



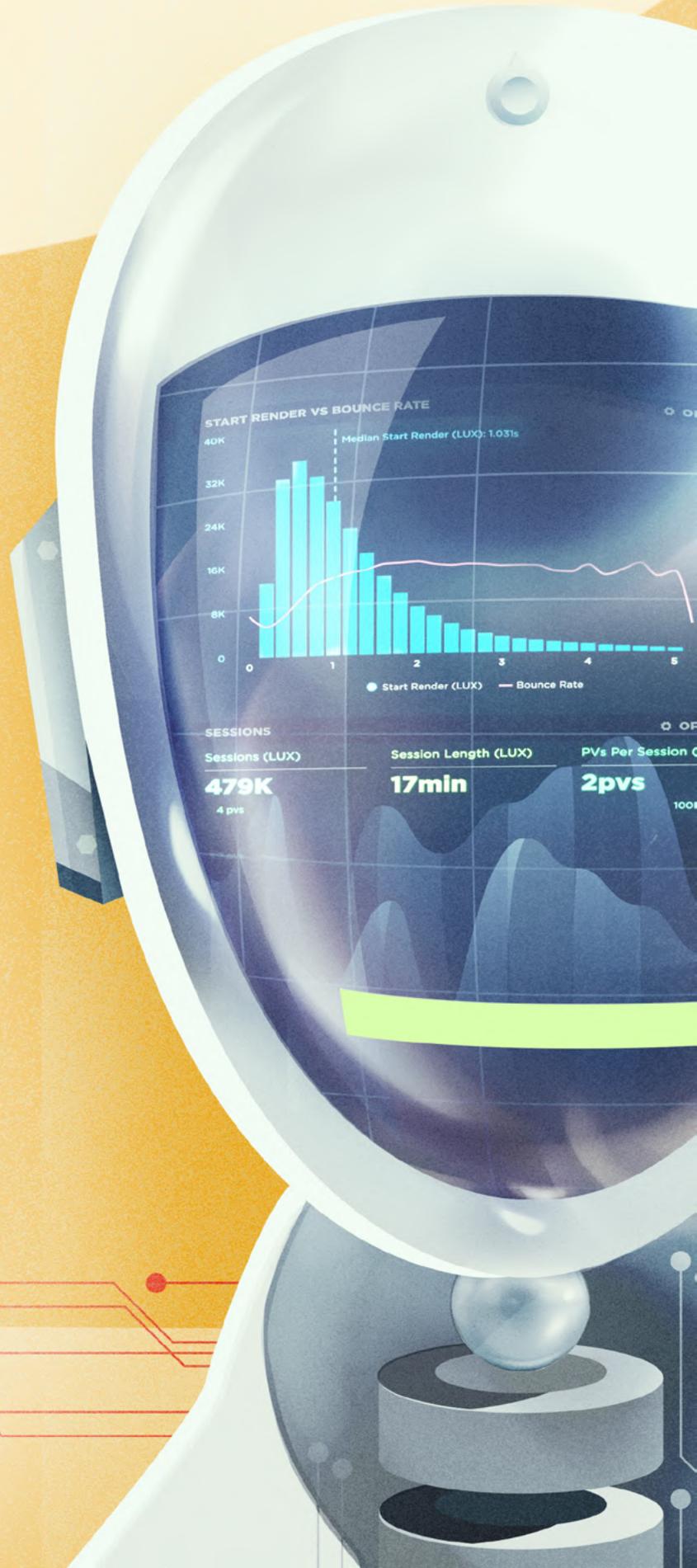
香港財經分析師學會

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS



Annual Report 2019

Robo-advisor



START RENDER VS BOUNCE RATE



SESSIONS

Sessions (LUX)

479K
4 pvs

Session Length (LUX)

17min

PVs Per Session

2pvs



A member society of CFA Institute



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About HKSFA

Since its establishment in 1992, The Hong Kong Society of Financial Analysts (HKSFA) has turned into a representing group in local financial community with **over 6,700 members** (as of 30 Jun 2019). Figure alone does not only speak for itself, but also an indicator for the needs of a much larger scope of services for the community, including our members, CFA candidates and investing public in Hong Kong.

To realise our mission of raising the standard of practice and ethics in the financial services industry, as well as fulfilling the needs of our members, we are committed to offering quality continuing education events with up-to-date topics to keep our participants abreast of the latest market intelligence and skillsets. Besides, our Special Interest Groups offer education and insights into some topical issues, e.g. Environmental, Social and Governance (ESG), FinTech and

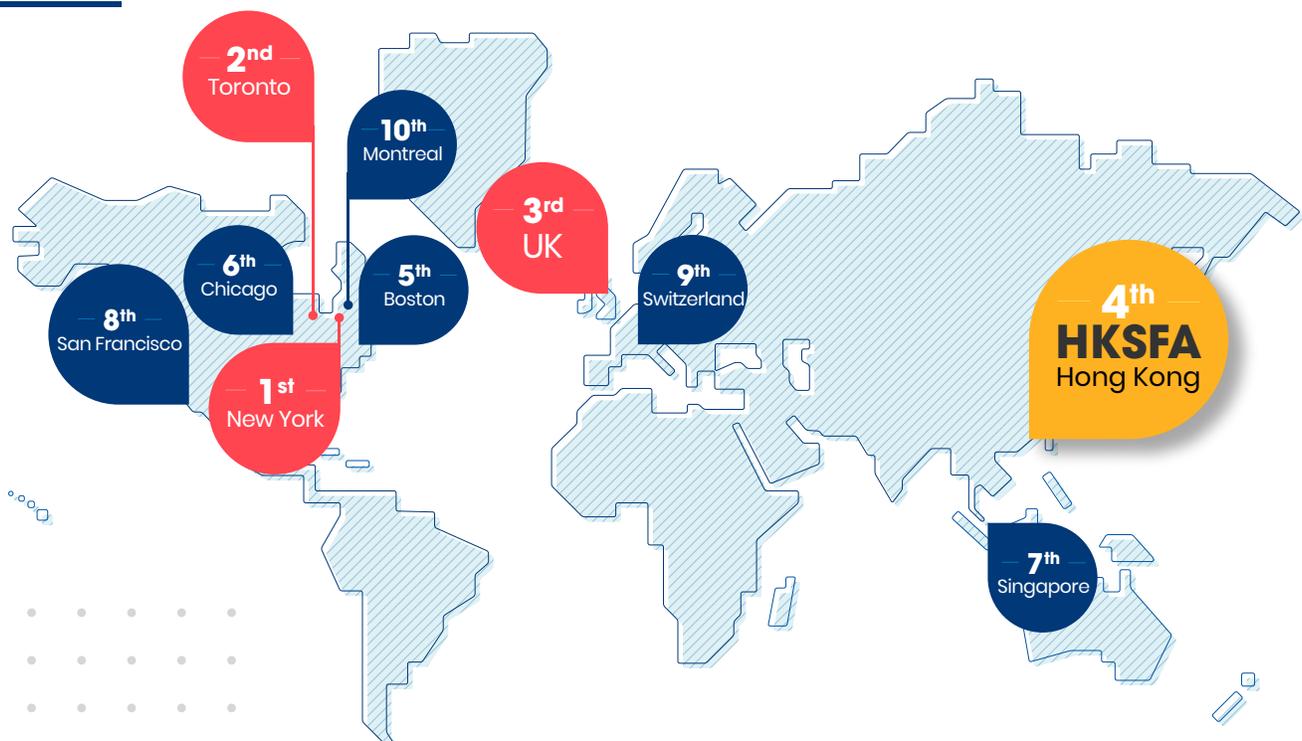
Value Investing in order to take care of different needs of the investing community. In addition, our Investor Education Seminar, which aims at promoting investor protection and enhancing the level of financial literacy among the investing public, has brought us Financial Education Champion award by the Investor and Financial Education Council in FY2019.

To foster the potential CFA charterholders will help us maintain our global status as one of the most important CFA communities in the world. We have put in much resources in various candidate education initiatives, e.g. exam preparation and study tips sessions, study group gatherings etc. for better equipping the CFA candidates for the examinations. In the upcoming year, we will continue to strive for the best in raising the ethics standards and providing quality investment education for propelling the sustainability of local investment community.

Top 10 member societies globally



The CFA Societies Global Passport Programme allows HKSFA members to enjoy local society member rate at selected events when they travel around the globe. It gives our members the opportunity to learn more about trends and developments in other markets, and network with local professionals and fellow charterholders.



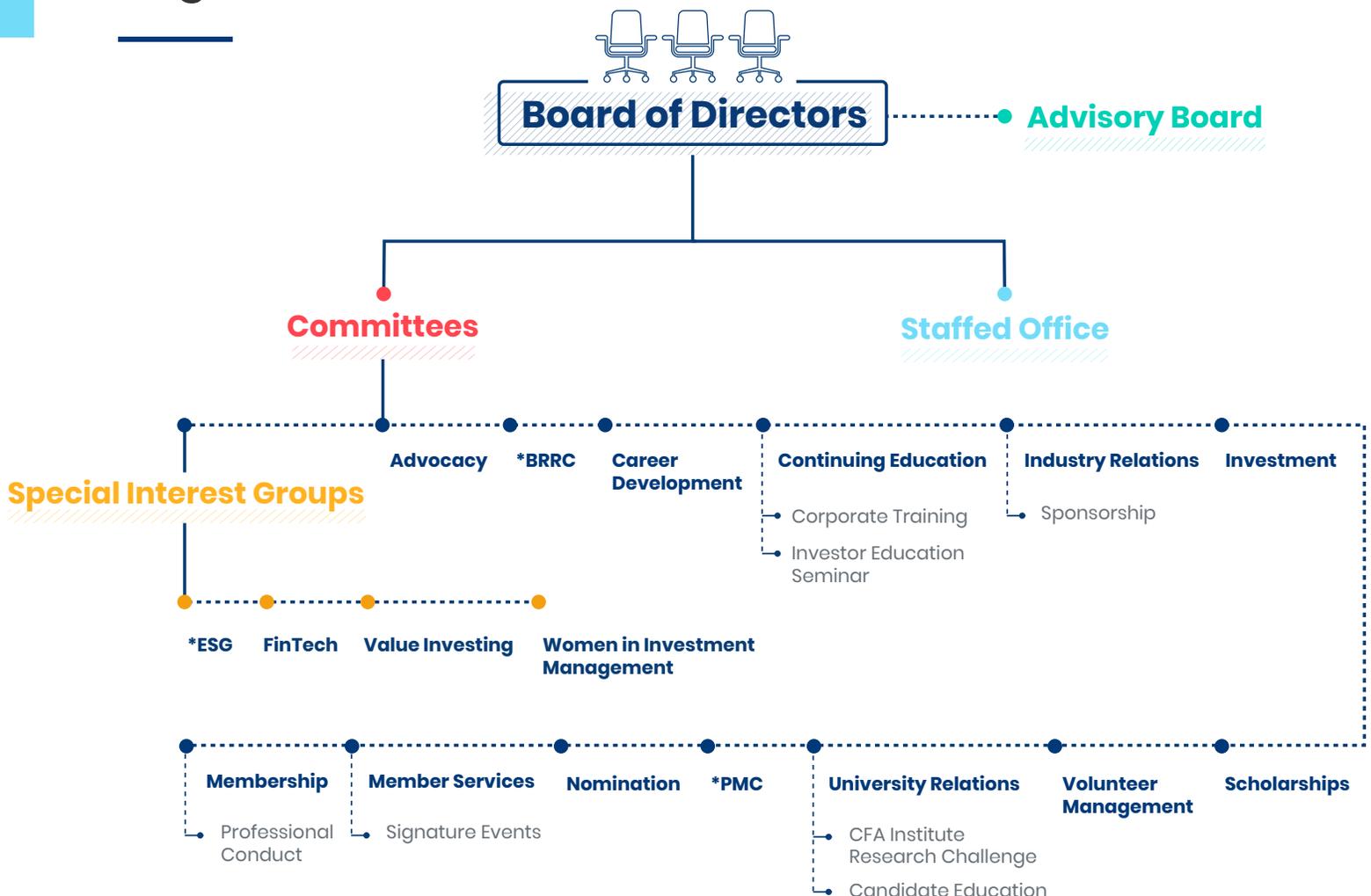
Our Vision

To be
**Hong Kong's
 Leading
 Investment
 Professional
 Body.**

Our Mission

- To raise the standard of practice and uphold the ethics in the financial services industry.
- To promote CFA® charter as the preeminent investment qualification.
- To provide a forum and be the leading voice for the investment professionals.

HKSFA Organisation Chart



ABOUT HKSFA

*Remarks -
 BRRC = HKSFA Best Research Report Competition
 ESG = Environmental, Social and Governance
 PMC = Portfolio Management Competition



**Tony Watson, CFA
President**

REPORT OF PRESIDENT

Dear Members,

The year ended 30 Jun 2019 seeing the HKSFSA readying itself to meet a new era. Changing member needs and a closer alignment with the CFA Institute will continue to drive changes to society's service offering in the coming year.

Over the past 12 months your society added new elements to our suite of educational, member services, advocacy and engagement activities. These include, but are not limited to:

- adding a VIP Speaker Series and an Ethics Film Festival to our traditional offering of candidate and continuing education events;
- the well-received launch of HKSFSA Running Club by our Member Services Committee;
- engagement of HKEX, regulator, policymaker and forging closer ties to the CFA Institute by our Advocacy Committee to improve the impact of your Society's future submissions;
- a busy schedule of forums, fireside chats and presentations organised by your ESG, FinTech and Value Investing Special Interest Groups aimed at exploring the frontiers of finance.

Our plateauing membership (6,707 as at 30 Jun 2019 versus 6,783 a year earlier) nonetheless demonstrates the need to accelerate our efforts. The need to reorient our programme in order to better serve our increasingly mature membership, was highlighted by the extraordinary effort requiring to achieve 90.1% retention rate this year (versus 89.3% and 91.3% in the prior two years respectively). The falling rates of successful candidates taking up their charters and new member retention speak to a need for activities attractive to today's new finance professionals.



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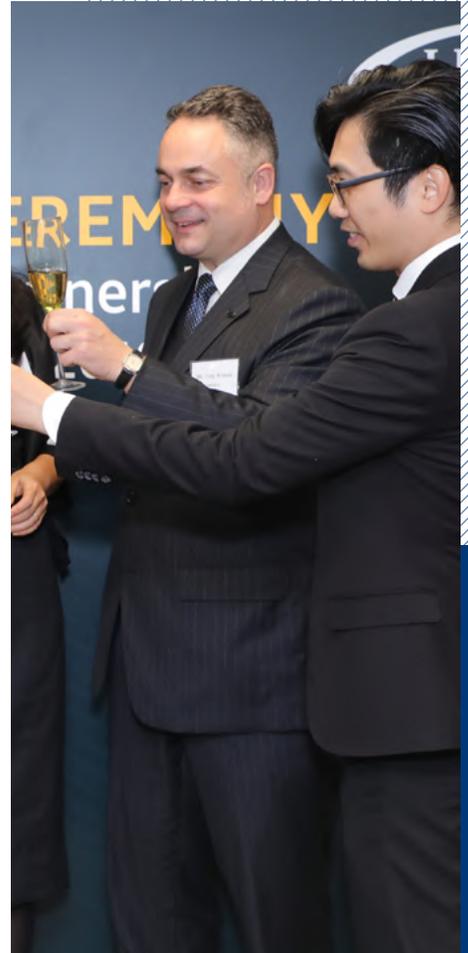
Automation, workflow rationalisation and closer integration with the CFA Institute have yielded significant productivity gains over the past year.

Your Society's staffed office is at the same time reconfiguring its platform to deliver better value for the dues you pay. Automation, workflow rationalisation and closer integration with the CFA Institute have yielded significant productivity gains over the past year. Significant efforts have been made to avoid potential negative consequences by improving business continuity and data privacy measures.

The office has also taken a leadership in the CFA Institute's Societies 2.0 initiative. This programme will see local CFA Institute affiliate societies taking on many of the CFA Institute's public facing roles and integrating

their operations more closely with the Institute. Our leadership role will allow HKSFA members maximum to benefit from the localised services and better integration with the global CFA community.

I thank your Society's many volunteers, directors and staff for their efforts over the past year. I thank in particular Ms. Anita Lung. She will fully retire from the HKSFA staffed office with 20 years' service in early 2020. She essentially built our Society's staffed office. HKSFA's growth and leading position amongst CFA Institute affiliate societies would not have been possible without her efforts.





Nick Pollard
Managing Director,
Asia-Pacific,
CFA Institute

MESSAGE FROM NICK POLLARD

Dear Members,

The past few months have been challenging ones for all of us living and working in Hong Kong. However, disruption reinforces the important value and essential role that we, as investment professionals, bring to clients and the market. Rapid changes in our profession and our markets make CFA Institute and its network of CFA societies ever more vital to the long-term success of our capital markets and the global economy. This year witnessed incredible work by The Hong Kong Society of Financial Analysts (HKSFA) to advance the core of our common mission – raising professional and ethical standards in the investment management industry here in Hong Kong. HKSFA

continues to be ranked as one of the largest CFA Institute member societies, with close to 6,700 members as of 1 Jul 2019. More than 98% of these members are CFA charterholders. Hong Kong continues to be a strong outpost for growth for the CFA charter and is one of the leading markets in terms of gender diversity. The ratio of female CFA programme candidates in Hong Kong exceeds the global average, which positively contributes to the Asia-Pacific regional strength in the gender diversity sphere. Continuing to move this curve upward is important for our long-term contribution to gender diversity in our evolving industry.

As the professional body for investment professionals in Hong Kong,

HKSFA continues to demonstrate a strong vision to help our members and industry continuously enhance professionalism. For our members, the society delivers robust value by providing access to high-quality continuing professional development (CPD). For our industry, the society contributes to the discussion on key issues with Hong Kong Exchanges and Clearing Limited (HKEX) such as Dual Class Shares and ESG disclosure and listing rules. In these discussions, HKSFA ensures that the regulatory bodies align regulations and policies with the core CFA Institute principles of building a strong, ethical, fair, transparent, and trustworthy investment management industry. These initiatives guide and contribute to the CFA Institute global advocacy agenda, tap into its rich content resources such as the Asia-Pacific Research Exchange (ARX), and support our partnership.



We continue to value our partnership with HKSFA and enormously look forward to another successful year in 2020.

On the financial literacy front, CFA Institute and HKSFA have long joined forces to conduct a series of investor education initiatives that are at the core of our common mission. Notable endeavours this year include the IOSCO World Investor Week 2019, several joint events with ACCA and the Hong Kong Investor and Financial Education Council (IFEC).

The above is only a short list of all endeavours accomplished this year with HKSFA. It goes without saying that the HKSFA lives and breathes the theme of our collaboration between CFA Institute and CFA societies: “Partnership in Action”. Continuing our strong partnership will enable our organisations to leverage a strong momentum built for 2020-onwards in key strategic areas such as: 1) further building our brand, 2) continuing professional development, 3) advocacy and outreach, and 4) engaging members and candidates throughout their professional journeys. United under our common mission, I invite you to join CFA Institute and HKSFA as a volunteer and help us bring positive changes to our ever-evolving beloved industry.

We continue to value our partnership with HKSFA and enormously look forward to another successful year in 2020. Thank you all for your work, dedication and commitment to our mission.



**MAKE YOUR TEAM BETTER.
MAKE YOUR FIRM BETTER.
MAKE THE INVESTMENT WORLD BETTER.
HIRE A CFA[®] CHARTERHOLDER.**

By passing one of the most rigorous series of exams in the investment management industry, CFA charterholders have proven they have the skills and commitment to measure up to the needs of their clients and the demands of a changing world. Charterholders also have the ethical foundation to put their clients first and make the right decisions for the long term, not just today. When choosing the right person for your team, you want the best. You want a CFA charterholder.

Get started at letsmeasureup.org



CFA Institute
LET'S MEASURE UP[™]

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Management Team



Kevin K.C. CHAN, CFA



Water C.W. CHEUNG, CFA



Jimmy W.K. JIM, CFA



George W. LONG, CFA

Advisory Board Members



David LUI



Karl H.K. LUNG, CFA



James A. SOUTAR, CFA



Frederick S.C. TSANG, CFA



PRESIDENT
Tony WATSON, CFA



VICE-PRESIDENT
Franki K.F. CHUNG, CFA



VICE-PRESIDENT
Vincent NG, CFA



TREASURER
Yin Toa LEE, CFA



SECRETARY OF THE BOARD
Claudius TSANG, CFA

Board of Directors



Charles CHUI, CFA



Alvin M. HO, CFA



Ashley P.W. KHOO, CFA



Kevin T.K. KWAN, CFA



Ho Tak LEE, CFA



Verna Y.T. LIN, CFA



Richard K.C. MAK, CFA



Alice Y.L. WONG, CFA



Felicia C.W. WONG, CFA



MANAGING DIRECTOR
Calvin K.W. CHEUNG

Function Responsibilities of the Management Team

FUNCTION RESPONSIBILITIES	NAME OF COMMITTEE / SPECIAL INTEREST GROUP CHAIRS		
Advocacy	Charles CHUI, CFA	Claudius TSANG, CFA	
Best Research Report Competition	Ho Tak LEE, CFA	Alice Y.L. WONG, CFA	
Candidate Education	Calvin K.W. CHEUNG	David T.L. Ching (Vice Chair)	
Career Development	Yin Toa LEE, CFA	Felicia C.W. WONG, CFA	
Continuing Education	Ashley P.W. KHOO, CFA (Workshop)	Felicia C.W. WONG, CFA	Richard Mak (Vice Chair)
CFA Control Room	Alvin M. HO, CFA		
Industry Relations	Alvin M. HO, CFA	Ashley P.W. KHOO, CFA	
Investment	Claudius TSANG, CFA		
Investor Education Seminar	Franki K.F. CHUNG, CFA		
Member Services	Vincent NG, CFA	Stephen Sze, CFA	Felicia C.W. WONG, CFA (Chair-Macau Members)
Membership	Tony WATSON, CFA		
Nomination	Ashley P.W. KHOO, CFA		
Portfolio Management Competition	Tony WATSON, CFA	Alice Y.L. WONG, CFA	
Professional Conduct Programme	Richard K.C. MAK, CFA		
Research Challenge	Alvin M. HO, CFA		
Scholarships	Calvin K.W. CHEUNG	Charles CHUI, CFA	Felicia C.W. WONG, CFA
Sponsorship	Alvin M. HO, CFA	Vincent NG, CFA	
University Relations	Franki K.F. CHUNG, CFA	Yin Toa LEE, CFA	
Volunteer Management	Tony WATSON, CFA	Franki K.F. CHUNG, CFA	
ESG Special Interest Group	Ashley P.W. KHOO, CFA	Verna Y.T. LIN, CFA	
FinTech Special Interest Group	Tony WATSON, CFA	Kevin T.K. KWAN, CFA	
Women in Investment Management Special Interest Group	Ashley P.W. KHOO, CFA	Alice Y.L. WONG, CFA	
Value Investing Special Interest Group	Andy C.Y. Chan, CFA	Ho Tak LEE, CFA	

Board Meeting Attendance

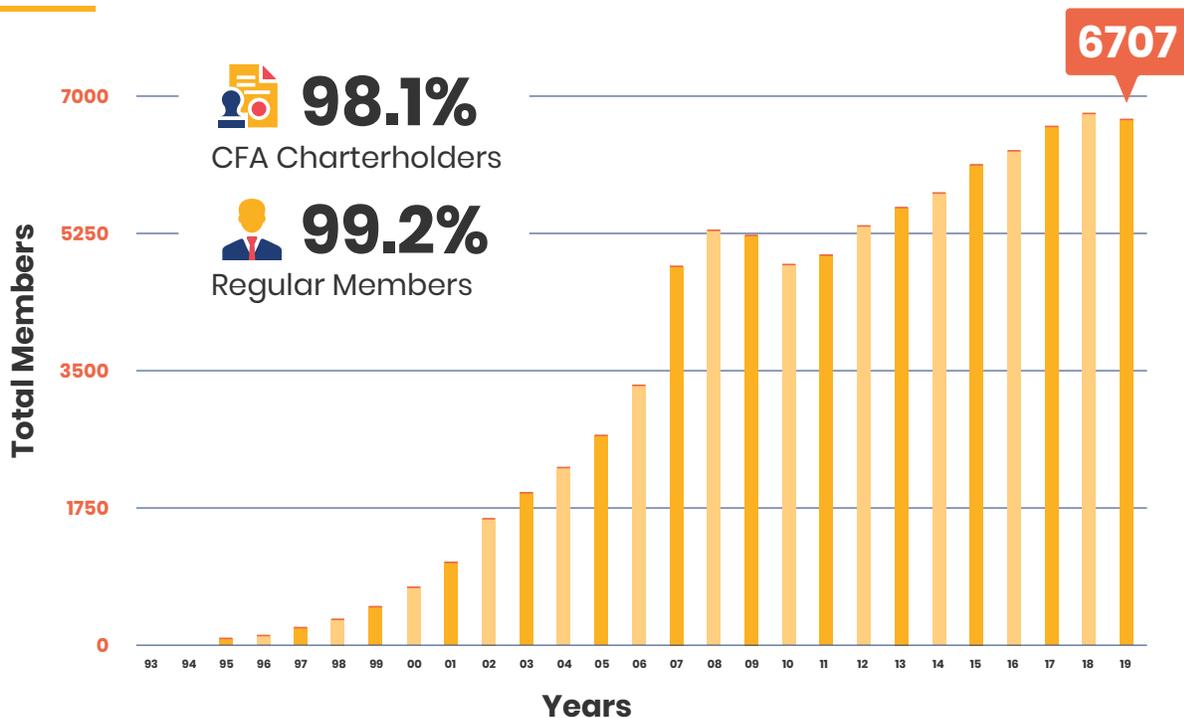
JUL 2018 – JUN 2019

BOARD OF DIRECTORS AND MANAGING DIRECTOR	ATTENDED	CALLED IN
Tony WATSON	6	0
Calvin K.W. CHEUNG	6	0
Charles CHUI	6	0
Franki K.F. CHUNG	5	0
Alvin M. HO (Joined on 24 Sep 2018)	4	0
Ashley P.W. KHOO	4	0
Kevin T.K. KWAN (Appointed on 19 Jan 2019)	1	0
Ho Tak LEE	3	1
Yin Toa LEE	4	2
Verna Y.T. LIN (Appointed on 19 Jan 2019)	2	0
Jenny LOR (retired on 15 Jan 2019)	3	0
Richard K.C. MAK	4	1
Derek MOK (Retired on 15 Jan 2019)	1	0
Vincent NG	4	1
Claudius TSANG	5	0
Alice Y.L. WONG	5	0
Felicia C.W. WONG	6	0

Our Achievement

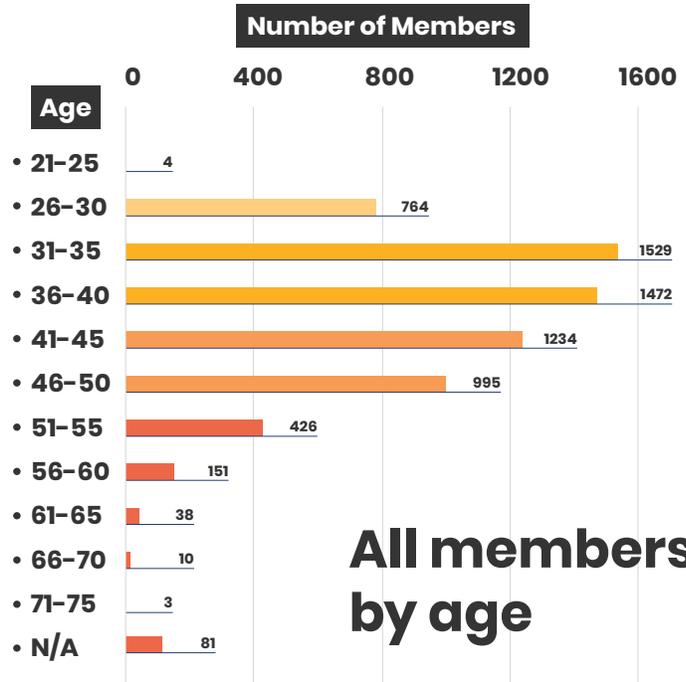
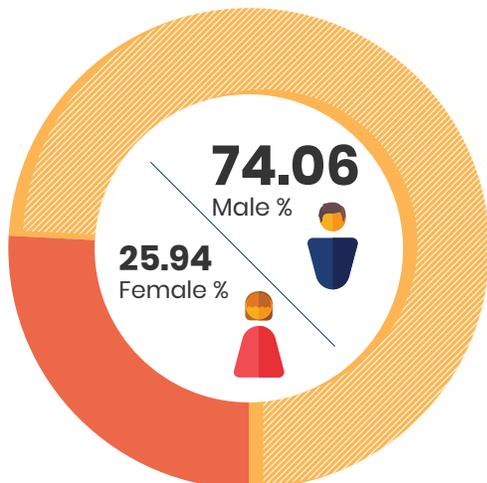
Membership Statistics

MEMBERSHIP COUNT – 30 JUN 2019
(Associate Members and Student Associates included)

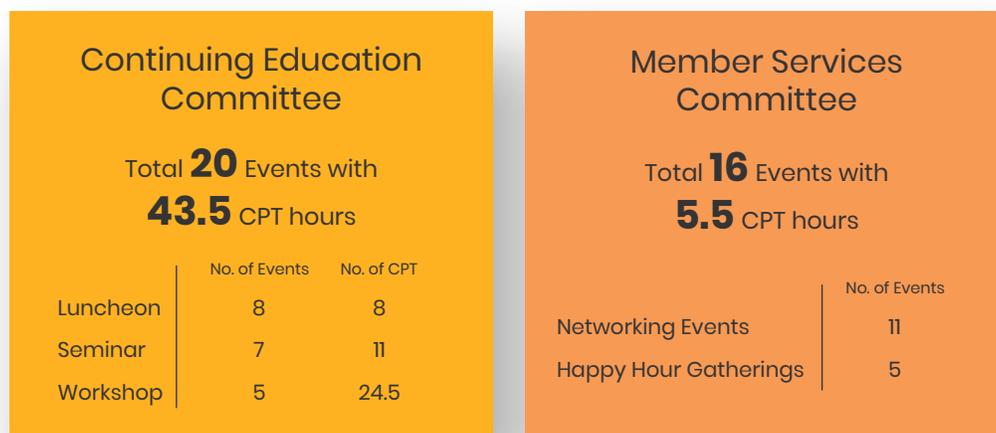


Remarks - All the figures are of the total number of members based as of the end of June every year.

All members by gender



HKSFA Offered *77 Events and 63 Hours of CPT Trainings in FY2018–2019

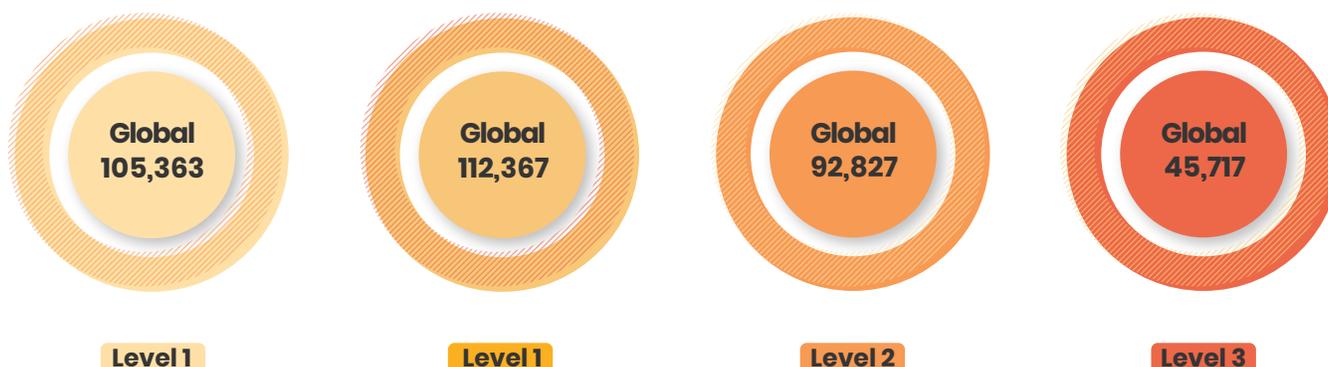


*Remarks - The 77 events also include other events like: Candidate Education events, Best Research Report Competition, CFA Institute Research Challenge, Awards Night, Annual Cocktail, and Investor Education Seminars...etc which are hosted/co-hosted by HKSFA.

Special Interest Groups



Number of CFA Candidates



Dec 2018 Exam Cycle

Jun 2019 Exam Cycle

Average Hours Spent for the CFA Examination



Average Per Examination: **318 Hours**

Top 3 Most Difficult Areas in the Exam

■ Most Difficult
 ■ Less Difficult

EXAMINATION AREAS	LEVEL 1	LEVEL 2	LEVEL 3
Ethical and Professional Standards	Most Difficult	Less Difficult	Most Difficult
Quantitative Methods	Less Difficult	Less Difficult	Less Difficult
Economics	Less Difficult	Less Difficult	Less Difficult
Financial Reporting and Analysis	Most Difficult	Less Difficult	Less Difficult
Corporate Finance	Less Difficult	Less Difficult	Less Difficult
Equity Investments	Less Difficult	Less Difficult	Less Difficult
Fixed Income	Most Difficult	Most Difficult	Most Difficult
Derivatives	Less Difficult	Most Difficult	Less Difficult
Alternative Investments	Less Difficult	Less Difficult	Less Difficult
Portfolio Management	Less Difficult	Most Difficult	Most Difficult

Remarks - The graph only shows the level of difficulty CFA candidates reported, not the level of complexity in each examination areas in the design of the syllabus.
 - Source from [June 2018 CFA Program Candidate Survey](#)

Highlights of Events and Initiatives



VIP Speaker Series

During the reporting period, HKSCFA launched two events for the VIP Speaker Series in the fiscal year of 2019:

“Mastering the Market Cycle, A Conversation with Howard Marks” was held on 26 Oct 2018, attended by 261 participants. Mr. Howard Marks, CFA, is Co-Chairman of Oaktree Capital Management. The event was moderated by Ms. Theresa Han, CFA, CAIA, Managing Director of Hedge Fund Strategies, GCM Investments Hong Kong Limited. Being one of the investing greats, Mr. Marks provided practical insights and keen analysis on how to understand, track and react to the ups and downs of the stock market, helping

participants to master the recurring patterns of market cycle and secure opportunity to improve their results.

Another investment great, Mr. Jack Schwager, whose popular Market Wizards series comprehensive books which demystified trading, markets, and the hedge fund industry, joined us for the VIP Speaker Series in FY2019 for sharing his expert insights on

what it takes to become a successful investor and industry’s major shifts and challenges faced by Asian managers on 29 Oct 2018. On top of it, there was a touring interactive conversation with over 20 leading hedge fund managers during the event as well. Participants were thrilled of having such a lively and intimate interview with Mr. Schwager and other speakers which generated effervescent responses from the floor.





Candidate Education

To better equip candidates in preparing for CFA® examinations, HKLSFA held a series of candidate education initiatives in addition to our study groups and kick-off gathering. For example, an information session of CFA examination, which targeted to those who enrolled for CFA Level I examination in Dec 2018, was held at Merrill Lynch's office on 16 Aug 2018. This event was tailor-made for the candidates to understand common pitfalls and get ready for their study. The session was well received with 82 participants.

HKLSFA also organised another targeted event on examination taking strategy. **"CFA Exam Strategy and Practical StudyTips"** on 15 Apr 2019 was organised mainly for CFA Level I candidates and received 54 attendance (including 4 Study Group Leaders). Kaplan's representative, Mr. Cyrus Tsui, CFA, FRM, presented his CFA examination strategy, practical study tips and the relevant hot topic analysis. It was followed by a break-out session with the Study Group Leaders for further discussion and sharing to strengthen the candidates' examination technique.

Other than various events, HKLSFA's Candidates Education Committee also revisited our preparatory provider collaboration in late 2018. With the endorsement of the Board, we

signed **a new strategic partnership agreement with Kaplan Schweser** on 31 Jan 2019. The partnership allows CFA candidates greater access to Kaplan's popular in-person and online examination preparatory classes, available in both English and Chinese. The new collaboration also strengthened our financial position to provide new initiatives to CFA candidates in Hong Kong.



Special Interest Groups

“Special Interest Group (SIP)” is an initiative of HKSFA aiming to respond to the investing community’s needs for education and insights into topical issues, such as Environmental, Social and Corporate Governance (ESG), FinTech, Value Investing etc.

An ESG Forum co-organised by Principles for Responsible Investment (PRI), CFA Institute and HKSFA themed with **“ESG Integration across Asia Pacific: Risk Management, Client Demand and Regulation”** was held on 12 Jun 2019. During this forum, practitioners explained how they integrated ESG factors into their risk management process and how client demand and regulation created a strong momentum behind ESG investing in Hong Kong. HKSFA invited Mr. Ashley Alder, Chief Executive Officer, Securities and Futures Commission as the keynote speaker, Mrs. Hannah Routh, Partner, Deloitte as the moderator and Mr. Kim Chong, Head of Risk Management and Compliance, Hong Kong Monetary Authority as the panellist. The forum was a full-house event with 74 participants.

Apart from ESG, FinTech has been attracting much attention of the industry, especially after the regulator in Hong Kong granting virtual banking licenses and the emergence of new service providers in the space.

On 18 Jun 2019, HKSFA co-hosted with The Chinese University of Hong Kong (CUHK) for the event, **“A Theory of FinTech”**. Professor Steven Kou,



Questrom Professor in Management and Professor of Finance of Boston University was invited to give audience a brief overview of current academic research on FinTech by using tools from mathematics and statistics. Topics included e.g. designing stable coins using option pricing theory, how to design contracts suitable for a P2P equity financing platform with information asymmetry, how to do econometrics based on the encrypted data while still preserving privacy and how to use the collective opinion of a group and make predictions. A great show-up rate turned it into another full-house HKSFA event.

In view of the growing number of startups in the FinTech field, HKSFA held a half day **“FinTech Startups Forum”**, with a strong line-up of speakers including Mr. Alvin Kwok, Founder & CEO



of OneDegree, Mr. Max Liu, Co-founder & CEO of EMQ and Dr. Scott Peterman, CFA, Partner of Orrick, Herrington & Sutcliffe (featuring local start-ups) on 10 Nov 2018. Topics included the followings: (i) The Journey of building a digital insurer from ground up; (ii) Harnessing the power of FinTech for financial inclusion across Asia; and (iii) Structuring of venture capital investment. To enable audience and expert speakers further exploring on these topics, a panel discussion on “Alignment between Entrepreneurs & Investors” was held, moderated by Ms. Joyce Ng, Managing Director of OurCrowd.

Apart from FinTech, Value Investing is also one of our SIP themes. **“Value Investing Gathering - A New Investing Framework: It’s All about Unit Economics & Reinvestment Returns”** was in place on 7 Aug 2018. During this presentation, Mr. Fred Liu, CFA, Managing Partner of Hayden Capital, walked through investing framework of value investing, and showed how this process was approached in practice, with examples of previous investments and the types of analysis to gain comfort in the business’ growth trajectory. More than 70 attendees were attracted to the event.



Corporate Access Series

HKSFA's Corporate Access Series aims to help analysts and asset managers obtain access to listed companies. Two sessions were held in FY2019.

During the event “**HKTVMall - Retailer or Innovator**” held on 16 May 2019, Ms. Alice Wong, CFO of Hong Kong Television Network Limited, led the

audience to learn about HKTVMall and explored two questions: (i) whether one believes Hong Kong need eCommerce and; (ii) who would be the success players – existing retails or innovator.

Besides, HKSFA also partnered with Singapore Exchange (SGX) for **SGX Corporate Access Day** on 11 Jun 2019. The panel discussion was moderated by Mr. Gerald Wong, Head of Singapore Equity Research of Credit Suisse, with three industry experts, including Mr. Loke Wai San, Executive Chairman, AEM Holdings, Mr. Andrew Tan, Group

Managing Director designate, Silverlake Axis and Mr. Joseph Lui, Chief Financial Officer, Valuetronics Holdings. With the digital economy expecting to be a driver of long-term growth, Singapore has become a hotbed for technology and internal companies in the region.

Through the panel discussion with key companies across the value chain, the panel session sought to discover opportunities presented by the digital economy, SmartNation initiatives of Singapore, and production shifts from ongoing trade tensions.



HKSFA Annual Volunteer Recruitment Gathering

Ambitious and dedicated volunteers have always been the key driver for HKSFA's programmes and initiatives. On 28 Feb 2019, the **HKSFA Volunteer**

Recruitment Gathering was held for recruiting new volunteers from our membership, whilst HKSFA also took the opportunity to welcome members who have newly joined the family.

At this event, HKSFA gave a brief introduction of the society, shared organisational setup, and the strategic objectives as well as new initiatives. Feedback was also sought for suggestions on potential areas for improvement related to HKSFA activities.

Membership Renewal Campaign

STAY CONNECTED, STAY CURRENT™

It is important to our members as a profession in the highly competitive financial industry in Hong Kong. HKSFA improved our planning on membership renewal communications to encourage on-time renewal and continuous commitment to the highest standard and ethics. Such efforts included easy-to-digest renewal reminding emails, a new renewal guide, visual display in office, CFA-branded social media posts and a renewal incentive. Incentives (e.g. complimentary event tickets) were offered to encourage members to renew their memberships early.



Advocacy Efforts

In FY2019, HKSFA submitted four responses to consultation papers issued by the Securities and Futures Commission of Hong Kong (SFC), Hong Kong Exchanges and Clearing Limited (HKEX), Federation of Share Registrars Limited (FSR) and Legislative Council (Legco).

Responses were submitted to the following papers:

- Consultation Paper on the OTC Derivatives Regime for Hong Kong – Proposed Margin Requirements to Non-Centrally Cleared OTC Derivatives Transactions issued by the SFC (22 Aug 2018)
- Proposal relating to Listed Issuers with Disclaimer or Adverse Audit Opinion on Financial Statements issued by HKEX (30 Nov 2018)
- Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Bill 2018 enacted by Legco (14 Jan 2019)
- Joint Consultation Paper on a Revised Operational Model for Implementing an Uncertificated Securities Market in Hong Kong, issued by the SFC, HKEX and FSR (9 Apr 2019)

In addition to submitting responses to consultations, HKSFA has also spared no efforts in outreaching to the regulators and government authorities.

During the fiscal year of 2019, the following outreach efforts were made:

- HKSAR Government Policy Address Consultation Session on 14 Aug 2018
- Outreach meeting with SFC on 15 Aug 2018
- Meeting with SFC on proposed changes to licensing forms and handbook on 21 Sep 2018
- Outreaching meeting with HKEX on 30 Oct 2018
- HKSAR Government Budget Consultation Session on 3 Nov 2018
- HKEX Preliminary Discussion on ESG Rules on 18 Jan 2019
- SFC Meeting on discussion of potential ethics training on 22 Jan 2019



HK SFA Best Research Report Competition

HK SFA Best Research Report Competition was launched in 2014. It aims to recognise excellence in published investment research, raise awareness of research among the investing public and elevate professional standards among analysts, ultimately improving Hong Kong's standing as a global financial centre.

The competition is open to all analysts based in Hong Kong or whose reports with the subject company that are primarily listed in Hong Kong. Equity / Sector reports are judged by a panel of industry experts in a double-blind review process. The judges evaluate the reports based on the following six criteria: investment summary, industry overview and competitive positioning, valuation, financial analysis, investment risks and other business-critical information. In the competition's fifth edition, 33 reports were submitted by 9 investment research houses. They were judged by a panel of 11 judges. The competition attracted 9 supporting organisations.

The winners of this year's competition are:

Category: Sector Report

- Champion: Mr. Raymond Liu, CFA, HSBC Global Research
- First Runner-up: Mr. Neil Beveridge, Bernstein Research
- Second Runner-up: Mr. Ken Shin, CLSA Limited

Other Top Ten Finalists

- (in alphabetical order of last name)
- Mr. Jonathan Galligan, CLSA Limited
 - Mr. Peter Gastreich, UBS Securities Asia Limited
 - Mr. Mark Kong, DBS Bank (HK) Ltd
 - Mr. Ken Liu & Ms. Abigail Sun, UBS Securities Asia Limited
 - Mr. Terrance Liu, CFA, CLSA Limited
 - Mr. Tam Tsz Wang, CFA, DBS Bank (HK) Ltd
 - Mr. Robin Zhu, Bernstein Research

Category: Best Research House

- CLSA Limited



Category: Single Company Report

- Champion: Mr. Leon Qi, CFA, Daiwa
- First Runner-up: Mr. Jonathan Galligan, CLSA Limited
- Second Runner-up: Mr. Raymond Liu, CFA, HSBC Global Research

Other Top Ten Finalists

(in alphabetical order of last name)

- Ms. Susanna Chui, DBS Bank (HK) Ltd
- Ms. Elinor Leung, CLSA Limited
- Mr. David Li, CLSA Limited
- Mr. Eric Lin, UBS Securities Asia Limited
- Mr. Mark Newman, Bernstein Research
- Ms. Christine Peng, CFA, UBS Securities Asia Limited
- Ms. Eva Yip, CFA, China Everbright Securities International Limited

Final Round Judges

- Ms. Linda Csellak, CFA, Seasoned Industry Practitioner
- Mr. Rajendra Nair, CFA, Managing Director, Country Specialist and Portfolio Manager, Emerging Markets & Asia Pacific Equities Team, J.P. Morgan Asset Management
- Mr. Paddy Ran, Director, Portfolio Manager, China Life Franklin Asset Mgt Co., Ltd.



CFA Institute Research Challenge – Hong Kong Local Final 2018-19

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

Eleven teams from Hong Kong universities participated in the Hong Kong Local Final of the CFA Institute Research Challenge 2018-19. The subject listed company was **Alibaba Group**.

The teams were guided by seven mentors:

- Mr. Darwin Lam, CFA, Seasoned investment analyst
- Ms. Hwee Ghee Lim, CFA, Deputy Chief Investment Officer, MEAG Hong Kong Ltd
- Mr. Jason Lai, CFA, Senior Analyst, Heitman
- Mr. Joe Lin, CFA, Seasoned portfolio manager
- Mr. Justin Kwok, CFA, Executive Director, Global Investment Research, Asia Pacific Goldman Sachs (Asia) L.L.C.
- Mr. Leo Ng, CFA, Associate Director, HSBC Asset Management
- Mr. Samuel Lee, CFA, Equity Research Product Manager, Morgan Stanley



The judges were:

- Mr. Alex Au, CFA, CPA (USA), CIO and Managing Director, Alphalex Capital Management (HK) Ltd
- Mr. Alvin Ho, CFA, Managing Director, Allivision, HKSFA Director
- Mr. Charles Chui, CFA, Director, Investment Advisory, Private Wealth Management, Huatai Financial Holdings (HK) Ltd, HKSFA Director



The winners of the Hong Kong Local Final of the CFA Institute Research Challenge 2018-19 were:

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

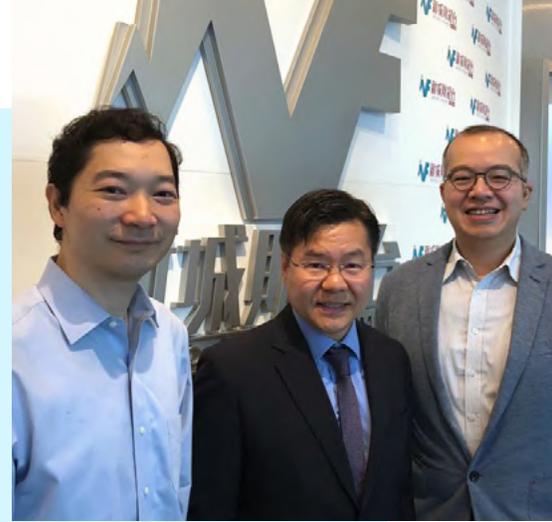
Winners at the local level advance to compete against teams within their geographic region at the regional level. Winning teams at the regional level advance to compete at the global level. One team is designated the ultimate winning team, or champion, at the global level. The champion team from The Hong Kong Polytechnic University proceeded to the Asia Pacific regional at Sydney, Australia on 28 - 29 Mar 2019 and gained valuable experience.

Special thanks to all volunteers mentioned above and Mr. Franki Chung, Vice President, HKSFA, the immediate past Co-Chair of Research Challenge for his contributions to the competition in the past.

CFA Control Room 2018

There were eight episodes of media interviews via our long-standing radio and newspaper programme **"CFA Control Room"**.

The half-hour Cantonese-speaking interview was broadcasted at Metro Finance FM104. Transcript-based companion articles were published in the Hong Kong Economic Journal on the following day.



The year's programme covered topical areas, including Bond Connect, property market of Mainland China, HKEX's consultation of a Listing Regime for Companies from Emerging and Innovative Sectors, Blockchain's

Application in Finance/Artificial Intelligence, as well as ESG aspects of four corporates, namely, Fullshare Holdings Limited, Green Heart Group, Target Insurance and Yip's Chemical.

Career Development

Sponsored by Achievers Recruitment Limited, HKSFA held its third **Career Conference** on 16 Mar 2019. This was a three-panel discussion where the distinguished speakers shared their views on: (i) the economy in the coming year; (ii) Hong Kong as a premier asset and wealth management hub; (iii) exploring what is the next wave of FinTech focus, as well as career opportunities that would arise from such developments. This was a highly informative and interactive session with some of the big names in the industry. Overwhelming responses



from the full-house audience of 111 were recorded.

HKSFA also strives for better support to both recruiters and job-seeking members. Our online **Career Centre** has been integrated with CFA Institute's system. This enhancement offers more jobs and global opportunities for our members and provides access to top local and global talents for recruiters on a self-served basis.



In this fiscal year, the total job posts grew dramatically to 3,465 and job views increased to 33,109. The recruiters received 2,989 applications in total. In order to promote the use of the new Career Centre, HKSFA, on one hand, offers a discount for recruiters to place advertisements till 31 Dec 2019 and provides user guide for posting jobs with ease. On the other hand, we provide career tips to help our member to grow their career to the next stage.





Investor Education Seminar

Two Investor Education Seminars were held in the fiscal year of 2019:

For “**World Investor Week – Dual-class Share: Disclosing its implications to the investing public**”, HKSFA co-hosted with CFA Institute, HKU SPACE and The Chin Family (an independent and impartial financial education platform managed by Investor and Financial Education Council (IFEC) on 4 Oct 2018. After rounds of consultations, Dual Class Share structure was finally implemented on 30 Apr 2019 and this seminar aimed at raising the awareness of the investing public for the potential risk under this structure and it was well attended by 108 participants.

“**Sector Analysis: A Framework for Investors – Understanding the Investment Fundamentals of property developers**” was another co-hosting seminar of HKSFA with Association of Chartered Certified Accountants (ACCA), CFA Institute, IFEC, HKU SPACE on 29 Mar 2019. This seminar aimed at disclosing the ways to assess and value a listed property developer and points-to-note for investing in property market. It was a full house event with 198 participants.

The same initiative on 24 Mar 2018 has brought HKSFA and our co-host, CFA Institute, the Financial Education Champion which was awarded by Investor Education Centre (IFEC).

HKSFA Annual Cocktail 2018

On 4 Dec 2018, HKSFA organised its **Annual Cocktail**, which attracted over 130 participants. The keynote speaker for the event was Mr. Joseph Chan, JP, Under Secretary for Financial Services & the Treasury, the Government of the Hong Kong Special Administrative Region. After a quiz game, there was a singing performance by the Talent Show Winner – Mr. Eddie Chan, CFA, Director, Compliance & Enforcement, Professional Conduct, Asia Pacific, CFA Institute. Everyone was immersed in the enchanting and festive atmosphere while networking with old and new friends.



Awards Night 2018

On 22 Nov 2018, HKSFA organised **Awards Night**, celebrated 800 level III achievers as well as winners of the Best Research Report Competition (mentioned in earlier page) and the outstanding volunteers who devoted their own time and energy to the society this year.

HKSFA Outstanding Volunteers

- Mr. David Ching, CFA, for active participation as a Study Group Leader,
- Mr. Nicholas Jackson, CFA, for assisting in flagship events like Awards Night and Annual Cocktail,
- Mr. Carson Law, CFA, for active participation as a Study Group Leader,
- Ms. Verna Lin, CFA, for organising ESG themed events,
- Mr. Stephen Wong, CFA, for organising Value Investing themed events,
- Ms. Coco Wu, CFA, for frequent contribution in organising Continuing Education and Member Services events,
- Mr. Piotr Zembrowski, CFA, for copywriting/editing of social media feeds and Annual Report 2018.

Over 170 guests joined the event and shared an evening of celebrations and merriment.



Ethics Film Festival

HKSFA, CFA Institute and ACCA (the Association of Chartered Certified Accountants) Hong Kong inaugurated **Ethics Film Festival 2018**. Themed 'Ethical Controversies Today and Tomorrow', the event brought together like-minded professionals to discuss and address ethical issues and challenges in the finance industry. From dark history and present-day reality of big-business tax avoidance, to digital age's controversial Bitcoin crime.

The Ethics Film Festival aims to encourage business professionals to navigate their own ethical compass by reflecting on thought-provoking films and participating in active discussions around professional ethics with industry peers.

The first film show was on 16 Oct 2018 featuring **"Banking on Bitcoin"** directed by Mr. Christopher Cannucciari. Over the movie and popcorn treat, participants gained a better understanding about how Bitcoin emerged and its operating mechanisms. Discussion was facilitated by Dr. Michael G. McMillan, Ph.D., CFA, CPA, Director of Ethics Education of CFA Institute. With thought provoking questions from Dr. McMillan and participants, the evening was concluded with engaging discussions and interesting exchanges of ethical considerations.

The second film show on 18 Oct 2018 featured **"The Price We Pay"** directed by Mr. Harold Crooks. It talks about the dark history and dire present-day reality of big-business tax avoidance, which has seen multinationals depriving governments of trillions of dollars in tax revenues by harbouring profits in offshore havens. Following film show, discussion was facilitated by Mr. Stanley Ho, FCCA, Tax Partner at KPMG.

Both film shows were recorded full!





Promoting FinTech: Which Directions for Hong Kong Regulations and Regulator

From mobile payments to digital banking, FinTech is rapidly changing our lives. Regulations play a critical role in the development of FinTech companies, be they in blockchain, cryptocurrency, or digital banking. As part of HK SFA's contribution to the development of innovation and FinTech ecosystem in Hong Kong, it assembled one of the best teams to address policies and issues in FinTech regulations on 10 Apr 2019. The team has a combination of speakers with senior regulatory experience, as well as hands on FinTech industry experience including Professor K.C. Chan (Former Secretary for Financial Services and the Treasury) who chaired the Steering Committee on FinTech Development in Hong Kong Special Administrative Region, Ms. Benedicte Nolens who was the SFC's FinTech contact person and Mr. Jeffrey Ng from Ping An OneConnect. There were 61 participants joining the event.



The Psychology Driving Asian Asset Prices

HK SFA was grateful of having Dr. Richard L. Peterson, CEO of MarketPsych Data LLC as the speaker for this event on 5 Nov 2018. Called **"Wall Street's Top Psychiatrists"** by Associated Press, Dr. Peterson worked at the intersection of mind and markets. Dr. Peterson demonstrated how information flow drove price patterns in Asian equity and currency markets (China, Japan, Singapore, and Hong Kong) utilising a proprietary data set. Positive news leads to strong monthly and yearly stock price momentum in Asian Stocks. Media sentiment typically turns down before major bear markets begin, giving investors time to exit in advance of the selloffs.



University Ethics Talk

Upholding ethics standards in the financial community is one of HK SFA's core missions. We believe high ethical standard forms the cornerstone of our industry sustainability. On 8 Apr 2019, Mr. Franki Chung, CFA, Vice President of HK SFA, gave a talk on Ethics and Compliance for the business school students at The Hong Kong University of Science and Technology and generated much response from the participants. Mr. Chung also presented the same topic in The Hang Seng University of Hong Kong on 12 Apr 2019.



HKSFA Running Club

HKSFA Running Club has participated in two running competitions in FY2019, namely **Sun Life Resolution Run** (27 Jan 2019) and **Run for Survival 2019** (19 May 2019), as per one of the slogans for the run, “You can run faster alone but you can run further together”. It was the inaugural year for the Running Club and we plan to arrange between three to four such events per year. HKSFA always supports a healthy lifestyle, we will continue to organise similar well-being events on an ongoing basis.



Weighted Voting Rights (WVR) at HKEX – An Exciting Era for New Economy Companies?

As mentioned in earlier part of this section, HKEX proposed new rules to broaden the listing regime on 30 Apr 2019 to encourage new-economy companies to be listed in Hong Kong. Under the new rules, HKEX allows the listing of three types of companies, namely pre-revenue biotech companies, innovative companies with a WVR structure and US or UK-listed companies looking for a secondary listing.

In particular, WVR structure, which gives some shareholders greater voting rights than others, has been adopted by many technology companies in the United States. While senior management in these companies views the extra voting power given as protection against short-term interests, other investors have concerns on their corporate governance.

On 11 Jul 2018, HKSFA gathered speakers from corporate governance association and digital media, etc. to explore WVR from a corporate governance perspective. These include Mr. Jamie Allen, Secretary General of the Asian Corporate Governance Association (ACGA), who kicked off the seminar and explored with the audience **“WVR from a Corporate Governance Perspective: The Case Against”**. Following that, Mr. Ray Chan, CEO and co-founder of 9GAG, walked the audience through “WVR from an entrepreneur/ startup’s perspective”.



Office Restructuring Moves HKSFA to the Next Stage Towards "Societies 2.0" Vision

With the CFA Institute's and Societies' common vision of "Societies 2.0", HKSFA restructured its staffed office in order to drive ourselves to the next stage. This built a stronger ground for us to serve our members and to tackle upcoming challenges.

- Automation and Streamline of Workflow: The staffed office adopted Office 365 which allows certain degree of automation, document collaboration and remote office. We have also been reviewing our existing workflows and putting together a Procedure and Operations Manual, which allows our staffed office to increase its efficiency and to ensure our service continuity. The Managing Director, Calvin Cheung, has volunteered himself to sit on the CFA Institute's Society Technology Council in an advisory capacity for strategic objectives, budget and two-way conduit of communication with societies. The staffed office is also adopting Salesforce, which is provided by CFA Institute, for handling societies' membership database management as well as integrating our legacy jobline system into CFA Institute's Career Centre.



- Restructuring of staffed office: The Societies 2.0 promotes professionalism of societies' staffed office. Coincidentally, there is a long serving staff retiring from her career. The Managing Director takes the chance to restructure the staffed office and expand the budgeted headcounts. The staffed office has been reformed into three core teams, i.e. Society Operations (which focuses on Membership and Candidates Services), Content Delivery (which drives Continuing Education, events, advocacy, marketing and communications) and Administration (which covers Finance, Human Resources, Secretarial role for the Board and Volunteer Management functions). The restructuring also ensures our service continuity, sufficient resources in various key society's functions. The full-time staff headcount has been planned to increase from 8 to 9 in the new fiscal year. The additional headcount will focus on content and marketing.



- Improved IT Security and Enhanced Privacy: HKSFA has adopted SSL Certificate at our website, which is a protocol for enabling data encryption on the intranet and for helping web site users to confirm the owner of the website. We also updated our Privacy Policy to ensure our compliance with the Personal Data Privacy ordinance in Hong Kong.

Corporate Governance

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

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

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

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

A Nomination Committee has been established by the Board of Directors to identify suitable candidates and to recommend members for election as Executive Directors.

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

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

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

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

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





Financial Highlights

In FY2019, the Society's members' equity and surplus increased by 16% and 315% to HK\$20,338,851 and HK\$2,736,695 respectively, compared to the previous year. The HK\$132,177 fair value increase of financial assets fair valued through other comprehensive income was 74% lower than the previous year due to the sluggish stock market. As a result, total comprehensive income increased to HK\$2,868,872 by 144% compared to the previous year.

In addition to the capital appreciation of the financial assets fair valued through other comprehensive income, the Society received HK\$408,593 in dividends and interest from investments and deposits in FY2019. Membership fees and CFA Institutional funding increased and increased by 14% and 43% to HK\$6,137,464 and HK\$2,927,379 respectively, even though there was a slight decline of our membership to 6,707. The administrative and operating expenses of HK\$7,466,327 remained flat from the previous year which reflected the synergies achieved of the Society's human resources and IT infrastructure to serve our member's growing needs.

Our FY2019 ending cash balance decreased by 36% to HK\$3,916,935 as a result of investing into financial assets at amortized cost which increased by 81% to HK\$8,597,093 compared to the previous year to optimize our capital return and preservation. We continuously excel on our recurring flagship events such as the CFA Institute Research Challenge and Annual Cocktail. We have also made improvements in candidate education, career development, university relations and ESG as we recruited more volunteers to support.

Five-Year Summary

	2019	2018	2017	2016	2015
No. of Members	6,707	6,783	6,614	6,322	6,127
No. of Continuing Education Programmes	32	31	42	48	36
No. of Member Services Functions *	16	20	27	38	27
Income	HK\$	HK\$	HK\$	HK\$	HK\$
Membership Fees	6,137,464	5,381,990	5,257,350	5,017,520	4,891,440
Surplus from Education & Programmes	586,394	310,881	449,195	420,031	338,874
Interest Income	435,607	375,948	320,141	219,706	297,805
Other Revenue	3,043,557	2,053,139	2,132,721	2,085,212	1,001,554
	10,203,022	8,121,958	8,159,407	7,742,469	6,529,673
Expenditure					
Administrative Expenses	6,619,886	5,884,294	5,923,912	5,536,900	4,716,297
Other Operating Expenses	846,441	1,577,903	1,716,028	1,474,790	892,666
	7,466,327	7,462,197	7,639,940	7,011,690	5,608,963
Surplus for the Year	2,736,695	659,761	519,467	730,779	920,710
Assets					
Total of Non-Current Assets	15,099,720	10,127,857	10,065,163	7,528,796	6,360,239
Total of Current Assets	7,653,160	9,010,077	7,768,525	8,587,795	10,222,539
Total of Current Liabilities	2,414,029	1,667,955	1,539,622	1,226,330	1,274,874
Total of Net Current Assets	5,239,131	7,342,122	6,228,903	7,361,465	8,947,665
Total of Net Assets	20,338,851	17,469,979	16,294,066	14,890,261	15,307,904
Total of Members' General Funds	20,338,851	17,469,979	16,294,066	14,890,261	15,307,904

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

In accordance with articles 80 and 81 of the Society's articles of association, a retiring Executive Director shall retire from office after the term of two years since the last election. Accordingly, Ms. Ashley Pui Wun KHOO, Mr. Charles Kin Wai CHUI, Mr. Franki Ka Fai CHUNG, Dr. Yin Toa LEE, Mr. Richard Kan Chong MAK, Ms. Alice Yee Lam WONG and Ms. Felicia Chuen Wai WONG shall retire from office at the forthcoming annual general meeting of the Society. In accordance with article 86, Mr. Kevin Tsz King KWAN and Ms. Verna Yu-ting LIN shall retire from office at the forthcoming annual general meeting of the Society. The retiring directors shall be eligible for re-election subject to the qualifications required under articles 83 and 83A. All other remaining directors shall continue in office.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

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

PERMITTED INDEMNITY PROVISION

During the financial year and up to the date of this report, there is a permitted indemnity provision being in force for the benefit of the directors of the Society (whether made by the Society or otherwise).

AUDITORS

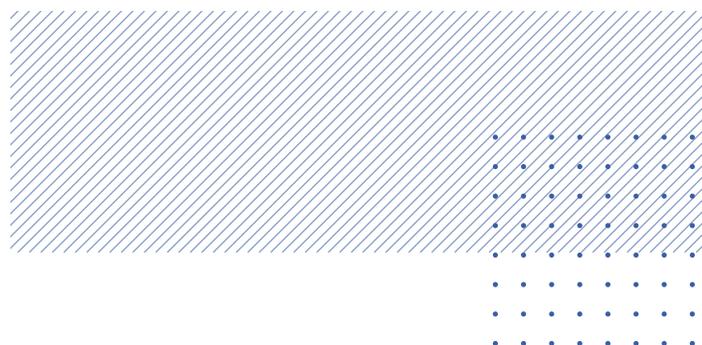
The financial statements were audited by Chan, Li, Law CPA Limited, Certified Public Accountants (Practising), which retires and, being eligible, offers itself for re-appointment.

On behalf of the board

Peter Anthony WATSON, CFA

President

Hong Kong, 5 December 2019



Independent Auditor's Report

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

(incorporated in Hong Kong with limited liability by guarantee)

OPINION

We have audited the financial statements of The Hong Kong Society of Financial Analysts Limited (the "Society") set out on pages 7 to 32, which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Society as at 30 June 2019, and of the financial performance and cash flows of the Society for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

Chan, Li, Law CPA Limited
 Certified Public Accountants (Practising)
 Hong Kong, 5 December 2019

Li King Man
 Practising Certificate No.: P05777

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
 INCOME FOR THE YEAR ENDED 30 JUNE 2019
 (Expressed in Hong Kong dollars)

	2019 HK\$	2018 HK\$
INCOME		
Membership fees	6,137,464	5,381,990
Surplus from candidate education	418,406	171,706
Surplus from continuing education	167,988	139,175
CFA Institute Society Operational Funding subvention	2,927,379	2,046,603
Other revenue	551,785	382,484
	10,203,022	8,121,958
Administrative expenses	(6,619,886)	(5,884,294)
Other operating expenses	(846,441)	(1,577,903)
	2,736,695	659,761
SURPLUS FOR THE YEAR		
OTHER COMPREHENSIVE INCOME FOR THE YEAR	132,177	516,152
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,868,872	1,175,913



THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019
 (Expressed in Hong Kong dollars)

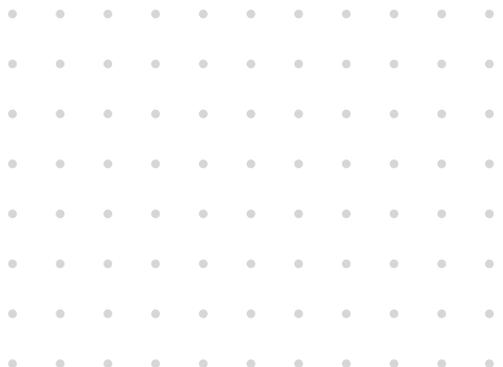
	2019 HK\$	2018 HK\$
ASSETS		
Non-current assets		
Property, plant and equipment	71,401	53,843
Financial assets at amortised cost	8,597,093	4,755,465
Financial assets at fair value through other comprehensive income	6,431,226	5,318,549
	15,099,720	10,127,857
Current assets		
Accounts and other receivables	198,607	148,072
Deposits and prepayments	537,618	538,904
Fixed deposits	3,000,000	2,200,000
Cash and bank balances	3,916,935	6,123,101
	7,653,160	9,010,077
Current liabilities		
Accounts payable and accruals	725,527	349,473
Receipts in advance	1,688,502	1,318,482
	2,414,029	1,667,955
Net current assets	5,239,131	7,342,122
NET ASSETS		
	20,338,851	17,469,979
MEMBERS' EQUITY		
Members' general fund	17,989,537	15,252,842
Fair value reserve	2,349,314	2,217,137
	20,338,851	17,469,979





THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
 STATEMENT OF CHANGES IN MEMBERS' EQUITY
 FOR THE YEAR ENDED 30 JUNE 2019
 (Expressed in Hong Kong dollars)

	Members' general funds	Fair value reserve (non-recycling)	Total
	HK\$	HK\$	HK\$
Balance at 1 July 2017	14,593,081	1,700,985	16,294,066
Total comprehensive income for the year	659,761	516,152	1,175,913
Balance at 30 June 2018	15,252,842	2,217,137	17,469,979
Total comprehensive income for the year	2,736,695	132,177	2,868,872
Balance at 30 June 2019	17,989,537	2,349,314	20,338,851
	=====	=====	=====



THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2019
 (Expressed in Hong Kong dollars)

Cash flows from operating activities

Surplus for the year	
Adjustments for :-	
Investment income	
Interest income	
Gain on disposal of debt securities investments	
Depreciation	
Impairment loss on held-to-maturity financial assets	

Operating surplus before changes in working capital

(Increase)/decrease in accounts and other receivables	
Decrease in deposits and prepayments	
Increase in accounts payable and accruals	
Increase in receipts in advance	

Net cash generated from operating activities

Cash flows from investing activities

Acquisition of property, plant and equipment	
Acquisition of debt securities investments	
Disposal of debt securities investments	
Acquisition of equity securities investments	
Increase in time deposit with deposit term over three months	
Investment income received	
Bank interest received	

Net cash (used in)/generated from investing activities

(Decrease)/Increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

Analysis of the balances of cash and cash equivalents

Cash and bank balances

	2019 HK\$	2018 HK\$
	2,736,695	659,761
	(408,593)	(359,482)
	(27,014)	(16,466)
	(34,462)	-
	51,403	393,239
	-	136,500
	2,318,029	813,552
	(50,535)	50,288
	1,286	190,956
	376,054	63,661
	370,020	64,672
	3,014,854	1,183,129
	(68,961)	(76,281)
	(5,765,409)	-
	1,934,737	-
	(980,500)	-
	(800,000)	-
	432,099	359,482
	27,014	16,466
	(5,221,020)	299,667
	(2,206,166)	1,482,796
	6,123,101	4,640,305
	3,916,935	6,123,101
	3,916,935	6,123,101

For the full version of the audit report, please visit our website: <https://www.hksfa.org>.



香港財經分析師學會

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