



香港財經分析師學會

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS

The background of the cover is a vibrant green. At the top, there are several large, dark green leaves with water droplets on them. In the center, the text "ANNUAL REPORT 2009" is displayed in a bold, white, serif font with a blue shadow effect. At the bottom, there is a stylized, colorful cityscape with various buildings and a prominent tower. A small green plant with two leaves is positioned in the lower center, appearing to grow from the cityscape.

ANNUAL REPORT 2009

A MEMBER SOCIETY OF CFA INSTITUTE



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

MISSION STATEMENT

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

REPORT OF THE PRESIDENT

Dear Society Members,

On behalf of the Board, I am delighted to report that FY2009 has been another successful year for the Society. Our membership is 5,240 members as at 30 June 2009. In addition to upholding our mission of raising the standards of practice of the financial services industry in Hong Kong, there are other important changes happening that will benefit the Society.

The most important change occurred in late 2008 when CFA Institute established two CFA China Representative Offices (ROs) in Beijing and Shanghai. Since then the ROs have been organising member services and programmes locally. In the year ended 30 June 2009, the Society had 1,035 members based in mainland China and most of these members are expected to transfer their memberships to the ROs by the end of FY2010. While this would cause the number of the Society's members to decline, the impact on our financial position is expected to be insignificant as the decline in membership dues would be offset by savings on expenses related to providing services in the mainland. We are of the opinion that the changes would be beneficial to the Society in the long run as we can focus our efforts and resources to serve members based in Hong Kong while the ROs can better serve the needs of members based in China.

Though our membership has dropped slightly, there is still increase in the number of events and activities held in Hong Kong. The capacity of our volunteer-based Board is approaching its limits and the Board is of the view that having a full-time Executive Director or Chief Executive Officer, who could commit to representing the Society and supervising its operations, would be favourable to the further development of the Society. The recruitment is currently underway. We expect the increased spending from this new position will be well justified through the provision of better and more professional services to our members.

With respect to members' Continuing Education, the Society has organised a total of 34 events which offered a total of 88 CPT/CE credit hours. To help our members maintain life/work balance, our Member Services Committee arranged a wide range of social activities from the more relaxing events such as happy hour gatherings, the annual Forecast Dinner, wine tasting dinners, post-summer BBQ party, dolphin watching boat trip to strenuous activities such as the Oxfam Trailwalker charity walk. These events facilitated the building of a bigger but closer community of the Society's members. The fifth University Investment Research Competition was also held with a record number of eleven universities in Hong Kong and Mainland China.

On the operation side, the Society was unable to renew its office lease and the Board is in the process of searching for a new office premises and the decision will take into consideration those factors such as costs, the need for extra space, as well as convenience to our members, volunteers, and staff. Due to the rising trend in office rental in Hong Kong, however, we expect that there will be a material increase in the occupancy costs in the upcoming financial year.

On the financial side, the Society's operating surplus for FY2009 rose by 25% to HK\$1,457,055 mainly due to the new funding policy of the CFA Institute. During the year, the Society acquired 100,000 shares of Tracker Fund at an average cost of \$13.50 as long term investments as the dividend yield was attractive and the risk was within a tolerable range. The level of surplus in FY2009 and our Members' General Fund remains healthy and should be able to support the hiring of a CEO and the increases in other spending.

Outlook

The establishment of the CFA China ROs and the potential addition of an executive would allow the Society to focus on serving the members in Hong Kong and assist the Society in fulfilling its mission and providing better services to our members.

Appreciation

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

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

Yours sincerely,

Karl Lung, CFA
President

REVIEW OF OPERATIONS

CONTINUING EDUCATION

In the past year, the CE committee organised a total of 34 events, down from 44 in the year before. The total number of attendance also fell by a similar 18%, registering 1,845 attendees. 26 events were organised in Hong Kong, with the remaining 8 in mainland China. The drop in participation was likely due to cut backs on corporate sponsorship/training budget for employees following the financial tsunami in the end of 2008.

We had organised a good mix of workshops, seminars and luncheons during the year. While the attendance to our workshops was quite disappointing, the average number of attendees per event actually increased slightly. Most of our luncheon events as well as our half-day seminars were well attended.

In response to the investment trends, more asset allocation and macroeconomic-themed events were organised. Corporate governance topics were also heavily featured in addition to the popular topics related to equity and fixed income.



As anticipated by the Board, net revenue from continuing education fell sharply by almost 50%. In particular, the high-price-point workshops got hit the hardest. In spite of the pressure, the society has no intention to raise our charges in the coming year.

It would not have been a fruitful year without the enormous contribution from our CE committee members and the Board would like to take this opportunity to thank them all.



Continuing Education Programmes (July 08 - June 09)

Date	Seminar Topic	Speaker / Panelist	Location	CPT/CE Credit Hours	No. of Attendants
Year 2008					
9 Jul 08 (seminar)	Outlook for Major World Financial Markets	Mr. Michael Ivanovitch MSI Global, Inc (New York)	Shanghai	1.5	60
11 Jul 08 (seminar)	Outlook for Major World Financial Markets	Mr. Michael Ivanovitch MSI Global, Inc (New York)	Beijing	1.5	53
11 July 08 (luncheon)	The Unwinding of the Global Imbalances: Implications for Asia	Ms. Diana Choyleva Lombard Street Research	Hong Kong	1	87
16 Jul 08 (luncheon)	The Role of Professional Analysts in Promoting Market Ethics – the Asian Perspective	Ms. Angelina Kwan Cantor Fitzgerald International / BGC Partners, L.P.	Hong Kong	1	60
15 Aug 08 (seminar)	Alternative Investment	Dr. Thomas Liaw St. John's University, New York	Hong Kong	2.5	56
16 Aug 08 (seminar)	Islamic Bond Seminar	Ms. Beverly Kwok Mr Jimmy Jim, CFA Standard Chartered	Hong Kong	2.5	57
30 Aug 08 (seminar)	Using Options for Risk Management and to Enhance Income and Risk-adjusted Returns	Mr. Bud Haslett, CFA Miller Tabek + Co., LLC, NY Mr. Matthew Moran, MBA, JD Chicago Board Options Exchange	Hong Kong	2.5	99
4 Sep 08 (discussion session)	The Influence of Sub-prime to American Banking Industry and Lessons to Chinese Banking Industry	Mr. Jia Guowen, CFA China Minzu Securities Company Limited	Beijing	NA	21
27 Sep 08 (seminar)	Green Energy Seminar	Mr. Ivan Lee, CFA Lehman Brothers Asia Ltd. Mr. Plato K. T. Yip Olympus Capital	Hong Kong	2.5	48
9 Sep 08 (luncheon)	Systematic Biases in Analyst Estimates and their Impact on Equity Valuation	Mr. Tim Gaumer, CFA StarMine	Hong Kong	1	99
11 Sep 08 (evening seminar)	The Breakdown of Ethics and Risk Management: How Does That Happen?	Mr. Simon Clarke Mallesons Stephen Jaques	Hong Kong	1.5	45
22–24 Oct 08 (3 workshops)	Advanced Financial Analysis Series • Basic Financial & DCF Modeling • Corporate Valuation Methodologies • M&A Deal Structuring & Merger • Modeling Basics Advanced Excel for Data Analysis	Mr. Hamilton Lin, CFA Wall St. Training	Hong Kong	6.5 (per workshop)	15 22 18
27–28 Oct 08 (2 workshops)	Financial Analysis Series • Basic Financial & DCF Modeling • Corporate Valuation – Relative Valuation	Mr. Hamilton Lin, CFA Wall St. Training	Beijing	4.5	14 14
30-31 Oct & 1 Nov 08 (3 workshops)	Financial Analysis Series • Basic Financial & DCF Modeling • Corporate Valuation Methodologies • Advanced Excel for Data Analysis	Mr. Hamilton Lin, CFA Wall St. Training	Shanghai	4.5	19 14 14
9 Dec 08 (luncheon)	The Use of Structured Products in Wealth Management: Latest Development and Future Direction	Mr. Joseph H.L. Chan, CFA Standard Chartered Bank	Hong Kong	1	96

Date	Seminar Topic	Speaker / Panelist	Location	CPT/CE Credit Hours	No. of Attendants
Year 2009					
14 Jan 09 (luncheon)	Outlook on China's Economy	Dr. Jiming Ha China International Capital Corporation Limited	Hong Kong	1	102
16 Jan 09 (luncheon)	Corporate Governance & Stock Returns in Hong Kong: Carrots or Sticks?	Prof. Stephen Yan-Leung Cheung City University of Hong Kong	Hong Kong	1	40
10 Feb 09 (luncheon)	Putting Out the Fire with Gasoline	Mr. Jim Walker Asianomics Limited	Hong Kong	1	103
7 Mar 09 (seminar)	Diagnosis of Banks in Hong Kong/ China	Mr. Henry F. Cheng Hong Kong Monetary Authority Dr. Michael C. S. Wong CTRISKS	Hong Kong	2.5	106
9 Mar 09 (evening seminar)	An Overview of Global Investment Themes	Dr. Horace "Woody" Brock Strategic Economic Decisions	Hong Kong	1.5	74
15 Apr 09 (luncheon)	Durable Competitive Advantages: Using Economic Moats to Improve Investment Returns	Mr. Pat Dorsey Morningstar Inc	Hong Kong	1	67
25 Apr 09 (seminar)	Financial Shenanigans: How to Detect Accounting Gimmicks & Frauds in Financial Reports	Mr. Howard Schilit	Hong Kong	2.5	104
12-5 May 09 (4 workshops)	Financial Analysis Series • Advanced Financial Modeling – Core Model • Advanced Segment Build-up & Sensitivity Modeling • Intermediate Merger Modeling Advanced Excel for Data Analysis	Mr. Hamilton Lin, CFA Wall St. Training	Hong Kong	6.5 (per workshop)	21 14 7 10
20 May 09 (luncheon)	An Update on Long-term Cycles Greenwoods Asset Management	Mr. Ted Chen, CFA	Hong Kong	1	91
13 Jun 09 (seminar)	China Real Estate Seminar	Mr. Peter Choy Moody's Asia Pacific Limited Mr. Kaven Tsang, CFA Moody's Asia Pacific Limited Mr. Dominic Chung Jones Lang LaSalle (Shenzhen) Mr. Nelson Wong ING Clarion Real Estate Securities	Hong Kong	2.5	111
18 Jun 09 (luncheon)	Why I Love Collapsing Markets and Why you Should Too	Mr. Stephen Vines	Hong Kong	1	84

ADVOCACY

HKSFA continues to be a significant advocacy group in Hong Kong. During the last year we have maintained regular and direct contacts with the government and regulators and participated in a number of public events related to regulatory issues, corporate governance as well as investor education.

The Society joined forces with the Securities and Futures Commission again to organise the Investor Education Seminar which attracted more than 620 attendants. Contents of seminar were published in the newspapers as well as broadcasted on TV which helped to reach more investors in the public.



The financial turmoil that started last year has demanded for reforms to the investment industry and we will continue to respond to consultation papers relevant to our missions, either independently or jointly with the CFA Institute Centre for Financial Market Integrity.



HKSFA GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS®) COMMITTEE

This year, our GIPS Committee has placed more emphasis on the contribution we can make to the development of the new standards. In July 2009, we conducted a comprehensive review of the proposed new standards and submitted our comments to the GIPS Council for consideration. Meanwhile, we continued to offer educational seminars and courses to those in the financial sector and provided GIPS Standards-related support to interested parties in mainland China.

UNIVERSITY INVESTMENT RESEARCH COMPETITION

With Peking University participating for the first time, a record of eleven universities in Hong Kong and mainland China competed in the HKSFA's fifth annual University Investment Research Competition in 2008. The objective of the competition is to promote the practice of professional investment research and analysis and to raise awareness of the CFA Programme and the Society among university students. Each team was required to conduct research and analysis on a Hong Kong-listed company, submit written research report, and present its findings to a panel of judges. The teams were judged on the quality of their analysis, justification of their recommendations and their ability to answer questions from the judges. The winner of this year's competition was The University of Hong Kong and the team represented Hong Kong to participate in the Regional Investment Research Challenge organised by CFA Institute.



This year's competition is already underway and we are delighted to have Hong Kong Shue Yan University joining the competition for

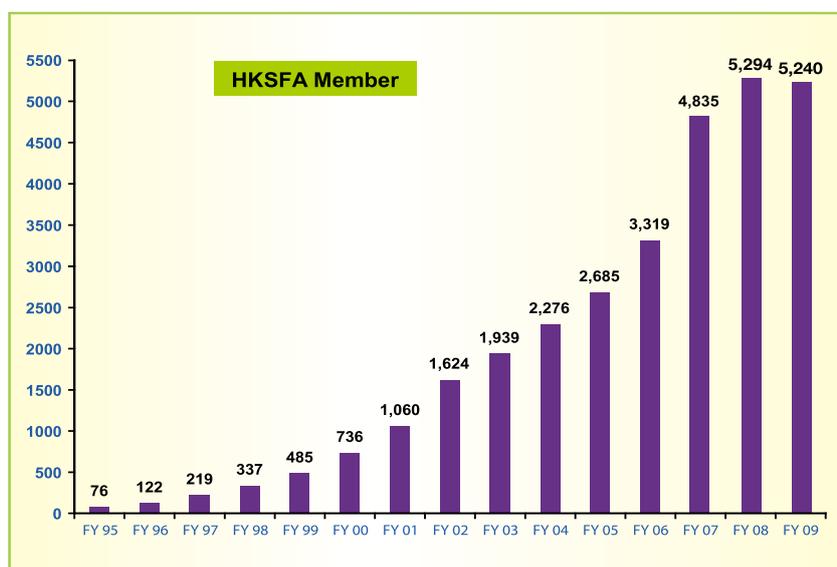
the first time, making a total of eight participating universities. With the China Representative Offices officially established in Beijing and Shanghai in end of 2008, both offices will organise their own competitions to allow more local universities to participate in the event.



MEMBERSHIP

By the end of FY2009, the total number of HKSFA members has dropped slightly to 5,240 (75.5% from Hong Kong, 19.7% from mainland China, 1.7% from Taiwan and 3.1% from other areas), representing a net membership loss of about 8.2% from the previous year. This is the first time that the Society experienced a negative growth in the number of members but it was already anticipated as a result of the establishment of the CFA China Representative Offices, and the Board expects the declining trend will likely to stabilise by 2011.

During the year, the number of HKSFA members from mainland China and Taiwan fell while number of members residing in Hong Kong increased slightly. The growth trend in membership was also attributable to the fact that fewer candidates have passed the Level III examination in the past two years. Nevertheless, Hong Kong still ranked the fourth largest society of the CFA Institute and the Board will continue to focus on serving its members in Hong Kong.



Top Ten Societies of CFA Institute as at 1 July 2009:

Society:	Member count:	Growth (from 2008)
1. New York	12,107	+ 80
2. Toronto	6,936	+ 16
3. United Kingdom	6,055	+ 205
4. Hong Kong	5,240	- 54
5. Boston	4,813	+ 15
6. Chicago	3,669	+ 10
7. San Francisco	2,904	- 11
8. Singapore	2,278	+ 3
9. Montreal	1,949	- 9
10. Los Angeles	1,924	- 13

MEMBER SERVICES

During the past financial year, the Member Services Committee introduced a few new initiatives including coached orienteering courses and the WSET (Wine & Spirit Education Trust) Foundation Certificate Course. We have also organised the following activities during the year:

Casual Gathering with Distinguished Guests from CFA Institute

A casual gathering with our two distinguished guests, Mr. Thomas Welch, CFA, Vice Chair, Board of Governors of the CFA Institute and Mr. John Bowman, CFA, Head of Product Strategy of the CFA Institute was organised on 2 June 2009 in the HKSFA office. It was an evening with interesting discussions on our professional retooling trends, new directions and opportunities.

Luncheon on Employment Issues

HKSFA held a special luncheon “Employment Issues in Turbulent Times” on 16 December 2008 where Miss Kim Boreham, Partner of Tanner De Witt, discussed some common issues faced by employees and employers during times of financial strife such as rights and entitlements and post-termination obligations.

Happy Hour Gathering & Welcome Reception for New Members

Our Happy Hour Gathering is held in the Society’s office every second Thursday of each month. From time to time we would also organise welcome receptions for new members. These informal and friendly gatherings give members a chance to meet new and old friends within the Society.

Post-Summer BBQ Party

The annual party held on 18 October 2008 attracted over 55 members and guests. All had enjoyed a fun-filled evening with games and great food at the poolside of The Royal Hong Kong Yacht Club.

Trailwalker

The HKSFA sent 4 teams to take part in the Oxfam Trailwalker charity hike during 7-9 November 2008, and completed the 100km MacLehose Trail within the 48-hour limit with amazing spirit and effort.

Our teams raised around HK\$180,000 in the event for Oxfam to support its long-term development and humanitarian relief programmes in various developing countries. We would like to take this opportunity to thank the participants, and particularly, the sponsors who supported the teams with their generous donations.



CFA® Charter Award Ceremony and Forecast Dinner 2008

Every year, the CFA Institute and the Society welcome new charterholders and candidates who completed all three levels of the CFA examinations to celebrate their career milestone at this very important occasion. The spectacular annual event held on 22 November 2008 at the Hong Kong Football Club was well-attended by 175 members, graduates and guests. 75 candidates were present at the award ceremony to receive the CFA Charters or Letters of Achievement.

The Ceremony was followed by the Annual Forecast Dinner. We were honoured to have Mr. Erwin Sanft, CFA, Managing Director, Head of China & Hong Kong Equities Research of BNP Paribas Securities (Asia) Ltd. back on the stage as one of our panelists. Mr. Sanft surprised many guests at the Forecast Dinner in 2007 when he predicted that the Hang Seng Index would plunge to 18,000 in September 2008 – and time has proved him right!

We also had much pleasure to have Mr. Brian Leung, CFA, Managing Director and Strategist of Research Department of China International Capital Corporation (HK) Ltd. and Dr. Andrew Freris, Senior Investment Strategist of BNP Paribas Private Bank on our panel this year. Mr. James A. Soutar, CFA, Managing Director of FrontPoint Management (H.K) Ltd did a fantastic job as the moderator.



Wine Tasting Dinner

The HKSFA organised a wine tasting dinner where the guests enjoyed both old- and new-world wines. A total of 17 people enjoyed a great evening of fine wine and scrumptious food.

Dolphin Watching Boat Trip

This popular family event was held on 20 December 2008 and the dolphin-watchers were led by Mr. Samuel Hung, the Chairman of Hong Kong Dolphin Conservation Society.

Coached Orienteering Courses

Orienteering, in simple terms, is a family of sports that require participants to navigate their way round a pre-set course, using nothing more than a map and a compass, within a certain period of time. The HKSFA organised two elementary orienteering courses for our members during the past year. A certificate was issued by the Orienteering Association of Hong Kong to participants upon successful completion of the Level 1 training.



WSET (Wine & Spirit Education Trust) Foundation Certificate Course

This is the introductory course for the wine enthusiasts who wish to gain knowledge on wine in a more structural way. 17 participants attended the comprehensive full day workshop on 27 June 2009; some of them also registered and passed the WSET Foundation Examination and were awarded a certificate issued by the WSET.



Member Services Functions

Member Services Functions July 08 – June 09

Date	Programme Topic	No. of Attendants
18 Oct 08	Post-Summer BBQ Party 2008	56
31 Oct 08	Welcome Reception for New Members	27
7-9 Nov 08	Oxfam Trailwalker (Hong Kong)	12
22 Nov 08	CFA Charter Award Ceremony and Forecast Dinner 2008	175
12 Dec 08	Wine Tasting Dinner	17
16 Dec 08	Employment Issues Luncheon	35
20 Dec 08	Dolphin Watching Boat Trip	17
21 Feb 09	HKSFA Orienteering Activity	22
9 May 09	HKSFA Orienteering Activity	6
31 May 09	Table Tennis Tournament	4
2 Jun 09	Casual Gathering with Mr. Thomas Welch, CFA, Vice Chair, Board of Governors of CFA Institute	13
27 Jun 09	WSET (Wine & Spirit Education Trust) Foundation Certificate Course	17

CHINA AFFAIRS

Towards the end of 2008, CFA Institute has established the CFA China Representative Offices (ROs) in Beijing and Shanghai respectively. The Board welcomes such arrangement as we believe the China Representative Offices will better serve the needs of Charterholders in mainland China, and the Hong Kong Society can focus on serving our members in Hong Kong. The Society may also cooperate with the ROs in the future. The Board would like to take this opportunity to express our appreciation to volunteers and staff who had helped to serve members in mainland China.

MEMBER COMMUNICATION

Electronic media is always an effective way for us to communicate with and provide important information to our members. In addition to our simple and succinct monthly E-newsLetter, the Society also has a website where members will find information on GIPS, investment articles, annual reports, events, members' benefits and interesting discussions from our Discussion Forum. In fact, the website has registered an annual hit rate of 2,800,000 times in FY2009. "New Job Opening" is one of the hottest spots in our "Members Only" area in the website. To help protect our environment, members may download a softcopy of the Society's annual report from our website unless you opt for a hardcopy. Communication is a two way process and we welcome your comments and feedback.

CANDIDATE EDUCATION

There were a total of 12,207 candidate registrations in FY09, of which 4,639 were for the December 2008 exam and 7,568 were for the June 2009 exam. The total number represented a slight increase as compared to last year's 11,987 registrations.

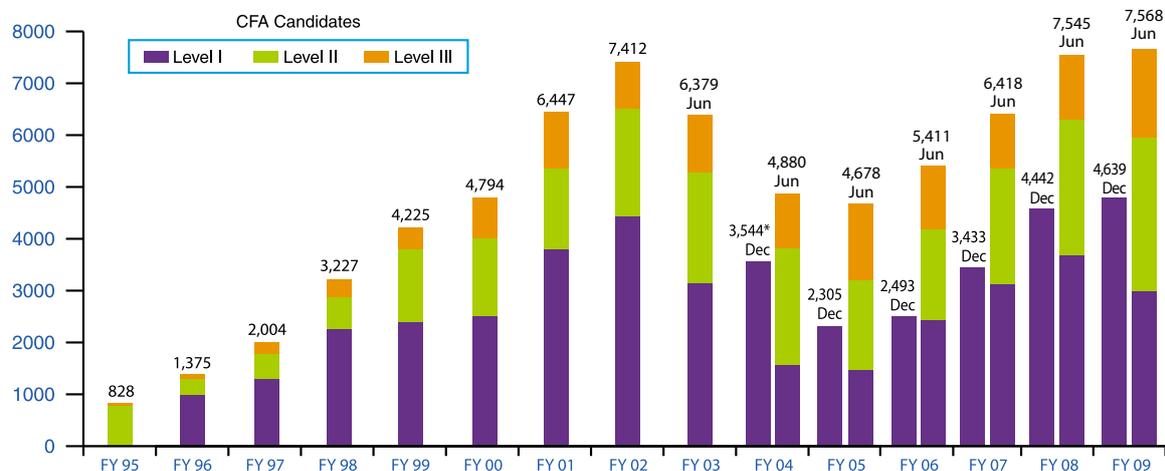
For the Society CFA Scholarship Programme, we had helped the CFA Institute to identify 10 candidates from the 35 CFA scholarship applicants. The selections were made based not only on academic achievements and financial needs but also on reasons for taking the CFA Programme. These scholarships offer discounts on the exam enrolment/registration so as to relieve the financial burden to candidates pursuing the CFA designation.

Three information sessions on the CFA Programme and the HKSEFA candidate services attracted more than 180 candidates. Several members of the Society and recent CFA graduates also shared their study experience and exam preparation strategies at the information sessions.

To assist those candidates who prefer to study as a small group, the Society has formed 12 study groups for 68 candidates who took the December 2008 exam and 38 study groups for 174 candidates who took the June 2009 exam. The study groups not only enabled candidates to seek support from one another within each group but also provided them with networking opportunities.



A mock exam was organised on 16 May 2009 to give the candidates a chance to practice under simulated exam condition and experience the time pressure when taking the actual exam. A total of 45 candidates registered for the mock exam and 17 of them also enrolled in the Stalla mock exam review seminars which were held on 17 May and 23 May 2009.



FINANCE

The Society recorded a surplus of HK\$1,457,055 in FY2009, which was 25% higher than the surplus of HK\$1,162,331 in FY2008. The major source of the Society's revenue is membership fees. As the ROs have been set up and in operation during the year, certain members who used to stay in the Mainland joined either the Beijing or Shanghai ROs starting from FY2009. This resulted in a drop in overall membership fees from HK\$3,520,901 to HK\$3,374,520 in FY2009. The impact was less significant than we have anticipated. Meanwhile, the CFA Institute has changed its funding policy which is more favourable to the Society and such changes resulted in an overall increase of revenue by 14% despite the drop in the annual membership fees.

On the administrative expenses side, the full year impact of higher office rent which became effective in early 2007 appeared to have stabilised. The Society no longer incurred administrative expenses in relation to events and activities organised in mainland China after the establishment of ROs.

As the Society is a non-profit organisation, the level of surplus in FY2009 is still considered solid and healthy and should cause no concern. Members' General Fund (the "Fund") grew from HK\$7,264,222 to HK\$9,247,277, representing the surplus of the year and the unrealised gain from equity investment, details of which are discussed below.

To achieve stable returns for the Fund, the Society has made prudent investments in low risk debt securities in prior years. The Society started accumulating the Tracker Fund as long term investments when the Hang Seng Index fell below 15,000 points as a result of the stock market correction in the second half of 2008 because at this level the dividend yield of the Tracker Fund was attractive and the risk was within a tolerable range. In FY2009, the Society invested about HK\$1.35 million in the Tracker Fund. While the Society intends to hold the Tracker Fund as a long term investment, the investment recorded an unrealised gain of 39% from the date of investment to 30 June 2009. No further purchases in Tracker Fund have been made after the Hang Seng Index rebounded from the bottom and surged above 15,000 points. The Investment Committee will continue to monitor the asset allocation of the Fund.

As mentioned in last year's report, the CFA Institute has changed the system of providing fixed benefits

to each member society irrespective of size to one that depends on the number of members in the society. As Hong Kong is the fourth largest societies among the 136 CFA Institute societies, the changes resulted in more resources available to our members. On the other hand, the Society is still looking for opportunity to hire a full-time Executive Director or Chief Executive Officer. The Board will be wary of the long term financial commitment arising from this strategic move.

CORPORATE GOVERNANCE

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

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

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

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

Directors resign after a two-year term, but are eligible to offer themselves up for re-election.

The Board meets monthly on the first Monday of each month. Each director is required to report on his or her area of responsibilities, and any decision involving a commitment by the Society requires a majority vote of the Board in order to be executed.

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

Five-Year Summary

	2009	2008	2007	2006	2005
No. of Members	5,240	5,294	4,835	3,319	2,685
No. Continuing Education Programmes	34	44	34	25	17
No. of Membership Services Functions	12	21	27	17	10
Income	HK\$	HK\$	HK\$	HK\$	HK\$
Membership Fees	3,374,520.00	3,520,901.00	3,438,553.00	2,230,051.00	1,785,556.00
Surplus from Education & Programmes	163,409.00	222,765.00	293,628.00	407,115.00	216,880.00
Interest & Sundry Income	173,651.00	235,901.00	221,720.00	167,619.00	58,283.00
Other Revenue	826,627.00				
	4,538,207.00	3,979,567.00	3,953,901.00	2,804,785.00	2,060,719.00
Expenditure					
Administrative Expenses	2,473,474.00	2,400,293.00	1,716,088.00	1,400,141.00	1,344,674.00
Other operative expenses	607,678.00	416,943.00	222,571.00	224,521.00	278,279.00
Total Operating Expenses	3,081,152.00	2,817,236.00	1,938,659.00	1,624,662.00	1,622,953.00
SURPLUS FOR THE YEAR	1,457,055.00	1,162,331.00	2,015,242.00	1,180,123.00	437,766.00
ASSETS					
Total of Non-Current Assets	2,745,560.00	3,696,273.00	1,240,043.00	1,362,301.00	1,467,903.00
Total of Current Assets	7,072,251.00	4,217,775.00	6,801,988.00	4,006,572.00	1,630,860.00
Total of Current Liabilities	570,534.00	649,826.00	1,940,140.00	1,282,224.00	192,237.00
Total of Net Current Assets	6,501,717.00	3,567,949.00	4,861,848.00	2,724,348.00	1,438,623.00
Total of Net Assets	9,247,277.00	7,264,222.00	6,101,891.00	4,086,649.00	2,906,526.00
Total of Members' General Funds	9,247,277.00	7,264,222.00	6,101,891.00	4,086,649.00	2,906,526.00

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

The directors have pleasure in submitting their annual report together with the audited financial statements of the Society for the year ended 30 June 2009.

PRINCIPAL ACTIVITIES

The Society is an independent non-profit making organisation set up with its primary goal being to promote and raise standards in the practice of financial analysis in Hong Kong through the setting up of codes of conduct and educational programmes. The branch names of the Society are The Hong Kong Society of Financial Analysts (香港財經分析師學會) and HKSFSA (香港財經分析師學會).

The Society is a member society of the CFA Institute, a Virginia non-stock and not-for-profit corporation in the United States of America.

RESULTS

The results and cash flows of the Society for the year ended 30 June 2009 and the state of its affairs at that date are set out in the financial statements on pages 19 to 30.

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	Hak Kau LUNG, CFA	
Vice-president	Wai Kee JIM, CFA Man HO, CFA	
Secretary	Frederick Sui Cheong TSANG, CFA	
Treasurer	Sin Man TSANG, CFA Kwok Yuk TSANG, CFA	(resigned on 5 January 2009)
Members	Pui Leung LO, CFA Richard Kan Chong MAK, CFA Tom Chang WU, CFA Wallace Chong Keung WOO, CFA James Alexander SOUTAR, CFA Raymond Wai Pong YUEN, CFA Ashley Pui Wun KHOO, CFA May Kit Sum CHAN, CFA Yan Seen SOON, CFA Kwok Leung HO, CFA	(resigned on 5 January 2009) (resigned on 5 January 2009) (resigned on 5 January 2009) (resigned on 5 January 2009) (appointed on 5 January 2009) (appointed on 5 January 2009)

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. Hak Kau LUNG, Mr. Pui Leung LO, Mr. Frederick Sui Cheong TSANG, Mr. Wallace Chong Keung WOO, Ms. Ashley Pui Wun KHOO and Ms. May Kit Sum CHAN 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 had a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

AUDITORS

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

By order of the Board of Directors

President
Hong Kong, 14 October 2009

***INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
(incorporated in Hong Kong with limited liability by guarantee)***

We have audited the financial statements of The Hong Kong Society of Financial Analysts Limited (the "Society") set out on pages 19 to 30, which comprise the balance sheet as at 30 June 2009, and the income and expenditure account, statement of changes in members' general funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Society's affairs as at 30 June 2009 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, 14 October 2009

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009
(Expressed in Hong Kong dollars)

	Note	2009 HK\$	2008 HK\$
INCOME			
Membership fees	4	3,374,520	3,520,901
Surplus from candidate education	5	164,844	285,766
Surplus from continuing education	6	88,657	162,563
Deficit from social functions	7	(67,124)	(77,741)
Deficit from investment research challenge	8	(22,728)	(72,648)
GIPS standards, Hong Kong sponsor	9	(240)	(76,675)
Surplus from business valuation forum	10	-	1,500
		<u>3,537,929</u>	<u>3,743,666</u>
OTHER REVENUE			
Interest income	11	126,389	227,011
Gain on disposal of fixed assets		-	7,660
Sundry income		-	1,230
CFA Institute Level 1 Funding		788,580	-
CFA Institute Level 2 Funding		38,047	-
Dividend income		47,262	-
		<u>1,000,278</u>	<u>235,901</u>
		<u><u>4,538,207</u></u>	<u><u>3,979,567</u></u>
EXPENDITURE			
Administrative expenses			
Administrative fee		127,736	57,961
Depreciation	15	56,414	52,666
Electricity		13,614	13,951
Personnel costs	12	1,394,986	1,413,182
Rent, rates and building management fee		816,714	811,127
Telephone and internet		64,010	51,406
		<u>2,473,474</u>	<u>2,400,293</u>
Other operating expenses			
Advertising and promotion for public awareness		168,837	56,181
Audit fee		16,000	13,000
Bank charges		13,692	12,560
Business registration fee		1,350	3,946
Exchange loss		19,340	17,538
Insurance		15,162	14,033
Professional fees		9,085	8,880
Local traveling		94	900
Meeting expenses		47,149	10,171
Commission for online receipt		13,135	3,019
Overseas traveling		137,925	92,684
Postages, printing and stationery		135,706	165,509
Repairs and maintenance		10,450	13,300
Sundry expenses		19,753	5,222
		<u>607,678</u>	<u>416,943</u>
Total operating expenses		<u><u>3,081,152</u></u>	<u><u>2,817,236</u></u>
SURPLUS FOR THE YEAR		<u><u>1,457,055</u></u>	<u><u>1,162,331</u></u>

The notes on pages 21 to 28 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
BALANCE SHEET AS AT 30 JUNE 2009
(Expressed in Hong Kong dollars)

	Note	2009 HK\$	2008 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	15	49,027	80,636
Held-to-maturity financial assets	16	820,533	3,615,637
Available-for-sale financial assets	17	1,876,000	-
		<u>2,745,560</u>	<u>3,696,273</u>
Current assets			
Accounts and other receivables		513,388	341,978
Deposits and prepayments		222,080	219,086
Fixed deposits		788,606	1,760,463
Cash and bank balances		5,548,177	1,896,248
		<u>7,072,251</u>	<u>4,217,775</u>
Current liabilities			
Accounts payable and accruals		101,078	91,380
Temporary receipts		5,200	5,768
Receipts in advance		464,256	552,678
		<u>570,534</u>	<u>649,826</u>
Net current assets		<u>6,501,717</u>	<u>3,567,949</u>
NET ASSETS		<u>9,247,277</u> =====	<u>7,264,222</u> =====
REPRESENTED BY:-			
MEMBERS' GENERAL FUNDS		<u>9,247,277</u> =====	<u>7,264,222</u> =====



Hak Kau LUNG, CFA
President



Kwok Yuk TSANG, CFA
Treasurer

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
STATEMENT OF CHANGES IN MEMBERS' GENERAL FUNDS
FOR THE YEAR ENDED 30 JUNE 2009
(Expressed in Hong Kong dollars)

	Members' general funds HK\$	Investment revaluation reserve HK\$	Total HK\$
Balance at 1 July 2007	6,101,891	-	6,101,891
Surplus for the year	1,162,331	-	1,162,331
Balance at 30 June 2008	<u>7,264,222</u>	<u>-</u>	<u>7,264,222</u>
Surplus for the year	1,457,055	-	1,457,055
Fair value change on available-for-sale financial assets	-	526,000	526,000
Balance at 30 June 2009	<u>8,721,277</u> =====	<u>526,000</u> =====	<u>9,247,277</u> =====

The notes on pages 21 to 28 form part of these financial statements.

THE HONG KONG SOCIETY OF FINANCIAL ANALYSTS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009
(Expressed in Hong Kong dollars)

	2009 HK\$	2008 HK\$
Cash flows from operating activities		
Surplus for the year	1,457,055	1,162,331
Adjustments for :-		
Interest income	(126,389)	(227,011)
Depreciation	56,414	52,666
Gain on disposal of fixed assets	-	(7,660)
Dividend income	(47,262)	-
	1,339,818	980,326
(Increase)/decrease in accounts and other receivables	(171,410)	470,552
(Increase) in deposits and prepayments	(2,994)	(1,620)
Increase/(decrease) in accounts payable and accruals	9,698	(1,250,875)
(Decrease) in temporary receipts	(568)	(9,301)
(Decrease) in receipts in advance	(88,422)	(30,138)
	1,086,122	158,944
Cash flows from investing activities		
Sales proceeds from disposal of property, plant and equipment	-	10,980
Payments to acquire property, plant and equipment	(24,805)	(97,471)
Decrease/(increase) in held-to-maturity financial assets	2,795,104	(2,414,745)
(Increase) in available-for-sale financial assets	(1,350,000)	-
Decrease in fixed deposits matured over three months when acquired	500,000	-
Interest received	126,389	227,011
Dividend received	47,262	-
	2,093,950	(2,274,225)
Net cash generated from/(used in) investing activities		
	3,180,072	(2,115,281)
Increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of the year	3,156,711	5,271,992
	6,336,783	3,156,711
Cash and cash equivalents at end of the year	6,336,783	3,156,711
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	5,548,177	1,896,248
Fixed deposits matured within three months when acquired	788,606	1,260,463
	6,336,783	3,156,711

The notes on pages 21 to 28 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 2009
(Expressed in Hong Kong dollars)

1. SOCIETY INFORMATION

The Society is a company incorporated and domiciled in Hong Kong and is limited by guarantee with no share capital. Under the provision of the Society's memorandum of association, every member of the Society undertakes to contribute, if required, an amount not exceeding HK\$100 to the assets of the Society in the event of its being wound up. The registered office and principal place of business of the Society are located at Suite 1604, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong. The principal activities of the Society are to promote and raise standards in the practice of financial analysis in Hong Kong.

The maximum number of members which the Society has registered is 10,000. The number of members of the Society as at 30 June 2009 was 5,240 (2008 : 5,294).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to the income and expenditure account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an

increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

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

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

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

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

(b) 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 are classified as current assets. Any attributable transaction costs are recognised in the income and expenditure account as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in the income and expenditure account. The net gain or loss recognised in the income and expenditure account 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 securities. Held-to-maturity securities are stated in the balance sheet 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 balance sheet 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 each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised accumulated separately in equity in the 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 the income and expenditure account. Dividend income from these investments is recognised in the income and expenditure account 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 the income and expenditure account.

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 each balance sheet date to identify indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of an asset is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. An impairment loss is recognised in the income and expenditure account whenever the carrying amount of an asset exceeds its recoverable amount.

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

(d) Accounts and other receivables

Accounts and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment loss except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment loss.

(e) Accounts and other payables

Accounts and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(f) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in the income and expenditure account, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity.

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

(g) Recognition of income

Revenue is recognised when it is probable that the economic benefits will flow to the Society and when the revenue can be measured reliably on the following bases:-

- (i) Membership fee income is recognised on accrual basis when it is due.
- (ii) Income from programmes and functions is recognised when the programmes and functions are completed.
- (iii) Interest income is recognised on a time apportionment basis on the principal outstanding and at the applicable interest rate.

(h) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to mandatory provident fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the cost of non-monetary benefits are accrued in the year in which the

associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(i) Operating lease

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the income and expenditure account on the straight line basis over the lease terms.

(j) Provisions and contingencies

A provision is recognised when there is a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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 cash flow statement, 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.

4. 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 :

	2009 HK\$	2008 HK\$
Members' annual fee income	3,238,200	3,246,128
New members' joining fee income	146,265	292,534
Uncollected fees recovered	507	764
Less : Uncollected fees	(10,452)	(18,525)
	<u>3,374,520</u> =====	<u>3,520,901</u> =====

5. SURPLUS FROM CANDIDATE EDUCATION

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

	2009 HK\$	2008 HK\$
Sales of study materials and programme income	1,016,517	1,484,014
Less : Cost of study materials and programme expenses	(851,673)	(1,198,248)
	<u>164,844</u>	<u>285,766</u>
	=====	=====

6. 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.

	2009 HK\$	2008 HK\$
Programme income	387,526	884,940
Uncollected fees recovered	900	1,000
Less : Programme expenses	(293,959)	(718,927)
Uncollected fees	(5,810)	(4,450)
	<u>88,657</u>	<u>162,563</u>
	=====	=====

7. 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.

	2009 HK\$	2008 HK\$
Function income	90,440	243,640
Less : Function expenses	(157,564)	(321,381)
	<u>(67,124)</u>	<u>(77,741)</u>
	=====	=====

8. 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.

	2009 HK\$	2008 HK\$
Competition income	133,212	88,669
Less : Competition expenses	(155,940)	(161,317)
	<u>(22,728)</u>	<u>(72,648)</u>
	=====	=====

9. GIPS STANDARDS, HONG KONG SPONSOR

GIPS Standards, Hong Kong sponsor represents the amount of sponsoring for Global Investment Performance Standards by the Society.

	2009 HK\$	2008 HK\$
Sponsoring for Global Investment Performance Standards	(240)	(76,675)
	=====	=====

10. SURPLUS FROM BUSINESS VALUATION FORUM

Surplus from business valuation forum represents the income received and receivable from the forum, less the forum expenses incurred during the year.

	2009 HK\$	2008 HK\$
Forum income	-	1,500
Less : Forum expenses	-	-
	-----	-----
	-	1,500
	=====	=====

11. INTEREST INCOME

	2009 HK\$	2008 HK\$
Bank interest income	565	29,081
Interest on listed debt securities	85,368	111,678
Interest on fixed deposits	40,456	86,252
	-----	-----
	126,389	227,011
	=====	=====

12. PERSONNEL COSTS

	2009 HK\$	2008 HK\$
Salaries	1,321,677	1,320,265
Mandatory provident fund contributions	51,170	53,102
Staff welfare and allowances	22,139	39,815
	-----	-----
	1,394,986	1,413,182
	=====	=====

13. DIRECTORS' REMUNERATION

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

14. INCOME TAX

Profits tax has not been provided for in the financial statements as the directors consider that the Society's surplus for the year is exempted from profits tax under Section 24(2) of the Inland Revenue Ordinance. In view of such, no temporary timing differences existed at the balance sheet date 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 2008	303,792	509,692	813,484
Additions	-	24,805	24,805
	<u>303,792</u>	<u>534,497</u>	<u>838,289</u>
At 30 June 2009	303,792	534,497	838,289
Accumulated depreciation :-			
At 1 July 2008	296,265	436,583	732,848
Charge for the year	7,527	48,887	56,414
	<u>303,792</u>	<u>485,470</u>	<u>789,262</u>
At 30 June 2009	303,792	485,470	789,262
Net book value :-			
At 30 June 2009	-	49,027	49,027
	<u>7,527</u>	<u>73,109</u>	<u>80,636</u>
At 30 June 2008	7,527	73,109	80,636

16. HELD-TO-MATURITY FINANCIAL ASSETS

	2009 HK\$	2008 HK\$
Unlisted debt securities, at amortised cost	820,533	3,615,637
	<u>820,533</u>	<u>3,615,637</u>
At market value	835,078	3,578,761
	<u>835,078</u>	<u>3,578,761</u>

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2009 HK\$	2008 HK\$
Equity securities listed in Hong Kong, at market value	1,876,000	-
	<u>1,876,000</u>	<u>-</u>

18. LEASE COMMITMENTS

At 30 June 2009, the total future minimum lease payments under a non-cancellable operating lease of property is payable as follows :-

	2009 HK\$	2008 HK\$
Not later than one year	448,448	672,672
Later than one year but not later than five years	-	448,448
	<u>448,448</u> =====	<u>1,121,120</u> =====

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

20. CAPITAL MANAGEMENT

The capital structure of the Society consists of debt, cash and cash equivalents and members' general fund. The Society has no written capital risk management policies and guidelines and the Society manages its capital mainly to ensure the Society will be able to continue as a going concern through the optimisation of the debt and members' general fund balances. The Society's overall strategy has remained unchanged from 2008.

21. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform to the current year's presentation.

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 14 October 2009

MEMBERS OF THE BOARD OF DIRECTORS



From left to right:

*Patrick Ho
May Chan
Frederick Tsang
Wallace Woo
Ashley Khoo
Karl Lung
Elizabeth Soon
Jimmy Jim
Jacky Tsang
Charles Lo
Alvin Ho
Richard Mak*

President	Hak Kau LUNG, CFA
Vice-president	Wai Kee JIM, CFA Man HO, CFA
Secretary	Frederick Sui Cheong TSANG, CFA
Treasurer	Kwok Yuk TSANG, CFA
Members	Pui Leung LO, CFA Richard Kan Chong MAK, CFA Wallace Chong Keung WOO, CFA Ashley Pui Wun KHOO, CFA May Kit Sum CHAN, CFA Yan Seen SOON, CFA (appointed on 5 January 2009) Kwok Leung HO, CFA (appointed on 5 January 2009)

Board Meeting Attendance

July 2008 – June 2009

Board of Directors	8-Jul-08	4-Aug-08	8-Sep-08	13-Oct-08	3-Nov-08	8-Dec-08	17-Jan-09	2-Mar-08	14-Apr-09	11-May-09	9-Jun-09
Karl LUNG	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
May CHAN		Attended		Called in		Attended	Attended	Attended	Called in	Attended	Called in
Alvin HO		Called in	Attended	Attended	Attended	Attended	Attended				
Patrick HO	Appointed on 5-Jan-09						Attended	Attended	Attended	Attended	Attended
Jimmy JIM	Attended			Attended	Attended	Attended	Attended	Attended	Attended	Attended	Called in
Ashley KHOO		Attended		Attended	Attended		Attended	Attended	Attended	Attended	Attended
Charles LO	Attended	Attended	Attended	Attended	Attended	Attended		Attended	Attended	Attended	Attended
Richard MAK	Called in	Attended		Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Elizabeth SOON	Appointed on 5-Jan-09						Attended		Called in	Called in	
James SOUTAR							Resigned on 5-Jan-09				
Frederick TSANG	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Jacky TSANG			Attended		Attended	Attended	Attended	Attended	Attended	Attended	Attended
Pheona TSANG		Attended	Called in		Attended		Resigned on 5-Jan-09				
Wallace WOO	Attended	Attended	Attended	Attended	Attended	Called in	Attended	Called in	Attended	Called in	Attended
Tom WU	Called in	Called in	Called in	Called in	Called in		Resigned on 5-Jan-09				
Raymond YUEN	Attended	Called in		Called in	Attended		Resigned on 5-Jan-09				

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