focussing on the sustainable planning and development of Hong Kong Harbour and of Lantau Island, the green lungs of Hong Kong. Our aim to design the most vibrant, community orientated, economically viable and beautiful Hong Kong harbour deepened our collaboration and resulted in the birth of a new non-profit organisation called "Designing Hong Kong" (*designinghongkong.com*). In 2007 Designing Hong Kong initiated a world-wide Hong Kong Harbour design competition which attracted over 80 entries from leading architects and planners throughout the world. We will continue to work with Designing Hong Kong in the future to support them in their ongoing mission to design a Hong Kong that our grandchildren will be proud and happy to live in.

**Our Team**

As CFO, I believe that the control of funds and reporting of the use of such funds is a critical aspect of good organisational governance. Since our inception, Civic Exchange has been audited by William Po & Associates and we are grateful to their ongoing advice and thorough financial review. We also welcomed John Oaten to our finance team in 2007 and we appreciate the experience that he brings to Civic Exchange. My final vote of thanks goes to our Executive Manager, Esther Lam, who for many years has formed the backbone of our team and continues to support me greatly in my role as CFO.

Kylie Uebergang  
December 2007

## PROGRAMME MANAGER REPORTS

### YAN-YAN YIP, CIVIC PARTICIPATION PROGRAMME MANAGER

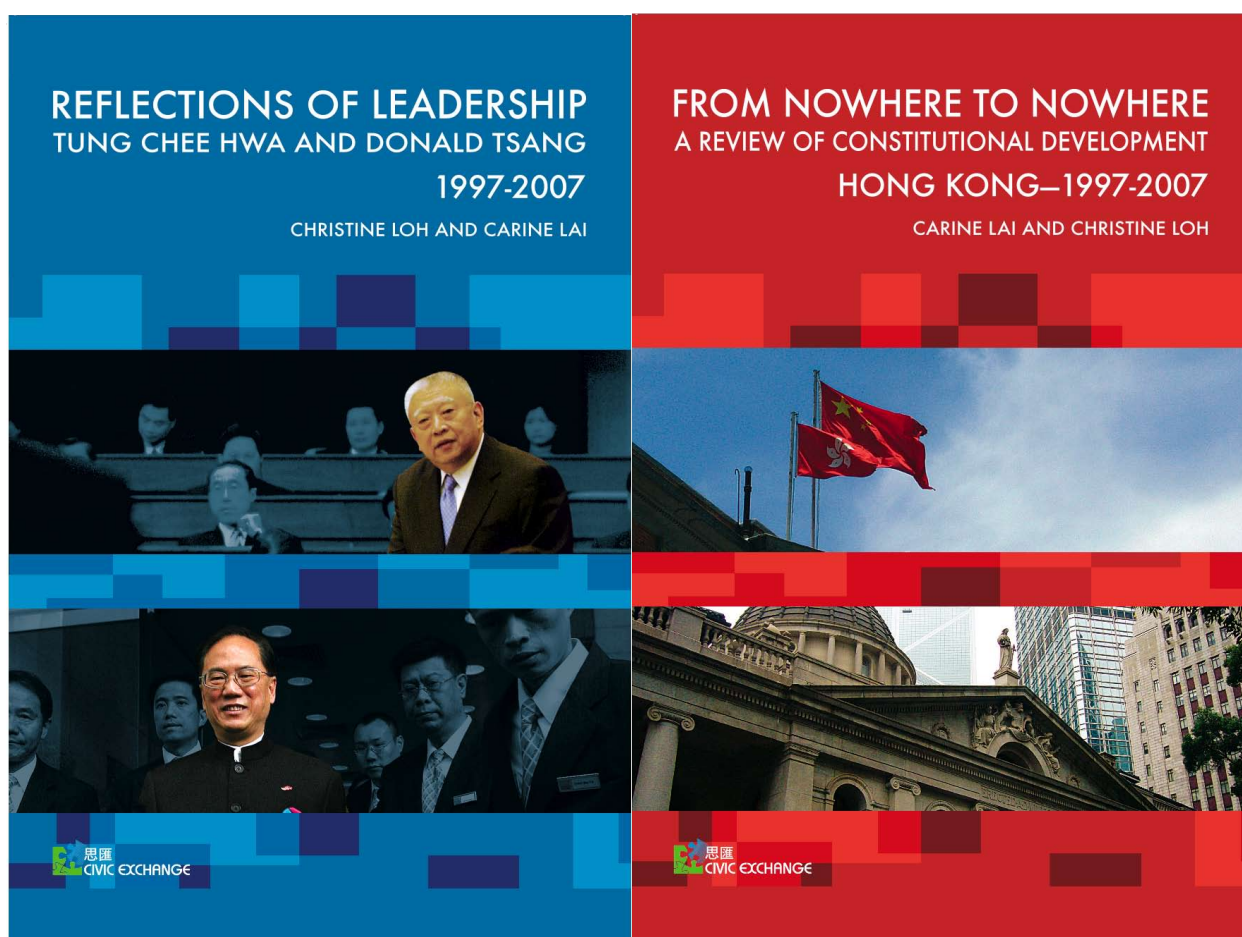
Civic Exchange was very much immersed in reviewing Hong Kong's post-Handover development in the past year. We embarked on a research project to assess four aspects of post-Handover Hong Kong, which resulted in the publication of four bilingual books in the summer of 2007. It was an exciting experience as the learning curve was steep and we were amazed by our productivity and efficiency. We treasured the collaboration with the funders, authors, translators, designers, printers and others who gave us advice and support throughout the process.

To commemorate the anniversary, Civic Exchange also collaborated with other think tanks to engage a wider public to collectively review post-Handover Hong Kong development. Together with Hong Kong Policy Research Institute and SynergyNet, Civic Exchange co-organised a large-scale conference on 10 June 2007 where several hundred people attended. It was the 5<sup>th</sup> time that the three think tanks joined hands in providing a platform to get the general public to deliberate crucial issues.

Constitutional reform has always been an important aspect of our research agenda. We examined the HKSAR Government's various Task Force reports, and we are continuing our longstanding research in analysing Hong Kong's functionally-based election system. Between 2004 and 2006, we have already done a considerable amount of work examining the functional constituency system in Hong Kong. All the research has proven invaluable to understanding how a sector-based election system works in Hong Kong, its effects on Hong Kong's public policy-making and how best to reform it in order to achieve universal suffrage as stipulated in the Basic Law. In the past year, we have started to look into the sub-sector elections for the Election Committee and the Chief Executive election, as this is a functionally-based form of election and a much neglected area of research. We will be publishing the research in the coming months.

In the past year, Civic Exchange and the Hong Kong Democratic Foundation collaborated to create a visual aid—a roadmap—to assist civic groups to discuss constitutional redesign and reform. It proved useful to many groups in their exploration of complex issues.





*Civic Exchange's Ten-Year Review books on political development*

Despite a decade as a part of China, there still remains a subject that is under-researched in Hong Kong—the Chinese Communist Party. This is perhaps due to the perceived sensitive nature of the topic—a legacy from the past. Civic Exchange initiated a research project this year to research the history of the Party in Hong Kong. We hope to start a calm and objective discussion about the Party through this research project. The publication is expected to be ready in 2008.

One of the most enjoyable projects we did in the past year was to examine Hong Kong's public records archival system and concluded that archival legislation is urgently needed. The project involved working with Hong Kong's archivists, who are dedicated and enthusiastic professionals. Unfortunately, we still need to get the authorities to listen.

## MICHELE WELDON, ENVIRONMENTAL PROGRAMME MANAGER

Over the past year, we at Civic Exchange have continued to focus our environmental efforts on Hong Kong's air quality and how Southern China affects and is affected by climate change. Through our publications, events and presentations, Civic Exchange has sought to stimulate meaningful debates on the issues surrounding air quality, climate change, energy supply, and energy efficiency. During 2006-07 we produced six reports and two books, organised seven seminars, held numerous briefings and press conferences, and presented at academic and international fora related to these topics. Demand for our research, which has been published in Hong Kong and abroad, in both mass circulation and academic publications, continued to rise.



### Climate Change

In November 2006 we released our first report on the *Impact of Climate Change in Hong Kong and the Pearl River Delta (PRD)*, which provides an overview of how climate change may affect Hong Kong, Macao and the PRD. The report and the subsequent briefings have helped stimulate local discussion of this important issue. In 2008 we plan to build on this research by exploring how climate change will impact Hong Kong's buildings and participating in the government's 18-month study on Hong Kong's climate change policy.

In January 2007 our report *The Emissions Game: How Markets Can Save the Planet*—written by Christine Loh and Roger Raufer from the International Environmental Trading Group (IETG) and published by CLSA Asia-Pacific—provided an important overview of emissions trading on the global scale. The report examined the factors that have hindered China's progress towards full emissions trading, explained how emissions trading can be successful—including opportunities for Hong Kong—and contributed to the ongoing regional discussion of the topic.

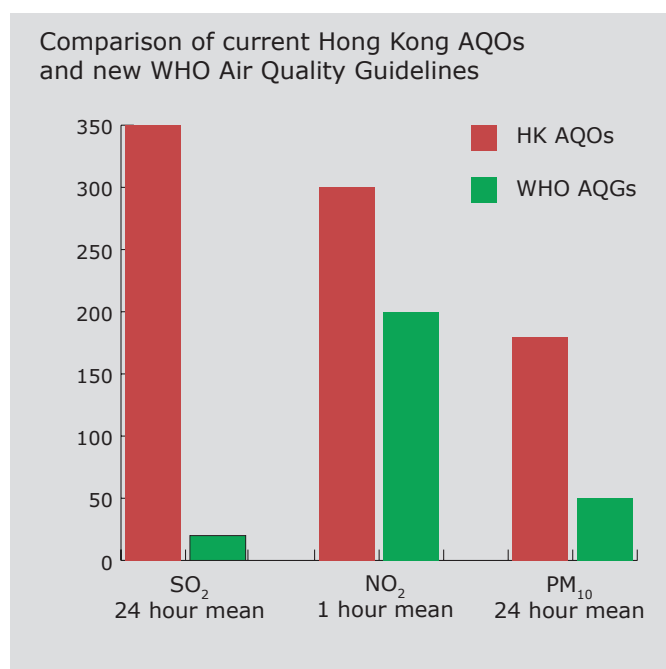
Our work on climate is not limited to the PRD. We have started an exciting collaborative research project with the Singapore Institute of International Affairs (SIIA) analysing climate change policy in Asia. Christine Loh's role as an International Adviser to the G8+5 Climate Change Dialogue has also enabled Civic Exchange to participate in the wider global dialogue on this issue, and her new appointment as Senior Policy Advisor to the C40 Cities-Climate Leadership Group offers opportunities to learn from the successful steps other cities are taking to address climate change.

## Air

### AQOCG

Concerned by the Hong Kong Government's apparent reluctance to set Hong Kong's Air Quality Objectives (AQOs) at levels recommended by the World Health Organisation (WHO) to provide adequate protection for public health and to address the problem of poor air quality in a comprehensive manner, we joined a group of leading scientists and public health specialists to form the Air Quality Objectives Concern Group (AQOCG). The AQOCG's submissions to the Advisory Council on the Environment, the Legislative Council's

Panel on Environmental Affairs and the Sustainable Development Council, as well as briefings to the press and other stakeholders, helped raise awareness of the public health crisis we are facing and resulted in increasing calls for Hong Kong's AQOs to be set in line with the WHO guidelines.



Source: Civic Exchange

Our collaboration with technical teams on air pollution over the past six years has enabled us to build our capacity in conducting original research. March saw the release of a groundbreaking study co-written by the Hong Kong University Science and Technology's (HKUST) Institute for the Environment (IENV) and Civic Exchange and funded by ADM Capital Foundation. The study, titled *The Relative Significance of Local vs Regional Sources: Hong Kong's Air Pollution*, clearly showed that local sources are the primary influence on Hong Kong's air quality 53% of the time. Therefore, major improvements in local air quality and public health can be achieved through reduction of emissions from local vehicles, marine traffic and power plants. Briefings were held with Chambers of Commerce, NGOs, the shipping community, the energy sector and media, which generated considerable local and international interest.

In April 2007 the Regional Air Quality Monitoring Network released the 2006 monitoring results of air quality in the PRD. The significance of the most comprehensive and publicly available summary of the air quality data from the PRD is highlighted in a background paper Civic Exchange co-authored with HKUST's IENV.

### Ten-Year Review

As part of our reflection series on the ten years since the 1997 Handover of Hong Kong to China, in June we published two authoritative books reviewing Hong Kong's environmental policies and the lack of substantial progress. Bill Leverett, Lisa Hopkinson, Christine Loh and Kate Trumbull provided a valuable reference on



*Civic Exchange's Ten-Year Review books on the environment*

environmental issues facing Hong Kong in *Idling Engine: Hong Kong's Environmental Policy in a Ten Year Stall*. The companion book *Still Holding our Breath: A Review of Air Quality Policy in Hong Kong 1997-2007*, written by Kate Trumbull, provides a thorough analysis of air quality policies. Both these books serve as benchmarks for understanding the successes and failures of Hong Kong's environmental policy and outline steps towards improving it.

### **Comparative Cities**

In September 2007 we released a comparative report examining the aggressive air quality policies that two major cities, London and Los Angeles, have taken: *Lessons for Hong Kong: Air Quality Management in London and Los Angeles*. We found that political leadership and multi-stakeholder collaboration were critical to the success of these cities. If Hong Kong wants to reverse the rise in air pollution, it will have to adopt more stringent policies in collaboration with its counterparts in the PRD.

In addition to scholarly works, we also produced more user-friendly air quality information on a myspace website [www.myspace.com/hkairquality](http://www.myspace.com/hkairquality). This website has useful facts and figures as well as steps individuals can take to help improve Hong Kong's air quality.

## Beijing Olympics

Another important ongoing project is the Beijing Olympics Air Quality Research Project. The findings of this science-led, evidence-based project will provide decision-makers with vital policy-relevant information to help them formulate effective control measures, and will be released following the 2008 Olympics. The project will not only improve air quality in the greater Beijing region in the run-up to the Olympics, but also have long-term benefits for future events such as the 2009 East Asian Games in Hong Kong, the 2010 Asian Games in Guangzhou, and for air quality throughout China.

## Events

### *The Importance of Energy*

Building on the success of our first energy forum in June 2006, five more fora attended by professionals, business leaders, academics and government officials were held in October 2006, and January, May, July and September 2007. Thomas Heller, Professor of Law at Stanford Law School spoke about recent developments in China's energy markets at the 2<sup>nd</sup> Energy Forum.



*2<sup>nd</sup> Energy Forum on 13 July*

In January Dr. Roger Raufer, Director of Engineering Services of IETG, spoke on market-based pollution control at our 3<sup>rd</sup> Energy Forum. Dr. Raufer described the evolution of emissions trading, and its potential application in Hong Kong and China.

The 4<sup>th</sup> Energy Forum explored *The Politics of Climate Change in a Post-Kyoto International Context* and was sponsored by the British Consulate. The three guest speakers—Rt Hon Elliot Morley MP, Anders Wijkman MEP, and Lord Michael Jay, formerly Permanent Under Secretary at the Foreign and Commonwealth—are all at the forefront of shaping international policies on climate change through their involvement with the GLOBE (Global Legislators Organised for a Balanced Environment) Climate Change Dialogue.

*Exploring Alternatives in the Global Quest for Environmentally-Friendly Energy Policy Mechanisms* was the topic of our 5<sup>th</sup> Energy Forum. Professor Heller was once again the speaker.

Civic Exchange and the US Consulate hosted a presentation by Dr. Alan Lloyd of the International Council on Clean Transportation for our 6<sup>th</sup> Energy Forum in September 2007. Dr Lloyd spoke about the lessons Hong Kong can learn from Los Angeles's experiences in pollution control.

As we have developed a relationship with Fora TV over the past year, many of our events have been recorded and can now be viewed online at [fora.tv/searchresults.php?partner=52](http://fora.tv/searchresults.php?partner=52)

### ***Innovative Solutions***

Our Innovative Solutions for City Planning and Living workshop held in November used case studies of innovations in technology and urban planning to show how the decision-making process needs to integrate and implement planning, design and technology to improve quality of life for Hong Kong residents. Four Hong Kong-based pioneers showcased their ideas and innovations. In addition, over 100 participants from a range of disciplines outlined opportunities and identified the barriers preventing these and other innovations from being applied in Hong Kong.

### **Rural Lands**

Building on the need for sustainable planning, in November we released *Our Place —Our Time*, which calls for a comprehensive strategy to conserve and manage Hong Kong's unique natural asset—its rural land. The report—produced by Civic Exchange in co-operation with Living Islands Movement (LIM), Designing Hong Kong and a number of other environmental concern groups in Hong Kong—describes how Hong Kong is beyond being merely a “world class” city. Hong Kong is also well placed to claim the title of “China's greenest city” because it is equatorial, borders the open sea and has a diversity of trees, flowers, birds, insects and marine life that is unique in China and the world.

### **Marine Issues**

During the past few years we have coordinated the annual International Coastal Clean-up in Hong Kong, collaborating with Thierry T.C. Chan, The Ocean Conservancy and M at the Fringe as a way of increasing environmental awareness on marine debris. Hong Kong's coastlines are among the dirtiest in the world, ranking 5<sup>th</sup> and 39<sup>th</sup> among the Asian countries and all participating countries, respectively. Almost 3000 volunteers participated in ICC 2006 and the results from the clean-up can be found in our summary report. Over the years we have seen an increase in participation and awareness of these issues. In mid-2007 we decided that we would not continue to organise this particular event due to constraints on our human resource capacity and the event has been taken over by an events-oriented NGO.

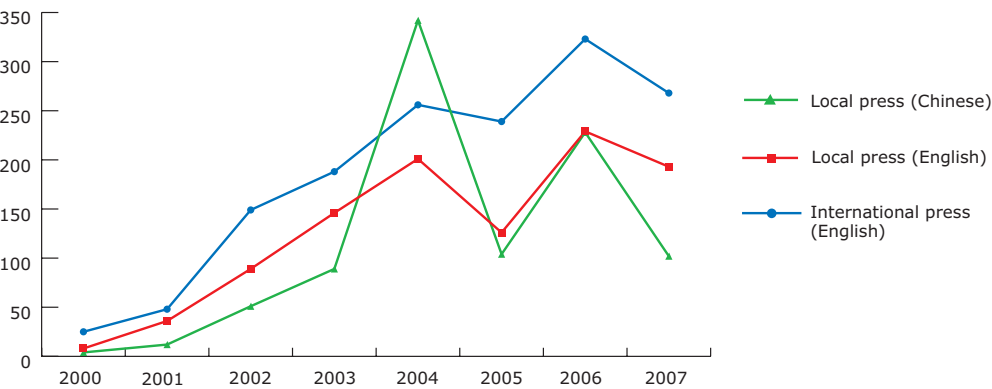
# MEASURING OUR IMPACT

This year, Civic Exchange started collecting data on our activities which we hope will give some indication of the impact we are having on the world around us.

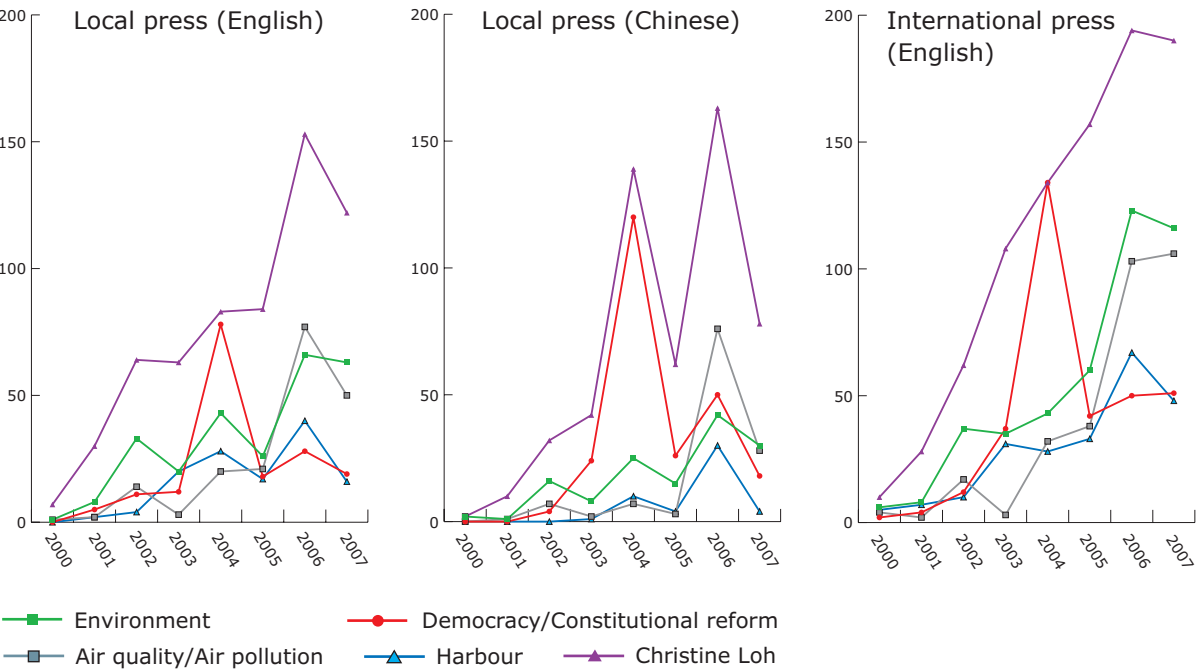
## Civic Exchange in the News

We searched for Civic Exchange’s name in conjunction with several of our primary research topics in local and international news article databases (Wise News and Lexis-Nexis) for every year since 2000. This methodology does not give a perfectly accurate measurement of Civic Exchange’s press coverage as search engines occasionally turn up irrelevant results. Still, it shows unmistakably that Civic Exchange’s profile in the media has grown over the last seven years.

### News articles mentioning “Civic Exchange”



### News articles mentioning “Civic Exchange” in conjunction with selected topics



### Columns

The mass media is one of the main ways in which Civic Exchange reaches the general public, and to that end CEO Christine Loh and director Stephen Brown currently write regular columns for a variety of newspapers and magazines.

| Author        | Publication                | Dates  | Frequency                                   |
|---------------|----------------------------|--|---|
| Christine Loh | South China Morning Post   | 09/2000 to 08/2002<br>09/2002 to 01/2008<br>02/2007 to present | monthly<br>every three weeks<br>fortnightly |
|               | Wen Wei Po                 | 12/2005 to present   | fortnightly                                 |
|               | Hong Kong Discovery        |  | bimonthly                                   |
|               | Hong Kong Economic Times   | 9/2004 to 12/2005  | weekly                                      |
|               | Hong Kong Economic Journal |  | periodically                                |
| Stephen Brown | The Standard               | 11/2006 to present   | weekly                                      |

### Publications

In the financial year 2006-2007, Civic Exchange published 4 books, 24 reports, 6 submissions to government consultations or bodies, and 8 PowerPoint presentations on a range of topics from constitutional reform to climate change. Civic Exchange typically distributes 100-1000 hard copies of our reports while notifications are sent to our mailing lists reaching over 15,000 individuals both in Hong Kong and internationally. E-alerts were sent out to keep our subscribers informed about our latest publications and events.

Civic Exchange's *Ten-Year Review* book series is now available in bookstores, and public and university libraries throughout Hong Kong.

Civic Exchange also submitted its views and research to the HKSAR Government in response to public consultations and helped inform legislators on issues of air quality and health with submissions to the Legislative Council's Panel on Environmental Affairs. Below is a table showing the number of Civic Exchange publications in 2006-2007 arranged by type.

| Civic Exchange publications 2006-2007 by type     |  |                              |                                  |           |
|---|--|------------------------------|----------------------------------|-----------|
|   | Civic Participation and Social Development | Environment and Conservation | Integration of Economic Analysis | Total     |
| Books   | 2  | 2                            | 0                                | 4         |
| Reports   | 8  | 14                           | 2                                | 24        |
| Submissions to government consultations or bodies | 1  | 5                            | 0                                | 6         |
| Powerpoints                                       | 0  | 8                            | 0                                | 8         |
| <b>Total</b>                                      | <b>11</b>                                  | <b>29</b>                    | <b>2</b>                         | <b>42</b> |

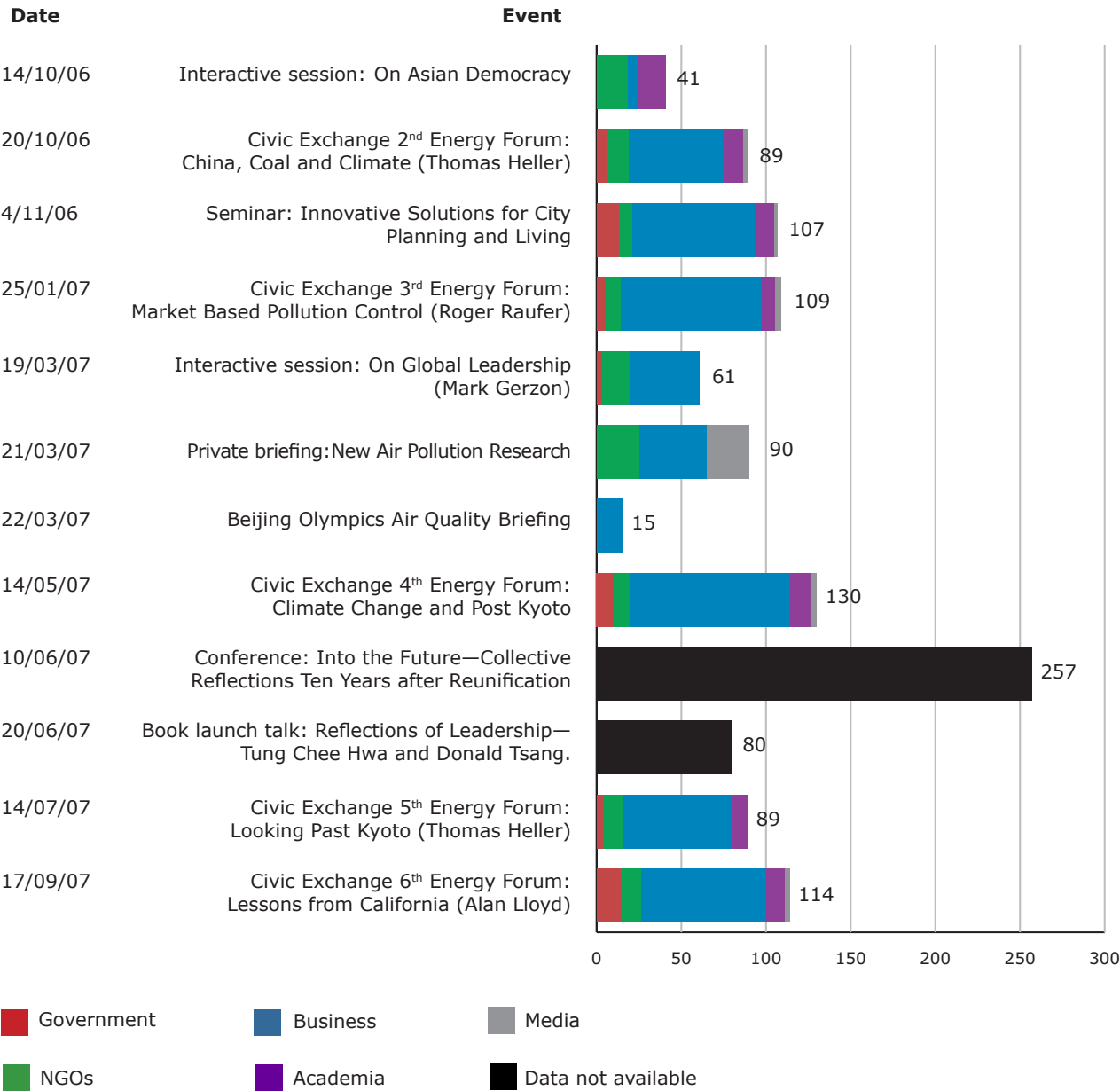
***Peer-reviewed academic journals***

This year, Civic Exchange published three articles in peer-reviewed academic journals. Christine Loh wrote "Alive and Well but Frustrated: HK's Civil Society" for *China Perspectives* published in September 2007. Civic Exchange additionally sponsored two pieces of air pollution research by G.S.W. Hagler et al. published in *Atmospheric Science* in June 2006 and September 2007, titled "Source areas and chemical composition of fine particulate matter in the Pearl River Delta region of China" and "Local and regional anthropogenic influence on PM<sub>2.5</sub> elements in Hong Kong" respectively. A search of academic databases also discovered nine instances in 2006-2007 where Civic Exchange's publications or conferences were cited by academic writers in peer-reviewed journals. We find it encouraging to see our work being used by other researchers.

**Fora and Seminars**

Civic Exchange hosted numerous fora and seminars on a broad variety of subjects, attracting influential participants from government, business, academia, NGOs and the media. The chart overleaf shows attendance figures for events and gives a breakdown of participants by sector if data is available.

Civic Exchange Fora and Seminars, 2006-2007



Speaking Engagements

Civic Exchange CEO Christine Loh continues to travel widely, giving talks and presentations to a variety of audiences. In 2006-2007, her speeches included presentations to think tanks such as the Brookings Institution, the Woodrow Wilson International Center for Scholars, and the Carnegie Endowment for International Peace in Washington D.C. Air pollution and climate change formed the bulk of her 39 talks this year (64%), followed by sustainable development (13%), democracy and governance (10%), Hong Kong’s economy (10%), and other (3%).

# FUNDERS

## Project Funders

ADM Capital Foundation  
Anthony Ng  
Charles Lee  
CLP Power Hong Kong Limited  
CLSA Asia Pacific Markets  
Daniel Bradshaw  
Donald Kanak  
Environmental Protection Department,  
HKSAR Government  
Exxon Mobile (HK) Ltd.  
Hitachi Metals Hong Kong Ltd.  
Hong Kong Archives Society  
Hong Kong University of Science  
and Technology  
Jack Tang  
Jardine Matheson & Co.  
Koala Resources Ltd.  
National Endowment for Democracy  
Old Peak Investments Ltd.  
Peter and Nancy Thompson  
Peter Wong  
PIL Finance Limited  
Pricewaterhouse Coopers Charitable  
Foundation  
Rockefeller Brothers Fund  
Shanghai Commercial Bank Ltd.  
Shell Hong Kong Ltd.  
Shui On Investment Company Limited  
Sun Hung Kai Properties Charitable  
Fund Limited  
Swiss Association of Hong Kong  
Tarun Kataria  
Walbrook Trustees (Hong Kong) Limited  
Wells Fargo  
William E. Connor  
Wu Ho Chi

## General Funders

Capital Research Company  
Danny Chin Ching Man  
George A. Whaling  
Shaw Sin-Ming

## Seminar Funders

British Consulate General, Hong Kong  
CLP Power Hong Kong Limited  
Hong Kong Shipowners' Association  
National Democratic Institute for  
International Affairs  
US Consulate General, Hong Kong

# COLLABORATORS AND ACKNOWLEDGEMENTS

## Collaborators

Barron, William  
 Cullen, Richard  
 Gordon, Peter  
 Gorer, Peter  
 Gray, Joe  
 He, Gang  
 Hedley, Anthony J  
 Hopkinson, Lisa  
 Lai, Carine  
 Lau, Alexis  
 le Clue, Sophie  
 Lee, Shun-cheng  
 Leverett, Bill  
 Lin, Feng  
 Lo, Andrew  
 Loh, Christine  
 Man, Allan  
 McGhee, Sarah  
 Mondini, Rob  
 Ng, Simon K.W.  
 Oaten, John  
 Poon, Otto  
 Poon, Pauline  
 Raufer, Roger  
 Raymond, Santa  
 Stevenson, Andrew  
 Tay, Simon  
 Tracey, Alexandra  
 Trumbull, Kate  
 Paungmalit, Phir  
 Uebergang, Kylie  
 Van Rafelghem, Marcos  
 Weldon, Michele  
 Wong, C M  
 Wong, T W  
 Yip, Yan-yan  
 Young, Simon  
 Yuan, Zibing  
 Yuk, Carissa  
 Zhu, Tong

## Acknowledgements—Individuals

Allender, Robert  
 Armentrout, Fred  
 Au, Elvis  
 Brown, Melissa  
 Casberg, Trey  
 Ballard, Stewart  
 Beczak, Thaddeus  
 Bowring, Arthur  
 Brown, Stephen  
 Brownlee, Ian  
 Bryce, James  
 Castka, Gillian  
 Chan, Thierry T.C.  
 Chapman, Tom  
 Cheng Luk-ki,  
 Choy, So-yuk  
 Cheng, Peikwen  
 Cheung, Pui-ki  
 Chiu, Vivian  
 Chu, Winston  
 Coman, Anca  
 Copeland Chiu, Anne  
 Dean, Nick  
 DeGolyer, Michael  
 Elliot, Michael  
 Ehrlich, Craig  
 Fowler, Evan  
 Fuller, Gary  
 Fults, Jason  
 Fung, Nomis  
 Fung, Roger  
 Fung, Jimmy  
 Gamborata, Lucien  
 Garnaut, Michelle  
 Garnaut, Nicol  
 Gaynon, Lisa  
 Genasci, Lisa  
 Gerver, Nicholas  
 Gibson, Robert  
 Green, Chris

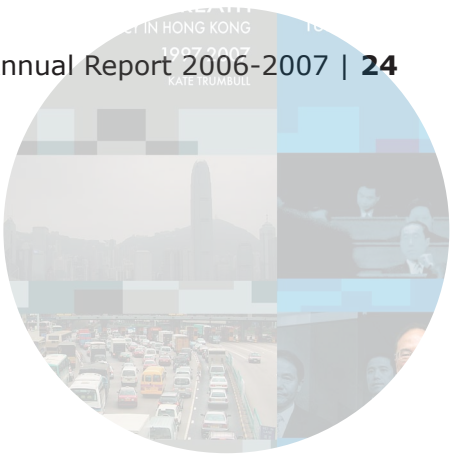
Guzy, Gary  
 Hannum, Ann  
 Hay, Allan  
 Heavey, Courtney  
 Hegland, Ashley  
 Heller, Tom  
 Hilditch, Tom  
 Hilton, Isabel  
 Hobel, Mark  
 Hui, Ron  
 Hung, Grace  
 Kanter, Bob  
 Kiang, C S  
 Kilburn, Mike  
 Kot, S C  
 Krotman, Adam  
 Kwan, Stephanie  
 Lancaster, Charles  
 Lau, Anthony  
 Lee, Alonzo  
 Lee, Jason  
 Leong, Alan  
 Leung, Kenneth  
 Li, Gladys  
 Li, Ken  
 Li, Lavina  
 Lie Ken Jie, Marcel  
 Liu, Su  
 Lloyd, Alan  
 Louie, Peter  
 Lovins, Amory  
 Lui, Wing Min  
 Maguire, James  
 Malech, Dan  
 Mallet, Victor  
 Masset, Christian  
 McGuire, Matt  
 Miguel, Antonio  
 Mok, Sin Hing  
 Ng, Anthony  
 Ng, Betty  
 Ng, Cho-nam  
 Ng, Mee-kam  
 Ng, Melissa  
 Ng, Sky  
 Ng, Wing Pui Susanna

Nguyen, Thanh  
 Nichol, Janet Elizabeth  
 Nissim, Roger  
 Noffke, Clive  
 Palmisano, John  
 Pedrazzini, Fabian  
 Pei, Minxin  
 Powell, Simon  
 Pyke, Jonathan  
 Ravi, Hari  
 Salkeld, Kim  
 Sin, Chung-kai  
 Shannon, Ciara  
 Shaw, Markus  
 Slanina, Sjaak  
 Spain, Eric  
 Stalnaker, Stan  
 Stokoe, Mike  
 Stokes, Edward  
 Tang, Dawson  
 To, Elizabeth  
 Tose, Hubert  
 Toth, Olivia  
 Tsui, Laurel  
 Tupper, Roger  
 Turner, Jennifer L  
 Weldon, Denise  
 Wong, Peter  
 Wong, Vincent  
 Woodring, Doug  
 Xu, Steve  
 Yep, Ray  
 Yeung, Chris  
 Yip, Plato  
 Yu, I T S  
 Zheng, Junyu  
 Zimmerman, Paul

## Acknowledgements—Organisations

American Chamber of Commerce  
in Hong Kong  
Association for Socially Responsible  
Investment in Asia (ASRIA)  
British Consulate General  
Brookings Institution  
Canadian Chamber of Commerce  
Centre of Urban Planning and Environmental  
Management (CUPEM), HKU  
China Dialogue  
China Environment Forum  
Clear the Air  
CLSA Asia-Pacific Markets  
Columbia Law School  
Columbia University  
Department of Community and Family  
Medicine, Chinese University of Hong  
Kong (CUHK)  
Department of Community Medicine, School  
of Public Health, HKU  
Department of Transportation,  
HKSAR Government  
Drainage Services Department,  
HKSAR Government  
Environmental Protection Department,  
HKSAR Government  
Designing Hong Kong  
Ecovision Asia Limited  
Edelman  
Elegance Printing  
Financial Times  
Friends of the Earth  
Green Lantau Association  
Living Island Movement  
Green Power  
Greensense  
Hong Kong 2030 Planning Vision  
and Strategy  
Hong Kong Chamber of Commerce  
Hong Kong Discovery  
Hong Kong Electric Company Limited (HEC)  
Hong Kong Foreign Correspondents' Club  
Hong Kong Policy Research Institute  
Hong Kong Magazine

Hong Kong Polytechnic University  
Hong Kong Tatler Magazine  
Hong Kong America Centre  
Hub Culture  
Institute for the Environment, HKUST  
M at the Fringe  
Masterplan  
Mirror Productions  
My Space  
Pacific Place Conference Centre (PPCC)  
Peking University  
Pricewaterhouse Coopers (PwC)  
Rockefeller Brothers Fund  
Rocky Mountain Institute  
Society for Protection of the Harbour  
Sustainable Development Unit,  
HKSAR Government  
SynergyNet  
The Ocean Conservancy  
Time Magazine  
Wellesley College, USA  
WWF Hong Kong  
Yale University



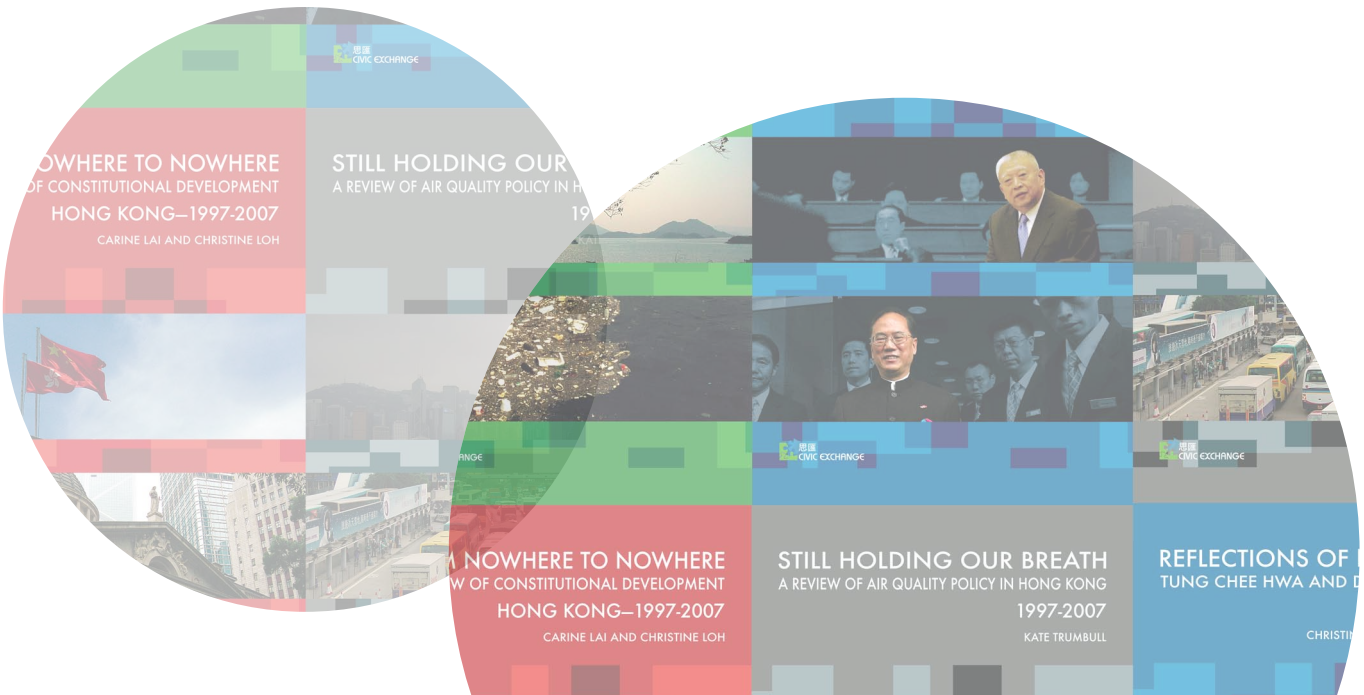
# CIVIC EXCHANGE

## REPORTS AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2007

#### Contents

|                                   |    |
|-----------------------------------|----|
| Directors' report                 | 25 |
| Independent auditors' report      | 26 |
| Income statement                  | 27 |
| Balance sheet                     | 28 |
| Statement of changes in fund      | 29 |
| Cash flow statement               | 30 |
| Notes to the financial statements | 31 |



## **DIRECTORS' REPORT**

The directors have pleasure in presenting their report together with the audited financial statements of the company for the year ended 30 September 2007.

### **Financial Statements**

The results for the year are set out in the income statement on page 27. The state of affairs of the company at 30 September is set out in the balance sheet on page 28. The cash flows of the company for the year are set out in the cash flow statement on page 30.

### **Principal Activities**

The principal activities of the company are to promote civic education, public awareness and participation in governance and to undertake research and development of economic, social and political policies.

There have been no significant changes in the nature of these activities during the year.

### **Property, Plant and Equipment**

Movements in property, plant and equipment during the year are set out in note 7 to the financial statements.

### **Directors**

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

Chu Ka Sun, Winston  
Stephen James Brown  
Gladys Veronica Li  
Peter James Thompson  
Ng Sung Man Anthony

In accordance with the company's Articles of Association, one third of the directors retire at the forthcoming Annual General Meeting and, being eligible, are available for re-election.

### **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.

### **Directors' Interests in Contracts**

No contracts of significance, to which the company, its fellow subsidiaries, or its holding company was a party and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

### **Auditors**

The auditors, Messrs. William Po & Co., Certified Public Accountants, retire and, being eligible, offer themselves up for re-appointment.

On behalf of the Board



Chu Ka Sun, Winston  
Chairman

## **William Po & Co.**

Certified Public Accountants

蒲錦文會計師事務所

### **Independent Auditors' Report to the Members of Civic Exchange (Incorporated in Hong Kong and limited by guarantee)**

We have audited the financial statements of Civic Exchange set out on pages 27 to 36, which comprise the balance sheet as at 30 September 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Directors' responsibility for the financial statements**

The directors 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.

#### **Auditors' responsibility**

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

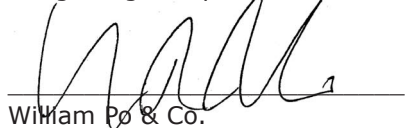
We conducted our audit in accordance with the Hong Kong Standards of Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements 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 auditors' judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 directors, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2007 and of its surplus and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



William Po & Co.

Certified Public Accountants

Hong Kong, 31 December 2007

## INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2007

| <b>Income</b>                         | <b>Notes</b> | <b>2007<br/>HK\$</b> | <b>2006<br/>HK\$</b> |
|---------------------------------------|--------------|----------------------|----------------------|
| Project Donations                     | 3            | 5,182,148            | 3,752,975            |
| General Donations                     |              | 62,985               | 72,600               |
| Miscellaneous income                  |              | 28,460               | 2,428                |
| Services income                       |              | 27,032               | 8,388                |
| Subletting income                     |              | 79,030               | 84,669               |
|                                       |              | <hr/>                | <hr/>                |
|                                       |              | 5,379,655            | 3,921,060            |
|                                       |              | <hr/>                | <hr/>                |
| <b>Less:Expenditure</b>               |              |                      |                      |
| Accounting fees                       |              | 30,750               | 16,000               |
| Audit fees                            |              | 15,000               | 13,000               |
| Bank charges                          |              | 2,895                | 750                  |
| Book purchases                        |              | -                    | 2,234                |
| Computer costs                        |              | 7,625                | 43,060               |
| Consultant fees                       |              | 44,375               | 42,900               |
| Courier and postage                   |              | 5,052                | 1,731                |
| Depreciation                          |              | 25,634               | 18,779               |
| Entertainment                         |              | -                    | 2,475                |
| Insurance                             |              | 1,752                | 1,330                |
| Internet charges                      |              | -                    | 5,970                |
| Mandatory provident fund              |              | 19,000               | 16,800               |
| Membership fees                       |              | 33,400               | 18,700               |
| Office supplies                       |              | 9,086                | 16,530               |
| Printing and stationery               |              | 36,494               | 25,834               |
| Repairs and maintenance               |              | -                    | 7,000                |
| Research project expenses             |              | 12,081               | 2,530                |
| Utilities                             |              | 5,025                | 14,022               |
| Project costs                         | 4            | 4,708,293            | 3,409,469            |
| Government rates                      |              | 3,900                | 7,260                |
| Rent                                  |              | 32,808               | 146,267              |
| Salaries and related costs            |              | 171,000              | 159,600              |
| Sundry expenses                       |              | 3,500                | 2,700                |
| Telecommunications expenses           |              | 3,161                | 2,685                |
| Translation fees                      |              | 1,434                | 1,670                |
| Travelling expenses                   |              | 9,348                | 7,861                |
| Website expenses                      |              | -                    | 2,108                |
|                                       |              | <hr/>                | <hr/>                |
|                                       |              | 5,181,613            | 3,989,265            |
|                                       |              | <hr/>                | <hr/>                |
| <b>Surplus/(Deficit) for the year</b> |              | 198,042              | (68,205)             |
|                                       |              | <hr/>                | <hr/>                |

The notes on pages 31 to 36 form an integral part of these financial statements

## BALANCE SHEET

### As At 30 SEPTEMBER 2007

|                                |              | 2007<br>HK\$ | 2006<br>HK\$ |
|--------------------------------|--------------|--------------|--------------|
| <b>Non-current assets</b>      | <b>Notes</b> |              |              |
| Property, plant and equipment  | 7            | 69,398       | 51,558       |
| <b>Current assets</b>          |              |              |              |
| Account receivables            |              | 109,189      | 320,887      |
| Prepayment & other receivables | 8            | 85,200       | 70,500       |
| Cash and bank balances         |              | 2,412,859    | 2,578,742    |
|                                |              | 2,607,248    | 2,970,119    |
| <b>Current liabilities</b>     |              |              |              |
| Account payables               |              | 105,569      | 112,650      |
| Accruals and other payables    | 9            | 1,688,768    | 2,224,760    |
|                                |              | 1,794,337    | 2,337,410    |
| <b>Net current assets</b>      |              | 812,911      | 632,709      |
| <b>Total assets</b>            |              | 882,309      | 684,267      |
| <b>Funds</b>                   |              |              |              |
| General fund                   |              | 882,309      | 684,267      |

Approved by:



Chu Ka Sun, Winston  
Director



Stephen James Brown  
Director

**STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED 30 SEPTEMBER 2007**

|                                     | <b>2007</b> | <b>2006</b> |
|-------------------------------------|-------------|-------------|
|                                     | <b>HK\$</b> | <b>HK\$</b> |
| <b>General fund brought forward</b> | 684,267     | 752,472     |
| Surplus/(Deficit) for the year      | 198,042     | (68,205)    |
|                                     | <hr/>       | <hr/>       |
| <b>General fund carried forward</b> | 882,309     | 684,267     |
|                                     | <hr/> <hr/> | <hr/> <hr/> |

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 30 SEPTEMBER 2007

|   | Notes | 2007<br>HK\$ | 2006<br>HK\$ |
|---|-------|--------------|--------------|
| <b>Operating activities</b>                                   |       |              |              |
| Net cash (outflow)/inflow from operations                     | 10    | (122,409)    | 1,496,981    |
|   |       | <hr/>        | <hr/>        |
| <b>Investing Activities</b>                                   |       |              |              |
| Purchase of property, plant and equipment                     |       | (43,474)     | (46,330)     |
|   |       | <hr/>        | <hr/>        |
| <b>(Decrease)/increase in cash and cash equivalents</b>       |       | (165,883)    | 1,450,651    |
| <b>Cash and cash equivalents at the beginning of the year</b> |       | 2,578,859    | 1,128,091    |
|   |       | <hr/>        | <hr/>        |
| <b>Analysis of cash and cash equivalents</b>                  |       |              |              |
| Cash and bank balances  |       | 2,412,859    | 2,578,742    |
|   |       | <hr/> <hr/>  | <hr/> <hr/>  |

The notes on pages 31 to 36 form an integral part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

### 1. Company limited by guarantee

The company is incorporated in Hong Kong under the Companies Ordinance as a company with limited liability. The Company's registered office is located at Room 701, Hoseinee House, 69 Wyndham Street, Central, Hong Kong. The principal activities of the company are to promote civic education, public awareness, and participation in governance and to undertake research and development of economic, social and political policies. Under the provision of its Memorandum and Articles of Association, every member shall, in the event of the Company being wound up, contribute such amount as may be required to meet the liabilities of the Company but not exceeding the sum of HK\$100 each.

### 2. Principal accounting policies

#### a) *Basis of preparation*

These financial statements have been prepared under the historical cost convention in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs" which term collectively include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKAS) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has recently issued a number of new and revised HKFRSs which are effective for accounting periods beginning on or after 1 October 2006. The adoption of the new and revised HKFRSs has not had any significant impact on the company's accounting policies.

#### b) *Property, plant and equipment*

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

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the profit and loss account in the year in which they are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of the property, plant and equipment.

Where any assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the income statement.

Depreciation on property, plant and equipment is provided using the straight line method at consistent rates calculated to write off the cost of the assets over their expected useful lives. The principal annual rates used for this purpose are:

|                         |     |
|-------------------------|-----|
| Office equipment:       | 20% |
| Furniture and fixtures: | 20% |

Fully depreciated assets are retained in the accounts until they are no longer in use.

At each balance sheet dates, both internal and external sources of information are considered

to assess whether there is any indication that property, plant and equipment are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the income statement.

**c) *Impairment of assets***

Assets are reviewed for impairment whenever there is an indication that the carrying amount of an asset exceeds its recoverable amount. If any such indication exists, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment loss is recognised as an expense immediately. The recoverable amount is the higher of an asset's net selling price and value in use.

Reversal of impairment loss is an asset recognised in prior years is recorded when there is an indication that the impairment loss recognised for the asset no longer existed or has decreased. The reversal is recognised as income immediately.

**d) *Operating leases***

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement as incurred over the lease term.

**e) *Foreign currencies***

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in income statement.

**f) *Recognition of revenue***

Revenue is recognised when it is probable that the economic benefits will flow to the company and when revenue can be measured reliably, on the following bases:

- On the rendering of services, based on the stage of completion of the transaction, provided that this and the costs incurred as well as the estimated costs to completion can be measured reliably. The stage of completion of a transaction associated with the rendering of services is established by reference to the costs incurred to date as compared to the total costs that would be incurred under the transaction.
- Donations and membership fees are recognised when the right to receive payment is established.

**g) *Employee benefits***

- i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the company. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- ii) The company operates a Mandatory Provident Fund scheme ("MPF Scheme") for the employees. Contributions are made based on a percentage of the employee's basic salaries and are charged to the income statement as they become payable. The assets of the MPF Scheme are held in an independently administered fund. The company's contributions vest fully with the employees when contributed into the MPF Scheme.

**h) Financial assets and liabilities**

Financial assets and liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument and are measured at fair value.

- Receivables are initially recognised at fair value and thereafter measured at amortised cost using the effective interest rate method unless the effect of discounting would be immaterial, in which case there are stated at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.
- Cash and bank balances are subject to insignificant risk of changes in value.
- Payables are measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**3. Project Donations**

|  | <b>2007</b>      | <b>2006</b>      |
|--|------------------|------------------|
|  | <b>HK\$</b>      | <b>HK\$</b>      |
| 10 Year Review (1997 to 2007)  | 445,314          | -                |
| Air—Cooking Emissions  | 110,000          | 190,000          |
| Air—Policy 2005  | -                | 405,864          |
| Air—Policy 2006-07   | 913,442          | 147,453          |
| Air—Policy 2007-08   | 147,227          | -                |
| Air—Beijing Olympics   | 437,387          | 504,419          |
| Air—LNG Project  | 131,346          | -                |
| Air—Guangdong Decision Making  | 73,822           | -                |
| Air—PM Emissions Study (ADM Capital Foundation)                        | 135,435          | 430,000          |
| Air—Rockerfeller Brother Fund Grant 2006                               | 320,370          | -                |
| Archival Research  | 143,817          | 55,000           |
| CLSA Research  | 464,980          | 80,000           |
| Democracy Projects 2005-07   | 564,208          | 544,635          |
| Democracy—National Democratic Institute for International Affairs 2006 | 40,800           | 36,200           |
| Democracy—National Democratic Institute for International Affairs 2007 | 13,188           | -                |
| Democracy—National Endowment of Democracy Grant 2005                   | -                | 149,161          |
| Democracy—National Endowment of Democracy Grant 2006                   | 300,715          | 367,004          |
| Democracy—National Endowment of Democracy Grant 2007                   | 254,418          | -                |
| Global Commission on International Migration Delegation 2006           | -                | 152,719          |
| International Coastal Clean-up 2006                                    | 32,521           | 114,619          |
| One-day Programmes   | 389,238          | 162,012          |
| Population Study   | -                | 53,622           |
| SME PRD Research   | 50,000           | -                |
| South Island Rail Line Project   | -                | 208,810          |
| Sustainable Planning—Designing Hong Kong/Harbour Planning              | 213,920          | 151,457          |
|  | <b>5,182,148</b> | <b>3,752,957</b> |

#### 4. Project Costs

|                                      | 2007<br>HK\$ | 2006<br>HK\$ |
|--------------------------------------|--------------|--------------|
| Advertising                          | -            | 26,400       |
| Bank charges                         | 1,228        | 3,027        |
| Book purchases                       | 3,528        | 543          |
| Conference expenses                  | 130,967      | 62,273       |
| Courier and postage                  | 37,778       | 8,606        |
| Internet charges                     | 2,406        | 3,261        |
| Mandatory provident fund             | 2,000        | 12,000       |
| Meals charges                        | -            | 59,888       |
| Membership fee                       | 13,188       | -            |
| Office supplies                      | 10,425       | 13,638       |
| Photography                          | -            | 42,021       |
| Printing and stationery              | 399,816      | 212,756      |
| Project management and research fees | 3,370,672    | 2,591,046    |
| Rent                                 | 73,701       | 83,224       |
| Sundry expenses                      | 1,756        | 862          |
| Telecommunications expenses          | 2,032        | 2,142        |
| Translation fees                     | 411,609      | 147,606      |
| Travelling expenses                  | 240,412      | 133,806      |
| Utilities                            | 6,775        | 6,370        |
| Total for the year                   | 4,708,293    | 3,409,469    |

#### 5. Directors' Emoluments

During the years ended 30 September 2006 and September 30 2007, no amounts have been paid in respect of directors' emoluments, directors' or past directors' pensions, or for any compensation to directors or past directors in respect of loss of office.

#### 6. Taxation

No provision for Hong Kong profits tax is made in the accounts as the company is an approved charitable institution, and has obtained exemption from Hong Kong profits tax.

**6. Property, Plant and Equipment**

|                                  | <b>Office<br/>Equipment<br/>HK\$</b> | <b>Furniture and<br/>Fixtures<br/>HK\$</b> | <b>Total<br/>HK\$</b> |
|----------------------------------|--------------------------------------|--|-----------------------|
| <b>Cost:</b>                     |                                      |  |                       |
| At 1 October 2006                | 59,894                               | 55,966                                     | 115,890               |
| Additions                        | 20,936                               | 22,838                                     | 43,474                |
|                                  | <hr/>                                | <hr/>                                      | <hr/>                 |
| At 30 September 2007             | 80,830                               | 78,534                                     | 159,364               |
|                                  | <hr/>                                | <hr/>                                      | <hr/>                 |
| <b>Accumulated depreciation:</b> |                                      |  |                       |
| At 1 October 2006                | 34,284                               | 30,048                                     | 64,332                |
| Charge for the year              | 10,757                               | 14,877                                     | 25,634                |
|                                  | <hr/>                                | <hr/>                                      | <hr/>                 |
| At 30 September 2007             | 45,041                               | 44,925                                     | 89,966                |
|                                  | <hr/>                                | <hr/>                                      | <hr/>                 |
| <b>Net book value:</b>           |                                      |  |                       |
| At 30 September 2007             | 35,789                               | 33,609                                     | 69,398                |
|                                  | <hr/>                                | <hr/>                                      | <hr/>                 |
| At 30 September 2006             | 25,610                               | 25,948                                     | 51,558                |
|                                  | <hr/>                                | <hr/>                                      | <hr/>                 |

**8. Prepayments and Other Receivables**

|             | <b>2007<br/>HK\$</b> | <b>2006<br/>HK\$</b> |
|-------------|----------------------|----------------------|
| Deposit     | 37,500               | 29,500               |
| Prepayments | 47,700               | 41,000               |
|             | <hr/>                | <hr/>                |
|             | 85,200               | 70,500               |
|             | <hr/>                | <hr/>                |

**9. Accruals and Other Payables**

|                    | <b>2007<br/>HK\$</b> | <b>2006<br/>HK\$</b> |
|--------------------|----------------------|----------------------|
| Accruals           | 15,000               | 13,000               |
| Receipt in advance | 1,673,768            | 2,211,760            |
|                    | <hr/>                | <hr/>                |
|                    | 1,688,768            | 2,224,760            |
|                    | <hr/>                | <hr/>                |

**10 Net Cash Inflow from Operations]**

Reconciliation of surplus/(deficit) for the year to net cash (outflow)/inflow from operations:

|  | <b>2007</b> | <b>2006</b> |
|--|-------------|-------------|
|  | <b>HK\$</b> | <b>HK\$</b> |
| Surplus/(deficit) for the year                           | 198,042     | (68,205)    |
| Depreciation of property, plant and equipment            | 25,634      | 18,799      |
| Operating cash flows before movements in working capital | 223,676     | (49,426)    |
| Decrease in accounts receivables                         | 211,688     | 422,271     |
| Increase in prepayments and other receivables            | (14,700)    | (10,200)    |
| (Decrease)/increase in accounts payables                 | (7,081)     | 50,941      |
| (Decrease)/increase in accruals and other payables       | (535,992)   | 1,083,395   |
| Net cash (outflow)/inflow from operations                | (122,409)   | 1,496,981   |

**11 Operating Lease Commitments**

At the balance sheet date, the total future minimum lease payments of the company under non-cancellable operating leases are payable as follows:

|   | <b>2007</b> | <b>2006</b> |
|---|-------------|-------------|
|   | <b>HK\$</b> | <b>HK\$</b> |
| Within one year                         | 204,000     | 78,000      |
| In the second to fifth years, inclusive | 102,000     | -           |
|   | 306,000     | 78,000      |

**12 Financial risks and management**

The company's activities do not expose it to significant foreign exchange risk and credit risk. The company minimises liquidity risk by maintaining sufficient cash to meet current and expected liquidity so as to enable it to meet its liabilities as and when they fall due and to continue operating for the foreseeable future. The company's interest rate risk which relates primarily to bank balances is minimal due to their short term nature.

**13 Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's presentation of financial statements.

**14 Approval of financial statements**

These financial statements were authorised for issue by the company's Board of Directors on 31 December 2007

Civic Exchange is a Hong Kong-based public policy think-tank that was established in October 2000. It is registered as a charity in Hong Kong (registration no. 91/6096).

Its mission is to:

Promote civic education among members of the community and for such purpose to conduct research and publicise the results so as to provide objective and balanced information to the public concerning economic, social and environmental issues.

Undertake research on the development of economic, social and political policies and practices to help shape the breadth and depth of public policy debate and so to provide well-founded and reasoned argument on the issues identified above.

Visit us at [www.civic-exchange.org](http://www.civic-exchange.org)

Or contact:

Rm 701 Hoseinee House,  
69 Wyndham Street,  
Central,  
Hong Kong

Tel: 2893 0213

Fax: 3105 9713

E-mail: [cloh@civic-exchange.org](mailto:cloh@civic-exchange.org)