



香港財經分析師學會

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS

ANNUAL REPORT 2018

COMMUNITY

04

- ESG
- FinTech
- Value Investing
- Women in Investment Management

Achievement
01

MEMBER VALUE

02

- Programme :
- Best Research Report Competition
 - CFA Institute Research Challenge
 - Investor Education Seminar
 - Gala Dinner

LEADERSHIP

Board of Directors
Advocacy
Volunteer Training



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ABOUT HKSFA

Established in 1992, The Hong Kong Society of Financial Analysts Limited (HKSFA) has grown from a dozen members in its first year to over **7,000 members** as of 30 September 2018. We are now the **fourth largest CFA Institute member society in the world**. Thanks to tireless efforts of its directors, volunteers and office staff, the Society has gone from strength to strength. In 2018, we were honoured to receive CFA Institute's **Society Excellence Awards - Strategic Initiatives: Deliver Member Value** for the "**Volunteer Leader Series**" (which will be covered later on this page and P.12) .

HKSFA shares the mission of CFA Institute to raise professional and ethical standards of financial analysts and investment practitioners through continuing education events and advocacy efforts. We also aim to provide a forum to facilitate our members' career development and to foster the sustainability of the financial industry.

In 2017, HKSFA adopted a strategy to reinforce member value and boost participation through the 25th anniversary celebration programme. One of the initiatives of the programme was the Volunteer Leaders Series, in which our Past Presidents shared with members and volunteers their professional experience, their participation in the life of the Society, and the ways in which CFA programme helped their career. The objective of the Series was in line with two missions of the CFA Institute: to develop future professionals and to deliver member value that accelerates the professional success.

In addition, throughout the year, we organised continuing education luncheons, seminars and workshops on various popular and timely topics, such as Bond Connect, real estate joint ventures, and MiFID II. In FY2018, we offered a total of 68 CPT hours in our relevant events.

The Premier Investment Professional Network



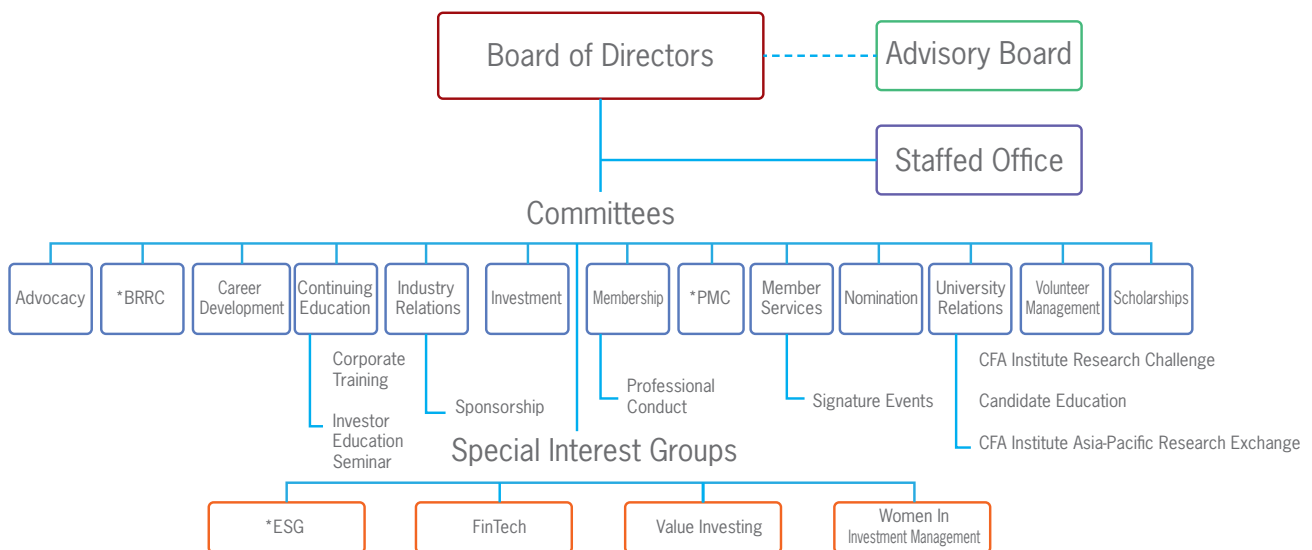
VISION

To be a leading investment professional body in Hong Kong.

MISSION STATEMENT

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

HKSFA Organisation Chart



* Remarks

BRRC : HKSFA Best Research Report Competition

ESG : Environmental, Social and Governance

PMC : Portfolio Management Competition

REPORT OF PRESIDENT



Dear Members,

It was my great honour and privilege, earlier this year, to assume the duty of President of HKSFA as the Society enters its second quarter-century.

The past fiscal year has been a significant one in the life of the Society. In November 2017, we celebrated the 25th anniversary of its founding, and in May 2018, for the first time we co-hosted the 71st CFA Institute Annual Conference, a three-day event attended by 1,400 members and guests from around the world.

While such successful, high-profile events underscore the importance of the role HKSFA has come to play in the financial community in Hong Kong and in the global community of CFA charterholders, the Society's core mission is to serve its members throughout the year.

The most important focus in my duty as President is the Society's ability to meet the evolving needs of our members. This means delivering services that members see as value for the dues they pay.

The key to meeting this challenge is direct engagement. This year, we initiated a series of town-hall meetings and mini-surveys to obtain input and feedback from our members on issues relevant to them and to the Society. The input we have gathered has already led, in particular, to re-formatting of our signature annual events – the Awards Night and the Annual Cocktail.

In order to encourage more members to participate in the Society's activities, we have revamped our volunteer recruitment process and standardised volunteer management. This has allowed us to increase volunteer engagement; as many as 180+ volunteers contributed their time and effort throughout the year. We have also boosted our communication efforts with a special focus on social media and content quality.

As a professional body representing a significant share of financial practitioners in Hong Kong, we intend to make HKSFA a thought leader in the areas of finance that are relevant to our members. The areas include Women in Investment Management, FinTech, and Environmental, Social and Governance (ESG) issues. We will continue following the path charted by the past presidents of the Society, by organising events and engaging our members in these new and rapidly developing fields.

HKSFA's thought leadership aspirations reach beyond its membership. We have significantly stepped up our outward engagement efforts directed at Hong Kong's policy makers, regulators and legislators, with the goal of raising the Society's profile and its ability to further the interests of our members.

This year, the HKSFA has also initiated outreach to the Hong Kong-based diplomatic community. Such contacts will help us to engage with policy, trade and industry delegations coming through Hong Kong regularly, whether as a source of speakers or networking opportunities for our members. We have also actively engaged other professional organisations to avail our members of professional development and consultative opportunities.

Our Society, already the fourth largest CFA member society in the world, continues to grow. During the past fiscal year, we enrolled 676 new members, bringing the total to 6,783 as of 30 June 2018. This represents a 2.6% growth during the year. The member retention was 89.3%, compared to 91.3% in the previous year.

The increase in membership is a reflection of the continuing growth of Hong Kong's CFA charterholder community. As many as 10,688 candidates registered for the CFA examinations in December 2017 and June 2018, 9.6% more than in the previous year.

The finances of HKSFA remain healthy, with the annual surplus of HK\$659,761 and the members' equity reaching HK\$17.5m.

In order to better support our members and to help our dedicated staff deliver even better service, we are implementing changes in the Society's office. To streamline processes and enhance productivity, we have adopted Office 365 and the Slido apps.

Our members will note that we have launched a new home page and a career centre on the Society's website. We have also adopted an SSL certificate so that visitors to our website can browse more securely. Moreover, our staff have been trained on subjects such as personal data privacy, to ensure that the Society is in compliance with relevant regulations.

We strive to be ever more relevant both to the young generation of charterholders as well as members at the peak or twilight of their careers. Such mix of membership allows us to create initiatives focused on mentorship, career guidance and transfer of knowledge between generations of financial practitioners in the city.

Since many of HKSFA's founding staff are still with the Society, we have been making efforts to preserve and transfer their foundational knowledge. As junior staff take on greater responsibilities, that knowledge will help us avoid re-learning old lessons.

Many of these changes have been made with a view to a greater role HKSFA is going to play in delivering member services, as envisioned by CFA Institute's "Societies 2.0" initiative.

On behalf of the Society's members and its Board of Directors, I wish to thank Ms. Ashley Khoo, who ended her term as President earlier this year. It is thanks to her tireless efforts and leadership, as well as the efforts of those who preceded her in this role, that our Society is in such a good place.

I would like to thank our outgoing directors Mr. Karl Lung, Mr. Frederick Tsang, Mr. Ernest Wong and Mr. Terence Tsui for their service and contributions to the Society. At the same time, we welcome three new directors, Ms. Alice Wong, Mr. Charles Chui and Mr. Alvin Ho.

Mr. Franki Chung has taken up the role of Vice President from his previous role of Secretary of the Board, and Mr. Claudius Tsang has replaced Franki as Secretary of the Board.

I would like to express my utmost appreciation and gratitude to the staff of our Society for their dedication and hard work. They continue to go above and beyond the call of duty, as exemplified by the two very successful flagship events the Society held this year, as well as a broad range of other, smaller but no less successful, events, activities and initiatives.

My deepest gratitude goes out to volunteers who give their own time and effort to support the Society's activities. They not only make the Society such a vibrant community, but without them, HKSFA would simply not exist.

Thank you,

Tony Watson, CFA
President

MESSAGE FROM NICK POLLARD



Dear Members,

This year has seen continued paramount work on the part of The Hong Kong Society of Financial Analysts (HKSFA) in advancing our shared core purposes, such as delivering high-quality continuing professional development to members and advocating for the improvement of investment industry regulation. The continued commitment shown by HKSFA demonstrates the pivotal role it plays in becoming the professional body, not only for CFA charterholders, but for all investment professionals in Hong Kong. The position occupied by HKSFA embodies the vision of CFA Institute for societies globally, which we call “Societies 2.0”.

Societies 2.0 brings together local and global expertise by optimising collaboration between CFA societies and CFA Institute. For example, effective advocacy by HKSFA means creating a local team and plan, engaging local policymakers and aligning with the core CFA Institute principle of building a strong and ethical investment management industry. These local grassroots initiatives guide the CFA Institute agenda globally, tap into its content resources, and support our mutual relationships.

It has been gratifying to nurture collaborative efforts, which have resulted in HKSFA being recognised and rewarded for its achievements. CFA Institute and HKSFA recently joined forces to conduct a series of investor education initiatives. These important efforts were recognised by the Investor Education Centre of the Hong Kong Securities and Futures Commission, through its Financial Education Champion award. Also this year, HKSFA won the CFA Institute 2018 Society Excellence Award in the “Deliver Member Value” category, which acknowledged the sterling work of the society in engaging its members and building its community.

The collaborative effort between HKSFA and CFA Institute that best exemplifies a productive Societies 2.0 relationship is our shared advocacy work on dual-class share listings. Our collective work was showcased [in our response to the Hong Kong Exchanges and Clearing Limited regarding a listing regime for companies from emerging and innovative sectors](#).

Based on the excellent progress made over the past fiscal year, HKSFA and CFA Institute are well on their way to realising a robust Societies 2.0 plan that can serve as an example for other societies in the region. Thank you all for your work, dedication and commitment to our mission.

Nick Pollard
Managing Director, Asia-Pacific
CFA Institute



LET'S BUILD A BETTER WORLD FOR INVESTING. LET'S MEASURE UP.

Let's make the financial world as diverse as the one we live in.
Let's put ethics at the heart of everything we do.
Let's always put investors' needs above our own.
Let's deliver real value for the investment fees we charge.
Let's create jobs, build bridges, ensure prosperity.

Let's do our part. Let's start today. Let's measure up.

Get started at letsmeasureup.org



CFA Institute
LET'S MEASURE UP™

OUR MANAGEMENT TEAM

Advisory Board Members



Kevin K.C. CHAN, CFA



Water C.W. CHEUNG, CFA



Jimmy W .K. JIM, CFA



George W. LONG, CFA



David LUI



Karl H.K. LUNG, CFA



James A. SOUTAR, CFA



Frederick S.C. TSANG, CFA

Board of Directors



Yin Toa LEE, CFA

Treasurer



Derek W.M. MOK, CFA

Vice-President



Tony WATSON, CFA

President



Franki K.F. CHUNG, CFA

Vice-President



Claudius TSANG, CFA

Secretary of the Board



Charles CHUI, CFA



Alvin M. HO, CFA



Ashley P.W. KHOO, CFA



Ho Tak LEE, CFA



Jenny C.Y. LOR, CIPM



Richard K. C. MAK, CFA



Vincent NG, CFA



Alice Y.L. WONG, CFA



Felicia C.W. WONG, CFA



Calvin K.W. CHEUNG
Managing Director

Function Responsibilities of the Management Team

Function Responsibilities	Name of Committee / Special Interest Group Chairs	
Advocacy	Claudius TSANG, CFA	Charles CHUI, CFA
Best Research Report Competition	Franki K.F. CHUNG, CFA	Alice Y.L. WONG, CFA
Candidate Education	Calvin K.W. CHEUNG	
Career Development	Yin Toa LEE, CFA	Felicia C.W. WONG, CFA
Continuing Education	Ho Tak LEE, CFA	Felicia C.W. WONG, CFA
Industry Relations	Claudius TSANG, CFA	Ashley P.W. KHOO, CFA
Investment	Claudius TSANG, CFA	
Member Services	Vincent NG, CFA	
Membership	Richard K.C. MAK, CFA	
Nomination	Ashley P.W. KHOO, CFA	
Portfolio Management Competition	Tony WATSON, CFA	Alice Y.L. WONG, CFA
Professional Conduct Programme	Richard K.C. MAK, CFA	
Research Challenge	Franki K.F. CHUNG, CFA Charles CHUI, CFA	Derek W.M. MOK, CFA
Scholarships	Felicia C.W. WONG, CFA	Calvin K.W. CHEUNG
Volunteer Management	Tony WATSON, CFA	
Sponsorship	Tony WATSON, CFA	Vincent NG, CFA
University Relations	Yin Toa LEE, CFA	
ESG Special Interest Group	Ashley P.W. KHOO, CFA	Jenny C.Y. LOR, CIPM
FinTech Special Interest Group	Franki K.F. CHUNG, CFA	
Women in Investment Management Special Interest Group	Ashley P.W. KHOO, CFA	Alice Y.L. WONG, CFA
Value Investing Special Interest Group	Ho Tak LEE, CFA	

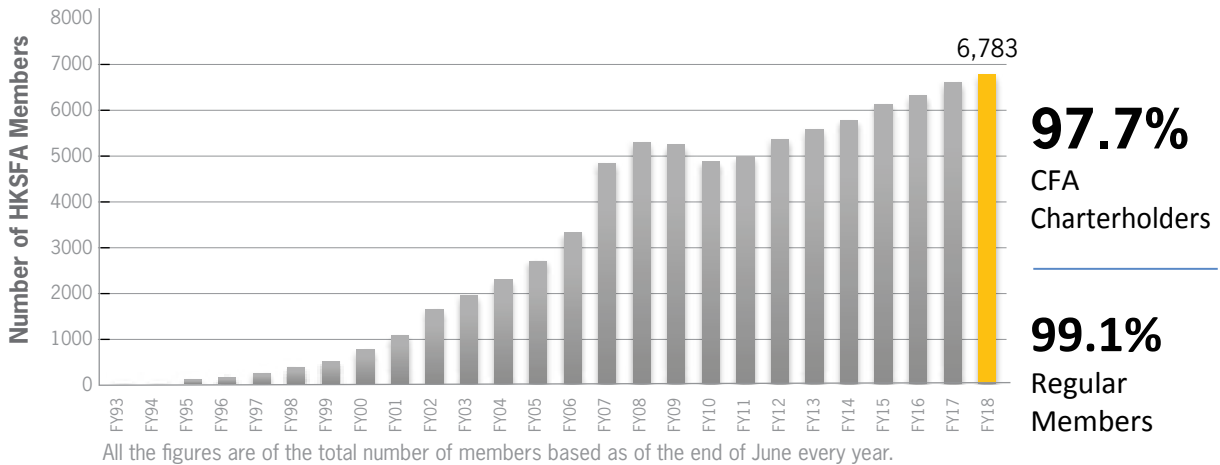
Board Meeting Attendance

July 2017 - June 2018

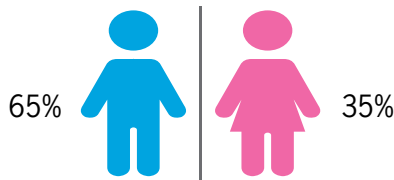
Board of Directors and Managing Director	Attended	Called In
Ashley P.W. KHOO, CFA	6	0
Joseph H.L. CHAN, CFA (Resigned on 31 Jul 2017)	0	0
Calvin K.W. CHEUNG	6	0
Charles CHUI, CFA (Appointed on 31 Jan 2018)	3	0
Franki K.F. CHUNG, CFA	6	0
Ho Tak LEE, CFA	6	0
Yin Toa LEE, CFA	4	2
Jenny C.Y. LOR, CIPM	5	1
Karl H.K. LUNG, CFA (Retired on 31 Jan 2018)	2	1
Richard K.C. MAK, CFA (Appointed on 18 Sep 2017)	4	0
Derek W.M. MOK, CFA	3	0
Vincent NG, CFA	3	2
Claudius TSANG, CFA	5	0
Frederick S.C. TSANG, CFA (Retired on 31 Jan 2018)	3	0
Terence C.W. TSUI, CFA (Retired on 31 Jan 2018)	1	2
Tony WATSON, CFA	6	0
Alice Y.L. WONG, CFA (Appointed on 31 Jan 2018)	3	0
Ernest Y.K. WONG, CFA (Retired on 31 Jan 2018)	3	0
Felicia C.W. WONG, CFA	6	0

OUR ACHIEVEMENT

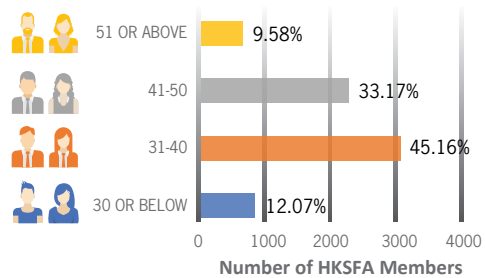
A GROWING PROFESSIONAL NETWORK IN HK



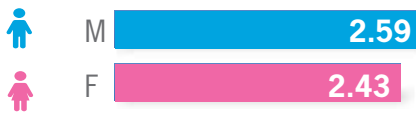
All Members by Gender



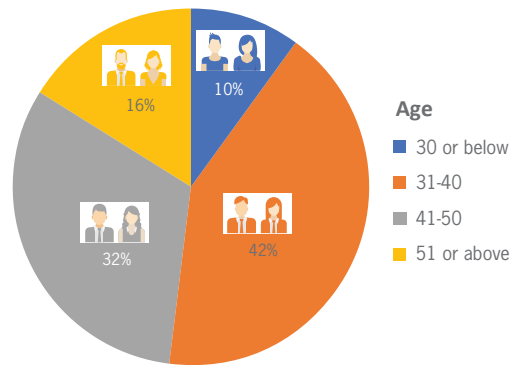
All Members by Age



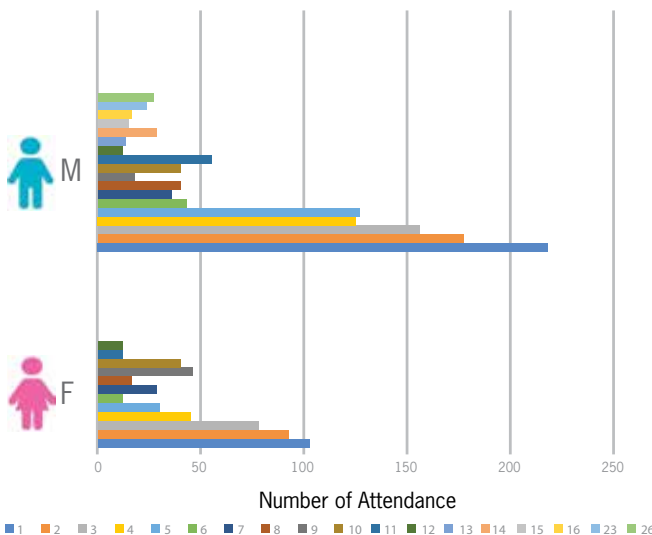
Average Events Attendance by Gender



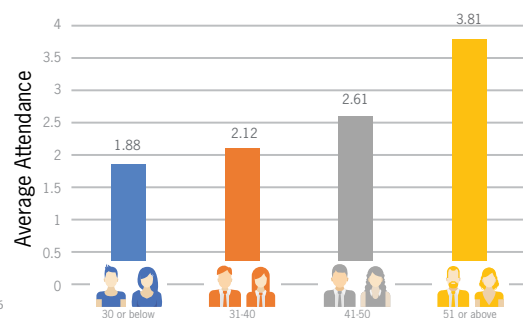
Joined at least one event in the last 12 months



Number of Events Attended by Gender in the last 12 months



Average Attendance by Age Groups



HKSFA OFFERED *80 EVENTS AND *100 HOURS OF CPT TRAINING IN FY2017-18

Continuing Education Committee

Total 23 Events with 68 CPT hours

	No. of Events	No. of CPT
Luncheons	15	15
Seminars	1	1
Workshops	7	52

Member Services Committee

Total 13 Events

	No. of Events
Social Events	2
Networking Events/ Happy Hour Gatherings	11

Special Interest Groups

ESG

- 6 Events
- 12 CPT hours
- 436 Attendees

FinTech

- 3 Events
- 1 CPT hour

Value Investing

- 3 Events
- 145 Attendees

Short Selling

- 1 Event
- 1 CPT hour

* Remarks

100 hours include 16.5 CPT hours for 71st CFA institute Annual Conference
80 events include other events hosted / co-hosted by HKSFA that are not mentioned above.

Other Efforts

Asset Owner Series

- An event of a global series collaborated with CFA New York
- 1.5 CPT hours

Advocacy

- 5 Regulator Outreaches
- Responded to 5 consultation papers

Membership

- Reviewed 648 applications

Corporate Access

- Events collaborated with *HKIRA & *SGX
- 3 Events

Candidate Education

- Served 226 candidates for Study Group
- 24 Study Groups for 2 examination cycles

*BRRC

- 41 submissions received
- 10 houses submitted reports

Investor Education

- 282 pax attended Investor Education Seminar
- *CFA Control Room: 14 episodes

Scholarships

- Reviewed 167 applications
- 58 scholarships granted

CFA Institute Research Challenge (Hong Kong Local Final)

- 11 Participating Universities
- 14 judges, graders and mentors

* Remarks

BRRC : HKSFA Best Research Report Competition
CFA Control Room : HKSFA's long-standing radio and newspaper programme
HKIRA : Hong Kong Investor Relations Association
SGX : Singapore Exchange Limited

HIGHLIGHTS OF EVENTS AND INITIATIVES



Volunteer Leaders Series

In the fiscal year 2018, HKSFA held five events under the umbrella of Volunteer Leaders Series, which was a part of the HKSFA's 25th anniversary celebrations. The series aims to engage volunteers and members through learning from professional experience of the Society's past presidents.

The speakers, who stood out as accomplished financial professionals, shared their insights into building a successful career in the field, with the focus on their participation in the activities of the Society and the CFA programme.

The series was inaugurated on 12 July 2017 by Mr. George W. Long, CFA, a former governor of CFA Institute and HKSFA founder, as well as the founder, Chairman and Chief Investment Officer of LIM Advisors Limited. He spoke about his career as a hedge fund manager and noted that what he gained from his volunteer experience with HKSFA nurtured the success in his career. The session, titled "A Successful Hedge Fund Manager: Survival by Continuous Learning", turned out to be a full house event, attracting 109 attendees.

The Volunteer Leaders Series proved to be popular with HKSFA members and spurred interest in volunteering for the Society.



HKSFA 25th Anniversary Gala Dinner

On 2 November 2017, the Society celebrated the 25th anniversary of its founding. The four-hour gala dinner at the Sheraton Hong Kong Hotel & Towers attracted 197 guests.

The welcome speech by the President of HKSFA at that time, Ms. Ashley Khoo, CFA, was followed by guest speeches of Mr. James Soutar, CFA, Advisory Board Member of HKSFA and Mr. Paul Smith, CFA, President & CEO of CFA Institute.

The highlight of the evening was the keynote speech by Dr. Randall S. Kroszner, former governor of the US Federal Reserve and a member of the US President, Mr. George W. Bush's Council of Economic Advisors.

The Annual Forecast Panel held during the event was moderated by Mr. Mark Matthews, Head of Asia Research at Bank Julius Bär, who also served as the master of ceremony throughout the evening. As is tradition, the panellists, Ms. Fan Cheuk Wan, Managing Director, Head of Investment Strategy and Advisory Asia, HSBC Private Banking; Mr. Erwin Sanft, CFA, Principal at Innova Strategies; and Dr. Mingchun Sun, CIO and Chief Economist at Deepwater Capital, put forward and defended their economic predictions for the coming year.

The evening's entertainment was provided by Hong Kong's beloved singer, Mr. Joe Junior, whose hit songs had been the soundtrack of many of the Society's members' early careers.

71ST

CFA INSTITUTE ANNUAL CONFERENCE

13-16 May 2018 | Hong Kong
FUTURE OF GLOBAL INVESTING



#Annual2018

Member exclusive rate **HK\$6,650** when you register before **23 March 2018** using code **SOCIETY18**.* (Original price: \$11,300)

*Applicable to individuals who are members of both a CFA® Society and CFA Institute

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71st CFA Institute Annual Conference and Welcome Reception

HKSFA co-hosted the 71st CFA Institute Annual Conference which was held at the Hong Kong Convention and Exhibition Centre from 13 to 16 May 2018 with CFA Institute. The event was attended by 1,400 members and guests, and attracted 46 sponsors.

On 14 May, the first full-day of the conference, Mr. Matthew Cheung Kin Chung, GBM, GBS, JP, Chief Secretary for Administration of Hong Kong Special Administrative Region of the People's Republic of China, delivered opening remarks, followed by Mr. Paul Smith, CFA, President and CEO of CFA Institute.



The theme of the conference was "Future of Global Investing". The four days of activities saw more than 50 sessions, which included practitioner workshops, corporate presentations, "Beyond the Numbers" sessions focused on soft-skills, and career-track presentations. These events were accompanied by networking lunches, dinners, receptions and forums, including in particular, the Women in Investment Management Networking Hour.



Among the 64 speakers were: Mr. Steven Eisman, Managing Director at Neuberger Berman, known for predicting, and profiting from, the crash of subprime mortgage securities during the global financial crisis of 2008; Mr. Daniel Kahneman, the laureate of the 2002 Nobel Memorial Prize in Economic Sciences, a pioneer of behavioural economics and author of "Thinking, Fast and Slow"; and Ms. Kathy M. Matsui, Chief Japan Equity Strategist at Goldman Sachs Japan, who is credited with coming up with "Womenomics" as a solution to Japan's economic stagnation.

In connection with the conference, HKSFA hosted an invitation-only Welcome Reception for 168 guests which was held on 14 May at Hong Kong Maritime Museum. Its aim was to introduce the Society's international guests to Hong Kong's top thought leaders in the financial industry.

Continuing Education

HKSFA organised 23 continuing education events for its members during the fiscal year 2018. Below are the three most popular events.

The Bond Connect Luncheon, held on 5 July 2017 attracted 61 participants eager to learn about the highly timely topic. The speakers were Mr. Archie Ying Kei Ng, Senior Manager of External Division at Hong Kong Monetary Authority and Dr. Jimmy Jim, CFA, Co-Head of Global Markets Department at ICBC (Asia) Limited.

On 13 December 2017, Mr. Roland De Marsangy, Head of Business Development for Asia-Pacific at Liquidnet, attracted a full house of 59 participants to his talk “MiFID 2: The evolving European landscape & its impact”. He explored the core components of the new regulation and its impact on firms in Asia-Pacific, with a focus on unbundling of research and best execution.

On 1 February 2018, another full house of 57 attendees heard Dr. Jim Walker, Founder and Chief Economist of Asianomics Group, talking about “2018 Investment Strategy and China”. The high-profile guest speaker presented his long-term bullish outlook on China, Japan and India.



Candidate Services – Study Groups



Each year, HKSFA organises study groups for CFA candidates, in order to help them prepare for CFA examinations. Under the leadership of HKSFA members who had recently passed the examinations, study groups manage their own study plans and meeting schedules. The leaders provide advice on exam-taking skills, share their experience of studying for

the examinations, help participants to prepare study plans and motivate them.

In preparation for the December 2017 examination, 96 candidates benefited from the guidance and support the study groups provided. The study period was kicked off on 24 August 2017.

Study groups created ahead of the June 2018 examination cycle attracted 130 candidates. The programme began with a kick-off meeting on 25 January 2018.

The study groups utilised messaging apps and social media to communicate and coordinate meetings.

“Top 10 Things Your Boss Wants You to Know” Event



Ms. Bernice Lee, Etiquette Consultant, conducted a business etiquette and manners seminar on 31 August 2017 at HKSFA office. It was attended by 37 participants.

The talk, titled “Top 10 things your boss wants you to know (but may not tell you)”, was designed to help young investment professionals learn how to behave appropriately in a corporate environment, especially in Western-style global companies. It was intended to help them build confidence as they pursue their careers and access exciting opportunities.



HKSF Awards Night 2017

The Society's annual Awards Night was held on 5 December 2017 at The Millions, Hong Kong Jockey Club Racecourse in Happy Valley.

The Awards Night celebrated 698 new charterholders, as well as winners of the Best Research Report Competition, the HKSF-HKEX Portfolio Management Competition and the outstanding volunteers who devoted their own time and energy to contribute to the Society's activities throughout the year.

The keynote speaker was Mr. Scott Peterman, CFA, Partner at Orrick, Herrington & Sutcliffe, while Mr. Nick Pollard, Managing Director for Asia Pacific at CFA Institute officiated the charter award ceremony. The list of new charterholders was published on 5 December in The Hong Kong Economic Journal and The South China Morning Post.

The outstanding volunteer awards were presented to:

- Mr. Charles Chui, CFA, for frequent contributions to the replies to consultation papers,
- Mr. Kevin Kwan, CFA, for help in flagship events, e.g. Hong Kong Local Final of CFA Institute Research Challenge, and other external events, e.g. Asian Financial Forum / International Financial Week,
- Mr. Justin Kwok, CFA, Mentor of Hong Kong Local Final of CFA Institute Research Challenge (2015 and 2016) and current organising committee member of Hong Kong local Final of CFA Institute Research Challenge,
- Ms. Samantha Tang, CFA, for active participation as a Study Group Leader for multiple years,
- Mr. Kennex Tsai, Multi-year Oxfam Trailwalker and outdoor activity organiser,
- Mr. Kelvin Yeung, CFA, for inviting speakers to HKSF events and hosting talks on behalf of HKSF, and
- Mr. Piotr Zembrowski, CFA, for social media consultation and publicity drafting and editing.



Asian Financial Forum / International Financial Week 2018

1) Inaugural Asset Owner Series

The purpose of this event series, hosted in partnership with CFA Society New York and sponsored by HSBC, is to engage and connect key decision-makers dispersed across the global asset-ownership community through peer-to-peer events. It helps investment industry executives improve their asset management strategies and advance their market knowledge with the guidance of some of the most experienced minds.

The Hong Kong event was held on 17 January 2018, as part of Asian Financial Forum / International Financial Week 2018. It was attended by 92 participants.

Mr. Martin Matsui, Head of Asset Allocation at Hong Kong Monetary Authority delivered the keynote address. The subsequent panel discussion was moderated by Mr. Elvin Tharm, FSA, Head of Business Development and Client Relationship for Wealth at Mercer.

The panellists were: Mr. Norman Chan, CFA, Senior Portfolio Manager, Infrastructure Investments, Asia Pacific at APG Asset Management Asia; Mr. Joseph Lee, Head, Trustees Supervision, Mandatory Provident Fund Schemes Authority; Mr. Jingsu Pu, FSA, FRM, Managing Director, Head of Portfolio Management, Asia at MetLife Investments; Mr. Maverick Wong, Managing Director, Head of Private Equity, China Ping An Insurance Overseas (Holdings) Limited; and Mr. Dongyue Zhang, Investment Director, Multi-Asset & Macro Investing Team, Aberdeen Standard Investments.

2) ESG Integration Education Workshops, Seminar and Survey

In collaboration with CFA Institute and Principles for Responsible Investment (PRI), HKSFA hosted workshops on the integration of ESG (Environmental, Social and Governance) issues in investment practice. It was conducted on 19 January 2018, as part of Asian Financial Forum / International Financial Week 2018. It was part of a series of events around the globe, whose aim is to produce regional reports on the current state of ESG integration.

The workshops in the series are attended by policymakers, regulators, investment associations, asset owners, investment managers, sell-side brokers, credit rating agencies, research providers, stock exchanges, and issuers.

The Hong Kong workshops, attended by 66 participants, was centred around a survey, which the participants filled out before the session.

The workshops were followed by an ESG Integration Education Seminar. It was one of the biggest events of the year with an audience of 138. The speakers were: Ms. Emily Chew, Global Head of ESG Research & Integration at Manulife Asset Management; Mr. Jaideep Singh Panwar, Senior Manager, Global Responsible Investment & Governance, Asia Pacific, at APG Asset Management; and Mr. Charles Yonts, Head of Power and ESG Research at CLSA. The moderator was Ms. Hannah Routh, Partner at Deloitte China.



Corporate Access Series

HKSFA's Corporate Access Series aims to help analysts and asset managers obtain access to listed companies. Such access has been made more difficult by the trend of unbundling of research by investment firms as a result of MiFID II. The Society hosted two such sessions in 2018.

On 23 January 2018, HKSFA held a meeting with representatives of three Hong Kong-listed Chinese property development companies: Joy City Property (207.HK), Shanghai Industrial Urban Development (563.HK), and Modern Land (China) (1107.HK). The session addressed investors' and asset managers' concerns about debt refinancing, house sales and credit conditions in the light of the re-affirmation by the 19th National Congress of the Communist Party of the principle that houses are for people

to live, not for speculation.

The second event was held on 13 June 2018. Titled "600 million & counting – Helping investors access the exploding demand for healthcare in South-East Asia", it aimed to shed light on how Singapore companies are meeting the growing demand for quality healthcare services in the region and how they use new technologies to offer better health outcomes.

Co-hosted with Singapore Exchange Limited, Alternative Investment Management Association and Credit Suisse, the session included presentations by Luye Medical Group, Thomson Medical Group, and Singapore Medical Group, followed by a panel discussion. It attracted a full house of 65 participants.



Retirement Planning Workshop cum One-on-one Investment Consultation by Mandatory Provident Fund Schemes Authority (MPFA)

On 27 January 2018, in collaboration with the MPFA, HKSFA held a retirement planning workshop for Hong Kong investors. The workshop was followed by one-on-one investment consultation sessions offered by eight HKSFA volunteers. The event was a second round of such collaboration with MPFA after the overwhelming response in the first round in 2017.



“Special Interest Groups” (SIG) Events

SIG have organised a number of popular events in FY2018. Apart from the most updated topics riding on the market trend, a strong line-up of speakers who were industry veterans were also the highlight.

On 15 March 2018, the seminar “Catching the Green Bond Wave: Principles, Practice and Pitfalls”, focused on the growth of green bonds, and the role Hong Kong can play in this sector.

The speakers and panellists were: Mr. Water Cheung, CFA, Chairman, Carbon Care Asia Pte Ltd and Asia Pacific CEO, Stormharbour Securities; Ir. Albert Lai, CEO, Carbon Care Asia; Ms. Gloria Lu, Senior Director & Sector Lead (China), Infrastructure Ratings, S&P Global Ratings; Ms. Ivy Lau, General Manager, Climate Bonds Initiative China Office; and Mr. John Sayer, Director, Carbon Care Asia.

The event, organised in collaboration with CCA Sustainability Solutions, and supported by CFA Institute Asia-Pacific Research Exchange and Solomon Financial Press, attracted more than 110 participants.



On 1 June 2018, participants in “FinTech Fireside with Mr. Henri Arslanian” on the topic of “Global Crypto: ICOs, Crypto funds and Crypto Desks”, discussed the latest trends in the cutting-edge crypto technology. Mr. Arslanian, who is FinTech & Crypto Lead for Asia at PwC, Adjunct Associate Professor at The University of Hong Kong, and Chairman of FinTech Association of Hong Kong, talked about crypto tokens, regulatory and tax considerations, as well as global trends, risks and opportunities of investing in crypto. The event was attended by 41 participants.





Investor Education Seminar

On 24 March 2018, HKSFA, together with CFA Institute and Investor Education Centre, hosted an investor education seminar “New Economy Investment”. Two panel discussions were held: on new economy shares and on cryptocurrencies and ICOs. Each panel consisted of five panellists, who provided perspectives from a variety of backgrounds: regulatory, FinTech start-up, financial practitioners etc.

With 282 attendees and 10 speakers, the seminar was one of the most successful events organised by HKSFA during the year.

Society Award

HKSFA is proud to have been named a “Strategic Initiatives: Deliver Member Value” laureate for the impact and contribution to delivering member value and to furthering of the mission of CFA Institute in the communities. This recognition is given by CFA Institute to its member societies around the world.

The award recognises the work and dedication shown by the Society to equipping its members with knowledge essential for their careers and supporting them in career development. The Society won it for organising the Volunteer Leaders Series (2017), which aimed to engage volunteers and members through sharing of professional experience of its past presidents with the focus on their participation in the Society and the CFA programme.





Mr. Franki Chung, CFA, Co-chair of BRRC Committee gives a speech at the award ceremony of BRRC 2017

HK SFA Best Research Report Competition 2017

The HK SFA Best Research Report Competition was launched in 2014. It aims to recognise excellence in published investment research, to raise awareness of research among the investing public, and to elevate professional standards among analysts.

The competition is open to all analysts based in Hong Kong and those based elsewhere who primarily cover Hong Kong-listed companies. Equity research reports are judged by a panel of industry experts in a double-blind review process. The judges evaluate the reports based on the following six criteria: investment summary, industry overview and competitive positioning, valuation, financial analysis, investment risks and other business-critical information.

In the competition's fourth edition, 41 reports were submitted by 10 investment research houses. They were judged by a panel of 11 judges. The competition attracted 16 supporting organisations, setting a new record.



The winners of this year's competition are:

Category: Sector Report

- Champion: Mr. Adam Lee, UBS AG
- First Runner-up: Ms. Lydia Ling, Citi Research
- Second Runner-up: Ms. Manyi Lu, DBS Vickers (Hong Kong) Limited

The remaining finalists (in alphabetical order of last name):

- Mr. David Dai, CFA, Bernstein
- Ms. Mariana Kou, CLSA Limited
- Mr. Gary Lam, CFA, Citi Research
- Mr. Raymond Liu, CFA, HSBC
- Ms. Michelle Ma, CFA, Citi Research
- Mr. Tony Ren, CFA, Kim Eng
- Mr. Bhavtosh Vajpayee, Bernstein
- Ms. May Yan, UBS AG



Category: Single Company Report

- Champion: Mr. Jonathan Galligan, CLSA Limited
- First Runner-up: Mr. Terrance Liu, CFA, FRM, CLSA Limited
- Second Runner-up: Mr. Euan Mcleish, Bernstein

The remaining finalists (in alphabetical order of last name):

- Mr. Kelvin Chu, UBS AG
- Ms. Susanna Chui, DBS Vickers (Hong Kong) Limited
- Mr. Arthur Hsieh, UBS AG
- Mr. Jay Huang, Bernstein
- Mr. Raymond Liu, CFA, HSBC
- Ms. Asheefa Sarangi, CFA, CLSA Limited
- Mr. Vitaly Umansky, Bernstein



Best Research House Award:

- Bernstein

The judges of the final round were:

- Mr. Rajendra Nair, CFA, an experienced fund manager from a top asset management firm
- Mr. Louis So, Deputy Chairman and Co-Chief Investment Officer, Value Partners Group
- Mr. Claudius Tsang, CFA, LLB, Partner, Co-head of PE, North Asia, Templeton Private Equity Partners, Templeton Asset Management Ltd
- Ms. Rebecca Xu, Fund Manager, Schroder Investment Management (Hong Kong) Limited

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



CFA Institute Research Challenge Hong Kong Local Final 2017-18

The CFA Institute Research Challenge is a competition between university-sponsored teams. They research a designated publicly traded company, prepare a written report and then present their findings to a panel of judges. The competition has three levels: local, regional, and global.

Eleven teams from Hong Kong universities participated in the Local Final of the CFA Institute Research Challenge 2017-18. The subject listed company was Hong Kong Exchanges and Clearing Limited (388.HK).

The teams were guided by six mentors:

- Mr. Franklin Chow, CFA, Asia-Pacific Head of Energy and Utilities Research, Goldman Sachs (Asia) L.L.C.
- Mr. Josh Du, CFA, Portfolio Manager, Nine Masts Capital
- Mr. Edwin Fan, CFA, FRM, Director of Asia Pacific Corporates, Fitch Ratings
- Mr. Samuel Lee, CFA, Research Director, New Energy / Environmental Research, Yuanta Securities (Hong Kong)
- Mr. Peter Phillips, CFA, Director, Frontier Asia Capital
- Mr. Ivan Li, CFA, Research Director, DBS Vickers Securities

The judges were:

- Mr. Charles Chui, CFA, Director, Investment Advisory, Private Wealth Management, Huatai Financial Holdings (Hong Kong) Limited
- Mr. Bob Leung, Group Vice President, AMTD Group
- Ms. Alice Wong, CFA, Director, The Hong Kong Society of Financial Analysts

Winners at the local level advance to compete against teams within their geographic region at the regional level. Winning teams at the regional level advance to compete at the global level. One team is designated the ultimate winning team, or champion, at the global level.



The winners of the Hong Kong Local Final of the CFA Institute Research Challenge 2017-18 were:

- Champion: The Hong Kong University of Science and Technology
- First runner-up: The Hong Kong Polytechnic University
- Second runner-up: The University of Hong Kong



HKSEF-HKEX Portfolio Management Competition 2017

The second edition of the HKSEF-HKEX Portfolio Management Competition ran from 2 May to 31 October 2017 and was concluded with the announcement of the winners during HKSEF's Awards Night on 5 December 2017.

The competition was conceived as a venue to identify investment talent in Hong Kong. It was open to university students of qualifying Hong Kong universities, CFA candidates and HKSEF members.

It was organised by HKSEF and sponsored by Hong Kong Exchanges and Clearing Limited (HKEX) which funded the generous HK\$80,000 prize pool. Interactive Brokers (IB) provided a trading platform, which enabled the participants to trade in individual accounts under real-time trading conditions while capturing investment performance data.

The global accounting firm EY provided performance analytics, and added two paid internships to the prize pool. The firm generated league tables, which were published anonymously twice a month, as well as the final results.

The participants' portfolio management skills were evaluated not only based on their investment returns, but also on qualitative criteria drawn from the CFA programme's Body of Knowledge and actual industry practice, as well as additional quantitative criteria, such as the Sharpe ratio.

After the performance measurement period ended, the top 20 contestants were interviewed by a panel of judges, who evaluated the investment process — its rationale, quality and execution.

The judges panel was:

- Mr. Alfred Ma, CFA, Managing Director, CASH Algo Finance Group Ltd
- Mr. Dennis Ng, Performance and Portfolio Analytics Professional
- Mr. Andrew Salton, CFA, Chief Investment Officer, Dah Sing Financial Group
- Mr. Matthew Whitehead, CFA, COO, Sylebra HK Co Ltd

The winners of the HKSEF -HKEX Portfolio Management Competition 2017 are:

- Champion: Mr. Chris Chun-Kau Wong
- First Runner-up: Ms. Lok-Yee Hui
- Second Runner-up : Mr. David Ng, CFA
- Third Runner-up: Mr. Jonathan Ho-Hing Lee, CFA
- Fourth Runner-up: Mr. Ryan Siu, CFA



CFA Control Room 2017

The Public Awareness Committee oversaw 14 HKSFA media appearances in 2017-18 in the form of our long-standing radio and newspaper programme “CFA Control Room”.

The half-hour, Cantonese-language interview-format programme was broadcast on Metro Finance FM104 at 11:00pm every Sunday. Transcript-based companion articles were published in the Hong Kong Economic Journal on the following Monday.

The year’s programme covered a broad suite of topics, from continuing education to career strategies and insights into cutting-edge technology.

Advocacy Efforts

During the fiscal year 2018, HKSFA submitted five responses to consultation papers issued by the Securities & Futures Commission of Hong Kong (SFC) and Hong Kong Exchanges and Clearing Limited (HKEX).

Responses were submitted to the following papers:

- Consultation Paper on the Proposed Guidelines on Online Distribution and Advisory Platforms (SFC)
- Consultation Paper on Review of the GEM and Changes to the GEM and Main Board Listing Rules and New Board Concept Paper (HKEX)
- Consultation Paper on Capital Raisings by Listed Issuers (HKEX)
- A Listing Regime for Companies from Emerging and Innovative Sectors (HKEX)
- Further Consultation on Offline Requirements Applicable to Complex Products (SFC)



HKSFA held a briefing session on the Growth Enterprise Market (GEM) and the New Board proposed by HKEX on 8 August 2017. The event, headlined by Mr. Tae Yoo, Managing Director of Market Development at HKEX, attracted 47 attendees.

CORPORATE GOVERNANCE

The Hong Kong Society of Financial Analysts is a non-profit organisation, run for the benefit of its members. While affiliated with the CFA Institute, the Society is a separate legal entity.

The Society is managed by a Board of Directors. The constitution, term limits, powers and duties of the HKSFA Board of Directors are stated in the Articles of Association.

Executive Directors of the Board are elected from among regular members of the Society at its annual general meeting. The number of Executive Directors cannot exceed 16. Up to two Co-Opted Directors can also be elected, who need not be members.

Directors serve a two-year term and are eligible for re-election. Directors do not receive any remuneration or benefits in kind for their service.

A Nomination Committee has been established by the Board of Directors to identify suitable candidates and to recommend members for election as Executive Directors. (The role and composition of the Nomination Committee can be found on the HKSFA website at https://www.hksfa.org/about_us.php?oid=54.)

Not more than 60 days before an annual meeting, the Board of Directors sends a notice to all members asking if they are willing to serve on the Board. Members have 20 days to respond.

In addition, a maximum of two suitably qualified people, who need not be members, can be nominated by the Nomination Committee and approved by the Board of Directors to be elected as Co-Opted Directors.

The Board distributes to Regular members the details of all proposed candidates and the terms of the proposed appointments before the annual meeting.

The Board of Directors meets on the first Monday of every other month. Each director is required to report on his or her area of responsibility. Any decision involving a commitment by the Society requires a majority vote of the Board for it to be implemented.

The finances of the Society are the responsibility of the Treasurer, who reviews them monthly and provides financial reports to the Board. Cheques drawn on the Society's account require the signatures of two authorised signatories (HKSFA directors, Managing Director or senior staff), and all expenses of over HK\$50,000 require the approval of the Board.

FINANCIAL HIGHLIGHTS

In FY2018, the Society's members' equity increased 7%, to HK\$17,469,979 compared with the previous year. The surplus increased 27%, to HK\$659,761 during the same period. The fair value of available-for-sale financial assets increased by HK\$516,152. The increase was 42% lower than in the previous year due to the readjustment of the Hong Kong stock market. As a result, the total comprehensive income was HK\$1,175,913, a 16% decrease compared to the previous year.

In addition to the capital appreciation of the available-for-sale assets, the Society received HK\$375,948 in dividends and interest from investments and deposits in FY2018. Membership fees increased by 2% to HK\$5,381,990, reflecting the growth of our membership to 6,783. The funding from CFA Institute decreased by 4% to HK\$2,046,603. The increase in the surplus was also driven by a 2% decrease in administrative and operating expenses of HK\$7,462,197, which reflected a normalisation of the Society's human resources and information technology infrastructure to better serve our members' needs.

HKSFSA's FY2018 ending cash balance increased by 32%, to HK\$6,123,101, despite incurring necessary expenses to subsidise the celebrations of the Society's 25th anniversary. They included the 25th Anniversary Gala Dinner on 2 November 2017, attended by around 200 participants.

FIVE-YEAR SUMMARY

FIVE-YEAR SUMMARY

	2018	2017	2016	2015	2014
No. of Members	6,783	6,614	6,322	6,127	5,778
No. of Continuing Education Programmes	31	42	48	36	31
No. of Member Services Functions *	20	27	38	27	18
Income	HK\$	HK\$	HK\$	HK\$	HK\$
Membership Fees	5,381,990	5,257,350	5,017,520	4,891,440	3,719,014
Surplus from Education & Programmes	310,881	449,195	420,031	338,874	305,803
Interest Income	375,948	320,141	219,706	297,805	337,365
Other Revenue	2,053,139	2,132,721	2,085,212	1,001,554	996,059
	8,121,958	8,159,407	7,742,469	6,529,673	5,358,241
Expenditure					
Administrative Expenses	5,884,294	5,923,912	5,536,900	4,716,297	4,246,731
Other Operating Expenses	1,577,903	1,716,028	1,474,790	892,666	734,058
	7,462,197	7,639,940	7,011,690	5,608,963	4,980,789
SURPLUS FOR THE YEAR	659,761	519,467	730,779	920,710	377,452
ASSETS					
Total of Non-Current Assets	10,127,857	10,065,163	7,528,796	6,360,239	9,694,840
Total of Current Assets	9,010,077	7,768,525	8,587,795	10,222,539	4,706,682
Total of Current Liabilities	1,667,955	1,539,622	1,226,330	1,274,874	861,622
Total of Net Current Assets	7,342,122	6,228,903	7,361,465	8,947,665	3,845,060
Total of Net Assets	17,469,979	16,294,066	14,890,261	15,307,904	13,539,900
Total of Members' Equity	17,469,979	16,294,066	14,890,261	15,307,904	13,539,900

* Including Special Interest Group, Career Development and social events (not CPT eligible).

REPORT OF THE BOARD OF DIRECTORS

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 2018.

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL ACTIVITIES

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

RESULTS

The financial performance and cash flows of the Society for the year ended 30 June 2018 and the financial position of the Society at that date are set out in the financial statements on pages 7 to 29 of the audit report.

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	Peter Anthony WATSON, CFA	
Vice-president	Derek Wai Man MOK, CFA Joseph Ho Lim CHAN, CFA Franki Ka Fai CHUNG, CFA	(resigned on 31 July 2017)
Secretary	Claudius Sze Wai TSANG, CFA	
Treasurer	Yin Toa LEE, CFA	
Members	Alice Yee Lam WONG, CFA Alvin Man HO, CFA Ashley Pui Wun KHOO, CFA Charles Kin Wai CHUI, CFA Ernest Yiu Kit WONG, CFA Felicia Chuen Wai WONG, CFA Frederick Sui Cheong TSANG, CFA Ho Tak LEE, CFA Jenny Ching Yi LOR, CIPM Karl Hak Kau LUNG, CFA Richard Kan Chong MAK, CFA Terence Ching Wan TSUI, CFA Vincent Wing Chung NG, CFA	(appointed on 31 January 2018) (appointed on 24 September 2018) (appointed on 31 January 2018) (retired on 31 January 2018) (retired on 31 January 2018) (retired on 31 January 2018) (retired on 31 January 2018) (appointed on 18 September 2017) (retired on 31 January 2018)

In accordance with articles 80 and 81 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 83. Accordingly, Mr. Peter Anthony WATSON, Mr. Derek Wai Man MOK, Mr. Claudius Sze Wai TSANG, Mr. Ho Tak LEE and Mr. Vincent Wing Chung NG shall retire from office at the forthcoming annual general meeting of the Society. In accordance with article 86, Mr. Alvin Man HO shall retire from office at the forthcoming annual general meeting of the Society.

In accordance with article 80 of the Society's articles of association, a retiring Co-Opted Director shall retire from office after the term not exceeding two years. Accordingly, Ms. Jenny Ching Yi LOR shall retire from office at the forthcoming annual general meeting.

The Nomination Committee will go through the nomination process for both the Executive Directors and Co-Opted Director. 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 was a party, and in which a director of the Society had a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

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

AUDITORS

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

On behalf of the board

Peter Anthony WATSON, CFA
President
Hong Kong, 6 November 2018

INDEPENDENT AUDITOR'S REPORT

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

(incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of The Hong Kong Society of Financial Analysts Limited (the "Society") set out on pages 7 to 29 of the audit report, which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Society as at 30 June 2018, and of the financial performance and cash flows of the Society for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

The directors are responsible for the other information. The other information comprises all the information included in the directors' report set out on pages 1 to 3 of the audit report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report. Our objectives

are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Chan, Li, Law CPA Limited
Certified Public Accountants (Practising)
Hong Kong, 6 November 2018

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 2018
 (Expressed in Hong Kong dollars)

	2018 HK\$	2017 HK\$
INCOME		
Membership fees	5,381,990	5,257,350
Surplus from candidate education	171,706	158,548
Surplus from continuing education	139,175	290,647
Other revenue	2,429,087	2,452,862
	<u>8,121,958</u>	<u>8,159,407</u>
Administrative expenses	(5,884,294)	(5,923,912)
Other operating expenses	(1,577,903)	(1,716,028)
SURPLUS FOR THE YEAR	<u>659,761</u>	<u>519,467</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		
Fair value changes on available-for-sale financial assets	516,152	884,338
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,175,913</u> =====	<u>1,403,805</u> =====

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

(Expressed in Hong Kong dollars)

	2018 HK\$	2017 HK\$
ASSETS		
Non-current assets		
Property, plant and equipment	53,843	370,801
Held-to-maturity financial assets	4,755,465	4,891,965
Available-for-sale financial assets	5,318,549	4,802,397
	<u>10,127,857</u>	<u>10,065,163</u>
Current assets		
Accounts and other receivables	148,072	198,360
Deposits and prepayments	538,904	729,860
Fixed deposits	2,200,000	2,200,000
Cash and bank balances	6,123,101	4,640,305
	<u>9,010,077</u>	<u>7,768,525</u>
Current liabilities		
Accounts payable and accruals	349,473	285,812
Receipts in advance	1,318,482	1,253,810
	<u>1,667,955</u>	<u>1,539,622</u>
Net current assets	<u>7,342,122</u>	<u>6,228,903</u>
NET ASSETS	<u>17,469,979</u>	<u>16,294,066</u>
	=====	=====
MEMBERS' EQUITY		
Members' general funds	15,252,842	14,593,081
Investment revaluation reserve	2,217,137	1,700,985
	<u>17,469,979</u>	<u>16,294,066</u>
	=====	=====

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
 STATEMENT OF CHANGES IN MEMBERS' EQUITY
 FOR THE YEAR ENDED 30 JUNE 2018
 (Expressed in Hong Kong dollars)

	Members' general funds HK\$	Investment revaluation reserve HK\$	Total HK\$
Balance at 1 July 2016	14,073,614	816,647	14,890,261
Total comprehensive income for the year	519,467	884,338	1,403,805
Balance at 30 June 2017	<u>14,593,081</u>	<u>1,700,985</u>	<u>16,294,066</u>
Total comprehensive income for the year	659,761	516,152	1,175,913
Balance at 30 June 2018	<u>15,252,842</u> =====	<u>2,217,137</u> =====	<u>17,469,979</u> =====

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018
(Expressed in Hong Kong dollars)

	2018 HK\$	2017 HK\$
Cash flows from operating activities		
Surplus for the year	659,761	519,467
Adjustments for :-		
Investment income	(359,482)	(296,758)
Interest income	(16,466)	(23,383)
Depreciation	393,239	374,234
Impairment loss on held-to-maturity financial assets	136,500	122,928
Operating surplus before changes in working capital	813,552	696,488
Decrease in accounts and other receivables	50,288	7,736
Decrease/(increase) in deposits and prepayments	190,956	(257,996)
Increase in accounts payable and accruals	63,661	125,152
Increase in receipts in advance	64,672	188,140
Net cash generated from operating activities	1,183,129	759,520
Cash flows from investing activities		
Acquisition of property, plant and equipment	(76,281)	(8,968)
Acquisition of held-to-maturity financial assets	-	(2,140,223)
Decrease in time deposit with deposit term over three months	-	2,250,000
Investment income	359,482	296,758
Bank interest received	16,466	23,383
Net cash generated from investing activities	299,667	420,950
Increase in cash and cash equivalents	1,482,796	1,180,470
Cash and cash equivalents at the beginning of the year	4,640,305	3,459,835
Cash and cash equivalents at the end of the year	6,123,101	4,640,305
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	6,123,101	4,640,305

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