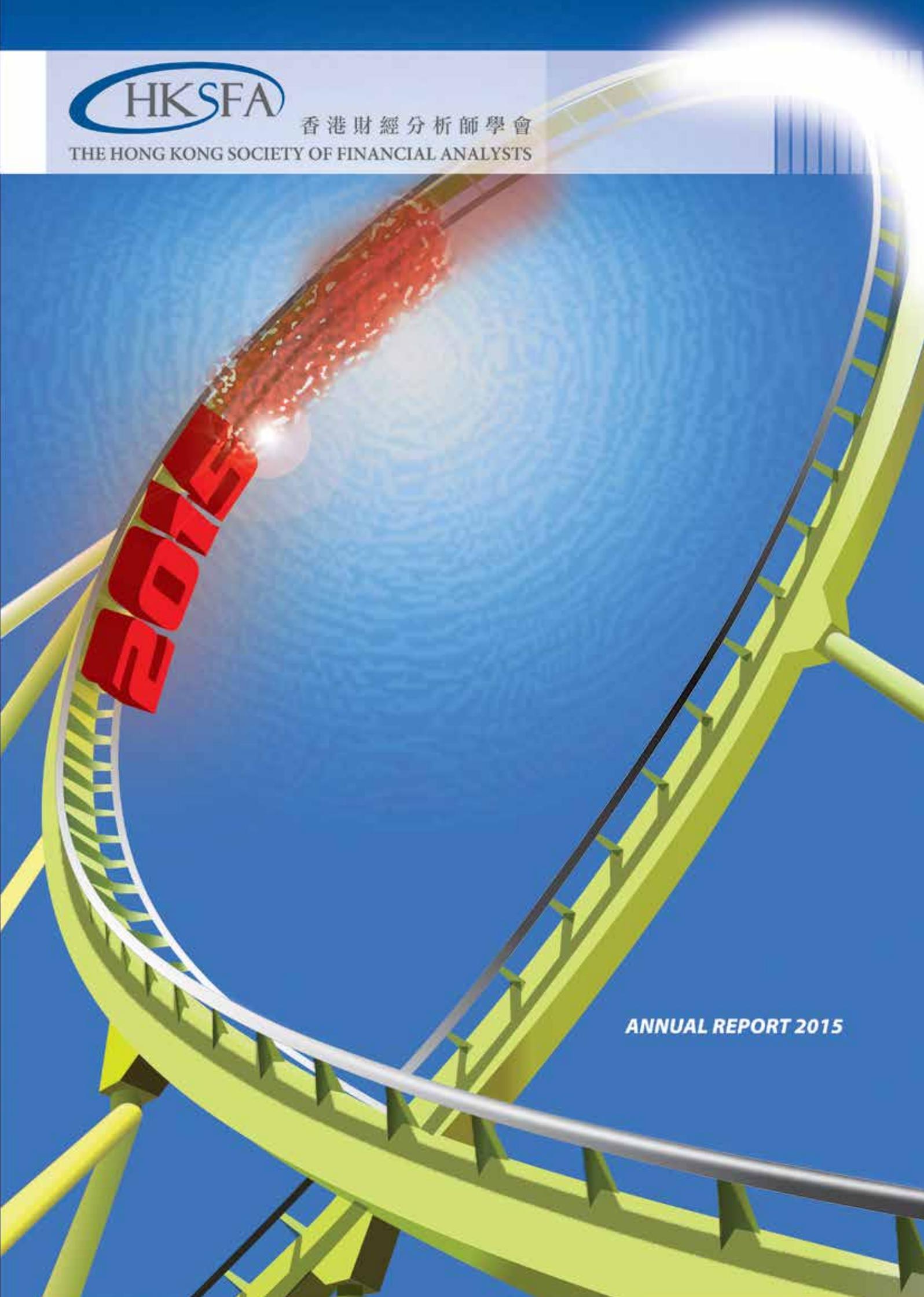




香港財經分析師學會

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS



ANNUAL REPORT 2015



Cover Photo:
Roller coaster ride for the “A”
shares market in 2015



A member society
of CFA Institute

REPORT OF THE PRESIDENT



This is the third and my final year serving as President of the Society. I am grateful for the full support of the Board, volunteers, members as well as the staffed office and the CFA Institute. Together, we have built HKSFA into a unique and respectful investment professional body in Hong Kong.

2015 was the final year of the Board's labelled strategic plan. HKSFA stepped up its efforts in boosting the public awareness of the CFA designation. For the second year in a row, the Society has worked closely with two leading financial media channels, namely, Metro Broadcast Corporation Limited's Metro Finance Digital Radio and the Hong Kong Economic Journal, in the production of a series labeled *CFA Control Room*. We have also lined up a full team of CFA charterholders to speak at the well-received Investor Education Seminar. Apart from university students, the Society has, for the first time, organised a finance career talk for secondary students. Last but not least, building on last year's success of its initial launch, the Board raised its marketing efforts for the Best Research Report Competition and saw a remarkable increase in the number of research submissions.

The Society also took up new initiatives of welding its members with the larger financial industry. The formation of special interest groups has provided our members an opportunity to share ideas and experience and to reach out to the academia and the new frontier of the industry such as FinTech. The Board also encourages collaborations with other professional bodies with an aim to broaden the horizon of activities offered to the members. Two events that would connect our members with

finance professionals in the other part of the world were being planned in the second half of 2015, aiming to season our events with diverse mix of cultures and perspectives.

While these initiatives and activities may not necessarily provide short-term benefits to our members, they would help Hong Kong to strengthen itself as an international finance centre from which we all will benefit in the years to come. The recent launch of the mutual funds recognition between China and Hong Kong has clearly demonstrated the significance of the rising demand for experienced finance professionals in Hong Kong.

The number and the breadth of social events and networking functions also saw an improvement over the previous year, thanks to the dedication of the volunteers and hard work performed by the staff members.

The Society constantly looks for ways to serve its members and candidates better. In FY2015, the number of continuing education activities increased by 5.5%. More importantly, we were able to increase our offering of in-depth training with the organisation of more workshops and short-term courses. The number and the breadth of social events and networking functions also saw an improvement over the previous year, thanks to the dedication of the volunteers and hard work performed by the staff members.

With the incessant support of our members, HKSFA witnessed continued growth in membership and volunteers. The renewal rate

of members stood at a high of 91%, consistent with that in the previous year. New and reinstated members totaled 856 during the year. As a result, there was a net increase of 349 in membership, a healthy growth of 6%. However, the number of CFA candidates saw a slight drop, in line with what has been experienced by a mature CFA community. Most encouraging of all was a jump in the number of HKSFA volunteers. Currently, we have over 120 volunteers contributing to the Society's work, up from 60 in the previous year. Against this backdrop, the Society was able to record an operating surplus in the fiscal year of 2015.

Looking Forward

A lot has been accomplished over the past three years. Yet there is much to look forward in the years to come. To further improve the services offered to our members, the Board has decided to take up a new premise for the HKSFA office with a much bigger training facility. With that, the Society will be able to host more events in the form of themed happy hours and interest group gatherings, in addition to workshops and short courses. Moreover, the Board will deploy more resources to equip our members for a larger role in the ever expanding financial industry.

To stay at the top, the HKSFA continues to strive for excellence in whatever task it takes with the vision to become a leading investment professional body in Hong Kong.

Appreciation

What makes HKSFA an unique, non-profit organisation is that the Society's affairs are entirely driven by its volunteers with a very high service standard in mind. It is truly my honour to have been entrusted with leading the Society in the past three years. My heartfelt appreciation goes to my fellow directors, Advisory Board members and volunteers with a special mention to Mr. Tony Watson. Mr. Watson was nominated and named Exemplary Leader at Volunteer of The Year Awards administered by the CFA Institute in 2015.

We are also thankful for the past contribution to the Society by outgoing Ms. Louisa Wong, and welcome Mr. Cedric Wong for taking up the role of Managing Director. We appreciate Mr. Ernest Wong joined the Board as a director at the beginning of the year. Last but not least, it is a pleasure to work with the high performance team of HKSFA staff members.

Frederick Tsang, CFA
President



香港財經分析師學會

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VISION

To be a leading investment professional body in Hong Kong.

MISSION STATEMENT

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

2014/15 EVENT HIGHLIGHTS



HKSFA ANNUAL FORECAST CUM ANNUAL DINNER 2014

First held in 2004, the HKSFA Annual Forecast cum Annual Dinner has since become the Society's signature event. Over the years, we have invited numerous well-respected and renowned investment professionals in Hong Kong to give their unique views on the market and the economy at the panel discussions, and this year we were pleased to have Mr. Erwin Sanft, CFA, Head of China and Hong Kong Equity Research and China Equity Strategist of Standard Chartered Bank (Hong Kong) Limited, Mr. Mark Matthews, Head of Research Asia of Julius Baer and Mr. Paul Pong, Managing Director of Pegasus Fund Managers Limited, to be our panelists.

The evening began with our keynote speaker, Dato' Cheah Cheng Hye, Chairman and Co-Chief Investment Officer of Value Partners Group, sharing his experience on how he overcame the difficulties of setting up and running a fund management business in Hong Kong. Dato' Cheah established his fund management empire over two decades ago and it was the first time he had shared his success story with us.

Following the panel discussion on the region's economy and financial market performance, the three distinguished panelists were asked to provide their forecasts on five carefully chosen financial indicators as at 30 September 2015, namely, LIBOR, the exchange rate of Chinese Yuan, the share price of Apple Inc.,

the average price per square foot (net area basis) of residential units in Taikoo Shing of Hong Kong and the price of a Big Mac sold in the Central Business District of New Delhi. Members and guests also participated in the forecast and the individual who came up with the most accurate forecast would receive a complimentary ticket to the 2015 Annual Forecast cum Annual Dinner.

The Board would like to take this opportunity to thank the speakers, panelists, the volunteers and the Society's staff who made this evening a success.

SERVICE TO MEMBERS AND CANDIDATES



CONTINUING EDUCATION

The HKSFA hosted 36 events in FY2015. Our 20 luncheons, 5 seminars and 11 workshops attracted a total of 1,571 participants and offered a total of 105 CPT hours – up 5.5% from last year.

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

In addition to the HKSFA's 4th Annual Hedge Fund Forum, we also had an overwhelming response for the luncheon on Asian Region Funds Passporting in August 2015. The event highlighted the rapid development of the fund industry in Hong Kong and its potential to grow the city as an international finance centre; it was so popular that we held

a re-run in the following month.

Another well-received event was the China-Hong Kong Asset Management Tax Highlights seminar in May. As a response to the region's growing demand for wealth management products and expertise, the Society also held a series of wealth management workshops for members interested in this area.

The Board and the Continuing Education Committee will continue to provide our members with high quality training on relevant topics and facilitate them in achieving their professional goals.

Continuing Education Programmes (July 14 - June 15)

Date	Seminar Topic	Speaker /Panelist	CPT/CE Credit Hours
Year 2014			
8 Jul (Tue) <i>Luncheon</i>	Forecasting Market Crashes	Dr. James Xiong, CFA Morningstar Investment Management	1
21 Jul (Mon) <i>Luncheon</i>	GIPS: "The Devil is in the Details" Explanations on often Challenging and Misunderstood Aspects of the Standards	Dr. David Spaulding, DPS, CIPM The Spaulding Group, Inc.	1.5
22, 23 Jul (Tue & Wed) <i>Workshop</i>	Performance Measurement Attribution Series - Fundamentals of Performance Measurement	Dr. David Spaulding, DPS, CIPM The Spaulding Group, Inc.	13
24, 25 Jul (Thu & Fri) <i>Workshop</i>	Performance Measurement Attribution Series - Performance Measurement Attribution	Dr. David Spaulding, DPS, CIPM The Spaulding Group, Inc.	13
21 Aug (Thu) <i>Luncheon</i>	The Influential Investor - How Investor Behaviour is Redefining Performance	Mr. Samuel Humbert State Street Asia Limited	1
28 Aug (Thu) <i>Luncheon</i>	Asian Region Funds Passporting - Can the Region emulate the European UCITS model?	Mr. Stewart Aldcroft CitiTrust Limited, Asia Pacific	1
11 Sep (Thu) <i>Luncheon</i>	[RERUN] Asian Region Funds Passporting - Can the Region emulate the European UCITS model?	Mr. Stewart Aldcroft CitiTrust Limited, Asia Pacific	1
22 Sep (Mon) <i>Luncheon</i>	Has behavioural finance made us better (investors)?	Mr. Jack Gray	1
8 Oct (Wed) <i>Workshop</i>	Advanced Financial Analysis Series - Advanced Financial Modelling - Core Model	Mr. Hamilton Lin, CFA Wall St. Training	6.5
10 Oct (Fri) <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
14 Oct (Tue) <i>Seminar</i>	Behaving Correctly; controlling those inner urges	Mr. Richard Harris Port Shelter Investment Management	2.5
07 Nov (Fri) <i>Luncheon</i>	From Accounting to Cash, From Earnings to ROI, From Performance to Valuation	Mr. Joel Litman The Hult International School of Business and DePaul University	1
10 Nov (Mon) <i>Luncheon</i>	Flex: Strategies for Leading in a Global Workplace	Ms. Jane Hyun Hyun & Associates	1

Date	Seminar Topic	Speaker /Panelist	CPT/CE Credit Hours
04 Dec (Thu) <i>Luncheon</i>	Business Valuation in the Context of Fraud and Misrepresentation	Mr. Mustafa Hadi FTI Consulting	1
12 Dec (Fri) <i>Seminar</i>	Chinese Family Companies in Hong Kong: A Regulatory Dilemma or Delight?	Dr. Angus Young University of Western Sydney	1

Date	Seminar Topic	Speaker /Panelist	CPT/CE Credit Hours
Year 2015			
15 Jan (Thu) <i>Luncheon</i>	Success & Scars in Asia Private Equity	Ms. Kathleen Ng Centre for Asia Private Equity Research Limited, Hong Kong	1
28 Jan (Wed) <i>Luncheon</i>	Confessions of a Professional Money Launderer	Mr. Bill Majcher	1
10 Mar (Tue) <i>Luncheon</i>	Are You Ready for The Robo Advisors?	Mr. Stephen Horan, Ph.D, CFA, CIPM CFA Institute	1
11 Mar (Wed) <i>Workshop</i>	Advanced Financial Analysis Series - Advanced Financial Modelling - Core Model	Mr. Hamilton Lin, CFA Wall St. Training	6.5
12 Mar (Thu) <i>Workshop</i>	Advanced Financial Analysis Series - M&A Deal Structuring & Merger Modelling Techniques	Mr. Hamilton Lin, CFA Wall St. Training	6.5
13 Mar (Fri) <i>Workshop</i>	Advanced Financial Analysis Series - Capital Structure, Leveraged Valuation & LBO Modelling	Mr. Hamilton Lin, CFA Wall St. Training	6.5
17 Mar (Tue) <i>Workshop</i>	Wealth Management Workshops - Module 1 : Fixed Income Prime	Mr. Anand Batepati Global Financial Markets Training Mr. Tariq Dennison Global Financial Markets Training	4 4
17 Mar (Tue) <i>Workshop</i>	Wealth Management Workshops - Module 2 : Asset Allocation and Portfolio Construction Primer	Mr. Anand Batepati Global Financial Markets Training Mr. Tariq Dennison Global Financial Markets Training	4
19 Mar (Thu) <i>Workshop</i>	Wealth Management Workshops - Module 5 : Primer on Evaluating Mutual Funds and Alternative Funds	Mr. Anand Batepati Global Financial Markets Training Mr. Tariq Dennison Global Financial Markets Training	4
19 Mar (Thu) <i>Workshop</i>	Wealth Management Workshops - Module 6 : Primer on Currency Risk Management in Investment Products	Mr. Anand Batepati Global Financial Markets Training Mr. Tariq Dennison Global Financial Markets Training	1
24 Mar (Tue) <i>Luncheon</i>	A Deep Dive in Smart Beta Strategies	Mr. Chris Tse, CFA FTSE Group Jason Hsu, Ph.D Research Affiliates, LLC Mr. Pranay Gupta CFA Institute Research Foundation Board of Trustees	1
14 Apr (Tue) <i>Luncheon</i>	Trends, Opportunities and Risks Currently Inherent in the Asia Pacific Loan Markets	Mr. Atul Sodhi Credit Agricole Corporate & Investment Bank	1

Date	Seminar Topic	Speaker /Panelist	CPT/CE Credit Hours
25 Apr (Sat) <i>Seminar</i>	Rising City in a Sinking World: Why we Must Build Capacity for Hong Kong to Realise our “Outsized” Future	Mr. Franklin Lam HKGolden50	3
13 May (Wed) <i>Luncheon</i>	Transparency of Indices and Protection of Investor Interest	David Blitzer, Ph.D S&P Dow Jones Indices	1
16 May (Sat) <i>Seminar</i>	HKSFA 4 th Annual Hedge Fund Forum	Mr. Henri Arslanian UBS Prime Services, Capital Consulting Services Mr. Anand Batepati Global Financial Markets Group Mr. Tariq Dennison Global Financial Markets Group Mr. Richard Johnston, BSc., ACA Albourne Partners (Asia) Limited	2.5
21 May (Thu) <i>Seminar</i>	CN-HK Asset Management Tax Highlights	Ms. Puay Khoon Lee, CFA PwC Hong Kong	1
22 May (Fri) <i>Luncheon</i>	Today’s Prominent Role of Open Source Solutions within the Investment & Risk Analytics Landscape	Mr. Marco Hoogendijk, CFA, CAIA E8 Consulting Asia	1
28 May (Thu) <i>Luncheon</i>	Enhance the Transparency of Offshore RMB Bond through Indexation	Mr. Daniel Wong, CFA Hang Seng Indexes Company Limited Mr. Randolph Tantzsch Markit	1
3 Jun (Wed) <i>Luncheon</i>	[RERUN] Confessions of a Professional Money Launderer	Mr. Bill Majcher	1
5 Jun (Fri) <i>Luncheon</i>	Forthcoming changes in new investment research is bought and paid for	Mr. S. Neil Scarth Frost Consulting	1
26 Jun (Fri) <i>Luncheon</i>	Cashflow Shenanigans	Ms. Jennifer Latz CFRA	1



MEMBER SERVICES

HKSFSA Member Services Committee hosted a wide range of lifestyle, sports and social events to promote networking among members and over 500 participants attended our events in FY2015. In addition to HKSFSA's regular networking events, the Committee collaborated with Po Leung Kuk and hosted a career talk for secondary school students for the first time.

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

Latte Art Workshop

Some like it black. Some like it frothy. Some prefer theirs hot, while some insist on iced. And yes we are talking about coffee. Being one of the most popular events among HKSFSA members, our Latte Art Workshop on 31 July 2014 brought together a group of coffee-maniacs to learn the basics of espresso extraction and milk-frothing techniques from expert baristas. Participants not only practised "latte art" but also got to enjoy their very own creations.



Macaroon Fun Baking

On 16 August 2015, members joined the Macaroon Fun Baking workshop and made colourful macarons in various flavours.

Who says macarons must be bought from stores?



Wine Tasting Workshop

Our wine-loving members joined the wine tasting workshop hosted by Tongue Explorer on 4 September 2014 to learn and apply the "See, Sniff, Swirl" wine tasting techniques on 4 different kinds of wine. The instructor led participants through the Tongue Explorer method of wine tasting and palate training to unveil the science and sensation behind.



Christmas Party

The annual Christmas Party was held on 11 December 2014. Members and guests gathered to celebrate the festive season and network over dinner and games.

Bubble Soccer Day

Over 30 members and their friends were divided into 8 teams and bounced, bumped and rolled on the bubble soccer field. It was fun to play, but it was even more amusing to just watch the players in action.

Career Talk for Po Leung Kuk Secondary Schools

HKSFA has been collaborating with various government, non-government and professional institutions to raise awareness of the importance of the investment industry; this past year we have also begun to work with Po Leung Kuk (also known as the Society for the Protection of Women and Children) to reach out to the younger generation of students. On 27 June 2015, Mr. Tony Watson, Managing Director (Acting) of the HKSFA, shared his career experience at a career talk for students from Po Leung Kuk secondary schools and spoke about the CFA Programme. The feedback from students was very positive and the Member Services Committee is considering holding regular sessions with students in other schools.



Member Services Functions (July 14 – July 15)

Social Events

Date	Programme Topic
31 Jul 14	Latte Art Workshop
16 Aug 14	Macaroon Fun Baking
4 Sep 14	Wine Tasting Workshop
14 Nov 14	Oxfam Trailwalker 2014
11 Dec 14	Christmas Party 2014
6 Feb 15	Japanese Sake-tasting Dinner with Exquisite Shanghainese Cuisine
21 Mar 15	Bubble Soccer Day
30 May 15	Summer Boat Trip 2015
27 Jun 15	Career Talk for Po Leung Kuk Secondary Schools

Happy Hour Gatherings

Date	Theme
10 Jul 14	HKSFA Monthly Happy Hour Gathering
14 Aug 14	HKSFA Monthly Happy Hour Gathering
11 Sep 14	HKSFA Monthly Happy Hour Gathering
9 Oct 14	Themed Happy Hour Gathering - Investor Relations
16 Oct 14	Themed Happy Hour Gathering - GIPS Update
13 Nov 14	HKSFA Monthly Happy Hour Gathering
8 Jan 15	HKSFA Monthly Happy Hour Gathering
4 Feb 15	Member Services Luncheon - Offshore RMB Bond Market
12 Feb 15	HKSFA Monthly Happy Hour Gathering
10 Mar 15	Themed Happy Hour Gathering - How Investor Relations can increase the Competitiveness of Listed Companies?
12 Mar 15	HKSFA Monthly Happy Hour Gathering
9 Apr 15	HKSFA Monthly Happy Hour Gathering
14 May 15	Themed Happy Hour Gathering - Art Investment
11 Jun 15	Themed Happy Hour Gathering - Excel Techniques in the Financial World



CAREER DEVELOPMENT

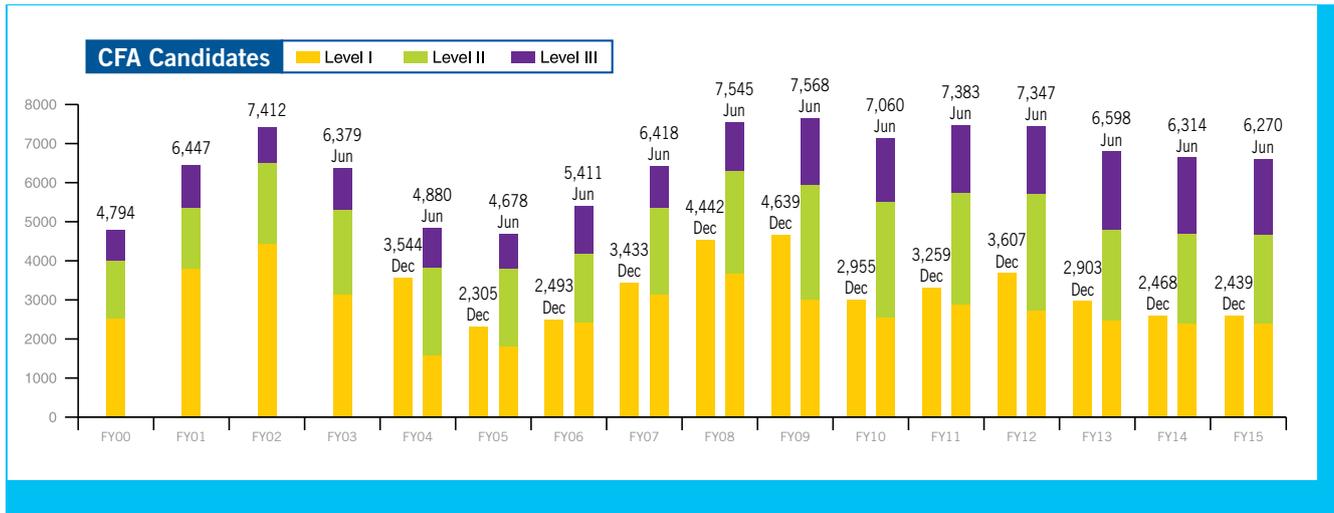
These events drew over a hundred participants and gave our members access to high calibre speakers in asset management and human resources.

The Committee held two talks in FY2015 on the regional recruitment trend and on the career trend of the investment industry.

The Board would like to thank the committee members of the Career Development Committee and the speakers for their precious time and support to make the events happen.

Career Development Gatherings (July 14 - June 15)

Year 2014	Programme Topic	Speaker
20 Nov (Thu)	Hiring Trend in 2015	Mr. Armstrong Lee (李漢祥) Worldwide Consulting Group Company Limited
Year 2015	Programme Topic	Speaker
31 Mar (Tue)	Livestream Event Asia Pacific “Investment Industry Trends and Career Implications”	Moderator: Mr. Paul Smith, CFA CFA Institute Panelists: Mr. Hayden Briscoe AllianceBernstein Mr. David Chang Franklin Templeton Investments (Asia) Limited Hong Kong Mr. Nicolas Manset Russell Reynolds Associate



CANDIDATE EDUCATION

in FY2015, 8,709 candidates registered for the CFA examinations, a slight drop of 73 candidates from FY2014.

The HKSFA continued to participate in the Access Scholarship programme offered by the CFA Institute. In FY2015, the HKSFA reviewed 165 applications and 57 scholarships were awarded to candidates based in Hong Kong.

During the same period, the Society organised 42 support groups to help candidates prepare for the examinations, namely, 8 groups for 48 candidates taking the December 2014 examination and 34 groups for 165 candidates taking the June 2015 examination. The Society also distributed Wiley Study Guides for CFA Examinations (formerly Elan Guides) to facilitate our candidates' study.

During the year, a survey was conducted on the CFA candidates about the expected services to be offered by the HKSFA. Results of the survey revealed that most candidates hoped to receive additional resources and services such as more preparation courses and help from study group leaders in their preparation for the CFA examinations.



ANNUAL CFA® CHARTER AWARD CEREMONY 2014

Each year the HKSFSA welcomes new charterholders and successful CFA Level III candidates at the HKSFSA Charter Award Ceremony to celebrate their achievement. This year's event was held at Hong Kong Football Club on 23 October 2014. 139 guests attended, of which 89 were presented with CFA Charters or Letters of Achievement by the officiating guest, Mr. Neil Govier, CFA, Head, Education, Asia Pacific, CFA Institute.

We were privileged to have Mr. David Webb, the founder of webb-site.com, a non-profit platform for better corporate and economic governance in Hong Kong, to be our keynote speaker.

Mr. Webb highlighted the importance of ethics and integrity in having a career in investment industry through his years of experience in investment banking and coverage of financial matters with the attendees.



SERVICE TO THE COMMUNITY



ADVOCACY

The Advocacy Committee had a productive year. We reviewed and provided advice on a total of seven consultation papers published by various government bodies and the Hong Kong Exchanges and Clearing Limited, participated in two policy sessions hosted by the government of Hong Kong, and contributed to nine episodes of capital market policy for the Metro Radio/ Hong Kong Economic Journal (HKEJ) project. In addition, a member survey was conducted on the topic of active advocacy, which helped shape our advocacy agenda for the future. A total of four roundtable discussions were held at the HKSFA office for the formation of the committee's policy views.

The topics of the seven consultation papers reviewed were:

- The Automatic Exchange of Financial Account Information in Tax Matters in Hong Kong
- The Principles of Responsible Ownership
- Industry Draft on the Specification of Competency Standards of the Banking Industry - Private Banking Branch
- Proposal for Introduction of Volatility Control Mechanism in the Securities and Derivatives Markets and Closing Auction Session in the Securities Market
- Concept Paper on Weighted Voting Rights
- Providing Better Investment Solutions for MPF Members
- Amendments to Terms of Reference to Allow for Disciplinary Proceedings

These consultation papers were for:

- Hong Kong Exchanges and Clearing Limited (HKEx)
- Financial Services and the Treasury Bureau (FSTB)
- The Securities and Futures Commission (SFC)
- The Hong Kong Qualifications Framework (QF)
- Mandatory Provident Fund Schemes Authority (MPA)
- The Financial Dispute Resolution Centre (FDRC)

Out of the seven consultation papers, the most controversial one was about "Weighted Voting Rights". With the exception of some specific circumstances, the Society was generally against the proposal for adopting weighted voting rights of listed companies in Hong Kong. Our view was that protecting investors' interests comes before market expansion. On the consultation of "Responsible Ownership", the Society agreed with the general proposal but advised that the regulatory body should take a pragmatic view on market players and allow the market to play a bigger role than regulation.

Apart from taking part in the government's annual budget policy consultation session, the Society was invited to participate in a consultation session for the universal pension scheme proposed for Hong Kong.

Following last year's efforts in advocating the promotion of Hong Kong as an asset management centre, our committee members also participated in this year's Metro Radio/HKEJ public awareness programme. (For further details of this capital market policy contribution, please refer to the Public Awareness Section in this Report.)

During the first half of 2015, the Society conducted a member survey on the topics of active advocacy. A total of 20 responses were collected. Most of the members believed the Society should advocate on the development of the Hong Kong financial sector as well as its sensible regulation, which is an opinion that reflects related difficulties faced by industry practitioners. The Advocacy Committee plans to follow up with action based on the results of this survey.

HKSFA BEST RESEARCH REPORT COMPETITION

In FY2015, the HKSFA organised its first Best Research Report Competition (BRRC). The objective of the competition is to recognise excellence in published research and promote awareness of fundamental written research among the investment community.

Over twenty published reports were nominated by our members and graded by a group of experienced judges in the first round. Afterwards, ten selected reports were reviewed and graded by our three esteemed final round judges:

- Dato' Cheah Cheng Hye, Chairman & Co-Chief Investment Officer, Value Partners Group
- Mr. Martin Lau, CFA, Director, Greater China Equities, First State Investments
- Ms. Elizabeth Soon, CFA, Managing Director, Pinebridge Investments (Asia) Ltd.

The winning report was written by analyst Mr. Jonathan Galligan of CLSA Limited. Ms. Jennifer Law of Standard Chartered Bank (Hong Kong) Limited was the first runner-up, and Mr. Rajesh Panjwani of CLSA Limited was the second runner-up. Trophies were presented by Dato' Cheah during our annual forecast dinner in November 2014.

After the great success of our first BRRC, the HKSFA has already organised the second competition, which is currently underway. We promote this event to investment banks, brokers, fund management houses, trustees and public bodies, and solicit their endorsement and support for the BRRC this year, aiming to create mutual expectations, earn goodwill, and encourage association with high quality research reports.

Top three winners received the awards from Dato' Cheah Cheng Hye at the Annual Forecast Cum Annual Dinner.



On behalf of the Champion, Mr. Amar Gill (Left), Head of Asia Research, CLSA Limited received the award from Dato' Cheah Cheng Hye. (From left to right)

The First Runner-up, Ms. Jennifer Law, and Dato' Cheah Cheng Hye. (From left to right)

The Second Runner-up, Mr. Rajesh Panjwani and Dato' Cheah Cheng Hye. (From left to right)



HONG KONG LOCAL FINAL OF CFA INSTITUTE RESEARCH CHALLENGE 2014-15

A total of 32 students from eight participating universities joined the 2014-2015 Hong Kong Local Final of the CFA Institute Research Challenge. The competition gives university students the opportunity to take on the role of investment research analysts. Preparation includes intensive training in company analysis and presentation skills by leading investment professionals. The competition requires its participants to develop and present equity research reports.

The HKSFA extends its sincere appreciation to Mr. Henry Chan, CFA, Ms. Mona Chung, CFA, and Mr. Alan Wang, CFA, for their contribution as panel judges. We are also extremely grateful to the volunteer mentors and the supporting listed companies who made this meaningful initiative possible.

The event's local champion was The Hong Kong University of Science and Technology (HKUST). The Hong Kong Polytechnic University and The Chinese University of Hong Kong were first and second runner-up respectively.

The HKUST team represented Hong Kong at the Asia Pacific Regional Final in Philippines during March 2015. The winner from each regional competition around the world advances to the global final, where one team emerges as global champion of the CFA Institute Research Challenge. In total, over 4,000 students from more than 865 universities located in 70 countries competed at this event for a place in its global finals.

Interaction with corporate leaders and experienced analysts helps enhance participants' career prospects, and reinforce the financial industry's ethical standards. The HKSFA is committed to promoting professional and ethical finance industry standards among the next generation.



INVESTOR EDUCATION SEMINAR

The HKSFA once again co-hosted the annual Investor Education Seminar Series with the Investor Education Centre (IEC). This half-day public service event was held on the 12 July 2014.

The series included:

- Practical guide to investing in small- and mid-cap stocks
- Assessing the China banking sector
- Analysing global technology and internet stocks

Speaking at the event were Mr. Eric Chow, Investment Director of Value Partners Group, Mr. Ryan Tsang, CFA, Managing Director & Analytical Manager, Financial Services Rating, Standard & Poor's Ratings Service and Mr. Fred Wong, CFA, Chief Investment Officer, eFusion Capital Limited.



THE INVESTMENT PERFORMANCE AND RISK COMMITTEE

The Investment Performance and Risk (IP&R) Committee aspires to promote the best investment performance and risk practices in Hong Kong.

The IP&R Committee organised a series of investment performance measurement, attribution, risk management and reporting seminars and workshops. A total of 27.5 CPT hours were awarded to attendees in FY2015. The seminar details were:

- A luncheon named “GIPS: The Devil is in the Details - Explanations on often Challenging and Misunderstood Aspects of the Standards” was held on the 21 July 2014. Issues covered benchmarks and input data, GIPS advertising guidelines, and the application of GIPS Standards with alternative investments.
- A performance measurement attribution series (2014 training workshops) was also hosted in July 2014, consisting of two parts. The first workshop taught the fundamentals of performance measurement, and provided attendees with a core grounding in the tools and techniques used to calculate investment performance, the importance of risk measurement and various available formulas, and gain insights into manager screening and selection. The second workshop taught participants the practical knowledge used to calculate performance attribution for equity, fixed income, multi-currency, multi-period, and interpret the results accurately.
- On 16 October 2014, the IP&R Committee arranged a themed happy hour gathering. Topics under discussion included GIPS compliance issues, implementation challenges, effective investment reporting, new guidance statement for asset owners and best practices for asset management performance and risk functions. Committee members also provided the attendees with the latest GIPS governance structure and the strategic plan for the GIPS standards.

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 as:

- Chair of GIPS Asia Pacific Regional Technical Subcommittee;
- Member of the GIPS Asia Pacific Nominations Committee;
- Member of the CIPM Advisory Council;
- CIPM project consultant; and
- Member of the 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 discussion, webinar, online meetings and video conferencing.

We will continue our efforts to keep Hong Kong at the forefront of developments in the global financial industry.

PUBLIC AWARENESS COMMITTEE

The Society's public awareness initiative stepped up to a higher level in FY2015 with a number of programme series. Our radio programme-cum-newspaper campaign via Metro Finance Digital and HKEJ was broadened to four series, with a combined 27 episodes.

A capital market advocacy series was held to share the Society's comments on recent industry developments, including corporate governance, code of conduct, risk management and investor protection.

This year, we partnered with the Hong Kong Investor Relations Association (HKIRA) to launch a corporate series. Asset managers and corporate management were invited to discuss the role of the new born Hong Kong investor relations industry and their experience in managing listed companies. The investing series interviewed market practitioners to educate the general public on various investment styles and strategies. Finally, industry experts were invited to our private equity series to share their insights on investment strategy, due diligence and fund raising.

We responded to a number of media requests. For example, Mr. Lee Ho Tak, CFA, a member of the HKSFA Value Investing Interest Group, was invited by NOW TV to share his insights on the topic and how to adopt Value Investing when analysing the stock market in China for their programme "NOW TV 333 Finance Channel".

We would like to take this opportunity to thank our guest speakers, Metro Finance Digital, HKEJ and HKIRA for their support.





SPECIAL INTEREST GROUP

The HKSFA started a new initiative in FY2015 by setting up a Special Interest Group, called the Value Investing Interest Group. Another Special Interest Group, the FinTech Interest Group, was also set up after this report period's year-ended. The Society plans to set up more Special Interest Groups, with the aim of pooling together like-minded professionals. Events focused on specific areas of investment will be held by these groups, and will provide opportunities for sharing information between members and sector specialists.

Two events were held by the Value Investing Interest Group in FY2015, which drew around 70 participants. The event topics were:

- Magic Formula Investing
- Pilgrimage to Omaha: The Berkshire Hathaway AGM

The Board extends its sincere appreciation to all the Directors and volunteers of Special Interest Groups. Without their support, the setting up of these Special Interest Groups and their events would not be possible.

We would also like to thank all speakers and panelists who contributed their time, experience and knowledge to these events.

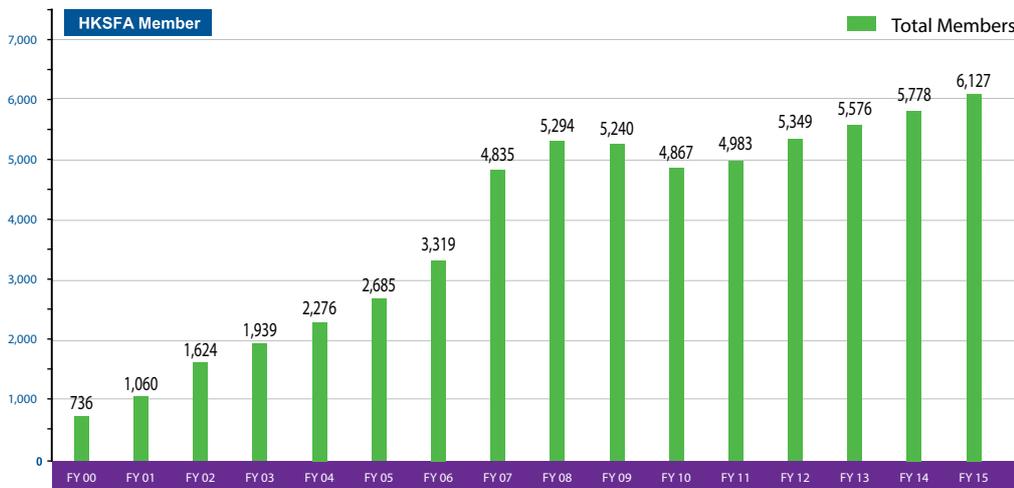
TRAILWALKER

The HKSFA again fielded 4 teams to take part in the Hong Kong Oxfam Trailwalker charity hike in FY2015. Participants faced the challenge of completing the grueling 100km MacLehose Trail within a 48-hour limit over the weekend of the 14-16 November 2014. Our teams raised approximately HK\$130,000 for the charity, once again making the HKSFA one of the top fund raisers.



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

SOCIETY AFFAIRS



MEMBERSHIP

Our membership grew by 6.0% during FY2015. As at 30 June 2015, it stood at a record number of 6,127. A 375-person rise in Hong Kong based members was the key driver of this growth.

Local candidates completing the CFA programme, members transferring into Hong Kong from overseas, and ex-members reinstating their membership contributed to Hong Kong based membership growing to 5,638 in FY2015.

In our pursuit of being Hong Kong's leading investment professional body and raising our local community profile, we are pleased that our Hong Kong based membership continues to grow, and at a higher pace in FY2015 compared to the two previous years. It is also an encouraging sign that an increasing number of ex-members are re-joining the Society.

Even though the newly created Associate Member category is still in its introductory stage, we have still been able to attract a dozen leading, non-charterholding financial industry practitioners to join us.

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

- Provide high quality member services that utilise diverse activities and events.
- Make the HKSFA a trusted conduit and platform for our members to interact with other professional and regulatory bodies.
- Raise the Society's public profile through advocacy, public awareness, and investor education.

Our membership's geographic distribution has remained broadly unchanged over the years, with Hong Kong (92.0%) and China (4.2%) as the key components.

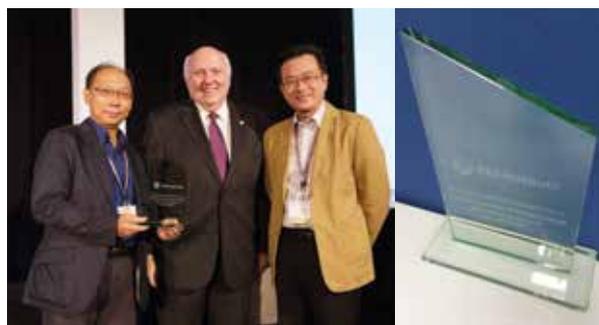
The HKSFA has proudly maintained its ranking as the world's fourth largest CFA Institute member society and the largest in Asia.

Top Ten Societies of CFA Institute as at 30 June 2015*

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

* In descending order of number of members

Source: CFA Institute



The HKSFA has won the Most Outstanding Society Award (societies with over 1,000 members) in the 2014 Society Excellence Awards Programme, administered by the CFA Institute. It recognises CFA Institute member societies who excel in the areas of Education, Engagement, Ethics, and Enablers (the 4 "E"s), across the board excellence.



CORPORATE GOVERNANCE

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

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

In accordance with the Articles of Association of the Society:

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

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

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

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

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

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

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

Board Meeting Attendance

From July 2014 to June 2015, the Board meets on the first Monday of every other month.

Board of Directors and Managing Director	Attended	Called in
Frederick TSANG	6/6	0/6
Joseph CHAN	4/6	1/6
Franki CHUNG	6/6	0/6
Jimmy JIM	5/6	1/6
Ashley KHOO	5/6	0/6
Edmond LAU	2/6	1/6
Yin Toa LEE	4/6	0/6
Jenny LOR	4/6	2/6
Karl LUNG	3/6	0/6
Derek MOK	5/6	0/6
Elizabeth SOON	Resigned on 7 January 2015	0/6
Claudius TSANG	Appointed on 6 October 2015	4/6
Jacky TSANG	5/6	1/6
Tony WATSON	2/6	1/6
Cedric WONG	2/6	2/6
Ernest WONG	Appointed on 7 January 2015	2/6
Louisa WONG	Resigned on 6 February 2015	4/6

MEMBERS OF THE ADVISORY BOARD

Advisory Board

Kevin K.C. Chan	Water C.W. Cheung	George W. Long
David Lui	Richard K.C. Mak	James A. Soutar
S.F. Wong		

COMMITTEES

Advocacy Committee

Jimmy W.K. Jim (Chair)	Frederick S.C. Tsang (Chair)	Yash Agarwal
Timothy T.L. Chan	Vincent Cheng	Charles Cheng
Gary K.L. Cheung	Gary C.P. Chow	Hang Chow
Charles Chui	Maggie Fong	Aziz Hussain
Ashley P.W. Khoo	Kevin Kwan	Edmond Y.M. Lau
Ho Tak Lee	Yin Toa Lee	Karl H.K. Lung
Alfred K.C. Ma	Debbie W.M. Man	Derek W.M. Mok
Elizabeth Y.S. Soon	John Teng	Terence Tsui
Hannes J. Valtonen	Cedric H.K. Wong	Ellen Wong
Tang Chun Wong	Senan S.L. Yuen	Jielun Zhu

Career Development

Derek W.M. Mok (Chair)	Ernest Y.K. Wong (Chair)	Joseph H.L. Chan
Vanilla S.Y. Dong	Ashley P.W. Khoo	Philip S.H. Kong
Albert K.T. Lai	Florence S.Y. Man	Marco T.C. Sze
Kennex Y.T. Tsai	Ignacio M.K. Wong	

Continuing Education Committee

Tony Watson (Chair)	Joseph H.L. Chan (Chair)	John Besant-Jones
Andy C.Y. Chan	May K.S. Chan	Nikki Chan
Will W.H. Chan	Henry H. Chow	Michael A. Firth
Cheng Yuan Fu	Jin Gao	Ashley P.W. Khoo
Lawrence C.Y. Kwan	Chapmann C.H. Kwok	Kenny J. Lee
Kher Sheng Lee	Yin Toa Lee	Victor P.K. Leung
Gilbert K.W. Li	Jack Y.K. Lo	Jenny C.Y. Lor
Allen C.C. Ng	Elizabeth Soon	Darren, S.B. Tam
Alice Y.L. Wong	Cedric H.K. Wong	Ernest Y.K. Wong
Felicia C.W. Wong	Samuel L.H. Wong	Jack C.K. Yau
Howard H. Zhu		

Corporate Training

Frederick S.C. Tsang (Chair)	Joseph H.L. Chan	Yin Toa Lee
Jacky K.Y. Tsang	Tony Watson	

Investment Performance & Risk Committee

Jenny C.Y. Lor (Chair)	Justin Chan	Sean P. Gilligan
Jimmy W.K. Jim	Tony K.M. Leung	Karl H.K. Lung
Terence Tsui	Matthew C. Whitehead	Cedric H.K. Wong
Ernest Y.K. Wong	Conrad W. Yan	Stephen X.D. Zhu

Membership Committee

Cedric H.K. Wong (Chair)	Ashley P.W. Khoo	Jenny C.Y. Lor
Karl H.K. Lung	Derek W.M. Mok	Frederick S.C. Tsang
Tony Watson	Jenny C.Y. Lor	Karl H.K. Lung
Elizabeth Y.S. Soon	Jacky K.Y. Tsang	

Member Services Committee

Kennex Y.T. Tsai (Chair)	Ernest Y.K. Wong (Chair)	Francis C.H. Chan
May K.S. Chan	Lisa L.S. Cheong	Pui Hing Choi
Simon J. Frisby	Vincent Groenewoud	Albert K.T. Lai
Alex C.H. Lai	Dave T.K. Lam	Chaksum Lau
Sharon H.Y. Law	Andrew H.M. Lee	Ryan C.T. Li
Jack Y.K. Lo	James K.Y. Ma	Derek W.M. Mok
Edwin Morris	Macro T.C. Sze	Raymond M.K. Tam
Ivy P.Y. Tang	Jacky K.Y. Tsang	Vanilla S.Y. Tung
Eason Y.S. Wong	Louisa O.C. Wong	Coco K. Wu
William S.W. Yuen		

Public Awareness

Ashley P.W. Khoo (Chair)	Edmond Y.M. Lau (Chair)	Joseph H.L. Chan
Charles Cheng	Lisa L.S. Cheong	Jimmy W.K. Jim
Yin Toa Lee	David Y. H. Leung	Jenny C.Y. Lor
Karl H.K. Lung	Gracie Mi	Derek W.M. Mok
Claudius S.W. Tsang	Frederick S.C. Tsang	Terence Tsui

Research Challenge

Franki K.F. Chung (Chair)	Derek W.M. Mok (Chair)	Edmond Y.M. Lau
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University Relations

Yin Toa Lee (Chair)	Franki K.F. Chung	Jimmy W.K. Jim
Jenny C.Y. Lor	Karl H.K. Lung	Jacky K.Y. Tsang

MEMBERS OF THE BOARD OF DIRECTORS AND MANAGING DIRECTOR



Board of Directors:

President	Frederick S.C. TSANG, CFA	1
Vice-President	Ashley P.W. KHOO, CFA	2
Vice-President	Derek W.M. MOK, CFA	3
Treasurer	Jacky K.Y. TSANG, CFA	4
Director and Secretary of the Board	Franki K.F. Chung, CFA	5



Board of Directors:

- A Joseph H.L. Chan, CFA
- B Jimmy W.K. Jim, CFA
- C Edmond Y.M. Lau, CFA
- D Yin Toa Lee, CFA
- E Jenny C.Y. Lor, CIPM

- F Karl H.K. Lung, CFA
- G Claudius Tsang, CFA
- H Tony Watson, CFA
- I Ernest Y.K. Wong, CFA

Managing Director:

- J Cedric H.K. Wong, CFA

FINANCIAL HIGHLIGHTS

FINANCE

In FY2015, the Society's annual surplus increased 144% year-on-year to HK\$920,710. Membership fees rose 32% over the same period. Over HK\$900,000 of this surplus increase was due to a rise in average member fees. Excluding this rise in average fees, the like for like growth in membership fees was in line with the 6% increase in member numbers.

Operating expenses increased 22%, or around HK\$158,000, in FY2015. New initiatives, such as the BRRC and the HKSFA website upgrade, also contributed to the rise in operating expenses in FY2015. Apart from operating expenses, administrative expenses rose 11%, primarily due to pay rises and higher rental costs.

The increase in membership fees led to a higher than originally expected financial surplus for the Society. This extra surplus enables the HKSFA to utilise greater financial resources in the future, allowing us to better serve our members and deliver our mission. For example, the Society plans to upgrade its premise to a new and more spacious office that can accommodate a greater headcount and more events.

The Society is a non-profit organisation that exists to serve members in accordance to our mission statement. Our healthy FY2015 surplus will be directed towards delivering this mission statement, hence resource allocation for member services is our top priority.

The Investment Committee of the Society is responsible for the investment of surplus member funds before they are utilised. Member funds grew to HK\$15,307,904 in FY2015 from HK\$13,539,900 in FY2014. This increase in member funds is mainly the result of the Society's FY2015 surplus and changes in the investment revaluation reserve.

The Investment Committee added new positions in equities securities during FY2015, and will continue to monitor and adjust asset allocation as appropriate. Our main active holdings are fixed income securities and units contained in the Hang Seng Index Tracker Fund ("Tracker Fund") and A50 ETF. We believe these prudent, long-term investment vehicles are appropriate for managing the Society's surplus funds. Asset allocation is sensibly spread out among cash, equity and fixed income securities. The Society also maintains working capital in the form of cash and bank deposits that are used for day-to-day operations.

FIVE-YEAR SUMMARY

	2015	2014	2013	2012	2011
No. of Members	6,127	5,778	5,576	5,349	4,983
No. Continuing Education Programmes	36	31	34	38	36
No. of Member Services Functions	27	18	11	12	19
Income	HK\$	HK\$	HK\$	HK\$	HK\$
Membership Fees	4,891,440	3,719,014	3,606,580	3,482,071	3,203,775
Surplus from Education & Programmes	338,874	305,803	254,178	286,446	385,919
Interest Income	297,805	337,365	149,184	269,219	132,461
Other Revenue	1,001,554	996,059	988,752	1,194,475	902,131
	6,529,673	5,358,241	4,998,694	5,232,211	4,624,286
Expenditure					
Administrative Expenses	4,716,297	4,246,731	3,717,171	3,420,837	3,030,351
Other Operative Expenses	892,666	734,058	821,786	1,126,967	659,428
Total Operating Expenses	5,608,963	4,980,789	4,538,957	4,547,804	3,689,779
SURPLUS FOR THE YEAR	920,710	377,452	459,737	684,407	934,507
ASSETS					
Total of Non-Current Assets	6,360,239	9,694,840	8,901,600	8,039,000	3,215,000
Total of Current Assets	10,222,539	4,706,682	4,956,240	5,041,522	9,436,987
Total of Current Liabilities	1,274,874	861,622	1,061,392	829,986	816,458
Total of Net Current Assets	8,947,665	3,845,060	3,894,848	4,211,536	8,620,529
Total of Net Assets	15,307,904	13,539,900	12,796,448	12,250,536	11,835,529
Total of Members' General Funds	15,307,904	13,539,900	12,796,448	12,250,536	11,835,529

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 2015.

PRINCIPAL ACTIVITIES

The Hong Kong Society of Financial Analysts Limited (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 results and cash flows of the Society for the year ended 30 June 2015 and the state of affairs of the Society at that date are set out in the financial statements on pages 34 to 52.

PROPERTY, PLANT AND EQUIPMENT

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

MEMBERS OF THE BOARD OF DIRECTORS

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

President	Frederick Sui Cheong TSANG, CFA	
Vice-president	Pui Wun KHOO, CFA Derek Wai Man MOK, CFA	
Secretary	Ka Fai CHUNG, CFA	
Treasurer	Kwok Yuk TSANG, CFA	
Members	Hak Kau LUNG, CFA Wai Kee JIM, CFA Yin Toa LEE, CFA Peter Anthony WATSON, CFA Yip Man LAU, CFA Joseph Ho Lim CHAN, CFA Ching Yi LOR, CIPM Claudius Sze Wai TSANG, CFA Ernest Yiu Kit WONG, CFA (appointed on 7 January 2015) Hoi Kan WONG, CFA (resigned on 21 July 2015) Yan Seen SOON, CFA (resigned on 7 January 2015)	

In accordance with article 72 of the Society’s articles of association, a retiring Executive Director shall retire from office after the term of two years since the last election and be eligible for re-election subject to the qualifications required under article 75. Accordingly, Mr. Frederick Sui Cheong TSANG, Ms. Pui Wun KHOO, Mr. Ka Fai CHUNG, Mr. Joseph Ho Lim CHAN, Mr. Yip Man LAU, Mr. Yin Toa LEE and Mr. Hak Kau LUNG shall retire from office at the forthcoming annual general meeting of the Society and, being eligible, offer themselves for re-election.

In accordance with articles 78 and 79, Mr. Ernest Yiu Kit WONG shall retire from office at the forthcoming annual general meeting of the Society and, being eligible, offer himself for re-election subject to the qualifications required under article 75.

All other remaining directors shall continue in office.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

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

AUDITORS

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

On behalf of the Board

Frederick Sui Cheong TSANG, CFA
President
Hong Kong, 2 November 2015

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

(incorporated in Hong Kong with limited liability by guarantee)

We have audited the financial statements of The Hong Kong Society of Financial Analysts Limited (the "Society") set out on pages 34 to 52, which comprise the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

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

Auditor's responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Society as at 30 June 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Chan, Li, Law CPA Limited
Certified Public Accountants (Practising)
Hong Kong, 2 November 2015

Li King Man
Practising Certificate No.: P05777

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

(Expressed in Hong Kong dollars)

	Note	2015 HK\$	2014 HK\$
INCOME			
Membership fees	3	4,891,440	3,719,014
Surplus from candidate education	4	93,882	66,171
Surplus from continuing education	5	244,992	239,632
		-----	-----
		5,230,314	4,024,817
Other revenue	6	1,299,359	1,333,424
Administrative expenses	10	(4,716,297)	(4,246,731)
Other operating expenses	12	(892,666)	(734,058)
		-----	-----
SURPLUS FOR THE YEAR		920,710	377,452
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Fair value changes on available-for-sale financial assets		847,294	366,000
		-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,768,004	743,452
		=====	=====

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

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

(Expressed in Hong Kong dollars)

	Note	2015 HK\$	2014 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	20	21,038	30,905
Held-to-maturity financial assets	17	780,000	780,000
Available-for-sale financial assets	18	5,066,481	3,621,875
Financial assets at fair value through profit or loss	19	492,720	5,262,060
		6,360,239	9,694,840
Current assets			
Accounts and other receivables		147,648	217,427
Deposits and prepayments		492,459	495,166
Fixed deposits		3,000,000	1,500,731
Cash and bank balances		6,582,432	2,493,358
		10,222,539	4,706,682
Current liabilities			
Accounts payable and accruals		167,274	167,422
Receipts in advance		1,107,600	694,200
		1,274,874	861,622
Net current assets		8,947,665	3,845,060
NET ASSETS		15,307,904	13,539,900
MEMBERS' EQUITY			
Members' general funds		13,342,835	12,422,125
Investment revaluation reserve		1,965,069	1,117,775
		15,307,904	13,539,900



Frederick Sui Cheong TSANG, CFA
President



Kwok Yuk TSANG, CFA
Treasurer

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

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

(Expressed in Hong Kong dollars)

	Members' general funds HK\$	Investment revaluation reserve HK\$	Total HK\$
Balance at 1 July 2013	12,044,673	751,775	12,796,448
Total comprehensive income for the year	377,452	366,000	743,452
Balance at 30 June 2014	12,422,125	1,117,775	13,539,900
Total comprehensive income for the year	920,710	847,294	1,768,004
Balance at 30 June 2015	13,342,835	1,965,069	15,307,904

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

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

(Expressed in Hong Kong dollars)

	Note	2015 HK\$	2014 HK\$
Cash flows from operating activities			
Surplus for the year		920,710	377,452
Adjustments for :-			
Investment income	7	(313,530)	(378,963)
Interest income	8	(3,615)	(4,867)
Depreciation	20	29,137	45,270
Loss on redemption of listed debt securities	7	9,500	-
Fair value changes on financial assets at fair value through profit or loss	7	9,840	46,465
		<u>652,042</u>	<u>85,357</u>
Operating surplus before changes in working capital			
Decrease/(increase) in accounts and other receivables		69,779	(93,740)
Decrease/(increase) in deposits and prepayments		2,707	(31,870)
(Decrease) in accounts payable and accruals		(148)	(153,282)
Increase/(decrease) in receipts in advance		413,400	(46,488)
		<u>1,137,780</u>	<u>(240,023)</u>
Net cash generated from/(used in) operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment	20	(19,270)	(24,575)
Acquisition of financial assets at fair value through profit or loss		-	(494,400)
Proceeds from redemption of financial assets at fair value through profit or loss		4,750,000	-
Acquisition of available-for-sale financial assets		(597,312)	-
Increase in time deposit with deposit term over three months		(3,000,000)	-
Investment income	7	313,530	378,963
Interest received	8	3,615	4,867
		<u>1,450,563</u>	<u>(135,145)</u>
Net cash generated from/(used in) investing activities			
Increase/(decrease) in cash and cash equivalents			
		<u>2,588,343</u>	<u>(375,168)</u>
Cash and cash equivalents at the beginning of the year			
		<u>3,994,089</u>	<u>4,369,257</u>
Cash and cash equivalents at the end of the year			
		<u>6,582,432</u>	<u>3,994,089</u>
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		6,582,432	2,493,358
Fixed deposits matured within three months when acquired		-	1,500,731
		<u>6,582,432</u>	<u>3,994,089</u>

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

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

(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 Room 1802, 18/F, 1 Duddell Street, 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 HKSFSA (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 2015 was 6,127 (2014 : 5,778).

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Statement of compliance

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

(b) Basis of preparation of financial statements

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

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

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

(c) Changes in accounting policies and disclosures

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

In addition, the requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap.622) come into operation during the financial year, as a result, there are changes in presentation and disclosures of certain information in these financial statements.

(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 :-

	2015 HK\$	2014 HK\$
Members' annual fee income	4,610,190	3,493,764
New members' joining fee income	325,000	255,500
Uncollected fees recovered	1,250	3,750
Less :Uncollected fees	(45,000)	(34,000)
	----- 4,891,440 =====	----- 3,719,014 =====

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.

	2015 HK\$	2014 HK\$
Sales of study materials and programme income	152,848	161,598
Less :Cost of study materials and programme expenses	(58,966)	(95,427)
	----- 93,882 =====	----- 66,171 =====

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.

	2015 HK\$	2014 HK\$
Programme income	633,646	663,107
Less :Programme expenses	(388,354)	(423,175)
Uncollected fees	(300)	(300)
	----- 244,992 =====	----- 239,632 =====

6. OTHER REVENUE

	2015 HK\$	2014 HK\$
Investment income, net (note 7)	294,190	332,498
Interest income (note 8)	3,615	4,867
Sundry income	1,533	29
CFA Institute Society Operational Support Funding	998,221	968,830
CFA Institute Society Excellence Awards - Most Outstanding Society Award (societies with over 1,000 members), net (note 9)	(10,200)	-
Job posting income	12,000	27,200
	----- 1,299,359 =====	----- 1,333,424 =====

7. INVESTMENT INCOME, NET

	2015 HK\$	2014 HK\$
Interest received from listed debt securities	115,883	224,348
Loss on redemption of listed debt securities	(9,500)	-
Interest received from unlisted debt securities	43,290	43,290
Dividend received from listed equity securities	154,357	111,325
Fair value changes on financial assets at fair value through profit or loss	(9,840)	(46,465)
	----- 294,190 =====	----- 332,498 =====

8. INTEREST INCOME

	2015 HK\$	2014 HK\$
Bank interest income	385	150
Interest received from fixed deposits	3,230	4,717
	----- 3,615 =====	----- 4,867 =====

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

	2015 HK\$	2014 HK\$
Society Excellence Awards	19,500	-
Less: Souvenirs for Society Excellence Awards	(29,700)	-
	----- (10,200)	----- -
	=====	=====

10. ADMINISTRATIVE EXPENSES

	2015 HK\$	2014 HK\$
Depreciation	29,137	45,270
Electricity	15,354	15,152
Personnel costs (note 11)	3,026,607	2,699,034
Rent, rates and building management fee	1,560,600	1,423,120
Telephone and internet	84,599	64,155
	----- 4,716,297	----- 4,246,731
	=====	=====

11. PERSONNEL COSTS

	2015 HK\$	2014 HK\$
Salaries	2,902,796	2,602,260
Mandatory provident fund contributions	105,298	81,721
Staff welfare and allowances	18,513	15,053
	----- 3,026,607	----- 2,699,034
	=====	=====

12. OTHER OPERATING EXPENSES

	2015 HK\$	2014 HK\$
Advertising and promotion for public awareness	185,692	183,565
Audit fee	28,000	23,000
Bank charges	9,844	11,038
Business registration fee	2,896	750
Best research report competition	70,756	-
Deficit from social functions (note 13)	152,672	50,292
Deficit :from investment research challenge (note 14)	38,143	48,602
Exchange loss	23,634	31,171
Insurance	20,081	16,744
Professional fees	24,285	34,240
Local traveling	210	635
Meeting expenses	42,481	29,690
Commission for online receipt	41,336	34,377

Overseas traveling	66,862	76,555
Office cleaning	21,510	20,405
Postages, printing and stationery	108,863	145,518
Repairs and maintenance	18,922	20,040
Sundry expenses	10,474	6,936
Website upgrade	26,005	500
	<u>892,666</u>	<u>734,058</u>
	=====	=====

13. DEFICIT FROM SOCIAL FUNCTIONS

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

	2015 HK\$	2014 HK\$
Function income	225,570	278,200
Less : Function expenses	(377,142)	(327,942)
Uncollected fees	(1,100)	(550)
	<u>(152,672)</u>	<u>(50,292)</u>
	=====	=====

14. DEFICIT FROM INVESTMENT RESEARCH CHALLENGE

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

	2015 HK\$	2014 HK\$
Competition income	77,900	77,900
Less : Competition expenses	(116,043)	(126,502)
	<u>(38,143)</u>	<u>(48,602)</u>
	=====	=====

15. BENEFITS AND INTERESTS OF DIRECTORS

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

16. INCOME TAX

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

17. HELD-TO-MATURITY FINANCIAL ASSETS

	2015 HK\$	2014 HK\$
Unlisted debt securities, at amortised cost	780,000	780,000
Market value	850,494	855,567

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 HK\$	2014 HK\$
Equity securities listed in Hong Kong, at fair value	5,066,481	3,621,875

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HK\$	2014 HK\$
Debt securities listed in Hong Kong, at fair value	492,720	5,262,060

20. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and equipment HK\$	Total HK\$
Cost :-			
At 1 July 2013	294,831	227,348	522,179
Additions	-	24,575	24,575
At 30 June 2014	294,831	251,923	546,754
Additions	-	19,270	19,270
At 30 June 2015	294,831	271,193	566,024
Accumulated depreciation :-			
At 1 July 2013	294,831	175,748	470,579
Charge for the year	-	45,270	45,270
At 30 June 2014	294,831	221,018	515,849
Charge for the year	-	29,137	29,137
At 30 June 2015	294,831	250,155	544,986
Net book value :-			
At 30 June 2015	-	21,038	21,038
At 30 June 2014	-	30,905	30,905

21. LEASE COMMITMENTS

At 30 June 2015, the total future minimum lease payments under a non-cancellable operating lease of property are payable as follows :-

	2015 HK\$	2014 HK\$
Not later than one year	693,610	1,325,190
Later than one year but not later than five years	-	689,760
	<u>693,610</u>	<u>2,014,950</u>
	=====	=====

22. FINANCIAL RISK MANAGEMENT

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

	2015 HK\$	2014 HK\$
Held-to-maturity financial assets	780,000	780,000
Available-for-sale financial assets	5,066,481	3,621,875
Financial assets at fair value through profit or loss	492,720	5,262,060
Loans and receivables :-		
Accounts and other receivables	147,648	217,427
Deposits and prepayments	492,459	495,166
Fixed deposits	3,000,000	1,500,731
Cash and bank balances	6,582,432	2,493,358
	<u>10,222,539</u>	<u>4,706,682</u>
	<u>16,561,740</u>	<u>14,370,617</u>
	=====	=====

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

	2015 HK\$	2014 HK\$
Financial liabilities at amortised cost :		
Accounts payable and accruals	167,274	167,422
Receipts in advance	1,107,600	694,200
	<u>1,274,874</u>	<u>861,622</u>
	=====	=====

Except for available-for-sale financial assets and financial assets at fair value through profit or loss stated at fair value, all other financial instruments are carried at amounts not materially different from their fair values as at 30 June 2015 and 30 June 2014. The fair value of available-for-sale financial assets and financial assets at fair value through profit or loss are set out in notes 18 and 19 respectively.

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

(a) Credit risk

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

The Society's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 June 2015 and 30 June 2014 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 :-

	2015 HK\$	2014 HK\$
Past due up to		
- 30 days	83,245	121,372
- 31 to 60 days	17,753	34,700
- 61 to 120 days	7,500	11,000
- Over 120 days	39,150	50,355
	-----	-----
	147,648	217,427
	=====	=====

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 1 month HK\$	Later than 1 month but not later than 3 months HK\$	Later than 3 months but not later than 1 year HK\$	Later than 1 year but not later than 5 years HK\$	Carrying amounts HK\$
<u>2015</u>					
Accounts payable and accruals	51,073	200	-	116,001	167,274
Receipts in advance	1,107,600	-	-	-	1,107,600
	-----	-----	-----	-----	-----
	1,158,673	200	-	116,001	1,274,874
	=====	=====	=====	=====	=====
<u>2014</u>					
Accounts payable and accruals	50,103	-	1,318	116,001	167,422
Receipts in advance	694,200	-	-	-	694,200
	-----	-----	-----	-----	-----
	744,303	-	1,318	116,001	861,622
	=====	=====	=====	=====	=====

(c) Market risk

(i) Currency risk

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

Summary quantitative data

Balances denominated in US dollars	HK\$
<u>2015</u>	
Held-to-maturity financial assets	780,000
Accounts receivables	6,630
Cash and bank balances	3,257,658

	4,044,288
	=====
<u>2014</u>	
Held-to-maturity financial assets	780,000
Accounts receivables	6,864
Cash and bank balances	319,949

	1,106,813
	=====

Sensitivity analysis

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

(ii) Interest rate risk

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

The Society mainly holds fixed deposits with bank with maturity for 1 year (2014: within 3 months) and the exposure is considered not significant. It also invests surplus funds in fixed income securities and such investments are not considered to expose to interest rate risk under the held-to-maturity category.

Summary quantitative data

	2015 HK\$	2014 HK\$
Floating-rate financial assets		
Available-for-sale financial assets	5,066,481	3,621,875
Financial assets at fair value through profit or loss	492,720	5,262,060
Fixed deposits	3,000,000	1,500,731
Bank balances	6,577,432	2,483,358
	15,136,633	12,868,024
Fixed-rate financial assets		
Held-to-maturity financial assets	780,000	780,000
	15,916,633	13,648,024

Sensitivity analysis

At 30 June 2015, 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\$159,166 (2014: HK\$136,480)

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 2014.

(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

	2015 HK\$	2014 HK\$
Available-for-sale financial assets, at fair value - equity securities listed in Hong Kong	5,066,481	3,621,875
	=====	=====

Sensitivity analysis

At 30 June 2015, 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\$506,648 (2014: HK\$362,188).

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 2014.

23. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<u>2015</u>				
Available-for-sale financial assets	5,066,481	-	-	5,066,481
Financial assets at fair value through profit or loss	492,720	-	-	492,720
	----- 5,559,201 =====	----- - =====	----- - =====	----- 5,559,201 =====
<u>2014</u>				
Available-for-sale financial assets	3,621,875	-	-	3,621,875
Financial assets at fair value through profit or loss	5,262,060	-	-	5,262,060
	----- 8,883,935 =====	----- - =====	----- - =====	----- 8,883,935 =====

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

24. CAPITAL MANAGEMENT

The capital structure of the Society consists of debt, cash and cash equivalents and members' general funds. The Society has no written capital risk management policies and guidelines and the Society manages its capital mainly to ensure the Society will be able to continue as a going concern through the optimisation of the debt and members' general fund balances. No changes were made in the overall strategy during the year ended 30 June 2014 and 30 June 2015. The members of the Board of Directors of the Society regularly review and manage its capital to ensure adequacy for both operational and capital need.

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

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

		Effective for accounting period beginning on or after
Amendments to HKAS 1	Disclosure initiative	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to HKAS 27 (2011)	Equity method in separate financial statements	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018

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

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 2 November 2015.

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