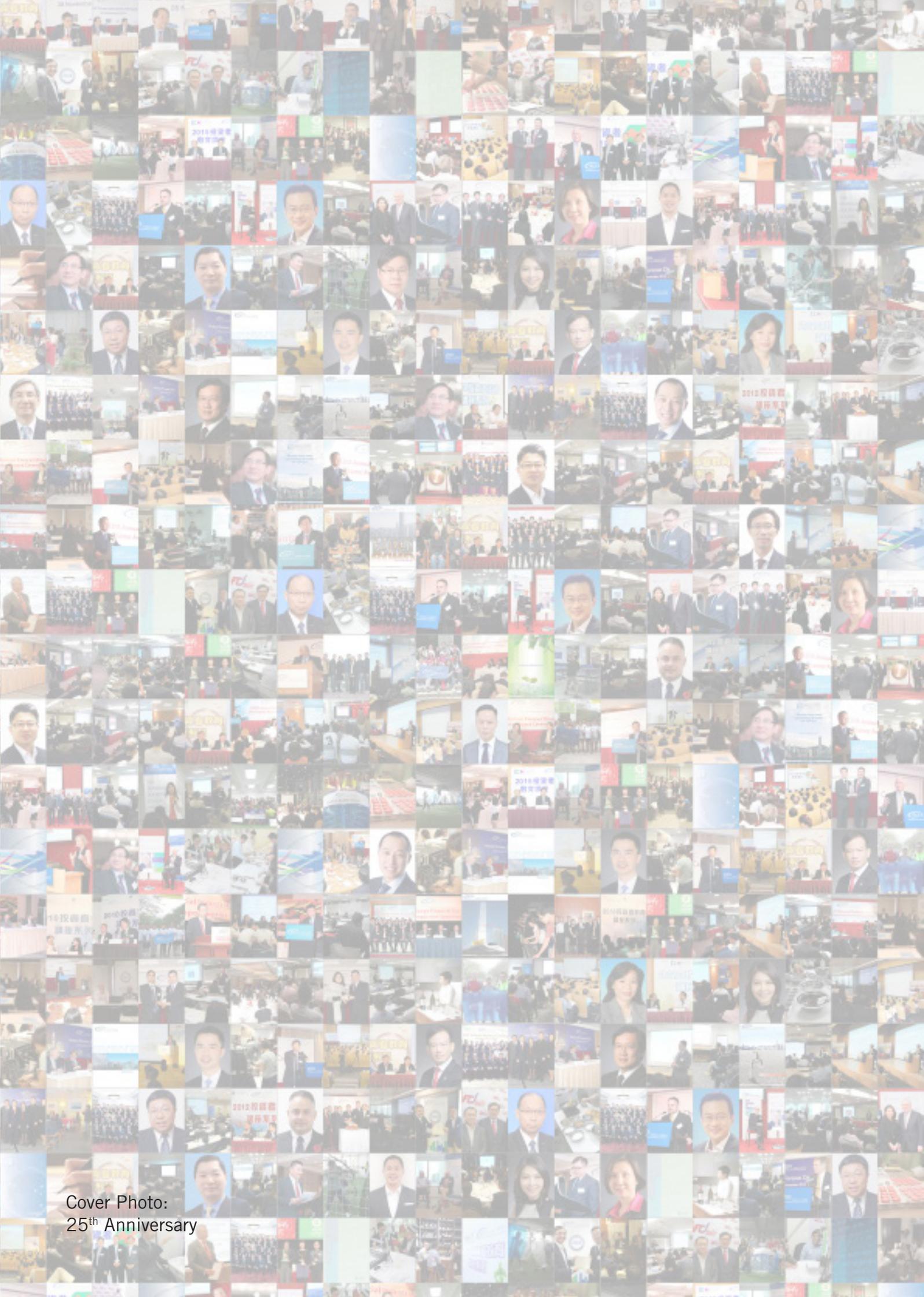




25th
Anniversary
1992 - 2017



Cover Photo:
25th Anniversary

REPORT OF THE PRESIDENT

Dear Members,

For the past year, I have been humbled and inspired to serve as your president. Humbled, first and foremost, because my second year on the job also marks our Society's 25th year in Hong Kong.



Through a quarter century of rallies and recessions, the Hong Kong Society of Financial Analysts has flourished thanks to our hardworking team of directors, staff, and volunteers. I was honoured to represent this team in June, when I rang in our silver anniversary on the gong that opened the Hong Kong Stock Exchange.

After sharing our milestone with one of the largest exchanges in the world, we brought more exclusive celebrations directly to our members. For instance, those who attended our First Gala this fall had the opportunity to hear from Dr. Randall Kroszner, a former governor of the U.S. Federal Reserve and our keynote speaker. For our volunteers, we hosted a series of leadership training sessions with past HKSFA presidents. We also inaugurated an annual Awards Night, where distinguished professionals shared their expertise—from best practices to hard-learned lessons—with many of our new charterholders.

Annual Growth

Speaking of new charterholders, I am thrilled to report that in Fiscal Year 2017, 9,572 candidates enrolled in CFA examinations—an annual increase of 4.6 percent.

I am doubly thrilled that this increase is reflected in our membership. As of 30 June, we enrolled nearly 300 new members—4.6 percent growth since last year—raising our total membership to 6,614 people.

This growth was partly sustained by an improved retention rate. Last year, 90.7 percent of our members renewed their membership. This year: 91.3 percent.

Happily, HKSFA's finances remain sound. Despite increased personnel costs, the Society posted an annual surplus of HK\$519,467.

Expanded Programming

As our membership has grown, so too has our programming. In the past year, we have:

- Launched collaborative events with the Hong Kong Trade Development Council and the Mandatory Provident Fund Authority.
- Participated in this year's World Investor Week campaign, promoted by the International Organization of Securities Commissions.
- Organized our first Corporate Access Event for local members, and supported the first Investor Education Centre's Money Month Investment Seminar.

- Held our third annual Best Research Report Competition, bringing in a record number of competitors and supporting organizations.
- Enhanced our Portfolio Management Competition by bringing in Ernst & Young to conduct performance analytics.
- Upgraded our Research Challenge for aspiring young analysts by fine-tuning competition rules, adding a career advice panel, and partnering with Metro Radio.
- Organized five FinTech events, attracting nearly 250 attendees, and co-hosting a half-day webcast about FinTech with our colleagues in Beijing.

Helping Members Keep Ahead

For a quarter century, HKSFA has helped our members stay ahead of the curve by offering career development services and continuing education. This year, our members logged a total of 130.5 training hours—an increase of 15 percent relative to last year. And we hosted a variety of regular events to keep members updated on breaking developments in the industry, such as the new cross-border scheme Bond Connect, and our annual Career Conference, which focused, this year, on emerging opportunities in the FinTech sector.

While we work hard to keep veteran analysts on the leading edge, it is equally gratifying that so many of our members have made a commitment to help cultivate the next generation of analysts. Our University Relations Committee has recruited a number of volunteers to identify and mentor promising undergraduate students. And for candidates preparing to take CFA charter exams, we created an online study group via LinkedIn.

Our Values Added

Ultimately, helping our members advance their careers is a means to a higher end. We aspire to help raise the ethical and professional standards of our entire profession.

We know that meaningful progress starts in-house. As a proponent of inclusive growth, HKSFA welcomed an additional female Director earlier this year. We also co-hosted a C-suite event on “Discovering Phi: Motivation as the Hidden Variable of Investment Performance,” an 18-month study on diversity in the industry.

To extend our work in advocacy, we established a new Special Interest Group to cover Environmental, Social and Governance (ESG) issues. And when the CFA Institute launched its new Asia-Pacific Research Exchange (ARX), we were sure to post our consultation paper response to help facilitate an exchange of views with others throughout the region.

We want the positive changes we make within our Society to ripple outward. Indeed, that is why we invited HKEX to brief our members on the new board consultation papers—so our Society would have direct and exclusive access to exchange leaders.

Public Recognition

The work described above has raised our Society's profile within the financial industry, and earned us a public reputation for excellence. This year, we maintained that legacy by expanding our outreach to partner organizations, employers, regulators, academia, sponsors, and the media.

By way of example, HKSFA experts continued to publish influential analyses in the Hong Kong Economic Journal and were frequently featured on CFA Control Room, a weekly radio programme broadcast on Metro Finance.

We are proud of HKSFA's public profile—and I am pleased to report that we're not the only ones. The CFA Institute recognized our Society for registering the Most Attendees from Fellow Societies in the Global Passport Program, and for being the institutional contributor to the ARX. What is more, our Society was invited to the Policy Address Consultation Session chaired by the Financial Secretary, as well as to a meeting with the Financial Services Development Council, where we discussed industry trends and emerging opportunities and challenges.

The Path Forward

Even as we look outward, we remain committed to our Society's most valuable asset: our people. That is why, this year, we enhanced our governance with new committees and redoubled our efforts to keep in touch with members. At town hall meetings, for instance, Society members helped us identify key retention issues as well as new opportunities for collaboration.

In an effort to improve our members' digital experience, we heightened our social media presence, published more videos, and also launched a new website. One of the best things about the new site is that it has helped streamline our staff's workflow, so they have more time to learn new skills.

In addition, this past year, we were determined to celebrate our Society's 25th anniversary by looking ahead to the next 25 years—with a special focus on three priorities. That is why, during 2017, we:

- (1) Reorganized our committees around four Society stakeholder groups: members, candidates, industry, and the public;
- (2) Centralized support for our committees; and
- (3) Maximized the cost-effectiveness of Society activities.

In the coming year, we will keep you updated about our continued progress in these and other priority areas. For now, I want to preview what we are most excited about in 2018.

We are eagerly anticipating the launch of the Asset Owner Series in Hong Kong. The Series is a collection of exclusive events for investment industry executives who want to hone their asset-management strategies. Each event will put participants in conversation with C-level investment executives—industry leaders whose firms collectively manage more than US\$10 trillion in assets.

And in May, HKSFA will co-host the 71st CFA Institute Annual Conference, the world's longest-running educational gathering of investment professionals. In recent years, the Conference has attracted participants from as many as 70 countries around the globe. Year after year, attendees come back for new information, expert insights, and a range of networking opportunities.

A Word of Thanks

I would be remiss if I did not close my report with a word of sincere thanks to our Board, Committee members, Advisors, volunteers, and staff for their tireless work—and their support and guidance each day. They are the heart and soul of this organization, and none of this year's achievements would have been possible without them.

I would also like to thank our outgoing Directors—Mr. Joseph Chan, Dr. Jimmy Jim, Mr. Alex Lai, and Mr. Jacky Tsang—for their dedication and many contributions to the Society. And I would like to invite you all to join me in welcoming our two newest Directors, Ms. Felicia Wong and Mr. Terence Tsui—as well as Mr. Richard Mark, who rejoined the Board this year. I would like to thank our outgoing Managing Director, Mr. Cedric Wong, for his tireless work, and to welcome our new Managing Director, Mr. Calvin Cheung. Finally, I want to congratulate Dr. Yin Toa Lee and Mr. Tony Watson on taking office as HKSFA's new Treasurer and Vice President, respectively. I look forward to working closely with them in the months ahead.

Suffice it to say, we have come a long way this year. But as impressive as our progress has been, the truth is that I am proudest of what has not changed: the high professional standards we uphold—and the consistently high calibre of people who make the Hong Kong Society of Financial Analysts the great organization it has been for the past 25 years.

Day after day, the example we are setting together leaves me inspired and energized. I am proud to count you as friends and colleagues, and—as we look ahead to the next 25 years, and beyond—I am grateful for your continued support.

Thank you,

Ashley Khoo, CFA, CPA
President

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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;
- * To provide a forum for our members, the CFA Institute, other investment industry practitioners and regulators.



25th Anniversary

2016/17 EVENT HIGHLIGHTS



AFF/IFW CROSS-BORDER MARKET ACCESS – MULTI-ASSET PLATFORM

To leverage on the Asian Financial Forum (AFF) which brought together many influential global financial and business leaders in Hong Kong, HKSFA hosted a seminar entitled “Cross-border Market Access – Multi-asset Platform” during AFF’s International Financial Week (IFW) on 17 January 2017. The seminar explored the new array of investment opportunities in the Mainland through Hong Kong, including Shanghai and Shenzhen Stock Connect programmes, Primary Equity Connect, Bond Connect, and other cross-border initiatives related to commodities and funds, as well as the implication of the RMB’s entry into the SDR and the current status of SDR Bond.

We were honoured by the presence of Mr. Esmond Lee, Senior Advisor of Financial Services Development Council, Hong Kong, as the speaker of the seminar on RMB in SDR and latest development of SDR Bond. Mr. Kevin Kwan, CFA, Financial Model Developer of Bloomberg LP, then shared the ways to analyse the Mainland and Hong Kong Stock Connect programmes. A panel discussion on cross-border investment initiatives moderated by Mr. Scott Peterman, CFA, Partner, Jones Day followed the talks, and expert panellists include Mr. Kevin Rideout, Managing Director, Market Development Division of Hong Kong Exchanges and Clearing Limited and Dr. Eddie Pong, Director of Research and Analytics at FTSE Russell.

SERVICE TO MEMBERS AND CANDIDATES



CONTINUING EDUCATION

The HKSFA hosted 40 continuing education events in FY2017, in which 1,266 attendees participated. We organised 17 luncheons, 7 seminars and 25 workshops, which offered, in total, 130.5 CPT hours, a 15% increase from last year.

The events offered in FY2017 covered a range of popular and timely topics on the investment industry. They provided insights and knowledge intended to help our members meet new business opportunities while fulfilling their continuing education requirements.

The Private Wealth Seminar remains the evergreen favourite. Moreover, 2 seminars, “Smart Beta Investing”, held in September, and “Cross-border Market Access – Multi-asset Platform” held in January, saw an overwhelming response, reflecting the professionals’ interest in emerging investment strategies and the development of cross-border market opportunities.

The HKSFA and its Continuing Education Committee aim to provide the members with high quality events to further their education and to offer them a forum to network and interact. We will continue to 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 2016 - Jun 2017)

Date	Seminar Topic	Speaker/Panellist	CPT/CE Credit Hours
Year 2016			
6 Jul <i>Luncheon</i>	Asian Equities: Search for Alpha, not Beta	Mr. Herald van der Linde, CFA Hong Kong and Shanghai Banking Corporation Limited	1
9 Jul <i>Seminar</i>	HKSFA Private Wealth Seminar	Mr. Timothy Lo CIC Investor Services Limited Mr. Alan Luk Hang Seng Bank Mr. Richard Otsuki Asian Private Banker	2.5
11 Jul <i>Luncheon</i>	Focused Investing, Focused Life: A Veteran Professional Investor's Portrait about Investing and Life	Mr. Soonkyu Shin, CFA Brown Brothers Harriman	1
9 Aug <i>Luncheon</i>	China NPL/Credit Cycle	Mr. Jason Bedford UBS Investment Bank	1
9 Sep <i>Luncheon</i>	Smart Beta Investing	Mr. Daniel Wong, CFA Hang Seng Indexes Company Limited	1
17 Oct <i>Workshop</i>	Advanced Financial Analysis Series - Advanced Financial Modelling - Core Model	Mr. Hamilton Lin, CFA Wall St. Training	6.5
18 Oct <i>Workshop</i>	Advanced Financial Analysis Series - VC Investing: Private Company Valuation & Participating Preferred Securities Waterfall Modelling	Mr. Hamilton Lin, CFA Wall St. Training	6.5
19 Oct <i>Workshop</i>	Advanced Financial Analysis Series - M&A Deal Structuring & Merger Modelling Techniques	Mr. Hamilton Lin, CFA Wall St. Training	6.5
20 Oct <i>Luncheon</i>	Equities in 2017	Mr. Herald van der Linde, CFA Hong Kong and Shanghai Banking Corporation Limited	1
14 Nov <i>Workshop</i>	[RERUN] Fixed Income Portfolio Management - Module 1: Fundamentals of Bond, Yield Curves and Interest Rate Risk	Mr. Tariq Dennison, CFP^{CM} Global Financial Markets Training	6.5
15 Nov <i>Workshop</i>	[RERUN] Fixed Income Portfolio Management - Module 2: Fixed Income Portfolio Construction and Rebalancing	Mr. Tariq Dennison, CFP^{CM} Global Financial Markets Training	6.5
16 Nov <i>Workshop</i>	[RERUN] Fixed Income Portfolio Management - Module 3: Credit Risk, Options, Yield Enhancement and other Advanced Topics	Mr. Tariq Dennison, CFP^{CM} Global Financial Markets Training	6.5
1 Dec <i>Luncheon</i>	Stock Picking, Risk and Smart Beta	Mr. Tim Edwards S&P Dow Jones Indices	1

Date	Seminar Topic	Speaker/Panellist	CPT/CE Credit Hours
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Year 2016			
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6 Dec <i>Workshop</i>	Crisis Management, for the Expected and Unexpected	Mr. David Herratt, FCII, FIRM Chartered Insurance Broker	3
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Date	Seminar Topic	Speaker/Panellist	CPT/CE Credit Hours
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Year 2017			
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12-13 Jan <i>Workshop</i>	Investment Analytics & Data Visualization with R	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	13
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17 Jan <i>Seminar</i>	Cross-border Market Access – Multi-asset Platform	Keynote Speaker: Mr. Esmond Lee Financial Services Development Council, Hong Kong Speaker: Mr. Kevin Kwan, CFA Bloomberg LP Moderator: Mr. Scott Peterman, CFA Jones Day Panellists: Mr. Kevin Rideout Hong Kong Exchanges and Clearing Ltd Mr. Esmond Lee Financial Services Development Council, Hong Kong Dr. Eddie Pong FTSE Russell	1
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23 Jan <i>Luncheon</i>	What Risks Do You Want To Take with AML?	Mr. Gavin Shiu Department of Justice Hong Kong Special Administrative Region	1
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8 Mar <i>Workshop</i>	Advanced Financial Analysis Series - Advanced Financial Modelling: Core Model	Mr. Hamilton Lin, CFA Wall St. Training	6.5
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9 Mar <i>Workshop</i>	Advanced Financial Analysis Series - Segment Build-up and Sensitivity Modelling	Mr. Hamilton Lin, CFA Wall St. Training	6.5
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10 Mar <i>Workshop</i>	Advanced Financial Analysis Series - LBO Modelling & Debt Sweep Enhancements	Mr. Hamilton Lin, CFA Wall St. Training	6.5
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17 Mar <i>Luncheon</i>	Green Bonds – why is this the fastest growing segment of the capital markets?	Mr. Jonathan Drew The Hong Kong and Shanghai Banking Corporation Limited	1
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29 Mar <i>Workshop</i>	The DARK SIDE of Financial Statement Analysis and How to Greatly Improve Stock Idea Filtering and Analysis	Professor Joel Litman Valens Research	6.5
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29 Mar <i>Seminar</i>	Financial Market History: Reflections on the Past for Investors Today by David Chambers and Elroy Dimson	Professor Elroy Dimson University of Cambridge Judge Business School	1
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Date	Seminar Topic	Speaker/Panellist	CPT/CE Credit Hours
Year 2017			
3 Apr <i>Workshop</i>	Quant Portfolio & Risk Management Intensive Course	Dr. Attilio Meucci, CFA APRM Research Dr. Angela Loregian, CFA APRM Research	8
26 Apr <i>Luncheon</i>	Liquid Alternative Investments	Dr. Keith Black, CFA, CAIA CAIA Association	1
27 Apr <i>Seminar</i>	Green Finance Forum 2 - Sustainable Investment Trends, Green Indices and Opportunities for Hong Kong Professionals (Co-hosted with FSDC, HKU Space, CFA Institute)	Keynote Speaker: Ms. Martina Macpherson Sustainability Indices Moderator: Ms. Mary Leung, CFA CFA Institute Panellists: Mr. Jonathan Drew The Hong Kong and Shanghai Banking Corporation Limited Ms. Hannah Routh PWC Mr. Simon Weston AXA Investment Managers	1
5 May <i>Luncheon</i>	Restoring Investors Trust: What investors want & how investment managers can better position themselves	Mr. Jonathan Boersma, CFA CFA Institute	1
9 May <i>Seminar</i>	Impact of the GIPS Standards on Performance Reporting and Investor Confidence (Co-hosted with CFA Institute, HKICPA and HKU Space)	Mr. Jonathan Boersma, CFA CFA Institute Mr. Jerome Chung, CPA GIPS Interpretations Subcommittee and GIPS Real Estate Group Ms. Irene Cheung, CFA CFA Institute	1
10 May <i>Luncheon</i>	Capturing the Chinese A-shares and H-shares Price Anomaly	Dr. Eddie Pong FTSE Russell	1
15 May <i>Luncheon</i>	Factor Investing	Mr. Jason Hsu Rayliant Global Advisors	1
17 May <i>Seminar</i>	Valuation Discussion of REITs (Co-hosted with RICS)	Mr. Victor S Yeung, CFA, MRICS Admiral Investment Limited	1.5
20 May <i>Workshop</i>	Intermediate Investment Analytics & Data Visualization with R - Module 1	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	3.5
27 May <i>Workshop</i>	Intermediate Investment Analytics & Data Visualization with R - Module 2	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	3.5
3 Jun <i>Workshop</i>	Intermediate Investment Analytics & Data Visualization with R - Module 3	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	3.5

Date	Seminar Topic	Speaker/Panellist	CPT/CE Credit Hours
Year 2017			
5 Jun <i>Luncheon</i>	China's Capital Markets: Navigating the Road Ahead	Mr. Mark Austen Asia Securities Industry & Financial Markets Association	1
8 Jun <i>Luncheon</i>	How to Value Any Company in the World	Dr. Andrew Stotz, PhD, CFA	1
10 Jun <i>Workshop</i>	Intermediate Investment Analytics & Data Visualization with R - Module 4	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	3.5
16 Jun <i>Luncheon</i>	Money and Asset Prices: Theory and Practice	Ms. Diana Choyleva Enodo Economics	1
17 Jun <i>Workshop</i>	Intermediate Investment Analytics & Data Visualization with R - Module 5	Mr. Mark C. Hoogendijk, CFA, CAIA E8 Consulting Asia	3.5
27 Jun <i>Luncheon</i>	Family Offices - How to make your money and keep it for generations	Mr. Anthony Chan Isola Capital Group	1



MEMBER SERVICES

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

HKSFA Member Services Committee organised several exciting social events and happy hour gatherings for our members in the past year. Apart from the monthly happy hour networking gatherings for the members, the committee also introduced various sports activities and interest classes.



Summer Boat Trip

The boat trip was held on 27 August 2016. About 30 members and friends joined the boat trip on a perfect summer day. The participants enjoyed a whole day of water sports, food, drinks and karaoke. The activities included swimming, speedboating, wakeboarding and a banana-boat. The members commented that it was a fantastic and memorable event.



Christmas Party 2016

The Christmas Party has always been our members' favourite event and this year was no exception. It was held at Club Lusitano on 13 December 2016. Over 50 members and guests enjoyed an evening of great food, wine, Christmas carols and games to celebrate the festive season together. The annual event is a prime opportunity for our members to re-connect, network and socialise.



Valentine's Day DIY Skincare Workshop

Valentine's Day is a day to celebrate love. Ahead of the day, HKSFA arranged a Valentine's Day DIY Skincare Workshop for our members. The workshop was held by a certified aromatherapist on 8 February 2017. After some basic introduction of aromatherapy and essential oils, the aromatherapist coached the members step-by-step to make their own lip balm and hand cream.



Themed Happy Hour Gatherings

Themed happy hour gatherings offered the members an opportunity to network, socialise and catch up with fellow members, as well as learning about topics that were of interest to them. The topics of themed happy hour gatherings last year included:

- Real Estate: How to Invest with Confidence (26 July 2016)
- Evolution of the Retirement Saving System, and its investment management (25 August 2016)
- Wine-tasting Gathering - Taste Like a Pro (8 September 2016)
- Competition Ordinance: Pros, Cons and Pitfalls (8 December 2016)
- Book Talk by Mr. Tsoi Tong Hoo, Tony, CFA (蔡東豪) “金錢之王：謝清海的價值人生” (King of Money: Cheah Cheng Hye's Value of Life) (24 January 2017)
- Is Big Data the Crystal Ball? (28 February 2017)
- Regulation and Compliance (31 March 2017)
- China Connect (6 April 2017)

Member Services Functions (Jul 2016 – Jun 2017)

Social Events

Date	Programme Topic
27 Aug 2016	Summer Boat Trip 2016
13 Dec 2016	Christmas Party 2016
8 Feb 2017	Valentine's Day DIY Skincare Workshop

Happy Hour Gatherings

Date	Theme	Speaker
14 Jul 2016	Monthly Happy Hour Gathering	N/A
26 Jul 2016	Luncheon Gathering - [RERUN] Real Estate: How to Invest with Confidence	Mr. Colin Bennett, CFA Kaplink Limited
25 Aug 2016	Themed Happy Hour Gathering - Evolution of Retirement Saving System (and its investment management)	Mr. Billy Wong, CFA Mercer
8 Sep 2016	Wine-Tasting Gathering - Taste Like a Pro	Mr. Herald van der Linde, CFA Hong Kong and Shanghai Banking Corporation Limited
13 Oct 2016	Monthly Happy Hour Gathering	N/A
10 Nov 2016	Monthly Happy Hour Gathering	N/A
7 Dec 2016	Welcome Reception for New Members	Mr. Frederick Tsang, CFA HKSFSA
8 Dec 2016	Themed Happy Hour Gathering - Competition Ordinance: Pros, Cons and Pitfalls	Dr. Angus Young School of Business, Hong Kong Baptist University
24 Jan 2017	Themed Happy Hour Gathering - Book Talk by Mr. Tsoi Tong Hoo, Tony, CFA (蔡東豪) “金錢之王：謝清海的價值人生” (King of Money: Cheah Cheng Hye's Value of Life)	Mr. Tsoi Tong Hoo, Tony, CFA (蔡東豪)
28 Feb 2017	Themed Happy Hour Gathering - Is Big Data the Crystal Ball?	Mr. Tony Chan, BSc IS, LL.B. EmblocSoft
31 Mar 2017	Themed Happy Hour Gathering - Regulation and Compliance	Ms. Marguerite Yates Ms. Deborah Pettiford
6 Apr 2017	China Connect	Ms. Cindy Chen Citi Hong Kong

Note: Monthly Happy Hour Gathering held on the second Thursday of each month was cancelled from February 2017 onwards.



CAREER DEVELOPMENT

Over 90 members participated in the HKSFAs 2nd Career Conference in February 2017. Hosted by the HKSFAs directors, Dr. Yin Toa Lee, CFA, and Ms. Felicia Wong, CFA, the Career Conference this year focused on the potential career disruptions to the financial services industry in Hong Kong as a result of new technologies such as blockchain, Artificial Intelligence (A.I.), robo-advisor and algorithmic technologies.

The conference commenced with Mr. Ryan Liew of Call Levels and Mr. Kenny Cheng of WeLab speaking on the future career opportunities available in the FinTech area, followed by the FinTech Committee's Co-chair, Mr. Henri Arslanian, who provided the participants with an overview of the FinTech trend in Hong Kong. Mr. Steve Bruce of SB Consulting, a LinkedIn professional coach, concluded the conference with a session on the enhanced use of social media conduct online business.

Dr. Lee and Ms. Wong were also interviewed by Career Times and Metro Radio following the conference. Given the popularity of the topic to our HKSFAs members, Mr. Bruce conducted a half-day workshop on LinkedIn for the HKSFAs members who wished to get a deeper understanding in the topic.

Date	Topic	Speaker
11 Feb 2017	HKSFAs 2 nd Career Conference - Disruption: FinTech Career Opportunities in the New Economy	Mr. Henri Arslanian PwC and The University of Hong Kong Mr. Ryan Liew Call Levels Pte Ltd Mr. Kenny Cheng WeLab Mr. Steve Bruce SB Consulting

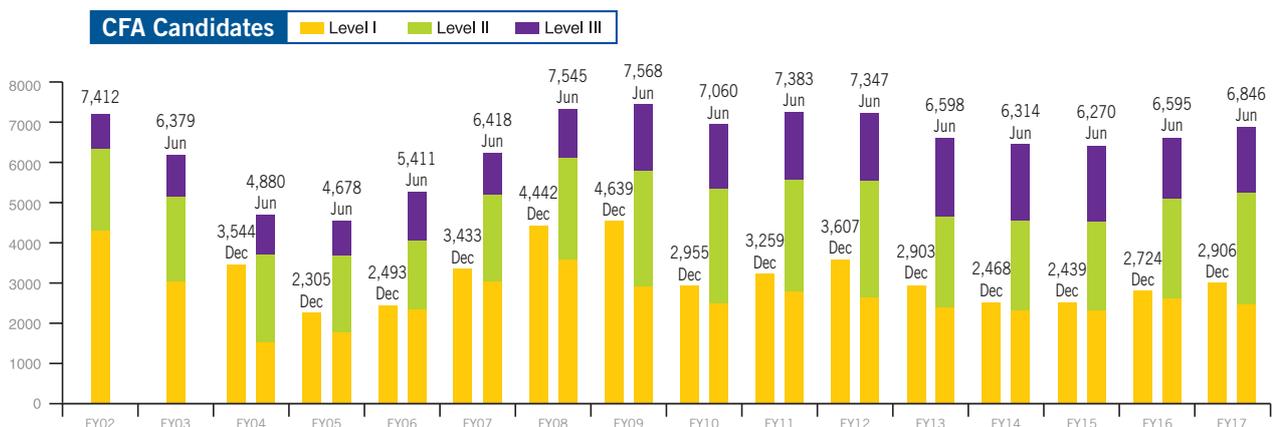
CANDIDATE EDUCATION

Enrollment to the CFA examinations increased 4.6% in fiscal 2017

The HKSFA is dedicated to providing support to the CFA candidates. During the year, our volunteers helped CFA Institute review 113 Access Scholarships applications, and 57 scholarships were awarded to candidates in Hong Kong and 1 to the candidate in Macau.

The HKSFA recruited 20 volunteers as study group leaders and assisted 53 candidates to form 6 study groups in preparation for the December 2016 examination. A total of 17 groups were formed by 143 candidates for the June 2017 examination. In addition to providing guidance to their study, one of the volunteer study group leaders, Dr. Francis Lau, delivered a talk titled “What Employers Want” on his findings from a survey about the key attributes that employers looked for and shared his advice on how to better prepare for the CFA examinations.

The Society continued to partner with the global publishing company, John Wiley & Sons (Wiley). Apart from supplying the study guides, Wiley offered Level I and Level II candidates complimentary access to a 2-hour live webinar on 25 March 2017 at the HKSFA office to go through questions that were voted most difficult by the candidates.





ANNUAL CFA® CHARTER AWARD CEREMONY 2016

On 28 October 2016, the Society welcomed new charterholders and successful CFA Level III candidates at its annual Charter Award Ceremony. This year's event was held at Hong Kong Football Club with CFA Institute's President & CEO, Mr. Paul Smith, CFA, as keynote speaker. Presenting Charters and Letters of Achievement was Mr. Bjorn Forfang, the CFA Institute's Managing Director, Relationship Management. The event drew 155 new charterholders, successful Level III candidates and guests.



SERVICE TO THE INDUSTRY AND COMMUNITY

CONSULTATION PAPER

Proposal for Revision of the Stock Option Position Limit Model

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ADVOCACY

During the year, the Advocacy Committee has commented on the following:

- Consultation Paper on the Proposed Amendments to the Securities and Futures (Professional Investor) Rules (Securities and Futures Commission)
- Proposed Extension of Profits Tax Exemption to Onshore Privately Offered Open-ended Fund Companies (Financial Services and the Treasury Bureau)
- Consultation Paper on Proposals to Enhance Asset Management Regulation and Point-of-sale Transparency (Securities and Futures Commission)
- Consultation on Proposals to Enhance the Financial Dispute Resolution Scheme (Financial Dispute Resolution Centre)
- Consultation Paper on Proposed Enhancements to the Exchange's Decision-Making and Governance Structure for Listing Regulation (Hong Kong Exchanges and Clearing Limited and Securities and Futures Commission)

The 5 consultation papers to which HKSFA responded were published by the Securities and Futures Commission (SFC), the Hong Kong Exchanges and Clearing Limited (HKEX), Financial Services and the Treasury Bureau (FSTB) and the Financial Dispute Resolution Centre (FDRC). The most significant as well as controversial consultation paper was the proposed changes introduced in the “Proposed Enhancements to the Exchange’s Decision-Making and Governance Structure for Listing Regulation” jointly published by the HKEX and the SFC. Given the importance of the issue, the Society invited a past Listing Committee member at the HKEX to join our roundtable discussion on the subject. The industry was generally against the changes; however, with better investor protection in mind, the Society was firmly in favour of the proposal and offered recommendations for improvements.



CFA Control Room / Hong Kong Economic Journal

Our long-standing radio and newspaper programme “CFA Control Room” accounted for two-thirds of our public appearances. The half-hour, Cantonese-language interview-format programme is broadcast every Saturday at 8:30am on Metro Finance Digital.

Transcript-based companion articles are published in the Hong Kong Economic Journal on the following Monday. Topic ranged from retirement planning through investment hedging to long / short strategies etc, aiming to provide investor education to the public by industry experts.

We broadened our distribution network in 2016-17 to lift HKSFA’s public profile, distributing the remainder of our content via a diverse set of channels. They included the print media, Asia Asset Management, Capital Weekly, CTgoodjobs, ET Net, Ming Pao and Oriental Daily, as well as the broadcasters, TVB J5 Channel and Radio Television Hong Kong.



FINTECH COMMITTEE

The Society held 5 FinTech events during the year, 2 of which were co-organised with the CFA Institute.

The Society and the CFA Institute co-hosted a live event in Beijing and Hong Kong via webcast in March 2017 through which CFA societies in China (Chengdu, Hangzhou, Shenzhen), Thailand and Indonesia took part. The half-day conference covered a wide range of topics including the latest regulatory development in China and Hong Kong. Apart from this notable event, the FinTech Committee also hosted themed gatherings for those who were interested in blockchain and mobile payment technologies.

Date	Topic	Speaker
12 Jul 2016	The Future of Financial Services with Blockchain and Other Things	Mr. Alex Medana
12 Jan 2017	FinTech in China	Mr. Samuel Wan
25 Mar 2017	Beijing-Hong Kong FinTech Connect Summit: FinTech and The Future of Financial Services	<p><u>Beijing Session:</u></p> <p><u>Speakers:</u> Mr. Wei Li People's Bank of China Mr. Ning Tang CreditEase Mr. Jim Kok, CFA JD Finance</p> <p><u>Panellists:</u> Mr. Yuhang Guo Dianrong.com Ms. Hui Xi Financial Information and Technology Institute (FITI)</p> <p><u>Moderator:</u> Mr. Larry Cao, CFA CFA Institute</p>



Date	Topic	Speaker
		<p><u>Hong Kong Session:</u></p> <p><u>Speakers:</u> Mr. Nick Pollard CFA Institute Ms. Bénédicte N. Nolens Securities and Futures Commission</p> <p><u>Panellists:</u> Mr. James McKeogh KPMG Mr. Janos Barberis SuperCharger Ms. Ting Li, CFA Yunfeng Financial Group Mr. David Piesse GuardTime Mr. Paul Schulte Schulte Research</p> <p><u>Moderator:</u> Mr. Franki Chung, CFA HKSA</p>
18 May 2017	Engagement with the Securities Regulator on FinTech	<p>Mr. Ron Chiong, CFA Securities and Futures Commission</p>
14 June 2017	The Winning Formula in Mobile Payment?	<p><u>Panellists:</u> Mr. Janos Barberis Fintech HK Mr. David Rosa Neat Mr. Ken Chew DBS Bank (Hong Kong) Ltd Mr. Brian Lam Hong Kong Monetary Authority</p> <p><u>Moderator:</u> Mr. Larry Cao, CFA CFA Institute</p>



HK SFA BEST RESEARCH REPORT COMPETITION 2016

In its third year running, our Best Research Report Competition (BRRC) is open to all analysts based in Hong Kong and those based elsewhere who primarily cover Hong Kong-listed companies. Equity research reports nominated by our members are judged on 6 criteria: investment summary, industry overview and competitive positioning, valuation, financial analysis, investment risks and other business-critical information.

Successful financial analysts believe in lifelong learning. By highlighting the industry's best research reports, the BRRC evaluates and recognises quality reports from fund managers' point of view. When asked what distinguished a great commentary from an average one, former judge, Dato' Cheah Cheng Hye, Value Partners Group's Chairman and Co-Investment Officer, said that comprehensive mastery of data and incisive analysis were the hallmarks of a financial analyst who had done their homework.

In the past competitions, the judging panels in the prestigious last round included members such as Mr. William Fong, CFA, Investment Director of Hong Kong China Equities at Baring Asset Management (Asia) Limited; Mr. Winson Fong, CFA, Managing Director, Hong Kong China Equities at Manulife Asset Management; and Ms. Louisa Lo, CFA, Deputy Head of Asia ex-Japan Equities at Schroder Investment Management.

Mr. Winson Fong believes that the BRRC, by virtue of its rigorous assessment standards, rewards genuinely superior analytical skills. "Many other industry awards are popularity contests where the same major firms or analysts win over and over again," he said.

Ms. Elizabeth Soon, CFA, Managing Director at PineBridge Investments, who has been a judge at a previous competition, echoed Winson's comments. "The BRRC gives smaller companies and less known analysts the chance to shine," she noted.

Congratulations to CLSA for winning the Best Research House Award and to the firm's utility analyst, Mr. Aaron Fisher, CFA, for being the champion in the Single Company Report category. The Best Sector Report award went to Mr. Raymond Liu, CFA, property analyst at Macquarie Capital Securities.

The organising committee of the BRRC would like to express gratitude towards all the nominators and judges for their unwavering support. The BRRC could not take place without their volunteer hard work and time taken out of their busy schedules.



Single Company Report category

Champion: Mr. Aaron Fischer, CFA, CLSA Limited
 First Runner-up: Ms. Asheefa Sarangi, CFA, CLSA Limited
 Second Runner-up: Mr. Robin Yuen, CFA, RHB Securities Hong Kong Limited

Other Top 10 Finalists in Single Company Report category

(in alphabetical order by last name):

Ms. Addison Dai, DBS Vickers (Hong Kong) Limited
 Mr. Wilson Ho, Macquarie Capital Securities Limited
 Ms. Angela Han Lee, China Merchants Securities (HK) Co., Limited
 Mr. Maximilian Ling, Varengold Capital
 Mr. Raymond Liu, CFA, Macquarie Capital Securities Limited
 Mr. Charles Park, Mizuho Securities Asia Limited
 Mr. Jan Van Der Schalk, CLSA Limited

Sector Report category

Champion: Mr. Raymond Liu, CFA, Macquarie Capital Securities Limited
 First Runner-up: Ms. Nicole Wong, CLSA Limited
 Second Runner-up: Mr. Walter Woo, Oriental Patron Financial Group

Other Top 10 Finalists in Sector Report category

(in alphabetical order by last name):

Ms. Tiffany Feng, Citigroup
 Mr. Aaron Fischer, CFA, CLSA Limited
 Mr. Dale Gai, Mizuho Securities Asia Limited
 Mr. Mark Kong, DBS Vickers (Hong Kong) Limited
 Mr. Marvin Lo, Mizuho Securities Asia Limited
 Mr. James Sullivan, J.P.Morgan
 Ms. Patricia Yeung, DBS Vickers (Hong Kong) Limited

First Round Judges

(in alphabetical order by first name) :

Ms. Alice Wong, CFA, J.P. Morgan Asset Management
 Mr. Charles Chui, CFA, Falcon Private Bank
 Mr. Ean Kiam Ng, CFA, VL Asset Management Limited
 Mr. Eric Kwan, CFA, Seasoned Industry Practitioner
 Mr. Felix Fong, CFA, Citychamp Watch & Jewellery Group Limited
 Mr. George Grose, CFA, Daiwa Capital Markets Hong Kong Limited
 Mr. Ho Tak Lee, CFA, Pickers Capital Management Limited
 Mr. Joe Lin, CFA, CMA, FCCA, Experienced Value Investor
 Mr. Terence Tsui, CFA, JK Capital Management Limited



HKSFA-HKEX PORTFOLIO MANAGEMENT COMPETITION 2016

Exemplifying the ability of Hong Kong financial organisations to come together for the greater benefit to the industry, 2016 saw the launch of the HKSFA-HKEX Portfolio Management Competition (PMC), which ran for four and a half months, ending 15 November 2016, and attracted 366 entrants.

The Hong Kong Exchanges and Clearing Limited (HKEX) approached HKSFA with the idea of sponsoring an investment competition for our members. Their goal was to raise market awareness of their products and services. Interactive Brokers (IB) was introduced as the provider of the trading platform that would enable the participants to trade in individual accounts under real-time trading conditions while capturing investment performance data.

Positioning the competition as a venue to identify investment talent in Hong Kong, the organisers decided to open the competition to university students of qualifying Hong Kong universities and CFA candidates, as well as HKSFA members in 2017. The contest committee produced a robust set of contest rules while outside contractors were hired to build a competition registration website.

HKEX's generous offer of a HK\$80,000 prize pool prompted HKSFA to raise the stakes and base the assessment of the participants' portfolio management skills on real-world criteria rather than purely on investment returns.

HKSFA recruited members with manager selection experience to assess finalists on the real-world criteria.

HKSFA's Investment Performance and Risk (IP&R) Committee mobilised to provide performance analytics since mid-October. Despite the delay in provision of performance reports, the Committee was able to obtain results that were analytically sound.

The participants were judged on qualitative criteria drawn from the CFA programme's Body of Knowledge and actual industry practice, such as quality of the investment process and adherence to investment policy statement, as well as quantitative criteria, such as the Sharpe Ratio.

Winners, who were selected from among five finalists, were announced and received their prizes at the HKSFA's 2016 Annual Forecast cum Annual Dinner on 25 November 2016.

The success of the first Portfolio Management Competition prompted HKEX to sponsor the competition's prize pool for the second year. The international accounting firm EY joined as Performance Analytics Sponsor and generously added two paid internship positions to the prize pool. The competition's expanded six-month run kicked off with an HKEX-sponsored launch party at the HKEX's auditorium on 23 March 2017. The second event was held at EY on 22 June 2017, featuring presentations from industry practitioners. Judging is due to be completed in November with results to be announced during the HKSFA's Award Ceremony on 5 December 2017.



HONG KONG LOCAL FINAL OF CFA INSTITUTE RESEARCH CHALLENGE 2016-17

The CFA Institute Research Challenge is a global competition among college teams. 11 teams from Hong Kong universities competed in the local final round in 2017. Each team played the role of investment research analysts, meeting the management of a listed corporation, conducting in-depth research and analysis, writing reports, and finally presenting their analysis and the investment recommendations. The Hong Kong Baptist University won the local final and represented Hong Kong at the Asia Pacific Regional Final in Bangkok in March 2017.

The HKSFA extends its sincere appreciation to the listed company, Nine Dragons Paper (Holdings) Limited, for its support, and especially to Mr. Benjamin Ng, Deputy General Manager and Assistant to Chairlady, for spending precious time meeting students, answering their questions and attending their final presentation. We are also extremely grateful to the volunteer mentors, first round report graders and panel judges, including Ms. Samantha Ho, CFA, Mr. Philip Mok, and Mr. Claudius Tsang, CFA, for their time and effort, which has made the Research Challenge possible.

The HKSFA has made several changes to the event this year. First, instead of different companies being analysed by each team, all local teams analysed the same listed company. Second, only 5 teams advanced to the presentation round based on their reports' scores, comparing with previous practice of having all teams presented. Third, the local final panel presentation took place in February instead of November. On the day of the local final presentation and the award ceremony, the HKSFA hosted a career advice panel before announcing the final result. The HKSFA was honoured to have Mr. George Grose, CFA, Director of Daiwa Capital Markets Hong Kong and Ms. Sophia Zhang, Research Analyst at Allianz Global Investors as the panellists.



MPF Seminar and IEC Money Month



Dr. Jimmy Jim, CFA, HKSFA Advisory Board member spoke at the MPF Investment Seminar on 12 March 2017. Seven HKSFA members volunteered that day to provide on-site assistance to individual MPF scheme members and reviewed their MPF investment and relevant statements. (4th from the left, Ms. Ashley Khoo, President, HKSFA and 3rd from the right, Mr. Franki Chung, Director, HKSFA)



As the supporting organisation of "Money Month", Hong Kong's first territory-wide financial education campaign initiated by Investor Education Centre (18 Feb – 18 Mar 2017), HKSFA helped spread the updates of the chains of activities to our members and management demonstrated the support to its launch ceremony.



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.

Training, workshops, gathering local feedback

The IP&R Committee organised a series of seminars and workshops on investment performance measurement, attribution analysis, risk management and reporting. A total of 40.5 CPT hours of activities were arranged during FY2017, benefiting 176 attendees.

The highlights of our events include the following:



- In April 2017, the Committee organised the “Quant Portfolio & Risk Management Intensive Course”, intended to help market practitioners improve their skills and advance their career in a quant hedge fund or a bank. Through this intensive, heavily quantitative, 1-day course, with 8 hours of lectures and practice sessions, market practitioners were able to discuss in-depth topics that covered risk prediction, search for alpha, dynamic portfolio construction, back-testing, liquidity and linear factor models.
- In May 2017, the IP&R Committee arranged a luncheon event titled “Restoring Investors Trust: What investors want and how investment managers can better position themselves”. It also conducted a seminar titled “Impact of the GIPS Standards on performance reporting and investor confidence”. During these 2 events, market practitioners were able to share their views and to discuss the best investment performance reporting practices.
- The Committee sponsored an introductory training programme on investment analytics and data visualization, using the open source programming language and software environment *R*. During the 2-day session in early January 2017, participants learned how to apply *R* to portfolio analytics and data investment analysis using the imported data, and how to create captivating visuals and compelling market risk dashboards.
- After the introductory training in programming in *R*, the Committee sponsored 5 half-day training modules on “Intermediate Investment Analytics and Data Visualisation with *R*”, which were conducted in May and June 2017. The intermediate training programme built on the knowledge acquired in the introductory programme, focusing on advanced data mining techniques required for portfolio and risk management of large portfolios. The topics included derivatives pricing and simulation, portfolio back-testing, machine learning and creating portfolio risk dashboards with automated month-end reports.

Active involvement in the new HKSFA-HKEX Portfolio Management Competition

The IP&R Committee provided investment performance measurement support during the first HKSFA-HKEX Portfolio Management Competition. 2 rounds of interim result announcements were released on 24 October 2016 and 9 November 2016. On 18 November 2016, the HKSFA invited the top 5 contestants for an interview. The winners were announced at the Annual Forecast cum Annual Dinner on 25 November 2016. Their names and rankings were published on 9 December 2016. The IP&R Committee members' expertise in investment performance analytics was highly appreciated throughout the competition.

Global influence

The Committee continued to provide a discussion platform that allows local and regional market practitioners to channel their views about investment performance and risk-related matters to relevant stakeholders, including regulatory agencies and standards setters. Our IP&R Committee members were elected / nominated to serve in the following roles:

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

Going forward, the IP&R Committee plans to strengthen its engagement with industry investment performance and risk practitioners on relevant issues through face-to-face roundtable discussions, seminars and conferences.



SPECIAL INTEREST GROUP - VALUE INVESTING

The Value Investing Group organised 3 evening gatherings this year covering special topics such as sport properties and we have received very positive feedback from our members. The Group will continue to invite well-known industry practitioners to share their experiences with our members going forward.

Date	Topic	Speaker
12 Aug 2016	A Chat with Tony Law (Blog name: Paris)	Mr. Tony Law (Blog name: Paris) Entrepreneur
29 Sep 2016	Catch Me If You Can	Mr. Benjamin Koh Lighthouse Advisors Private Limited
2 Mar 2017	Investing in Sport Properties and its implications (or the lack of which) to stock investments	Mr. Alvin Ho, CFA, CPA, EMBA, MSc Allivision

TRAILWALKER

The HKSFA fielded four teams to take part in the Hong Kong Oxfam Trailwalker charity hike in FY2017. One of the four HKSFA Trailwalker teams has won the Outstanding Fundraiser Award of Oxfam Trailwalker 2016. Participants faced the challenge of completing the grueling 100km MacLehose Trail within a 48-hour limit over the weekend of the 18-20 November 2016. Our teams raised approximately HK\$205,700 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.



University Relations

Led by Dr. Yin Toa Lee, CFA, the University Relations Committee was able to recruit new HKSFA volunteers from the major universities in Hong Kong, to form a fully functional committee responsible for university outreach, career coaching and student mentoring needs of our university stakeholders.

As the Hong Kong local society sponsor, HKSFA introduced the Asia-Pacific Research Exchange (ARX) to Hong Kong industry practitioners and educators, including CIOs of listed funds, family offices and other finance professionals. ARX provides HKSFA members the platform to share their thought leadership based on their interests and career background. The interactive platform includes useful commentary and the iterative process allows HKSFA members to put their real-world experience into research. Using the ARX platform, our HKSFA members can come up, on a timely basis, with high quality empirical research, which benefits Hong Kong as a financial centre. This is important for government policy decision-making in emerging areas such as FinTech, green bonds, Environmental, Social and Governance (ESG) etc.

Technology-Social Media, Website Enhancement and Automation

In response to the changing demographics of our membership base and the digital trend among the practitioners in financial services industry, the HKSFA has increasingly engaged with our members via social media. The society is also enhancing its website and office automation processes.

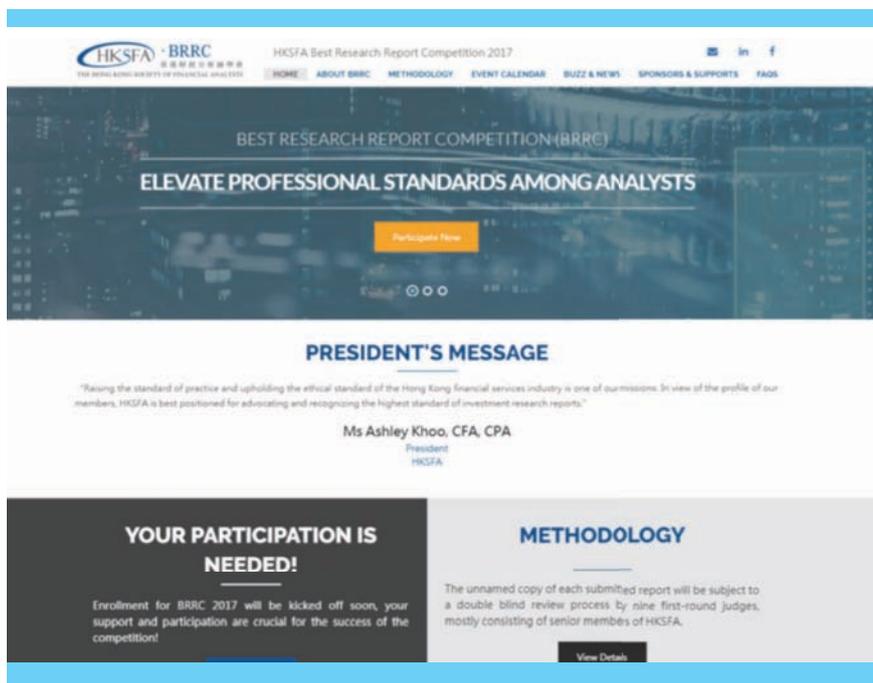


One of the examples for the utilisation of social media in engaging our members and stakeholders was in the Ring-the-Gong Market Opening Ceremony. Many of our participants of the 25th Anniversary event shared photos at our LinkedIn and Facebook Pages.

With increasing effort in engaging our members via social media, the statistics showed that social media brought more online users to HKSFA website. In FY2017, 3.5% of total HKSFA website users came from social media, compared to 0.9% in FY2016.

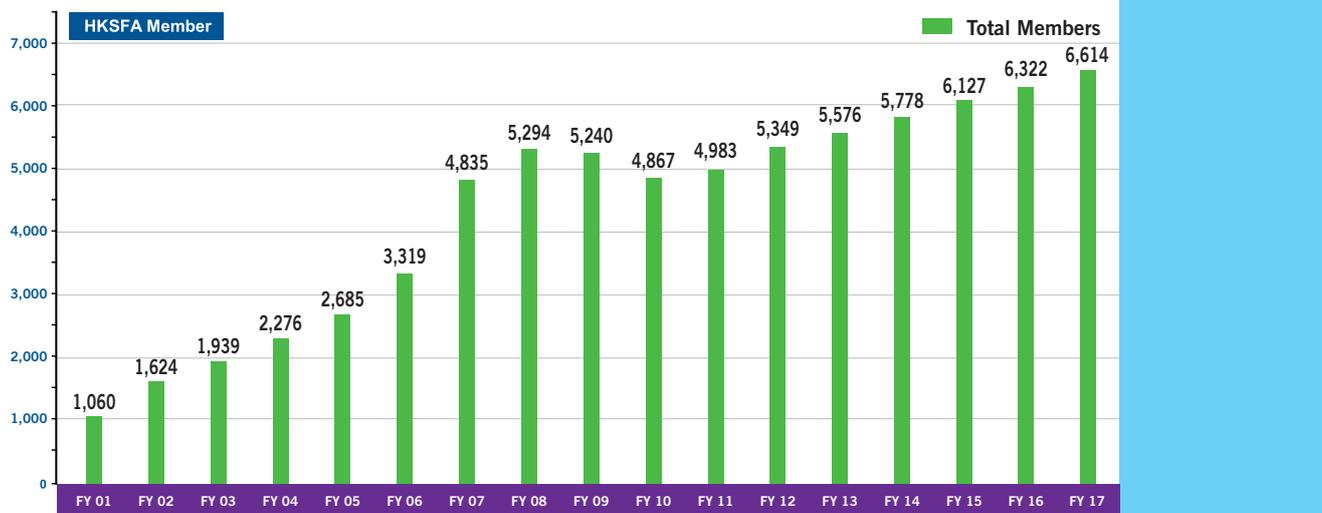


Source: Google Analytics
 *FY16 figures were as of 1st April 2016 since the adoption of Google Analytics in HKSFA website.



For website enhancement and automation, we have broken the project down into phrases. The first phrase has been launched at the Best Research Report Competition mini-site (www.hksfa.org/brrc/). The responsive design makes the website more mobile-friendly. Our members can surf the website anytime anywhere with ease.

SOCIETY AFFAIRS



All the figures are the total number of members based as of the end of June every year.

MEMBERSHIP

Our membership grew by 4.6% in FY2017. As of 30 June 2017, it reached a record high of 6,614.

In the past 25 years, the number of our members demonstrated stable growth with an exception of the period between 2007 and 2009, due to the opening of CFA Institute’s China Representative Offices in 2008. Members located on the Mainland were encouraged to join their local representative offices.

The total number of HKSFA members, 6,614 at the end of June 2017, was a record high with a YOY growth of 4.6%, although the number of our members from Mainland China has dropped by 8.2% to 213 from 232. In our membership’s geographical distribution, Hong Kong’s share increased slightly to 93.3% from 92.7% while the Mainland’s dropped to 3.2% from 3.7%. The share of members from Taiwan and other regions remained approximately the same at 0.7% and 2.8%, respectively.

Top Ten Member Societies of CFA Institute as at 30 Jun 2017:

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

The key drivers of the membership growth were new applicants and reinstated members. The high renewal rate also contributed to the steady growth, reflecting our effort to create value for our members.

In the coming years, the HKSFA will continue to drive its membership growth in the following ways:

- Delivering high quality member services by organising diverse activities and events, as well as enhancing digital experience of our members and CFA candidates in Hong Kong;
- Making the HKSFA a trusted conduit and platform for our members to interact with other professional and regulatory bodies; and
- Increasing the Society’s public profile via advocacy and outreach efforts.

The HKSFA has retained its ranking as the worlds 4th largest CFA member society and the largest in the Asia Pacific region.

Source: CFA Institute

HKSFA Scorecard (FY2017)

Programmes	No. of Events	No. of Participants
Luncheon	16	700
Half-day Seminar	6	392
Workshop	18	158
FinTech Committee and Special Interest Group Event	9	415
Career Talk / Conference	1	95
Social Function	3	89
Happy Hour Gathering	12	434
Annual Forecast cum Annual Dinner 2016	1	162
Charter Award Ceremony 2016	1	146
HKSFA Best Research Report Competition 2016	1	43
HKSFA-HKEX Portfolio Management Competition 2016	1	239
Investor Education Seminar 2016	1	270
Consultation Paper Response	5	--
Media Interview	24	22
Research Challenge 2016-17	1	93
University Talk	0	0
Charity Event (Trailwalker)	1	16 (4 teams)

Board Meeting Attendance

From Jul 2016 to Jun 2017, the Board meets on the first Monday of every other month.

Board of Directors and Managing Director	Attended	Called in
Ashley KHOO	6	0
Jospeh CHAN Resigned on 31 Jul 2017	2	3
Calvin CHEUNG Appointed on 18 Apr 2017	1	0
Franki CHUNG	4	0
Jimmy JIM Retired on 9 Jan 2017	3	0
Alex LAI Retired on 9 Jan 2017	1	0
Ho Tak LEE	4	0
Yin Toa LEE	6	0
Jenny LOR	5	1
Karl LUNG	3	0
Derek MOK	4	0
Vincent NG	4	1
Claudius TSANG	5	0
Frederick TSANG	6	0
Jacky TSANG Retired on 9 Jan 2017	3	0
Terence TSUI Appointed on 29 May 2017	0	0
Joshua VAN LIN Resigned on 5 Oct 2016	2	0
Tony WATSON	6	0
Cedric WONG Resigned on 30 Apr 2017	4	0
Ernest WONG	4	0
Felicia WONG Appointed on 5 May 2017	1	0



CORPORATE GOVERNANCE

The Hong Kong Society of Financial Analysts is a non-profit organisation, run for the benefit of its members. While affiliated with the CFA Institute, the Society 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 2 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 60 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 2-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 other month. Each director is required to report on his or her area of responsibility. Any decision involving a commitment by the Society requires a majority vote of the Board for it to be executed.

The finances of the Society are the responsibility of the Treasurer, who performs monthly review and reports on the Society’s P&L and Balance Sheet to the Board at the Board Meetings. Cheques drawn on the Society’s account require the signature of 2 authorised signatories (HKSFSA directors, Managing Director or senior staff), and all expenses of over HK\$50,000 require the approval of the Board.

MEMBERS OF THE ADVISORY BOARD / COMMITTEES

Advisory Board					
Mr. Kevin K.C. Chan	Mr. Water C.W. Cheung	Dr. Jimmy W.K. Jim	Mr. George W. Long	Mr. David Lui	Mr. James A. Soutar
Career Development Committee					
Dr. Yin Toa Lee (Chair)	Mr. Vincent Ng (Chair)	Ms. Ashley P.W. Khoo	Mr. Tony Watson	Ms. Felicia C. W. Wong	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. Fiona Wong	Ms. Florence Wong	Mr. Ignacio Wong	Ms. Louisa O.C. Wong
Mr. Kelvin Yeung					
Continuing Education Committee					
Dr. Lee Ho Tak (Chair)	Ms. Ashley P.W. Khoo	Dr. Yin Toa Lee	Ms. Jenny C.Y. Lor	Ms. Felicia C. W. Wong	Mr. Calvin K.W. Cheung
Mr. C.Y. Andy Chan	Ms. May K.S. Chan	Mr. Henry H. Chow	Mr. Cheng Yuan Fu	Dr. Jin Gao	Mr. Victor P.K. Leung
Mr. Kenny J.T. Li	Mr. Jack Y.K. Lo	Dr. Allen C.C. Ng	Ms. Alice Y.L. Wong	Mr. Cedric H.K. Wong	Mr. Samuel L.H. Wong
Mr. Jack C.K. Yau	Mr. Howard H.Y. Zhu				
FinTech					
Mr. Frederick S.C. Tsang (Chair)	Mr. Henri Arslanian (Chair)	Mr. Franki K.F. Chung	Ms. Ashley P.W. Khoo	Mr. Derek W.M. Mok	Mr. Tony Watson
Mr. Ernest Wong	Mr. Calvin K.W. Cheung	Mr. Kevin T.K. Kwan	Mr. Cedric H.K. Wong	Mr. Fred W. Wong	Mr. Jason Zeall
Member Services Committee					
Mr. Ernest Y.K. Wong (Chair)	Mr. Kennex Y.T. Tsai (Chair)	Mr. Francis C.H. Chan	Ms. May K.S. Chan	Ms. Lisa L.S. Cheong	Ms. Vanilla S.Y. Dong
Mr. Albert K.T. Lai	Mr. Alex C.H. 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
Candidate Education					
Mr. Frederick S.C. Tsang (Chair)	Mr. Tony Watson	Mr. Calvin K.W. Cheung			
Scholarships					
Mr. Franki K.F. Chung (Chair)	Mr. Calvin K.W. Cheung (Chair)	Mr. Frederick S.C. Tsang	Dr. Jin Gao	Mr. Pankaj Soni	
Advocacy					
Mr. Frederick S.C. Tsang (Chair)	Mr. Claudius Tsang (Chair)	Ms. Ashley P.W. Khoo	Dr. Yin Toa Lee	Mr. Karl H.K. Lung	Mr. Derek W.M. Mok
Mr. Terence Tsui	Mr. Calvin K.W. Cheung	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 K. W. Chui	Miss Maggie Y. C. Fong
Mr. Aziz Z. Hussain	Mr. Kevin T. K. Kwan	Ms. Ellen Lee	Mr. Ho Tak Lee	Dr. Alfred K.C. Ma	Ms. Debbie W.M. Man
Mr. John J.C. Teng	Mr. Hannes J. Y. Valtonen	Miss Ellen Wong	Mr. Tang Chun Wong	Mr. Senan S.L. Yuen	Mr. Jielun Zhu
Best Research Report Competition					
Mr. Franki K.F. Chung (Chair)	Ms. Alice Wong (Chair)	Ms. Ashley P.W. Khoo	Mr. Frederick S.C. Tsang	Mr. Tony Watson	Mr. Calvin K.W. Cheung
Industry Relations					
Ms. Ashley P.W. Khoo (Chair)	Mr. Franki K.F. Chung	Ms. Jenny C.Y. Lor	Mr. Vincent Ng	Mr. Claudius Tsang	Mr. Frederick S.C. Tsang
Investment Performance & Risk Committee					
Ms. Jenny C.Y. Lor (Chair)	Mr. Karl H.K. Lung	Mr. Frederick S.C. Tsang	Mr. Calvin K.W. Cheung	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		
Investor Education Seminar					
Mr. Ho Tak Lee (Chair)	Mr. Franki K.F. Chung	Mr. Karl H.K. Lung	Mr. Derek W.M. Mok	Mr. Frederick S.C. Tsang	Mr. Calvin K.W. Cheung
Portfolio Management Competition					
Mr. Tony Watson (Chair)	Mr. Derek W.M. Mok (Chair)	Ms. Ashley P.W. Khoo	Mr. Ho Tak Lee	Ms. Jenny C.Y. Lor	Mr. Calvin K.W. Cheung
Research Challenge					
Mr. Derek W.M. Mok (Chair)	Mr. Franki K.F. Chung (Chair)	Ms. Ashley P.W. Khoo	Mr. Claudius Tsang	Mr. Calvin K.W. Cheung	Mr. Terence H.W. Chan
Mr. Justin C.H. Kwong					
University Relations					
Dr. Yin Toa Lee (Chair)	Mr. Franki K.F. Chung	Ms. Jenny C.Y. Lor	Mr. Karl H.K. Lung	Mr. Ernest Y.K. Wong	Ms. Felicia C. W. Wong
Mr. Calvin K.W. Cheung	Mr. Ron S.L. Chiong	Dr. Alfred K.C. Ma	Mr. Francis C.K. Lau	Mr. Jason H.F. Luk	Mr. Zeng Wang
Mr. Raymond Tsang	Mr. Henry Yeung	Mr. Kelvin Y.M. Yeung			
Corporate Training					
Mr. Calvin K.W. Cheung (Chair)	Ms. Ashley P.W. Khoo	Dr. Yin Toa Lee	Ms. Jenny C.Y. Lor	Mr. Frederick S.C. Tsang	Mr. Tony Watson
Investment					
Mr. Tony Watson (Chair)	Ms. Ashley P.W. Khoo	Dr. Lee Yin Toa	Ms. Jenny C.Y. Lor	Mr. Karl H.K. Lung	Mr. Claudius Tsang
Mr. Frederick S.C. Tsang	Mr. Calvin K.W. Cheung				
Membership Committee					
Mr. Richard K.C. Mak (Chair)	Ms. Ashley P.W. Khoo	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. Karl H.K. Lung	Mr. Richard K.C. Mak	Mr. Claudius Tsang	Mr. Tony Watson
Mr. Calvin K.W. Cheung					
Signature Events Steering Committee					
Mr. Tony Watson (Chair)	Mr. Vincent W.C. Ng (Chair)	Ms. Ashley P.W. Khoo	Mr. Derek W.M. Mok	Ms. Jenny C.Y. Lor	Mr. Frederick S.C. Tsang
Mr. Ernest Y.K. Wong	Mr. Calvin K.W. Cheung				
Sponsorship					
Ms. Ashley P.W. Khoo (Chair)	Mr. Calvin K.W. Cheung (Chair)	Dr. Yin Toa Lee	Mr. Vincent Ng	Mr. Tony Watson	Mr. Ernest Y.K. Wong
Technology					
Mr. Frederick S.C. Tsang (Chair)	Mr. Franki K.F. Chung (Chair)	Ms. Ashley P.W. Khoo	Mr. Karl H.K. Lung	Mr. Derek W.M. Mok	Mr. Tony Watson
Mr. Calvin K.W. Cheung					
Volunteer Management					
Mr. Frederick S.C. Tsang (Chair)	Ms. Ashley P.W. Khoo (Chair)	Dr. 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
President



Tony WATSON, CFA
Vice-President



Yin Toa LEE, CFA
Treasurer



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



Ho Tak LEE, CFA



Jenny C.Y. LOR, CIPM



Karl H.K. LUNG, CFA



Richard K. C. MAK, CFA



Vincent NG, CFA



Claudius TSANG, CFA



Frederick S.C. TSANG, CFA



Ernest Y.K. WONG, CFA



Terence C.W. TSUI, CFA



Felicia C.W. WONG, CFA



Calvin K.W. CHEUNG
Managing Director

FINANCIAL HIGHLIGHTS

FINANCE

In FY2017, the Society's total comprehensive income increased by 436% compared to the previous year, to HK\$1,403,805. The income consists of HK\$519,467 surplus and HK\$884,338 increase of fair value in available-for-sale financial assets due to the better performing Hong Kong market.

The Investment Committee formalised the Society's investment policy statement in FY2017 limiting equities to no more than 40% and fixed income to no more than 80% of the portfolio. It also set up strict diversification and liquidity requirements within those allocations. In addition to the capital appreciation of the available-for-sale assets, the Society received HK\$320,141 in dividends and interest from investments and deposits in FY2017. Membership fees and CFA Institutional funding increased by 5% and 2% to HK\$5,257,350 and HK\$2,121,295 respectively, reflecting steady growth of our membership. The surplus increase was offset by a 9% increase in administrative and operating expenses of HK\$7,639,942 which funded the expansion of the Society's human resources and IT infrastructure to serve our member's growing needs, including hiring of a new managing director.

Our FY2017 ending cash balance and members' equity balance increased by 34% and 9% to HK\$4,640,305 and HK\$16,294,066 respectively. The increase will allow the Society to have the necessary capital resources to prepare for its 25th anniversary celebrations in FY2018. They will include the "Ring the Gong" Market Opening Ceremony at the Hong Kong Stock Exchange which generates high profile publicity. To serve broader needs of our members, we have launched new initiatives. They include the Environmental, Social and Governance (ESG) working group, the 2nd annual career development conference focused on FinTech opportunities, as well as the Asia Pacific Research Exchange (ARX). These new initiatives add to our recurring flagship events such as the HKSFA-HKEX Portfolio Management Competition, CFA Institute Research Challenge and BRRC. We have also made improvements in candidate, corporate and continuing education.

FIVE-YEAR SUMMARY

	2017	2016	2015	2014	2013
No. of Members	6,614	6,322	6,127	5,778	5,576
No. of Continuing Education Programmes	40	48	36	31	34
No. of Member Services Programmes *	29	38	27	18	11
Income	HK\$	HK\$	HK\$	HK\$	HK\$
Membership Fees	5,257,350	5,017,520	4,891,440	3,719,014	3,606,580
Surplus from Education & Programmes	449,195	420,031	338,874	305,803	254,178
Interest Income	320,141	219,706	297,805	337,365	149,184
Other Revenue	2,132,721	2,085,212	1,001,554	996,059	988,752
	8,159,407	7,742,469	6,529,673	5,358,241	4,998,694
Expenditure					
Administrative Expenses	5,923,912	5,536,900	4,716,297	4,246,731	3,717,171
Other Operating Expenses	1,716,028	1,474,790	892,666	734,058	821,786
	7,639,940	7,011,690	5,608,963	4,980,789	4,538,957
SURPLUS FOR THE YEAR	519,467	730,779	920,710	377,452	459,737
ASSETS					
Total of Non-Current Assets	10,065,163	7,528,796	6,360,239	9,694,840	8,901,600
Total of Current Assets	7,768,525	8,587,795	10,222,539	4,706,682	4,956,240
Total of Current Liabilities	1,539,622	1,226,330	1,274,874	861,622	1,061,392
Total of Net Current Assets	6,228,903	7,361,465	8,947,665	3,845,060	3,894,848
Total of Net Assets	16,294,066	14,890,261	15,307,904	13,539,900	12,796,448
Total of Members' General Funds	16,294,066	14,890,261	15,307,904	13,539,900	12,796,448

* 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 June 2017.

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 June 2017 and the financial position of the Society at that date are set out in the financial statements on pages 41 to 58.

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	
Vice-president	Derek Wai Man MOK, CFA Joseph Ho Lim CHAN, CFA Peter Anthony WATSON, CFA	(resigned on 31 July 2017)
Secretary	Franki Ka Fai CHUNG, CFA	
Treasurer	Jacky Kwok Yuk TSANG, CFA Yin Toa LEE, CFA	(retired on 9 January 2017)
Members	Alex Chun Hung LAI, CFA Claudius Sze Wai TSANG, CFA Ernest Yiu Kit WONG, CFA Felicia Chuen Wai WONG, CFA Frederick Sui Cheong TSANG, CFA Ho Tak LEE, CFA Jenny Ching Yi LOR, CIPM Jimmy Wai Kee JIM, CFA Karl Hak Kau LUNG, CFA Richard Kan Chong MAK, CFA Terence Ching Wan TSUI, CFA Vincent Wing Chung NG, CFA	(retired on 9 January 2017) (appointed on 5 May 2017) (retired on 9 January 2017) (appointed on 18 September 2017) (appointed on 29 May 2017)

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, Ms. Ashley Pui Wun KHOO, Mr. Franki Ka Fai CHUNG, Dr. Yin Toa LEE, Mr. Ernest Yiu Kit WONG, Mr. Karl Hak Kau LUNG and Mr. Frederick Sui Cheong TSANG shall retire from office at the forthcoming annual general meeting of the Society. Except Mr. Karl Hak Kau LUNG and Mr. Frederick Sui Cheong TSANG, the other retiring directors, being eligible, offer themselves for re-election.

In accordance with article 78, Ms. Felicia Chuen Wai WONG, Mr. Terence Ching Wan TSUI and Mr. Richard Kan Chong MAK 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.

BUSINESS REVIEW

No business review is presented for the year as the Society has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance since it falls within the reporting exemption.

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
President
Hong Kong, 6 November 2017

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)

Opinion

We have audited the financial statements of The Hong Kong Society of Financial Analysts Limited (the "Society") set out on pages 41 to 58, which comprise the statement of financial position as at 30 June 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Society as at 30 June 2017, and of the financial performance and cash flows of the Society for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises all the information included in the directors' report set out on pages 37 and 38, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chan, Li, Law CPA Limited
Certified Public Accountants (Practising)
Hong Kong, 6 November 2017

Li King Man
Practising Certificate No.: P05777

The notes on pages 45 to 58 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

(Expressed in Hong Kong dollars)

	Note	2017 HK\$	2016 HK\$
INCOME			
Membership fees	3	5,257,350	5,017,520
Surplus from candidate education	4	158,548	111,044
Surplus from continuing education	5	290,647	308,987
Other revenue	6	2,452,862	2,304,918
		8,159,407	7,742,469
Administrative expenses	9	(5,923,912)	(5,536,900)
Other operating expenses	11	(1,716,028)	(1,474,790)
		519,467	730,779
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Fair value changes on available-for-sale financial assets		884,338	(1,148,422)
		1,403,805	(417,643)
		=====	=====

The notes on pages 45 to 58 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

(Expressed in Hong Kong dollars)

	Note	2017 HK\$	2016 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	18	370,801	736,067
Held-to-maturity financial assets	16	4,891,965	2,874,670
Available-for-sale financial assets	17	4,802,397	3,918,059
		<u>10,065,163</u>	<u>7,528,796</u>
Current assets			
Accounts and other receivables		198,360	206,096
Deposits and prepayments		729,860	471,864
Fixed deposits		2,200,000	4,450,000
Cash and bank balances		4,640,305	3,459,835
		<u>7,768,525</u>	<u>8,587,795</u>
Current liabilities			
Accounts payable and accruals		285,812	160,660
Receipts in advance		1,253,810	1,065,670
		<u>1,539,622</u>	<u>1,226,330</u>
Net current assets		<u>6,228,903</u>	<u>7,361,465</u>
NET ASSETS		<u>16,294,066</u>	<u>14,890,261</u>
MEMBERS' EQUITY			
Members' general funds		14,593,081	14,073,614
Investment revaluation reserve		1,700,985	816,647
		<u>16,294,066</u>	<u>14,890,261</u>



Ashley Pui Wun KHOO, CFA
President



Yin Toa LEE, CFA
Treasurer

The notes on pages 45 to 58 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 JUNE 2017

(Expressed in Hong Kong dollars)

	Members' general funds HK\$	Investment revaluation reserve HK\$	Total HK\$
Balance at 1 July 2015	13,342,835	1,965,069	15,307,904
Total comprehensive income for the year	730,779	(1,148,422)	(417,643)
Balance at 30 June 2016	14,073,614	816,647	14,890,261
Total comprehensive income for the year	519,467	884,338	1,403,805
Balance at 30 June 2017	14,593,081	1,700,985	16,294,066

The notes on pages 45 to 58 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

(Expressed in Hong Kong dollars)

	Note	2017 HK\$	2016 HK\$
Cash flows from operating activities			
Surplus for the year		519,467	730,779
Adjustments for :-			
Investment income	7	(296,758)	(194,336)
Interest income	8	(23,383)	(38,090)
Depreciation	18	374,234	379,438
Loss on redemption of listed debt securities	7	-	12,720
Impairment loss on held-to-maturity financial assets		122,928	-
Operating surplus before changes in working capital		696,488	890,511
Decrease/(increase) in accounts and other receivables		7,736	(58,448)
(Increase)/decrease in deposits and prepayments		(257,996)	20,595
Increase/(decrease) in accounts payable and accruals		125,152	(6,614)
Increase/(decrease) in receipts in advance		188,140	(41,930)
Net cash generated from operating activities		759,520	804,114
Cash flows from investing activities			
Acquisition of property, plant and equipment	18	(8,968)	(1,094,467)
Acquisition of held-to-maturity financial assets		(2,140,223)	(2,094,670)
Proceeds from redemption of financial assets at fair value through profit or loss		-	480,000
Decrease/(increase) in time deposit with deposit term over three months		2,250,000	(1,450,000)
Investment income	7	296,758	194,336
Bank interest received	8	23,383	38,090
Net cash generated from/(used in) investing activities		420,950	(3,926,711)
Increase/(decrease) in cash and cash equivalents		1,180,470	(3,122,597)
Cash and cash equivalents at the beginning of the year		3,459,835	6,582,432
Cash and cash equivalents at the end of the year		4,640,305	3,459,835
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		4,640,305	3,459,835

The notes on pages 45 to 58 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

(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 HKSFA (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 June 2017 was 6,614 (2016 : 6,322).

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, except for available for sale financial assets measured at fair value through other comprehensive income.

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 :-

	2017 HK\$	2016 HK\$
Members' annual fee income	4,990,350	4,784,520
New members' joining fee income	313,500	285,000
Uncollected fees recovered	8,000	1,500
Less : Uncollected fees	(54,500)	(53,500)
	<u>5,257,350</u> =====	<u>5,017,520</u> =====

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.

	2017 HK\$	2016 HK\$
Sales of study materials and programme income	163,198	194,150
Less : Cost of study materials and programme expenses	(4,650)	(83,106)
	<u>158,548</u> =====	<u>111,044</u> =====

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.

	2017 HK\$	2016 HK\$
Programme income	597,227	807,603
Less : Programme expenses	(306,080)	(498,486)
Recovery of uncollected fees	-	100
Uncollected fees	(500)	(230)
	<u>290,647</u>	<u>308,987</u>
	=====	=====

6. OTHER REVENUE

	2017 HK\$	2016 HK\$
Investment income, net (note 7)	296,758	181,616
Interest income from bank deposit (note 8)	23,383	38,090
Sundry income	506	12
CFA Institute Society Operational Funding subvention	1,962,285	1,894,620
CFA Institute Project Funding subvention	159,010	190,580
Corporate Training subvention	10,920	-
	<u>2,452,862</u>	<u>2,304,918</u>
	=====	=====

7. INVESTMENT INCOME, NET

	2017 HK\$	2016 HK\$
Interest received from listed debt securities	-	12,514
Loss on redemption of listed debt securities	-	(12,720)
Interest received from unlisted debt securities	160,954	43,290
Dividend received from listed equity securities	135,804	138,532
	<u>296,758</u>	<u>181,616</u>
	=====	=====

8. INTEREST INCOME FROM BANK DEPOSIT

	2017 HK\$	2016 HK\$
Bank interest income	273	430
Interest received from fixed deposits	23,110	37,660
	<u>23,383</u>	<u>38,090</u>
	=====	=====

9. ADMINISTRATIVE EXPENSES

	2017 HK\$	2016 HK\$
Depreciation	374,234	379,438
Electricity	15,607	19,182
Personnel costs (note 10)	3,854,358	3,403,219
Rent, rates and building management fee	1,570,213	1,648,620
Telephone and internet	109,500	86,441
	-----	-----
	5,923,912	5,536,900
	=====	=====

10. PERSONNEL COSTS

	2017 HK\$	2016 HK\$
Salaries	3,719,987	3,273,535
Mandatory provident fund contributions	114,872	113,193
Staff welfare and allowances	19,499	16,491
	-----	-----
	3,854,358	3,403,219
	=====	=====

11. OTHER OPERATING EXPENSES

	2017 HK\$	2016 HK\$
Advertising and promotion for public awareness	350,133	247,293
Audit fee	30,000	28,000
Bank charges	11,269	10,122
Business registration fee	750	2,896
Best report research competition	187,937	333,343
Deficit from social functions (note 12)	140,186	188,806
Deficit from investment research challenge (note 13)	34,665	48,598
Exchange loss	25,494	58,570
Impairment loss on held-to-maturity financial assets	122,928	-
Insurance	35,311	28,263
Professional fees	296,035	41,915
Local travelling	1,077	622
Meeting expenses	54,031	54,425
Membership expenses	2,847	-
Commission for online receipt	43,291	51,153
Old office reinstatement	-	62,000
Office moving expenses	-	56,443
Overseas travelling	12,279	17,271
Office cleaning	96,507	35,538
Postages, printing and stationery	128,038	113,668
Provision for office reinstatement	60,000	30,000
Repairs and maintenance	5,348	23,200
Stamp duty	-	3,033
Sundry expenses	5,095	13,631
Warehouse moving expenses	857	-
Website upgrade	71,950	26,000
	-----	-----
	1,716,028	1,474,790
	=====	=====

12. 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.

	2017 HK\$	2016 HK\$
Function income	228,355	291,425
Less : Function expenses	(368,361)	(479,481)
Uncollected fees	(180)	(750)
	<u>(140,186)</u>	<u>(188,806)</u>
	=====	=====

13. 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.

	2017 HK\$	2016 HK\$
Competition income	-	79,850
Less : Competition expenses	(34,665)	(128,448)
	<u>(34,665)</u>	<u>(48,598)</u>
	=====	=====

14. 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.

15. 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.

16. HELD-TO-MATURITY FINANCIAL ASSETS

	2017 HK\$	2016 HK\$
Unlisted debt securities, at amortised cost	4,891,965	2,874,670
	=====	=====
Market value	4,947,657	2,936,710
	=====	=====

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 HK\$	2016 HK\$
Equity securities listed in Hong Kong, at fair value	4,802,397 =====	3,918,059 =====

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and equipment HK\$	Total HK\$
Cost :-			
At 1 July 2015	294,831	271,193	566,024
Additions	846,023	248,444	1,094,467
Disposals	(294,831)	-	(294,831)
At 30 June 2016	846,023	519,637	1,365,660
Additions	-	8,968	8,968
At 30 June 2017	846,023 -----	528,605 -----	1,374,628 -----
Accumulated depreciation :-			
At 1 July 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 June 2016	282,008	347,585	629,593
Charge for the year	282,007	92,227	374,234
At 30 June 2017	564,015 =====	439,812 =====	1,003,827 =====
Net book value :-			
At 30 June 2017	282,008 =====	88,793 =====	370,801 =====
At 30 June 2016	564,015 =====	172,052 =====	736,067 =====

19. LEASE COMMITMENTS

At 30 June 2017, the total future minimum lease payments under a non-cancellable operating lease of property are payable as follows :-

	2017 HK\$	2016 HK\$
Not later than one year	1,352,550	1,314,250
Later than one year but not later than five years	339,000	1,686,000
	1,691,550 =====	3,000,250 =====

20. FINANCIAL RISK MANAGEMENT

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

	2017 HK\$	2016 HK\$
Held-to-maturity financial assets	4,891,965	2,874,670
Available-for-sale financial assets	4,802,397	3,918,059
Loans and receivables :-		
Accounts and other receivables	198,360	206,096
Deposits and prepayments	729,860	471,864
Fixed deposits	2,200,000	4,450,000
Cash and bank balances	4,640,305	3,459,835
	<u>7,768,525</u>	<u>8,587,795</u>
	<u>17,462,887</u>	<u>15,380,524</u>
	=====	=====

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

	2017 HK\$	2016 HK\$
Financial liabilities at amortised cost :-		
Accounts payable and accruals	285,812	160,660
Receipts in advance	1,253,810	1,065,670
	<u>1,539,622</u>	<u>1,226,330</u>
	=====	=====

Except for available-for-sale financial assets stated at fair value, all other financial instruments are carried at amounts not materially different from their fair values as at 30 June 2017 and 30 June 2016. The fair value of available-for-sale financial assets are set out in note 17.

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 June 2017 and 30 June 2016 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 :-

	2017 HK\$	2016 HK\$
Past due up to		
- 30 days	133,560	117,331
- 31 to 60 days	5,500	33,905
- 61 to 120 days	9,000	10,530
- Over 120 days	50,300	44,330
	----- 198,360 =====	----- 206,096 =====

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>2017</u>					
Accounts payable and accruals	168,557	27,255	-	90,000	285,812
Receipts in advance	1,253,810	-	-	-	1,253,810
	----- 1,422,367 =====	----- 27,255 =====	----- - =====	----- 90,000 =====	----- 1,539,622 =====
<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 =====

(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\$

2017

Held-to-maturity financial assets	4,891,965
Accounts receivables	16,380
Cash and bank balances	2,342,156

	7,250,501
	=====

2016

Held-to-maturity financial assets	2,874,670
Accounts receivables	34,470
Cash and bank balances	1,084,094

	3,993,234
	=====

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 and available-for-sale financial assets.

The Society mainly holds fixed deposits with bank with maturity for 1 year (2016: for 1 year) 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

	2017 HK\$	2016 HK\$
Floating-rate financial assets		
Available-for-sale financial assets	4,802,397	3,918,059
Fixed deposits	2,200,000	4,450,000
Bank balances	4,633,305	3,452,835
	-----	-----
	11,635,702	11,820,894
Fixed-rate financial assets		
Held-to-maturity financial assets	4,891,965	2,874,670
	-----	-----
	16,527,667	14,695,564
	=====	=====

Sensitivity analysis

At 30 June 2017, 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\$165,277 (2016: HK\$146,956)

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 2016.

(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 bankruptcy.

Summary quantitative data

	2017 HK\$	2016 HK\$
Available-for-sale financial assets, at fair value - equity securities listed in Hong Kong	4,802,397 =====	3,918,059 =====

Sensitivity analysis

At 30 June 2017, 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\$480,240 (2016 : HK\$391,806).

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 2016.

21. 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>2017</u>				
Available-for-sale financial assets	4,802,397	-	-	4,802,397
	=====	=====	=====	=====
<u>2016</u>				
Available-for-sale financial assets	3,918,059	-	-	3,918,059
	=====	=====	=====	=====

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

22. CAPITAL MANAGEMENT

The capital structure of the Society consists of debt, cash and cash equivalents and members' general funds. The Society has a written investment policy statement in managing its capital mainly to maximise the return on invested assets while minimising risk and expenses. The objective of such policy statement is to ensure the Society will be able to continue as a going concern through prudent investment and planning, as well as through the maintenance of a diversified portfolio. No changes are made in the overall strategy during the year ended 30 June 2016 and 30 June 2017. 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.

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

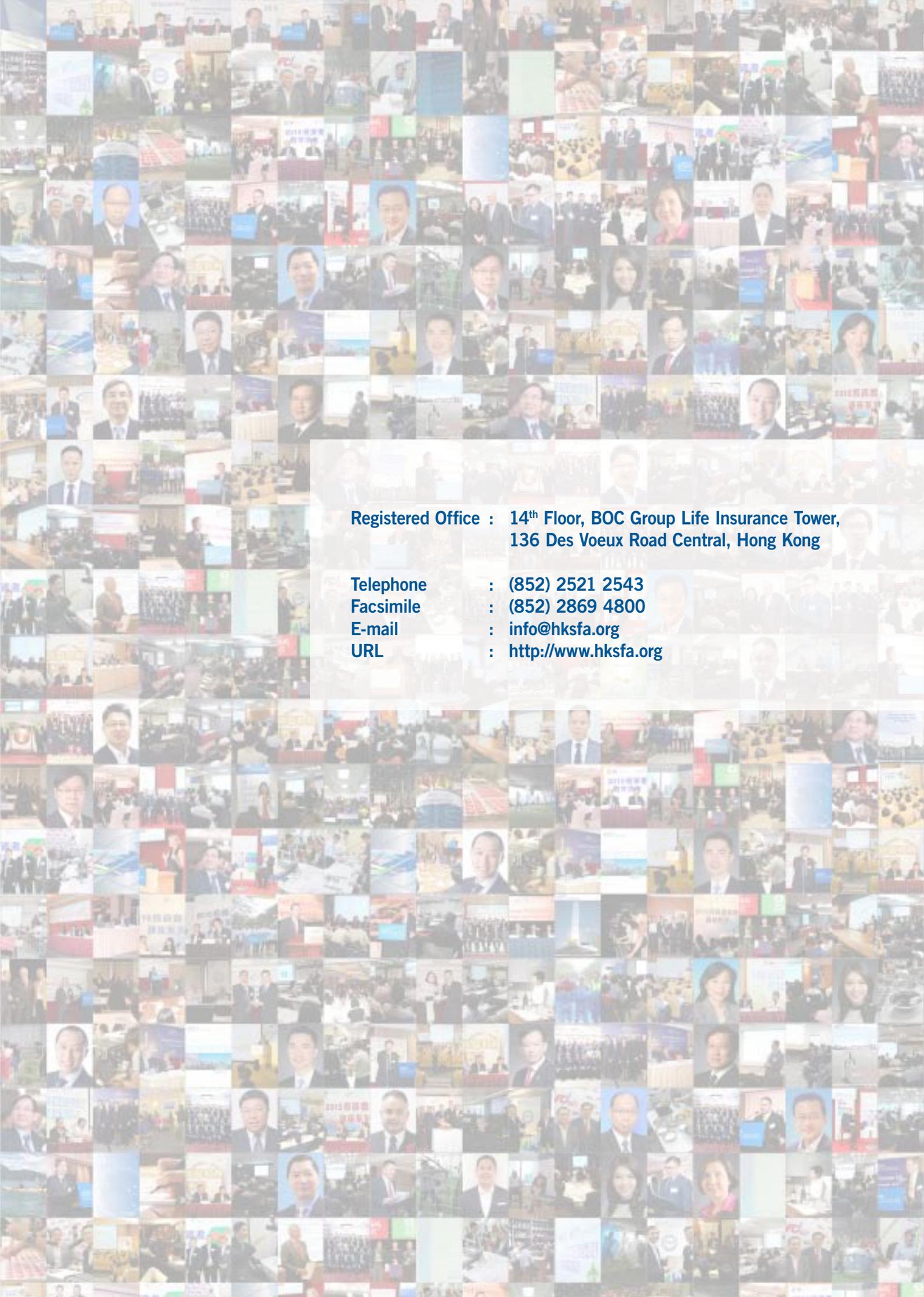
The following new and amendments to HKFRSs, potentially relevant to the Society's financial statements, have been issued, but are not yet effective and have not been early adopted by the Society.

		Effective for accounting period beginning on or after
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
Amendments to HKFRS 2	Share-based payment: Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 16	Leases	1 January 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.

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 6 November 2017.



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