



香港國際仲裁中心
Hong Kong International
Arbitration Centre

2010

ANNUAL
REPORT



CONTENTS

2	Celebrating the Past, Shaping the Future	23	Hong Kong Mediation Council Chairman's Report
4	Chairman's Message	25	Finance Committee Report
6	Secretary-General's Report		

Chairman

Michael J MOSER

Vice-Chairpersons

Teresa CHENG SC JP

Hon Mr Justice Michael HARTMANN

Robin PEARD JP

Council Members

Michael J MOSER

Philip YANG

Neil KAPLAN CBE QC SBS

Ronald ARCULLI GBS JP

Chiann BAO

John BUDGE SBS MBE JP

Peter CALDWELL

CHAN Bing Woon SBS JP

Teresa CHENG SC JP

Russell COLEMAN SC

Matthew GEARING

Sally HARPOLE

Hon Mr Justice Michael HARTMANN

Fred KAN

Daniel LAM BBS JP

Elsie LEUNG GBM JP

Hon Mr Justice Geoffrey MA

Stephen MALOY

Anthony NEOH SC JP

Robin PEARD JP

Kathryn SANGER

Gary SOO

Hon Mr Justice Robert TANG SC SBS JP

Christopher TO

WONG Kwai Huen

Anna WU SBS JP

International Advisory Board

Anson CHAN

Yves FORTIER QC

Bernard HANOTIAU

Michael HWANG SC

Gabrielle KAUFMANN-KOHLER

Niels KRAUNSOE

Arthur MARRIOTT QC

Jan PAULSSON

Michael PRYLES

VV VEEDER QC

YU Jianlong

Secretary-General

Chiann BAO#

Deputy Secretary-General

Primrose LAW

LIU Jing

Assistant Secretary-General

Dennis CAI

Erica CHAN

Secretariat Members

Isabelly LAI, Administrative Officer

Debbie CHONG, Case Administrator

Ricky KWAN, Administrative Assistant

Valerie WONG, Marketing Executive

Ricky WONG, IT Executive

Bosco MAK, Project Programmer

Molly FONG, Personal Assistant to Secretary-General

Kate NG, Receptionist/Clerk

Tammy LEUNG, Office Assistant

Appointment since 1 May 2010

Celebrating the Past,



Shaping the Future



HKIAC
25th
Anniversary
HONG KONG 2010



Chairman's Message



Dr Michael J Moser

Dear Colleagues and Friends

It gives me great pleasure to present to you the Annual Report of the Hong Kong International Arbitration Centre (HKIAC) for the year 2010.

As you will see from the following pages, last year was another very busy year for the HKIAC.

2010 also marked an important milestone for the HKIAC as the Centre celebrated its 25th Anniversary. A quarter century ago a small group of lawyers and businessmen came together to establish an association dedicated to “the promotion of alternative dispute resolution” in the territory. In the years since, the HKIAC has developed into one of the premier dispute resolution institutions in Asia.

The HKIAC's silver anniversary was marked by a series of events in November 2010. The celebrations began with the Kaplan Lecture at the Hong Kong Club delivered by Toby Landau QC. Toby's lecture on cross examination and insights gleaned from psychology on the reliability of memory proved to be a provocative and highly entertaining tour de force.

During the following two days over 300 guests attended the 25th Anniversary Conference focused on the theme “Rethinking International Arbitration”. The event’s keynote speech by Jan Paulsson explored the question “Does International Arbitration Have a Future?”. The following sessions over the next days examined the challenges facing international arbitration today looking at procedure, rules and regulations, arbitral institutions and investor-state arbitration.

We were extremely fortunate to have many of the leading figures in international arbitration as speakers on the program. We are very grateful to them and to the many law firms and other bodies locally who generously supported this successful event.

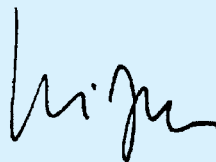
Last year also saw the arrival of a new Secretary General at the HKIAC. Chiann Bao joined us in May 2010 from private practice with a major law firm in New York. She previously worked in Hong Kong and spent a brief time in Paris with the ICC Secretariat. A graduate in law from the US, a former Fulbright scholar and an alumnae of City University’s Master’s Degree Programme

in Dispute Resolution, Chiann is eminently qualified to lead our team at the Secretariat. We are absolutely delighted to have her on board.

This is the last time I will be signing off on the HKIAC’s Annual Report. My term at the helm of the HKIAC has now ended and a new Chairperson will be elected by Council in Spring.

I would like to take this opportunity to thank all of our dedicated Council Members and members of the Secretariat for their unstinting support over the past four years and for their hard work on behalf of the HKIAC.

In closing, allow me to extend to each of you and your families all best wishes for 2011 and for the New Year of the Rabbit!



Dr Michael J Moser

Chairman

31 December 2010

Secretary-General's Report



Ms Chiann Bao

1. HKIAC 2010 Caseload: An Overview

The HKIAC handled 624 dispute resolution matters in 2010. These included 291 arbitration matters, 107 domain name disputes, and 226 mediation disputes.

1.1 Arbitration Cases

Of the 291 arbitration matters handled by the HKIAC in 2010, 60% were international and 40% were domestic. Of the total, 16 cases were fully administered by the HKIAC in accordance with its rules.

International cases involved parties from the following jurisdictions: Australia, British Virgin Islands, Cayman Islands, China, Cyprus, France, Germany, Gibraltar, India, Japan, Macau, Malaysia, Mauritius, Norway, Republic of Uzbekistan, Russia, Samoa, Singapore, South Korea, Spain, Switzerland, Taiwan, Thailand, Netherlands, Turkey, United Kingdom, and the United States of America.

Of these jurisdictions and apart from Hong Kong, parties from China, British Virgin Islands, South Korea, and the United States represented the most frequent users of the HKIAC.

Amounts in dispute ranged from US\$25,358 to over USD\$1 billion.

Of the total, 28% involved construction disputes, 55% involved commercial disputes and 17% involved maritime disputes.

The role played by the HKIAC in the above cases included determining the number of arbitrators, appointing arbitrators, administering cases under relevant rules and/or providing supporting services such as room hire, holding deposits and other additional services. The HKIAC made a total of 158 arbitrator appointments in 2010.

The Maritime Arbitration Group, a division of the HKIAC, consisting of HKIAC arbitrators who specialise in maritime, reported that its members had been appointed on 131 occasions in 2010. This is a significant increase from the 97 from 2009.

1.2 Domain Name Cases

Statistics on Domain Name Dispute Cases – gTLDs, .hk and .cn

Statistics for Domain Name Disputes 2010

	ADNDRC				HKIAC	
	Beijing	Hong Kong	Seoul	Kuala Lumpur	.hk Domain Name	.cn Domain Name
Transfer	38	33	3	1	6	31
Withdrawn	1	7	3	0	1	2
Reject	4	4	0	0	1	2
Cancel	4	0	0	0	0	0
Split decision	1	0	0	0	0	0
Pending	37	6	3	0	2	12
Total	85	50	9	1	10	47

As of 31 December 2010, a total of 145 cases were referred to the Asian Domain Name Dispute Resolution Centre (ADNDRC) (Beijing Office, Seoul Office, Kuala Lumpur Office and Hong Kong Office) in 2010. Of these, 85 were

filed with the Beijing Office, 9 were filed with the Seoul Office, 1 was filed with the Kuala Lumpur Office, and 50 were filed with the Hong Kong Office.

In addition to handling the 50 cases filed with the Hong Kong office of the ADNDRC, the HKIAC handled 57 domain name cases, 10 of which were .hk domain name cases and 47 of which were .cn domain name cases.

1.3 Mediation Cases

The number of mediations is growing in Hong Kong and last year saw 253 mediation cases referred to the HKIAC for administration.

2. Usage of HKIAC Facilities

Organisations that have used HKIAC services during the period include the following:

- Chartered Institute of Arbitrators (East Asia Branch)
- City University of Hong Kong
- Hong Kong Institute of Arbitrators
- Hong Kong Mediation Council
- Society of Construction Law Hong Kong
- The University of Hong Kong
- The Law Society of Hong Kong

We thank the above organisations for their support and hope they will continue to use the HKIAC's facilities in the coming years.

3. Finances

For further information, see the Finance Committee Report which follows.

4. International Advisory Board

The International Advisory Board is composed of a small number of leading figures in the Hong Kong business community and in international arbitration who will be consulted from time to time on matters relating to the HKIAC policies and its future development.

Members of the Board include:

Name	Year Appointed	Term of Appointment ends on
Anson CHAN	3 February 2009	2 February 2012
Yves FORTIER <i>QC</i>	3 February 2009	2 February 2012
Bernard HANOTIAU	3 February 2009	2 February 2012
Michael HWANG <i>SC</i>	3 February 2009	2 February 2012
Gabrielle KAUFMANN-KOHLER	3 February 2009	2 February 2012
Niels KRAUNSOE	3 February 2009	2 February 2012
Arthur MARRIOTT <i>QC</i>	3 February 2009	2 February 2012
Jan PAULSSON	3 February 2009	2 February 2012
Michael PRYLES	3 February 2009	2 February 2012
VV VEEDER <i>QC</i>	3 February 2009	2 February 2012
YU Jianlong	3 February 2009	2 February 2012

5. HKIAC Meetings

Meetings of the HKIAC Council and various subcommittees were convened as follows during the period from 1 January 2010 to 31 December 2010.

HKIAC Meetings

HKIAC Council Meetings

- 25 February 2010
- 28 June 2010
- 29 September 2010
- 15 December 2010 (AGM)

HKIAC Management Meetings

- 28 January 2010
- 19 March 2010
- 19 April 2010
- 12 May 2010
- 2 June 2010
- 28 June 2010
- 22 September 2010
- 25 October 2010

HKIAC Panel Selection Committee Meetings (Arbitrators)

- 20 April 2010
- 28 June 2010
- 20 October 2010
- 8 December 2010

HKIAC Mediation Council Meetings

- 18 January 2010
- 1 March 2010
- 19 April 2010
- 17 May 2010
- 21 June 2010
- 19 July 2010

- 20 September 2010
- 18 October 2010
- 15 November 2010
- 20 December 2010

Joint Consultative Committee Meetings

- 24 March 2010

Asian Dispute Review Journal Editorial Board Committee Meetings

- 25 February 2010
- 11 May 2010
- 31 October 2010

HKIAC Mediator Accreditation Committee Meeting

- 11 January 2010
- 9 March 2010
- 11 May 2010
- 13 July 2010
- 14 September 2010
- 28 September 2010
- 16 November 2010

Appointment Advisory Board Meeting

- 4 February 2010

6. HKIAC Panel Selection Committee (Arbitrators)

The HKIAC Panel Selection Committee convened 4 meetings in 2010, approving a total of 43 applications for inclusion on the HKIAC Panel of Arbitrators and 23 applications for inclusion on the HKIAC List of Arbitrators. Details can be viewed at the HKIAC website at <www.hkiac.org>.

Members of the Committee include:

Neil KAPLAN	Chairperson
Philip YANG	Committee Member
Michael MOSER	Committee Member
Hon Mr Justice Michael HARTMANN	Committee Member
Teresa CHENG sc JP	Committee Member
Peter CALDWELL	Committee Member
Chiann BAO	Secretary

7. HKIAC Arbitrator Appointment Committee

Pursuant to Section 59 of the Memorandum and Articles of Association of the HKIAC, on 28 June 2010, the Council of the HKIAC delegated to the HKIAC Arbitrator Appointment Committee its powers to appoint arbitrators and to determine the number of arbitrators in the circumstances described under Sections 12 and 34C of the Arbitration Ordinance and the Arbitration (Appointment of Arbitrators and Umpires) Rules.

Members of the Committee include:

Michael MOSER	Chairperson
John BUDGE	Committee Member
Kathryn SANGER	Committee Member
Christopher TO	Committee Member
Huen WONG	Committee Member
Philip YANG	Committee Member
Chiann BAO	ex officio

8. Appointment Advisory Board (Arbitrators)

Under the Arbitration (Appointment of Arbitrators and Umpires) Rules made by the HKIAC under Sections 12 and 34C of the Arbitration Ordinance (Chapter 341) with the approval of the Chief Justice, the Appointment Advisory Board effectively and efficiently carried out its functions as stipulated in the Ordinance and for this we thank them.

Members of the Board include:

Name	Representing	Year Appointed	Term of Appointment ends on
Anderson CHOW sc	Hong Kong Bar Association	1 January 2008	31 December 2010
Peter CREMERS	The Hong Kong Shipowners Association Ltd	1 January 2008	31 December 2010
Aron HARILELA	Hong Kong General Chamber of Commerce	1 January 2008	31 December 2010
HO Chang Pong	The Chinese General Chamber of Commerce	1 January 2008	31 December 2010
LAU Ching Kwong	The Hong Kong Institution of Engineers	1 January 2008	31 December 2010
NG Sek Hon	Judiciary	1 January 2008	31 December 2010
Edward SHEN	The Hong Kong Institute of Architects	1 January 2008	31 December 2010
Cecilia WONG	The Law Society of Hong Kong	1 January 2008	31 December 2010
WU Shek Cheong, Bernard	The Hong Kong Institute of Surveyors	1 January 2008	31 December 2010
Jonathan YAU	The Hong Kong Federation of Insurers	20 March 2009	19 March 2012

From 1 January 2010 to 31 December 2010 members of the Board had a total of 155 cases referred to them for deliberation.

9. HKIAC Mediator Accreditation Committee

The HKIAC Mediator Accreditation Committee convened 7 meetings in 2010 and approved a total of 120 HKIAC General Accredited Mediators, 14 HKIAC Family Accredited Mediators and 2 HKIAC Accredited Family Supervisors.

Number of HKIAC Accredited Mediators

(from 1 January 2010 to 31 December 2010)

	1 January 2010	31 December 2010
HKIAC General Accredited Mediators	351	471
HKIAC Family Accredited Mediators	147	161
HKIAC Accredited – Family Supervisors	38	40

The HKIAC Mediator Accreditation Committee approved a total of 28 General Mediation Training courses. These 40-hour accredited courses were organised by the Chinese University of Hong Kong, Faculty of Law, the City University of Hong Kong, School of Law, Conflict Resolution Centre, Global Mediation Services Ltd, Hong Kong Academy of Law, HKU SPACE and Hong Kong Catholic Marriage Advisory Council.

Members of the Committee include:

John BUDGE	Chairperson
CHAN Bing Woon	Committee Member
Peter CHEUNG	Committee Member
Thomas KWONG	Committee Member
Hon Mr Justice LAM Man Hon Johnson	Committee Member
Mimi LEE	Committee Member
David SANDBORG	Committee Member
SO Kam Shing	Committee Member
TAM LAU May-Chi, May	Committee Member
Christopher TO	Committee Member
Chiann BAO	Secretary

10. Joint Consultative Committee

The Joint Consultative Committee mainly focuses on promoting all forms of alternative dispute resolution on a collaborative basis.

Members of the Committee include:

Michael MOSER	Hong Kong International Arbitration Centre
Robin PEARD JP	Hong Kong International Arbitration Centre
Philip YANG	Hong Kong International Arbitration Centre
Chiann BAO	Hong Kong International Arbitration Centre
Norris YANG	ADR Chambers (HK) Ltd
John COCK	Chartered Institute of Arbitrators (East Asia Branch)
Lilian YUE	Conflict Resolution Centre
Helena YUEN	Conflict Resolution Centre
Christopher TO	Construction Industry Council
Simon WESTBROOK sc	Hong Kong Bar Association
Robert WHITEHEAD sc	Hong Kong Bar Association
Ruth WONG	Hong Kong Family Welfare Society
Amarantha YIP	Hong Kong Family Welfare Society
Russell COLEMAN sc	Hong Kong Institute of Arbitrators
Raymond LEUNG	Hong Kong Mediation Centre
Sylvia SIU	Hong Kong Mediation Centre
CHAN Bing Woon	Hong Kong Mediation Council
Neil ROBERTS	Society of Construction Law Hong Kong
Mike ALLEN	The Academy of Experts
Nicola COHEN	The Academy of Experts
Wilfred LAU	The Association of Consulting Engineers of Hong Kong
WONG Tin Cheung Conrad	The Hong Kong Construction Association Ltd
FUNG Kwai Tin	The Hong Kong Federation of Electrical and Mechanical Contractors Ltd
LAU Ching Kwong	The Hong Kong Institution of Engineers
Josh KERN	The Law Society of Hong Kong
Joyce WONG	The Law Society of Hong Kong

11. Asian Dispute Review Journal – Editorial Board Committee

The Committee convened 3 meetings in 2010 and published 4 issues of the Journal.

Members of the Editorial Board include:

Alison TREASURE	Editor and Publishing Director
Robert MORGAN	Consulting and Commission Editor
Paul BARRETT	Chartered Institute of Arbitrators (East Asia Branch)
Paulo FOHLIN	Chartered Institute of Arbitrators (East Asia Branch)
Christopher TO	Hong Kong Institute of Arbitrators
Paul VARTY	Hong Kong Institute of Arbitrators
Peter CALDWELL	Hong Kong International Arbitration Centre
Chiann BAO	Hong Kong International Arbitration Centre
Julian STARGARDT	Hong Kong Mediation Council

12. HKIAC Users' Council

The HKIAC Users' Council was set up in 2009 to promote the growing interest in arbitration, mediation and alternative dispute resolution in the Asia-Pacific region, and to provide a platform for the exchange of information and experience among users of dispute settlement services.

Membership is divided into two categories, Individual Membership and Institutional Membership. To date, there are more than 280 members.

13. HK45

HK45 was established in 2010 to promote the interest in and knowledge of issues relating to international arbitration. This group was founded by a group of young arbitration lawyers within the Hong Kong arbitration community.

On 20 October 2010, the Council of the HKIAC resolved to support the establishment of the HK45 as an independent entity affiliated with the HKIAC and to render administrative and other support as agreed.

14. HKIAC Administration and Services

The HKIAC has actively assisted the following organisations with their day-to-day operations:

- Hong Kong Mediation Council and its 4 mediation interest groups
 - Construction
 - Commercial
 - General
 - Family
 - Chartered Institute of Arbitrators (East Asia Branch)
 - Hong Kong Institute of Arbitrators
 - Society of Construction Law Hong Kong
- HKIAC also administers the following Mediation and/or Arbitration schemes
 - Construction Disputes Mediation Scheme
 - Commercial Mediation Scheme
 - Lehman-Brothers-related Investment Products Dispute Mediation and Arbitration Scheme
 - New Insurance Mediation Pilot Scheme
 - Surveying Dispute Mediation and Arbitration Scheme

15. Events 2010

January

23	The 20th AFIA Symposium <ul style="list-style-type: none"> • Organiser: AFIA • Singapore 	30-31	Dispute Resolution Advisers Structured Training Course <ul style="list-style-type: none"> • Organiser: HKIAC • Hong Kong
----	---	-------	---

February

9	Evening Seminar: “The New Face of Hong Kong Mediation in International Comparison” <ul style="list-style-type: none"> • Organiser: HKIAC • Hong Kong 	24	HKIAC Spring Festival Cocktail Reception <ul style="list-style-type: none"> • Organiser: HKIAC • Hong Kong
---	---	----	---

March

10	Workshop on Dispute Resolution Advisor <ul style="list-style-type: none"> • Organiser: Development Bureau of HKSAR Government • Hong Kong 	29	Mediation Roundtable Conference – Changing the Mindset <ul style="list-style-type: none"> • Organiser: HKIAC • Hong Kong
16-17	The 7th Annual Asia-Pacific In-house Counsel Summit 2010 <ul style="list-style-type: none"> • Organiser: Asialaw • Hong Kong 	29	The 6th Annual Leading Arbitrators’ Symposium on the Conduct of International Arbitration <ul style="list-style-type: none"> • Organiser: Juris Conference • Vienna
24	Hong Kong Securities Institute Lunch Seminar <ul style="list-style-type: none"> • Organiser: Hong Kong Securities Institute • Hong Kong 		

April

<p>8-10</p>	<p>ABA 12th Annual Spring Conference</p> <ul style="list-style-type: none"> • Organiser: ABA • San Francisco 	<p>22</p>	<p>The Reality of International Arbitration – An Interactive Evening with Mr Kaplan CBE QC SBS</p> <ul style="list-style-type: none"> • Organiser: HKU • Hong Kong
<p>21</p>	<p>Overview of Arbitration and Mediation – Role of Accountants</p> <ul style="list-style-type: none"> • Organiser: CPA Australia Ltd Greater China Division • Hong Kong 		

May

<p>8</p>	<p>The 4th Regional Arbitral Institutes (RAIF) Forum</p> <ul style="list-style-type: none"> • Organiser: RAIF • Kuala Lumpur 	<p>26</p>	<p>The 8th Young Arbitration Practitioners' Colloquium</p> <ul style="list-style-type: none"> • Organiser: ICCA • Brazil
<p>23-26</p>	<p>ICCA Congress 2010</p> <ul style="list-style-type: none"> • Organiser: ICCA • Brazil 	<p>26</p>	<p>IFCAI's 16th General Assembly</p> <ul style="list-style-type: none"> • Organiser: IFCAI • Brazil

June

<p>2</p>	<p>Welcome Cocktails for HKIAC New Secretary-General Chiann Bao</p> <ul style="list-style-type: none"> • Organiser: HKIAC • Hong Kong 	<p>17</p>	<p>HKI Arb Seminar: "HKIAC Arbitration – Update and Way Forward"</p> <ul style="list-style-type: none"> • Organiser: HKI Arb • Hong Kong
<p>8</p>	<p>Seminar on Hong Kong Arbitration Services</p> <ul style="list-style-type: none"> • Organiser: Shanghai Corporate Counsel Association • Shanghai 		

July

6 Hong Kong Legal Services Forum

- Organiser: Department of Justice of HKSAR Government
- Shanghai

August

5-7 AMINZ Conference 2010

- Organiser: AMINZ
- Christchurch

September

3 Joint Meeting of LES China/ Taipei/HK – Technology Transfer and Commercialisation

- Organisers: Licensing Executives Society China (LESC); Licensing Executives Society Chinese Taipei (LESCT); Licensing Executives Society China, Hong Kong Sub-Chapter (LESC-HK); CCPIT Patent & Trademark Law Office
- Shanghai

8 International Investment Agreements Conference

- Organiser: UNCTAD
- Xiamen

16-17 Swedish Arbitration Days

- Organiser: SAA
- Stockholm

17-18 2010 Taipei International Conference on Arbitration and Mediation

- Organisers: CAA, ACWH, Chinese Taipei APEC Engineer Monitoring Committee
- Taipei

26-28 The HKI Arb Beijing Delegation

- Organiser: HKI Arb
- Beijing

October

<p>5</p>	<p>The 12th In-House Congress Hong Kong</p> <ul style="list-style-type: none"> • Organiser: Pacific Business Press • Hong Kong 	<p>21</p>	<p>HK45 Seminar</p> <ul style="list-style-type: none"> • Organiser: HK45 • Hong Kong
<p>14</p>	<p>The 23rd AFIA International Arbitration Symposium</p> <ul style="list-style-type: none"> • Organiser: AFIA • Sydney 	<p>22-23</p>	<p>HKICS's 7th Biennial Corporate Governance Conference 2010</p> <ul style="list-style-type: none"> • Organiser: Hong Kong Institute of Chartered Secretaries • Hong Kong
<p>15</p>	<p>Financial Review International Dispute Resolution Conference 2010</p> <ul style="list-style-type: none"> • Organiser: ACICA • Sydney 	<p>25-30</p>	<p>HK High-level Delegation to New Delhi and Mumbai, India</p> <ul style="list-style-type: none"> • Organiser: HKTDC • India
<p>15</p>	<p>Conference on Domain Name Dispute Resolution and ODR Asia Perspective</p> <ul style="list-style-type: none"> • Organisers: ADNDRC, CIETAC, HKIAC • Beijing 	<p>26-30</p>	<p>NYSBA's International Sydney Meeting 2010</p> <ul style="list-style-type: none"> • Organiser: NYSBA's • Sydney

November

<p>4</p>	<p>IFLR Korea Summit</p> <ul style="list-style-type: none"> • Organiser: Asialaw • Hong Kong 	<p>9</p>	<p>Knowledge Transfer Conference</p> <ul style="list-style-type: none"> • Organisers: HKU, Poly U, City U, CUHK, HKBU, HK Science & Technology Parks Corporation, Lingnan U, HKIEd, HKUST • Hong Kong
<p>8</p>	<p>Resolving Business Disputes in Today's China: A Case Study</p> <ul style="list-style-type: none"> • Organiser: Arbitration Institute of the Stockholm Chamber of Commerce • Stockholm 	<p>12</p>	<p>Partner with Hong Kong and Bring your Business to the World</p> <ul style="list-style-type: none"> • Organiser: HKTDC • Vietnam

November

<p>17</p>	<p>The Kaplan Lecture 2010</p> <ul style="list-style-type: none"> • Organiser: HKIAC • Hong Kong 	<p>20</p>	<p>Mock Arbitration</p> <ul style="list-style-type: none"> • Organiser: HKIAC • Hong Kong
<p>17</p>	<p>HKIAC 25th Anniversary Opening Reception</p> <ul style="list-style-type: none"> • Organiser: HKIAC • Hong Kong 	<p>24-25</p>	<p>ADR Roadshows to Seoul & Tokyo</p> <ul style="list-style-type: none"> • Organiser: HKTDC • Seoul & Tokyo
<p>18-19</p>	<p>HKIAC 25th Anniversary Conference</p> <ul style="list-style-type: none"> • Organiser: HKIAC • Hong Kong 		

December

<p>1-3</p>	<p>The 11th Multilateral Arbitration Conference</p> <ul style="list-style-type: none"> • Organiser: CIETAC • Beijing 	<p>9-10</p>	<p>The 5th Annual Conference on Dispute Avoidance and Resolution</p> <ul style="list-style-type: none"> • Organiser: Lexis Nexis • Shanghai
<p>2-4</p>	<p>HKTDC World SME Expo</p> <ul style="list-style-type: none"> • Organiser: HKTDC • Hong Kong 	<p>9</p>	<p>2010 In-House Congress Tokyo</p> <ul style="list-style-type: none"> • Organiser: Pacific Business Press • Tokyo
<p>3</p>	<p>Why Arbitrate in Hong Kong</p> <ul style="list-style-type: none"> • Organiser: Fangda Law Firm • Beijing 	<p>13</p>	<p>Evening Talk on the New Hong Kong Arbitration Ordinance</p> <ul style="list-style-type: none"> • Organiser: HKIAC • Hong Kong
<p>5-7</p>	<p>International Construction Law Conference 2010</p> <ul style="list-style-type: none"> • Organiser: Society of Construction Law Hong Kong • Hong Kong 		

16. Co-operation Agreements Signed with Other Institutions

In 2010, the HKIAC signed a total of 3 co-operation agreements, which are as follows:

1. Co-operation agreement with Permanent Court of Arbitration
2. Beijing Declaration on Further Strengthening Cooperation in International Commercial Arbitration
3. Co-operation agreement with Arbitration and Conciliation Center Chamber of Commerce of Bogotá

Conclusion

In conclusion, I would like to thank Primrose, Jing, Dennis, Erica, Molly, Valerie, Isabelly, Debbie, Bosco, Ricky (Wong), Ricky (Kwok), Kate and Tammy as each of them has contributed to the achievements highlighted in this report. I look forward to continuing to work with them for the future success of the HKIAC.

Many thanks also goes to all HKIAC Council Members for their guidance and support, without which the Secretariat would not have been able to accomplish the various tasks

stated in this report. In particular, I wish to thank our Chairman, Dr Michael Moser, who has contributed countless hours and made tremendous efforts. As to other Council Members, I sincerely thank them all for their invaluable contribution throughout the year.

Wishing all a Happy, Healthy and Prosperous 2011!



Report by
Chiann Bao
Secretary-General
31 December 2010

Hong Kong Mediation Council Chairman's Report



Chan Bing Woon

The Hong Kong Mediation Council (the "HKMC"), together with the Hong Kong International Arbitration Centre (the "HKIAC"), have played an important role in the development of mediation for the past year.

Mediation Schemes

In 2010, the HKMC successfully launched the Commercial Mediation Scheme (the "CMS") and the Construction Disputes Mediation Scheme (the "CDMS"), both of which were introduced in the last quarter of 2009. Since the launch of the CMS and CDMS, the number of mediation cases handled by the HKIAC has significantly increased. Successful settlements under the New Insurance Mediation Pilot Scheme (the "NIMPS") also continue to prove that mediation serves as an effective method to resolve disputes for injured workers.

Since the launch of the Lehman-Brothers-related Investment Products Dispute Mediation and Arbitration Scheme in October 2008, the HKIAC has received 346 requests for mediation. A total of 113 mediations have

taken place and the settlement rate currently stands at 90%. The Hong Kong Monetary Authority has extended this Scheme due to the continued demand for the resolution of Lehman-Brothers-related investment products disputes through mediation and documents-only arbitration.

Joint Mediation Helpline Office

2010 also saw an important milestone for the HKMC: the establishment of the Joint Mediation Helpline Office. This entity is supported by the Hong Kong Bar Association, Law Society of Hong Kong, Hong Kong Mediation Council – Hong Kong International Arbitration Center, Hong Kong Institute of Arbitrators, Chartered Institute of Arbitrators (East Asia Branch), Hong Kong Institute of Architects, Hong Kong Institute of Surveyors and Hong Kong Mediation Centre. We have worked closely with these associations to launch this project and look forward to further strengthening our relationship as we continue working on our mutual goal of advancing dispute resolution in Hong Kong.

Mediation Interest Groups and Their Activities

The Mediation Interest Groups, led by Ms Catherine Chow (Family), Mr Leung Hing Fung (Construction), Ms Jody Sin (General) and Mr Julian Stargardt (Commercial), have continued to promote mediation in Hong Kong and the region. These four mediation interest groups have conducted training courses, seminars and conferences to both private organisations and public bodies.

Mediator Accreditation

The HKIAC administered 7 Stage 2 assessments, which are conducted for the purpose of HKIAC mediator accreditation. Assessments were conducted in English and Cantonese.

The Way Forward

Over the past year, the HKMC and HKIAC have taken major steps to promote mediation and arbitration in Hong Kong. I would like to thank the members of the HKMC Committee and the chairpersons of the four interest groups who have made this past year a successful one. Finally, I would like to thank

the HKIAC Secretariat for its support and hard work during the past year. The Secretariat's contribution to the promotion of mediation has been significant and tremendous.



Chan Bing Woon SBS JP

Chairman, 2009-2010

Hong Kong Mediation Council

31 December 2010

Finance Committee Report

Council's Report

The Council has pleasure in submitting their report and audited financial statements for the year ended 31 December 2009.

Principal activity

The principal activity of the Centre is to provide facilities and services for alternative dispute resolution.

Results

The results of the Centre for the year ended 31 December 2009 are set out in the income and expenditure statement on pages 29 to 30.

Reserves

Movements in the reserves of the Centre during the year are set out in the statement of changes in equity on page 32.

Council members

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

Anthony F NEOH

Ching, Robert TANG

Chun, Daniel LAM

John R BUDGE

Ka Chong, Frederick KAN

Liang Yee, Philip YANG

Michael John HARTMANN

Michael Joseph MOSER

Neil Trevor KAPLAN

Oi-Sie Elsie LEUNG

Peter Scott CALDWELL

Robin Somers PEARD

Ronald Joseph ARCULLI

Sally Ann HARPOLE

Stephen Arthur MALOY

Tao Li, Geoffrey MA

Wing, Christopher TO

Yeuk Wah, Teresa CHENG

Bing Woon CHAN

Hung Yuk Anna WU

Kathryn Sara Hippolyte SANGER

Kwai Huen, Albert WONG

Kwok Leung SOO

Matthew GEARING

Russell Adam COLEMAN

Chiann BAO (Appointed on 1 May 2010)

In accordance with Clauses 46 and 49 of the Centre's Article of Association, one third of the Council members shall retire, and shall be eligible for re-election.

Council members' interest

No contracts of significance to which the Centre was a party and in which a council member of the Centre had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management contracts

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

Property, plant and equipment

Details of significant changes in the property, plant and equipment of the Centre during the year are set out in note 6 to the financial statements.

Auditor

A resolution will be submitted to the annual general meeting to re-appoint Mazars CPA Limited, *Certified Public Accountants*, as auditor of the Company.

On behalf of the Council

A handwritten signature in blue ink, appearing to be 'M. J.', written in a cursive style.

Chairman

Independent Auditor's Report

To the members of

Hong Kong International Arbitration Centre

(incorporated in Hong Kong with liability limited by guarantee and not having a share capital)

Report on the Financial Statements

We have audited the financial statements of Hong Kong International Arbitration Centre set out on pages 29 to 48, which comprise the statement of financial position as at 31 December 2009, and the income and expenditure statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Council members' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit 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 Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

Independent Auditor's Report

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 council members, 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 Centre's affairs as at 31 December 2009 and of its surplus and cash flows for the year then ended in accordance with HKFRS and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



Certified Public Accountants
Hong Kong
15 December 2010

Chan Chi Ming Andy

Practising Certificate number: P05132

Income and Expenditure Statement

Year ended 31 December 2009

	Note	2009 HK\$	2008 HK\$
Operating income			
Room hire		4,154,003	2,977,305
Administration income		2,466,456	1,726,696
Appointment fee income		550,109	435,028
Domain name income		133,496	251,754
Mediation and arbitration scheme income		1,679,842	304,400
Panel fee income		389,165	321,193
Sundry income		109,150	2,224
Conference and seminar income		693,731	325,057
Simulations income		1,606,939	–
Annual subscription fee income		–	151,100
Grants from Commerce and Economic Development in association with Professional Services Development Assistance Scheme		72,041	–
Grants from the Office of the Telecommunications Authority in association with information communication technologies projects		93,055	–
	2	11,947,987	6,494,757
Other income			
Interest income	2	51	1,943
Expenditure			
Accountancy fee		57,400	63,600
Audit fee		34,500	31,500
Building management fee		439,416	441,408
Conference and seminar expenses		484,296	105,603
Depreciation		693,283	403,457
Electricity		85,620	83,214
Entertainment		19,441	58,495
Insurance		202,448	174,403
Mediation and arbitration scheme expenses		1,389,772	54,653
MPF contribution expenses		119,562	106,009
Office supplies		42,407	21,547
Overseas travelling		215,366	420,292
Postage, printing and stationery		196,087	225,384
Rates		447,550	384,850
Repairs and maintenance		95,135	98,404
Simulations expenses		1,274,885	–
Sponsorship		–	42,728
Staff costs		4,906,169	4,395,151
Subscription and magazines		176,953	197,710
Sundries		259,383	238,177
Telephone, telex and facsimile		164,514	134,985
Expenses in association with Professional Services Development Assistance Scheme		72,041	–
Expenses in association with information communication technologies projects		93,055	–
		11,469,283	7,681,570

Income and Expenditure Statement (Continued)

Year ended 31 December 2009

	Note	2009 HK\$	2008 HK\$
Surplus (Deficit) from operation		478,755	(1,184,870)
Investment gain (loss)			
Net gain (loss) from investment		31,396	(340,690)
Unrealised gain (loss) on revaluation of investment		2,101,192	(4,569,727)
		2,132,588	(4,910,417)
Share of result of a jointly controlled entity		–	(100,238)
Surplus (Deficit) for the year	3	2,611,343	(6,195,525)

Statement of Comprehensive Income

Year ended 31 December 2009

	2009 HK\$	2008 HK\$
Surplus (Deficit) for the year	2,611,343	(6,195,525)
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income (loss) for the year	2,611,343	(6,195,525)

Statement of Financial Position

At 31 December 2009

	Note	2009 HK\$	2008 HK\$
Non-current assets			
Property, plant and equipment	6	2,488,112	2,550,590
Financial assets at fair value through profit or loss	7	12,218,705	11,990,630
Interest in a jointly controlled entity	8	–	–
		14,706,817	14,541,220
Current assets			
Cash deposits held by investment managers	7	7,123,583	5,578,433
Accounts receivable	9	946,953	801,453
Prepayment and temporary payments		295,581	335,491
Investment income receivables		29	40,665
Amount due from a jointly controlled entity	10	160,211	–
Bank balances and cash		43,455,281	12,480,843
		51,981,638	19,236,885
Current liabilities			
Deposits received from claimants and respondents		41,309,469	11,691,842
Accruals and temporary receipts		1,291,591	1,100,735
Grants received in advance		704,412	–
Amount due to a jointly controlled entity	10	–	213,888
		43,305,472	13,006,465
Net current assets		8,676,166	6,230,420
NET ASSETS		23,382,983	20,771,640
Capital and reserves			
Capital contributions	11		
Private sectors		1,593,389	1,593,389
Government		20,285,255	20,285,255
		21,878,644	21,878,644
Accumulated surplus (deficit)	12	1,504,339	(1,107,004)
		23,382,983	20,771,640

Approved and authorised for issue by the Council Members on 15 December 2010



Council Member



Council Member

Statement of Changes in Equity

Year ended 31 December 2009

	Capital contribution HK\$	Accumulated (deficit) surplus HK\$	Total HK\$
At 1 January 2008	21,878,644	5,088,521	26,967,165
Total comprehensive loss for the year	–	(6,195,525)	(6,195,525)
At 31 December 2008 and at 1 January 2009	21,878,644	(1,107,004)	20,771,640
Total comprehensive income for the year	–	2,611,343	2,611,343
At 31 December 2009	21,878,644	1,504,339	23,382,983

Statement of Cash Flows

Year ended 31 December 2009

	Note	2009 HK\$	2008 HK\$
Operating Activities			
Cash generated from operations and net cash from operating activities	14	33,150,342	6,062,813
Investing Activities			
Interest received		51	1,943
Purchase of property, plant and equipment		(630,805)	(2,700,183)
Net cash used in investing activities		(630,754)	(2,698,240)
Net increase in cash and cash equivalent		32,519,588	3,364,573
Cash and cash equivalents at beginning of year		18,059,276	14,694,703
Cash and cash equivalents at end of year		50,578,864	18,059,276
Analysis of the balances of cash and cash equivalents			
Cash deposits held by investment managers		7,123,583	5,578,433
Bank balances and cash (<i>Note (i)</i>)		43,455,281	12,480,843
		50,578,864	18,059,276

Note (i)

Included in bank balances and cash was bank deposit with carrying amount of HK\$682,003 (2008: HK\$30,780) which was received from the government for Professional Services Development Assistance Scheme.

Notes to the Financial Statements

Year ended 31 December 2009

Corporate Information

Hong Kong International Arbitration Centre is a liability limited by guarantee company incorporated in Hong Kong. The Centre's registered office is located at 38/F., Two Exchange Square, Central, Hong Kong. The principal activity of the Centre is to provide facilities and services for alternative dispute resolution.

1. Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual 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 Hong Kong Companies Ordinance.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2008 financial statements. The adoption of the new/revised HKFRS that are relevant to the Centre and effective from the current year had no significant effects on the results and financial position of the Centre and the Centre for the current and prior years. A summary of the principal accounting policies adopted by the Centre is set out below.

Changes in accounting policies

HKAS 1 (Revised): *Presentation of Financial Statements*

HKAS 1 (Revised) requires transactions with owners to be presented separately from all other income and expenditure in a revised statement of changes in equity. The revised standard however allows non-owner changes in equity to be shown in a single statement (the statement of comprehensive income) or two statements (the income and expenditure statement and the statement of comprehensive income). The Centre has elected to prepare two statements. In addition, the revised standard requires that when comparative information is restated or reclassified, a statement of financial position as at the beginning of the comparative period, in addition to the statements of financial position as at the end of the current period and the comparative period, should be presented. Since the Centre did not restate comparative information during the year, this new requirement has no impact on the financial statements.

Amendments to HKFRS 7 *Financial Instruments: Disclosures*

Amendments to HKFRS 7 require additional disclosure about fair value measurements and liquidity risk. The fair value measurement disclosures are presented in note 16, and the liquidity risk disclosures are not significantly impacted by the amendments. The Centre has taken advantage of the transitional provisions set out in the amendments, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments are not provided in the financial statements.

Basis of measurement

The measurement basis used in the preparation of the financial statements is historical cost, except for financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policies.

Income recognition

Income is recognised when it is probable that the economic benefits will flow to the Centre and when the income and costs, if applicable, can be measured reliably and on the following bases.

Income from room hire is recognised in the period in which the rooms are let out.

Income from administration services, appointment fee, seminar and domain name income are recognised in the period when services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Annual subscription fees are recognised on a time proportion basis.

Property, plant and equipment

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

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Repairs and maintenance are charged to the income and expenditure statement during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the annual rate of 20%.

1. Principal Accounting Policies (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Centre becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the Centre's contractual rights to future cash flows from the financial asset expire or when the Centre transfers the financial asset and the Centre has transferred substantially all the risks and rewards of ownership of the financial assets. A financial liability is derecognised only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. They are carried at fair value, with any resultant gain and loss recognised in income and expenditure statement.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Centre manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

Financial assets are designated at initial recognition as at fair value through profit or loss if (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or (ii) they are part of a Centre of financial assets and/or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) they contain embedded derivatives that would need to be separately recorded.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in the income and expenditure statement.

Impairment of financial assets

At the end of each reporting period, the Centre assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial assets' original effective interest rate. Such impairment loss is reversed in subsequent periods through income and expenditure statement when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

The Centre's financial liabilities include payables and accruals. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of non-financial assets

At the end of each reporting period, the Centre reviews internal and external sources of information to determine whether its property, plant and equipment have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less cost to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Centre estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expenditure immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately.

1. Principal Accounting Policies (Continued)

Joint venture

A joint venture is a contractual arrangement whereby the Centre and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. The accounting policy for jointly controlled entities is as follows:

Jointly controlled entities

The Centre's interest in jointly controlled entity is accounted for under the equity method of accounting. The income and expenditure statement includes the Centre's share of the results of the jointly controlled entity for the year. The statement of financial position includes the Centre's share of the net assets of the jointly controlled entity.

Net (loss) gain from investment

Net (loss) gain from investment represents the interest income received and receivable, net gains or losses on disposals of investments, net exchange gains or losses, bank charges and management fees in respect of the Centre's investment portfolio.

Foreign currency translation

Items included in the Centre's financial statements are measured using the currency of the primary economic environment in which the Centre operates ("functional currency").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure statement.

Translation differences on non-monetary items, such as equity investments held that are classified as financial assets at fair value through income and expenditure statement, are reported as part of the fair value gain or loss.

Cash equivalents

For the purpose of the statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic

basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Related parties

A party is related to the Centre if:

- a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Centre, or has an interest in the Centre that gives it significant influence over the Centre; or has joint control over the Centre;
- b) the party is an associate of the Centre;
- c) the party is a joint venture in which the Centre is a venturer;
- d) the party is a member of the key management personnel of the Centre;
- e) the party is a close member of the family of any individual referred to in (a) or (d);
- f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- g) the party is a post-employment benefit plan for the benefit of employees of the Centre, or of any entity that is a related party of the Centre.

Employee benefits

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expenditure in the income and expenditure statement as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to the contributions are vested fully on those employees. The assets of the scheme are held separately from those of the Centre in an independently administered fund.

Future changes in HKFRS

At the date of authorisation of these financial statements, the Centre has not adopted the new/ revised standards and interpretations issued by HKICPA that are not yet effective for the current year. The council members are in the process of assessing the possible impact on the future adoption of these new revised HKFRS, but are not yet in a position to reasonably estimate their impact on the Centre's financial statements.

Notes to the Financial Statements

2. Turnover and Income

Turnover and income recognised by category are as follows:

	2009 HK\$	2008 HK\$
Turnover and income		
Operating income	11,947,987	6,494,757
Other income		
Bank interest income	51	1,943
Total income	11,948,038	6,496,700

3. Surplus (Deficit) for the Year

This is stated after charging:

	2009 HK\$	2008 HK\$
Employee benefits expenses, including council members	4,906,169	4,395,151
Employee benefits expenses directly attributable to Lehman-Brothers-related Investment Products Dispute Mediation and Arbitration Scheme	126,000	–
Employee benefits expenses subsidised by the government authority in association with information communication technologies projects	88,624	–
MPF contribution expenses, including council members	119,562	106,009
MPF contribution expenses directly attributable to Lehman-Brothers-related Investment Products Dispute Mediation and Arbitration Scheme	5,300	–
MPF contribution expenses subsidised by the government authority in association with information communication technologies projects	4,431	–
Total staff costs	5,250,086	4,501,160
Auditor's remuneration		
– Current year	33,500	29,000
– Under provision in previous years	1,000	2,500
Depreciation of property, plant and equipment	693,283	403,457

4. Council Members' Emoluments

Council members' emoluments disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	2009 HK\$	2008 HK\$
Council members' emoluments		
Fees	–	–
Other emoluments	1,572,000	1,532,000

5. Taxation

The Centre has been given exemption under section 88 of the Inland Revenue Ordinance (Cap. 112) from all Hong Kong taxes by reason of being a charitable institution with effect from 5 July 1985.

6. Property, Plant and Equipment

	Office equipment HK\$	Furniture and fixtures HK\$	Leasehold improvements HK\$	Total HK\$
Reconciliation of carrying amount – year ended 31 December 2008				
At beginning of year	218,064	12,620	23,180	253,864
Additions	266,585	25,620	2,407,978	2,700,183
Depreciation	(153,091)	(9,617)	(240,749)	(403,457)
At end of the reporting period	331,558	28,623	2,190,409	2,550,590
Reconciliation of carrying amount – year ended 31 December 2009				
At beginning of year	331,558	28,623	2,190,409	2,550,590
Additions	303,836	9,529	317,440	630,805
Depreciation	(147,792)	(9,140)	(536,351)	(693,283)
At end of the reporting period	487,602	29,012	1,971,498	2,488,112
At 1 January 2009				
Cost	2,015,171	773,125	5,538,838	8,327,134
Accumulated depreciation	(1,683,613)	(744,502)	(3,348,429)	(5,776,544)
	331,558	28,623	2,190,409	2,550,590
At 31 December 2009				
Cost	2,319,007	782,654	5,856,278	8,957,939
Accumulated depreciation	(1,831,405)	(753,642)	(3,884,780)	(6,469,827)
	487,602	29,012	1,971,498	2,488,112

Notes to the Financial Statements

7. Financial Assets at Fair Value through Profit or Loss

	2009 HK\$	2008 HK\$
Held for trading:		
Listed equity securities in Hong Kong	1,330,722	699,292
Listed equity securities in overseas	2,688,470	2,022,794
Listed equity investment funds in overseas	315,087	199,486
Listed debt securities in overseas	–	1,676,749
Unlisted investment funds in overseas	7,884,426	7,392,309
	12,218,705	11,990,630

Cash deposits of HK\$7,123,583 (2008: HK\$5,578,433) held by investment managers is classified in cash deposits held by investment managers accounts under current assets.

The fair value of all listed equity securities and debt securities were based on their current bid prices in an active market. The fair values of such unlisted investments funds were established by reference to the prices quoted by the banks which are the fund administrators.

8. Interest in a Jointly Controlled Entity

	2009 HK\$	2008 HK\$
Share of net assets	–	–

Details of the jointly controlled entity at the end of the reporting period are as follows:

Name of a jointly controlled entity	Place of incorporation	Proportion of interest entitled by the Centre		Principal activities
		2009	2008	
Asian Domain Name Dispute Resolution Centre	Hong Kong	50%	50%	Settlement of domain name disputes by administrative proceeding in Hong Kong and the People's Republic of China

Summary of financial information which based on the unaudited financial statements of jointly controlled entity are as follows:

	2009 HK\$	2008 HK\$
Share of a jointly controlled entity's assets and liabilities		
Current assets	232,649	127,118
Current liabilities	(448,037)	(414,771)
Share of a jointly controlled entity's revenue and expenses		
Revenue	642,017	490,686
Expenses	(910,062)	(878,576)

9. Accounts Receivable

The ageing analysis of accounts receivable that are neither individually nor collectively considered to be impaired are as follows:

	2009 HK\$	2008 HK\$
Neither past due nor impaired	309,358	307,301
Less than 1 month past due	264,823	318,155
1 to 3 months past due	326,963	165,950
Over 3 months past due	45,809	10,047
	637,595	494,152
	946,953	801,453

Receivables that were past due but not impaired relate to a number of independent customers that have good track record with the Centre. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Centre does not hold any collateral over these balances.

10. Amount Due from (to) a Jointly Controlled Entity

The amount due from (to) a jointly controlled entity is unsecured, interest-free and has no fixed repayment term. The carrying amount of the amount due approximates its fair values.

11. Capital Contributions

The Centre is limited by guarantee and has no share capital. In accordance with the Centre's Memorandum of Association, the liability of each member is limited to HK\$100.

- a) Private sectors' contributions represent the original donations of HK\$39,000 received from 13 organisations at the initial stage and contributions subsequently received from private sectors for the period up to 31 December 1987.

11. Capital Contributions (Continued)

- b) Government contribution represents the aggregate contribution from government up to 31 December 1990.

In the event of the happening of either of the following occurrences the Centre shall return to Government such unexpended portion of the sum of HK\$19.1 million as may seem reasonable to the Secretary for the Treasury, subject to appeal to the final decision of the Financial Secretary:

- (i) if for any two consecutive years the audited accounts of the Centre show an excess of income (excluding interest income) over expenditure subject only to the figure for expenditure including a sum which the Centre would have to pay by way of open market rental for any premises occupied by it if at the time the rent therefore is subsidised in whole or in part; or
- (ii) the Centre, after consultation with and with the concurrence of, the Financial Secretary has decided that there is no further requirement for its services in Hong Kong or that it is no longer a viable concern.

12. Accumulated Surplus (Deficit)

	2009 HK\$	2008 HK\$
At beginning of year	(1,107,004)	5,088,521
Surplus (Deficit) for the year	2,611,343	(6,195,525)
At end of the reporting period	1,504,339	(1,107,004)

13. Commitments under Operating Leases

At the end of the reporting period, the Centre had total future minimum lease payments under non-cancellable operating leases for office equipment, which are payable as follows:

	2009 HK\$	2008 HK\$
Within one year	21,600	21,600
In the second to fifth years inclusive	50,400	72,000
	72,000	93,600

Portion of the Centre's property, 38/F., Two Exchange Square, 8 Connaught Place, Central, Hong Kong, comprising an area of 700 square metres, is paying HK\$1 rental per annum to The Financial Secretary Incorporated commenced from 1 October 1994.

14. Cash Generated from Operations

	2009 HK\$	2008 HK\$
Surplus (Deficit) for the year	2,611,343	(6,195,525)
Interest income	(51)	(1,943)
Depreciation	693,283	403,457
Share of results of a jointly controlled entity	–	100,238
Change in working capital:		
Account receivables	(145,500)	(141,381)
Financial assets at fair value through profit or loss	(228,075)	11,278,794
Investment income receivables	40,636	118,402
Prepayments and temporary payments	39,910	271,934
Due from a jointly controlled entity	(374,099)	222,364
Accruals and temporary receipts	190,856	(151,768)
Grants received in advance	704,412	–
Deposits received	29,617,627	158,241
Cash generated from operations	33,150,342	6,062,813

15. Related Parties Transactions

In addition to the transactions/information disclosed elsewhere in these financial statements, during the year, the Centre had the following transactions with related parties:

	2009 HK\$	2008 HK\$
Related party relationship		
Nature of transactions		
Jointly controlled entity	214,000	117,000

16. Financial Risk Management Objectives and Policies

The Centre's principal financial instruments comprise financial assets at fair value through profit or loss, bank balances and cash. The main purpose of these financial instruments is to raise and maintain finance for the Centre's operations. The Centre has various other financial instruments such as accounts receivable and deposits received from claimants and respondents and accruals and temporary receipts, which arise directly from its business activities.

The main risks arising from the Centre's financial instruments are price risk, foreign currency risk and liquidity risk. The Council members review and agree policies for managing each of these risks and they are summarised below.

Price risk

The Centre is exposed to price risks arising from its financial assets at fair value through profit or loss. The sensitivity analysis has been determined based on the exposure to price risk. At the end of the reporting period, if the price had been 10% (2008: 10%) higher/lower than the securities quoted market while all other variables were held constant, the Centre's surplus for the year would have been HK\$433,428 higher/lower (2008: deficit for the year would have been HK\$459,832 lower/higher), mainly as a result of changes in fair value of investments. The Centre's sensitivity to price has not changed significantly from the prior year.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to price risk in existence at that date. It is also assumed that the fair values of the Centre's investments would change in accordance with the historical correlation with the relevant stock market index or the relevant stock market index or the relevant risk variables, that none of the Centre's financial assets at fair value through profit or loss would be considered impaired as a result of a reasonably possible decrease in the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2008.

Further, the Centre holds some unlisted investments which are measured at fair value at 31 December 2009 and 2008. Although there was no similar transaction since then, the management considers there should not have significant change in the fair value of the investments.

Foreign currency risk

The cash deposits held by investment managers and cash and bank balances, are mainly kept at US\$ and HK\$. As US\$ is officially pegged to the HK\$, the management considers the exchange risk to be minimised.

Liquidity risk

The Centre's objective is to maintain a continuity of funding through the operating cycle between debtors and creditors. The Centre's financial liabilities at the end of the reporting period are all due for payment on demand.

Fair value disclosures

In the opinion of the council members, the carrying amounts of financial assets and liabilities approximate their fair values.

The following presents the carrying value of financial instruments measured at fair value at 31 December 2009 across the three levels of the fair value hierarchy defined in HKFRS 7, *Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

Assets measured at fair value

	31 December 2009 HK\$	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$
Financial assets at fair value through profit or loss (note 7)				
Listed equity securities in Hong Kong	1,330,722	1,330,722	–	–
Listed equity securities in overseas	2,688,470	2,688,470	–	–
Listed equity investment funds in overseas	315,087	315,087	–	–
Unlisted investment funds in overseas	7,884,426	–	7,460,365	424,061
	12,218,705	4,334,279	7,460,365	424,061

During the year ended 31 December 2009, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Assets measured at fair value on level 3

In the opinion of the council members, changing one or more of the inputs to reasonably possible alternative assumptions would not change fair value significantly.

17. Comparative Figures

Comparative figures of income and expenditure statement have been reclassified to conform with the current year's presentation. Details are set out as follows:

	As previously reported HK\$	Reclassification HK\$	As restated HK\$
Operating income			
Mediation and arbitration scheme income	–	304,400	304,400
Conference and seminar income	–	325,057	325,057
Seminar income	9,250	(9,250)	–
Sundry income	567,778	(565,554)	2,224
Expenditure			
Mediation and arbitration scheme expenses	–	54,653	54,653

The reclassification represents the reallocation of certain income from Seminar income and Sundry income to Mediation and arbitration scheme income, Conference and seminar income and Mediation and arbitration scheme expenses to better reflect the nature of the income and to bring them in line with current year's classification.



香港國際仲裁中心
Hong Kong International
Arbitration Centre

38/F Two Exchange Square
8 Connaught Place Hong Kong
Tel: (852) 2525 2381
Fax: (852) 2524 2171
E-mail: adr@hkiac.org
www.hkiac.org

HKIAC is a charitable institution limited by guarantee