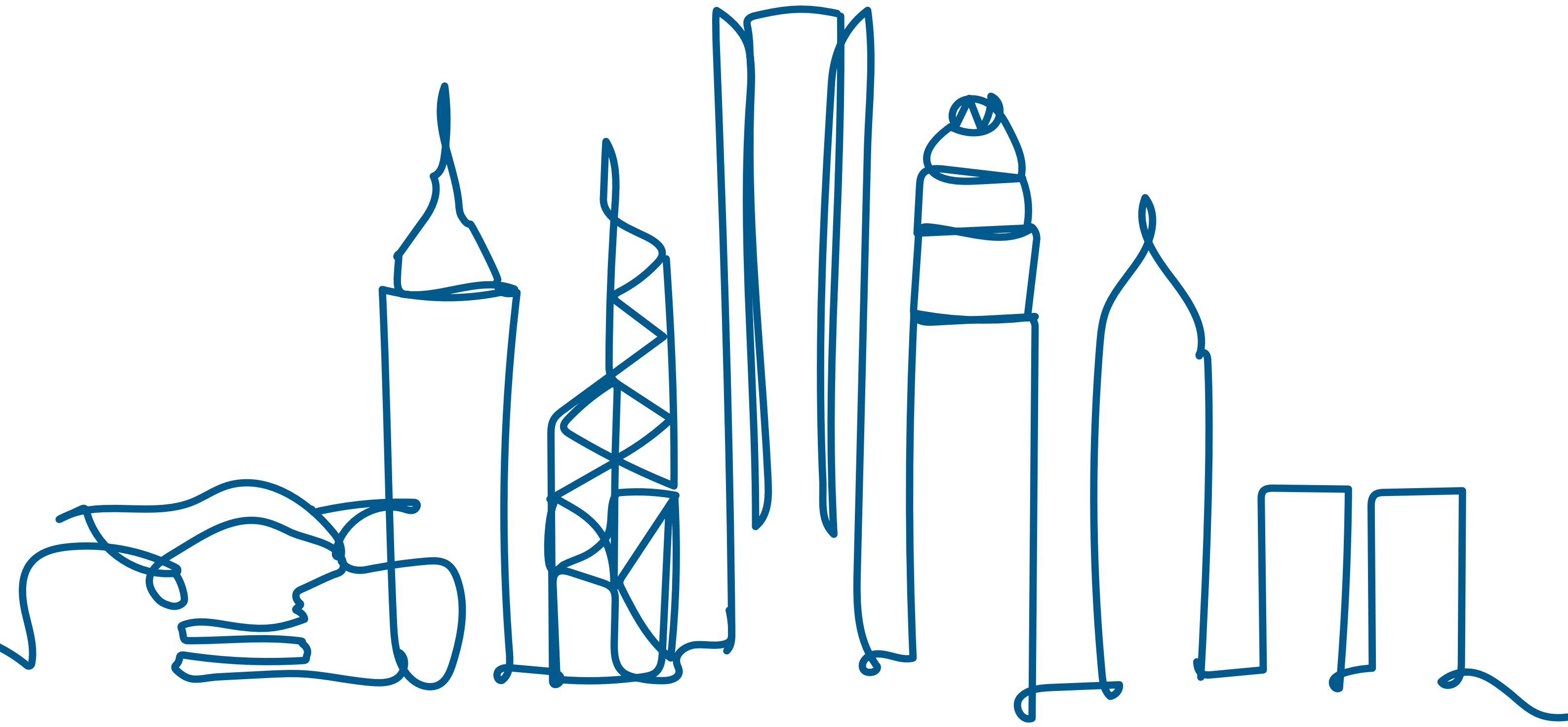
CHARTERED SECRETARIES
特許秘書

The Hong Kong Chartered Governance Institute
香港公司治理公會



Annual Report 2021

The Hong Kong Chartered Governance Institute 香港公司治理公會

(Incorporated in Hong Kong with limited liability by guarantee)

The Hong Kong Chartered Governance Institute (HKCGI, the Institute) – until 20 July 2021 known as The Hong Kong Institute of Chartered Secretaries – is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good governance policies, as well as the development of the profession of the Chartered Secretary and Chartered Governance Professional in Hong Kong and the mainland of China (the Mainland).

HKCGI was first established in 1949 as an association of Hong Kong members of The Chartered Governance Institute (CGI). In 1994 HKCGI became CGI's Hong Kong Division and, since 2005, has been CGI's China Division.

HKCGI is a founder member of Corporate Secretaries International Association (CSIA), which was established in March 2010 in Geneva, Switzerland. Relocated to Hong Kong in 2017, where it operates as a company limited by guarantee, CSIA aims to give a global voice to corporate secretaries and governance professionals.

HKCGI has over 6,600 members, and more than 300 graduates and 3,000 students.

For more information, please visit www.hkcgi.org.hk.

香港公司治理公会

(于香港注册成立的担保有限公司)

香港公司治理公会(公会) - 于2021年7月20日前，原称为香港特许秘书公会 - 是一个独立专业团体，一直致力于制定与执行良好公司治理政策，在中国香港以及内地提升会员所担当的角色，同时推动「特许秘书」和「公司治理师」专业的发展。

公会于1949年成立，最初为设立在英国伦敦的特许公司治理公会(CGI)的属会，于1994年成为CGI的香港分会，亦从2005年至今为CGI的中国属会。

公会亦是公司秘书国际联合会(CSIA) 的创会成员之一。CSIA 于2010年3月在瑞士日内瓦成立，于2017 年CSIA 迁移至香港，并以香港担保有限公司形式运作，在国际上代表全球公司秘书和治理专业人士发声。

公会现拥有超过6,600名会员，毕业学员300多名以及学员3,000多名。

更多资讯，请浏览www.hkcgi.org.hk。

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Report summary

The Hong Kong Chartered Governance Institute (HKCGI, the Institute) – known during the period under review as The Hong Kong Institute of Chartered Secretaries, with the new name taking effect on 20 July 2021 – is honoured to present its Annual Report 2021, covering the financial year from 1 July 2020 to 30 June 2021 (fiscal 2021). Figures for fiscal 2020 in this report refer to the period from 1 July 2019 to 30 June 2020. Financial results record the consolidated results of the Institute and its seven subsidiaries.

Who we are

The Institute is one of the foremost independent professional bodies dedicated to advancing good corporate governance and corporate secretaryship in Hong Kong and the Mainland. We supply the route to qualification for those looking to pursue or advance a career as a Chartered Secretary and Chartered Governance Professional, as well as offer professional development training programmes pertinent to the core areas of governance and company secretarial practice. Our activities centre on member and student services, advocacy, research and governance reform.

Membership growth

Our membership and studentship numbers remained relatively steady. As of 30 June 2021, we had 6,692 members (4% increase from the same point in 2020), 355 graduates (6% decrease from 2020) and 3,176 students (4% decline from 2020).

Financial performance

The Institute, together with its subsidiaries, is pleased to report that – having sustained an operating deficit in fiscal 2020 – this year we achieved an operating surplus of HK$2,556,174. This is indispensable to our effectiveness and safeguards our ability to attain our current and future strategic goals. Total income was HK$43,403,903 (10% increase from fiscal 2020), most of which comes from membership and studentship subscriptions, examination fees, and professional development and membership activities in Hong Kong and the Mainland. Income from subscriptions and fees was HK$20,183,456 (9% decrease from 2020), while income from continuing professional development (CPD) and other activities was HK$17,357,367 (14% increase from 2020). Total costs and expenses were HK$40,772,520 (1% increase from 2020).

Central areas of activity

The Institute's qualifying programme is widely acknowledged as an important path to the governance professional qualification in both Hong Kong and the Mainland. Our two Chartered Governance Qualifying Programme (CGQP) examination diets – in November 2020 and June 2021 – saw a total of 1,541 student enrolments, while our four master's degree programmes under the Institute's Collaborative Course Agreement attracted 248 new students.

We hosted 107 Enhanced CPD (ECPD) events in Hong Kong and the Mainland, attended by 24,245 individuals (up 3% from fiscal 2020), and 51 video-recorded CPD seminars, a 65% jump from the previous period, with 4,120 viewers. Our membership events in fiscal 2021 were also in great demand, with 37 physical and online events for 5,378 participants (26 and 2,203, respectively, in fiscal 2020).

In addition, the Institute issued three new research reports and 11 guidance notes, and made 11 written submissions to consultation papers in fiscal 2021, covering a broad spectrum of governance-related topics.

PROFESSIONAL DEVELOPMENT

Our continuing professional development work keeps our members' knowledge and skills up to date in all relevant areas of corporate governance, secretaryship and compliance.

ECPD events
107 (+4%)

ECPD participants
24,245 (+3%)

Viewers of video-recorded CPD seminars
4,120 (+7%)

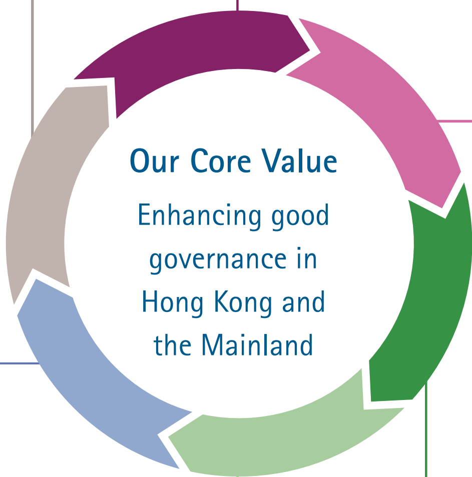
RESEARCH AND GOVERNANCE REFORM

Our research reports, thought leadership articles, consultation submissions, guidance notes and liaison work with regulators contribute to governance reform and regulatory policy formulation locally and internationally.

Research reports
3 (+50%)

Guidance notes
11 (+57%)

Panel meetings
10 (0%)



EDUCATION AND EXAMINATIONS*

Our Chartered Governance Qualifying Programme (CGQP) qualifies people as Chartered Secretaries and Chartered Governance Professionals via our CGQP examinations or postgraduate collaborative courses with local universities.

Students enrolled for the CGQP examinations
1,541 (+83%)

CGQP module enrolments
2,137 (+88%)

New students enrolled via collaborative courses
248 (–4%)

ADVOCACY

Our advocacy and promotion activities centre on our ongoing programmes that keep our members, graduates, students, other stakeholders and the wider public informed of pioneering governance issues.

Advocacy events
50 (+9%)

Participants at these events
4,722 (+96%)

Media interviews
2 (–60%)

DONATIONS

Our sponsorship funds to support education, research and thought leadership initiatives in corporate governance and secretaryship are channelled through The Hong Kong Chartered Governance Institute Foundation Limited.†

Donations raised
HK$451,103 (–53%)

Funds distributed
HK$523,400 (+68%)

Scholarships and subject prizes awarded
48 (–2%)

MEMBER, GRADUATE AND STUDENT SERVICES

Our study materials, extracurricular activities and networking opportunities assist our members, graduates and students to develop the professional and soft skills they need to succeed in their careers.

Membership events
37 (+42%)

Participants at these events
5,378 (+144%)

Mentees joining our Governance Professional Mentorship Programme
99 (+10%)

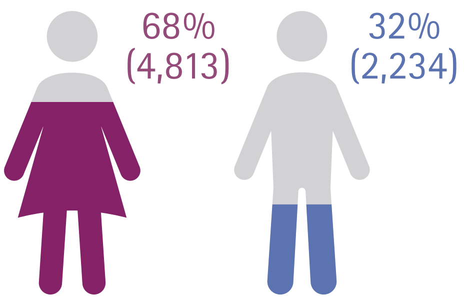
Note: Percentages in parenthesis refer to the comparison between this financial year and the previous financial year.

**Percentage change figures reflect the fact that only one examination diet, for the International Qualifying Scheme, was held in fiscal 2020 (the June 2020 diet was cancelled due to Covid-19), compared with two Chartered Governance Qualifying Programme (CGQP) diets in fiscal 2021.*

†The Foundation was previously known as The Hong Kong Institute of Chartered Secretaries Foundation Limited (name change effective from 31 August 2021).

MEMBERSHIP & GRADUATESHIP PROFILE (as at 30 June 2021)

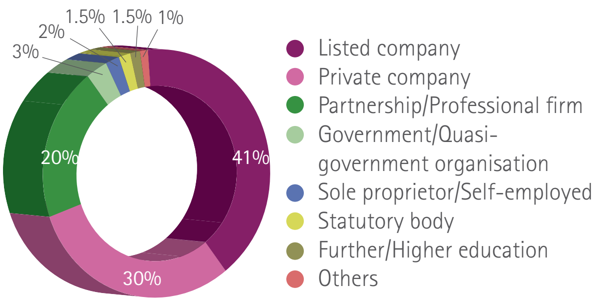
7,047 members and graduates



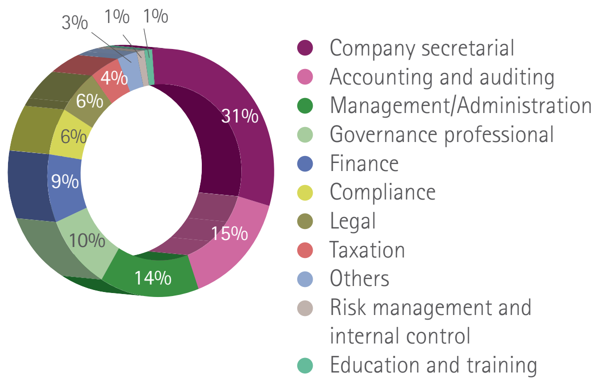
AGE

> 70	3% (224)
60–69	10% (681)
50–59	30% (2,143)
40–49	27% (1,877)
30–39	27% (1,874)
< 30	3% (248)

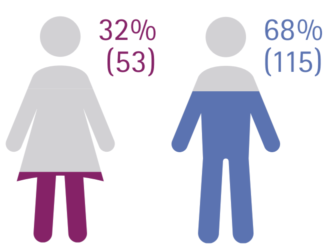
Type of employer organisation

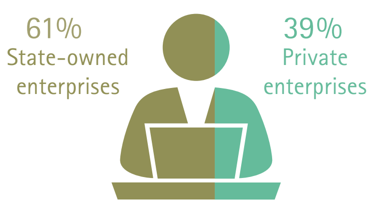


Area of activity of current job



168 Affiliated Persons

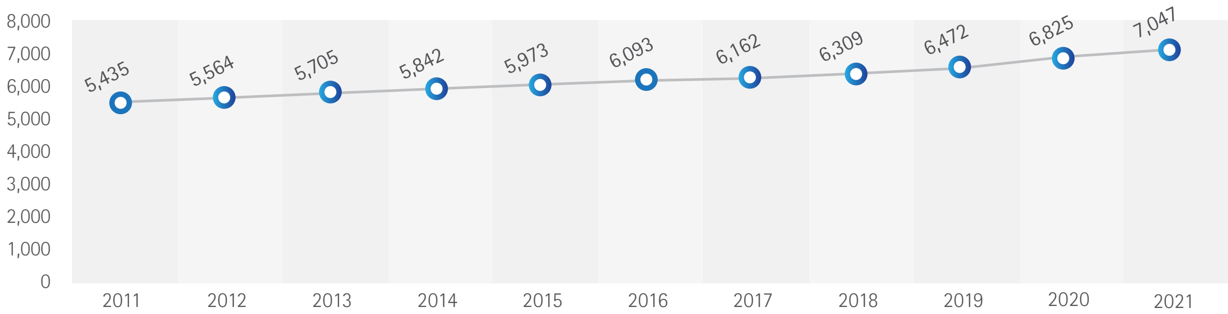




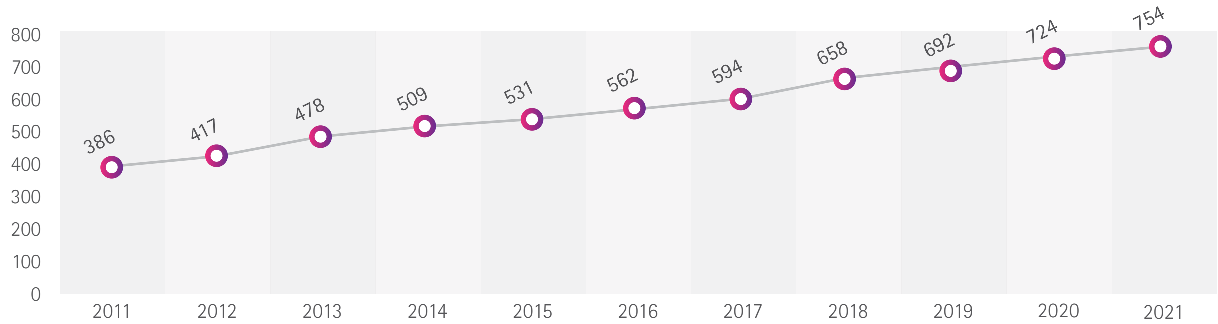
AGE

> 70	0% (0)
60–69	0.5% (1)
50–59	31% (53)
40–49	48% (80)
30–39	20% (33)
< 30	0.5% (1)

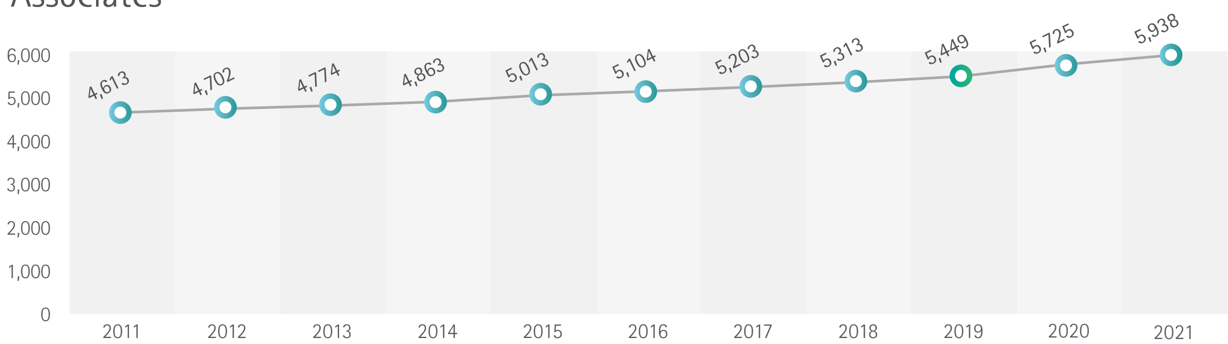
Members and graduates growth



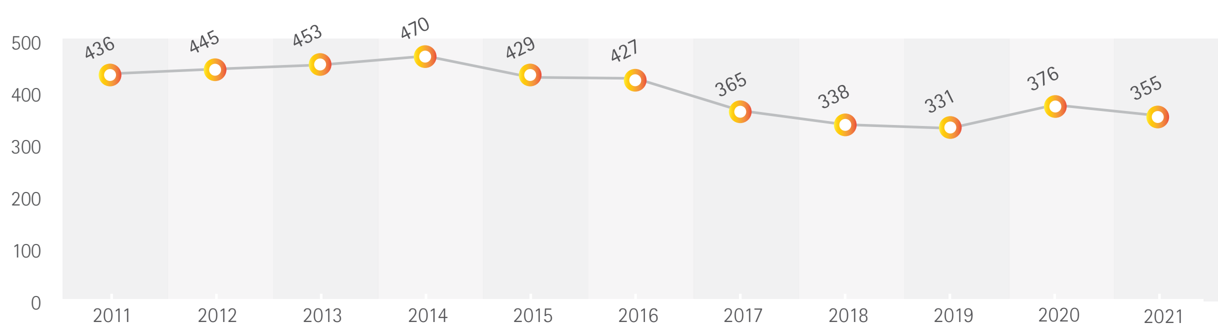
Fellows



Associates



Graduates



President's report

A new chapter

Welcome to our Annual Report 2021. The external environment during the 12-month period covered by this report remained challenging. The main story was the need to adapt to the ongoing Covid-19 pandemic, but that was by no means the only story. The year also saw a further acceleration of other transformative trends, including technological disruption, the increasing urgency of environmental threats (in particular relating to climate change mitigation and adaptation) and further tensions in the global political environment.

Our Institute and members are continuing to adapt to these trends. This adaptation has been both at a practical level, such as through the switch to virtual board meetings and hybrid shareholder meetings, but also at a higher level in terms of the rethinking and repositioning that has been necessary to ensure we stay part of the solution when confronting the challenges facing the organisations we serve, as well as our profession and the community at large.

"we are starting a new chapter in our professional lives, one in which the long-term purpose and values of our profession will be better understood both inside and outside the profession"

In this context, I would like to focus my annual report message on the progress our Institute has made in fiscal 2021 towards its strategic goals and to sketch out the likely direction of travel for our Institute and profession in the years ahead.

Earning our new name

The new name of our Institute – The Hong Kong Chartered Governance Institute 香港公司治理公會 (HKCGI) became effective just after the close of the reporting period for this annual report, on 20 July 2021, but the work that went into making the name change a reality was a major focus in fiscal 2021. Our Chief Executive, Ellie Pang, who assumed leadership of this project after taking up her role in November 2020, will fill you in on the details of the work. Here, I would like to highlight the strategic implications of the name change for our profession.

Our new name is the latest milestone in a long process of transition for our Institute during which we have been diversifying our membership and broadening our mission to become a leading organisation in the promotion of good governance internationally. It is a very significant milestone for two main reasons. Firstly, it aligns our members with their wider identity as governance professionals and also aligns our Institute more fully with our international body, The Chartered Governance Institute (CGI), and its other divisions around the world. Secondly, the name change will be hugely beneficial in the years ahead in terms of helping us communicate externally what we do and what we stand for. Our new name is not a talisman that will magically guarantee our status as the go-to experts in governance – that is something we need to earn through our expertise and experience. Nevertheless, we are starting a new chapter in our professional lives, one in which the long-term purpose and values of our profession will be better understood both inside and outside the profession.

Thought leadership

Two key themes dominated our thought leadership initiatives in 2021 – board diversity and the shift towards a stakeholder-responsive and purposeful approach to governance. Our Institute has taken an active stance on these issues as they involve fundamental principles of the governance profession. In the case of board diversity, we are calling for Hong Kong's Corporate Governance Code to be amended to include a 30% voluntary target for women on boards, with a six-year transition period, subject to a 'comply or explain' disclosure regime.

Regarding purposeful governance, companies today have greater accountability for many environmental and social (ES) issues that, under the shareholder primacy

approach, were regarded as incidental to the purpose of the corporation. Since our first webinar on this topic in October 2020, our Institute has been promoting the competitive advantages of having an effective stakeholder engagement process and an organisational culture that seeks to harmonise commercial success with the wider ES responsibilities that come with this new licence to operate.

Extending our reach

The year under review has also seen considerable progress in another area of our work – developing our presence, membership and services in the Mainland. Working with our colleagues at the Institute's Beijing Representative Office, we have come up with a strategic development plan to cover the years 2021 to 2023, with the objective of becoming one of the Mainland's paramount corporate governance professional bodies by 2030, and to further advance good governance principles and practices.

In line with this strategic direction, and our overall efforts to extend our reach into the wider community of governance stakeholders, our Mainland China Technical Consultation Panel expanded its membership base beyond board secretaries to include company directors and supervisors. Additionally, we strengthened the functions of our five Regional Board Secretary Panels, enabling them to organise their own professional events and local promotional activities, as well as to liaise with regulators and peer institutions on behalf of the Institute.

"our new name is not a talisman that will magically guarantee our status as the go-to experts in governance – that is something we need to earn through our expertise and experience"

Embracing technological change

In the wake of two tumultuous years of the Covid-19 pandemic, and in the midst of a tech transformation that has been dubbed the 'fourth industrial revolution', there can be no doubt that adaptability will be a principal factor in determining which organisations are fit for purpose in the emerging environment.

I am pleased to report that this is one of the survival skills our Institute has continued to demonstrate during fiscal 2021. The majority of our events, training sessions and seminars were moved to online or hybrid mode in fiscal 2020, and we learned valuable lessons in how to maximise the benefit from these modes of delivery. That process carried on in fiscal 2021 with both our 12th Corporate Governance Conference (CGC), in September 2020, and our 22nd Annual Corporate and Regulatory Update, in June 2021, being held in hybrid mode.

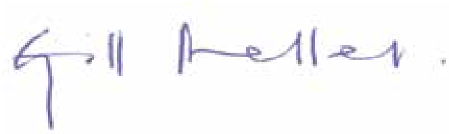
Adopting a hybrid format for these events provided the acid test for its applicability to large-scale flagship forums of this kind. Indeed, this was the first time one of our biennial CGCs has been held in hybrid mode. Our CGC 2020 was 'hybrid' in the sense that, while participants joined the forum online, most of the speakers and panellists were present at the conference venue with the appropriate Covid-19 precautionary measures in place. This mode enabled us to retain the benefit of wider access to the forum without losing those unscripted, impromptu exchanges that are the lifeblood of the Institute's CGCs, but which really require the speakers and panellists to be gathered around the same table.

In closing

Covid-19 and the many other challenges I have outlined above are not going to disappear over the horizon any time soon, but I think there are grounds for guarded optimism about the road ahead. The demand for governance professionals is still intensifying and our Institute, under its new HKCGI banner, is now better placed to gain recognition as one of the world's leading bodies dedicated to training and qualifying Chartered Secretaries and Chartered Governance Professionals.

On the financial front, the forecast is also good. Having suffered an operating deficit in fiscal 2020 – largely attributable to reduced revenue from seminars, activities and events – this year we recorded an operating surplus of HK$2,556,174. This was thanks to a variety of factors. As we were able to hold two Chartered Governance Qualifying Programme examination diets in fiscal 2021, the number of students enrolled in examinations was far higher than last year, while participants at our ECPD and other professional development events also increased. Both our membership and our advocacy events, held this year mainly in webinar format, also attracted many more participants than in the previous fiscal year.

Before I go, I would like to thank everyone involved in our Institute's work in fiscal 2021. This includes our Secretariat, members, graduates and students, as well as our many stakeholders in the wider community. We can all be proud of our achievements this year and I look forward to working with you all in taking forward our Institute's objectives in the year ahead.



Gillian E Meller FCG FCS(PE)
President
The Hong Kong Chartered Governance Institute
3 November 2021

Chief Executive's report

Rising to the challenge

I am delighted to present my report as Chief Executive for the Institute's Annual Report 2021, my first since taking on the position in November 2020.

Name change initiative

As our President, Gillian Meller FCG FCS(PE), has already mentioned, one of the major events of our year was the successful conclusion of our name change initiative, which resulted in the adoption of our new name, The Hong Kong Chartered Governance Institute 香港公司治理公會 (HKCGI). This is an exciting development for our Institute and I would like to join Gillian in extending my thanks to everyone who made this possible.

The name change initiative was a major focus of our work in fiscal 2021. To rally support for this, we held two focus group meetings in March 2021 and four online forums in April 2021, one of which was for students. These six sessions were attended by a total of 1,305 individuals.

At the hybrid general meeting held on 15 July 2021, nearly 600 members voted, of whom approximately 89% were in favour of the name change, which officially took effect on 20 July 2021. This positive outcome does not mean the end of our work in this arena, of course. We are currently forging ahead with our rebranding exercise to better articulate our brand, vision and long-term purpose and values, as well as with our website

"one of [Covid-19's] most valuable legacies for our Institute and members is the agility we have learned in adapting to vastly changed circumstances" revamp to ensure that it functions optimally as a primary platform for us to communicate with our members, graduates, students and stakeholders.

Resuming full operations

As Gillian has noted, our Institute has continued to adapt to the 'new normal' during Covid-19. This has primarily involved making full use of the technology at our disposal to carry on providing top-quality services for our members, graduates and students.

Implementing our new qualifying programme

Our Chartered Governance Qualifying Programme (CGQP) replaced our International Qualifying Scheme (IQS) in January 2020. The CGQP updated and expanded the IQS to better reflect the training needs of governance professionals. Disappointingly, because of Covid-19, we – along with several other divisions of our international body The Chartered Governance Institute – decided to postpone the inaugural CGQP examination diet scheduled for June 2020. However, we held the first two CGQP examination diets in fiscal 2021 – in November 2020 and June 2021 – in physical mode, with extra precautions in place for the welfare of our students, according to plan. Most of the preparatory sessions and materials prior to the examinations were made available online.

A total of 1,410 students enrolled for the CGQP examinations in Hong Kong, and 131 in the Mainland. In addition, 443 students attained graduate status this year, thus being eligible for membership and the dual Chartered Secretary and Chartered Governance Professional (CS/CGP) designation.

Maintaining and expanding our services

Having already shifted the majority of our ECPD seminars to webinar format in fiscal 2020, this year the number of both events and participants increased slightly, by 4% and 3%, respectively. In contrast, the number of video-recorded CPD seminars (previously known as online CPD seminars) offered by the Institute leapt by 65% from the previous fiscal year, with a 7% gain in viewer numbers.

Our Company Secretarial Practical Training series saw a significant rise in the number of participants, to 4,786 (up 43%), at 20 sessions (13 in fiscal 2020). We also offered more webinars specifically on governance, risk and compliance – 19 sessions attended by 3,901 people, compared with 12 sessions for 2,542 individuals in fiscal 2020 – while 1,363 people took part in our four webinars focusing on anti–money laundering and counter–financing of terrorism, up 58%. Other professional development offerings, such as those related to Mainland trends, also attracted greater interest.

Looking beyond professional development, fiscal 2021 saw a similar expansion in our other services for members, graduates, students and stakeholders. Membership events rose 42% from the previous fiscal year, while participant numbers skyrocketed by 144%. We also enjoyed a record-high number of both mentors and mentees joining our Governance Professional Mentorship Programme (52 mentors and 99 mentees, up 13% and 10%, respectively), and launched our very popular Fireside Chat Series for members to share their experiences in an informal and relaxed online setting.

The fact that we have not just maintained but actively expanded our services during the pandemic is not due only to technology, however. Switching to online formats for our events has certainly enabled us to widen access, but, as you might expect, this also has its drawbacks – the difficulty of verifying attendance, for example. But Covid-19 has also required changes to mindsets. Going forward, I think one of its most valuable legacies for our Institute and members is the agility we have learned in adapting to vastly changed circumstances.

Advocating for good governance

In fiscal 2021, we enhanced our commitment to advocating for good governance and worked closely "we are better positioned now than we have ever been to realise the goals of our profession"

with government and regulatory bodies, as well as other related organisations and individuals both at home and abroad.

The Institute is naturally proud of its thought leadership in shaping the governance debate. In this connection, in one of our three research reports this year, we raised concerns relating to Hong Kong being a laggard in terms of gender diversity – a situation that has progressed little since our study in 2012. We highlighted the inadequate representation of women on the boards of listed companies and provided a call to regulatory action to redress the gender imbalance, which is indicative of the broader issue of lack of diversity in general and of groupthink susceptibility within organisations. Our other reports were a joint survey with KPMG China on enterprise risk management and a regulatory update for Hong Kong listed companies with Clifford Chance LLP. We also published 11 guidance notes and made 11 submissions on regulatory and policy reforms.

To inspire more young people to consider a career in governance, we organised 22 online professional seminars, information sessions and career talks during fiscal 2021, in cooperation with local universities and institutions. We also doubled the number of online Governance Professionals Information Sessions held this year to six, drawing a total of 649 participants (up 129%), as one means of informing the general public about the purpose and possibilities of our profession.

Strengthening our presence in the Mainland

Our activities and influence in the Mainland intensified in fiscal 2021. Our membership numbers increased by 19%, while the number of ECPD events and participants both reached record-high figures. The number of non–Affiliated Persons attending our ECPD events also rose, to 81% of total participants (72% in fiscal 2020), demonstrating our growing reputation amongst an expanding group of professional practitioners, directors and senior managers in the Mainland.

Equally, we reinforced our advocacy and governance reform work this year, exemplifying our good working relationship with Mainland regulators, corporations and stakeholders.

Get involved

Fiscal 2021 has not been the easiest of years to navigate for our Institute and members, but I hope to have shown above that we have been able to sustain the momentum of our work. I would like to take this opportunity to thank all our members, graduates, students and stakeholders, as well as our Secretariat staff, for the hard work and commitment that has enabled us to adapt to, and even benefit from, the challenges we experienced during the year.

The situation is still evolving and there is a lot of work ahead of us, but we are better positioned now than we have ever been to realise the goals of our profession. I would urge all of our members to get involved in our work. Good governance will be a crucial part of the solution to the many challenges facing our world, and we have a key, and much better recognised, role as the guardians of governance in the organisations we serve and the community at large.

Ellie KL Pang
Chief Executive
The Hong Kong Chartered Governance Institute
3 November 2021

Council's report

The Council is pleased to present its report, as well as the audited financial statements for the year ended 30 June 2021.

Principal activities

The principal activity of the Institute is to promote and advance secretaryship and leadership in the effective governance and efficient administration of commerce, industry and public affairs through the continued development of the study and practice of governance, which also encompasses regulatory compliance and risk management, as well as the general direction and administration of companies and other bodies. The principal activities and other particulars of the Institute's subsidiaries are described in Note 1 to the financial statements.

Governance structure

Council is our primary governance body, whose work is supported by five committees, namely the Education, Membership, Professional Development, Audit and Nomination committees. The Human Resources Committee was disbanded in December 2020, and its functions were transferred to the President and Chief Executive of the Institute.

Various working groups, which report directly to Council, also assist Council in Hong Kong and the Mainland. Execution of the strategies set by Council is the responsibility of the Secretariat, headed by our new Chief Executive Ellie Pang, who took up the baton from Samantha Suen FCG FCS on 18 November 2020.

The governance structure of Council, its committees and the Secretariat as at 30 June 2021 is set out on pages 16 and 17 of this annual report.

Council disclosures

Council and other directorships

Membership of our Council for the financial year under review is presented on pages 14 and 15 of this report. The directors or Council members of the Institute's subsidiaries included in the consolidated financial statements during the year and up to the date of this report are also specified on pages 14 and 15. In addition, Ellie Pang is a director or Council member of the seven subsidiaries.

Election to the 2022 Council

Towards the end of calendar year 2021, the following Council members will retire pursuant to Article 54.1 of the Institute's Articles of Association: Ernest CH Lee FCG FCS(PE), Loretta WM Chan FCG FCS, Professor CK Low FCG FCS, Natalia KM Seng FCG FCS(PE), Xie Bing FCG FCS and Wendy WY Yung FCG FCS. Being eligible, Professor Low and Mr Xie have offered themselves for re-election for a second term of three years at the Annual General Meeting (AGM) to be held on 15 December 2021.

In accordance with Article 54.4, under which no elected member of Council holding office as of 30 August 2005 can serve on the Council for longer than a maximum term of 18 years, Mrs Seng – who has already served 16 years – has offered herself for re-election for another term of two years. In addition, Mr Lee, being eligible in his capacity as Vice-President to hold office in Council for a third term pursuant to Article 54.2, has offered himself for re-election for a further term of three years at the 2021 AGM.

Ms Chan, who will have completed her first term of Council membership by the end of 2021, has decided not to offer herself for re-election and will retire from Council. Ms Yung, who will have completed her second term of Council membership by the end of 2021, shall cease holding office for at least one year before seeking election for any further term and will therefore retire from Council pursuant to Article 54.2. Council wishes to record its appreciation of the valuable contribution made by both Ms Chan and Ms Yung to the Institute during their period of service.

At the close of the nomination date, in addition to the four retiring Council members mentioned above, five other candidates – Professor Alan KM Au FCG FCS, Dr Gao Wei FCG FCS(PE), Luo Nan FCG FCS, Calvin SF Tang FCG FCS and Edmund CS Wong FCG FCS – have been nominated for election to the 2022 Council. As the number of candidates exceeds the number of vacancies, the election shall be conducted by postal ballot. Biographical information on the candidates, along with other documentation relating to the 2021 AGM, is available on the Institute's website.

Interest of Council members

No member of Council was appointed to any salaried office of the Institute or any office of the Institute paid by fees, and no remuneration was given by the Institute to any member of Council. All Council members have completed an annual declaration of interest form.

Related-party transactions

Details of the significant related-party transactions undertaken in the normal course of business are provided in Note 24 to the financial statements.

Donations

Total donations made by the Institute for charitable and other purposes during the financial year under review amounted to HK$349,493.

Business review

The Institute is pleased to report that it has accrued a consolidated operating surplus of HK$2,556,174 for the year ended 30 June 2021. A fair review of the Institute's business and particulars of significant events affecting the Institute during the reporting period are provided in the performance review (pages 18 to 31). An overview of the major events of the year and an indication of the potential future development of the Institute's business is provided in the President's report (pages 6 to 8) and Chief Executive's report (pages 9 to 11). A description of the principal risks facing the Institute can be found in the key risks and challenges section (pages 32 to 33). A discussion of the Institute's environmental policies and performance, as well as an account of the Institute's key relationships with its employees, is provided in the corporate social responsibility report (pages 34 to 36).

Non-current assets

Details of movements of property, plant and equipment are included in Note 14 to the financial statements.

Permitted indemnity

A permitted indemnity provision, as defined under section 469 of the Companies Ordinance (Cap 622), for the benefit of the Institute's Council members was in force throughout the fiscal year.

Auditors

The financial statements for this fiscal year have been audited by BDO Limited, who will retire and, being eligible, will seek reappointment at the Institute's 2021 AGM.

By order of the Council

Gillian E Meller FCG FCS(PE)
President
Hong Kong, 3 November 2021

COUNCIL (1 July 2020 to 30 June 2021)

Title	Name	Post-nominal#	Gender	Total years of service in Council as of 31 Dec 2021
President	Gillian E Meller[1, 2, 3, 5, 6, 7]	FCG FCS	F	5
Vice-President	David J Simmonds[1, 2, 3, 5, 6, 7]	FCG FCS	M	4
Vice-President	Ernest CH Lee[1, 2, 3, 4, 5, 6, 7] (appointed Vice-President from 1 January 2021)	FCG FCS	M	6
Vice-President	Paul A Stafford[1, 2, 3, 5, 6, 7] (newly elected from 1 January 2021)	FCG FCS	M	5
Treasurer	Daniel WS Chow[1, 2, 3, 5, 6, 7] (appointed Treasurer from 1 January 2021)	FCG FCS(PE)	M	2
Council member	Loretta WM Chan	FCG FCS	F	3
Council member	Tom SL Chau (newly elected from 1 January 2021)	FCG FCS	M	1
Council member	Edmond MK Chiu	FCG FCS(PE)	M	2
Council member	Wendy WT Ho	FCG FCS(PE)	F	2
Council member	Stella SM Lo	FCG FCS(PE)	F	5
Council member	Professor CK Low	FCG FCS	M	3
Council member	Natalia KM Seng[4]	FCG FCS(PE)	F	19 (16 years as elected Council member & 3 years as ex-officio member)
Council member	Bill WM Wang (newly elected from1 January 2021)	FCG FCS	M	1
Council member	Xie Bing	FCG FCS	M	3
Council member	Wendy WY Yung	FCG FCS	F	6
Ex-officio member and Past President	David YH Fu	FCG FCS(PE)	M	8 (6 years as elected Council member & 2 years as ex-officio member)
Vice-President	Dr Gao Wei* (retired from Council from 1 January 2021)	FCG FCS(PE)	M	–
Vice-President	Dr Eva YW Chan† (retired from Council from 1 January 2021)	FCG FCS(PE)	F	–
Council member	Arthur K Lee (retired from Council from 1 January 2021)	FCG FCS	M	–
Ex-officio member and Past President	Ivan KW Tam[4, ‡] (retired from Council from 1 January 2021)	FCG FCS	M	–

Numerals indicate that the relevant Council member was also a Council member and/or a director of the following subsidiary(ies) during the period of this report:

1. Council member of The Hong Kong Institute of Chartered Secretaries Foundation Limited§
2. Council member of The Hong Kong Institute of Company Secretaries Limited
3. Director of The Hong Kong Institute of Chartered Secretaries (China) Limited
4. Director of 思治企业咨询（北京）有限公司 (HKICS Consulting (Beijing) Limited), a wholly foreign owned enterprise in Beijing
5. Director of The Institute of Chartered Secretaries and Governance Professionals Limited
6. Director of The Hong Kong Chartered Governance Institute Limited¶
7. Director of The Chartered Governance Institute of Hong Kong Limited

Attendance at Council meetings for 2020/2021	Skill set, expertise and experience
9/9	Corporate Governance/Legal/Company Secretarial
7/9	Corporate Governance/Legal/Company Secretarial
9/9	Corporate Governance/Accounting & Finance/Company Secretarial
3/4	Corporate Governance/Company Secretarial
9/9	Corporate Governance/Accounting & Finance/Company Secretarial
9/9	Corporate Governance/Legal/Company Secretarial
3/4	Corporate Governance/Legal/Company Secretarial
9/9	Corporate Governance/Company Secretarial
9/9	Corporate Governance/Company Secretarial
9/9	Corporate Governance/Corporate Communications/Company Secretarial
7/9	Corporate Governance/Legal/Academic Research/Education
8/9	Corporate Governance/Company Secretarial
4/4	Corporate Governance/Legal/Company Secretarial
1/9	Corporate Governance/Finance/Company Secretarial
9/9	Corporate Governance/Accounting & Finance/Legal/Company Secretarial
9/9	Corporate Governance/Accounting & Finance/Company Secretarial
0/5	Corporate Governance/Legal/Company Secretarial
5/5	Corporate Governance/Accounting & Finance/Investor Relations/Company Secretarial
2/5	Corporate Governance/Accounting & Finance/Company Secretarial
4/5	Corporate Governance/Legal/Company Secretarial

* Dr Gao Wei ceased to be a Council member and/or director of companies numbered 1 and 2 from 1 January 2021.

† Dr Eva YW Chan ceased to be a Council member and/or director of companies numbered 1, 2, 3, 4, 5, 6 and 7 from 1 January 2021.

‡ Ivan KW Tam ceased to be a Council member and/or director of company numbered 1 from 1 January 2021.

§ The name of this subsidiary was changed to The Hong Kong Chartered Governance Institute Foundation Limited, as of 31 August 2021.

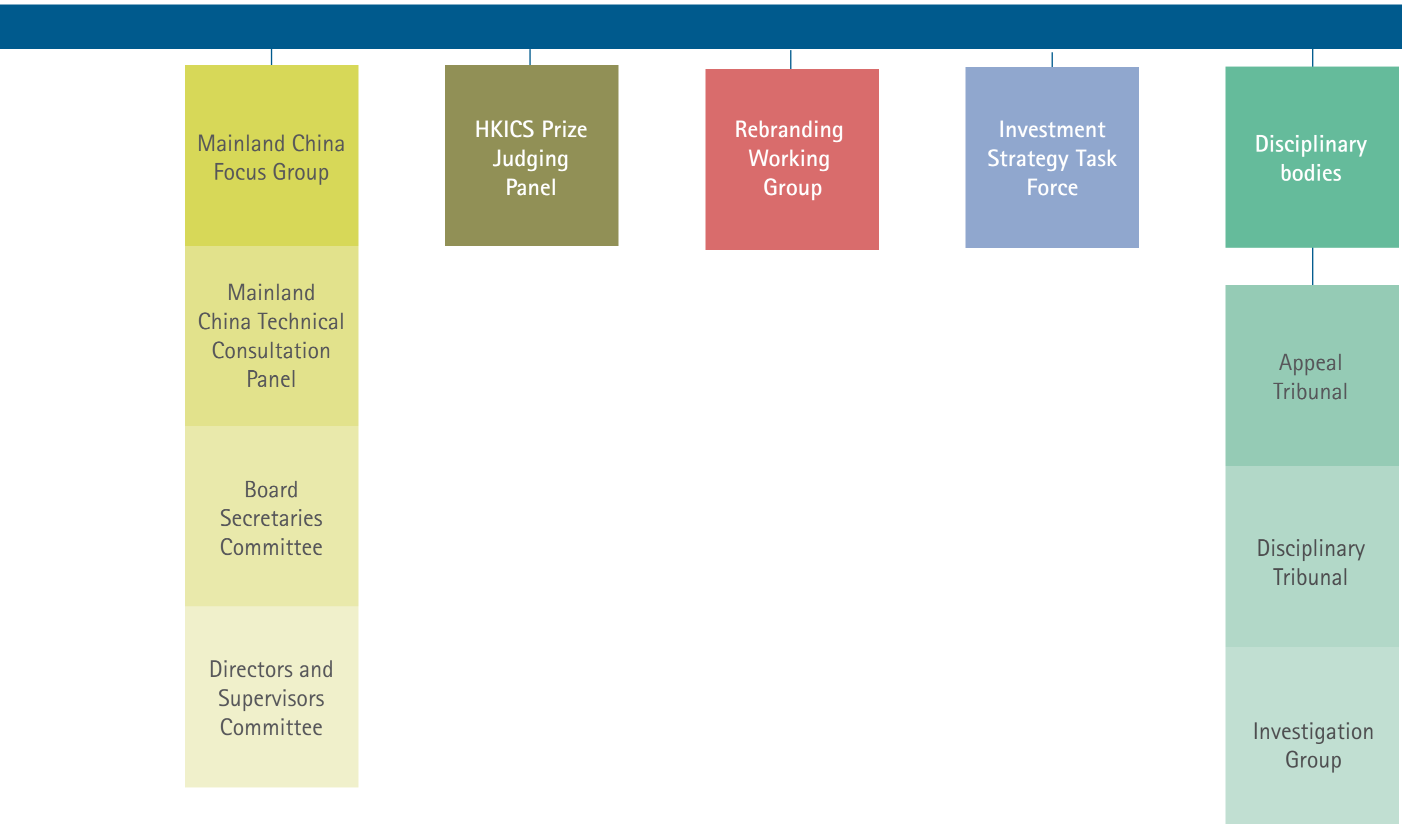
¶ The name of this subsidiary was changed to The Hong Kong Institute of Chartered Secretaries Limited, as of 20 July 2021.

Post-nominals shown in the table above are those in use during the year under review.

GOVERNANCE STRUCTURE (as at 30 June 2021)

Council

- **Education Committee**
  - Academic Advisory Panel
  - Assessment Review Panel
  - Qualification Development Panel
- **Membership Committee**
  - Special Entry Scheme Interview Panel
  - Community Service Core Group
- **Professional Development Committee**
  - Company Secretaries Panel
  - Professional Services Panel
  - Technical Consultation Panel and seven Interest Groups
  - Editorial Board
  - AML/CFT Work Group
- **Nomination Committee**
- **Audit Committee**


Mainland China Focus Group
Mainland China Technical Consultation Panel
Board Secretaries Committee
Directors and Supervisors Committee
HKICS Prize Judging Panel
Rebranding Working Group
Investment Strategy Task Force
Disciplinary bodies
Appeal Tribunal
Disciplinary Tribunal
Investigation Group


Secretariat
Chief Executive
Education and Examinations Department
Beijing Office
Finance and Accounting Department
Marketing Department
IT Department
Company Secretarial Department
Research and Professional Development Department
Membership Department

Performance review

Education and examinations

As at 30 June 2021, a total of 3,176 students in Hong Kong and the Mainland were registered with the Institute, of whom 703 were new students.

Chartered Governance Qualifying Programme

In fiscal 2021, a total of 1,541 students in Hong Kong, the Mainland and overseas enrolled for our new Chartered Governance Qualifying Programme (CGQP) examinations, held in November 2020 and June 2021, constituting 2,137 module enrolments. In all, 36 students gained Distinction or Merit grades in the November diet, and 33 in June.

A total of 443 students attained graduate status during the year – 61 from the successful completion of the CGQP examinations in November 2020 and 48 from June 2021, as well as 334 collaborative course graduates granted full exemptions. A total of 457 CGQP exemption applications were approved this year, covering 1,049 modules.

The CGQP was launched in January 2020 to replace the International Qualifying Scheme (IQS), with plans to hold its inaugural examination diet in June 2020. Unfortunately, that had to be cancelled due to Covid-19. The Institute conducted a survey in July 2020 on options for future examinations, including holding them online. This generated 626 responses from 3,311 students (19%), with over 330 additional comments, indicating that online examinations were not yet considered viable in Hong Kong or the Mainland. As a result, the Institute continued to hold its examinations in the customary physical mode.

During the November 2020 diet, the Institute implemented a series of precautionary measures to safeguard the well-being of students and to ensure the examinations could be run safely in the usual face-to-face format. Additional examination centres in Guangzhou, Taiwan and Sydney were made available for students unable to attend in person in Hong Kong because of quarantine restrictions.

Collaborative Course Agreement

The master's degree programme under the Institute's Collaborative Course Agreement (CCA) is an important avenue for persuading more young people to become governance professionals and company secretaries. Subject to registration requirements being met, CCA graduates are eligible to apply for full exemptions from the Institute's qualifying programme. Run in collaboration with City University of Hong Kong, Hong Kong Baptist University, The Hong Kong Polytechnic University and The Open University of Hong Kong (renamed Hong Kong Metropolitan University (HKMU) from September 2021), this programme remained popular in fiscal 2021, with 248 new CCA students registering with the Institute.

All four universities are required to update their curriculum to conform with the CGQP syllabus no later than the 2022 intake of students, with the proviso that all eight modules must form a minimum of 80% of the syllabus. Three of the universities adopted the CGQP syllabus in fiscal 2021 and the respective collaborative agreements were renewed.

A new CCA master's degree programme is under consideration with Caritas Institute of Higher Education, subject to final approval from the CGI's Professional Standards Committee.

We continued to work closely with the CCA universities, and held a total of six new student orientations and briefing sessions on the process of applying for exemptions and advancement to membership, all in online mode. We also sent regular notifications to all CCA students about current Institute developments and the latest technical updates.

Partnership Bachelor's Programme

The Partnership Bachelors' Programme (PBP), now in its second year, reinforces ties with local universities and seeks to inspire undergraduates to work towards the Chartered Secretary and Chartered Governance Professional qualification. This fiscal year, four universities and institutions – Caritas Institute of Higher Education, Hong Kong Shue Yan University, The Hang Seng University of Hong Kong and The Open University of Hong Kong (now HKMU) – offered six PBPs, accredited under the Institute's qualifying programme.

Graduates of the PBP are eligible for exemption status in four of the CGQP modules, subject to registration

KEY METRICS

EDUCATION AND EXAMINATIONS

703 -7%
New students

3,176 -4%
Students in total

1,410 +77%
Students enrolled for the CGQP examinations in Hong Kong*

131 +185%
Students enrolled for the CGQP examinations in the Mainland*

109 +419%
Graduates who successfully completed the CGQP examinations*

248 -4%
New students enrolled via collaborative courses

486 +15%
Enrolments for HKU SPACE examination preparatory courses

35.5%
Examination pass rate (Average)**

69
Number of outstanding performances (Distinction and Merit awardees)**

** The Institute held its final IQS examination diet in December 2019, and the inaugural CGQP examinations, scheduled for June 2020, had to be cancelled due to Covid-19. Percentage change figures therefore reflect the fact that only one examination diet (for the IQS) was held in fiscal 2020, compared with two diets (for the CGQP) in fiscal 2021.*

*** Figures are for November 2020 and June 2021 CGQP diets combined. Comparative figures for the previous fiscal year are not shown, as only one IQS diet was held.*

Notes: Percentages refer to the comparison with the previous financial year.

"the Institute implemented a series of precautionary measures to safeguard the well-being of students and to ensure the examinations could be run safely in the usual face-to-face format"

and curriculum requirements being met. In fiscal 2021, four PBPs adopted the CGQP syllabus covering all eight modules, but with the specified modules eligible for exemption forming a minimum of 80% of the syllabus. All PBPs are required to update their curriculum to align with the CGQP no later than the 2022 intake of students.

Studentship policies and quality assurance

Our Education Committee, assisted by the Assessment Review Panel (ARP) and the Qualification Development Panel (QDP), is tasked with supervising studentship policies and quality assurance for the Institute's qualifying programme. The ARP meets three times a year, twice to review and confirm the examination results, and to discuss related matters, and once to deal with questions of policy and examination developments. The QDP is responsible for monitoring the CGQP and its progress, including related exemption policies, quality assurance for its study materials and related learning support.

Professional development

The objectives of our ECPD activities in fiscal 2021 included reinforcing our members' professional and technical skills, and raising international recognition of the governance profession.

ECPD activities

In fiscal 2021, the Institute maintained its commitment to enhancing the professional performance of our members through our ECPD activities and events. The seven to eight events we routinely run each month are open to all members, graduates and students to support the diversified governance roles and careers of participants. Non-members with a specific interest in any of the subjects are also welcome to take part.

This year, we covered the full gamut of topics necessary for members to fulfil their responsibilities as Chartered Secretaries and Chartered Governance Professionals, notably company secretarial practice, corporate governance, risk management, compliance, law, accounting and cybersecurity. A total of 107 ECPD events

KEY METRICS

PROFESSIONAL DEVELOPMENT	2020	2021	%
ECPD events*	103	107	+4%
Participants at ECPD events*	23,644	24,245	+3%
Video-recorded CPD seminars	31	51	+65%
Viewers of video-recorded CPD seminars	3,845	4,120	+7%
Company Secretarial Practical Training sessions	13	20	+54%
Participants at Company Secretarial Practical Training sessions	3,339	4,786	+43%
ACRU attendees	1,942	2,085	+7%

** Figures include four Regional Board Secretary Panel (RBSP) meetings in the Mainland.*

Note: Percentages refer to the comparison with the previous financial year.

were held in Hong Kong and the Mainland, attracting 24,245 participants, up 3% from the previous period.

Seminars and training sessions

The Institute continued to run a host of seminars and training sessions this year for our members, graduates and students, keeping them up to speed on emerging trends and developments.

Our Company Secretarial Practical Training series is tailored towards assisting company secretaries and governance professionals, at any stage of their careers, as well as our graduates and students, to better comprehend their dynamic and evolving roles, and to enhance their technical and practical knowledge and skills. We held 20 such training sessions this year, attracting 4,786 participants, an increase of 43% from fiscal 2020.

To coincide with the launch of the CGQP and the introduction of the Chartered Governance Professional qualification, in the previous fiscal year the Institute inaugurated a series of events for members, graduates and students specifically on governance, risk and compliance (GRC), integrating these topics to more productively share information and avoid overlaps. In fiscal 2021, we held 19 sessions on GRC topics, attended by 3,901 individuals.

Our anti–money laundering and counter–financing of terrorism (AML/CFT) sessions remained popular, in part reflecting greater demands in the business environment for more transparency in relation to beneficial ownership of Hong Kong–incorporated companies. This year, our AML/CFT sessions focused on the most recent regulations and best practice developments in the trust or company service provider sector in Hong Kong, with four webinars attracting 1,363 participants.

Other prominent topics this year included developments in the Mainland, with 13 webinars attended by 2,683 participants, and environmental, social and governance (ESG) reporting, with five webinars drawing 698 individuals. Demand also rose for our video-recorded CPD seminars (previously known as online CPD seminars), set up as an alternative learning platform for our members, graduates and students. A total of 51 video-recorded seminars were made available in fiscal 2021, with 4,120 viewers (up 7% from the previous period).

ACRU and CGC

Our highly acclaimed Annual Corporate and Regulatory Update (ACRU) – our 22nd so far and the second held online – brings together regulators and practitioners in direct dialogue to exchange insights into the foremost regulatory issues affecting our profession today. This year's ACRU, held on 11 June 2021, welcomed 2,085 individuals (up 7% from fiscal 2020), of whom approximately 16% were non-members (11% in the previous year) from a wide variety of backgrounds. This demonstrates the mounting significance of governance for the wider business community.

Our 12th biennial Corporate Governance Conference (CGC) – Building the Modern Board: A 20/20 Vision – in September 2020, was held for the first time in hybrid mode, and insights into corporate governance were shared amongst speakers, panellists, delegates and thought leaders from many related sectors. A total of 408 participants joined the day-long conference, an increase of 24% from the 11th CGC conducted in physical mode in 2018.

Practitioner's Endorsement scheme

The Practitioner's Endorsement (PE) designation was first awarded by the Institute in 2006 to provide recognition to our members who attend a minimum of 15 ECPD hours in a fiscal year, of which at least 10 are from the Institute's own ECPD seminars, webinars or training sessions. In fiscal 2021, over 220 members attained the PE designation, amongst whom approximately 90 are company secretaries from listed companies.

Maintaining professional standards

Our Investigation Group, Disciplinary Tribunal and Appeal Tribunal, which serve as independent disciplinary bodies, work in tandem to confirm that our members, graduates and students adhere to the necessary standards of professional ethics and conduct.

Professional conduct cases under disciplinary proceedings

In fiscal 2021, we conducted an appraisal of potential disciplinary cases in the public domain from sources including the Companies Registry, Hong Kong Bar Association, Hong Kong Exchanges and Clearing Limited, the Hong Kong Judiciary, The Law Society of Hong Kong, Hong Kong Institute of Certified Public Accountants, Market Misconduct Tribunal and Securities and Futures Commission.

Eight cases were referred to our Investigation Group, in addition to eight cases brought forward from the previous fiscal year. Of these, six cases were closed after investigation with no prima facie case established, six cases are still under investigation and the remaining four were referred to the Disciplinary Tribunal. With these four cases, plus three brought forward, our Disciplinary Tribunal dealt with seven cases in fiscal 2021. Of these, three were concluded and closed, while four are still under proceedings. No appeals against Disciplinary Tribunal decisions were made to the Appeal Tribunal during the year under review.

CPD non-compliance

Two CPD non-compliance cases were processed under disciplinary proceedings in fiscal 2021. Both members were removed from the membership register due to non-compliance with Disciplinary Tribunal orders and decisions.

Member, graduate and student services

To tackle the ongoing challenges of Covid-19, the Institute implemented thorough and appropriate measures to comply with social distancing requirements, and to ensure the welfare of our members, graduates and students. In fiscal 2021, we continued to provide quality services through our online channels and moved the vast majority of our events to webinar format.

Examination support services

Throughout fiscal 2021, we sustained an unwavering commitment to aiding our students in their examination preparations through our examination support services. A total of 486 students attended our regular examination preparatory courses, organised by The University of Hong Kong, School of Professional and Continuing Education (HKU SPACE).

This year, all our examination technique workshops – intended for students who have substantive knowledge of the respective modules – were held online. Students were provided with a two-hour seminar and a one-hour workshop on a take-home mock examination paper, and also received feedback and guidance to prepare for the examinations. During the year under review, 361 participants enrolled in these workshops, with 152 attending online and 209 subscribing to video-recorded sessions.

Our support services for students were augmented by free online study materials for each of the eight CGQP modules, for which a total of 1,986 students registered in fiscal 2021. We also held six online student gatherings regarding examination preparations, as well as a review of the inaugural CGQP examination diet, attracting a total of 319 participants. In addition, five technical seminars were offered to students, attended by 89 participants. All video-recorded student gatherings and some of the technical seminars were made available for free online viewing.

Personal and social developmental services

In fiscal 2021, we organised 37 physical and online membership events for 5,378 participants. Our regular events for members, graduates and students included hosting our first-ever Online Annual Celebration and our Annual Convocation, also as a webinar. In addition, we launched an interactive online Fireside Chat Series for members of all ages and at different stages of their career development to share various areas of their lives.

Our 'four pillars' programmes continued to cater for a wide range of interests and experience levels.

1. Mentorship

Our Governance Professional Mentorship Programme, now in its seventh term and available to all members, graduates and students, remains popular as a means to nurture young professionals. In fiscal 2021, this programme welcomed a record-breaking 52 mentors and 99 mentees (fiscal 2020: 46 mentors and 90 mentees). Three online training workshops were arranged for mentors and mentees to enrich their communication and soft skills.

> "we continued to provide quality services through our online channels and moved the vast majority of our events to webinar format"

2. Members' Networking

In fiscal 2021, our Members' Networking programme – which enables members, graduates and students to network both professionally and socially – presented webinars on topics such as employment trends and opportunities for governance professionals in the Greater Bay Area, experience sharing with an elite athlete from

KEY METRICS

MEMBER, GRADUATE AND STUDENT SERVICES

37 +42%
Membership events

5,378 +144%
Participants at these events

52 +13%
Mentors joining our Governance Professional Mentorship Programme

99 +10%
Mentees joining our Governance Professional Mentorship Programme

319 -45%
Participants at student gatherings

Note: Percentages refer to the comparison with the previous financial year.

The Hong Kong Sports Institute Limited, financial planning for retirement, and the quality assurance framework of the Institute's qualifying programme, as well as an online visit to the Hong Kong Government's InvestHK.

3. Fun & Interest Group

Our Fun & Interest Group offers members, graduates and students a variety of informal recreational pursuits. In fiscal 2021, we provided free wellness webinars with a focus on maintaining physical and mental health, including yoga, a plant-based diet, classical music, running tips, and Chinese medicine and therapy. We also hosted physical and online workshops on mochi- and candle-making.

4. Community Service

Our Community Service programme gives members, graduates, students and Secretariat staff the means to serve the community and support the Institute's corporate social responsibility initiatives. Although the social distancing requirements in fiscal 2021 necessarily restricted face-to-face community service events, we held an online caring phone call event for the elderly, and joined the online campaigns Pink Together 2020, organised by the Hong Kong Breast Cancer Foundation, and Dress Pink Day, organised by the Hong Kong Cancer Fund.

Chartered Governance Professional designation

The Institute has been conferring the Chartered Governance Professional (CGP) designation on all eligible members since September 2018 in phases, under our grandfathering policy. We are pleased to announce that, as of 31 December 2020, all members have now been awarded the CGP designation, which sits alongside the well-established Chartered Secretary (CS) designation. Members elected on or after 1 January 2021 will automatically be awarded the dual CS/CGP designation.

Publications

Our monthly journal *CSj* is dedicated to covering the pivotal practices and strategic developments in the company secretarial and corporate governance field. The journal, which is also available online via our e-CSj website, is one of our main communication channels – together with our website and fortnightly e-updates – to assist our members, graduates, students and other stakeholders.

Donations

The Institute transmits donations and sponsorship funds to benefit governance-related education, research and thought leadership initiatives via The Hong Kong Chartered Governance Institute Foundation Limited –

KEY METRICS

DONATIONS

HK$ 451,103 -53%
Donations raised by the Foundation

HK$ 523,400 +68%
Funds distributed by the Foundation

20 0%
Scholarships awarded by the Foundation

28 -3%
Subject prizes awarded by the Foundation

Note: Percentages refer to the comparison with the previous financial year.

known until 31 August 2021 as The Hong Kong Institute of Chartered Secretaries Foundation Limited – (the Foundation), which was established in 2012 and became a wholly owned subsidiary of the Institute in 2016.

In fiscal 2021, the Foundation raised a total of HK$451,103 in donations (including HK$349,493 received from the Institute) and distributed HK$523,400 in funds. The Foundation sponsored 20 scholarships to local universities and institutions, and 28 subject prizes for students of collaborative courses and relevant degree programmes (fiscal 2019: 20 and 29, respectively). The Foundation also awarded a total of 14 module prizes to students achieving the grade of Distinction in the Institute's CGQP examination diets, held in November 2020 and June 2021.

Due to the Covid-19 pandemic, all functions and activities for student associations of local universities had to be cancelled.

Advocacy

As an acknowledged leader in the field of governance and secretaryship, a pivotal aspect of the Institute's role is advocacy. We maintain close ties with government and regulatory bodies, other governance organisations locally and internationally, and individuals from a broad range of professional sectors.

We held a total of 50 advocacy events during the year, attracting 4,722 participants. These figures include 1,305 attendees at four forums (one of which was for students) and two focus group meetings concerning our Institute's name change initiative.

AML/CFT Charter

In fiscal 2021, the Institute maintained its dedication to advocating compliance with AML/CFT regulations, making sure our members, graduates, students, other stakeholders and governance professionals in the trust or company service provider sector had access to the most recent information.

> "our ability to nurture and inspire the governance professionals of the future is crucial"

As at 30 June 2021, seven corporate service providers were accredited under our own highly acclaimed AML/CFT Charter, Hong Kong's first such self-regulatory initiative, which we initiated in 2016. This confers the right to use the Institute's AML/CFT Logo, signifying that those so endorsed meet the high standards set out in our AML/CFT Guideline, which are equivalent to those required of financial institutions.

Inspiring the governance professionals of the future

The successful evolution of our profession rests with the younger generation, which means that our ability to nurture and inspire the governance professionals of the future is crucial. In fiscal 2021, Covid-19 challenged us to find innovative ways to continue our collaboration with universities and institutions to inform students about our work and the greater role it plays in today's world, as well as to motivate more young people to get involved in governance.

To encourage more undergraduates and postgraduates to consider a career as a Chartered Secretary and Chartered Governance Professional, the Institute organised 22 online professional seminars, information sessions and career talks, in association with local

universities and institutions. Our Governance Professionals Career Day, held on 27 March 2021 – the second so far online – attracted 99 participants. This annual event offers inspiration and insights into the profession, affording local university undergraduates the opportunity to connect with potential employees from the ranks of seasoned governance professionals and industry leaders.

KEY METRICS

ADVOCACY

50 +9%
Advocacy events

4,722 +96%
Participants at our advocacy events

649 +129%
Participants at Governance Professionals Information Sessions

58 +53%
Governance Professionals Information Session participants enrolling as students

46 +59%
Mentors joining our Student Ambassadors Programme (SAP) mentorship programme

239 +351%
Mentees joining our SAP mentorship programme

43 -31%
Summer internship opportunities for undergraduates participating in SAP

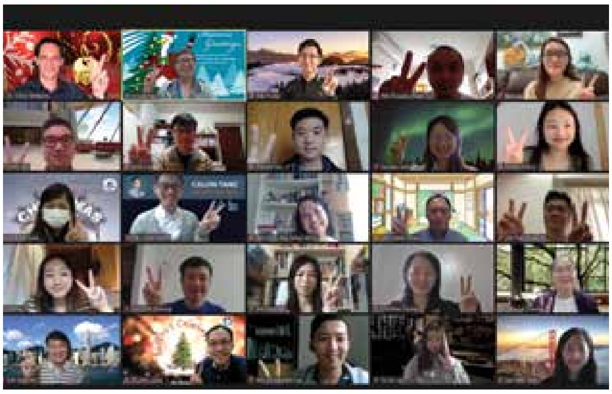
Notes: Percentages refer to the comparison with the previous financial year.

We held six online Governance Professionals Information Sessions, with a total of 649 participants. We also gave two media interviews and issued six press releases to enlighten the general public on the role and opportunities of our profession.

Our Academic Advisory Panel, made up of senior academics from local universities and institutions, met in November 2020 to discuss future developments and strategies for further promoting the governance profession to the younger generation.

Our highly regarded Student Ambassadors Programme (SAP) helps to enhance the mentor–mentee relationship between our student ambassadors and our more experienced members, and serves to introduce the dual qualification of Chartered Secretary and Chartered Governance Professional to local undergraduates. In fiscal 2021, during which time 219 new student ambassadors enrolled in the programme, the Institute waived the enrolment fee for undergraduates. Now in its 15th year, SAP has welcomed a total of 1,919 student ambassadors since the outset. In the year under review, 46 Institute members joined the SAP mentorship programme as mentors, while 239 students signed up as mentees. We also held three online mentorship gatherings. In addition, thanks to the support of our members, 43 internship opportunities were provided by eight employers during the summer of 2020.

Our Corporate Governance Paper Competition and Presentation Awards encourage talented Hong Kong undergraduates to engage with issues at the cutting edge of corporate governance. This year's theme – 'Is it possible to tie governance with a sense of purpose given the myriad of stakeholders' interests?' – was taken up by 42 teams, comprising 129 individuals. The top six finalists competed for the Best Presentation Award and the Audience's Favourite Team Award on 30 October 2021.



Fast Track Professional route

In January 2021, the Institute launched a new Fast Track Professional route for qualified lawyers or accountants who wish to become a Chartered Secretary and Chartered Governance Professional. Those with more than five years of relevant post-qualifying experience may now be eligible for membership of CGI and the Institute by completing only two of the CGQP modules, namely Corporate Governance and Risk Management. Two video-recorded information sessions, available online, were held to introduce this new entry route, attracting 163 participants.

Research and governance reform

Our research and governance reform activities are a vital element of what we do. With the support of our members and professional network, the Institute has compiled a significant body of knowledge and expertise in the most pertinent developments in corporate governance and secretaryship. Our views and opinions are acknowledged locally and globally.

Research reports

We published three new research reports in fiscal 2021.

1. Enterprise risk management

In November 2020, we published a joint survey report with KPMG China, entitled 'Risk management survey: Empowering success', the third such survey published with KPMG China since 2015. A total of 129 Hong Kong–based senior management, from a wide range of industries and organisations, were surveyed to assess how well risk management activities have been embedded in local businesses. The results highlight a number of key risk management themes and trends, including an increased regulatory focus on ESG; challenges in rolling out a risk appetite framework, as well as in the process of risk identification and reporting; and the inadequate use of technology.

2. Gender diversity

In February 2021, the Institute published a review report – Missing Opportunities? A Review of Gender Diversity on Hong Kong Boards – which illustrates the inadequate representation of women on the boards of listed companies in Hong Kong, with only one in seven directors being female, even with no shortage

KEY METRICS

RESEARCH AND GOVERNANCE REFORM

3 +50%
Research reports

11 +57%
Guidance notes

10 0%
Panel meetings

Note: Percentages refer to the comparison with the previous financial year.

> "our views and opinions are acknowledged locally and globally"

of suitably qualified women. Despite some attempts to rectify the situation, Hong Kong falls well behind many other jurisdictions, ranking 23rd against 26 market indices. In the review, the Institute issued a call for action, including the regulatory imposition of a 30% target for women on boards, on a 'comply or explain' basis, over a six-year transition period.

3. Disciplinary and enforcement cases

Also in February 2021, the Institute and Clifford Chance LLP jointly published a Chinese-language report, titled the 2020 Annual Overview on the Regulations for Companies Listed in Hong Kong, providing regulatory updates for Hong Kong listed companies, and details of regulators' disciplinary and enforcement cases against related directors and senior management.

Governance reform

We made 11 consultation submissions in fiscal 2021, dealing with an array of themes germane to our profession, all of which are available on our website. We also continued to liaise closely with regulators and government bodies, in our capacity as a leading voice for regulatory reform and policy formation in Hong Kong.

Guidance notes

Our guidance notes are another highly regarded vehicle for us to contribute to governance reform, as well as benefitting our members and the wider governance community. In fiscal 2021, the seven Interest Groups under our Technical Consultation Panel submitted 11 guidance notes, covering such diverse areas as company law; ethics, bribery and corruption; public governance; competition law; technology; securities law and regulation; and mergers and acquisitions.

The Mainland

The Institute is diligent in allocating resources to promote the role of Chartered Secretary and Chartered Governance Professional in the Mainland, as befits our position as the China Division of The Chartered Governance Institute. In fiscal 2021, we took this a step further by implementing a strategic development plan for 2021 to 2023, with the aim of evolving into one of the Mainland's leading corporate governance professional bodies by 2030, and further advancing the cause of governance.

Despite the challenges posed by Covid-19, which affected the number of students attaining graduateship and thereafter being eligible to apply for membership of the Institute, we had 126 registered members as at 30 June 2021, representing a 19% increase compared with the previous fiscal year.

The Chartered Secretary and Chartered Governance Professional qualification

Growth in the number of Mainland students registered with the Institute in fiscal 2021 was held back slightly due to the impact of Covid-19 and related restrictions, rising only 2% from fiscal 2020, to 299. Nevertheless, the trend overall is on a healthy upswing, with an increasing number of students setting their sights on obtaining the Chartered Secretary and Chartered Governance Professional qualification.

One significant factor contributing to the greater interest in the governance field amongst young people is the Postgraduate Programme in Corporate Governance

KEY METRICS

THE MAINLAND	2020	2021	%
Students	292	299	+2%
Members	106	126	+19%
Affiliated Persons	173	168	–3%
CGQP module enrolments*	68	215	+216%
Mainland ECPD events	3	8	+167%
Participants at ECPD events	511	1,005	+97%
Regional Board Secretary Panel (RBSP) meetings	3	4	+33%
Participants at RBSP meetings	109	103	–6%

** The percentage change figure reflects the fact that only one examination diet (for the IQS) was held in fiscal 2020, comprising subject enrolments, compared with two diets (for the CGQP) in fiscal 2021, comprising module enrolments.*

Note: Percentages refer to the comparison with the previous financial year.

(PGPCG), run in collaboration with The Open University of Hong Kong (OUHK) since 2016, in Shanghai, and 2019, in Shenzhen. (OUHK was renamed Hong Kong Metropolitan University (HKMU), effective 1 September 2021.) The PGPCG provides the practical knowledge and skills, as well as tutorial assistance, necessary for those wishing to pursue or advance their careers as company secretaries, board secretaries or corporate governance professionals. In September 2020, we welcomed our fifth cohort of PGPCG students in Shanghai and our second in Shenzhen, for a total of 50 students (48 in the previous year). Students who successfully complete the PGPCG, plus a one-week residential training held on the OUHK (now HKMU) Hong Kong campus, and who subsequently obtain a Master of Corporate Governance degree, are eligible to apply for full exemptions from the Institute's qualifying examinations, after which they are entitled to graduateship of the Institute. After gaining the requisite work experience, these graduates may then apply for election to membership of both the Institute and The Chartered Governance Institute.

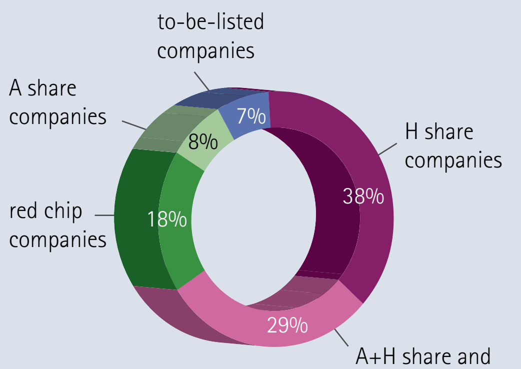
In fiscal 2021, as in Hong Kong, we held our first two CGQP examination diets – in November 2020 and June 2021 – in Beijing, Shanghai and Guangzhou, with a total of 131 student enrolments and 215 module enrolments. The final International Qualifying Scheme (IQS) examination diet was held in the previous fiscal year, in December 2019, with 46 student enrolments, but the June 2020 diet, which had been intended as the initial CGQP diet, had to be postponed due to Covid-19 restrictions.

Professional development

Our Affiliated Persons (AP) programme in fiscal 2021 remained a popular platform for governance-related training and services, as well as for research, communication and professional networking.

As at 30 June 2021, 168 APs were registered in the programme, a slight drop from 173 in the previous fiscal year, mainly attributable to Covid-19 and the fact that a number of our APs changed their status to membership. Of the APs, 38% were board secretaries and equivalent personnel from H share companies, 29% were from A+H share and other multi-listed companies, 18% from red chip companies, 8% from A share companies and 7% from to-be-listed companies.

168	Registered APs (173 in 2020)



As at 30 June 2021

This year we held eight ECPD events in the Mainland, attracting 1,005 participants, both record-high figures. Of that number, 44% were board secretaries, 38% senior management other than board secretaries, and 18% directors and supervisors. We also saw a rise in the number of non-APs attending our ECPD events, to 81% of total participants (72% in fiscal 2020), demonstrating our expanding influence on a wider group of governance practitioners in the Mainland.

Three of our eight events were on-site, in Suzhou, Guilin and Guiyang, in September and November 2020, and May 2021, respectively. The Suzhou event was the first on-site training seminar held by the Institute in the Mainland since the outbreak of Covid-19, and the second specifically designed for directors and supervisors. The remaining five events were held online and included the 11th joint training session with the Shanghai Stock Exchange for board secretaries of A+H share companies, as well as the third joint training with the Insurance Association of China for intermediate-level governance practitioners from Mainland insurance companies, both of which were held online for the first time.

The ECPD webinars and seminars covered a broad range of issues, including information disclosure, transaction regulations and governance; annual performance reporting; regulatory focuses and hot topics; directors' continuous liabilities, obligations and relevant practices; risk management; ESG; and international governance trends.

Our five Regional Board Secretary Panels (RBSPs) – located in Beijing, Shanghai, Shenzhen, Guangzhou and the Southwest (including Chongqing and Chengdu) – act as

"we took this a step further by implementing a strategic development plan for 2021 to 2023, with the aim of evolving into one of the Mainland's leading corporate governance professional bodies by 2030"

local hubs for nearby members, graduates, students and APs, providing valuable networking opportunities for board secretaries, and serving as productive communication channels between board secretaries and regulatory bodies. In fiscal 2021, we further expanded the target groups of our RBSPs to include directors and supervisors, as well as governance-related senior management other than board secretaries or their equivalent. We also augmented functionality of the RBSPs by enabling them to organise professional events autonomously. In addition, we delegated responsibility to the RBSPs to assist the Institute with local promotion efforts, as well as communicating with regulators and peer institutions.

The Institute held four RBSP meetings in April 2021, under the theme 'Update on the amendments to the Hong Kong Stock Exchange's regulations to strengthen disciplinary actions and relevant practical issues', in Chengdu, Shenzhen, Beijing and Shanghai. A total of 103 local board secretaries, directors and governance-related senior executives from companies listed in Hong Kong participated, sharing their views and practical experience on the topic.

The growing interest in our professional development services – including from non–H share companies, non-APs and governance professionals other than board secretaries – is evidence of the Institute's evolving influence and standing among Mainland companies, as well as the higher esteem accorded to the governance role and profession as a whole.

Advocacy

Our good working relationship with regulators, listed companies and stakeholders in the Mainland remained on a firm footing. In fiscal 2021, we continued to advocate for good governance practices, and to promote the role of Chartered Secretary and Chartered Governance Professional among Mainland companies listed and to-be-listed in Hong Kong.

Research and governance reform

The Institute's research activities in the Mainland, which constitute a vital part of our role, are designed to benefit our APs, members and students, as well as contribute positively to regulatory decision-making.

In fiscal 2021, to strengthen our research capabilities and reinforce our network for board secretaries, directors and supervisors of companies listed or to-be-listed in Hong Kong, we established two subcommittees under our Mainland China Technical Consultation Panel, namely, the Board Secretaries Committee, and the Directors and Supervisors Committee. The latter committee is currently preparing an eagerly awaited set of practical guidelines for directors and supervisors of companies listed in Hong Kong.

We were involved in three research projects in the year under review. The first – Guidelines for Inside Information Disclosure Practices of A+H Share Companies (3rd Edition) – is underway, and is expected to be finalised and published by the end of December 2021. This edition covers the very latest inside information regulations issued by both Mainland and Hong Kong regulators, and provides ample case study examples. The second research project is our Guidelines for Connected Transaction Practices of A+H Share Companies, which is also expected to be finalised and published by the end of December 2021. Our third research project, titled the 2020 Annual Overview on the Regulations for Companies Listed in Hong Kong, conducted in collaboration with Clifford Chance LLP, was published in February 2021.

Key risks and challenges

Organisations and businesses now face increasing pressure to deal with a wider variety of risk, necessitating more robust and adaptable systems for evaluating, mitigating and counteracting both internal and external risk. As governance professionals, the Institute regards the management of key risks and challenges as crucial. Potential areas of threat of which we are particularly cognisant include strategic and operational, information technology and financial risk. In addition to these fundamental areas, we also actively monitor and assess the possible impact of regulatory and compliance, ESG, health and safety, reputational and third-party service provider risks.

Strategic and operational risk

Strategic risk is an inevitable constituent of business, having its origins in the external environment. This reality, alongside the more stringent requirements demanded by members, regulators and the general public for good governance, underlies our commitment to ensuring that our internal processes and controls are carefully monitored and controlled, and updated where appropriate. We also remain alert to the overall socioeconomic and operating environment, not just locally but also globally.

In fiscal 2021, our Council continued to meet once every two months to oversee and analyse a broad sweep of potential risk exposure factors, encompassing strategic, operational and others, as well as to set the strategic direction of the Institute going forwards. To align with best practices of independence and objectivity in our risk management framework, the Secretariat reports all identified risks, and the steps taken to mitigate any such risks, to the Audit Committee, which in turn reports directly to Council. Each of our departments carries out its own internal and supervisory controls, and takes

> "organisations and businesses now face increasing pressure to deal with a wider variety of risk, necessitating more robust and adaptable systems for evaluating, mitigating and counteracting"

responsibility for discharging all compliance obligations applicable to its own operational policies and procedures.

We also maintained our vigilance with regard to the ongoing risks associated with Covid-19 throughout the year, ensuring that the well-being of our members, graduates and students was prioritised through such measures as maintaining social distance, and emphasising online meetings and electronic communication.

Information technology risk

Risk associated with information technology (IT) – which includes not just data privacy threats and technological disruption, but also cyberattacks, malware, phishing scams and data breaches – has accelerated in recent times, spotlighted in fiscal 2021 by the outbreak Covid-19 and all that has entailed. Compliance requirements, along with legislation regarding the collection, use and security of user and employee data, have simultaneously escalated.

We take our IT risk mitigation obligations seriously, as the success of our services are dependent on having an unbreachable system. We observe rigorous preventative maintenance, detective monitoring and containment measures, which are regularly reviewed and updated, to address any risk of interruption or threat to the IT services we provide. In fiscal 2021, we renewed our contract with an independent consulting firm to review and advise on our IT security measures, and to handle the security of our online platforms. No data security breaches occurred in the year under review.

To further enhance security and to prevent any unauthorised information access, this year we took extra precautions by implementing a two-factor authentication system. This means that as well as each user's login password, a one-time password – sent to their registered email address – is now also required. We sent regular reminders to our Institute members, graduates and students to change their login password for accessing their personal data on our database, to enhance their security and for greater peace of mind.

Financial risk

Financial risk can originate in a multitude of sources covering both domestic and international economic, political and other conditions. Thus, in the course of regular business activities, the Institute – in common with other organisations and businesses – is exposed to certain financial risks, including credit and currency risks. Details of any such exposure to financial risks, and the policies and practices adopted to manage these risks, are described in Note 26 to the financial statements (pages 75 to 79).

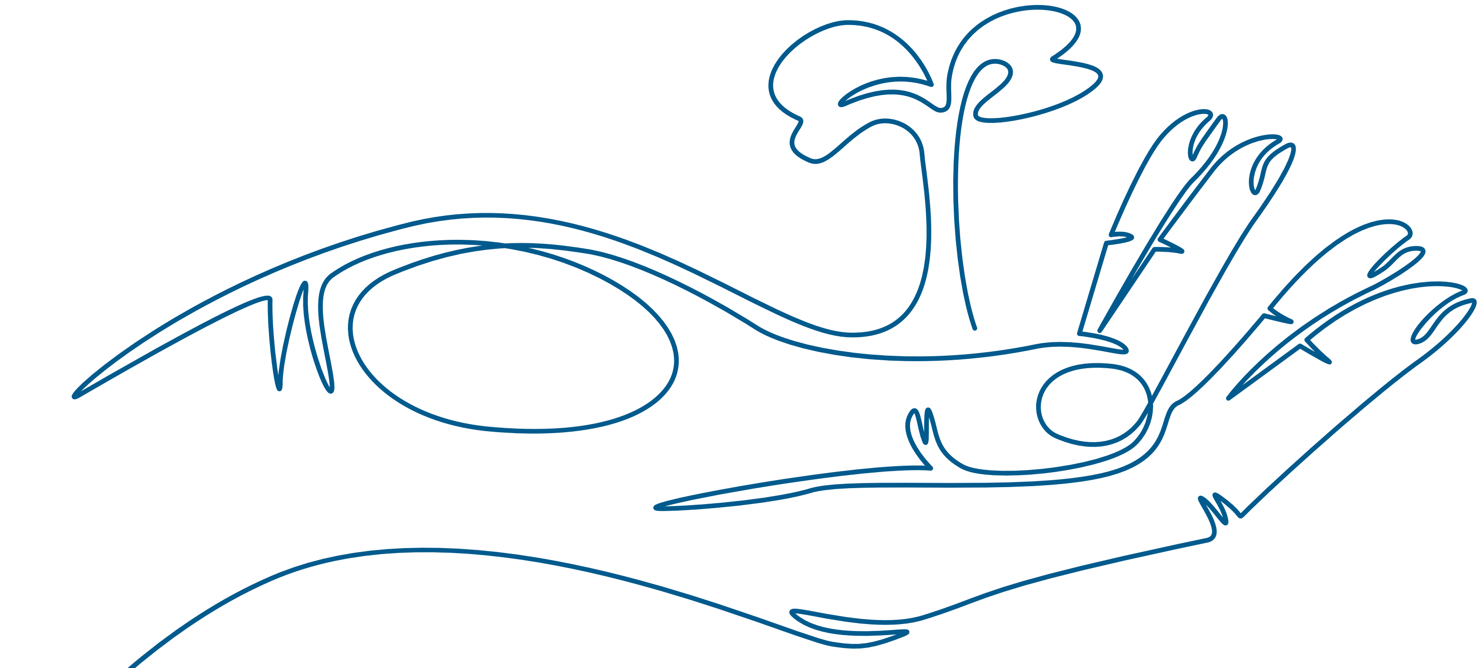
We work with an external professional investment manager to administer our surplus cash. To minimise financial risks, we focus on prudent anti-inflation investment strategies and strive to ensure a healthy financial position, maintaining adequate reserves to fund ongoing activities and future development. As at 30 June 2021, our investment portfolio amounted to HK$32,030,342, a rise of 8% from previous fiscal year.

KEY METRICS

INVESTMENT PORTFOLIO

HK$
32,030,342 +8%

Note: Percentage refers to the comparison with the previous financial year.



Corporate social responsibility report

Corporate social responsibility (CSR) sits at the heart of governance and, for the Institute, embraces a commitment to our employees; members, graduates and students; professional network; and wider community. Upholding an ethical and sustainable perspective is an imperative in the rapidly changing social and business environment.

Workplace quality

Having a quality workplace culture is essential, not only for heightened productivity and motivation in our professional lives, but also for its proven benefits in our personal lives. The Institute encourages a good working environment for our staff, including through regular cross-departmental gatherings, as well as ongoing training sessions to improve technical knowledge and soft skills.

Inevitably, with the prominence of Covid-19 in fiscal 2021, our face-to-face activities were severely curtailed, with training instead moving online. Altogether, 17 webinars on a variety of topics – including our annual IT awareness update – were organised for our Secretariat staff, with 83 enrolments accounting for a total of 131 training hours.

Throughout fiscal 2021, the Institute continued the painstaking measures initiated in the previous year to safeguard the health and well-being of our staff, from regular cleaning and disinfection of our office environment, routine temperature checks and the distribution of face masks to each member of the Secretariat, in both Hong Kong and the Mainland. We also kept our work-from-home arrangements, on a rotation basis as a further level of protection, under an adaptable system reflecting the prevailing local Covid-19 situation.

In the previous fiscal year, the Institute was accredited with the Good Employer Charter 2020, organised by the Labour Department of Hong Kong, which covers two years, in acknowledgement of our good human resource management. In fiscal 2021, we were delighted

"CSR sits at the heart of governance and, for the Institute, embraces a commitment to our employees; members, graduates and students; professional network; and wider community"

to be presented with an Equal Opportunity Employer (Gender Equality) award from the Equal Opportunities Commission of Hong Kong, for our commitment to promoting equal opportunities and eliminating all forms of discrimination. Additionally, the Institute has received the Good MPF Employer 5 Years+ and the MPF Support Award for 2020–2021 from the Mandatory Provident Fund (MPF) Schemes Authority – of whom we are a 'Supporting Organization' – for our efforts to enhance the retirement protection of our employees.

KEY METRICS

CORPORATE SOCIAL RESPONSIBILITY

83 -48%
Staff training enrolments

131 -53%
Training hours

71 -80%
Volunteer hours

HK$
81,695 -6%
Electricity usage

298 reams -31%
Paper usage

Note: Percentages refer to the comparison with the previous financial year.

Environmental responsibility

As an environmentally conscious organisation, we evaluate and update our eco practices and initiatives on a continuing basis, and make efforts to boost the environmental awareness of our staff, members, graduates and students, through such activities as our ESG seminars and webinars.

The 'reuse, reduce, recycle and replace' principle is embedded in our workplace culture. We use recycled paper and double-sided printing as a matter of course throughout the office, and have to a great extent replaced hard-copy printing with electronic communication, including with members, graduates and students. In fiscal 2020, we arranged for our annual renewal notices and receipts to be sent exclusively by email, and enrolments for seminars and activities became available online, while in fiscal 2021 we launched online applications for student registration, exemptions and examinations, thus further minimising our resource consumption.

More subscribers are opting for the e-version of our monthly journal, *CSj*, instead of a print version. As of 30 June 2021, the e-version was being sent to 6,125 readers – including students, who now no longer receive hard copies – representing a 36% increase from fiscal 2020, saving paper and time, while adding convenience.

To help cut the use of electricity, our average office temperature is fixed at between 24°C and 26°C. We also regularly participate in Earth Hour, the annual initiative of WWF (World Wide Fund for Nature), and invite our members, graduates and students to do the same. The Institute's Hong Kong Secretariat and Beijing offices turned off all lights on 27 March 2021 from 8.30pm to 9.30pm.

Community involvement

Our Community Service Core Group, under the Membership Committee, is responsible for organising the Institute's community service activities. Formed in February 2020, this group is run by our Secretariat team, in conjunction with members, graduates and students, all of whom are dedicated to contributing to the community, and to generating new initiatives and a wider involvement. Despite this heartfelt commitment, serving our community was a challenge in fiscal 2021, with the suspension of social gatherings due to Covid-19.

Nevertheless, we found innovative ways to continue our support of the community. Because in-person visits were cancelled, we took part in a 'caring telephone calls for the elderly' event for the Mid-Autumn Festival in September 2020, in collaboration with St James' Settlement, and participated in a number of online campaigns, including Pink Together 2020, for which we also helped pack goody bags, to benefit the Hong Kong Breast Cancer Foundation, and Dress Pink Day 2021, in support of the Hong Kong Cancer Fund. For our online Governance Professionals Career Day in March 2021, we offered a number of free places to students at the Holy Family Canossian College, under the Business-School Partnership Programme of The Hong Kong General Chamber of Commerce.

We are pleased to announce that, in recognition of our CSR efforts in caring for the community, our employees, other stakeholders and the environment, the Institute was awarded the Caring Organisation Logo in The Hong Kong Council of Social Service's 2020/2021 Caring Company Scheme, for the fourth consecutive year.

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Independent Auditor's Report

TO THE MEMBERS OF THE HONG KONG CHARTERED GOVERNANCE INSTITUTE
香港公司治理公會
(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of The Hong Kong Chartered Governance Institute (Formerly known as The Hong Kong Institute of Chartered Secretaries) ("the Institute") and its subsidiaries (together "the Group") set out on pages 40 to 83, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in reserves and funds and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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 ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group 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.

Other Information in the Annual Report

The Council members are responsible for the other information. The other information comprises the information included in the Institute's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Independent Auditor's Report

TO THE MEMBERS OF THE HONG KONG CHARTERED GOVERNANCE INSTITUTE
香港公司治理公會
(Incorporated in Hong Kong and limited by guarantee)

Council Members' Responsibilities for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Council members are responsible for assessing the Group'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 Council members either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Council members are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the Council members in discharging their responsibility in this regard.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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. This report is made 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 this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated 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.

Independent Auditor's Report

TO THE MEMBERS OF THE HONG KONG CHARTERED GOVERNANCE INSTITUTE
香港公司治理公會
(Incorporated in Hong Kong and limited by guarantee)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued

- 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 Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council members.

- conclude on the appropriateness of the Council members' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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.

BDO Limited
Certified Public Accountants
Yu Tsui Fong
Practising Certificate Number: P05440

Hong Kong, 3 November 2021

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Note	**2021 HK$**	2020 HK$
Subscriptions and fees	6	**20,183,456**	22,270,548
Other revenue	7	**19,711,967**	16,471,352
Interest income	8	**48,394**	150,321
Other net income	9	**3,460,086**	502,879
Staff costs	10	**(21,987,871)**	(20,685,674)
Depreciation expenses	14	**(1,055,249)**	(1,173,167)
Amortisation expenses	15	**(1,133,823)**	(647,887)
Other operating expenses	12	**(16,549,818)**	(17,661,383)
Finance costs	23	**(45,759)**	(17,011)
Surplus/(Deficit) before income tax expense		**2,631,383**	(790,022)
Income tax expense	13	**(75,209)**	(64,488)
Surplus/(Deficit) for the reporting period		**2,556,174**	(854,510)
Other comprehensive income/(loss) for the reporting period			
Items that will not be reclassified to surplus or deficit:			
Surplus/(Deficit) on revaluation of land and buildings held for own use	14	**6,204,343**	(14,783,788)
Fair value changes of investments in listed equity securities classified as financial assets at fair value through other comprehensive income	18	**1,295,288**	371,956
Item that may be reclassified subsequently to surplus or deficit:			
Exchange gain on translating foreign operations		**198,026**	3,189
Other comprehensive income/(loss) for the reporting period		**7,697,657**	(14,408,643)
Total comprehensive income/(loss) for the reporting period		**10,253,831**	(15,263,153)

Consolidated Statement of Financial Position

At 30 June 2021

	Note	2021 HK$	2020 HK$
Non-current assets			
Property, plant and equipment	14	**120,140,294**	112,522,151
Intangible assets	15	**3,213,060**	3,446,883
Financial assets at fair value through other comprehensive income	18	**6,859,931**	6,435,575
		130,213,285	122,404,609
Current assets			
Inventories	16	**7,257**	7,557
Financial assets at fair value through profit or loss	17	**13,197,962**	21,402,493
Accounts and other receivables	19	**2,301,594**	2,964,211
Cash and cash equivalents	20	**21,416,255**	11,343,794
		36,923,068	35,718,055
Total assets		**167,136,353**	158,122,664
Current liabilities			
Accounts and other payables	21	**1,826,051**	3,548,066
Contract liabilities	22	**1,336,373**	2,263,479
Lease liabilities	23	**686,237**	202,067
		3,848,661	6,013,612
Net current assets		**33,074,407**	29,704,443
Total assets less current liabilities		**163,287,692**	152,109,052
Non-current liabilities			
Lease liabilities	23	**924,809**	-
NET ASSETS		**162,362,883**	152,109,052
Reserves and funds			
General fund		**53,733,833**	51,361,119
Property revaluation reserve		**103,582,040**	97,377,697
Financial assets at fair value through other comprehensive income reserve		**2,068,621**	773,333
Building maintenance sinking fund		**886,008**	870,397
Education development fund		**954,827**	786,978
IT maintenance fund		**1,000,000**	1,000,000
Exchange reserve		**137,554**	(60,472)
TOTAL RESERVES AND FUNDS		**162,362,883**	152,109,052

The consolidated financial statements were approved and authorised for issue by the Council on 3 November 2021 and are signed on its behalf by:

Gillian E Meller
President

Daniel WS Chow
Treasurer

Consolidated Statement of Changes in Reserves and Funds

For the year ended 30 June 2021

	General fund HK$	Property revaluation reserve HK$	Financial assets at fair value through other comprehensive income reserve HK$
Balance as at 1 July 2019	51,950,587	112,161,485	453,397
Deficit for the year	(854,510)	-	-
Other comprehensive income for the year	-	(14,783,788)	371,956
Total comprehensive income for the year	(854,510)	(14,783,788)	371,956
Transfer to general fund	388,478	-	-
Transfer upon disposal of financial assets at fair value through other comprehensive income	52,020	-	(52,020)
Transfer from general fund	(175,456)	-	-
Balance as at 30 June 2020 and 1 July 2020	51,361,119	97,377,697	773,333
Surplus for the year	2,556,174	-	-
Other comprehensive income for the year	-	6,204,343	1,295,288
Total comprehensive income for the year	2,556,174	6,204,343	1,295,288
Transfer to general fund	9,000	-	-
Transfer from general fund	(192,460)	-	-
Balance as at 30 June 2021	**53,733,833**	**103,582,040**	**2,068,621**

Notes:

a. The building maintenance sinking fund represents funds for the purpose of renovation, repairs and maintenance of the Institute's office premises. HK$300,000 was transferred from the general fund on 1 August 2014 as a startup fund and 5% of the Institute's surplus for the reporting period would be transferred from the general fund annually thereafter.

b. The education development fund represents funds for the purpose of development of education programmes. HK$100,000 was transferred from the general fund on 1 August 2014 as a startup fund and 5% of the Institute's surplus for the reporting period was transferred from the general fund annually up to the period ended of 30 June 2017. 2% of the Institute's total income related to students will be transferred from the general fund to this fund annually thereafter.

   During the year ended 30 June 2021, HK$9,000 (2020: HK$388,478) was utilised for setting up the new qualifying programme.

Building maintenance sinking fund HK$ (Note a)	Education development fund HK$ (Note b)	IT maintenance fund HK$ (Note c)	Exchange reserve HK$	Total HK$
870,397	1,000,000	1,000,000	(63,661)	167,372,205
-	-	-	-	(854,510)
-	-	-	3,189	(14,408,643)
-	-	-	3,189	(15,263,153)
-	(388,478)	-	-	-
-	-	-	-	-
-	175,456	-	-	-
870,397	786,978	1,000,000	(60,472)	152,109,052
-	-	-	-	2,556,174
-	-	-	198,026	7,697,657
-	-	-	198,026	10,253,831
-	(9,000)	-	-	-
15,611	176,849	-	-	-
886,008	**954,827**	**1,000,000**	**137,554**	**162,362,883**

c. The IT maintenance fund represents funds for the purpose of maintenance of the Institute's IT systems. From 1 August 2015 to 30 June 2017, 0.5% of the gross income was transferred from the general fund annually. From the year ended of 30 June 2018 onwards, 1% of the gross income will be transferred from the general fund to this fund annually.

The fund is capped at HK$1,000,000 and the Group has reached the cap since the year ended 30 June 2019.

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 HK$	2020 HK$
Cash flows from operating activities			
Surplus/(Deficit) before income tax expense		**2,631,383**	(790,022)
Adjustments for:			
Depreciation of property, plant and equipment		**1,055,249**	1,173,167
Amortisation of intangible assets		**1,133,823**	647,887
Bad debts written off		**14,030**	50,500
Bank interest income		**(43,350)**	(127,492)
Interest income from cash at custodian		**(5,044)**	(7,108)
Interest income from bond investments		**–**	(15,721)
Lease interest expense		**45,759**	17,011
Dividend income from financial assets at fair value through profit or loss		**(319,626)**	(476,505)
Dividend income from financial assets at fair value through other comprehensive income		**(105,615)**	(127,566)
Exchange differences		**6,630**	(6,486)
Inventories written off		**–**	8,585
(Gain)/Loss on disposal of financial assets at fair value through profit or loss		**(49,638)**	564,964
Unrealised (gain)/loss on financial assets at fair value through profit or loss		**(591,139)**	217,065
Surplus before changes in working capital		**3,772,462**	1,128,279
Decrease in inventories		**300**	608
Decrease in accounts and other receivables		**648,587**	829,924
(Decrease)/Increase in accounts and other payables		**(1,722,015)**	1,689,165
(Decrease)/Increase in contract liabilities		**(927,106)**	26,194
Cash generated from operating activities		**1,772,228**	3,674,170
Income tax paid		**(75,209)**	(64,488)
Net cash generated from operating activities		**1,697,019**	3,609,682
Cash flows from investing activities			
Interest received		**48,394**	150,321
Dividends received		**289,115**	469,991
Purchase of property, plant and equipment		**(406,331)**	(19,984)
Purchase of intangible assets		**(900,000)**	(3,067,270)
Purchase of financial assets at fair value through profit or loss		**–**	(4,139,060)
Purchase of financial assets at fair value through other comprehensive income		**(3,507,213)**	(3,359,953)
Proceeds on redemption of bond investments		**–**	1,568,180
Proceeds on sale of financial assets at fair value through profit or loss		**8,981,434**	1,642,286
Proceeds on sale of financial assets at fair value through other comprehensive income		**4,378,145**	2,192,928
Decrease in time deposits with original maturity over three months when acquired		**–**	5,331,773
Net cash from investing activities		**8,883,544**	769,212
Cash flows from financing activities			
Interest paid	28	**(45,759)**	(17,011)
Repayment of principal portion of lease liabilities	28	**(660,369)**	(634,230)
Net cash used in financing activities		**(706,128)**	(651,241)
Net increase in cash and cash equivalents		**9,874,435**	3,727,653
Cash and cash equivalents at the beginning of the reporting period		**11,343,794**	7,612,952
Effect of foreign exchange rate change, net		**198,026**	3,189
Cash and cash equivalents at the end of the reporting period	20	**21,416,255**	11,343,794

Notes to the Consolidated Financial Statements

1. CORPORATE STATUS AND PRINCIPAL ACTIVITIES

The Hong Kong Chartered Governance Institute (香港公司治理公會) (Formerly known as The Hong Kong Institute of Chartered Secretaries (香港特許秘書公會)) ("the Institute") is incorporated in Hong Kong with liability limited by guarantee under the Hong Kong Companies Ordinance. The registered address is at 3/F, Hong Kong Diamond Exchange Building, 8 Duddell Street, Central, Hong Kong.

With effect from 20 July 2021, the name of the Institute was changed from The Hong Kong Institute of Chartered Secretaries (香港特許秘書公會) to The Hong Kong Chartered Governance Institute (香港公司治理公會).

The principal activity of the Institute is promoting and advancing secretaryship and leadership in the effective governance and efficient administration of commerce, industry and public affairs by the continued development of the study and practice of governance (including regulatory compliance and risk management) and general direction and administration of companies and other bodies.

The principal activities and other particulars of the subsidiaries are set out below.

	Name	Place of incorporation and operations	Percentage of share capital/ interest held by the Institute		Description of shares/ interest held	Principal activities
			Directly	Indirectly		
1.	The Hong Kong Chartered Governance Institute Foundation Limited (香港公司治理公會基金有限公司) (Formerly known as The Hong Kong Institute of Chartered Secretaries Foundation Limited (香港特許秘書基金有限公司) ("HKCGIFL")	Hong Kong	100%	–	As the sole member of the company (limited by guarantee)	Provide scholarship and subsidies to people in need to pursue studies in company secretarial and corporate governance and related subjects
2.	The Hong Kong Institute of Company Secretaries Limited (香港公司秘書公會有限公司) ("HKICSL")	Hong Kong	100%	–	As the sole member of the company (limited by guarantee)	Has not yet commenced any activity

1. CORPORATE STATUS AND PRINCIPAL ACTIVITIES – continued

	Name	Place of incorporation and operations	Percentage of share capital/ interest held by the Institute		Description of shares/ interest held	Principal activities
			Directly	Indirectly		
3.	The Hong Kong Institute of Chartered Secretaries (China) Limited (香港特許秘書公會(中國)有限公司) ("HKICS China")	Hong Kong	100%	–	Ordinary shares	Investment holding
4.	思治企业谘询（北京）有限公司 (HKICS Consulting (Beijing) Limited) ("HKICS BJ")	Beijing, China	–	100%	Registered capital	Provision of services to members in Mainland China
5.	The Institute of Chartered Secretaries and Governance Professionals Limited (特許秘書及企業管治公會有限公司) ("ICSGPL")	Hong Kong	100%	–	Ordinary shares	Dormant
6.	The Chartered Governance Institute of Hong Kong Limited ("CGIHKL")	Hong Kong	100%	–	Ordinary shares	Dormant
7.	The Hong Kong Institute of Chartered Secretaries Limited (香港特許秘書公會有限公司) (Formerly known as The Hong Kong Chartered Governance Institute Limited (香港公司治理公會有限公司) ("HKICL")	Hong Kong	100%	–	Ordinary shares	Dormant

The general funds of HKCGIFL and HKICSL can be used for their principal activities as outlined above and in fulfilling their objects as set out in their Articles of Association. Upon dissolution of HKCGIFL or HKICSL, the net assets of the relevant subsidiary will be transferred according to the provisions stipulated in their Articles of Association.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a. Statement of compliance

The consolidated financial statements of the Institute and its subsidiaries (collectively referred to as "the Group") have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the Hong Kong Companies Ordinance.

b. Basis of measurement

The financial statements have been prepared under the historical cost basis except for the leasehold land and buildings which are held for own use and certain financial instruments, which are measured at fair value as explained in the significant accounting policies in Note 4.

c. Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Institute.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

a. Adoption of new/revised HKFRSs – Effective 1 July 2020

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendment to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
2020 Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform

The impact of the adoption of 2020 Amendments to HKFRS 16 "Covid-19-Related Rent Concessions" has been summarised below. The Council members consider that the adoption of the other new or revised HKFRSs has no material impact on the Group's consolidated financial statements.

The 2020 Amendments to HKFRS 16 allow, as a practical expedient, a lessee to elect not to assess whether a rent concession that meets the conditions below is a lease modification.

A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying HKFRS 16 if the change were not a lease modification.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – continued

a. Adoption of new/revised HKFRSs – Effective 1 July 2020 – continued

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and (iii) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all rent concessions that meet the conditions specified in the 2020 Amendments to HKFRS 16. During the year ended 30 June 2021, the Group recognised HK$54,466 as negative variable lease payments in the consolidated statement of comprehensive income for the Covid-19-related rent concessions provided by lessors.

b. New/revised HKFRSs that have been issued but are not yet effective

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

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
2021 Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Annual Improvements to HKFRSs 2018–2020 Cycle	Amendments to HKFRS 1, HKFRS 9 and HKAS 41 and Illustrative Examples accompanying HKFRS 16[2]
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]

[1] Effective for annual periods beginning on or after 1 April 2021

[2] Effective for annual periods beginning on or after 1 January 2022

[3] Effective for annual periods beginning on or after 1 January 2023

[4] Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

The Group has already commenced an assessment of the impact of adopting the above amendments to HKFRSs to the Group. The Council members of the Group anticipate that the application of these amendments to HKFRSs will have no material impact on the Group's consolidated financial performance and position and/or the disclosure to the consolidated financial statements of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation and subsidiaries

A subsidiary is an entity over which the Institute has control. The Institute controls an entity when it has power over the entity, has exposure, or rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the Institute's statement of financial position, the interests in subsidiaries are stated at cost less impairment charges.

The consolidated financial statements include the financial statements of the Institute and those of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Institute using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the reporting period are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate.

b. Property, plant and equipment

<u>Leasehold land and buildings</u>

Leasehold land and buildings are stated in the consolidated statement of financial position at their revalued amounts, being the fair values at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed at the reporting date.

The fair value measurement utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

Level 1:	Quoted prices in active markets for identical items (unadjusted);
Level 2:	Observable direct or indirect inputs other than Level 1 inputs;
Level 3:	Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur. Any revaluation increase arising on revaluation of buildings is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit, in which case the increase is credited to surplus or deficit to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation of an asset is recognised in surplus or deficit to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to general fund.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

b. Property, plant and equipment – continued

Property, plant and equipment items other than leasehold land and buildings

Property, plant and equipment items other than leasehold land and buildings are stated in the consolidated statement of financial position at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The rates are as follows:

Leasehold land	Over the unexpired lease terms
Buildings	2% or over the unexpired lease terms if shorter
Other properties held for own use	2% or over the unexpired lease terms if shorter
Leasehold improvements	20% or over the unexpired lease terms if shorter
Office furniture	20%
Office equipment	20%

Impairment

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

c. Leasing

The Group as lessee

All leases (irrespective of whether they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

c. Leasing – continued

The Group as lessee – continued

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value. The Group accounts for leasehold land and buildings which are held for own use under HKAS 16 and are carried at fair value. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which are held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from a change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

d. Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other revenue, rather than reducing the related expense.

e. Intangible assets (other than goodwill)

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Computer system	5 years
Online study materials	3 years

Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 4(l)).

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

f. Financial instruments

i. Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

f. Financial instruments – continued

i. Financial assets – continued

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Fair value through profit or loss ("FVPL"): Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

f. Financial instruments – continued

i. Financial assets – continued

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

ii. Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12 months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

f. Financial instruments – continued

ii. Impairment loss on financial assets – continued

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

iii. Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. The Group has one category of financial liabilities being financial liabilities at amortised cost.

Financial liabilities at amortised cost are initially recognised at fair value, net of directly attributable transaction costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

iv. Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

v. Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

g. Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

h. Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

Revenue is recognised as follows:

i. Subscription income is recognised over time on a straight-line basis over the subscription period.
ii. Admission and registration fees are recognised at a point in time on completion of assessment services by granting the qualification to the applicants.
iii. Income from examinations is recognised over time based on the cost-to-cost method.
iv. Income from functions, seminars and courses, member and student activities is recognised over time as the services are rendered.
v. Interest income is recognised as it accrues using the effective interest method.
vi. Dividend income is recognised when the right to receive payment is established.

Contract assets and liabilities

A contract liability represents the Group's obligation to transfer services or goods to a service user or customer for which the Group has received consideration (or an amount of consideration is due) from the service user or customer.

A contract liability is recognised when the service user or customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

i. Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the surplus or deficit from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

j. Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in surplus or deficit in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in surplus or deficit for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

k. Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the reporting period in which the relevant services are rendered by the employees. Where payment is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in surplus or deficit when the services are rendered by the employees.

l. Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that this asset has suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

m. Related parties

a. A person or a close member of that person's family is related to the Group if that person:
   i. has control or joint control over the Group;
   ii. has significant influence over the Group; or
   iii. is a member of the key management personnel of the Group.

b. An entity is related to the Group if any of the following conditions apply:
   i. The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   iii. Both entities are joint ventures of the same third party.
   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   v. The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

m. Related parties - continued

b. An entity is related to the Group if any of the following conditions apply: – continued

vi. The entity is controlled or jointly controlled by a person identified in (a).

vii. A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

i. that person's children and spouse or domestic partner;
ii. children of that person's spouse or domestic partner; and
iii. dependents of that person or that person's spouse or domestic partner.

n. Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a. Critical judgements in applying the Group's accounting policies

<u>Classification of leasehold land and buildings held for own use</u>

In accordance with HKAS 16, *Property, Plant and Equipment*, the Group chooses to apply either the cost model or the revaluation model as its accounting policy for items of property, plant and equipment held for own use on a class-by-class basis. In applying this policy, the Group has concluded that its registered ownership interests in leasehold land and buildings and the right to use other properties leased under tenancy agreements are two separate groupings of assets which differ significantly in their nature and use. Accordingly, they are regarded by the Group as separate classes of asset for subsequent measurement policies in accordance with Notes 4(b) and 4(c). Specifically, registered ownership interests are carried under the revaluation model, while rights to use properties under tenancy agreements are carried at depreciated cost.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

b. Key sources of estimation uncertainty

Fair value of leasehold land and buildings held for own use in Hong Kong

The Group's leasehold land and buildings held for own use in Hong Kong are stated at fair value based on professional valuation performed. In determining the fair value, the valuers have assessed the market value of the property in its existing state by the direct comparison approach assuming sale of the property with the benefit of vacant possession. They have made reference to the appropriate comparable sales transactions as available in the market and have made due adjustments for differences between the subject property and comparable premises. In relying on the valuation, the Council has exercised its judgement and is satisfied that the valuation reflects the current market conditions.

Impairment of accounts receivable

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. An estimate of the loss arising on default is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account of cash flows from collateral and integral credit enhancements. Probability of default, being a key input in measuring ECL, is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

6. SUBSCRIPTIONS AND FEES

	2021	2020
	HK$	HK$
Subscriptions, recognised over time	14,325,449	15,303,425
Admission and registration fees, recognised at a point in time	5,858,007	6,967,123
	20,183,456	22,270,548

7. OTHER REVENUE

	2021	2020
	HK$	HK$
Income from examinations, recognised over time	2,354,600	1,261,400
Income from seminars, courses, member and student activities and functions held, recognised over time	17,357,367	15,209,952
	19,711,967	16,471,352

8. INTEREST INCOME

	2021 HK$	2020 HK$
Bank interest income	43,350	127,492
Interest income from cash at custodian	5,044	7,108
Interest income from bond investments	–	15,721
	48,394	150,321

9. OTHER NET INCOME

	2021 HK$	2020 HK$
Dividend income on financial assets at fair value through profit or loss	319,626	476,505
Dividend income on financial assets at fair value through other comprehensive income	105,615	127,566
Donations	351,610	42,950
Covid-19-related rent concessions	54,466	–
Government grants (Note)	1,485,000	297,000
Net foreign exchange gain/(loss)	58,591	(59,806)
Sales of study materials	–	2,060
Sundry income	444,401	398,633
Gain/(Loss) on disposal of financial assets at fair value through profit or loss	49,638	(564,964)
Unrealised gain/(loss) on financial assets at fair value through profit or loss	591,139	(217,065)
	3,460,086	502,879

Note:

Amount represents government grants obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this scheme.

10. STAFF COSTS

	2021	2020
	HK$	HK$
Salaries, allowances and other benefits	20,675,520	19,499,927
Contributions to defined contribution retirement scheme:		
Hong Kong Mandatory Provident Fund	1,312,351	1,185,747
	21,987,871	20,685,674

Staff costs included key management personnel remuneration (Note 11).

11. KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel comprise members of the Council, the Chief Executive and department directors. Council members are not remunerated.

	2021	2020
	HK$	HK$
Salaries	6,761,534	5,954,056
Performance benefits, other allowances and benefits-in-kind	1,730,504	1,642,162
Contributions to defined contribution retirement schemes	501,007	469,432
	8,993,045	8,065,650

12. OTHER OPERATING EXPENSES

	2021	2020
	HK$	HK$
Auditor's remuneration	281,228	237,170
Bad debts written off	14,030	50,500
Credit card merchant fees	799,035	772,335
Direct costs (Note)	2,873,062	4,015,672
Donations	1,001	62,865
Government rent and rates	65,900	89,275
Investment handling charges	355,083	361,547
Legal and professional fees	190,501	277,027
Postage and courier	160,492	121,901
Promotion and public relations	815,672	1,334,018
Publications and printing	2,945,423	3,020,852
Repairs and maintenance	69,377	113,443
Scholarship, sponsorship and subject prizes	523,400	364,030

12. OTHER OPERATING EXPENSES – continued

	2021 HK$	2020 HK$
Service fees charged by The Chartered Governance Institute	668,046	848,136
Service fees in PRC	3,475,893	2,995,353
Student services	1,603,619	1,125,424
Sundry expenses	1,081,495	1,078,420
Travelling	70,794	158,149
Utilities	474,817	540,425
Variable lease payment – printer meter charge	80,950	86,256
Write off of inventories	–	8,585
	16,549,818	17,661,383

Note: Direct costs represent costs incurred in provision of examinations, seminars, courses, member and student activities and functions.

13. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of comprehensive income represents:

	2021 HK$	2020 HK$
Current tax		
Overseas tax		
- Tax for the current year	75,209	64,488
Income tax expense	75,209	64,488

The income tax expense for the year can be reconciled to the surplus/(deficit) before income tax expense in the consolidated statement of comprehensive income as follows:

	2021 HK$	2020 HK$
Surplus/(Deficit) before income tax	2,631,383	(790,022)
Tax calculated at Hong Kong profits tax rate of 16.5%	434,178	(130,354)
Effect of different tax rate of a subsidiary operating in other jurisdiction	184,701	27,236
Effect of tax exemptions granted	(75,640)	183,223
Tax effect of concessionary tax rate	(434,591)	(64,085)
Others	(33,439)	48,468
Income tax expense	75,209	64,488

13. INCOME TAX EXPENSE – continued

No deferred tax liability has been recorded on certain temporary differences of HK$2,214,804 (2020: HK$117,056) relating to the undistributed earnings of a foreign subsidiary because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The Institute

In the opinion of the Council, the Institute is a professional association and not more than half of the receipts from subscriptions are from persons who claim or would be entitled to claim that their subscriptions are allowable deductions under Section 16 of the Inland Revenue Ordinance. The Institute is therefore not subject to Hong Kong Profits Tax under Section 24(2) of the Inland Revenue Ordinance, and no provision for Hong Kong Profits Tax has been made in the financial statements.

HKCGIFL

HKCGIFL is exempt from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

HKICSL, ICSGPL, HKICL and CGIHKL

No provision for Hong Kong Profits Tax has been provided as HKICSL, ICSGPL, HKICL and CGIHKL had not carried on any activities during the reporting period.

HKICS China

No provision for Hong Kong Profits Tax has been provided as HKICS China's business does not give rise to assessable profits during the reporting period.

HKICS BJ

HKICS BJ is subject to PRC Enterprise Income Tax at 25%. HKICS BJ is qualified as a small and thin-profit enterprise, and the tax authorities have granted HKICS BJ preferential income tax rate of 5% for first RMB1,000,000 of assessable profits and 10% for the assessable profits between RMB1,000,000 to RMB3,000,000.

14. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2021

	Leasehold land held for own use carried at fair value HK$	Buildings held for own use carried at fair value HK$	Other properties leased for own use carried at cost HK$	Leasehold improvements HK$	Office furniture HK$	Office equipment HK$	Total HK$
Cost or valuation							
At 1 July 2020	106,600,000	5,400,000	698,759	3,352,605	491,819	3,632,434	120,175,617
Additions	–	–	–	–	136,927	445,540	582,467
Derecognition of a lease	–	–	–	–	–	(132,604)	(132,604)
Write-off	–	–	–	–	–	(2,440,688)	(2,440,688)
Lease modification	–	–	1,836,900	–	–	–	1,836,900
Surplus/(Deficit) on revaluation	6,600,000	(600,000)	–	–	–	–	6,000,000
Exchange alignment	–	–	136,325	–	–	–	136,325
At 30 June 2021	113,200,000	4,800,000	2,671,984	3,352,605	628,746	1,504,682	126,158,017
Representing:							
Cost	–	–	2,671,984	3,352,605	628,746	1,504,682	8,158,017
Revaluation	113,200,000	4,800,000	–	–	–	–	118,000,000
	113,200,000	4,800,000	2,671,984	3,352,605	628,746	1,504,682	126,158,017
Accumulated depreciation							
At 1 July 2020	–	–	549,025	3,352,605	478,525	3,273,311	7,653,466
Charge for the year	108,343	96,000	612,525	–	23,831	214,550	1,055,249
Elimination on revaluation	(108,343)	(96,000)	–	–	–	–	(204,343)
Derecognition of a lease	–	–	–	–	–	(132,604)	(132,604)
Write-off	–	–	–	–	–	(2,440,688)	(2,440,688)
Exchange alignment	–	–	80,983	–	5,660	–	86,643
At 30 June 2021	–	–	1,242,533	3,352,605	508,016	914,569	6,017,723
Carrying amount							
At 30 June 2021	113,200,000	4,800,000	1,429,451	–	120,730	590,113	120,140,294

14. PROPERTY, PLANT AND EQUIPMENT – continued

Year ended 30 June 2020

	Leasehold land held for own use carried at fair value HK$	Buildings held for own use carried at fair value HK$	Other properties leased for own use carried at cost HK$	Leasehold improvements HK$	Office furniture HK$	Office equipment HK$	Total HK$
Cost or valuation							
At 1 July 2019	121,100,000	5,900,000	726,250	3,352,605	487,853	3,621,421	135,188,129
Additions	–	–	–	–	3,966	16,018	19,984
Write-off	–	–	–	–	–	(5,005)	(5,005)
Deficit on revaluation	(14,500,000)	(500,000)	–	–	–	–	(15,000,000)
Exchange alignment	–	–	(27,491)	–	–	–	(27,491)
At 30 June 2020	106,600,000	5,400,000	698,759	3,352,605	491,819	3,632,434	120,175,617
Representing:							
Cost	–	–	698,759	3,352,605	491,819	3,632,434	8,175,617
Revaluation	106,600,000	5,400,000	–	–	–	–	112,000,000
	106,600,000	5,400,000	698,759	3,352,605	491,819	3,632,434	120,175,617
Accumulated depreciation							
At 1 July 2019	–	–	–	3,179,974	470,184	3,056,315	6,706,473
Charge for the year	108,212	108,000	553,982	172,631	8,341	222,001	1,173,167
Elimination on revaluation	(108,212)	(108,000)	–	–	–	–	(216,212)
Write-off	–	–	–	–	–	(5,005)	(5,005)
Exchange alignment	–	–	(4,957)	–	–	–	(4,957)
At 30 June 2020	–	–	549,025	3,352,605	478,525	3,273,311	7,653,466
Carrying amount							
At 30 June 2020	106,600,000	5,400,000	149,734	–	13,294	359,123	112,522,151

14. PROPERTY, PLANT AND EQUIPMENT – continued

Right-of-use assets

Right-of-use assets, included in the property, plant and equipment, by class of underlying asset are as follows:

	Leasehold land held for own use carried at fair value HK$	Other properties held for own use carried at cost HK$	Office equipment HK$	Total HK$
Cost or valuation				
At 1 July 2019	121,100,000	726,250	132,604	121,958,854
Deficit on revaluation	(14,500,000)	–	–	(14,500,000)
Exchange alignment	–	(27,491)	–	(27,491)
At 30 June 2020	106,600,000	698,759	132,604	107,431,363
Representing:				
Cost	–	698,759	132,604	831,363
Revaluation	106,600,000	–	–	106,600,000
	106,600,000	698,759	132,604	107,431,363
Accumulated depreciation				
At 1 July 2019	–	–	–	–
Charge for the year	108,212	553,982	83,750	745,944
Elimination on revaluation	(108,212)	–	–	(108,212)
Exchange alignment	–	(4,957)	–	(4,957)
At 30 June 2020	–	549,025	83,750	632,775
Carrying amount				
At 30 June 2020	106,600,000	149,734	48,854	106,798,588
Cost or valuation				
At 1 July 2020	106,600,000	698,759	132,604	107,431,363
Surplus on revaluation	6,600,000	–	–	6,600,000
Addition of a new lease	–	–	176,136	176,136
Derecognition of a lease	–	–	(132,604)	(132,604)
Lease modification	–	1,836,900	–	1,836,900
Exchange alignment	–	136,325	–	136,325
At 30 June 2021	113,200,000	2,671,904	176,136	116,048,120
Representing:				
Cost	–	2,671,904	176,136	2,848,120
Revaluation	113,200,000	–	–	113,200,000
	113,200,000	2,671,904	176,136	116,048,120

14. PROPERTY, PLANT AND EQUIPMENT – continued

Right-of-use assets – continued

	Leasehold land held for own use carried at fair value HK$	Other properties held for own use carried at cost HK$	Office equipment HK$	Total HK$
Accumulated depreciation				
At 1 July 2020	–	549,025	83,750	632,775
Charge for the year	108,343	612,525	63,532	784,400
Elimination on revaluation	(108,343)	–	–	(108,343)
Derecognition of a lease	–	–	(132,604)	(132,604)
Exchange alignment	–	80,983	–	80,983
At 30 June 2021	–	1,242,533	14,678	1,257,211
Carrying amount				
At 30 June 2021	113,200,000	1,429,451	161,458	114,790,909

Fair value measurement

The Group's leasehold land and buildings were valued by DTZ Cushman & Wakefield Limited, a firm of independent valuers who hold a recognised relevant professional qualification and have recent experience in the location and segments of the leasehold land and buildings valued. For all leasehold land and buildings, their current use equated to the highest and best use.

At 30 June 2021 and 2020, the fair value of leasehold land and buildings held for own use were determined using the direct comparison approach to value these properties in their respective existing state and use on the market basis assuming sale with immediate vacant possession and by making reference to comparable sale evidence. The valuations took into account and adjusted for unobservable inputs for the differences in the characteristics of the properties including the location, size, view, floor level, year of completion and other factors collectively.

Description	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Leasehold land and buildings in Hong Kong	Direct comparison approach	Premium on characteristics of the properties	–10% to 5% (2020: –6.5% to 7%)

Fair value hierarchy

The fair value of land and buildings is a level 3 recurring fair value measurement.

The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur. There were no transfers into or out of level 3 or any other levels in the reporting period.

14. PROPERTY, PLANT AND EQUIPMENT – continued

Valuation techniques

Premium on characteristics of the properties are estimated by the independent valuer based on the size, location, view, floor level, year of completion, building quality, maintenance factor and etc. of the properties. The higher the premium, the higher the fair value. In addition, the valuation was based on the economic, market and other conditions as they exist on, and with information available to management as of 30 June 2021. Given the outbreak of Covid-19 which has caused high volatility to the global economy and uncertainties to the property market, this disruption has increased the uncertainty of the assumptions adopted in the valuation process. Consequently, the ongoing development of Covid-19 may cause unexpected volatility in the future fair value of the properties subsequent to 30 June 2021.

Fair value movements

A reconciliation of the opening and closing fair value balance is provided below:

	HK$
At 1 July 2019	127,000,000
Depreciation	(216,212)
Valuation deficit	(14,783,788)
At 30 June 2020 and 1 July 2020	112,000,000
Depreciation	(204,343)
Valuation surplus	6,204,343
At 30 June 2021	118,000,000

Valuation surplus of HK$6,204,343 (2020: deficit of HK$14,783,788) arising on revaluation has been recognised in other comprehensive income and accumulated in the property revaluation reserve.

Had the Group's leasehold land and buildings been measured on a historical cost basis, their carrying amounts would have been HK$14,168,352 and HK$1,736,448 respectively (2020: HK$14,185,505 and HK$1,790,712 respectively) at the end of the reporting period.

15. INTANGIBLE ASSETS

	Computer system HK$	Online study materials HK$	Total HK$
Cost			
At 1 July 2019	–	–	–
Addition	2,464,500	1,630,270	4,094,770
At 30 June 2020 and 1 July 2020	2,464,500	1,630,270	4,094,770
Addition	900,000	–	900,000
At 30 June 2021	3,364,500	1,630,270	4,994,770
Accumulated amortisation			
At 1 July 2019	–	–	–
Charge for the year	376,175	271,712	647,887
At 30 June 2020 and 1 July 2020	376,175	271,712	647,887
Charge for the year	590,400	543,423	1,133,823
At 30 June 2021	966,575	815,135	1,781,710
Carrying amount			
At 30 June 2021	2,397,925	815,135	3,213,060
At 30 June 2020	2,088,325	1,358,558	3,446,883

16. INVENTORIES

Inventories comprise study materials held for sale and wine charms held for charity sale. The proceeds from wine charms sold will be used in pursuing the Group's principal activities.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$	2020 HK$
Unlisted fund investments	13,197,962	21,402,493

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 **HK$**	2020 HK$
Listed equity securities	6,859,931	6,435,575

i. Disposal of equity investments
During the year ended 30 June 2021, the Group sold certain of its equity investments in order to suit the Group's investment strategy. The equity securities had a fair value of HK$4,040,705 (2020: HK$2,192,928) at the time of the sale.

ii. Amount recognised in surplus or deficit, and other comprehensive income

	2021 **HK$**	2020 HK$
Gain recognised in other comprehensive income	1,295,288	371,956
Dividends from equity investments held at FVOCI recognised in surplus or deficit:		
Relating to investments derecognised during the year	984	7,244
Relating to investments held at the end of the reporting period	104,631	120,322
	105,615	127,566

19. ACCOUNTS AND OTHER RECEIVABLES

	2021 **HK$**	2020 HK$
Accounts receivables (Note i)	979,177	513,567
Other receivables (Note ii)	107,889	684,316
Deposits	255,131	244,257
Prepayments	959,397	1,522,071
	2,301,594	2,964,211

Note:

i. Invoices are due on presentation. At the end of the reporting period, ageing analysis of the accounts receivables (net of impairment losses), based on invoice dates, are as follows:

	2021 **HK$**	2020 HK$
Current	954,957	170,522
1–3 months	24,220	187,716
Over 3 months	–	155,329
	24,220	343,045
	979,177	513,567

19. ACCOUNTS AND OTHER RECEIVABLES – continued

The Council members considered that credit risk is not significant.

The Group assessed impairment loss based on the accounting policy stated in note 4(f)(ii). Further details on the Group's credit policy and credit risk arising from accounts receivables are set out in note 26(a).

ii. Other receivables represented seminar income receivable from an external seminar organiser. Credit risk is not significant.

The Group did not hold any collateral as security or other credit enhancement over these balances.

20. CASH AND CASH EQUIVALENTS

	2021	2020
	HK$	HK$
Cash and bank balances	7,937,578	7,055,730
Time deposits with original maturity three months or less when acquired	1,506,229	2,452,736
Cash at custodians	11,972,448	1,835,328
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	21,416,255	11,343,794

Cash at banks earned interest ranging from 0.1% to 0.3% (2020: ranged from 0.1% to 0.3%) per annum.

Time deposits with original maturity three months or less when acquired earned interest of 0.4% (2020: 2.0%) per annum.

Included in the Group's cash and bank balances is an amount of HK$1,656,109 (2020: HK$1,848,822) which is held by HKCGIFL that can be used to fulfil the objects of HKCGIFL as set out in its Articles of Association.

21. ACCOUNTS AND OTHER PAYABLES

	2021	2020
	HK$	HK$
Accruals and other payables	1,796,051	2,674,066
Deferred income	30,000	874,000
	1,826,051	3,548,066

22. CONTRACT LIABILITIES

	2021 **HK$**	2020 HK$
Contract liabilities	1,336,373	2,263,479

Contract liabilities represent fees received or entitled to for which the Group has not delivered the related services in respect of the unexpired subscription period of student members, registration applications to be assessed, and examinations, seminars or functions to be completed.

Movements in contract liabilities during the year:

	HK$
Balance at 1 July 2019	2,237,285
Decrease in contract liabilities as a result of recognising revenue	(2,237,285)
Increase in contract liabilities as a result of advanced consideration received/billing in advance during the year	2,263,479
Balance at 30 June 2020 and 1 July 2020	2,263,479
Decrease in contract liabilities as a result of recognising revenue	(2,263,479)
Increase in contract liabilities as a result of advanced consideration received/billing in advance during the year	1,336,373
Balance at 30 June 2021	1,336,373

23. LEASES LIABILITIES

	Other properties leased for own use in Mainland China HK$	Copiers leased for own use in Hong Kong HK$	Total HK$
At 1 July 2019	726,250	132,604	858,854
Interest expenses	13,536	3,475	17,011
Lease payments	(564,985)	(86,256)	(651,241)
Exchange alignment	(22,557)	–	(22,557)
At 30 June 2020 and 1 July 2020	152,244	49,823	202,067
Interest expenses	43,619	2,140	45,759
Addition of a new lease	–	176,136	176,136
Lease modification	1,836,900	–	1,836,900
Lease payments	(640,272)	(65,856)	(706,128)
Exchange alignment	56,312	–	56,312
At 30 June 2021	1,448,803	162,243	1,611,046

23. LEASES LIABILITIES – continued

Future lease payments are due as follows:

At 30 June 2021	Minimum lease payments HK$	Interest HK$	Present value HK$
Not later than one year	731,816	(45,579)	686,237
Later than one year and not later than two years	731,816	(19,926)	711,890
Later than two year and not later than five years	214,035	(1,116)	212,919
	1,677,667	(66,621)	1,611,046

At 30 June 2020	Minimum lease payments HK$	Interest HK$	Present value HK$
Not later than one year	203,024	(957)	202,067

The present value of future lease payments are analysed as:

	2021 HK$	2020 HK$
Current liabilities	686,237	202,067
Non-current liabilities	924,809	–
	1,611,046	202,067

24. RELATED PARTY TRANSACTIONS

Transactions with members of the Council

Members of the Council did not receive any fees or other remuneration for serving as a member of the Council. Other than the information disclosed elsewhere in the financial statements, the Institute received income in the ordinary course of business, such as sponsorship, subscriptions and fees from Council members or parties related to Council members. The total amount received from Council members or parties related to Council members in this regard was not significant.

25. FINANCIAL INSTRUMENTS BY CATEGORY

	2021	2020
	HK$	HK$
Financial assets		
– at amortised cost		
Accounts and other receivables	1,342,197	1,442,140
Cash and cash equivalents	21,416,255	11,343,794
	22,758,452	12,785,934
– at fair value		
Financial assets at fair value through other comprehensive income	6,859,931	6,435,575
Financial assets at fair value through profit or loss	13,197,962	21,402,493
	20,057,893	27,838,068
Financial liabilities – measured at amortised cost		
Accounts and other payables	1,796,051	2,674,066
Lease liabilities	1,611,046	202,067
	3,407,097	2,876,133

The carrying amounts of the Group's financial instruments carried at amortised cost at the reporting date approximate their fair values due to the immediate or short-term maturity of these financial instruments.

26. FINANCIAL RISK MANAGEMENT

Exposure to credit, currency and liquidity risks arise in the normal course of the Group's operations. The Group is also exposed to equity price risk arising from its investments. These risks are limited by the Group's financial management policies and practices described below.

a. Credit risk

The carrying amount of financial assets included in the statement of consolidated financial position represents the Group's maximum exposure to credit risk. The Council has policies in place to ensure the credit risk is within an acceptable level and monitored on an ongoing basis. At the reporting date, the Group has no concentration of credit risk.

The Council reviews the recoverable amount of each individual accounts receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Council considers that the Group's exposure credit risk have been significantly reduced.

b. Currency risk

The Group is exposed to foreign currency risk arising from translating bank balances, bond investments, financial assets at fair value through profit or loss and accounts payable which are denominated in Great British Pounds ("GBP"), United States dollars ("USD") or Renminbi ("RMB"). Such exposure arise from the balance of assets and liabilities in currencies other than the functional currency of the Group's entitites.

26. FINANCIAL RISK MANAGEMENT – continued

b. Currency risk – continued

The Group currently does not have a foreign currency hedging policy. However, the Council monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

Exposure to foreign currency (expressed in HK$)			
At 30 June 2021	USD	GBP	RMB
Assets			
Cash and cash equivalents	5,397,432	4,866	177,502
Deposits and other receivables	–	–	180,690
Financial assets at fair value through profit or loss	8,455,967	–	–
Financial assets at fair value through other comprehensive income	2,682,977	–	–
	16,536,376	4,866	358,192
Liabilities			
Lease liabilities	–	–	509,784

Exposure to foreign currency (expressed in HK$)			
At 30 June 2020	USD	GBP	RMB
Assets			
Cash and cash equivalents	1,061,508	480,747	102,648
Deposits and other receivables	–	–	756,672
Financial assets at fair value through profit or loss	12,256,168	–	–
Financial assets at fair value through other comprehensive income	1,812,781	–	–
	15,130,457	480,747	859,320
Liabilities			
Lease liabilities	–	–	53,670

Sensitivity analysis on foreign exchange risk management

The Council considers the main foreign currency risk the Group was exposed to at the reporting date were GBP and RMB. If Hong Kong dollars strengthened against these currencies by 5%, the Group's surplus (2020: deficit) would be decreased by approximately HK$243 (2020: increased by HK$24,000) and HK$7,500 (2020: increased by HK$40,300), respectively. If Hong Kong dollars had weakened against these currencies by 5%, the Group's surplus (2020: deficit) would be increased (2020: decreased) by the same amount.

The Group's exposure to currency risk arising from financial assets denominated in USD is insignificant, as HK$ is pegged to USD.

26. FINANCIAL RISK MANAGEMENT – continued

c. Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the Council to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Within 1 year or on demand HK$	1–2 years HK$	2–3 years HK$	Total contractual undiscounted cash flow HK$	Total carrying amount HK$
As at 30 June 2021					
Accounts and other payables	1,796,051	–	–	1,796,051	1,796,051
Lease liabilities	731,816	731,816	214,035	1,677,667	1,611,046
	2,527,867	731,816	214,035	3,473,718	3,407,097

	Within 1 year or on demand HK$	Total contractual undiscounted cash flow HK$	Total carrying amount HK$
As at 30 June 2020			
Accounts and other payables	2,674,066	2,674,066	2,674,066
Lease liabilities	203,024	203,024	202,067
	2,877,090	2,877,090	2,876,133

d. Market risk

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risks.

Other price risk

The Group is exposed to price risk through financial assets at fair value through profit or loss which are run and operated by fund managers. The Council of the Institute manages this exposure by maintaining a portfolio of investments with different risks. The Group's price risk is mainly concentrated on the dealing price of listed and unlisted fund investments derived from the net asset values of the investments, with reference to observable quoted prices of underlying investment portfolio in active markets.

26. FINANCIAL RISK MANAGEMENT – continued

d. Market risk – continued

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting date.

If the prices of the financial assets at fair value through profit or loss had been 5% (2020: 5%) higher/lower, the Group's surplus for the year would increase/decrease by approximately HK$659,000 (2020: deficit for the year would decrease/increase by HK$1,070,000) as a result of the changes in fair value of financial assets at fair value through profit or loss.

e. Fair value measurement

The Group's financial assets and liabilities measured at fair value are categorised into the three-level fair value hierarchy below. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measured using only unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2 valuations:	Fair value measured using observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
Level 3 valuations:	Fair value measured using significant unobservable inputs.

At 30 June 2021	Level 1 HK$	Level 2 HK$	Total HK$
Financial assets at fair value through profit or loss:			
– Funds – unlisted (Note ii)	–	13,197,962	13,197,962
Financial assets at fair value through other comprehensive income:			
– Equity securities – listed (Note i)	6,859,931	–	6,859,931
	6,859,931	13,197,962	20,057,893

At 30 June 2020	Level 1 HK$	Level 2 HK$	Total HK$
Financial assets at fair value through profit or loss:			
– Funds – unlisted (Note ii)	–	21,402,493	21,402,493
Financial assets at fair value through other comprehensive income:			
– Equity securities – listed (Note i)	6,435,575	–	6,435,575
	6,435,575	21,402,493	27,838,068

26. FINANCIAL RISK MANAGEMENT – continued

e. Fair value measurement – continued

Note:

i. Fair values of the listed equity securities are determined by reference to their quoted bid prices at the reporting date in an active market.

ii. Dealing price of unlisted fund investments derived from the net asset values of the investments, with reference to observable quoted prices of underlying investment portfolio in active markets.

During the current and prior reporting periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

27. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern to enable its obligations under the Hong Kong Companies Ordinance are fulfilled;

- to develop and maintain the qualification programme and continuing professional development programme for students and members; and

- to provide capital for the purpose of strengthening the Group's operational efficiency.

The Group regularly reviews and manages its capital to ensure adequacy for both operational and capital needs. All surpluses are transferred to the general fund for future operational needs.

The Council regularly reviews the need to increase membership/studentship subscriptions to ensure operational needs are fully covered.

For the purpose of capital disclosure, the Council regards the reserves and funds as capital of the Group.

28. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Lease liabilities HK$ (Note 23)
At 1 July 2019	858,854
Changes from cash flows:	
Repayment of principal portion of the lease liabilities	(634,230)
Repayment of interest portion of the lease liabilities	(17,011)
Total changes from financing cash flow	(651,241)
Other non-cash movements:	
Interest on lease liabilities	17,011
Exchange alignment	(22,557)
Total other non-cash movements	(5,546)
At 30 June 2020 and 1 July 2020	202,067
Changes from cash flows:	
Repayment of principal portion of the lease liabilities	(660,369)
Repayment of interest portion of the lease liabilities	(45,759)
Total changes from financing cash flow	(706,128)
Other non-cash movements:	
Interest on lease liabilities	45,759
Addition of a new lease	176,136
Lease modification	1,836,900
Exchange alignment	56,312
Total other non-cash movements	2,115,107
At 30 June 2021	1,611,046

29. STATEMENT OF FINANCIAL POSITION OF THE INSTITUTE

	Note	2021 HK$	2020 HK$
Non-current assets			
Property, plant and equipment		**119,108,003**	112,425,103
Interests in subsidiaries		**24**	24
Intangible assets		**3,213,060**	3,446,883
Financial assets at fair value through other comprehensive income		**6,859,931**	6,435,575
		129,181,018	122,307,585
Current assets			
Inventories		**4,557**	4,557
Financial assets at fair value through profit or loss		**13,197,962**	21,402,493
Accounts and other receivables		**2,094,396**	2,776,253
Amounts due from subsidiaries		**1,062,999**	1,062,999
Cash and cash equivalents		**16,330,559**	8,398,867
		32,690,473	33,645,169
Total assets		**161,871,491**	155,952,754
Current liabilities			
Accounts and other payables		**1,385,587**	3,074,001
Amounts due to subsidiaries		**13**	13
Lease liabilities		**278,385**	103,392
Contract liabilities		**1,336,373**	2,109,715
		3,000,358	5,287,121
Net current assets		**29,690,115**	28,358,048
Total assets less current liabilities		**158,871,133**	150,665,633
Non-current liabilities			
Lease liabilities		**393,641**	–
NET ASSETS		**158,477,492**	150,665,633
Reserves and funds			
General fund	30	**49,985,996**	49,857,228
Financial assets at fair value through other comprehensive income reserve	30	**2,068,621**	773,333
Property revaluation reserve	30	**103,582,040**	97,377,697
Building maintenance sinking fund	30	**886,008**	870,397
Education development fund	30	**954,827**	786,978
IT maintenance fund	30	**1,000,000**	1,000,000
TOTAL RESERVES AND FUNDS		**158,477,492**	150,665,633

The financial statements were approved and authorised for issue by the Council on 3 November 2021 and are signed on its behalf by:

Gillian E Meller
President

Daniel WS Chow
Treasurer

30. SUMMARY OF THE INSTITUTE'S RESERVES AND FUNDS

	General fund HK$	Property revaluation reserve HK$	Financial assets at fair value through other comprehensive income reserve HK$
Balance as at 1 July 2019	50,977,734	112,161,485	453,397
Deficit for the year	(1,385,548)	–	–
Other comprehensive income for the year	–	(14,783,788)	371,956
Total comprehensive income for the year	(1,385,548)	(14,783,788)	371,956
Transfer to general fund	388,478	–	–
Transfer from general fund	(175,456)	–	–
Transfer upon disposal of financial assets at fair value through other comprehensive income	52,020	–	(52,020)
Balance as at 30 June 2020 and 1 July 2020	49,857,228	97,377,697	773,333
Surplus for the year	312,228	–	–
Other comprehensive income for the year	–	6,204,343	1,295,288
Total comprehensive income for the year	312,228	6,204,343	1,295,288
Transfer to general fund	9,000	–	–
Transfer from general fund	(192,460)	–	–
Balance as at 30 June 2021	**49,985,996**	**103,582,040**	**2,068,621**

	Building maintenance sinking fund HK$	Education development fund HK$	IT maintenance fund HK$	Total HK$
	870,397	1,000,000	1,000,000	166,463,013
	–	–	–	(1,385,548)
	–	–	–	(14,411,832)
	–	–	–	(15,797,380)
	–	(388,478)	–	–
	–	175,456	–	–
	–	–	–	–
	870,397	786,978	1,000,000	150,665,633
	–	–	–	312,228
	–	–	–	7,499,631
	–	–	–	7,811,859
	–	(9,000)	–	–
	15,611	176,849	–	–
	886,008	**954,827**	**1,000,000**	**158,477,492**

We welcome any feedback you may have on our report.
Please tell us what you think by email: ask@hkcgi.org.hk.

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