



香港財經分析師學會
THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS



ANNUAL REPORT 2016



Hong Kong

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FinTech Boom

 A member society
of CFA Institute

REPORT OF THE PRESIDENT

Dear Members,

My first year as President has been both challenging and insightful – strengthening my respect for my predecessors, and inspiring me to continue their work in improving the Society for our members and the financial community as a whole.

Review of Operations

I'm pleased to report that during the year under review, the number of Continuing Education Committee events increased by 33.3%. During the same period, the total number of attendees at our Career Development Committee events more than doubled (up 127.3%), while events hosted by the FinTech Committee and Special Interest Groups (Short Selling, Value Investing and Women in Investment Management) drew 552 additional attendees.

During FY2016, the Society implemented a new operational model to improve overall efficiency – contributing to a 38.7% increase in the number of activities organised under the Continuing Education, Career Development, Member Services and FinTech Committees, as well as Special Interest Groups and the Forecast Dinner. The aggregate number of attendees at these events increased by 50.7% to 3,506 (up from 2,327 in FY2015). Attendance of Members, Candidates and Non-members improved by 39.4%, 165.8% and 52.0%, respectively, indicating encouraging growth in all three categories. Other recurring and new events and initiatives hosted during the year were warmly received and enthusiastically supported by our members and the wider investment community.

Reflecting members' appreciation of the Society's services and activities, the value of HKSFA membership increased by 4.8 % according to the CFA Institute's annual member survey in 2016.

During the year we focused our efforts around two central themes – Enhancing Member Value and Building Brand Awareness – building on our three pillars of continuing education, advocacy and employer outreach. Over the past twelve months, we focused on a number of wide-ranging initiatives to support three main goals:

Raising professional and ethical standards

To this end, we collaborated with Hong Kong Exchanges and Clearing Limited (HKEX) to launch the new HKSFA-HKEX Portfolio Management Competition this year – open to HKSFA members, qualifying Hong Kong university students and CFA candidates. The inaugural competition attracted 333 contestants, who were evaluated on multiple factors including Sharpe Ratio, investment process, rationale quality and execution.

The past year also marked the first anniversary of the FinTech Committee, which hosted six events on topics including Hong Kong's FinTech landscape, P2P funding, roboadvisory, cybersecurity and big data – attracting nearly 270 participants. We also launched a series of seven, 3-minute videos featuring 16 industry experts and Society members discussing the latest trends and developments in FinTech.

FY2016 also marked the second year of the Best Research Report Competition (BRRC), which emphasises the importance of upholding the highest professional quality and ethical standards in written investment research. This year's competition added a new "Best Research House Award" to broaden recognition of leading firms in the investment industry. BRRC 2015 attracted 35 nominations (up from 23 in 2014), and the number of houses participating grew to 15 (up from 10 in 2014).





Garnering additional support from the industry, this year we recruited four supporting organisations for the BRRC: Hong Kong Investment Funds Association, The Hong Kong Retirement Schemes Association, Hong Kong Trustees' Association and Value Partners Group.

Actively promoting ongoing professional development, the Society hosted a total of 48 Continuing Education luncheons, seminars and workshops during the year under review, increasing the total number of events by 33.3% over the previous year.

The Society also supported the launch of the HKSAR Government's Pilot Programme to Enhance Talent Training for the Asset and Wealth Management Sector in the second half of 2016, which aims to attract new blood to join the industry and enhance the professional competency of in-service practitioners.

Promoting the Society's contributions to the community

HKSFA's second mission is to promote the Society and the benefits of the CFA designation through education of the general public, service to the community and building brand awareness.

"CFA Control Room" – a Cantonese radio programme produced in collaboration with Metro Finance Digital and the Hong Kong Economic Journal – is a major platform for the Society to build public awareness. During the year under review, we updated the show to a panel format with 22 episodes featuring 26 speakers and guest anchors discussing a range of topics including Seeking intrinsic value, Elevating transparency, Long/Short strategies, and Retirement planning.

Enhancing our media efforts to reach a broader audience, the Society introduced a new finance-themed programme on TVB J5 presented in a one-on-one, 15-minute interview format. In FY2016 and subsequent to the year under review we produced and aired six episodes covering topics including MPP portfolio management, Value investing and Due diligence.

This year also witnessed the 10th year of the Investor Education Seminar, which was the first time HKSFA organised this event on our own. Over 270 members of the general public attended the event to learn about Exchange Traded Funds and their application in portfolio management.

We also worked with the CFA Institute to launch a major brand campaign – sharing the value and benefits of the CFA designation with financial, commercial and professional organisations around the world.

Providing professional development and career support

In addition to our regular seminars, workshops and themed happy hour gatherings, the Society launched a new career conference this year aimed at providing practical, timely career advice and career development insights. Ten speakers presented on topics relating to our theme of managing career transition and remaining agile in changing economic environments. The event drew positive response from 108 participants.

During the year under review, we launched two new Special Interest Groups (SIGs) for Women in Investment Management and Short Selling. The Women in Investment Management SIG held two quarterly events which attracted 79 participants, while the Short Selling SIG organised two events during and subsequent to the year under review, drawing 96 attendees.

We also worked with the CFA Institute to host our annual Employer Outreach luncheon, providing us with the opportunity to promote the CFA designation and its benefits to employers in the local financial and investment industries.

Review of Membership

As of 30 Jun 2016, the number of HKSFA members stood at 6,322. Up by 3.2% year-on-year, this growth is respectable given the mature nature of our Society. The Society maintained a high 91% membership renewal rate in FY2016, consistent with that of the previous year.

With 763 new and reinstated members during the year, the Society saw a net increase of 195 members. After three years of declining numbers in Hong Kong, we saw an encouraging 7.0% jump in the number of candidates to 9,319 – a remarkable increase in a mature CFA community.

Review of Finances

HKSFA's finances remained sound and healthy in FY2016. Thanks to the CFA Institute's new funding model, the Society posted a surplus of HK\$730,779 despite an increase in expenses in depreciation (due to office renovation), advertising and public awareness initiatives.

Appreciation

Taking on any new role presents unique challenges. In this light, I must thank our Board and Committee Members, as well as our Advisory Board, Volunteers and Staff Office personnel for their ongoing support and guidance.

I would like to take this opportunity to welcome our new Directors who joined during the year: Alex Lai, Ho Tak Lee and Vincent Ng. I must also thank our outgoing Director, Edmond Lau for his dedication and contributions to the Society – as well as our former Director, Cedric Wong, who resigned from the Board to take up the position of Managing Director. Special thanks go to our Director, Tony Watson, who served as Acting Managing Director during the interim period.

Looking Ahead

Next year is HKSFA's 25th Anniversary. We look forward to celebrating this milestone of success with our members and industry stakeholders, as we continue to enhance the recognition, reputation and real-world benefits of one of Hong Kong's largest investment professional bodies.

Ashley Khoo, CFA, CPA
President



香港財經分析師學會

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS

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VISION

To be a leading investment professional body in Hong Kong.

MISSION STATEMENT

- * To raise the standard of practice and uphold the ethical standard of the Hong Kong financial services industry;
- * To promote the contribution of The Hong Kong Society of Financial Analysts and the CFA® designation to the local financial community; and
- * To provide a forum for our members, the CFA Institute, other investment industry practitioners and regulators.

2015/16 EVENT HIGHLIGHTS



HKSF ANNUAL FORECAST CUM ANNUAL DINNER 2015

Our signature event was held at Hong Kong Football Club on 27 Nov 2015. We were honoured to have Mr. Water Cheung, CFA, Senior Partner & CEO of StormHarbour Securities (Hong Kong) Limited, as the evening's keynote speaker. The highlight of the night was a lively panel discussion on the region's economy and financial markets. Mr. Joe Morrison, CFA, CAIA, Vice President - Senior Credit Officer, Corporate Finance Group Asia of Moody's Investors Service, was the moderator for the panel discussion. Leveraging on his decades of experience in the Asia Pacific and financial markets, Mr. Morrison led the panelists to give and defend their predictions of key financial indicators.

Our distinguished panelists included Dr. Michael Taylor, Managing Director and Chief Credit Officer, Asia Pacific, Credit Policy of Moody's Investors Service, Mr. Herald van der Linde, Head of Equity Strategy, Asia ex-Japan, Global Research of the Hongkong and Shanghai Banking Corporation Ltd. The defending winner from last year, Mr. Mark Matthews, Head of Research Asia for Bank Julius Baer & Co. Ltd, also joined the panel and shared their insight on

the year ahead for financial markets. The audience also exchanged their views on their forecast through an interactive discussion at the end.

We take this opportunity to express heartfelt appreciation to our renowned speakers and panelists who made the Annual Forecast cum Annual Dinner another success in 2015. We hope it continues to be an HKSF signature annual event.

SERVICE TO MEMBERS AND CANDIDATES



CONTINUING EDUCATION

The HKSFA hosted 1,697 attendees at 48 events in FY2016 under Continuing Education. The number of events and the number of attendees are 33% and 13% more than that of the previous year respectively. Our 23 luncheons, 4 seminars and 21 workshops this year offered a total of 113.5 CPT hours – up 8% from last year.

Events offered in FY2016 covered various popular and timely topics on the investment industry and they provided insights and knowledge which helped our members to meet new business opportunities and fulfill their continuing education requirements.

Among all the events, the Annual Hedge Fund Forum and the Private Wealth Seminar remain the evergreen annual events. In addition, we also had overwhelming response for the luncheons on “RMB Market Development – Positioned for Greater RMB Volatility” in Sep as well as “Valuing illiquid securities: What is Fair?” in Oct respectively, reflecting the professionals’ interest in the development of RMB market and the valuing of illiquid securities.

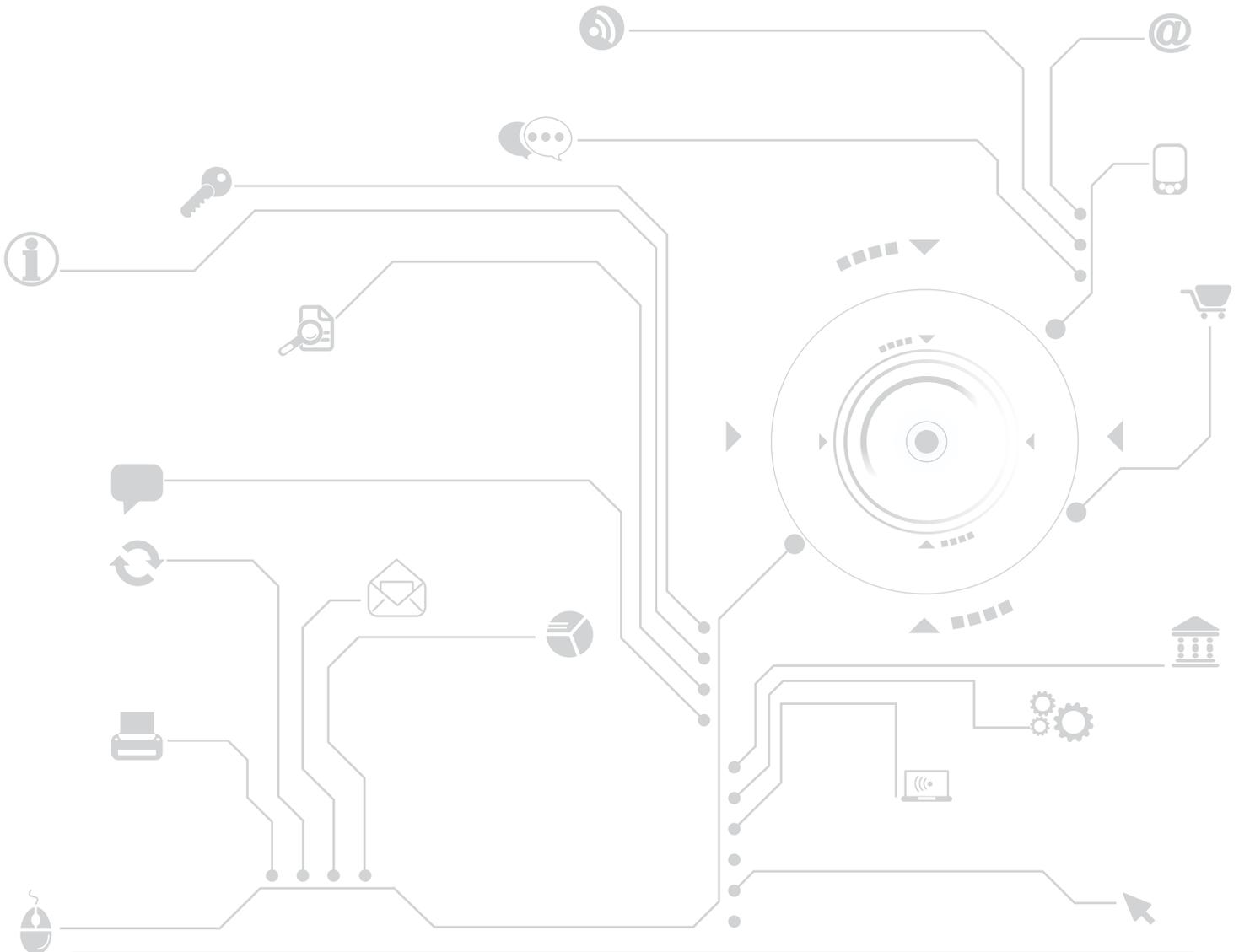
This year we have also rolled out many more workshops than last year, with a wide range of topics including Investment Analytics & Data Visualisation with R, Advanced Financial Analysis series, Securities Research Best Practice Series and Fixed Income Portfolio Management.

The HKSFA with its Continuing Education Committee aim to provide our members with high quality events to continue members’ education and a forum for members to network and interact. We will continue to proactively engage members and industry stakeholders to organise events that meet our members’ need for high quality and engaging continuing education opportunities.

Continuing Education Programmes (Jul 2015 - Jun 2016)

Date	Seminar Topic	Speaker /Panelist	CPT/CE Credit Hours
Year 2015			
6 Jul <i>Luncheon</i>	Using The Family Business To Develop The Next Generation	Ms. Barbara R. Hauser, M.A., J.D., TEP	1
25 Jul <i>Seminar</i>	HKSFA Private Wealth Seminar	Ms. Stella Kong The Standard Chartered Private Bank Mr. Richard Mak, CFA Pictet Wealth Management Mr. Trevor Mak, CFA Bank Julius Baer & Co. Limited	2.5
29 Jul <i>Luncheon</i>	Where's Alpha?	Mr. Bob Webb	1
26 Aug <i>Luncheon</i>	Corporate Sustainability	Mr. Daniel Wong, CFA Hang Seng Indexes Company Limited Mr. Raymond Chung, CFA Hang Seng Investment Management Limited	1
7 Sep <i>Luncheon</i>	Valuation Hot Topics: Illiquid and Hard-to-Value Investments	Cindy W. Ma, Ph.D., CFA	1
17 Sep <i>Luncheon</i>	RMB Market Development – Positioned for Greater RMB Volatility	Mr. Alexander Siu, CFA Hong Kong Exchanges and Clearing Limited	1
21 Sep <i>Luncheon</i>	New Studies on Funds' Use of Options for Managing Volatility	Mr. Matthew Moran Chicago Board Options Exchange (CBOE)	1
25 Sep <i>Luncheon</i>	Diversifying Across Factors to Outperform in Asia	Mr. Tim Gaumer, CFA Thomson Reuters	1
13 Oct <i>Workshop</i>	[RERUN, with updates] Securities Research Best Practice Workshop Series - Digging Deep & Use of Language	Mr. Jeremy Bolland	2
13 Oct <i>Workshop</i>	[RERUN, with updates] Securities Research Best Practice Workshop Series - The Risks that Analysts Face	Mr. Jeremy Bolland	1
13 Oct <i>Workshop</i>	[RERUN, with updates] Securities Research Best Practice Workshop Series - Research Approvals	Mr. Jeremy Bolland	1
16 Oct <i>Luncheon</i>	How Small-Caps Outperform: Finding / Being Diamonds in a Sea of 10,000	Mr. Anand Batepati Global Financial Markets Group Mr. Tariq Dennison Global Financial Markets Group	1
17 Oct <i>Workshop</i>	Investment Analytics & Data Visualisation with R - Module 1	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	3.5
24 Oct <i>Workshop</i>	Investment Analytics & Data Visualisation with R - Module 2	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	3.5

Date	Seminar Topic	Speaker /Panelist	CPT/CE Credit Hours
26 Oct <i>Luncheon</i>	Valuing Illiquid Securities: What is Fair?	Mr. David L. Larsen, CPA, CGMA Duff & Phelps, LLC	1
31 Oct <i>Workshop</i>	Investment Analytics & Data Visualisation with R - Module 3	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	3.5
11 Nov <i>Luncheon</i>	Momentum, Change and Risk Management	Mr. Alexander M. Ineichen, CFA, CAIA, FRM Ineichen Research and Management AG	1
13 Nov <i>Luncheon</i>	Global Credit Markets: Is it a Bubble?	Dr. Edward I. Altman NYU Stern School of Business	1
11 Dec <i>Luncheon</i>	Fresh Perspectives on Asset Allocation	Mr. Matthew van der Weide FactSet	1
16 Dec <i>Luncheon</i>	Scenario Analysis: Dealing with Risk in an Uncertain World	Dr. Peter Joos INSEAD Asia Campus	1





Date	Seminar Topic	Speaker /Panelist	CPT/CE Credit Hours
Year 2016			
9 Jan <i>Seminar</i>	Pitfalls and Opportunities in Running a Fund Management Business	Mr. Scott D. Peterman, CFA Jones Day	2
16 Jan <i>Workshop</i>	[RERUN] Investment Analytics & Data Visualisation with R - Module 1	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	3.5
18 Jan <i>Workshop</i>	[RERUN] Fixed Income Portfolio Management - Fundamentals of Bond Math, Yield Curves and Interest Rate Risk	Mr. Anand Batepati Global Financial Markets Training Mr. Tariq Dennison Global Financial Markets Training	6.5
19 Jan <i>Workshop</i>	[RERUN] Fixed Income Portfolio Management - Fixed Income Portfolio Construction, Hedging and Rebalancing	Mr. Anand Batepati Global Financial Markets Training Mr. Tariq Dennison Global Financial Markets Training	6.5
20 Jan <i>Workshop</i>	[RERUN] Fixed Income Portfolio Management - Credit Risk, Options, Yield Enhancement and other Advanced	Mr. Anand Batepati Global Financial Markets Training Mr. Tariq Dennison Global Financial Markets Training	6.5
23 Jan <i>Workshop</i>	[RERUN] Investment Analytics & Data Visualisation with R - Module 2	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	3.5
28 Jan <i>Luncheon</i>	Asian Region Funds Passporting – An Update	Mr. Stewart Aldcroft CitiTrust Limited (Hong Kong)	1
30 Jan <i>Workshop</i>	[RERUN] Investment Analytics & Data Visualisation with R - Module 3	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	3.5
19 Feb <i>Luncheon</i>	The End of Banking and Corporate Conglomerates?	Mr. Paul Schulte Tufts University	1
29 Feb <i>Luncheon</i>	Common Reporting Standard: Why it Matters for 2016?	Ms. Candy Chan, CPA Deloitte China Mr. Patrick Yip, CPA Deloitte China	1
2 Mar <i>Evening Seminar</i>	Interest Rates and their Impact on Style	Dr. Peter Hopkins Style Research Enterprise	1
9 Mar <i>Workshop</i>	Advanced Financial Analysis Series - Advanced Financial Modelling - Core Model	Mr. Hamilton Lin, CFA Wall St. Training	6.5
10 Mar <i>Workshop</i>	Advanced Financial Analysis Series - Corporate Valuation Methodologies: Fundamental & Relative Valuation Approaches	Mr. Hamilton Lin, CFA Wall St. Training	6.5
11 Mar <i>Workshop</i>	Advanced Financial Analysis Series - Advanced Excel For Data Analysis	Mr. Hamilton Lin, CFA Wall St. Training	6.5
14 Mar <i>Luncheon</i>	Common Reporting Standard in Hong Kong: Prepare for the Tight Timeframe	Ms. Candy Chan, CPA Deloitte China	1

Date	Seminar Topic	Speaker /Panelist	CPT/CE Credit Hours
16 Apr <i>Workshop</i>	Advanced Investment Analytics & Reproducible Research with R - Module 1	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	4.5
21 Apr <i>Luncheon</i>	Frontier Market Investing: What is Sustainable Alpha?	Mr. Sean Taylor Deutsche Asset Management	1
23 Apr <i>Workshop</i>	Advanced Investment Analytics & Reproducible Research with R - Module 2	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	4.5
30 Apr <i>Seminar</i>	HKSFA 5 th Annual Hedge Fund Forum	Mr. Avijit Choudhury UBS Mr. Scott D. Peterman, CFA Jones Day Mr. Brian Pohli CQS (Hong Kong) Limited	2.5
4 May <i>Luncheon</i>	How to Analyse Healthcare Companies, Globally and in Asia	Mr. Tony Ren, CFA, MBA	1
4 May <i>Workshop</i>	Practice Session (1) - Advanced Investment Analytics & Reproducible Research with R	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	0
21 May <i>Workshop</i>	Advanced Investment Analytics & Reproducible Research with R - Module 3	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	4.5
25 May <i>Workshop</i>	Practice Session (2) - Advanced Investment Analytics & Reproducible Research with R	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	0
28 May <i>Workshop</i>	Advanced Investment Analytics & Reproducible Research with R - Module 4	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	4.5
1 Jun <i>Luncheon</i>	Ethics Train-the-trainer	Michael G. McMillan, Ph.D., CPA, CFA CFA Institute	1.5
2 Jun <i>Luncheon</i>	How to do the right thing even if no one is watching	Michael G. McMillan, Ph.D., CPA, CFA CFA Institute	1
21 Jun <i>Luncheon</i>	Benchmark Investing: The Key to Portfolio Optimization?	Mr. Marco Montanari Deutsche Asset Management Mr. Gary Li Deutsche Asset Management	1
24 Jun <i>Luncheon</i>	Elegant Portfolio Discovery (EPD): Transparent & Precise Portfolio Decision Making	Dr. Wing Cheung Lattice Limited	1

Special Interest Groups (SIG)

Building on the success of the FinTech and Value Investing SIGs, we launched the Women In Investment Management SIG and Short Selling SIG this year due to enthusiastic member response.



Short Selling Group

Alpha exploration has been the key value of hedge fund managers. Short Selling is the key building block for squeezing alpha from portfolios. The Society launched a Short Selling SIG, inviting various industry professionals to share their thoughts on the applications of short selling in portfolio management.

The Short Selling SIG organised two events during and subsequent to the year under review, covering topics including short selling techniques, instruments, trends, restrictions and risks – as well as fund managers’ and

Date	Topic	Panelist
15 Apr 2015	Extracting Alpha from Short Selling	Mr. Frederick Wong, CFA eFusion Capital Mr. Armand Yeung, CFA Central Asset Investments Mr. Jude Tam Nomura International Hong Kong Moderator: Dr. Kyle Wong, CFA Avant Capital Management (HK) Limited

corporates’ views on short selling. interest, drawing over 49 attendees. The events generated strong member

Value Investing Group

This is the second year of Value Investing Interest Group and we have organised more events (FY15: 2, FY16:6). The member feedbacks and event turnouts have been very encouraging. The interactive nature of events bring a lot of insight and fun for our members. Apart from academic and book author, this year we have also broadened our variety of speakers to invite experienced fund managers, industry analysts and CFOs of listed companies. We

Date	Topic	Speaker
15 Jul 2015	The Story of Double Digits Annual Investment Return in Three Decades	Mr. Randolph Kwei Shaw Kwei & Partners
5 Oct 2015	A Practitioner’s View	Mr. Léon Kirch
9 Nov 2015	View from the other side of the tables	Ms. Winnie Fan Television Broadcasts Limited
14 Jan 2016	Value Investing and the Healthcare Industry	Mr. Tony Ren, CFA

put dual focus on both knowledge level and practice level, e.g. we have arranged exclusive and free technical trainings with a leading financial data terminal provider.

Women in Investment Management (WIM)

Women are currently under represented in investment management. Aimed at balancing gender equality in the industry, the main goals of the WIM SIG are to encourage more women to join the investment management profession, retain women within the industry, and provide support through experience sharing and networking events.

Since its formation, the WIM SIG organised two quarterly events hosted by accomplished female investment professionals who shared their personal challenges and strategies for success in a highly competitive field. The gatherings attracted 79 participants and 22 members signing up as volunteers for the SIG.

Date	Speaker
16 Mar 2016	Ms. Samantha Ho, CFA Ms. Tracy Yu
21 Jun 2016	Ms. Victoria Mio, CFA, CPA (US), FRM Robeco Hong Kong Limited



MEMBER SERVICES

HKSFA Member Services Committee has organised various exciting social events and happy hour gatherings to our members in the past year. Apart from the popular, themed happy hour gatherings which provided members great opportunities to network with fellow members and to learn something new, the Committee has also introduced various sports activities and interest classes to those who enjoy more action.

The major activities held during the financial year are as follows:

Indoor War Game

Our series of social events began with the Indoor War Game, through which our members built great teamwork and rapport. Teams were equipped with laser guns and tags to defeat their rivals in an unfamiliar indoor environment and accomplish their missions.

Archery War Game

Another action packed social event to raise the tempo, the archery war game was set to test participants' reflex and skills. Our members enjoyed another thrilling Saturday afternoon in the heated battle shooting arrows at each other. The room was filled with loads of laughter and screams as they successfully shot another or got hit themselves.



Christmas Party 2015

The Christmas Party has been our members' favourite event and this year was no exception. Our members enjoyed an evening over great food, wine, Christmas carols and games to celebrate the festive season together.



A Conversation with Lord Mervyn King, Governor of the Bank of England (2003-2013)

The HKSFA, CFA Institute and Hong Kong Exchanges and Clearing Limited joined forces in hosting this exceptional event featuring Lord Mervyn King (Lord King of Lothbury, KG, GBE, FBA) who is undoubtedly one of the most talked about central banking figures. His Lordship shared his unique views on the global economy and his presence drew a spectacular turnout from our members.

Wine Making Workshop

In the past, the Committee has held numerous wine-tasting sessions which were hugely popular among our members, many of whom are wine connoisseurs with an in-depth knowledge in wines. In Feb we introduced a whole new event that gave our members an excellent opportunity to explore the entire wine making process from preparing the ingredients to bottling the wine here in Hong Kong. With the instructions and assistance from the instructor, our members mixed grape juice and yeast and bottled the juice for fermentation. In just six weeks, these members would enjoy their very own unique, private label wines.



Chocolate Making Class

Our members joined the workshop in Mar to master the art of chocolate making, including velvety truffles, liqueur-filled bites as well as chocolates with hazelnuts. Just in time to share the sweet treats with their families and friends during Easter holiday!



Canoeing Fun Day

Nothing is better than enjoying water sports in a hot and sunny summer afternoon. A canoeing session was held in Jun where over 20 members and friends paddled along the shore of Sai Kung to enjoy the magnificent views and great weather until the sun set slowly to the West.

Member Services Functions (Jul 2015 – Jun 2016)

Social Events

Date	Programme Topic
29 Aug 2015	Indoor War Game
12 Sep 2015	Archery War Game
14 Dec 2015	Christmas Party 2015
27 Feb 2016	Wine Making Workshop
17 Mar 2016	Chocolate Making Class
29 Mar 2016	A Conversation with Lord Mervyn King (Governor of the Bank of England (2003-2013))
25 Jun 2016	Canoeing Fun Day

Happy Hour Gatherings

Date	Theme	Speaker
13 Aug 2015	Themed Happy Hour Gathering - GIPS Standards (Experience Sharing and Latest Technical Development)	Mr. Peng Cong Style Investment Management Company Mr. Terence Tsui, CFA JK Capital Management Mr. Stephen Zhu, CIPM, CFP, CCA GIPS Technical Committee and Ashland Partners International
10 Sep 2015	Themed Happy Hour Gathering - How Small-Cap Investors Outperform - Smart Portfolios from a Sea of 10,000 Companies	Mr. Tariq Dennison Global Financial Markets Group Mr. Anand Batepati Global Financial Markets Group
15 Sep 2015	Welcome Reception for New Members	Mr. Frederick Tsang, CFA HKSFA
8 Oct 2015	Monthly Happy Hour Gathering	N/A
12 Nov 2015	Monthly Happy Hour Gathering	N/A
13 Jan 2016	Themed Happy Hour Gathering - Planning and Investing for Retirement	Dr. Enzo von Pfeil
25 Jan 2016	Themed Happy Hour Gathering - Book Talk by Respected British Economist: Prof. John Kay: Other People's Money	Prof. John Kay Mr. James Shipton Securities and Futures Commission (SFC)
1 Mar 2016	Themed Happy Hour Gathering - Global Investment Performance Standards (GIPS®) Exposure Draft on Broadly Distributed Pooled Funds	Mr. Stephen Zhu, CIPM, CFP, CCA GIPS Technical Committee and Ashland Partners International
10 Mar 2016	Themed Happy Hour Gathering - Meet the Manager of "The Wonder Kid" Rex Tso (曹星如)!	Mr. Jay Lau Dr. Ken Ho DEF Boxing / DEF Promotions
31 Mar 2016	Themed Happy Hour Gathering - Growing money in the cellar, deciding between pleasure and investment strategies	Mr. Philippe Kalmbach Wine Source Fund
14 Apr 2016	Happy Hour Gathering	N/A
31 May 2016	Themed Happy Hour Gathering - Real Estate: How to Invest with Confidence	Mr. Colin Bennett, CFA Kaplinsk Limited
14 Jun 2016	Themed Happy Hour Gathering - Rising Personal Liability - should compliance officers in Asia be worried?	Ms. Antonia Thompson-Carey Thomson Reuters



CAREER DEVELOPMENT

The Society recognises the wide ranging career needs of our members and has organised various career events not only for buy / sell side professionals but also for professionals such as internal and external auditors, legal and compliance, operations specialists and banking professionals serving the financial industries.

We launched our first HKSFA Career Conference in Jun 2016 and invited distinguished speakers from the Hong Kong Stock Exchanges and Clearing Limited, recruitment agencies, career trainers and employers to share their advice on how to prepare for career changes and increase the likelihood of getting the desired position. Over 100 participants with different career backgrounds attended the seminar and participated in the interactive sessions with the speakers. The Career Conference was a great success and the Society plans to make it an annual conference going forward.

In view of the changes brought on by the rapid development of FinTech, unclear market outlook, increasingly stringent regulations and compliance standards, we have also organised a seminar for members who are or intend to become independent non-executive directors (INEDs) of companies listed in Hong Kong to help them understand how regulatory changes would affect INEDs.

The Society will continue to offer our members information and advice on career development with the help of our experienced and diversified Career Development committee.

Date	Programme Topic	Speaker
26 Apr 2016	Investor Relations (IR): a Career Option for Financial Market Professionals?	<p>Mr. Aldous Chiu, CFA, BEng(Hon), MBA, EMBA New World Development Company Limited</p> <p>Mr. Edwin Hui, CFA Standard Chartered Bank</p> <p>Moderator: Ms. Vanilla Dong, CFA JPMorgan Chase Bank</p>

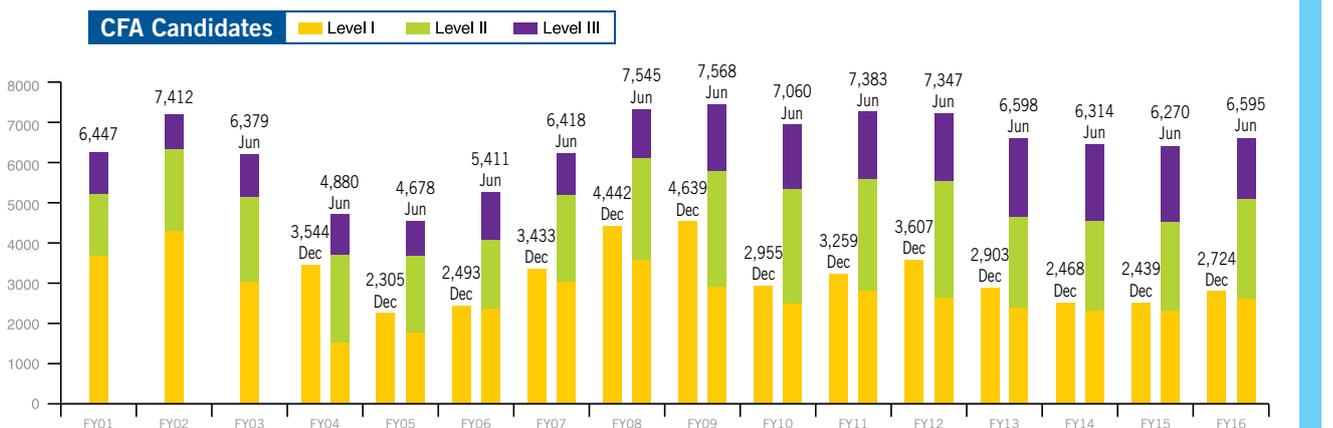
Date	Programme Topic	Speaker
	Independent Non-Executive Directors (“INED”): To Be or Not To Be	Dr. Carlye Tsui BBS MBE JP The Hong Kong Institute of Directors
	HKSFA Career Conference	Mr. Nicholas Furze Profile Search & Selection Mr. Jimmy Jim, CFA ICBC Asia Mr. Russell Kopp Options Group Ms. Mia Bourgeois Altitude22 Mr. Johnson Lau, MSc., BBA, Hon Dip, HRM Morgon Morris Mr. Andrew Stotz, CFA A. Stotz Investment Research Ms. Lisa Cheong, CFA, CA, CPA Our Hong Kong Foundation Ms. Man-Yi Chow, CFA, FRM, MBA Elliott Advisors (HK) Limited Ms. Jenny Chung Hong Kong Exchanges and Clearing Limited Dr. Charles Lam, DBA, CFA Baring Private Equity Asia Moderator: Dr. Yin Toa Lee, CFA Ernst & Young Ms. Felicia Wong, CFA Morgan Stanley

CANDIDATE EDUCATION

The number of CFA examination enrollments witnessed a rebound amounting to 9,319 registrations following three consecutive years of decline. In FY2016, the Society reviewed 124 applications for the Access Scholarship Programme offered by the CFA Institute and scholarships were awarded to 58 candidates in Hong Kong and one candidate in Macau.

For the very first time this year, the Society recruited volunteers from our members to lead the study groups. A total of 17 member volunteers took up the role of Study Group Leader and held meetings among themselves to identify ways that could enhance the effectiveness of the study groups, and a gathering was arranged in Jan 2016 where our volunteers shared their examination preparation experience and advice on how to develop a realistic study plan with the candidates.

The Society distributed Wiley CFA Examination Study Guides to candidates and organised 34 study support groups for 227 candidates of which 102 candidates took the Dec 2015 examination and 125 candidates took the Jun 2016 examination. WhatsApp groups were also formed for candidates at different levels of examinations to facilitate their examination preparation.





ANNUAL CFA® CHARTER AWARD CEREMONY 2015

The Society welcomes new charterholders and successful CFA Level III candidates each year to celebrate their career milestone. This year's event was held at Hong Kong Football Club on 29 Oct 2015. A big turnout of distinguished guests and families was there to share the spectacular moment with our new charterholders. Mr. Neil Govier, CFA, Head, Education, Asia Pacific of CFA Institute presented the CFA Charters or Letters of Achievement to those who attended the award ceremony.

It was our pleasure to have Mr. Steve Vickers, CEO of Steve Vickers & Associates as the event's keynote speaker for sharing his valuable experience of working in the investment industry. His practical lessons of managing business risk and intelligence was especially insightful to the attendees of the night. The HKSFA is honoured to have the support from various industry veterans to make the event successful.



SERVICE TO THE INDUSTRY AND COMMUNITY



ADVOCACY

In the past year, we reviewed and provided valuable comments and suggestions on four consultation papers published by government body, CFA Institute, as well as Hong Kong Exchanges and Clearing Limited. We also participated in one policy session sponsored by the Hong Kong government. A total of three roundtable discussions were held at the HKSFA office for the formation of the committee's policy views.

The Society has commented on the following consultation papers:

- Consultation Paper on Proposal for Revision of the Stock Option Position Limit Model (Hong Kong Exchanges and Clearing Limited)
- Exposure Draft of the Guidance Statement on Broadly Distributed Pooled Funds (CFA Institute)
- Mandatory Provident Fund Schemes (Amendment) Bill 2015 (Legislative Council of the Hong Kong SAR (LegCo))
- Consultation Paper on Review of the Environmental, Social and Governance Reporting Guide (Hong Kong Exchanges and Clearing Limited)

The Advocacy Committee would like to further point out that The Mandatory Provident Fund Schemes (Amendment) Bill is very important to pension owners in Hong Kong. The Society supports the default investment strategy for passive owners and the further lowering of the administrative costs of the MPF schemes. After the submission of the commentary on behalf of the Society, we were invited to attend a LegCo discussion session on this bill. In addition, the proposed Environment, Social and Governance Reporting Guide by Hong Kong Exchanges and Clearing Limited is a major step taken not only to improve corporate disclosure but also to encourage corporations to take up greater social responsibilities.

As for active advocacy, the Advocacy Committee's proposal to establish a new FinTech Committee was accepted by the Board. The videos interviewed 16 industry professionals to share their views on the potential impacts FinTech could have on individuals working in the different areas of finance, namely, asset management, investment banking, research and advisory etc.

Accounting standards is also another subject that keeps evolving and affects the financial industry on large. Together with the International Accounting Standards Board (IASB), we co-hosted a roundtable investor dialogue. Seasoned industry practitioners were invited to share their views on the usefulness of financial statements in investment decision making.



FINTECH COMMITTEE

The establishment of the FinTech Committee was an exciting development to our Society. The FinTech Committee will organise FinTech-focused events for our members and help them stay up-to-date with the latest trends in FinTech.

Since its formation in FY2016, the FinTech Committee already held several gatherings and invited speakers to present their views on the FinTech landscape in Hong Kong, educational thematic overviews like P2P and roboadvisory development in Asia, as well as more general topics such as cybersecurity and big data and their impact on the financial industry.

The FinTech Committee also intends to produce and distribute a series of educational videos on FinTech topics ranging from FinTech basics to its impact on the financial industry and help the general public gain a better understanding of FinTech.

Date	Topic	Speaker
7 Jul 2015	Hong Kong's Start-up Landscape & 'Hub' Potential	Panelists : Mr. Janos Barberis FinTech.hk Ms. Renu Bhatia Prospect Ventures Prof. Douglas Arner The University of Hong Kong Mr. Matt Cartwright investOrbit Moderator : Mr. Henri Arslanian The University of Hong Kong
14 Sep 2015	Everything you Need to Know about Bitcoin and Blockchain Technology	Mr. Aurélien MENANT Gatecoin
3 Nov 2015	How Not to get Hacked: A Conversation with a Cryptography and Cybersecurity Expert	Dr. Cédric Jeannot APrivacy
27 Jan 2016	The P2P Lending and Internet Finance Landscape in China: Boom or Bust Times Ahead?	Ms. Zoe Zhengfen Zhang GoLend.hk
3 Mar 2016	Big Data & Finance	Mr. Philippe El-Asmar Amareos
23 Jun 2016	FinTech Gathering Robo Advisors and Opportunities in Asia	Mr. Phillip Yoon Phinary Advisors Limited



HK SFA BEST RESEARCH REPORT COMPETITION 2015

The HK SFA emphasises the highest quality and ethical standards in written investment research and the importance of the integrity and standards of equity research professionals. As such, the Society has organised the second annual Best Research Report Competition (BRRC) to further raise awareness among our members and to uphold its commitment to setting high global standards of professionalism in the investment management industry. In addition to individual awards, this year the Society has also introduced the Best Research House Award to encourage enterprise-wide support of high quality investment research.

A panel of judges comprising well-respected industry professionals such as Dato' Cheah Cheng Hye, Chairman & Co-Chief Investment Officer of Value Partners Group, Ms. Christina Chung, CFA, Senior Portfolio Manager of Allianz Global Investors and Ms. Louisa Lo, CFA, Deputy Head of Asia ex Japan Equities of Schroder

Investment Management (Hong Kong) Limited, underwent two rounds of intensive evaluation on numerous high quality submissions, and they have chosen the research report from Mr. Dave Dai, CFA, from Credit Suisse (Hong Kong Limited) as the winner of BRRC 2015. Mr. Samuel Hui, CFA, from CLSA Limited and Ms. Corrine Png from J.P. Morgan Securities (Asia Pacific) Limited also did an excellent job and finished off as the First Runner-up and the Second Runner-up respectively. The winners of the competition, together with the representative from DBS Vickers (Hong Kong) Limited which won The Best Research House Award attended the HK SFA Annual Forecast cum Annual Dinner in Nov 2015 to receive their awards from Dato' Cheah.



The next annual BRRC will introduce a new sector report category. Apart from the continued support from the CFA Institute, we have also secured support from Chinese Securities Association of Hong Kong, Hong Kong Institute of Certified Public Accountants, Hong Kong Investment Funds Association, Hong Kong Investor Relations Association, The Hong Kong Retirement Schemes Association and Hong Kong Trustees' Association.

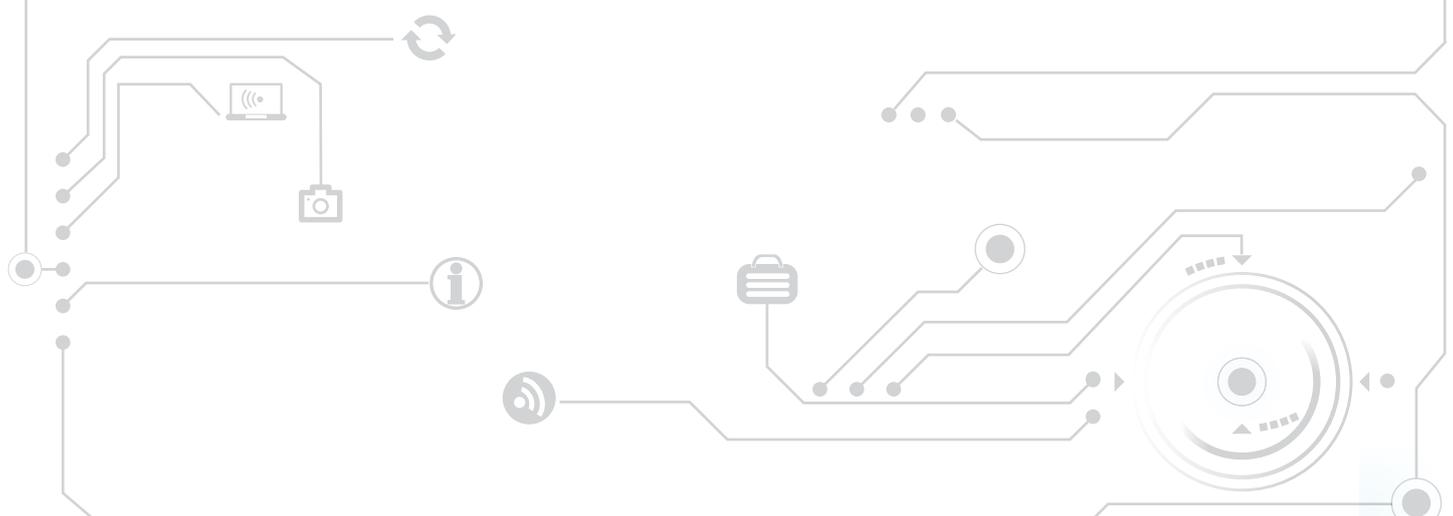


HONG KONG LOCAL FINAL OF CFA INSTITUTE RESEARCH CHALLENGE 2015-16

The CFA Institute Research Challenge provides university students an opportunity to take on the roles of investment research analysts and present their equity research reports after conducting thorough company analyses.

Teams from local universities would strive to win the local level of the Research Challenge to advance to the regional level, and then compete against other regional winners for the global championship. This year, over 4,000 students from more than 825 universities located in 70 countries competed, and here in Hong Kong the students from The Hong Kong University of Science and Technology (HKUST) defeated other eight local university teams and represented Hong Kong at the Asia Pacific Regional Final in Chicago in Apr 2016.

The HKSFA extends its sincere appreciation to Mr. Ryan Chan, CFA, Ms. Pauline Dan, CFA, and Mr. Lester Poon, CFA, for their contribution as panel judges of the local level competition. We are also extremely grateful to the volunteer mentors and the supporting listed companies who made the Research Challenge possible.





INVESTOR EDUCATION SEMINAR

The HKSFA and Investor Education Centre (IEC) co-hosted the 9th Annual Investor Education Seminar (Topic : 掌握中國市場變化, 審慎投資有道) on 18 Jul 2015.

With the objective to educate and provide important investment information to the general investing public, we have invited Mr. Nicholas Kwan, Director of Research of Hong Kong Trade Development Council, Mr. Andrew Kuet, CFA, CPA, Director of Grey Investment Limited and Mr. Daniel Hu, CFA, Chief Investment Officer of Shandong Hi-Speed Everbright Industrial Fund to speak about various trending topics, including the impact of “One Belt One Road” on China’s economic development, the challenges and importance of investing long term in the China market, as well as an assessment on the infrastructure industry and its role in an asset allocation strategy.



THE INVESTMENT PERFORMANCE AND RISK COMMITTEE

The Investment Performance and Risk Committee (the “IP&R Committee”) aspires to promote the best investment performance and risk management practices in Hong Kong. Our IP&R Committee members were elected / nominated to serve as:

- Member of the CIPM Advisory Committee;
- Chair of GIPS Asia Pacific Regional Technical Subcommittee;
- CIPM project consultant; and
- Member of the GIPS Retail / Pooled Fund Working Group

The IP&R Committee organised a series of investment performance measurement, attribution analysis, risk management and reporting seminars and workshops. A total of 39 CPT hours were arranged during FY2016 benefiting 198 attendees. The highlight of our events included the following:

In Aug 2015, the Committee invited speakers from the first insurance-owned asset management firm in China to claim compliance with GIPS Standards as well as a Hong Kong based boutique fund management company in the process of becoming GIPS-compliant to our happy hour to share their GIPS implementation experience and had discussions on the first release of the “Firms claiming compliance with the GIPS Standards”.

In view of the CFA Institute’s release of the “Exposure Draft for the Guidance Statement on Broadly Distributed Pooled Funds” in Jan 2016 which would become effective on 1 Jan 2017, the IP&R Committee arranged a roundtable discussion in Mar 2016 to get feedback from asset managers, GIPS verifiers and professional industry associations on the proposed Guidance Statement, and made a submission to the CFA Institute in Apr 2016 based on the comments received.

The Committee sponsored an introductory training programme on investment analytics and data visualisation using an open source programming language and software environment “R”. During the three half-day sessions in late 2015, participants learned how to apply “R” on portfolio analytics and data visualisation such as downloading financial data directly into “R”, performing investment analysis using the imported data, and creating captivating visuals and compelling market / risk dashboards.

After the introductory training on programming with “R”, the Advance Investment Analytics and Reproducible Research with “R” training (four half-day modules with two practice sessions) was conducted from Apr 2016 to May 2016. The advance training programme built upon the knowledge acquired from the introductory programme and explored into coding techniques, functions, and control structures with a focus on fundamental stock analysis, derivatives pricing and portfolio back-testing.

The Committee will continue to provide a discussion platform for local and regional market practitioners to share their views on investment performance and risk related matters.



PUBLIC AWARENESS COMMITTEE

The HKSFA Public Awareness Committee oversaw another busy year of operations. Our efforts focused mainly on our signature 'CFA Control Room' broadcasts, a series of TV interviews and articles in various local print and broadcast media. Topics discussed included life-cycle portfolio management, investment process, various aspects of Financial Technology (FinTech), investment styles and career development.

Our long-running CFA Control Room series expanded to 27 episodes in 2015, up from 25 in 2014. Transcript-based companion articles were published in the Hong Kong Economic Journal.

2015-16 saw us launch an interview-based 4 episodes of television programmes on local free-to-air broadcaster TVB.

The HKSFA also maintained a regular media presence with members writing articles for, or being interviewed by print and Hong Kong broadcast media around 40 times during the past fiscal year.

TRAILWALKER

The HKSFA fielded five teams to take part in the Hong Kong Oxfam Trailwalker charity hike in FY2015. One of the five HKSFA Trailwalker teams has won the 2015 Outstanding Fundraising Award. Participants faced the challenge of completing the grueling 100km MacLehose Trail within a 48-hour limit over the weekend of the 20-22 Nov 2015. Our teams raised approximately HK\$225,000 for the charity, once again making the HKSFA one of the top fund raisers.

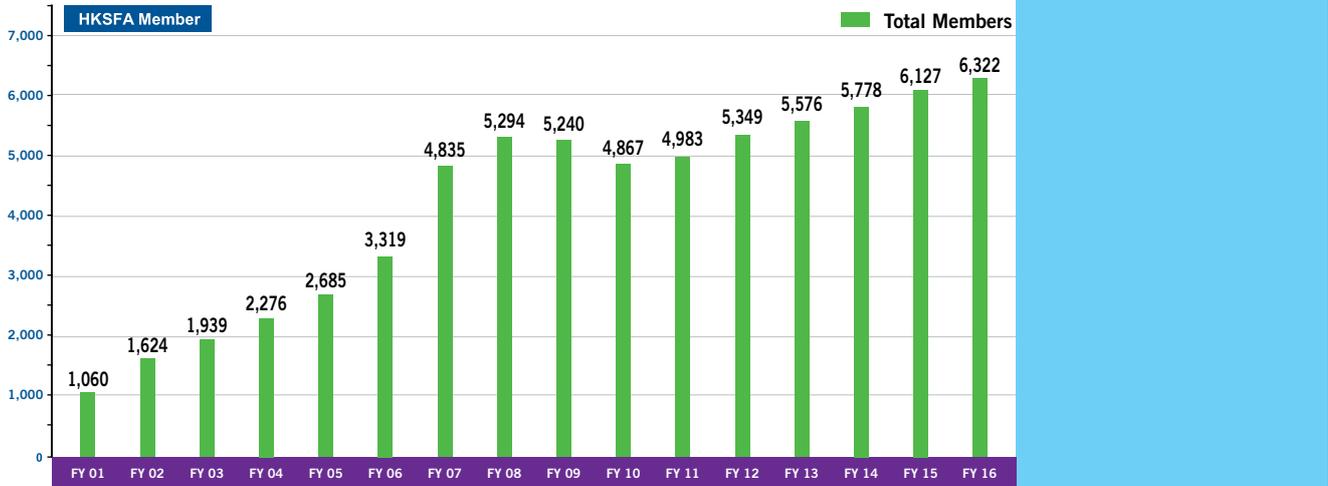
Oxfam uses these funds to support the operation of its poverty alleviation and emergency relief projects around the world. We would like to take this opportunity to thank those who participated in this charity hike, our team supporters, and those who generously donated.



Trailwalker Participants: Mr. Derek Mok, Mr. Choi Pui Hing, Mr. Patrick Chan, Mr. Patrick Choy, Mr. Edwin Fan, Mr. Fong Chi Wah, Mr. Ken Ho, Mr. Patrick Ho, Ms. Peggy Ho, Mr. Lai Ka Ming, Mr. Alvin Lee, Ms. Katie Lee, Mr. Brian Leung, Ms. Liu Gui Yu, Mr. Steven Poon, Mr. William Tong, Mr. Wong Cheong Ming, Mr. Timothy Wong, Mr. Herman Woo, Mr. Yum Chi Chung.

Supporters included Mr. Karl Lung, Mr. Kennex Tsai, Ms. Janice Chuang, Mr. Ivan Lam, Mr. Fan Ng, Mr. Or Pak Ho, Ms. Sharon Wong.

SOCIETY AFFAIRS



MEMBERSHIP

HKSFSA membership grew by 3.2% in FY2016. As of 30 Jun 2016, it reached a new record high of 6,322 members.

The geographic distribution of our members has remained broadly the same over the years, with Hong Kong (92.7%) and China (3.7%) as the key components.

The Society's increased efforts in delivering member values, raising brand awareness and providing better support to local CFA candidates have secured steady membership renewal as well as incentivised candidates to complete the CFA programme. At the same time, the Society is mindful of the headwinds of a maturing membership, increasing competition from existing and new professional designations, as well as a challenging financial market.

To maintain its status as Hong Kong's leading investment professional body and to enhance our local community profile, the HKSFSA will focus on the following areas to attract new and retain current members:

- Offer high quality member services by organising regular and flagship educational, career development and networking events;
- Make the HKSFSA a trusted conduit and platform for our members to interact with other professional and regulatory bodies; and
- Raise the Society's public profile through advocacy, public awareness programmes and investor education.

The HKSFSA is the fourth largest member society of the CFA Institute and the largest in the Asia Pacific.

Top Ten Member Societies of CFA Institute as at 30 Jun 2016:

- 1 New York
- 2 United Kingdom
- 3 Toronto
- 4 Hong Kong**
- 5 Boston
- 6 Chicago
- 7 San Francisco
- 8 Singapore
- 9 Switzerland
- 10 Montreal

HKSFA Scorecard (FY2016)

Programmes	No. of Events	No. of Participants
Luncheon	24	1,223
Half-day Seminar	4	210
Workshop	21	264
FinTech Committee and Special Interest Group Events	13	640
Career Talk / Conference	3	200
Social Function	7	415
Happy Hour Gathering	12	316
Annual Forecast cum Annual Dinner 2015	1	131
Charter Award Ceremony 2015	1	123
HKSFA Best Research Report Competition	1	35
Investor Education Seminar 2015	1	280
Consultation Paper Response	4	--
Media Interview	40	26
Research Challenge 2015-16	1	42
University Talk	1	-
Charity Event (Trailwalker)	1	20 (5 teams)

Board Meeting Attendance

From Jul 2015 to Jun 2016, the Board meets on the first Monday of every other month.

Board of Directors and Managing Director	Attended	Called in
Ashley P.W. KHOO	6	0
Joseph H.L. CHAN	6	1
Franki K.F. CHUNG	5	0
Jimmy W.K. JIM	5	0
Alex C.H. LAI	3	0
Edmond Y.M. LAU	1	0
Yin Toa LEE	6	1
Jenny C.Y. LOR	7	0
Karl H.K. LUNG	6	1
Derek W.M. MOK	6	0
Claudius TSANG	3	1
Frederick S.C. TSANG	7	0
Jacky K.Y. TSANG	6	0
Joshua VAN LIN	2	0
Tony WATSON	6	0
Cedric H.K. WONG	7	0
Ernest Y.K. WONG	5	0



CORPORATE GOVERNANCE

The HKSFA is a non-profit organisation that is affiliated with CFA Institute but it is a separate legal entity.

The Society is managed by its Board of Directors. The Executive Directors of the Board are elected from Regular Members of the Society. A maximum of two suitably qualified people can be approved by the Board of Directors to serve as Co-Opted Directors. Directors do not receive any remuneration or benefits in kind for their service.

In accordance with the Articles of Association of the Society:

Subject to Article 75 and Article 71, *“at each annual general meeting of the Society, new Executive Directors of the Board of Directors shall be elected from amongst the Regular Members who by notice under Article 74 have indicated a willingness to be so elected.”*

“Not more than sixty days before each annual general meeting of the Society, the Board of Directors shall send a notice to each Regular Member requesting such Regular Member to indicate by notice to the Society within twenty days from the date of such notice whether such Regular Member is willing to be elected as a member of the Board of Directors. Any Regular Member who does not so indicate within twenty days from the date of such notice shall be deemed not to be willing.”

Subject to Article 75A and Article 71, *“at each general meeting of the Society, new Co-Opted Directors of the Board of Directors shall be elected from the candidates nominated by the Nomination Committee and approved by the Board of Directors.”*

As described in Article 74A, *“before each annual general meeting of the Society, the Board of Directors shall send a notice to each Regular Member providing reasonable details of all proposed candidate(s), if any, to be elected as Co-Opted Directors on the Board of Directors, together with details of the proposed terms of appointment. Prior to the date of such notice, all such proposed candidates must have indicated their willingness to be elected as a member of the Board of Directors.”*

Executive Directors resign after a two-year term, but are eligible to offer themselves for re-election subject to Article 75. A retiring Co-Opted Director may be eligible for re-election subject to Article 75A.

The Board meets on the first Monday of every two months. Each director is required to report on his or her area of responsibility, and any decision involving a commitment by the Society requires a majority vote of the Board for it to be executed.

MEMBERS OF THE ADVISORY BOARD / COMMITTEES

Advisory Board					
Mr. Kevin K.C. Chan Prof. S.F. Wong	Mr. Water C.W. Cheung	Mr. George W. Long	Mr. David Lui	Mr. Richard K.C. Mak	Mr. James A. Soutar
Advocacy					
Mr. Jimmy W.K. Jim (Chair)	Mr. Frederick S.C. Tsang (Chair)	Ms. Ashley P.W. Khoo	Mr. Ho Tak Lee	Mr. Yin Toa Lee	Mr. Karl H.K. Lung
Mr. Derek W.M. Mok	Mr. Jacky K.Y. Tsang	Mr. Cedric H.K. Wong	Mr. Yash Agarwal	Mr. Timothy T.L. Chan	Mr. Vincent C.H. Cheng
Mr. Charles Cheng	Mr. Gary K.L. Cheung	Mr. Eric Chiang	Mr. Henry Chow	Mr. Gary C.P. Chow	Mr. Charles Chui
Miss Maggie Fong	Mr. Aziz Z. Hussain	Mr. Kevin Kwan	Ms. Ellen Lee	Dr. Alfred K.C. Ma	Ms. Debbie W.M. Man
Mr. John J.C. Teng	Mr. Hannes J. Valtonen	Miss Ellen Wong	Mr. Tang Chun Wong	Mr. Terence Tsui	Mr. Senan S.L. Yuen
Mr. Jielun Zhu					
Best Research Report Competition					
Mr. Franki K.F. Chung (Chair)	Mr. Derek W.M. Mok (Chair)	Ms. Ashley P.W. Khoo	Mr. Ho Tak Lee	Mr. Frederick S.C. Tsang	Mr. Jacky K.Y. Tsang
Mr. Tony Watson	Mr. Cedric H.K. Wong				
Candidate Education					
Mr. Frederick S.C. Tsang (Chair)	Mr. Tony Watson	Mr. Cedric H.K. Wong			
Career Development Committee					
Mr. Yin Toa Lee (Chair)	Mr. Ernest Y.K. Wong (Chair)	Mr. Joseph H.L. Chan	Ms. Ashley P.W. Khoo	Mr. Derek W.M. Mok	Mr. Tony Watson
Mr. Eric Chiang	Ms. Man Yi Chow	Ms. Vanilla Dong	Ms. Vivian Fu	Mr. Francis C.K. Lau	Mr. Simon Mak
Mr. Tony Ren	Mr. Marco Sze	Mr. Kennex Tsai	Ms. Felicia Wong	Ms. Fiona Wong	Ms. Florence Wong
Mr. Ignacio Wong	Ms. Louisa Wong	Mr. Kelvin Yeung			
Continuing Education Committee					
Mr. Joseph H.L. Chan (Chair)	Ms. Ashley P.W. Khoo	Mr. Yin Toa Lee	Ms. Jenny C.Y. Lor	Mr. Cedric H.K. Wong	Mr. C.Y. Andy Chan
Ms. May K.S. Chan	Mr. Henry H. Chow	Mr. Cheng Yuan Fu	Dr. Jin Gao	Mr. Lawrence C.Y. Kwan	Mr. Victor P.K. Leung
Mr. Gilbert K.W. Li	Mr. Kenny J.T. Li	Mr. Jack Y.K. Lo	Dr. Allen C.C. Ng	Mr. Darren S.B. Tam	Ms. Alice Y.L. Wong
Ms. Felicia C.W. Wong	Mr. Samuel L.H. Wong	Mr. Jack C.K. Yau	Mr. Howard H.Y. Zhu		
Corporate Training					
Mr. Cedric H.K. Wong (Chair)	Mr. Joseph H.L. Chan	Mr. Yin Toa Lee	Mr. Frederick S.C. Tsang	Mr. Jacky K.Y. Tsang	Mr. Tony Watson
FinTech					
Mr. Frederick S.C. Tsang (Chair)	Mr. Henri Arslanian (Chair)	Mr. Jimmy W.K. Jim	Ms. Ashley P.W. Khoo	Mr. Derek W.M. Mok	Mr. Cedric H.K. Wong
Mr. Kevin T.K. Kwan	Mr. Fred W. Wong				
Industry Relations					
Ms. Ashley P.W. Khoo (Chair)	Mr. Franki K.F. Chung	Mr. Jimmy W.K. Jim	Ms. Jenny C.Y. Lor	Mr. Claudius Tsang	Mr. Frederick S.C. Tsang
Investment					
Mr. Tony Watson (Chair)	Mr. Joseph H.L. Chan	Mr. Jimmy W.K. Jim	Ms. Ashley P.W. Khoo	Mr. Alex C.H. Lai	Mr. Karl H.K. Lung
Mr. Claudius Tsang	Mr. Frederick S.C. Tsang	Mr. Cedric H.K. Wong			
Investment Performance & Risk Committee					
Ms. Jenny C.Y. Lor (Chair)	Mr. Jimmy W.K. Jim	Mr. Karl H.K. Lung	Mr. Frederick S.C. Tsang	Mr. Cedric H.K. Wong	Mr. Justin Chan
Mr. Sean P. Gilligan	Mr. Tony K.M. Leung	Mr. Terence C.W. Tsui	Mr. Conrad W. Yan	Mr. Stephen X.D. Zhu	
Member Services Committee					
Mr. Ernest Y.K. Wong (Chair)	Mr. Kennex Y.T. Tsai (Chair)	Mr. Derek W.M. Mok	Mr. Alex C.H. Lai	Mr. Francis C.H. Chan	Ms. May K.S. Chan
Ms. Lisa L.S. Cheong	Mr. Pui Hing Choi	Ms. Vanilla S.Y. Dong	Mr. Simon J. Frisby	Mr. Albert K.T. Lai	Mr. Dave T.K. Lam
Mr. Chaksum Lau	Ms. Sharon F.Y. Law	Mr. Andrew H.M. Lee	Mr. Ryan C.T. Li	Mr. Jack Y.K. Lo	Mr. James K.Y. Ma
Mr. Edwin Morris	Mr. Macro T.C. Sze	Mr. Stephen K. Sze	Mr. Raymond M.K. Tam	Ms. Ivy P.Y. Tang	Mr. Eason Y.S. Wong
Ms. Louisa O.C. Wong	Ms. Coco K. Wu	Mr. William S.W. Yuen			
Membership Committee					
Mr. Cedric H.K. Wong (Chair)	Ms. Ashley P.W. Khoo	Mr. Alex C.H. Lai	Mr. Karl H.K. Lung	Mr. Derek W.M. Mok	Mr. Frederick S.C. Tsang
Mr. Tony Watson					
Professional Conduct Programme					
Mr. Frederick S.C. Tsang (Chair)	Ms. Ashley P.W. Khoo	Mr. Alex C.H. Lai	Mr. Karl H.K. Lung	Mr. Claudius Tsang	Mr. Tony Watson
Public Awareness					
Mr. Alex C.H. Lai (Chair)	Mr. Tony Watson (Chair)	Mr. Joseph H.L. Chan	Mr. Jimmy W.K. Jim	Ms. Ashley P.W. Khoo	Mr. Yin Toa Lee
Ms. Jenny C.Y. Lor	Mr. Karl H.K. Lung	Mr. Derek W.M. Mok	Mr. Vincent Ng	Mr. Claudius Tsang	Mr. Frederick S.C. Tsang
Mr. Cedric H.K. Wong	Mr. Ernest Wong	Mr. Charles Cheng	Ms. Lisa L.S. Cheong	Mr. Eric Chiang	Mr. David Y. H. Leung
Mr. Andy Li	Mr. Joe Lin	Ms. Grace Y.Y. Mi	Ms. Carmen Tse	Mr. Terence Tsui	
Research Challenge					
Mr. Franki K.F. Chung (Chair)	Mr. Derek W.M. Mok (Chair)	Ms. Ashley P.W. Khoo	Mr. Claudius Tsang		
Scholarships					
Mr. Tony Watson (Chair)	Mr. Cedric H.K. Wong (Chair)	Mr. Frederick S.C. Tsang	Dr. Jin Gao	Mr. Pankaj Soni	
Sponsorship					
Ms. Ashley P.W. Khoo (Chair)	Mr. Cedric H.K. Wong (Chair)	Mr. Joseph H.L. Chan	Mr. Yin Toa Lee	Mr. Jacky K.Y. Tsang	Mr. Tony Watson
Mr. Ernest Y.K. Wong					
Technology					
Mr. Frederick S.C. Tsang (Chair)	Ms. Ashley P.W. Khoo	Mr. Karl H.K. Lung	Mr. Derek W.M. Mok	Mr. Cedric H.K. Wong	
University Relations					
Mr. Yin Toa Lee (Chair)	Mr. Franki K.F. Chung	Mr. Jimmy W.K. Jim	Ms. Jenny C.Y. Lor	Mr. Karl H.K. Lung	Mr. Derek W.M. Mok
Mr. Jacky K.Y. Tsang	Mr. Cedric H.K. Wong	Ms. Elizabeth Y.S. Soon			
Volunteer Management					
Mr. Frederick S.C. Tsang (Chair)	Ms. Ashley P.W. Khoo	Mr. Alex C.H. Lai	Mr. Yin Toa Lee	Mr. Claudius Tsang	

MEMBERS OF THE BOARD OF DIRECTORS AND MANAGING DIRECTOR



Derek W.M. MOK, CFA
Vice-President



Ashley P.W. KHOO, CFA, CPA
President



Joseph H.L. CHAN, CFA
Vice-President



Jacky K.Y. TSANG, CFA
Treasurer



Franki K.F. CHUNG, CFA
Director and Secretary of the Board



Jimmy W.K. JIM, CFA



Alex C.H. LAI, CFA, CFP



Ho Tak LEE, CFA



Yin Toa LEE, CFA



Jenny C.Y. LOR, CIPM



Karl H.K. LUNG, CFA



Vincent NG, CFA



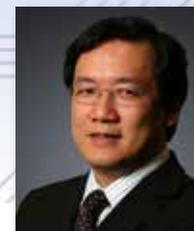
Claudius TSANG, CFA



Frederick S.C. TSANG, CFA



Tony WATSON, CFA



Ernest Y.K. WONG, CFA



Cedric H.K. WONG, CFA
Managing Director

FINANCIAL HIGHLIGHTS

FINANCE

In FY2016, the Society's annual surplus decreased 20.6% year-on-year to HK\$730,779. In terms of income, membership fees rose 2.6% (around HK\$126,000) and the operational funding from CFA Institute increased by around \$896,000 (89.8%) over the last year, which was mainly due to more subsidies to local society from CFA Institute. On the expenses side, our administrative expenses including personnel costs and depreciation due to new office move increased by HK\$820,000. Having more spending in delivering our mission, the operating expenses increased by around HK\$580,000 (65.2%). As a result, the annual surplus was lesser than FY2015.

The Society is a non-profit organisation that exists to serve members in accordance to our mission statement. Our healthy FY2016 surplus will be directed towards delivering this mission statement, hence resource allocation to raise members' value is our top priority. With more resources, as you can see, HKSFA did spend more to deliver our mission. We have launched a FinTech Video as to promote our stand in support of FinTech in the financial industry. New events, like HKSFA-HKEX Portfolio Management and Seminar with Lord Mervyn King in Hong Kong, BRRC and Investor Education Seminar raised the Society profile in terms of uniqueness and expertise. HKSFA is looking forward to providing more resources in delivering our mission.

The Investment Committee of the Society is responsible for the investment of surplus members' funds before they are utilised. Due to the adverse market condition as of the year end date (30 June 2016), the Society had a market-to-market ("MTM") loss of HK\$1,148,422 made to the investment reserve. The underlying assets are Tracker Fund and A50 ETF. Having said that, the investment is aimed for long term purpose and the Investment Committee does not view the short term market fluctuation would have any significant impact to the investment portfolio nor the financial position of the Society.

In summary, the members' funds decreased to HK\$14,890,261 in FY2016 from HK\$15,307,904 in FY2015. The annual surplus set off against part of the MTM loss in the investment reserve.

FIVE-YEAR SUMMARY

	2016	2015	2014	2013	2012
No. of Members	6,322	6,127	5,778	5,576	5,349
No. of Continuing Education Programmes	48	36	31	34	38
No. of Member Services Programmes *	38	27	18	11	12
Income	HK\$	HK\$	HK\$	HK\$	HK\$
Membership Fees	5,017,520	4,891,440	3,719,014	3,606,580	3,482,071
Surplus from Education & Programmes	420,031	338,874	305,803	254,178	286,446
Interest Income	219,706	297,805	337,365	149,184	269,219
Other Revenue	2,085,212	1,001,554	996,059	988,752	1,194,475
	7,742,469	6,529,673	5,358,241	4,998,694	5,232,211
Expenditure					
Administrative Expenses	5,536,900	4,716,297	4,246,731	3,717,171	3,420,837
Other Operating Expenses	1,474,790	892,666	734,058	821,786	1,126,967
	7,011,690	5,608,963	4,980,789	4,538,957	4,547,804
SURPLUS FOR THE YEAR	730,779	920,710	377,452	459,737	684,407
ASSETS					
Total of Non-Current Assets	7,528,796	6,360,239	9,694,840	8,901,600	8,039,000
Total of Current Assets	8,587,795	10,222,539	4,706,682	4,956,240	5,041,522
Total of Current Liabilities	1,226,330	1,274,874	861,622	1,061,392	829,986
Total of Net Current Assets	7,361,465	8,947,665	3,845,060	3,894,848	4,211,536
Total of Net Assets	14,890,261	15,307,904	13,539,900	12,796,448	12,250,536
Total of Members' General Funds	14,890,261	15,307,904	13,539,900	12,796,448	12,250,536

* Including Member Services Functions, Special Interest Group and Career Development events.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

REPORT OF THE BOARD OF DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 Jun 2016.

PRINCIPAL PLACE OF BUSINESS

The Hong Kong Society of Financial Analysts Limited (the "Society") is incorporated in Hong Kong and has its registered office and principal place of business at 14/F, BOC Group Life Assurance Tower, 136 Des Voeux Road, Central, Hong Kong.

PRINCIPAL ACTIVITIES

The Society is an independent non-profit making organisation set up with its primary goal being to promote and raise standards in the practice of financial analysis in Hong Kong through educational programmes and advocacy works.

RESULTS

The financial performance and cash flows of the Society for the year ended 30 Jun 2016 and the financial position of the Society at that date are set out in the financial statements on pages 34 to 52.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 20 to the financial statements.

MEMBERS OF THE BOARD OF DIRECTORS

The directors who held office during the financial year and up to the date of this report are :-

President	Ashley Pui Wun KHOO, CFA, CPA	
Vice-president	Derek Wai Man MOK, CFA Joseph Ho Lim CHAN, CFA	
Secretary	Franki Ka Fai CHUNG, CFA	
Treasurer	Jacky Kwok Yuk TSANG, CFA	
Members	Karl Hak Kau LUNG, CFA Jimmy Wai Kee JIM, CFA Frederick Sui Cheong TSANG, CFA Yin Toa LEE, CFA Peter Anthony WATSON, CFA Jenny Ching Yi LOR, CIPM Claudius Sze Wai TSANG, CFA Ernest Yiu Kit WONG, CFA Alex Chun Hung LAI, CFA Joshua Jacobus Wilhelmina VAN LIN, CFA Vincent Wing Chung NG, CFA Ho Tak LEE, CFA Edmond Yip Man LAU, CFA	
	(appointed on 23 Jan 2016)	
	(appointed on 2 Feb 2016 and resigned on 5 Oct 2016)	
	(appointed on 21 Jun 2016)	
	(appointed on 21 Jun 2016)	
	(retired on 21 Jan 2016)	

In accordance with article 72 of the Society's articles of association, a retiring Executive Director shall retire from office after the term of two years since the last election and be eligible for re-election subject to the qualifications required under article 75. Accordingly, Mr. Derek Wai Man MOK, Mr. Jacky Kwok Yuk TSANG, Mr. Jimmy Wai Kee JIM, Mr. Peter Anthony WATSON and Mr. Claudius Sze Wai TSANG shall retire from office at the forthcoming annual general meeting of the Society and, being eligible, offer themselves for re-election.

In accordance with article 72 of the Society's articles of association, a retiring Co-Opted Director shall retire from office after the term not exceeding two years and be eligible for re-election subject to the qualifications required under article 75A. Accordingly, Ms. Jenny Ching Yi LOR shall retire from office at the forthcoming annual general meeting of the Society and, being eligible, offer herself for re-election.

In accordance with article 78, Mr. Alex Chun Hung LAI, Mr. Ho Tak LEE and Mr. Vincent Wing Chung NG shall retire from office at the forthcoming annual general meeting of the Society and, being eligible, offer themselves for re-election subject to the qualifications required under article 75.

All other remaining directors shall continue in office.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements or contracts of significance to which the Society or the CFA Institute was a party, and in which a director of the Society had a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

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

AUDITORS

The financial statements were audited by Chan, Li, Law CPA Limited, Certified Public Accountants (Practising), which retires and, being eligible, offers itself for re-appointment.

On behalf of the board

Ashley Pui Wun KHOO, CFA, CPA
President
Hong Kong, 8 Nov 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

(incorporated in Hong Kong with limited liability by guarantee)

We have audited the financial statements of The Hong Kong Society of Financial Analysts Limited (the "Society") set out on pages 34 to 52, which comprise the statement of financial position as at 30 Jun 2016, and the statement of profit or loss and other comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Society's preparation of financial statements that give a true and fair view 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 Society'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 financial position of the Society as at 30 Jun 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Chan, Li, Law CPA Limited
Certified Public Accountants (Practising)
Hong Kong, 8 Nov 2016

Li King Man
Practising Certificate No.: P05777

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUN 2016

(Expressed in Hong Kong dollars)

	Note	2016 HK\$	2015 HK\$
INCOME			
Membership fees	3	5,017,520	4,891,440
Surplus from candidate education	4	111,044	93,882
Surplus from continuing education	5	308,987	244,992
Other revenue	6	2,304,918	1,299,359
		<u>7,742,469</u>	<u>6,529,673</u>
Administrative expenses	10	(5,536,900)	(4,716,297)
Other operating expenses	12	(1,474,790)	(892,666)
		<u>730,779</u>	<u>920,710</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Fair value changes on available-for-sale financial assets		(1,148,422)	847,294
		<u>(417,643)</u>	<u>1,768,004</u>
		=====	=====
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR			

The notes on pages 38 to 52 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUN 2016

(Expressed in Hong Kong dollars)

	Note	2016 HK\$	2015 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	20	736,067	21,038
Held-to-maturity financial assets	17	2,874,670	780,000
Available-for-sale financial assets	18	3,918,059	5,066,481
Financial assets at fair value through profit or loss	19	-	492,720
		7,528,796	6,360,239
Current assets			
Accounts and other receivables		206,096	147,648
Deposits and prepayments		471,864	492,459
Fixed deposits		4,450,000	3,000,000
Cash and bank balances		3,459,835	6,582,432
		8,587,795	10,222,539
Current liabilities			
Accounts payable and accruals		160,660	167,274
Receipts in advance		1,065,670	1,107,600
		1,226,330	1,274,874
Net current assets		7,361,465	8,947,665
NET ASSETS		14,890,261	15,307,904
MEMBERS' EQUITY			
Members' general funds		14,073,614	13,342,835
Investment revaluation reserve		816,647	1,965,069
		14,890,261	15,307,904



Ashley Pui Wun KHOO, CFA, CPA
President



Jacky Kwok Yuk TSANG, CFA
Treasurer

The notes on pages 38 to 52 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR THE YEAR ENDED 30 JUN 2016

(Expressed in Hong Kong dollars)

	Members' general funds HK\$	Investment revaluation reserve HK\$	Total HK\$
Balance at 1 Jul 2014	12,422,125	1,117,775	13,539,900
Total comprehensive income for the year	920,710	847,294	1,768,004
Balance at 30 Jun 2015	13,342,835	1,965,069	15,307,904
Total comprehensive expense for the year	730,779	(1,148,422)	(417,643)
Balance at 30 Jun 2016	14,073,614	816,647	14,890,261

The notes on pages 38 to 52 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUN 2016

(Expressed in Hong Kong dollars)

	Note	2016 HK\$	2015 HK\$
Cash flows from operating activities			
Surplus for the year		730,779	920,710
Adjustments for :-			
Investment income	7	(194,336)	(313,530)
Interest income	8	(38,090)	(3,615)
Depreciation	20	379,438	29,137
Loss on redemption of listed debt securities	7	12,720	9,500
Fair value changes on financial assets at fair value through profit or loss	7	-	9,840
		890,511	652,042
Operating surplus before changes in working capital			
(Increase)/decrease in accounts and other receivables		(58,448)	69,779
Decrease in deposits and prepayments		20,595	2,707
Decrease in accounts payable and accruals		(6,614)	(148)
(Decrease)/increase in receipts in advance		(41,930)	413,400
		804,114	1,137,780
Net cash generated from operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment	20	(1,094,467)	(19,270)
Acquisition of financial assets at fair value through profit or loss		(2,094,670)	-
Proceeds from redemption of financial assets at fair value through profit or loss		480,000	4,750,000
Acquisition of available-for-sale financial assets		-	(597,312)
Increase in time deposit with deposit term over three months		(1,450,000)	(3,000,000)
Investment income	7	194,336	313,530
Interest received	8	38,090	3,615
		(3,926,711)	1,450,563
Net cash (used in)/generated from investing activities			
(Decrease)/increase in cash and cash equivalents			
		(3,122,597)	2,588,343
Cash and cash equivalents at the beginning of the year			
		6,582,432	3,994,089
Cash and cash equivalents at the end of the year			
		3,459,835	6,582,432
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		3,459,835	6,582,432

The notes on pages 38 to 52 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUN 2016

(Expressed in Hong Kong dollars)

1. SOCIETY INFORMATION

The Hong Kong Society of Financial Analysts Limited (the “Society”) is a company incorporated and domiciled in Hong Kong and is limited liability by guarantee with no share capital. Under the provision of the Society’s memorandum of association, every member of the Society undertakes to contribute, if required, an amount not exceeding HK\$100 to the assets of the Society in the event of its being wound up. The registered office and principal place of business of the Society is located at 14/F, BOC Group Life Assurance Tower, 136 Des Voeux Road, Central, Hong Kong. The principal activities of the Society are to promote and raise standards in the practice of financial analysis in Hong Kong through educational programmes and advocacy works. The branch names of the Society are The Hong Kong Society of Financial Analysts (香港財經分析師學會) and HKSF (香港財經分析師學會).

The maximum number of members which the Society has registered is 20,000. The number of members of the Society as at 30 Jun 2016 was 6,322 (2015 : 6,127).

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

(b) Basis of preparation of financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a going concern basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies and disclosures

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the Society. The application of these amendments has no material effect on the financial performance and positions of the Society. The Society has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Property, plant and equipment

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

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to surplus or deficit in the period in which it is 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 asset, the expenditure is capitalised as an additional cost of the asset.

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment is determined as the difference between the net proceeds from disposal and the carrying amount of the item and is recognised in surplus or deficit on the date of retirement or disposal.

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

- Leasehold improvements over 36 months
- Furniture and equipment over 36 months

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Financial assets

The Society's policies for investments in debt and equity securities, are classified as follows :-

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification.

Investments in securities held for trading or are derivative financial assets are classified as financial assets at fair value through profit or loss. Any attributable transaction costs are recognised in surplus or deficit as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in surplus or deficit. The net gain or loss from fair value changes recognised in surplus or deficit does not include any dividends or interest earned on these investments.

Dated debt securities that the Society has the positive ability and intention to hold to maturity are classified as held-to-maturity financial assets. Held-to-maturity financial assets are stated in the statement of financial position at amortised cost less impairment losses if any.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses if any.

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not included in other categories of financial assets. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in the other comprehensive income and accumulated separately in investment revaluation reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in surplus or deficit. Dividend income from these investments is recognised in surplus or deficit when the Society's right to receive payments is established. When these investments are derecognised or impaired, the cumulative gain or loss is reclassified from equity to surplus or deficit.

Investments are recognised/derecognised on the date the Society commits to purchase/sell the investments or they expire.

(f) **Impairment of assets**

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of an asset is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. An impairment loss is recognised in surplus or deficit whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment loss is limited to the carrying amount of the asset that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is credited to surplus or deficit in the period in which the reversal is recognised.

(g) **Accounts and other receivables**

Accounts and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment loss except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment loss.

(h) **Accounts and other payables**

Accounts and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(i) **Translation of 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 are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in surplus or deficit, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in other comprehensive income.

Non-monetary assets and liabilities that are measured in term of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(j) **Recognition of income**

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

- (i) Membership fee income is recognised on accrual basis when it is due ;
- (ii) Income from programmes and functions is recognised when the programmes and functions are completed ;
- (iii) Interest income is recognised on a time apportionment basis on the principal outstanding and at the rate applicable ; and
- (iv) Dividend income from investments is recognised when the owner's right to receive payment has been established.

(k) **Employee benefits**

Salaries, annual bonuses, paid annual leave, contributions to mandatory provident fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(l) **Operating lease**

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to surplus or deficit on the straight line basis over the lease terms.

(m) **Provisions and contingencies**

A provision is recognised when there is a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Society. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

(n) **Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances and demand deposits, and 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, and have a short maturity of generally within three months when acquired.

For the purpose of statement of cash flows, bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are also included as a component of cash and cash equivalents.

(o) Related parties

- (a) A person, or a close member of that person's family, is related to the Society if that person :-
- (i) has control or joint control over the Society ;
 - (ii) has significant influence over the Society ; or
 - (iii) is a member of the key management personnel of the Society or a parent of the Society.
- (b) An entity is related to the Society if any of the following conditions applies :-
- (i) The entity and the Society are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Society or an entity related to the Society.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. MEMBERSHIP FEES

Membership fees represent the total membership fees income, including members' annual fee income, new members' joining fee income received and receivable and the previous years' uncollected fees recovered, less uncollected fees recognised during the year, as follows :-

	2016 HK\$	2015 HK\$
Members' annual fee income	4,784,520	4,610,190
New members' joining fee income	285,000	325,000
Uncollected fees recovered	1,500	1,250
Less : Uncollected fees	(53,500)	(45,000)
	----- 5,017,520 =====	----- 4,891,440 =====

4. SURPLUS FROM CANDIDATE EDUCATION

Surplus from candidate education represents the sales of study materials and the income from the provision of information session received and receivable, less the cost of study materials sold and the programme expenses incurred during the year.

	2016 HK\$	2015 HK\$
Sales of study materials and programme income	194,150	152,848
Less : Cost of study materials and programme expenses	(83,106)	(58,966)
	----- 111,044 =====	----- 93,882 =====

5. SURPLUS FROM CONTINUING EDUCATION

Surplus from continuing education represents the programme income received and receivable from the provision of luncheon, seminar and workshop and the previous years' uncollected fees recovered, less the programme expenses and uncollected fees recognised during the year.

	2016 HK\$	2015 HK\$
Programme income	807,603	633,646
Less : Programme expenses	(498,486)	(388,354)
Recovery of uncollected fees	100	-
Uncollected fees	(230)	(300)
	----- 308,987 =====	----- 244,992 =====

6. OTHER REVENUE

	2016 HK\$	2015 HK\$
Investment income, net (note 7)	181,616	294,190
Interest income from bank deposit (note 8)	38,090	3,615
Sundry income	12	1,533
CFA Institute Society Operational Funding	1,894,620	998,221
CFA Institute Project Funding	190,580	-
CFA Institute Society Excellence Awards – Most Outstanding Society Award (societies with over 1,000 members), net (note 9)	-	(10,200)
Job posting income	-	12,000
	----- 2,304,918 =====	----- 1,299,359 =====

7. INVESTMENT INCOME, NET

	2016 HK\$	2015 HK\$
Interest received from listed debt securities	12,514	115,883
Loss on redemption of listed debt securities	(12,720)	(9,500)
Interest received from unlisted debt securities	43,290	43,290
Dividend received from listed equity securities	138,532	154,357
Fair value changes on financial assets at fair value through profit or loss	-	(9,840)
	----- 181,616 =====	----- 294,190 =====

8. INTEREST INCOME FROM BANK DEPOSIT

	2016 HK\$	2015 HK\$
Bank interest income	430	385
Interest received from fixed deposits	37,660	3,230
	----- 38,090 =====	----- 3,615 =====

9. CFA INSTITUTE SOCIETY EXCELLENCE AWARDS – MOST OUTSTANDING SOCIETY AWARD (SOCIETIES WITH OVER 1,000 MEMBERS), NET

	2016 HK\$	2015 HK\$
Society Excellence Awards	-	19,500
Less: Souvenirs for Society Excellence Awards	-	(29,700)
	-----	-----
	-	(10,200)
	=====	=====

10. ADMINISTRATIVE EXPENSES

	2016 HK\$	2015 HK\$
Depreciation	379,438	29,137
Electricity	19,182	15,354
Personnel costs (note 11)	3,403,219	3,026,607
Rent, rates and building management fee	1,648,620	1,560,600
Telephone and internet	86,441	84,599
	-----	-----
	5,536,900	4,716,297
	=====	=====

11. PERSONNEL COSTS

	2016 HK\$	2015 HK\$
Salaries	3,273,535	2,902,796
Mandatory provident fund contributions	113,193	105,298
Staff welfare and allowances	16,491	18,513
	-----	-----
	3,403,219	3,026,607
	=====	=====

12. OTHER OPERATING EXPENSES

	2016 HK\$	2015 HK\$
Advertising and promotion for public awareness	247,293	185,692
Audit fee	28,000	28,000
Bank charges	10,122	9,844
Business registration fee	2,896	2,896
Best report research competition	333,343	70,756
Deficit from social functions (note 13)	188,806	152,672
Deficit from investment research challenge (note 14)	48,598	38,143
Exchange loss	58,570	23,634
Insurance	28,263	20,081
Professional fees	41,915	24,285
Local travelling	622	210
Meeting expenses	54,425	42,481
Commission for online receipt	51,153	41,336
Old office reinstatement	62,000	-
Office moving expenses	56,443	-
Overseas travelling	17,271	66,862
Office cleaning	35,538	21,510

Postages, printing and stationery	113,668	108,863
Provision for office reinstatement	30,000	-
Repairs and maintenance	23,200	18,922
Stamp duty	3,033	-
Sundry expenses	13,631	10,474
Website upgrade	26,000	26,005
	<u>1,474,790</u>	<u>892,666</u>
	=====	=====

13. DEFICIT FROM SOCIAL FUNCTIONS

Deficit from social functions represents the income received and receivable from the provision of functions, less the function expenses incurred during the year.

	2016 HK\$	2015 HK\$
Function income	291,425	225,570
Less : Function expenses	(479,481)	(377,142)
Uncollected fees	(750)	(1,100)
	<u>(188,806)</u>	<u>(152,672)</u>
	=====	=====

14. DEFICIT FROM INVESTMENT RESEARCH CHALLENGE

Deficit from investment research challenge represents the income received and receivable from the competition, less the competition expenses incurred during the year.

	2016 HK\$	2015 HK\$
Competition income	79,850	77,900
Less : Competition expenses	(128,448)	(116,043)
	<u>(48,598)</u>	<u>(38,143)</u>
	=====	=====

15. BENEFITS AND INTERESTS OF DIRECTORS

No benefits and interests of directors required to be disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance was incurred for the current and preceding years.

16. INCOME TAX

Profits tax has not been provided for in the financial statements as the directors consider that the Society is deemed not to carry on a business and the Society's surplus for the year is not assessable to Hong Kong profits tax under Section 24(1) and 24(2) of the Inland Revenue Ordinance. In view of such, no temporary timing differences existed at the end of reporting period and therefore deferred tax has also not been provided for in the financial statements.

17. HELD-TO-MATURITY FINANCIAL ASSETS

	2016 HK\$	2015 HK\$
Unlisted debt securities, at amortised cost	2,874,670	780,000
Market value	2,936,710	850,494

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 HK\$	2015 HK\$
Equity securities listed in Hong Kong, at fair value	3,918,059	5,066,481

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK\$	2015 HK\$
Debt securities listed in Hong Kong, at fair value	-	492,720

20. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and equipment HK\$	Total HK\$
Cost :-			
At 1 Jul 2014	294,831	251,923	546,754
Additions	-	19,270	19,270
At 30 Jun 2015	294,831	271,193	566,024
Additions	846,023	248,444	1,094,467
Disposals	(294,831)	-	(294,831)
At 30 Jun 2016	846,023	519,637	1,365,660
Accumulated depreciation :-			
At 1 Jul 2014	294,831	221,018	515,849
Charge for the year	-	29,137	29,137
At 30 Jun 2015	294,831	250,155	544,986
Charge for the year	282,008	97,430	379,438
Written back on disposal	(294,831)	-	(294,831)
At 30 Jun 2016	282,008	347,585	629,593

Net book value :-			
At 30 Jun 2016	564,015	172,052	736,067
	=====	=====	=====
At 30 Jun 2015	-	21,038	21,038
	=====	=====	=====

21. LEASE COMMITMENTS

At 30 Jun 2016, the total future minimum lease payments under a non-cancellable operating lease of property are payable as follows :-

	2016 HK\$	2015 HK\$
Not later than one year	1,314,250	693,610
Later than one year but not later than five years	1,686,000	-
	-----	-----
	3,000,250	693,610
	=====	=====

22. FINANCIAL RISK MANAGEMENT

The Society has classified its financial assets in the following categories :-

	2016 HK\$	2015 HK\$
Held-to-maturity financial assets	2,874,670	780,000
	-----	-----
Available-for-sale financial assets	3,918,059	5,066,481
	-----	-----
Financial assets at fair value through profit or loss	-	492,720
	-----	-----
Loans and receivables :-		
Accounts and other receivables	206,096	147,648
Deposits and prepayments	471,864	492,459
Fixed deposits	4,450,000	3,000,000
Cash and bank balances	3,459,835	6,582,432
	-----	-----
	8,587,795	10,222,539
	-----	-----
	15,380,524	16,561,740
	=====	=====

The Society has classified its financial liabilities in the following categories :-

	2016 HK\$	2015 HK\$
Financial liabilities at amortised cost :-		
Accounts payable and accruals	160,660	167,274
Receipts in advance	1,065,670	1,107,600
	-----	-----
	1,226,330	1,274,874
	=====	=====

Except for available-for-sale financial assets and financial assets at fair value through profit or loss stated at fair value, all other financial instruments are carried at amounts not materially different from their fair values as at 30 Jun 2016 and 30 Jun 2015. The fair value of available-for-sale financial assets and financial assets at fair value through profit or loss are set out in notes 18 and 19 respectively.

The Society is exposed to credit risk, liquidity risk and market risk arising in the normal course of its business and financial instruments. The Society's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on its financial performance and position.

(a) **Credit risk**

The Society is exposed to credit risk on financial assets, mainly attributable to loans and receivables and cash and cash equivalents.

The Society's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 Jun 2016 and 30 Jun 2015 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

An analysis of the age of accounts and other receivables that are past due as at the reporting date but not impaired :-

	2016 HK\$	2015 HK\$
Past due up to		
- 30 days	117,331	83,245
- 31 to 60 days	33,905	17,753
- 61 to 120 days	10,530	7,500
- Over 120 days	44,330	39,150
	----- 206,096 =====	----- 147,648 =====

The Society's cash and cash equivalents are mainly deposited in the financial institutions with high credit-ratings assigned by international credit-rating agencies.

(b) **Liquidity risk**

The Society is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

Summary quantitative data

	Not later than <u>1 month</u> HK\$	Later than 1 month but not later than <u>3 months</u> HK\$	Later than 3 months but not later than <u>1 year</u> HK\$	Later than 1 year but not later than <u>5 years</u> HK\$	Carrying amounts HK\$
<u>2016</u>					
Accounts payable and accruals	87,920	30,660	9,280	32,800	160,660
Receipts in advance	1,065,670	-	-	-	1,065,670
	----- 1,153,590 =====	----- 30,660 =====	----- 9,280 =====	----- 32,800 =====	----- 1,226,330 =====

<u>2015</u>					
Accounts payable and accruals	51,073	200	-	116,001	167,274
Receipts in advance	1,107,600	-	-	-	1,107,600
	<u>1,158,673</u>	<u>200</u>	<u>-</u>	<u>116,001</u>	<u>1,274,874</u>
	=====	=====	=====	=====	=====

(c) Market risk

(i) Currency risk

The Society receives membership fees in United States dollars (“US dollars”) that expose it to foreign currency risk. Since Hong Kong dollars (“HK dollars”) are pegged to US dollars, there is no significant exposure expected on US dollars transactions and balances.

Summary quantitative data

Balances denominated in US dollars	HK\$
<u>2016</u>	
Held-to-maturity financial assets	2,874,670
Accounts receivables	34,470
Cash and bank balances	1,084,094
	<u>3,993,234</u>
	=====
<u>2015</u>	
Held-to-maturity financial assets	780,000
Accounts receivables	6,630
Cash and bank balances	3,257,658
	<u>4,044,288</u>
	=====

Sensitivity analysis

No sensitivity analysis for the Society’s exposure to currency risk arising from financial assets denominated in US dollars is prepared since a change in value of the HK dollars against the US dollars is insignificant.

(ii) Interest rate risk

The Society’s exposure on fair value interest rate risk mainly arises from its deposits with banks, held-to-maturity financial assets, available-for-sale financial assets and financial assets at fair value through profit or loss.

The Society mainly holds fixed deposits with bank with maturity for 1 year (2015: within 3 months) and the exposure is considered not significant. It also invests surplus funds in fixed income securities and such investments are not considered to expose to interest rate risk under the held-to-maturity category.

Summary quantitative data

	2016 HK\$	2015 HK\$
Floating-rate financial assets		
Available-for-sale financial assets	3,918,059	5,066,481
Financial assets at fair value through profit or loss	-	492,720
Fixed deposits	4,450,000	3,000,000
Bank balances	3,452,835	6,577,432
	<u>11,820,894</u>	<u>15,136,633</u>
Fixed-rate financial assets		
Held-to-maturity financial assets	2,874,670	780,000
	<u>14,695,564</u> =====	<u>15,916,633</u> =====

Sensitivity analysis

At 30 Jun 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with other variables held constant, would increase/decrease the Society's surplus for the year and accumulated surplus by HK\$146,956 (2015: HK\$159,166)

The sensitivity analysis has been prepared with the assumption that the changes in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the relevant financial instruments in existence at that date. The changes in interest rate represent management's assessment of a reasonably possible change in interest rates at that date over the period until the end of the next annual reporting period.

The analysis was prepared on the same basis for 2015.

(iii) Equity price risk

The investments in equity securities are classified as available-for-sale financial assets which expose the Society to equity price risk. As the Society's policy is only to invest on such investment by its surplus funds for long term purposes, the exposure to short term equity price movement may not have significant impact on the Society's financial position unless the underlying equity investment goes bankrupt.

Summary quantitative data

	2016 HK\$	2015 HK\$
Available-for-sale financial assets, at fair value - equity securities listed in Hong Kong	3,918,059 =====	5,066,481 =====

Sensitivity analysis

At 30 Jun 2016, if the equity price increase/decrease of 10%, with other variables held constant, the Society's surplus for the year and members' general funds would have been increased/decreased by HK\$391,806 (2015 : HK\$506,648).

The sensitivity analysis has been prepared with the assumption that the change in equity price had occurred at the end of the reporting period and had been applied to the exposure to equity price risk for the relevant financial instruments in existence at that date. The changes in equity price illustrate the percentage change of the equity price from their fair value at the end of the reporting period.

The analysis was prepared on the same basis for 2015.

23. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following table presents the carrying value of the financial instruments measured at fair value at the end of reporting period 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 ; and
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<u>2016</u>				
Available-for-sale financial assets	3,918,059	-	-	3,918,059
Financial assets at fair value through profit or loss	-	-	-	-
	3,918,059	-	-	3,918,059
	=====	=====	=====	=====
<u>2015</u>				
Available-for-sale financial assets	5,066,481	-	-	5,066,481
Financial assets at fair value through profit or loss	492,720	-	-	492,720
	5,559,201	-	-	5,559,201
	=====	=====	=====	=====

During the year, there were no transfers between instruments in Level 1 and Level 2.

24. CAPITAL MANAGEMENT

The capital structure of the Society consists of debt, cash and cash equivalents and members' general funds. The Society has no written capital risk management policies and guidelines and the Society manages its capital mainly to ensure the Society will be able to continue as a going concern through the optimisation of the debt and members' general fund balances. No changes were made in the overall strategy during the year ended 30 Jun 2015 and 30 Jun 2016. The members of the board of directors of the Society regularly review and manage its capital to ensure adequacy for both operational and capital need.

25. HONG KONG FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

The following new and amendments to HKFRSs, potentially relevant to the Society's financial statements, have been issued, but are not yet effective and have not been early adopted by the Society.

		Effective for accounting period beginning on or after
Amendments to HKAS 1	Disclosure initiative	1 Jan 2016
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 Jan 2016
Amendments to HKAS 27 (2011)	Equity method in separate financial statements	1 Jan 2016
HKFRS 15	Revenue from contracts with customers	1 Jan 2018
HKFRS 9	Financial Instruments	1 Jan 2018
Amendments to HKFRS 2	Share-based payment: Classification and measurement of share-based payment transactions	1 Jan 2018
HKFRS 16	Leases	1 Jan 2019

The Society has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 8 Nov 2016.

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