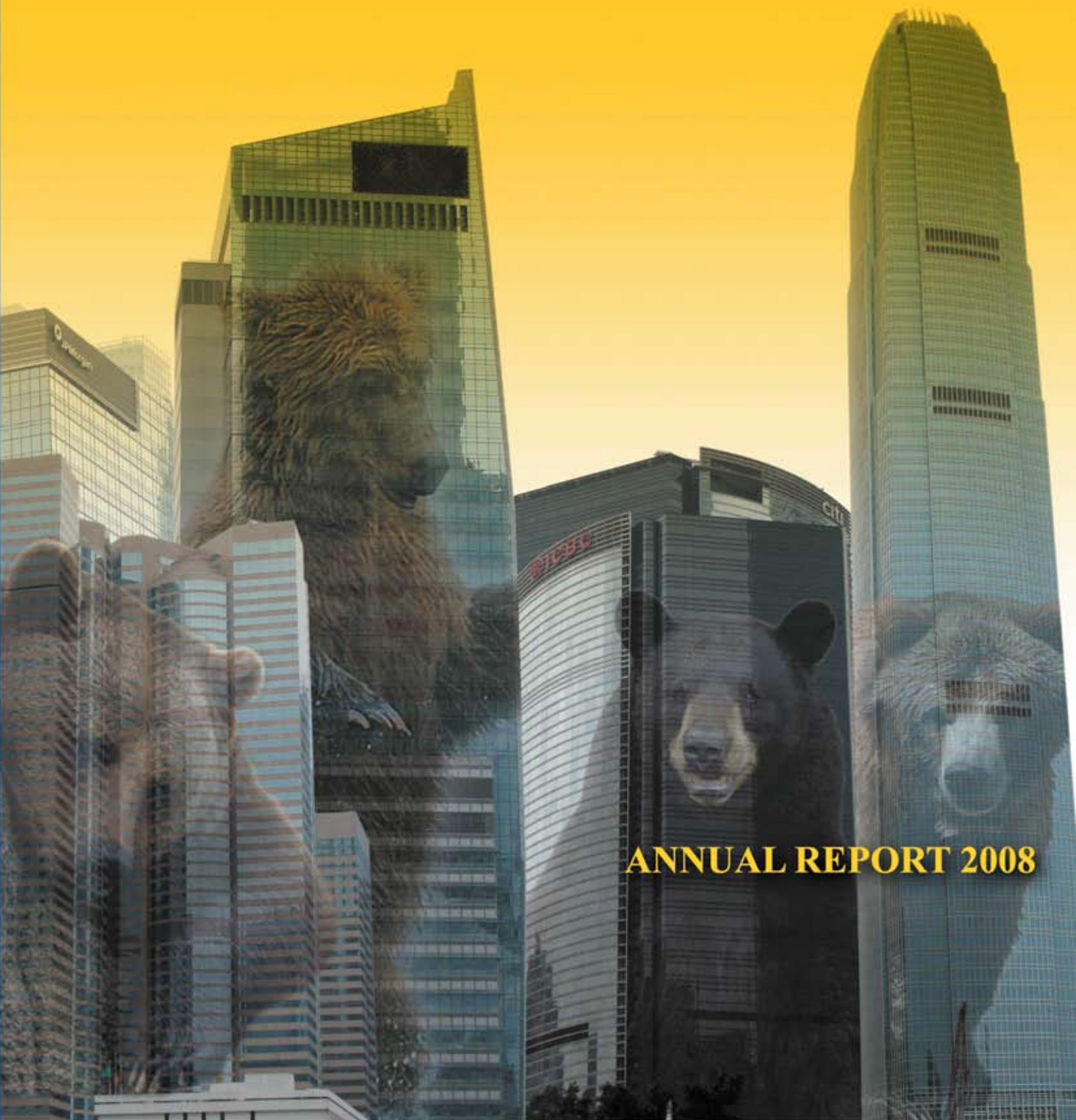




香港財經分析師學會

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS



ANNUAL REPORT 2008

A MEMBER SOCIETY OF CFA INSTITUTE



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

MISSION STATEMENT

- * To raise the standards of practice of financial analysis and investment advice and uphold ethical standards in the financial services industry in Hong Kong.
- * To promote the CFA® designation in Hong Kong and the rest of China and to assist CFA® candidates.
- * To provide a convenient communication channel among our members and with CFA Institute, other investment practitioners, Hong Kong authorities and securities market regulators.

REPORT OF THE PRESIDENT

Dear Society Members,

On behalf of the Board, I am delighted to report that FY2008 has been another successful year for the Society. Our membership base has grown to 5,294 members as at 30 June 2008. We continued to uphold our mission of raising the standards of practice of the financial services industry in Hong Kong by actively promoting continuing education, organising public investor education seminars with the Securities and Futures Commission and responding to consultation papers related to the industry.

The Society organised the fourth University Investment Research Competition and we are glad to report that the Hong Kong Baptist University, the winner of both the local and regional competitions, went on to win the Global University Investment Challenge organised by CFA Institute in New York.

The Member Services Committee arranged a wide range of social activities during the year to facilitate the building of a bigger but closer community of the Society's members. In addition to the monthly happy hour gatherings, the committee also organised the Forecast Dinner, wine tasting dinners, post-summer BBQ party and table-tennis tournament. We participated in the Oxfam Trailwalker again and raised over \$300,000 for charity. The society also donated the surplus from several events which amounted to \$38,250 for relief effort of the Sichuan earthquake.

On the financial side, the Society's operating surplus for FY2008 declined by 42.3% to HK\$1,162,331. This is mainly due to the full year impact of higher office rent and higher personnel cost of hiring a contract staff to help support our activities in mainland China. As a non-profit organisation, the level of surplus in FY2008 remains healthy and should cause no concern even taking into consideration the recent developments in the financial market..

Membership in Mainland China

Many CFA charterholders in mainland China have chosen to join the Society because previously a China Society has not been established. However, major changes are expected to take place in the coming year.

The Board of the Society is concerned that the Society's ability to serve its Hong Kong members may be compromised if it has to continue organising activities for and providing services to members outside of Hong Kong. Following discussions between the Board and CFA Institute, the CFA Institute has agreed to establish two CFA China Representative Offices (ROs) in Beijing and Shanghai respectively to organise member services and programmes locally.

As of 30 June 2008, the Society had 1,140 members based in mainland China and we expect most of them would complete the transfers of their membership to CFA China Representative Offices by the end of our FY2009. It will cause the number of the Society's members to decline by about 20% but we believe the changes would be beneficial to the Society's future development and operations in the long run.

Outlook

We do not anticipate the recent crisis in the financial market to have significant impact on the financial position of the Society. Our major source of income is membership dues while corporate sponsorship represents no more than a few percent of our revenue. Participation rates of our events will decline due to cut downs in company sponsored attendants although the impact will likely be insignificant. We will monitor the situation closely and make our best effort to encourage participation.

While the establishment of CFA China Representative Offices in mainland China by CFA Institute is likely to result in about 20% of our members leaving the Society in the next financial year, the overall impact on our financial position should be immaterial as the decline in membership dues is expected to be mostly offset by savings on expenses related to providing services in the mainland. On the positive side, this will allow us to provide better services to our members based in Hong Kong.

As the number of members and corresponding Society events and activities continue to grow, the capacity of our volunteer-based Board is also approaching its limits. The Board is therefore evaluating the feasibility and practicality of recruiting a full-time Executive Director or Chief Executive Officer who could fully commit to representing the Society and supervising its operations.

Appreciation

I would like to take this opportunity to thank my fellow Board members, committee members, other volunteers as well as corporate sponsors for their invaluable contribution to the Society. Their contribution is critical to the success of the Society. I would also like to thank the staff office for their hard work, many of them have worked late and over the weekends to organise Society events and maintain administrative work. Finally, I would like to thank all of our members who demonstrated their support and participated in the Society events.

The Society's future counts on your continuous support. If you have any feedback on our work or if you wish to join our various committees, please do not hesitate to contact us. I look forward to meeting you soon in our upcoming events.

Yours sincerely,

Karl Lung, CFA
President

REVIEW OF OPERATIONS

CONTINUING EDUCATION

The continuing education committee has worked diligently in the year and organised 44 events which were attended by 2,260 attendants, up 29% and 15% from the previous year respectively. 33 events were organised in Hong Kong with the remaining 11 held in Beijing or Shanghai.

This year the committee hosted more luncheon seminars than last year due to the busy schedules of the speakers. In addition, the Society had for the first time organised evening events. The extensive network of our members also enabled the committee to invite many overseas well-known professionals to speak in our events.

The average number of attendants per event dropped slightly this year and one of the reasons was that we had organised more seminars on a wider range of topics, such as ethics and corporate governance, macro issues, private equity, wealth management and performance measurement. We have also offered financial training such as financial analysis workshops.

The reduction in net revenue from continuing education events was mainly due to an increasing number of events organised in mainland China where the Society members could join free of charge, thus resulted in losses. Nevertheless, the continuing education programmes managed to make a positive financial contribution to the Society due to tight cost controls and overwhelming responses to certain events.

Looking ahead, our committee will continue to work hard to bring to our members more high quality events and increase the attendance.



Continuing Education Programmes (July 07 - June 08)

Date	Seminar Topic	Speaker / Panelist	Location	CPT/CE Credit Hours	No. of Attendants
Year 2007					
11 Aug 07 (seminar)	Global Listed Infrastructure Investments – In A Class of Their Own?	Mr. Robert Prugue Lazard Asset Management Pacific Co. (Sydney)	Hong Kong	2	91
13 Aug 07 (seminar)	Global Listed Infrastructure Investments – In A Class of Their Own?	Mr. Robert Prugue Lazard Asset Management Pacific Co. (Sydney)	Shanghai	1.5	55
15 Aug 07 (seminar)	Global Listed Infrastructure Investments – In A Class of Their Own?	Mr. Robert Prugue Lazard Asset Management Pacific Co. (Sydney)	Beijing	1.5	35
28 Aug 07 (luncheon)	When Strategy and Valuation Meet: Marrying Quantitative and Fundamental Investment Analysis	Mr. Joel Litman, CPA The HOLT Division of Credit Suisse	Hong Kong	1	89
31 Aug 07 (seminar)	Global Investment Performance Standards (GIPS® Standards)	Mr. Conrad Yan, CFA AIG Investments, Hong Kong Mr. Tony Leung, CFA, CIPM Northern Trust Hong Kong Mr. Jerome Chung, CPA PricewaterhouseCoopers Hong Kong	Shanghai	2.5	64
4 Sep 07 (luncheon)	Writing Securities Research – Global Best Practice Principles (From a Regulatory and Compliance Perspective)	Mr. Jeremy Bolland HSBC	Hong Kong	1 (CPT/CE/SER)	69
8 Sep 07 (seminar)	Media Prospects in Greater China	Mr. Robert Chua The Interactive Channel Co Ltd. (TIC) Ms. Kennis Chu Seven Network Asia Ltd	Hong Kong	2.5	55
18 Sep 07 (luncheon)	Vietnam – Inauguration into the Asian League	Mr. Dominic Scriven, OBE	Hong Kong	1	87
19 Sep 07 (workshop)	Global Investment Performance Standards (GIPS® Standards)	Mr. David Spaulding The Spaulding Group, Inc.	Hong Kong	6.5	24
24 - 25 Sep 07 (2 workshops)	Performance Measurement Training Workshops	Mr. Carl Bacon StatPro Group plc	Hong Kong	6	107
4 Oct 07 (luncheon)	Strategic Wealth Management: Help Clients Build Integrated, Coherent Wealth Management Strategies	Mr. Stuart Lucas Wealth Strategist Network LLC	Hong Kong	1	45
1-3 Nov 07 (8 workshops)	Financial Analysis Series	Mr. Hamilton Lin, CFA Wall St. Training	Hong Kong	3.5 (per workshop)	39 39 38 36 31 43 37 30
5 Dec 07 (seminar)	Exchange-trade Derivatives in Asia: Coming into their Own	Mr. Nick Ronalds, CFA FIA Asia	Shanghai	1.5	53
6 Dec 07 (luncheon)	Letting Off Steam: Why China Today is Different from Pre-Crisis Asia?	Mr. Xu Sitao The Economist Group Economist Intelligence Unit	Hong Kong	1	72
10 Dec 07 (seminar)	Letting Off Steam: Why China Today is Different from Pre-Crisis Asia?	Mr. Xu Sitao The Economist Group Economist Intelligence Unit	Shanghai	1.5	55
11 Dec 07 (seminar)	Letting Off Steam: Why China Today is Different from	Mr. Xu Sitao The Economist Group	Beijing	1.5	30

Date	Seminar Topic	Speaker / Panelist	Location	CPT/CE Credit Hours	No. of Attendants
Year 2008					
11 Jan 08 (luncheon)	Short Interest, Insider Trading, and Stock Returns	Dr. Oliver N. Rui The Chinese University of Hong Kong	Hong Kong	1	54
2 Feb 08 (seminar)	Corporate Governance Seminar	Mr. Jason Chi Wai Yeung Bank of China Limited Professor Simon S.M. Ho Hong Kong Baptist University	Hong Kong	2 (CPT/CE/ SER)	50
21-23 Feb 08 (4 workshops)	Advanced Financial Analysis Series	Mr. Hamilton Lin, CFA Wall St. Training	Hong Kong	7 (per full-day workshop) 3.5 (per full-day workshop)	41 40 32 39
26 Feb 08 (seminar)	Ethics Workshop	Mr. Lee Kha Loon, CFA CFA Institute Centre for Financial Market Integrity	Shanghai	2 (CPT/CE/ SER)	9
29 Mar 08 (seminar)	China Health Care Seminar	Dr. Steven D. Wang, Ph.D., CFA Morgan Stanley Mr. Isana Endo Lehman Brothers Asia Limited Mr. Randy K. Hung China Shineway Pharmaceutical Group Limited	Hong Kong	2.5	72
15 Apr 08 (luncheon)	Fixed Income Futures: The Markets, the Products, the Strategies	Mr. Nick Ronalds, CFA FIA Asia	Hong Kong	1	44
16 Apr 08 (luncheon)	The True Origins and Source of the Global Credit Market Meltdown	Dr. Horace "Woody" Brock Strategic Economic Decisions	Hong Kong	1	101
17 Apr 08 (seminar)	Exchange-trade Derivatives in Asia: Coming into their Own	Mr. Nick Ronalds, CFA FIA Asia	Beijing	1.5	35
22 April 08 (seminar)	Aspects in the Valuation of Natural Resources Companies in a Changing World	Dr. Joachim Berlenbach Earth Resource Investment Group (ERIG) Zug, Switzerland	Beijing	1.5	30
23 Apr 08 (seminar)	Identifying Early Warning Signs of Risk Through Forensic Financial Statement Analysis	Mr. Marc Siegel, CPA RiskMetrics Group	Hong Kong	1	118
25 Apr 08 (luncheon)	Prospects of Investing in REITs	Mr. Frank J. Haggerty, Jr., CFA Duff & Phelps Investment Management	Hong Kong	1	70
21 May 08 (seminar)	Do Venture Backed IPOs Outperform?	Ms. Brindha Gunasingham, CFA FitzBiz Investment Analysis & Strategy	Beijing	1.5	32
23 May 08 (seminar)	Do Venture Backed IPOs Outperform?	Ms. Brindha Gunasingham, CFA FitzBiz Investment Analysis & Strategy	Shanghai	1.5	33
26 May 08 (luncheon)	Understanding the Subprime Crisis: Perspectives from the Chinese Market	Dr. Haizhou Huang China International Capital Corporation (Hong Kong) Limited	Hong Kong	1	91
18 Jun 08 (luncheon)	Update of IFRSs and HKFRSs and their Impact	Mr. Nelson Lam, FCPA (Practising), CFA Nelson and Company	Hong Kong	1	92
21 Jun 08 (seminar)	The Economic & Behavioural Realities of Retirement	Mr. Michael S. Falk, CFA ProManage, LLC	Hong Kong	2.5	38
28 Jun 08 (seminar)	Private Equity Seminar	Dr. Xia Xiaoning, CFA AIF Capital Limited Mr. Hua Lei King & Wood	Hong Kong	2	105

ADVOCACY

HKSFA continues to be a significant advocacy group in Hong Kong. We have maintained regular direct contacts with the government and regulators and participated in a number of regulatory, corporate governance, and investor education events. We have responded and will continue to respond to consultation papers relevant to our missions, either independently or jointly with CFA Institute Centre for Financial Market Integrity.



This year the Society has joined forces with the Securities and Futures Commission in organising the Investor Education Seminar series which attracted more than 400 people to attend. Contents of seminar were also published in the newspapers as well as broadcasted on TV which helped reach more investors in the public.

Our Committee has recently reviewed its strategic directions and, going forward, we will be more proactive in supporting the setting of the GIPS Standards at the global level.

HKSFA GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS®) COMMITTEE

The GIPS Committee has been promoting the GIPS Standards in Hong Kong for four years. We have evolved to become a mature local sponsor which focuses on raising awareness of performance standards. Throughout last year, we offered several educational seminars and courses to our members and those in the financial industry, and we continued to provide GIPS Standards related support to interested parties in mainland China.

Our Committee has recently reviewed its strategic directions and, going forward, we will be more proactive in supporting the setting of the GIPS Standards at the global level.

UNIVERSITY INVESTMENT RESEARCH COMPETITION

With Beijing's Tsinghua University joining for the first time, ten universities in Hong Kong and China participated in the HKSFA's fourth annual University Investment Research Competition. The objective of the competition is to promote the practice of professional investment research and analysis and raise awareness of the CFA Programme and the Society among university students in Hong Kong and China. Each team was required to conduct research and analysis on a Hong Kong listed company, submit written research report, and present its findings to a panel of judges. The teams were judged on the quality of their analysis, justification of their recommendations and their ability to answer questions from the judges.



We are particularly pleased that the winner this year, the Hong Kong Baptist University, continued their outstanding performance in both the regional and global competitions and won the Global Investment Research Challenge organised by CFA Institute in New York in May. As the winner of the Challenge, the team was given the opportunity to ring the closing bell of the NASDAQ Exchange.

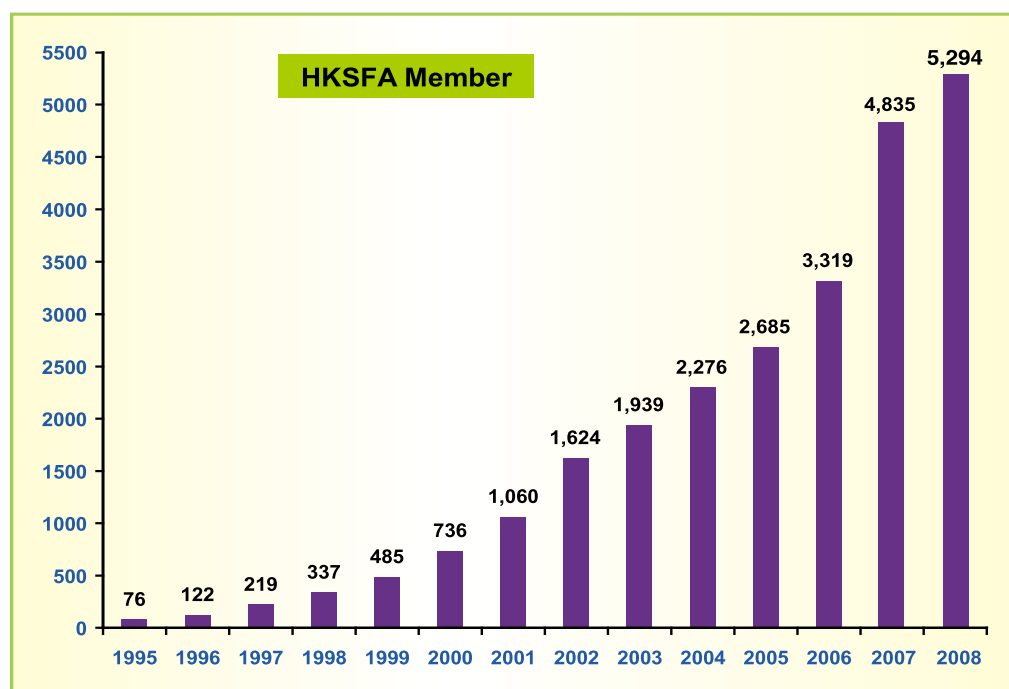


The fifth competition is currently underway. With a total of eleven teams, including the team from Peking University from Beijing competing for the first time, students from Hong Kong and China will have an invaluable opportunity to exchange their ideas and experiences through the competition.

MEMBERSHIP

The number of HKSFA members surpassed the 5,000 mark to reach 5,294 by the end of FY2008, an increase of 459 new members or 9.5% growth yoy. The slower growth versus the record growth in FY2007, +46% yoy with 1,516 new members, can be attributed to the significant decline in the number of candidates passing the Level III examination and the tightening of relevant work experience requirement that became effective at the beginning of FY2008. To a smaller extent, the establishment of the CFA Association of Taiwan in July 2007 also contributed to the slower growth. Member attrition rate rose to 5.2% (250 members) and was the highest in the past ten years, reflecting the high mobility of the investment professionals in Hong Kong and also the transfer of Taiwan-based members to the newly established Taiwan Society.

As CFA Institute has decided to establish CFA China Representative Offices in Beijing and Shanghai in FY2007, we expect most of our 1,140 members residing in mainland China will transfer their membership to the new entities by the end of FY2007 .



Top Ten Societies of CFA Institute as at 1 July 2008:

Society:	Member count:	Growth (from 2006)
1. New York	12,027	+ 472
2. Toronto	6,920	+ 267
3. United Kingdom	5,850	+ 270
4. Hong Kong	5,294	+ 459
5. Boston	4,798	+ 84
6. Chicago	3,659	+ 128
7. San Francisco	2,915	+ 71
8. Singapore	2,275	+ 47
9. Los Angeles	1,958	+ 32
10. Montreal	1,937	+ 87

Despite the potential loss of over 20% of our existing membership, the Board of the Society has given its full support to the establishment of CFA China Representative Offices. The Board believes that the local entities would be able to serve members in China more efficiently and effectively while the Society can focus on serving its members in Hong Kong.

MEMBER SERVICES

One of the missions of the Member Services Committee is to encourage member participation in the Society's events and provide our members with opportunities to network among themselves.

In addition to the regular member activities, the Committee has also organised a number of new initiatives such as Salsa dance gathering, table-tennis tournament and team building event for volunteers during the year. We are happy to report that the following activities were held during the year:



Happy Hour Gathering & Welcome Reception for New Members

The Society's Happy Hour Gathering is held in our office every second Thursday of each month. From time to time we also organise welcome receptions for new members. The gatherings give members a chance to meet new and old friends within the Society. What's more, drinks and snacks are served free of charge at the gatherings!

CFA® Charter Award Ceremony and Forecast Dinner 2007

The annual CFA® Charter Award Ceremony was held on 17 November 2007 to celebrate new joiners to CFA Institute and the Society. Last year over 150 guests attended the Ceremony and the Forecast Dinner, including 32 new charterholders and 40 candidates who passed the Level III exam. Mr. Vincent Duhamel, CFA, Immediate Past Chair of CFA Institute Board of Governors presented the CFA Charters and gave his speech at the Ceremony.



The Ceremony was followed by the Forecast Dinner and we were honoured to have Professor K. C. Chan, SBS, JP, Secretary for Financial Services and the Treasury of the Hong Kong Special Administrative Region, as our keynote speaker. The Forecast Dinner reached the climax when the moderator, Mr. Eric Hall, Editorial Business Manager, Asia, of Reuters and three panelists, namely, Mr. Sean Darby, Regional Equity Strategist of Nomura, Mr. Erwin Sanft, CFA, Head of China and Hong Kong Equities Research of BNP Paribas Securities (Asia) Ltd, and Mr. Henry Ho, Head of China Equity Research of Lehman Brothers, made predictions and forecasts with their skills on a number of economic indicators by the end of September 2008. Mr. Sanft's exceptionally accurate predictions on the Hang Seng Index and gasoline price as of 30 September 2008 made him the winner of last year's forecast.



Post-Summer BBQ Party

The annual Post-Summer BBQ is one of the legendary events for HKSFA. 56 members and guests attended the BBQ and enjoyed a night at the poolside where they met new and old friends.



Trailwalker

Four teams comprising twelve HKSFA members participated in the 2007 Oxfam Trailwalker charity walk in Hong Kong and successfully completed the 100km MacLehose Trail within the 48-hour limit. Over HK\$300,000 was raised for Oxfam, making HKSFA one of the major fund raisers of the event. The funds raised will be used by Oxfam to support its long-term development and humanitarian relief programmes in Hong Kong, China, other parts of Asia and Africa.



Wine Tasting Dinner

The Society organised two wine tasting dinners for our members during the year and received overwhelming response. Everyone enjoyed a fabulous event of fine wine and food with other fellow members.



Member Services Functions

Date	Programme Topic	No. of Attendants
5 Jul 07	Welcome Reception for New Members	15
23-27 Jul 07	CFA Day Exhibition	-
27 Jul 07	Salsa Dance Gathering	35
17 Aug 07	Wine Tasting Dinner	23
6 Oct 07	Post-Summer BBQ Party	56
24 Oct 07	Welcome Reception for New Members	23
9-11 Nov 07	Oxfam Trailwalker (Hong Kong)	12
14 Dec 07	Wine Tasting Dinner	22
27 Mar 08	Welcome Reception for New Members	20
31 Mar 08	Table Tennis Family Tournament	24
28 May 08	Wine Maker Dinner – Michel Picard	46

CHINA AFFAIRS

Functional committees in Beijing and Shanghai have begun to provide services to local members and have successfully organised various events, including the Charter Award Ceremonies, seminars for continuing education and networking events. Of these activities, the continuing education programmes were particularly well-received. These events and activities provided participants an excellent opportunity to meet with their peers and build their networks. The following is a summary of events held in Beijing and Shanghai for the year up to 30 June 2008.



Events in China – July 2007 to June 2008

Beijing

Date	Programme Topic	No. of Attendants
28 Dec 07	CFA® Charter Award Ceremony	85
20 Dec 07	Christmas Dinner Gathering	30
19 Jan 08	Beijing Snow Skiing Activity	10
26 Apr 08	Beijing Hiking Activity in Fenghuang Ling	20

Shanghai

Date	Programme Topic	No. of Attendants
21 Jul 07	Summer BBQ Party 2007	39
28 Nov 07	CFA® Charter Award Ceremony	136
12 Jan 08	New Year Dinner Gathering in Shanghai	71
24 Apr 08	Happy Hour Gathering	48
29 May 08	Happy Hour Gathering	20
26 Jun 08	Happy Hour Gathering	47

The Board of the Society would like to take this opportunity to express our appreciation to volunteers and staff who helped serve members in mainland China. Following CFA Institute's strategic move into China and the establishment of CFA China Representative Offices in Beijing and Shanghai, the local volunteers will serve fellow members through the ROs.



MEMBER COMMUNICATION

It is one of our missions to communicate effectively with our members and provide them with up-to-date and relevant information. Our monthly E-Newsletter offers the latest information on our events, seminars, member benefits and job postings. You may also find details in the Society's website. Relevant industry articles or consultation papers are also posted on the Society's website from time to time.



CANDIDATE EDUCATION

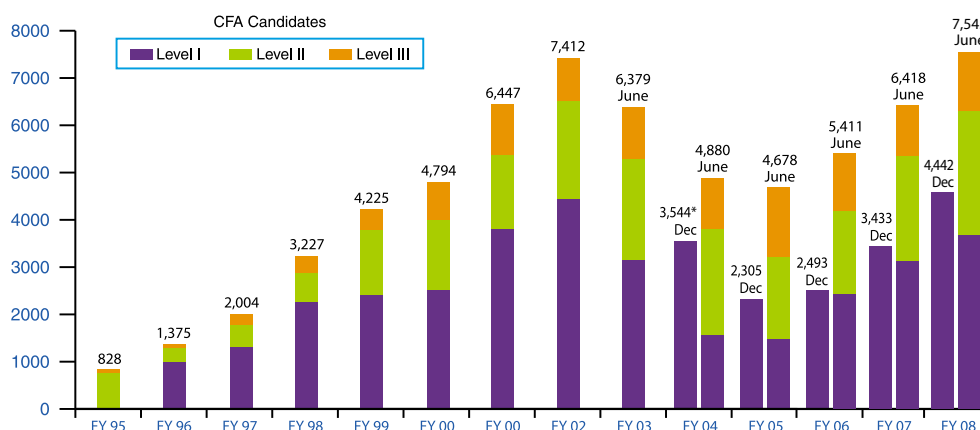
In FY2008, 4,442 candidates enrolled in the Level I CFA exam in December 2007 while 7,545 candidates enrolled in the Levels I, II and III CFA exams in June 2008. The total number of 11,987 candidates represented a 21.7% increase from the total of 9,851 candidates enrolled in the two examination sessions for FY2007. These figures exclude the number of candidates from mainland China which had increased from 9,980 candidates in FY 2007 to 15,897 candidates in FY2008, representing an increase of 59.2%. We believe the popularity of the CFA Programme in mainland China will continue to grow in the coming years.

For the scholarship programme, we received 127 applications and gave out 30 scholarships this year. The approvals were based on the applicants' (a) school grades; (b) financial needs; and (c) reasons for taking on the CFA Programme. The scholarships consisted of a reduction of enrollment fee into the CFA Programme. The Board was happy to grant the scholarships on behalf of CFA Institute to the 30 most eligible candidates residing in Hong Kong and mainland China in the pursuit of the CFA designation.

During the year, the Society has organised three information sessions for the CFA candidates and several members of the Society and recent CFA graduates were invited to share their experiences on exam preparation strategies. A total of 289 candidates attended these sessions.

HKSEFA formed 63 study groups (13 groups in Hong Kong and 50 groups in mainland China) for 363 candidates who registered for the December 2007 Level I examinations. 105 study groups (30 groups in Hong Kong and 75 groups in mainland China) were formed for 541 Levels I, II and III candidates for the June 2008 examinations.

HKSEFA also held a mock examination on 10 May 2008 to give the candidates a chance to practice under a simulated examination condition. A total of 39 candidates registered for the mock examination; 19 of them also attended the Stalla mock exam review seminars held on 11 May and 12 May.



FINANCE

The Society recorded a surplus of HK\$1,162,331 in FY2008, which was 42.3% lower than the HK\$2,015,242 surplus in FY2007. The major source of the Society's revenue is membership fees, and the small number of new members resulted in a significant decrease in joining fees, resulting in a modest growth in overall membership dues from HK\$3,438,553 in FY2007 to HK\$3,520,901 in FY2008. The surplus from candidate education also decreased slightly to HK\$285,766 from HK\$350,089 and is expected to decline in the future due to the introduction of bundling the CFA curriculum with the examination application.

On the administrative expense side, the full year impact of higher office rent which became effective in early 2007 and higher personnel cost of hiring a contract staff to help support our activities in mainland China are the main reasons for the 36% increase in FY2008.

As the Society is a non-profit organisation, the level of surplus in FY2008 is still considered solid and healthy and should cause no concern.

Members' General Funds grew from HK\$6,101,891 to HK\$7,264,222. To achieve stable returns for the members' general fund, the Society has made prudent investments and increased investments in low risk debt securities to HK\$3,615,637 from HK\$1,200,892 in FY2007. To take advantage of the current stock market correction and enhance long-term returns of the member's general fund, the Society has started accumulating the Tracker Fund as a long-term investment when the Hang Seng Index fell below 15,000 points. By the end of October 2008, about HK\$1,000,000 has been invested in the Tracker Fund and further purchases will be considered if the Hang Seng Index falls considerably below 15,000 points.

Looking ahead, the loss of members residing in mainland China should have limited impact on the Society's financial position as the decline in membership dues is expected to be mostly offset by savings on expenses related to providing services in the mainland. Meanwhile, as income from events and corporate sponsorship accounts for just about 10% of total revenue, the current crisis in the financial industry should have insignificant impact on the Society's financial position. Furthermore, CFA Institute has changed the system of providing fixed benefits to each member society irrespective of size to one that depends heavily on the number of members in the society. As Hong Kong is one of the largest societies among the 136 CFA Institute societies, this will result in more resources available to our members.

The challenge to the financial position of the Society will be to project the impact of hiring a full-time Executive Director or Chief Executive Officer. As this represents a long-term and significant financial commitment, the Board has to ensure that there would be adequate financial resources available on a sustainable base.

CORPORATE GOVERNANCE

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

The affairs of the Society are managed by the Board of Directors, which is elected from among members of the Society. Directors do not receive remuneration for their office or any benefits in kind. 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 members 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"

Directors resign after a two-year term but are eligible to offer themselves up for re-election. The Board meets monthly on the first Monday of each month. Each director is required to report on his or her area of responsibilities, and any decision involving a commitment by the Society requires a majority vote of the Board in order to be executed.

The finances of the Society are the responsibility of the Treasurer, who reports monthly to the Board on the Society's P&L and Balance Sheet. Cheques drawn on the Society's account require the signature of two directors, and all expenses of over HK\$50,000 require the approval of the Board.

STAFF DEVELOPMENT

The Society values its staff and continues to provide opportunities for them to enhance their knowledge and skills. During the year, the Society has provided subsidies to three of its staff to engage in continuing education programmes that are relevant to their job functions.

Five-Year Summary

	2008	2007	2006	2005	2004
No. of Members	5,294	4,835	3,319	2,685	2,276
No. Continuing Education Programmes	44	34	25	17	18
No. of Membership Services Functions	21	27	17	10	5
Income					
	HK\$	HK\$	HK\$	HK\$	HK\$
Membership Fees	3,520,901	3,438,553	2,230,051	1,785,556	1,524,966
Surplus from Education & Programmes	108,623	293,628	407,115	216,880	198,355
Interest & Sundry Income	235,901	221,720	167,619	58,283	12,230
	3,865,425	3,953,901	2,804,785	2,060,719	1,735,551
Expenditure					
Administrative Expenses	2,342,332	1,716,088	1,400,141	1,344,674	1,090,365
Other operative expenses	360,762	222,571	224,521	278,279	248,637
Total Operating Expenses	2,703,094	1,938,659	1,624,662	1,622,953	1,339,002
SURPLUS FOR THE YEAR	1,162,331	2,015,242	1,180,123	437,766	396,549
ASSETS					
Total of Non-Current Assets	3,696,273	1,240,043	1,362,301	1,467,903	1,276,315
Total of Current Assets	4,217,775	6,801,988	4,006,572	1,630,860	1,285,538
Total of Current Liabilities	649,826	1,940,140	1,282,224	192,237	93,093
Total of Net Current Assets	3,567,949	4,861,848	2,724,348	1,438,623	1,192,445
Total of Net Assets	7,264,222	6,101,891	4,086,649	2,906,526	2,468,760
TOTAL OF MEMBERS' GENERAL FUNDS	7,264,222	6,101,891	4,086,649	2,906,526	2,468,760

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
(“THE SOCIETY”)
REPORT OF THE BOARD OF DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements of the Society for the year ended 30 June 2008.

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 the setting up of codes of conduct and educational programmes. 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 Society is a member society of the CFA Institute, a Virginia non-stock and not-for-profit corporation in the United States of America.

RESULTS

The results and cash flows of the Society for the year ended 30 June 2008 and the state of its affairs at that date are set out in the financial statements on pages 19 to 29.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 10 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	Hak Kau LUNG, CFA
Vice-president	Wai Kee JIM, CFA Man HO, CFA
Secretary	Frederick Sui Cheong TSANG, CFA
Treasurer	Sin Man TSANG, CFA
Members	Pui Leung LO, CFA Richard Kan Chong MAK, CFA Tom Chang WU, CFA Kwok Yuk TSANG, CFA Wallace Chong Keung WOO, CFA James Alexander SOUTAR, CFA Raymond Wai Pong YUEN, CFA Ashley Pui Wun KHOO, CFA May Kit Sum CHAN, CFA (appointed on 10 January 2008)

In accordance with articles 72 and 73 (a), (b) and (c) of the Society's articles of association, one-half of the directors for the time being, who have been longest in office since their last appointment or election, shall retire from office and be eligible for re-election.

Accordingly, Messrs. Kan Chong MAK, Wai Kee JIM, Kwok Yuk TSANG, Man HO, James Alexander SOUTAR, Raymond Wai Pong YUEN and Tom Chang WU shall retire from office at the forthcoming annual general meeting of the Society and, except for Messrs. James Alexander SOUTAR, Raymond Wai Pong YUEN and Tom Chang WU who will not offer themselves for re-election, being eligible, offer themselves for re-election. Ms. Sin Man TSANG shall be eligible for re-appointment for the coming year but has decided to resign at the forthcoming annual general meeting. All other remaining directors shall continue in office.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Society or the CFA Institute was a party and in which a director 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 arrangements to enable the directors of the Society to acquire benefits by means of the acquisition of shares in or debentures of any body corporate.

AUDITORS

The financial statements were audited by Messrs. Chan, Li, Law & Co., Certified Public Accountants (Practising), who retire and, being eligible, offer themselves for re-appointment.

By order of the Board of Directors

President
Hong Kong, 3 November 2008

***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 19 to 29, which comprise the balance sheet as at 30 June 2008, and the income and expenditure account, statement of changes in members' general funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing 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 state of the Society's affairs as at 30 June 2008 and of its results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Chan, Li, Law & Co.
Certified Public Accountants (Practising)
Hong Kong, 3 November 2008

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2008
(Expressed in Hong Kong dollars)

	Note	2008 HK\$	2007 HK\$
INCOME			
Membership fees	5 (a)	3,520,901	3,438,553
Surplus from candidate education	5 (b)	285,766	350,089
Surplus from continuing education	5 (c)	104,602	183,710
Deficit from social functions	5 (d)	(133,922)	(135,421)
Deficit from university investment research competition	5 (e)	(72,648)	(90,204)
GIPS Standards, Hong Kong sponsor	5 (f)	(76,675)	(16,046)
Surplus from business valuation forum	5 (g)	1,500	1,500
		<hr/>	<hr/>
		3,629,524	3,732,181
OTHER REVENUE			
Interest income	6	227,011	220,659
Gain on disposal of fixed assets		7,660	-
Sundry income		1,230	1,061
		<hr/>	<hr/>
		235,901	221,720
		<hr/>	<hr/>
		3,865,425	3,953,901
		=====	=====
EXPENDITURE			
Administrative expenses			
Depreciation	10	52,666	26,944
Electricity		13,951	13,551
Personnel costs	7	1,413,182	1,132,761
Rent, rates and building management fee		811,127	506,125
Telephone and internet		51,406	36,707
		<hr/>	<hr/>
		2,342,332	1,716,088
Other operating expenses			
Audit fee		13,000	13,000
Bank charges		12,560	8,440
Business registration fee		3,946	3,946
Exchange/translation loss		17,538	760
Insurance		14,033	7,156
Professional fees		8,880	9,718
Local travelling		900	447
Meeting expenses		10,171	10,702
Commission for online receipt		3,019	-
Overseas travelling		92,684	44,682
Postages, printing and stationery		165,509	90,594
Repairs and maintenance		13,300	29,639
Sundry expenses		5,222	3,487
		<hr/>	<hr/>
		360,762	222,571
		<hr/>	<hr/>
Total operating expenses		2,703,094	1,938,659
		=====	=====
SURPLUS FOR THE YEAR		1,162,331	2,015,242
		=====	=====

The notes on pages 23 to 29 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
BALANCE SHEET AS AT 30 JUNE 2008
(Expressed in Hong Kong dollars)

	Note	2008 HK\$	2007 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	10	80,636	39,151
Investment securities	11	3,615,637	1,200,892
		<u>3,696,273</u>	<u>1,240,043</u>
Current assets			
Accounts and other receivables		341,978	812,530
Deposits and prepayments		219,086	217,466
Fixed deposits		1,760,463	2,687,970
Cash and bank balances		1,896,248	3,084,022
		<u>4,217,775</u>	<u>6,801,988</u>
Current liabilities			
Accounts payable and accruals		91,380	1,342,255
Temporary receipts		5,768	15,069
Receipts in advance		552,678	582,816
		<u>649,826</u>	<u>1,940,140</u>
Net current assets		<u>3,567,949</u>	<u>4,861,848</u>
NET ASSETS		<u>7,264,222</u> =====	<u>6,101,891</u> =====
REPRESENTED BY:-			
MEMBERS' GENERAL FUNDS		<u>7,264,222</u> =====	<u>6,101,891</u> =====



Hak Kau LUNG, CFA
President



Sin Man TSANG, CFA
Treasurer

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF CHANGES IN MEMBERS' GENERAL FUNDS
FOR THE YEAR ENDED 30 JUNE 2008
(Expressed in Hong Kong dollars)

	Members' general funds HK\$
Balance at 1 July 2006	4,086,649
Surplus for the year	2,015,242

Balance at 30 June 2007	6,101,891
Surplus for the year	1,162,331

Balance at 30 June 2008	7,264,222
	=====

The notes on pages 23 to 29 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008
(Expressed in Hong Kong dollars)

	2008 HK\$	2007 HK\$
Cash flows from operating activities		
Surplus for the year	1,162,331	2,015,242
Adjustments for :-		
Interest income	(227,011)	(220,659)
Depreciation	52,666	26,944
Gain on disposal of fixed assets	(7,660)	-
	980,326	1,821,527
Decrease/(increase) in accounts and other receivables	470,552	(667,590)
(Increase) in deposits and prepayments	(1,620)	(107,086)
(Decrease)/increase in accounts payables and accruals	(1,250,875)	521,414
(Decrease) in temporary receipts	(9,301)	(778)
(Decrease)/increase in receipts in advance	(30,138)	137,280
	158,944	1,704,767
Investing activities		
Sales proceeds from disposal of property, plant and equipment	10,980	-
Payments to acquire property, plant and equipment	(97,471)	(51,945)
(Increase)/decrease in investment securities	(2,414,745)	147,259
Decrease in fixed deposits matured over three months when acquired	-	1,000,000
Interest received	227,011	220,659
	(2,274,225)	1,315,973
(Decrease)/increase in cash and cash equivalents	(2,115,281)	3,020,740
Cash and cash equivalents at beginning of the year	5,271,992	2,251,252
	3,156,711	5,271,992
	3,156,711	5,271,992
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	1,896,248	3,084,022
Fixed deposits matured within three months when acquired	1,260,463	2,187,970
	3,156,711	5,271,992
	3,156,711	5,271,992

The notes on pages 23 to 29 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 2008
(Expressed in Hong Kong dollars)

1. SOCIETY INFORMATION

The Society is a company incorporated and domiciled in Hong Kong and is limited 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 are located at Suite 1604, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong. The principal activities of the Society are to promote and raise standards in the practice of financial analysis in Hong Kong.

The maximum number of members which the Society has registered is 10,000. The number of members of the Society as at 30 June 2008 was 5,294 (2007 : 4,835).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 requirements of the Hong Kong Companies Ordinance.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) 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 the income and expenditure account 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 the income and expenditure account 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.

(b) Investment in securities

Investments in securities held for long-term purpose are stated at amortised cost less any accumulated impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expense in the income and expenditure account. This impairment loss is written back to income and expenditure account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is a persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(c) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date 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 the income and expenditure account 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 the income and expenditure account in the period in which the reversal is recognised.

(d) 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.

(e) 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.

(f) 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 balance sheet date. Exchange gains and losses are recognised in the income and expenditure account, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity.

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.

(g) 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 applicable interest rate.

(h) 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.

(i) 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 the income and expenditure account on the straight line basis over the lease terms.

(j) 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 company. 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.

(k) 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 cash flow statement, bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Society's accounting policies, the directors have to make assumptions, estimates and judgements that have significant impact on the amounts of assets, liabilities, income and expenses recognised in the financial statements. The assumptions, estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, reviewed on a continuous basis and revised when they are significantly different from the actual results. At the balance sheet date, the directors have not noted any of the assumptions, estimates and judgement that have a significant risk of material adjustment in next year.

5. INCOME

	2008 HK\$	2007 HK\$
(a) Membership fees		
New members' joining fee income	292,534	772,835
Members' annual fee income	3,246,128	2,671,248
Uncollected fees recovered	764	3,292
Less : Uncollected fees	(18,525)	(8,822)
	<u>3,520,901</u>	<u>3,438,553</u>
(b) Surplus from candidate education		
Programme income	1,484,014	1,594,537
Less : Programme expenses	(1,198,248)	(1,244,448)
	<u>285,766</u>	<u>350,089</u>
(c) Surplus from continuing education		
Programme income	884,940	596,700
Uncollected fees recovered	1,000	-
Less : Programme expenses	(776,888)	(410,440)
Uncollected fees	(4,450)	(2,550)
	<u>104,602</u>	<u>183,710</u>
(d) Deficit from social functions		
Functions income	294,641	749,992
Uncollected fees recovered	-	500
Less : Functions expenses	(428,563)	(885,233)
Uncollected income	-	(680)
	<u>(133,922)</u>	<u>(135,421)</u>

	2008 HK\$	2007 HK\$
(e) Deficit from university investment research competition		
Competition income	88,669	39,000
Less : Competition expenses	(161,317)	(129,204)
	<u>(72,648)</u>	<u>(90,204)</u>
	=====	=====
(f) GIPS Standards, Hong Kong sponsor		
Sponsoring for Global Investment Performance Standards	(76,675)	(16,046)
	<u>(76,675)</u>	<u>(16,046)</u>
	=====	=====
(g) Surplus from business valuation forum		
Forum income	1,500	1,500
Less : Forum expenses	-	-
	<u>1,500</u>	<u>1,500</u>
	=====	=====
6. INTEREST INCOME		
	2008 HK\$	2007 HK\$
Bank interest income	29,081	35,711
Interest on listed debt securities	111,678	55,252
Interest on fixed deposits	86,252	129,696
	<u>227,011</u>	<u>220,659</u>
	=====	=====
7. PERSONNEL COSTS		
	2008 HK\$	2007 HK\$
Salaries	1,320,265	1,071,943
Mandatory provident fund contributions	53,102	40,509
Staff welfare and allowances	39,815	20,309
	<u>1,413,182</u>	<u>1,132,761</u>
	=====	=====
8. DIRECTORS' REMUNERATION		

No directors' remuneration was incurred by the Society during the current and preceding years.

9. INCOME TAX

Current tax has not been provided for in the financial statements as the directors consider that the Society's surplus for the year is exempted from profits tax under Section 24(2) of the Inland Revenue Ordinance. In view of such, no temporary timing differences were existed at the balance sheet date and therefore deferred tax has also not been provided for in the financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and equipment HK\$	Total HK\$
Cost :-			
At 1 July 2007	303,792	426,201	729,993
Additions	-	97,471	97,471
(Disposals)	-	(13,980)	(13,980)
	<hr/>	<hr/>	<hr/>
At 30 June 2008	303,792	509,692	813,484
	<hr/>	<hr/>	<hr/>
Accumulated depreciation :-			
At 1 July 2007	288,739	402,103	690,842
Charge for the year	7,526	45,140	52,666
(Written back) on disposals	-	(10,660)	(10,660)
	<hr/>	<hr/>	<hr/>
At 30 June 2008	296,265	436,583	732,848
	<hr/>	<hr/>	<hr/>
Net book value :-			
At 30 June 2008	7,527	73,109	80,636
	<hr/>	<hr/>	<hr/>
At 30 June 2007	15,053	24,098	39,151
	<hr/>	<hr/>	<hr/>

11. INVESTMENT SECURITIES

	2008 HK\$	2007 HK\$
Debt securities	3,615,637	1,200,892
	<hr/>	<hr/>
Market value	3,578,761	1,192,092
	<hr/>	<hr/>

12. LEASE COMMITMENTS

At 30 June 2008, the total future minimum lease payments under a non-cancellable operating lease of property is payable as follows :-

	2008 HK\$	2007 HK\$
Not later than one year	672,672	672,672
Later than one year but not later than five years	448,448	1,121,120
	<hr/>	<hr/>
	1,121,120	1,793,792
	<hr/>	<hr/>

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Society is exposed to various kinds of risks in its operation and financial instruments. In general, the Society is exposed to credit, foreign currency and interest rate risks and its principal financial instruments are investment securities, cash and bank balances and accounts receivables and payables which arise directly from its operating activities. The Society has no written risk management policies and guidelines and its risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Society by closely monitoring and limiting the individual risk exposure.

14. CAPITAL MANAGEMENT

The capital structure of the society consists of debt, cash and cash equivalents and members' general fund. 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. The Society's overall strategy has remained unchanged from 2007.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 3 November 2008.

MEMBERS OF THE BOARD OF DIRECTORS



From left to right:

*Ashley Khoo
Pheona Tsang
May Chan
Jacky Tsang
Charles Lo
Karl Lung
Alvin Ho
Jimmy Jim
Frederick Tsang
Richard Mak
Wallace Woo
Raymond Yuen*

President	Hak Kau LUNG, CFA
Vice-president	Wai Kee JIM, CFA Man HO, CFA
Secretary	Frederick Sui Cheong TSANG, CFA
Treasurer	Sin Man TSANG, CFA
Members	Pui Leung LO, CFA Richard Kan Chong MAK, CFA Tom Chang WU, CFA Kwok Yuk TSANG, CFA Wallace Chong Keung WOO, CFA James Alexander SOUTAR, CFA Raymond Wai Pong YUEN, CFA Ashley Pui Wun KHOO, CFA May Kit Sum Chan, CFA

(appointed on 10 January 2008)

Board Meeting Attendance

July 2007 – June 2008

Board of Directors	9-Jul-07	13-Aug-07	3-Sep-07	2-Oct-07	6-Nov-07	3-Dec-07	26-Jan-08	25-Feb-08	31-Mar-08	5-May-08	2-Jun-08
Karl LUNG	Called in	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Called in	Attended
Jimmy JIM	Called in	Attended			Called in	Attended	Attended		Attended	Attended	Attended
Alvin HO		Attended		Attended		Attended	Attended	Attended	Attended		Attended
Pheona TSANG		Attended	Called in			Attended	Attended		Called in	Called in	Called in
Frederick TSANG	Attended	Attended		Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
May CHAN	Appointed on 10-Jan-08						Attended	Attended	Called in	Attended	Attended
Ashley KHOO	Appointed on 13-Aug-07	Attended	Attended	Attended	Attended	Attended	Attended	Attended		Attended	Attended
Charles LO	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	
Richard MAK	Attended	Attended	Attended		Attended	Attended	Attended	Attended	Attended	Attended	Attended
James SOUTAR		Attended	Attended		Attended						
Jacky TSANG	Attended	Attended		Called in			Attended	Attended	Attended	Attended	Attended
Wallace WOO	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Tom WU		Called in	Called in					Called in	Called in	Called in	Called in
Raymond YUEN	Attended	Attended	Attended		Attended	Attended	Attended		Attended	Attended	Attended

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