

Serving Hong Kong and Financial Analysts for 20 Years

ANNUAL REPORT 2012





香港財經分析師學會

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS

MISSION STATEMENT

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

REPORT OF THE PRESIDENT

Dear Society Members,

2012 was a busy but special year for the HKSFA. The Society marked a number of milestones during the year – not the least of which was the celebration of its 20th anniversary.

The HKSFA had fewer than 20 members in 1992. As at October 2012, we have over 5,700 members from across Hong Kong’s financial industry and are the world’s 4th largest CFA affiliate society.

Our signature events were similarly successful this year.

The 8th HKSFA Annual Forecast Dinner and Charter Award Ceremony attracted over 280 participants. Mr. Barry Cheung, GBS, JP, Chairman of Mercantile Exchange, was the keynote speaker. The panel comprised of Mr. Nicholas Kwan, CFA, Head of Research, East, of Standard Chartered Bank, Mr. Franklin Lam, Founder, HKGolden50 and Dr. Jun Ma, Managing Director, Chief Economist for Greater China and Head of China / Hong Kong Strategy of Deutsche Bank. Their comments sparked an interesting discussion about the economic outlook of 2012.

The 8th Hong Kong Final of the annual CFA Institute Research Challenge (RC) held in November 2011 was won by the Hong Kong Polytechnic University team which represented Hong Kong at the Asia Pacific Regional CFA Institute Research Challenge. We extend our appreciation to the mentors and judges who made Hong Kong’s RC a success again this year.

The HKSFA was proud to support a number of global milestones over the past year.

In partnership with CFA Institute, HKSFA assisted to arrange a ‘gong-hitting’ market open ceremony at the Hong Kong Stock Exchange on 29 May 2012. The event was part of a global series of exchange openings and closings – the largest number by one organisation to date - marking the CFA charter’s 50th anniversary. The CFA programme is now known as the gold standard for ethics, education and professional excellence in the financial industry.

The HKSFA was privileged to be the Host Society of the inaugural CFA Institute Asia Pacific Investment Conference on 7 March 2012. Professor K.C. Chan, the Secretary for Financial Services and the Treasury of Hong Kong SAR, was the keynote speaker. Over 200 practitioners from around the region attended to hear a distinguished list of speakers presented on highly relevant topics.

Hong Kong was the site of the first CFA Institute Society Leadership Conference (SLC) held outside the USA. Running from 13 to 15 September 2012, the event attracted over 400 society leaders from around the world to discuss key internal issues. Mr. Franklin Lam, Non-Official Member of the Executive Council of Hong Kong SAR delivered an impressive luncheon speech on Hong Kong’s role as Asia’s finance hub. We hope participants enjoyed our city and learned more about the region’s business opportunities.

The Society held a series of public awareness events to mark its 20th anniversary during the fiscal year. We also published “Serving Hong Kong and Financial Analysts for 20 years” – a commemorative publication featuring the stories of our unsung volunteers and highlighting the Society’s milestones. Complimentary copies were sent to our members and partners. Our members are critical to our success. We regret any recognition oversights. The Society relies on the support of around 60 volunteers. Their work on various committees is critical to our activities.

Continuing Education (CE) events held during the fiscal year recorded a total of 102 SFC recognised CPT (Continuous Professional Training) hours credited to CE participants. This represented a 6% y-o-y increase without compromising quality. I urge you to get more information from our website or staffed office if you have not yet participated in this professional development opportunity. Members can find programme statistics and respective reports by Committee Chairs on different sections of this annual report.

2013 Outlook

The Society will push for sensible government policies and regulations by devoting more resources to advocacy and lobbying efforts. The finance industry landscape is rapidly evolving as a result of seismic changes in regulation, financial sector leverage, and societal and political attitudes. We view this as a critical opportunity to make an impact on the development of local financial industry.

The Society will seek to improve member representation wherever possible by forming more industry focus groups, conducting opinion polls, responding to consultation papers, issuing position papers and taking up voluntary government body seats. The HKSFA identity builds our members not only as CFA charterholders but also local practitioners concerned with the well-being of our local finance industry and community. Your opinion and active participation count.

The Board recognises the need for more career support and development to our members during these turbulent times. We believe recent massive job cuts in the global banking industry are unfortunate but we note increased opportunities in sectors such as insurance, asset and wealth management companies. We will expand our networking events, JobLine posting and career soft skill training to help members manage this transition. We will also seek a higher level of collaboration with other local professional bodies and the CFA Institute for better employer outreach programmes. There is, after all, little point of more CFA charterholders if there are no jobs for them to fill.

A higher level of member participation is always one of our main targets. We can achieve this target by offering more value added services and propositions with effective communication to our members and other stakeholders. To this end, HKSFA is scheduled to launch its new website in early 2013. The Public Awareness Committee will continue to seek new initiatives to build our profile and local identity.

The Board is keeping a close eye on our administrative efficiency and governance structure to make sure our membership dues are spent effectively. You may be surprised to know that Board members and volunteers here to pay full fee for Society events. The volunteers enjoy no 'free lunch' but give their full commitment to serve our members.

The 66th CFA Institute Annual Conference will take place in Singapore on 19-22 May 2013. This global event is expected to draw more than 1,500 investment professionals from all over the world. This is the first time that the CFA Institute will hold this flagship event in the Asia Pacific region. We urge members to get out and support the world's largest and longest running educational event for investment professionals.

Appreciation

As always, I would like to thank my fellow Board members, volunteers, university partners and corporate sponsors for their support to the Society. I'd like to give special thanks to our retiring Board members Mr. Richard Mak and Mr. Charles Lo for their invaluable contributions. Richard is a board member with over 15 years of service. Charles has served on the Board since 1997. We would also like to thank members of our newly established Advisory Board for their guidance and support.

I give my sincere thanks to HKSFA's office staff led by our CEO, Mdm Cheri Wong, CFA. They have managed an increasingly heavy schedule of activities and events this year. The Board also offers thanks to the CFA Institute Asia Pacific Office for their kind support.

This is my thirteenth year of volunteer service to the Society and third term as President. It is an honour and pleasure to work with so many brilliant and dedicated volunteers. The Society would not be a success without your continued support and participation. The journey has been long but the best is yet to come! I look forward to meeting you at our local events and in the upcoming CFA Institute Annual Conference in Singapore.

Yours sincerely,

Jimmy Jim, CFA
President

REVIEW OF OPERATIONS

CONTINUING EDUCATION

The HKSFA held 27 luncheons, 9 seminars and 8 workshops in FY2012. These 44 events attended by 2,452 attendees were a respective 22% and 15% increase over 2011. To mark the Society's 20th anniversary we held a hedge fund seminar that included a continental breakfast and networking breaks.



Your HKSFA Board and Continuing Education (CE) Committee refocused the CE programmes on fundamental themes in FY2012. We aimed to prepare our members to benefit from a downside-oriented market. Value preservation and risk management featured heavily.

Focus seminar topics included forensic accounting, enterprise risk management, insider trading and securities fraud. We also helped our members diversify their skill-sets by offering seminars on topics such as algorithmic trading and private banking.

Changing conditions saw us reconfigure the CE programmes. Rising Central District commercial property prices resulted in higher venue rental costs that forced us to increase our CE event prices starting November 2012. In light of shortened stock exchange lunch breaks, we started our luncheon events earlier. The tighter presentation timeframe also forced us to focus our topic and speaker selection for maximum impact.

Evolving market opportunities prompted our introduction of seminars on distressed, illiquid and foreign exchange assets as well as luxury goods, alternative energy and new technology investment opportunities. Rising regulatory and capital costs in the investment industry prompted us to offer seminars on Basel III, OTC central clearing, FATCA and the European debt crisis.

We also added topics in traditional investment subjects – such as short-selling – to our educational programmes in 2012. Journalists and market commentators were included to our usual slate of investment professional, service provider and academic presenters.

The HKSFA aims to keep the CE programmes providing quality events on relevant topics. We strive to develop educational opportunities for our members not available elsewhere by maintaining a forward-looking stance. Our ultimate goal is to add value for our members at a convenient time and location.

The Board wishes to take this opportunity to thank the Continuing Education Committee members for their efforts and looks forward to an exciting year ahead.



Continuing Education Programmes (July 11 - June 12)

Date	Seminar Topic	Speaker / Panelist	CPT/CE Credit Hours	No. of Attendants
Year 2011				
20 Jul (Wed) (Luncheon)	The Key Components of a Successful IPO	Mr. Philippe Espinasse Consultant, Author of "IPO – a Global Guide"	1	91
23 Jul (Sat) (Seminar)	New Banking Model after Financial Crisis	Mr. Jean-Francois Tremblay Moody's Investors Service Mr. Yin Toa Lee, CFA Ernst & Young	2.5	60
29 Jul (Fri) (Luncheon)	Developments in Hong Kong's Offshore Renminbi Business	Mr. Stephen Wan Hong Kong Monetary Authority	1	70
5 Aug (Fri) (Luncheon)	Navigating China Waters to Find the Real Numbers...	Mr. Joseph M. Quiazon Ernst & Young	1	96
10 Aug (Wed) (Luncheon)	Hong Kong - the Golden 5 Years (2010 - 2014) and the Decline that may follow ...?	Mr. Franklin Lam HKGolden50	1	100
13 Aug (Sat) (Seminar)	Options, Volatility & Risk Management	Mr. Matthew Moran Chicago Board Options Exchange Mr. Bud Haslett, CFA CFA Institute	2.5	76
27 Aug (Sat) (Seminar)	More Ways in Asia to invest in ETF – Convergence with Global and Future Trends	Mr. Anthony Chan BlackRock Mr. Frank Henze State Street Global Advisors Mr. Y.T. Kum, CFA Morningstar Asia	2.5	90
2 Sep (Fri) (Luncheon)	Effective Valuation Practices in Today's Post-Traumatic Environment: Illiquid and Hard-to-Value Securities	Dr. Cindy Ma, Ph.D., CFA, CPA Houlihan Lokey	1	84
6 Sep (Tue) (Evening Seminar, co-hosted with Becker, Professional Education and CUSCS)	Disclosure and Sustainability Reporting: An SEC Overview	Mr. John Lord Becker Professional Education	1	42
27 Sep (Tue) (Luncheon)	International Trends in Securities Fraud Litigation and the Impact on Chinese Companies	Dr. Alan Cox Mr. Mark Berenblut NERA Economic Consulting	1	60
7 Oct (Fri) (Luncheon)	Luxury Experiences in China	Mr. Nick Debnam KPMG China	1	58
12-15 Oct (Wed-Sat) (4 whole-day Workshops)	Advanced Financial Analysis Workshop - Advanced Financial Modeling – Core Model - Bank Industry Primer + Basic Bank Financial Modeling - M&A Deal Structuring & Merger Modeling Basics - Advanced Excel for Data Analysis	Mr. Hamilton Lin, CFA Wall St. Training	6.5 per workshop	14 7 16 14
19 Oct (Wed) (Luncheon)	OTC Derivatives	Mr. Umesh Kumar Mr. Victor Wan Linklaters Hong Kong	1	37
27 Oct (Thurs) (Luncheon)	A Practical Approach to Investing in Technology Space	Mr. Fred Wong, CFA Avant Capital	1	84
21 Nov (Mon) (Luncheon)	Long Duration Common Stock Investing: A Contrarian Manifesto	Mr. Bill Smead Smead Capital Management	1	69
1 Dec (Thurs) (Luncheon)	Solar Industry – Future Growth & Opportunities	Mr. Timothy Lam Citi Investment Research and Analysis	1	79
6 Dec (Tue) (Luncheon)	Market Manipulation & Insider Dealing in Hong Kong	Ms. Donna Wacker Clifford Chance	1	64

Date	Seminar Topic	Speaker / Panelist	CPT/CE Credit Hours	No. of Attendants
Year 2011				
10 Dec (Sat) (Seminar)	Forensic Accounting	Mr. Jack Jia Mr. Torsten Duwenhorst Ernst & Young Mr. Kenneth Chen SHINEWING (HK) CPA Limited	2.5	68
20 Dec (Tue) (Luncheon)	Algorithmic Trading & Financial Markets: Trends & Implications	Prof. Giorgio Valente University of Essex, Colchester	1	53
Year 2012				
10 Jan (Tue) (Luncheon)	Valuation of Bank Stocks after Basel III	Dr. Michael C. S. Wong CTRISKS	1	87
12 Jan (Thurs) (Luncheon)	How to become a World City: Lessons from London	Mr. Franklin Lam HKGolden50	1	44
6 Feb (Mon) (Luncheon)	Cross-Sectional Stock Return Predictability in China	Prof. Kalok Chan The Hong Kong University of Science and Technology	1	89
13 Feb (Mon) (Luncheon)	Price Risk, Liquidity Risk and Noise: Constructing Better Risk-Based Investments	Mr. Andrew Clark Thomson Reuters	1	33
18 Feb (Sat am) (Workshop)	Shortselling	Mr. Fred Wong, CFA Avant Capital	3.5	26
21 Feb (Tue) (Luncheon)	The 3-D Hurricane and the New Normal	Dr. Jason Hsu, Ph.D. Research Affiliates	1	39
22 Feb (Wed) Luncheon	Markowitz 2.0: Asset Allocation for the 21st Century	Dr. Paul D Kaplan, Ph.D., CFA Morningstar, Eruope	1	63
29 Feb – 3 Mar (Wed-Sat) 3 Workshops	Advanced Financial Analysis Workshops - Advanced Financial Modeling – Core Model - Corporate Valuation Methodologies - Credit Risk Modeling in Excel & VBA: Default Risk and Prepayment Modeling (2-day)	Mr. Hamilton Lin, CFA Wall St. Training	6.5-13 per workshop	17 8 6
6 Mar (Tue) Luncheon	Risk in Financial Markets – The Prime Directive Vs Sharks	Mr. Rodney N. Sullivan, CFA CFA Institute	1	62
16 Mar (Fri) (Luncheon)	Exploring Investment Opportunities in Currency Markets	Mr. Anthony Chung, Ph.D. AllianceBernstein	1	51
14 Apr (Sat) (Seminar)	Hedge Fund Seminar	Ms. Joanne Murphy Chartered Alternative Investment Analyst Association Mr. Richard Johnston Albourne Partners (Asia) Limited Mr. Allen Sing, CFA SAIL Advisors Mr. Scott Peterman, CFA Sidley Austin	3	104
27 Apr (Fri) (Luncheon)	Distressed Assets	Mr. Edward Middleton KPMG	1	82
12 May (Sat) (Seminar)	The Opportunities and Challenges of Banking and Insurance Industries in Mainland China, and their Implications to Hong Kong	Ms. Sally Yim, CFA Moody's Investors Service Hong Kong Ltd Mr. Edwin Hui, CFA Bank of America Merrill Lynch	2.5	44
25 May (Fri) (Luncheon)	Enterprise Risk Management: The highest-performing cars have the highest performing brakes	Mr. Phil Rodd Ernst & Young	1	34
31 May (Thurs) Luncheon	The Asian Dreams in 2022	Mr. Jame DiBiasio AsianInvestor	1	42

Date	Seminar Topic	Speaker / Panelist	CPT/CE Credit Hours	No. of Attendants
Year 2012				
12 Jun (Tue) (Evening Seminar)	Understanding the Foreign Account Tax Compliance Act	Mr. Karl J. Paulson Egbert Dechert Mr. Charles Kinsley KPMG China	1.5	32
13 Jun (Wed) (Luncheon)	Sovereign Debt Crisis and the Nationalization of Financial Institutions	Mr. Philippe Delhaise CTRisks Rating	1	41
16 Jun (Sat) (Seminar)	M&A Seminar	Mr. Sean Darby Jefferies Mr. Paul Ma Ms. Janet Cheung KPMG	2.5	77
18 Jun (Mon) (Luncheon)	Mega Hedge Fund Firms: Performance Characteristics – What do we know about them and are they the investment for this risk-on, risk-off environment?	Prof. Bill Fung, Ph.D. London Business School	1	75
21 Jun (Thurs) (Luncheon)	Personal Financial Planning – How to Protect and Generate Wealth	Mr. Mark Smallwood Deutsche Bank Private Wealth Management	1	64

HKSFA was the host society of the CFA Institute Asia Pacific Investment Conference on 7 March 2012, participants were eligible for 6 CPT hours.

ADVOCACY

The HKSFA used its 20th anniversary as an advocacy platform via two publication initiatives.

We commissioned a commemorative publication for first time in the history of HKSFA to mark the event. The special publication featuring our past presidents and its production saw the Society engage top government officials, regulators, industry leaders and senior practitioners. We believe it helped connect the Society with its members. It also promoted the HKSFA brand to the broader financial community – both locally and overseas. The Growth Funding Programme of CFA Institute covered 40% of the production cost.



Our second 20th anniversary commemoration was a 5-day newspaper advertorial series. The campaign aimed to raise the investing public's awareness of the CFA designation and the HKSFA. Each edition featured an advocacy discussion and information on the Society and CFA designation.

Hong Kong was one of the 24 global financial centres dedicating its equity market opening in 2012 to mark the CFA programme's 50th anniversary. The CFA Institute also honoured Hong Kong and the HKSFA by selecting it as a society member of the Board of Governor's new work group charged with defining relationships between the Institute and local societies.

The Society's Advocacy Committee had been very active this year responding to consultation papers produced by the Financial Services and the Treasury Bureau (FSTB), Securities and Futures Commission (SFC), the Hong Kong Monetary Authority (HKMA) and the Stock Exchange of Hong Kong (HKEx). Papers on OTC derivatives and regulation of sponsors were the most important to the industry in our view. Our experience with the former prompted us to host a luncheon on the new OTC derivative requirements. The Advocacy Committee's work on the latter saw it participate in a seminar organised by Hong Kong's corporate finance community. Feedback gathered enabled it to shape a response encompassing a broader range of views - demonstrating the HKSFA's commitment to represent the concerns of Hong Kong's greater financial community.

Other topics covered during the year include "Detailed Legislative Proposal on Trust Law Reform", "Qualifying Criteria for Private Companies to Prepare Simplified Financial and Directors' Reports", "Proposed Regulatory Regime for the Over-the-counter Derivatives Market in Hong Kong" and "Securities and Futures (Amendment) Bill 2011".

Our annual SFC co-hosted Investor Education Seminar Series event was held on 13 October 2012.

The HKSFA is working to be more proactive in raising ethical and professional standards issues in line with CFA Institute's new "Bigger Voice" strategic initiative.

HKSFA GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS®) COMMITTEE

HKSFA GIPS Committee continues to participate actively in CFA Institute's GIPS Standards development. The Committee supported the promulgation of "GIPS Model RFP Template - a guide to the sections in RFPs related to compliance with the GIPS Standards" in 2012. We also nominated a member to join the GIPS Standards – Pooled Fund Working Group, charged with clarifying GIPS Standards application to retail and institutional pooled funds and building greater recognition for the GIPS Standards in the pooled fund market.

The HKSFA GIPS Committee participated in the GIPS Executive Committee in 2011 and 2012. Activities include:

- Sitting on the GIPS Investor/ Consultant Sub-Committee;
- Attending 2011 and 2012 GIPS Annual Conference in Chicago and Boston respectively;
- Sitting on the Certificate in Investment Performance Measurement (CIPM) Association Advisory Council;
- Facilitating the CIPM Practice Analysis sessions in Hong Kong;
- Recruiting new members from various alternative asset markets in 2012 to strengthen the HKSFA GIPS Committee.

Activities in the pipeline include:

- Updating members and practitioners on latest GIPS developments at an HKSFA-arranged seminar in the first quarter of 2013;
- Having members speak at Investment Performance Analysis & Risk Management Seminars to promote GIPS Standards and the CIPM Programme.

We hope these efforts will keep Hong Kong on the forefront of the global asset management industry.

HONG KONG FINAL OF CFA INSTITUTE RESEARCH CHALLENGE 2011-12

The Hong Kong Polytechnic University won the Hong Kong final of CFA Institute Research Challenge in November 2011. The team went on to represent Hong Kong at the Asia Pacific Regional Research Challenge in February 2012.

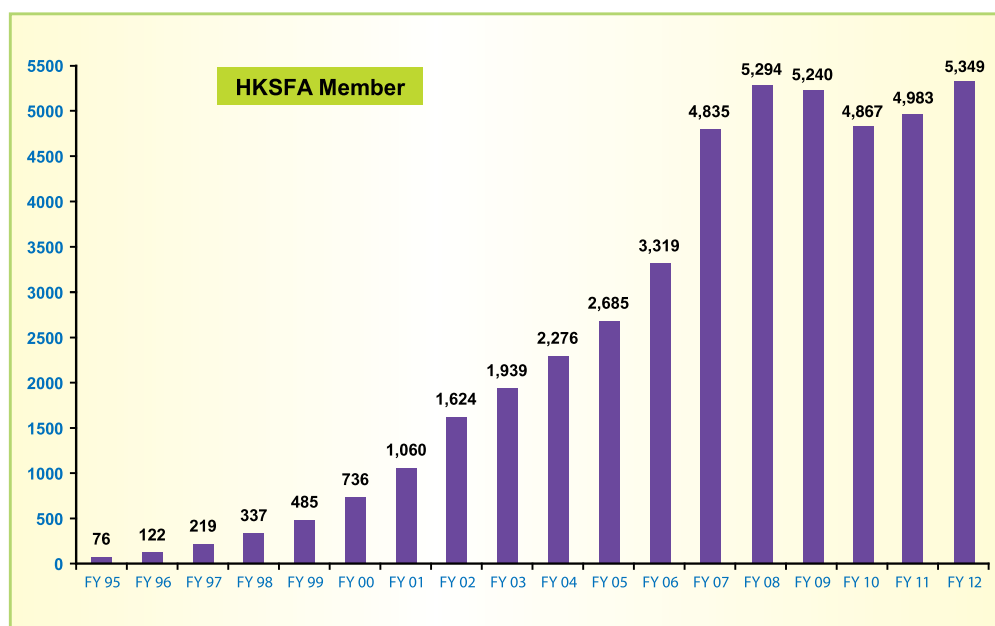
32 students from eight Hong Kong universities participated in the local round of the 2011-12 CFA Institute Research Challenge. Each 4-person team wrote an equity research report on a Hong Kong listed company and presented their investment recommendation to an expert panel. Teams were judged on analytical quality and recommendation justification of their entry as well as their answers to judges' questions. Throughout the competition, experienced investment analysts provided guidance on equity research and corporate analysis best practice.

This is HKSFA's eighth year organizing the Challenge. The competition's objectives are to promote the practice of professional investment research and raise student awareness of the CFA Programme and HKSFA.



MEMBERSHIP

HKSFAs membership grew a respectable 7.3% during the financial year to reach a new record of 5,349 as at 30 June 2012. This surpassed the previous record of 5,294 set in June 2008.



The growth is mainly attributable to the increase of Hong Kong-based regular members by 365 to 4,774. Local candidates successfully completing the CFA programme and members transferring into Hong Kong from overseas were the main sources. We are encouraged to see a resuming growth trend in membership and believe it is a result of the Society's continued efforts in public awareness and education.

HKSFAs members are from Hong Kong (89.3%), followed by Mainland China (6.2%), Taiwan (1.3%) and other regions (3.3%). Most (36.7%) listed their primary area of practice as Equities, Fixed Income (11.1%) and Derivatives (5.7%). More details are available in HKSFAs 20th anniversary publication "*Serving Hong Kong and Financial Analysts for 20 Years*".

The HKSFAs remains the fourth largest CFA Institute member society and is the largest society in Asia.

Top Ten Societies of CFA Institute as at 2 July 2012 :

Society:	Member count:	Growth (from 2011)
1. New York	9,789	+224
2. Toronto	7,604	+315
3. United Kingdom	7,147	+459
4. Hong Kong	5,349	+359
5. Boston	5,059	+94
6. Chicago	3,808	+82
7. San Francisco	3,049	+69
8. Singapore	2,570	+211
9. Swiss	2,159	+103
10. Montreal	2,128	+81

We note an increased need for vigilance in vetting new member references going forward. The CFA Institute relaxed membership requirements in 2012. From July, an applicant has only to provide three professional references. These no longer have to be local society (HKSFAs in the case of Hong Kong) members. Referees previously had to include at least one such member – typically a CFA charterholder. The change was made to help grow membership. However, we see a need to mitigate the increased risk to professional and ethical standards.

MEMBER SERVICES

The HKSFA Member Services Committee continued its innovative series of social and lifestyle events in 2012. Chocolate Making, Horse Riding and a BBQ Fun Day were among the new offerings this year. A summary of major activities held this year is as follows:

Happy Hour Gathering & Welcome Reception for New Members

Our long-standing monthly Happy Hours are the mainstay of our calendar. The popular event is held on the second Thursday of each month at the HKSFA office. These are occasionally supplemented with new member welcome reception. These relaxed events give members the opportunity to make new connections and catch up with old friends and colleagues. The free drinks and snacks served are welcome benefits after a hard day's work!



We held a series of themed Happy Hour and special interest events throughout the year.

The joint HKSFA - Hong Kong Exchanges & Clearing Limited event held on 26 April 2012 gave our members an opportunity to hear about the development of BRICS Exchanges Alliance and the trading of BRICS benchmark index futures. Members got to learn about art investing in Asia on 14 June 2012 at a presentation featuring Mr. Jon Reade and Mr. Jonathan Macey from the Art Futures Group. They explored different aspects of the rapidly emerging Asia art market - including selection process and exit strategies.

On 14 July 2011, we were delighted to host "SmartFit for Trailwalkers" – an information sharing session given by the Hong Kong & Sanatorium Hospital and The Hong Kong Polytechnic University. The programme is a series of systematic evidence-based evaluation and event-focused training seminars. It was developed by these two institutes. We also held a "Training up for Marathon"- themed gathering on 10 November 2011. Led by Mr. Freeman Lee, a top-tier Hong Kong distance runner with extensive coaching experience, it offered members a number of tips and suggestions on preparing for the event.

We were privileged to organise a "Negotiation Skills" event led by Mr. William Chan, Managing Director, Scotwork East Asia on 10 May 2012. He discussed common conflict scenarios, spoke on using the "art and science of negotiation" to deal with disagreements and offered useful tips and real life examples.

Squid Fishing Trip & Summer Boat Trip

Held on 23 July 2011, the trip was fully booked well in advance again this year. The event attracted over 30 members and guests. All had a fun break from Hong Kong's summer heat.

Chocolates & Kopi Luwak Tasting Workshop

The HKSFA held two chocolate & Kopi Luwak tasting and pairing workshops in FY2012. Participants learned about the background and production of both the chocolates and Kopi Luwak – reputedly the world's most expensive coffee.

Trailwalker

The HKSFA again fielded 4 teams to take part in the Hong Kong Oxfam Trailwalker charity hike. The 16 of our FY2012 participants tried to battle the grueling 100km MacLehose Trail held on the weekend of 18 November 2011 within the 48-hour limit. Our teams raised approximately HK\$150,000 this year, allowing HKSFA to remain one of the event's major fund raisers.

Oxfam uses funds raised to support its long-term development and humanitarian relief programmes in Hong Kong, China, other parts of Asia and Africa. We thank our walkers, support teams, and all those who generously donated.

Christmas Party

Over 40 members enjoyed fine food and wine at HKSFA's seasonal event on 16 December 2011.

Chocolate Making Class

Members got to network while learning chocolate-making techniques on 4 February 2012. Many friends and family were surprised with a box of hand-made chocolate goodness on the following Valentine's Day.



Horse Riding and BBQ Fun Day

Over 20 members and guests enjoyed a relaxing day of horse riding and barbeque on 21 April 2012. All welcomed the chance to escape from busy city life with a fun day in the country.

HKSFA Annual Forecast Dinner & CFA® Charter Award Ceremony 2011

Our signature event was held at the Hong Kong Excelsior Hotel on 25 November 2011.

Each year HKSFA welcomes new charterholders and congratulates candidates completing the final CFA examination at this event. This year, 287 members, graduates and guests attended and 95 of them were successful candidates. Two CFA Institute Board of Governors members, Mr. Aaron Low, CFA, and Ms. Jane Shao, CFA, presented new charterholders and successful candidates their CFA Charters and Letters of Achievement, respectively.

We were honoured to welcome Mr. Barry Cheung, GBS, JP, Chairman of the Hong Kong Mercantile Exchange, as our Forecast Dinner keynote speaker. His speech was followed by a panel discussion on the region's economy and financial markets. Mr. Tony Watson, CFA, an HKSFA Director, moderated the session. Our distinguished panel included Mr. Nicholas Kwan, CFA, Standard Chartered Bank's Head of Research, East, Mr. Franklin Lam, Founder of HKGolden50 and Deutsche Bank's Dr. Jun Ma, Managing Director and Chief Economist for Greater China and Head of China / Hong Kong Strategy. Panelists and audience members forecasted the closing levels of the Hang Seng Index, Apple Inc. shares, the price of gold, crude oil and several other financial industry and local industry benchmarks. We take this opportunity to express appreciation to our speakers and panelists who made the Annual Forecast Dinner and CFA® Charter Award Ceremony a success in 2011.



Member Services Functions (July 11 - June 12)

Social Events		
Date	Programme Topic	No. of Attendants
23 Jul 11	Summer Boat Trip and Squid Fishing 2011	31
10 Sep 11	Chocolates & Kopi Luwak Tasting Workshop	13
25 Nov 11	Annual Forecast Dinner and CFA® Charter Award Ceremony	287
16 Dec 11	Christmas Party	40
04 Feb 12	Chocolate Making Class	18
17 Mar 12	Chocolates & Kopi Luwak Tasting Workshop (Rerun)	28
21 Apr 12	Horse Riding and BBQ Fun Day	23
Happy Hour Gatherings		
Date	Theme	No. of Attendants
14 Jul 11	Themed Happy Hour Gathering - SmartFit for Trailwalkers	20
3 Aug 11	Welcome Reception for Transferred Members	23
8 Sep 11	Monthly Happy Hour Gathering	16
13 Oct 11	Monthly Happy Hour Gathering	15
10 Nov 11	Themed Happy Hour Gathering - Training up for Marathon	27
12 Jan 12	Monthly Happy Hour Gathering	17
9 Feb 12	Monthly Happy Hour Gathering	25
12 Apr 12	Monthly Happy Hour Gathering	13
26 Apr 12	Themed Happy Hour Gathering - Trading Stock Index Futures on BRICS Markets	17
10 May 12	Themed Happy Hour Gathering - Negotiating Skills	30
14 Jun 12	Themed Happy Hour Gathering - An Introduction to the Lucrative World of Art Investment	31

CAREER DEVELOPMENT

FY2012 was busy year for career development activities. We attracted over 328 members at 6 successful events in 2012 following the event's successful 2011 re-launch. Members responded positively to this year's broader subject offering. Event themes ranged from career path guidance from senior industry practitioners to job search advice from career consultants and tips on self-reflection in the search for life guidance. Selected highlights include:



On 11 August 2011, HKSFA sponsored an interactive session on “The Roadmap to Becoming a CIO”. Mr. Patrick Ho, CFA, Head of Greater China Equities at BNP Paribas Investment Partners Asia and Mr. Martin Lau, CFA, Director of Greater China Equities at First State Investment spoke to our 90 member audience on their respective paths to the CIO role. This was followed by an interactive Q&A session and networking session.

“Are you really happy? - How can we create and manage a career that we love?” was the topic presented by Ms. Judy Seto, Managing Director, Greater China at Strategic Executive Search Group on 8 March 2012. 35 members attended this light but relevant career advice clinic. A similar event was held on 20 June 2012, when Mr. Edward Chin, Managing Director of MDE Hedge Centre explored the idea “Your Life is an Adventure still being written” with 39 attending members.

We wish to thank our distinguished speakers and attendees for making these events a success. As we launch a busy FY2013 schedule featuring more new topics, we look forward to continued member support.

Career Development Gatherings (July 11 – June 12)

Date	Programme Topic	Speaker /Panelist	No. of Attendants
Year 2011			
11 Aug 11	The Roadmap to Becoming a CIO	Mr. Patrick Ho, CFA BNP Paribas Investment Partners Asia Mr. Martin Lau, CFA First State Investments	90
8 Dec 11	Mid-Career Shift - Crisis or Opportunities?	Mr. Richard Mak, CFA Pictet Wealth Management Asia	59
Year 2012			
8 Mar 12	Are you really happy? How can we create and manage a career that we love?”	Ms. Judy Seto Strategic Executive Search Group	35
19 Apr 12	How to Manage a Career Shift?	Mr. Tony Tsoi, CFA Varitronix Limited	83
3 May 12	Looking for Job Opportunities in China – From the Perspective of a Hongkonger	Mr. Jack Lee, CFA Huatai-Pine Bridge Fund Management Co Ltd	39
20 Jun 12	Your Life is An Adventure Still Being Written	Mr. Edward C. K. Chin MDE Hedge Center	22

CANDIDATE EDUCATION

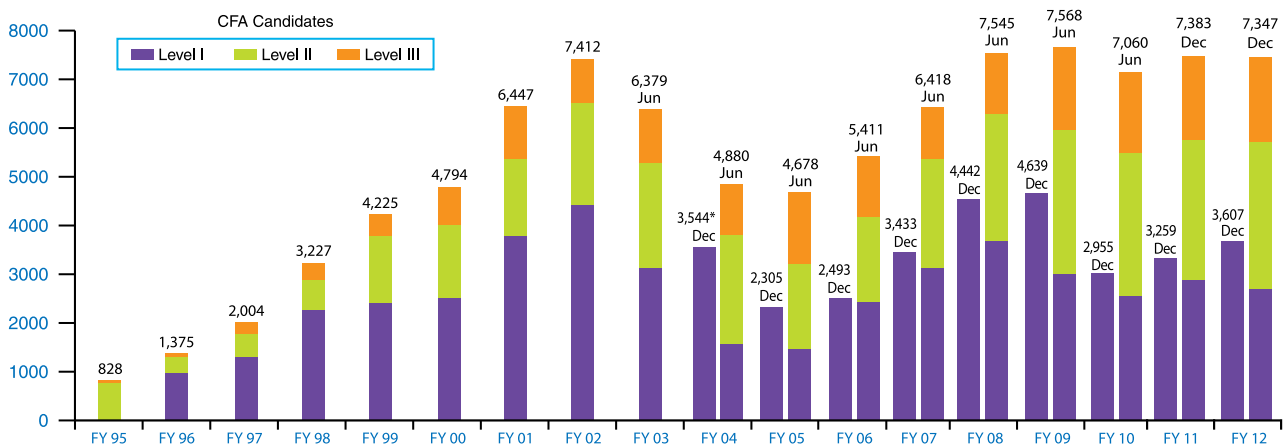
Demand for the CFA charter continues to grow despite the market downturn and industry downsizing. Candidates sitting the examination in Hong Kong during FY2012 grew 3% y-o-y to 10,954; 3,607 in December session and 7,347 in the June session. The Society remains committed to helping candidates to succeed in their pursuit of a CFA charterholder.

HKSFA's Scholarship Committee selected 10 scholarship winners from a field of 39 via a rigorous screening process of the CFA Institute's scholarship programme in FY2012. The CFA Institute is currently re-working the programme in view of growing number of emerging market applicants. This may impact the number of scholarships HKSFA can award going forward.

The HKSFA held CFA programme candidate information session that attracted 80 candidates. Topics covered were the CFA programme, exam preparation strategies and post-CFA charter award career opportunities. Seasoned practitioners led the session.

We noted a marked increase in demand for group study in 2012. The HKSFA organised 51 study groups for 271 candidates during the year - an increase of 50% y-o-y increase. Sixteen study groups for 87 candidates were organised ahead of the December sitting and 35 groups for 184 candidates for the June examinations.

HKSFA endeavours to remain a supplier of CFA programme study materials. Stalla's exit from the market terminated our distributorship. We hope to strike an agreement with a new provider in the coming year.



FINANCE

The Society recorded a surplus of HK\$684,407 in FY2012 - 27% less than in FY2011. Membership fees remain the Society's main revenue source. Our revenue in membership grew 8.7% in FY2012. We expect slow organic growth in the coming years.

Overhead expenses increased 23% y-o-y in 2012. Much of this was one-time items related to our 20th anniversary celebration and the HKSFA website upgrade. Recurring expenses were only up 9.4% over 2011. We expect operating costs - in particular rental and wages - will continue to be driven by Hong Kong's inflationary pressures. We are attempting to mitigate the impact through efficient use of resources. However, we remain committed to maintaining service standards and responsiveness to Hong Kong's dynamic environment.

The Society exists to serve members in accordance with its mission statements as a non-profit organisation. Resource allocations prioritise member service. We believe our FY2012 surplus is healthy. It will be used to deliver on our mission statement in the coming years.

The Investment Committee of the Society invests surplus members' funds. Its main holdings are fixed income securities and units in the Hang Seng Index Tracker Fund. We believe these are prudent, long term vehicles appropriate for managing surplus members' funds. Holdings are reasonably allocated among equity, fixed income securities and cash in our opinion. We maintain sufficient working capital - mainly in cash and bank deposits - for our day-to-day operations. As mentioned in last year's statement, the Investment Committee added to its fixed income holdings during FY 2012. The Investment Committee will continue to monitor and adjust asset allocation as appropriate.

Members' funds grew to HK\$12,250,536 in FY2012 from HK\$11,835,529 in FY2011. The increase is mainly from the Society's FY2012 surplus and unrealised position from equity investment.

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 Society is managed by its Board of Directors. The Board is elected from the Society. No directors other than the Society's Chief Executive Officer receive any remuneration or benefits in kind for their service. In accordance with the Articles of Association of the Society:

"Subject to Article 75 and Article 71, at each annual general meeting of the Society, new 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.

FIVE-YEAR SUMMARY

	2012	2011	2010	2009	2008
No. of Members	5,349	4,983	4,867	5,240	5,294
No. Continuing Education Programmes	38	36	29	34	44
No. of Membership Services Functions	12	9	12	12	21
Income					
	HK\$	HK\$	HK\$	HK\$	HK\$
Membership Fees	3,482,071	3,203,775	3,162,476	3,374,520	3,520,901
Surplus from Education & Programmes	286,446	385,919	269,341	253,501	391,868
Interest & Sundry Income	269,219	132,461	100,412	173,651	235,901
Other Revenue	1,194,475	902,131	760,102	826,627	
	5,232,211	4,624,286	4,292,331	4,628,299	4,148,670
Expenditure					
Administrative Expenses	3,420,837	3,030,351	2,450,001	2,473,474	2,342,332
Other operative expenses	1,126,967	659,428	597,585	697,770	644,007
Total Operating Expenses	4,547,804	3,689,779	3,047,586	3,171,244	2,986,339
SURPLUS FOR THE YEAR	684,407	934,507	1,244,745	1,457,055	1,162,331
ASSETS					
Total of Non-Current Assets	8,039,000	3,215,000	3,856,554	2,745,560	3,696,273
Total of Current Assets	5,041,522	9,436,987	7,259,904	7,072,251	4,217,775
Total of Current Liabilities	829,986	816,458	445,436	570,534	649,826
Total of Net Current Assets	4,211,536	8,620,529	6,814,468	6,501,717	3,567,949
Total of Net Assets	12,250,536	11,835,529	10,671,022	9,247,277	7,264,222
Total of Members' General Funds	12,250,536	11,835,529	10,671,022	9,247,277	7,264,222

Starting from the year of 2010/2011, reclassification on certain expenses and income items in the Five-year summary has been made so as to categorise all expenses related items into operating expenses. It is to have better presentation of financial information. The reclassification does not affect the Members' General Funds for the year in concern.

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 2012.

PRINCIPAL ACTIVITIES

The Hong Kong Society of Financial Analysts Limited (the “Society”) is an independent non-profit making organisation set up with its primary goal being to promote and raise standards in the practice of financial analysis in Hong Kong through 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 HKSAFA (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 2012 and the state of affairs of the Society at that date are set out in the financial statements on pages 20 to 37.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 15 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	Wai Kee JIM, CFA	
Vice-president	Man HO, CFA Frederick Sui Cheong TSANG, CFA	
Secretary	Yin Toa LEE, CFA	
Treasurer	Kwok Yuk TSANG, CFA	
Members	Hak Kau LUNG, CFA Hoi Kan WONG, CFA Wallace Chong Keung WOO, CFA Pui Wun KHOO, CFA Yan Seen SOON, CFA Peter Anthony WATSON, CFA Derek Wai Man MOK, CFA Yip Man LAU, CFA Kan Chong MAK, CFA Cheri Suet Kwan WONG, CFA Pui Leung LO, CFA	(appointed on 9 January 2012) (appointed on 9 January 2012) (resigned on 6 January 2012) (resigned on 9 January 2012) (resigned on 9 January 2012)

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, Mr. Wai Kee JIM, Mr. Man HO, Mr. Kwok Yuk TSANG, Mr. Hoi Kan WONG, Ms. Yan Seen SOON and Mr. Peter Anthony WATSON shall retire from office at the forthcoming annual general meeting of the Society and, being eligible, offer themselves for re-election. 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 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.

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, 24 Oct 2012

***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 20 to 37, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 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 this report.

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Society's affairs as at 30 June 2012 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, 24 Oct 2012

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Hong Kong dollars)

	Note	2012 HK\$	2011 HK\$
INCOME			
Membership fees	5	3,482,071	3,203,775
Surplus from candidate education	6	37,230	134,013
Surplus from continuing education	7	249,216	251,906
Business valuation forum		1,500	-
		<u>3,770,017</u>	<u>3,589,694</u>
OTHER REVENUE			
Investment income, net	11	252,782	129,486
Interest income	10	16,437	2,975
Sponsorship for GIPS meeting in Hong Kong		30,000	-
Sundry income		208	-
CFA Institute Society Operational Support Funding		882,847	839,982
CFA Institute Society Growth Funding		208,330	42,059
Job posting income		25,620	20,090
Sponsoring for special publication of 20th anniversary		45,970	-
		<u>1,462,194</u>	<u>1,034,592</u>
		<u><u>5,232,211</u></u>	<u><u>4,624,286</u></u>
EXPENDITURE			
Administrative expenses			
Depreciation	15	151,270	136,981
Electricity		15,577	15,292
Personnel costs	12	2,206,591	1,910,512
Rent, rates and building management fee		978,284	905,874
Telephone and internet		69,115	61,692
		<u>3,420,837</u>	<u>3,030,351</u>

The notes on pages 25 to 37 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Hong Kong dollars)

	Note	2012 HK\$	2011 HK\$
Other operating expenses			
Special publication for 20th anniversary		377,700	-
Advertising and promotion for public awareness		78,181	175,394
Audit fee		24,200	22,300
Bank charges		38,620	6,129
Business registration fee		3,496	1,350
Deficit from social functions	8	392	80,222
Deficit from investment research challenge	9	17,205	12,021
Exchange loss		22,935	2,378
GIPS meeting expenses		23,447	-
Insurance		19,501	21,865
Professional fees		10,175	7,405
Reference books expenses		2,261	-
Local traveling		144	606
Meeting expenses		29,279	22,819
Commission for online receipt		37,069	34,300
Overseas traveling		121,110	107,902
Office cleaning		20,160	18,881
Office reinstatement		48,000	48,000
Postages, printing and stationery		82,321	82,682
Repairs and maintenance		33,950	12,650
Sundry expenses		1,907	2,524
Website upgrade		134,914	-
		<hr/>	<hr/>
		1,126,967	659,428
Total operating expenses		<hr/>	<hr/>
		4,547,804	3,689,779
		=====	=====
SURPLUS FOR THE YEAR		684,407	934,507
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Fair value changes on available-for-sale financial assets		(269,400)	230,000
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		415,007	1,164,507
		=====	=====

The notes on pages 25 to 37 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012
(Expressed in Hong Kong dollars)

	Note	2012 HK\$	2011 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	15	66,400	150,000
Held-to-maturity financial assets	16	780,000	780,000
Available-for-sale financial assets	17	2,195,600	2,285,000
Financial assets at fair value through profit or loss	18	4,997,000	-
		8,039,000	3,215,000
Current assets			
Accounts and other receivables		357,889	149,223
Deposits and prepayments		417,030	362,159
Fixed deposits		1,964,124	791,792
Cash and bank balances		2,302,479	8,133,813
		5,041,522	9,436,987
Current liabilities			
Accounts payable and accruals		437,490	120,664
Receipts in advance		392,496	695,794
		829,986	816,458
Net current assets		4,211,536	8,620,529
NET ASSETS		12,250,536	11,835,529
MEMBERS' EQUITY			
Members' general funds		11,584,936	10,900,529
Investment revaluation reserve		665,600	935,000
		12,250,536	11,835,529



Wai Kee JIM, CFA
President



Kwok Yuk TSANG, CFA
Treasurer

The notes on pages 25 to 37 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Hong Kong dollars)

	Members' general funds HK\$	Investment revaluation reserve HK\$	Total HK\$
Balance at 1 July 2010	9,966,022	705,000	10,671,022
Total comprehensive income for the year	934,507	230,000	1,164,507
Balance at 30 June 2011	<u>10,900,529</u>	<u>935,000</u>	<u>11,835,529</u>
Total comprehensive income for the year	684,407	(269,400)	415,007
Balance at 30 June 2012	<u><u>11,584,936</u></u>	<u><u>665,600</u></u>	<u><u>12,250,536</u></u>

The notes on pages 25 to 37 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012
(Expressed in Hong Kong dollars)

	2012 HK\$	2011 HK\$
Cash flows from operating activities		
Surplus for the year	684,407	934,507
Adjustments for :-		
Investment income, net	(252,782)	(129,486)
Interest income	(16,437)	(2,975)
Depreciation	151,270	136,981
	<hr/>	<hr/>
Operating surplus before changes in working capital	566,458	939,027
(Increase)/decrease in accounts and other receivables	(208,666)	8,579
(Increase) in deposits and prepayments	(54,871)	(78,397)
Increase in accounts payable and accruals	316,826	66,444
(Decrease) in temporary receipts	-	(4,960)
(Decrease)/increase in receipts in advance	(303,298)	309,538
	<hr/>	<hr/>
Net cash generated from operating activities	316,449	1,240,231
	<hr/>	<hr/>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(67,670)	(63,860)
Redemption of held-to-maturity financial assets	-	798,433
Acquisition of available-for-sale financial assets	(180,000)	-
Acquisition of financial assets at fair value through profit or loss	(5,004,725)	-
Investment income	260,507	129,486
Interest received	16,437	2,975
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(4,975,451)	867,034
	<hr/>	<hr/>
(Decrease)/increase in cash and cash equivalents	(4,659,002)	2,107,265
Cash and cash equivalents at the beginning of the year	8,925,605	6,818,340
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	4,266,603	8,925,605
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	2,302,479	8,133,813
Fixed deposits matured within three months when acquired	1,964,124	791,792
	<hr/>	<hr/>
	4,266,603	8,925,605
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 25 to 37 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 2012
(Expressed in Hong Kong dollars)

1. SOCIETY INFORMATION

The Hong Kong Society of Financial Analysts Limited (the “Society”) is a company incorporated and domiciled in Hong Kong and is limited liability by guarantee with no share capital. Under the provision of the Society’s memorandum of association, every member of the Society undertakes to contribute, if required, an amount not exceeding HK\$100 to the assets of the Society in the event of its being wound up. The registered office and principal place of business of the Society is located at Room 1802, 18/F, 1 Duddell Street, Central, Hong Kong. The principal activities of the Society are to promote and raise standards in the practice of financial analysis in Hong Kong.

The maximum number of members which the Society has registered is 10,000. The number of members of the Society as at 30 June 2012 was 5,349 (2011 : 4,983).

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. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued new and revised HKFRSs and Interpretation that are first effective for the current accounting period of the Society. The application of these amendments has no material effects on the financial performance and positions of the Society.

The Society has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. 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 surplus or deficit in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

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

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

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

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

(b) Financial assets

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

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

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

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

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

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

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

(c) Impairment of assets

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

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

(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 end of reporting period. Exchange gains and losses are recognised in surplus or deficit, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in other comprehensive income.

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

(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 rate applicable ; and
- (iv) Dividend income from investments is recognised when the owner's right to receive payment has been established.

(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 surplus or deficit 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 Society. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

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

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

5. MEMBERSHIP FEES

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

	2012 HK\$	2011 HK\$
Members' annual fee income	3,224,064	3,003,768
New members' joining fee income	271,507	218,007
Uncollected fees recovered	2,000	1,500
Less : Uncollected fees	(15,500)	(19,500)
	<u>3,482,071</u>	<u>3,203,775</u>
	=====	=====

6. SURPLUS FROM CANDIDATE EDUCATION

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

	2012 HK\$	2011 HK\$
Sales of study materials and programme income	203,185	703,447
Less : Cost of study materials and programme expenses	(165,955)	(569,434)
	<u>37,230</u>	<u>134,013</u>
	=====	=====

7. SURPLUS FROM CONTINUING EDUCATION

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

	2012 HK\$	2011 HK\$
Programme income	702,390	771,270
Uncollected fees recovered	50	-
Less : Programme expenses	(453,124)	(517,614)
Uncollected fees	(100)	(1,750)
	<u>249,216</u>	<u>251,906</u>
	=====	=====

8. DEFICIT FROM SOCIAL FUNCTIONS

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

	2012 HK\$	2011 HK\$
Function income	356,370	128,167
Less : Function expenses	(356,512)	(208,389)
Uncollected fees	(250)	-
	<u>(392)</u>	<u>(80,222)</u>
	=====	=====

9. DEFICIT FROM INVESTMENT RESEARCH CHALLENGE

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

	2012 HK\$	2011 HK\$
Competition income	69,000	69,000
Less : Competition expenses	(86,205)	(81,021)
	<u>(17,205)</u>	<u>(12,021)</u>
	=====	=====

10. INTEREST INCOME

	2012 HK\$	2011 HK\$
Bank interest income	215	538
Interest received from fixed deposits	16,222	2,437
	<u>16,437</u>	<u>2,975</u>
	=====	=====

11. INVESTMENT INCOME

	2012 HK\$	2011 HK\$
Interest received from listed debt securities	147,169	-
Interest received from unlisted debt securities	43,290	70,781
Dividend received from listed equity securities	70,048	58,705
Fair value changes on financial assets at fair value	(7,725)	-
	<u>252,782</u>	<u>129,486</u>
	=====	=====

12. PERSONNEL COSTS

	2012 HK\$	2011 HK\$
Salaries	2,135,648	1,841,093
Mandatory provident fund contributions	61,165	54,757
Staff welfare and allowances	9,778	14,662
	<u>2,206,591</u>	<u>1,910,512</u>
	=====	=====

13. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is HK\$400,524 (2011 : HK\$122,903).

14. INCOME TAX

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

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and equipment HK\$	Total HK\$
Cost :-			
At 1 July 2010	583,723	576,845	1,160,568
Additions	14,900	48,960	63,860
(Disposals)	(303,792)	(509,692)	(813,484)
	<u>294,831</u>	<u>116,113</u>	<u>410,944</u>
At 30 June 2011	294,831	116,113	410,944
Additions	-	67,670	67,670
	<u>294,831</u>	<u>183,783</u>	<u>478,614</u>
	-----	-----	-----
Accumulated depreciation :-			
At 1 July 2010	397,102	540,345	937,447
Charge for the year	98,277	38,704	136,981
(Written back) on disposal	(303,792)	(509,692)	(813,484)
	<u>191,587</u>	<u>69,357</u>	<u>260,944</u>
At 30 June 2011	191,587	69,357	260,944
Charge for the year	98,277	52,993	151,270
	<u>289,864</u>	<u>122,350</u>	<u>412,214</u>
	-----	-----	-----
Net book value :-			
At 30 June 2012	4,967	61,433	66,400
	=====	=====	=====
At 30 June 2011	103,244	46,756	150,000
	=====	=====	=====

16. HELD-TO-MATURITY FINANCIAL ASSETS

	2012 HK\$	2011 HK\$
Unlisted debt securities, at amortised cost	780,000	780,000
	=====	=====
At market value	837,594	790,407
	=====	=====

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2012 HK\$	2011 HK\$
Equity securities listed in Hong Kong, at fair value	2,195,600	2,285,000
	=====	=====

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 HK\$	2011 HK\$
Debt securities listed in Hong Kong, at fair value	4,997,000	-
	=====	=====

19. LEASE COMMITMENTS

At 30 June 2012, the total future minimum lease payments under a non-cancellable operating lease of property is payable as follows :-

	2012 HK\$	2011 HK\$
Not later than one year	405,069	807,429
Later than one year but not later than five years	-	402,360
	-----	-----
	405,069	1,209,789
	=====	=====

20. FINANCIAL RISK MANAGEMENT

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

	2012 HK\$	2011 HK\$
Held-to-maturity financial assets	780,000	780,000
	-----	-----
Available-for-sale financial assets	2,195,600	2,285,000
	-----	-----
Financial assets at fair value through profit or loss	4,997,000	-
	-----	-----

	2012 HK\$	2011 HK\$
Loans and receivables :-		
Accounts and other receivables	357,889	149,223
Deposits and prepayments	417,030	362,159
Fixed deposits	1,964,124	791,792
Cash and bank balances	2,302,479	8,133,813
	<u>5,041,522</u>	<u>9,436,987</u>
	----- 13,014,122	----- 12,501,987
	=====	=====

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

	2012 HK\$	2011 HK\$
Financial liabilities at amortised cost :-		
Accounts payable and accruals	437,490	120,664
Receipts in advance	392,496	695,794
	<u>829,986</u>	<u>816,458</u>
	=====	=====

Except for available-for-sale financial assets and financial assets at fair value through profit or loss stated at fair value, all other financial instruments are carried at amounts not materially different from their fair values as at 30 June 2012 and 30 June 2011. The fair value of available-for-sale financial assets and financial assets at fair value through profit or loss are set out in notes 17 and 18 respectively.

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

(a) Credit risk

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

The Society's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 June 2012 and 30 June 2011 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

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

	2012 HK\$	2011 HK\$
Past due up to		
- 30 days	316,309	32,372
- 31 to 60 days	15,560	44,932
- 61 to 120 days	8,000	49,809
- Over 120 days	18,020	22,110
	<u>357,889</u>	<u>149,223</u>
	=====	=====

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

(b) Liquidity risk

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

Summary quantitative data

	Not later than 1 month HK\$	Later than 1 month but not later than 3 months HK\$	Later than 3 months but not later than 1 year HK\$	Later than 1 year but not later than 5 years HK\$	Carrying amounts HK\$
<u>2012</u>					
Accounts payable and accruals	50,701	232,789	86,000	68,000	437,490
Receipts in advance	392,496	-	-	-	392,496
	<u>443,197</u>	<u>232,789</u>	<u>86,000</u>	<u>68,000</u>	<u>829,986</u>
	=====	=====	=====	=====	=====
<u>2011</u>					
Accounts payable and accruals	35,041	28,079	37,544	20,000	120,664
Receipts in advance	682,344	-	13,450	-	695,794
	<u>717,385</u>	<u>28,079</u>	<u>50,994</u>	<u>20,000</u>	<u>816,458</u>
	=====	=====	=====	=====	=====

(c) Market risk

(i) Currency risk

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

Summary quantitative data

Balances denominated in US dollars	HK\$
<u>2012</u>	
Held-to-maturity financial assets	780,000
Accounts receivables	3,774
Cash and bank balances	116,976
	<u>900,750</u>
	=====
<u>2011</u>	
Held-to-maturity financial assets	780,000
Accounts receivables	3,774
Fixed deposits	791,792
Cash and bank balances	5,424,591
	<u>7,000,157</u>
	=====

Sensitivity analysis

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

(ii) Interest rate risk

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

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

Summary quantitative data

	2012 HK\$	2011 HK\$
Floating-rate financial assets		
Financial assets at fair value through profit or loss	4,997,000	-
Fixed deposits	1,964,124	791,792
Cash at banks	2,297,479	8,130,813
	<u>9,258,603</u>	<u>8,922,605</u>
Fixed-rate financial assets		
Held-to-maturity financial assets	780,000	780,000
	<u>10,038,603</u>	<u>9,702,605</u>
	=====	=====

Sensitivity analysis

At 30 June 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates, with other variables held constant, would increase/decrease the Society's surplus for the year and accumulated surplus by HK\$100,386 (2011 : increase/decrease by HK\$97,026).

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

The analysis is prepared on the same basis for 2011.

(iii) Equity price risk

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

Summary quantitative data

	2012 HK\$	2011 HK\$
Available-for-sale financial assets, at fair value		
- equity securities listed in Hong Kong	2,195,600	2,285,000
	=====	=====

Sensitivity analysis

At 30 June 2012, if the equity price increase/decrease of 10%, with other variables held constant, the Society's surplus for the year and members' general funds would have been increased/decreased by HK\$219,560 (2011 : HK\$228,500).

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

The analysis is prepared on the same basis for 2011.

21. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<u>2012</u>				
Available-for-sale financial assets	2,195,600	-	-	2,195,600
Financial assets at fair value through profit or loss	4,997,000	-	-	4,997,000
	-----	-----	-----	-----
	7,192,600	-	-	7,192,600
	=====	=====	=====	=====
<u>2011</u>				
Available-for-sale financial assets	2,285,000	-	-	2,285,000
	=====	=====	=====	=====

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

22. CAPITAL MANAGEMENT

The capital structure of the Society consists of debt, cash and cash equivalents and members' general funds. The Society has no written capital risk management policies and guidelines and the Society manages its capital mainly to ensure the Society will be able to continue as a going concern through the optimisation of the debt and members' general fund balances. No changes were made in the overall strategy during the year ended 30 June 2011 and 30 June 2012. The members of the board of directors of the Society regularly review and manage its capital to ensure adequacy for both operational and capital need.

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

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

		Effective for accounting period <u>beginning on or after</u>
HKAS 12 Amendments	Income Taxes : Deferred Tax – Recovery of Underlying Assets	1 January 2012
HKAS 1 Amendments	Presentation of Financial Statements : Presentation of Items of Other Comprehensive Income	1 July 2012
HKFRS 7 Amendments	Financial Instruments : Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013
HKAS 19 (2011)	Employee Benefits	1 January 2013
HKAS 32 Amendments	Financial Instruments : Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 and HKFRS 9 Amendments	Mandatory Effective Date of HKFRS 9 and Transition disclosures	1 January 2015

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

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 24 Oct 2012.

MEMBERS OF THE BOARD OF DIRECTORS AND CEO

President	Jimmy Wai Kee JIM, CFA
Vice-president	Alvin Man HO, CFA Frederick Sui Cheong TSANG, CFA
Secretary	Yin Toa LEE, CFA
Treasurer	Jacky Kwok Yuk TSANG, CFA
Members	Ashley Pui Wun KHOO, CFA Karl Hak Kau LUNG, CFA Elizabeth Yan Seen SOON, CFA Peter Anthony WATSON, CFA Wallace Chong Keung WOO, CFA Cedric Hoi Kan WONG, CFA Cheri Suet Kwan WONG, CFA Edmond Yip Man LAU, CFA (appointed on 9 January 2012) Derek Wai Man MOK, CFA (appointed on 9 January 2012)

Board Meeting Attendance

July 2011 – June 2012

Board of Directors	5-Jul-11	2-Aug-11	15-Sep-11	10-Oct-11	7-Nov-11	5-Dec-11	14-Jan-12	5-Mar-12	2-Apr-12	2-May-12	4-Jun-12
Jimmy JIM	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Alvin HO			Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Ashley KHOO	Attended		Attended	Attended	Attended		Attended	Attended		Attended	
Edmond LAU	Appointed on 9-Jan-12						Attended	Attended	Attended	Attended	Called in
Yin Toa LEE	Called in	Attended	Attended	Called in	Attended	Called in	Attended	Attended	Attended	Attended	Called in
Charles LO	Attended		Attended	Attended	Attended	Attended	Resigned on 9-Jan-12				
Karl LUNG		Attended	Attended	Called in	Called in	Attended		Attended	Attended	Attended	
Richard MAK	Attended		Attended	Attended	Attended		Resigned on 6-Jan-12				
Derek MOK	Appointed on 9-Jan-12				Attended	Attended	Attended	Attended	Attended	Attended	Attended
Elizabeth SOON	Called in		Called in	Called in	Called in			Called in		Called in	
Frederick TSANG	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Jacky TSANG	Attended	Attended	Attended	Called in				Attended	Attended	Called in	Attended
Tony WATSON		Attended	Attended	Attended		Attended	Attended	Called in	Attended	Attended	Attended
Wallace WOO		Attended	Attended	Attended	Attended		Attended	Attended	Attended	Attended	Attended
Cedric WONG	Attended	Attended		Attended			Attended		Attended		Attended
Cheri WONG	Attended	Called in	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Called in	Attended

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