CHARTERED GOVERNANCE
Hong Kong

Annual Report 2023

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

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) 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 Hong Kong/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 7,000 members, more than 300 graduates and around 2,600 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)是一个独立专业团体，一直致力于促进会员在制定与有效实施良好公司治理政策方面所担当的角色，同时在中国香港以及内地推动「特许秘书」和「公司治理师」专业的发展。

公会于1949年成立，最初为特许公司治理公会(CGI)的分会，于1994年成为CGI的香港属会，亦从2005年至今为CGI的香港/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7,000名会员，毕业学员300多名以及学员约2,600名。

更多资讯，请浏览www.hkcgi.org.hk。

Contents

Report summary

The Hong Kong Chartered Governance Institute (HKCGI, the Institute) 香港公司治理公會 is honoured to present its Annual Report 2023, covering the financial year from 1 July 2022 to 30 June 2023 (fiscal 2023). Figures for fiscal 2022 refer to the period from 1 July 2021 to 30 June 2022. 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 upholding good corporate governance and corporate secretaryship in Hong Kong and the Mainland, and is a thought leader in the field. We offer the route to qualification for those intending to embark on or advance a career as a Chartered Secretary and Chartered Governance Professional, and provide professional development training programmes in pivotal areas of corporate governance. Our principal focus includes member, graduate and student services, advocacy, research and governance reform.

Membership growth

Our combined membership and graduateship numbers edged up, while our student numbers dipped. As at 30 June 2023, we had 7,092 members (2% increase from the same point in 2022), 369 graduates (5% decrease) and 2,639 students (7% drop).

Financial performance

The Institute, together with its subsidiaries, is pleased to report that it recorded a consolidated operating surplus of HK$5,172,404 in fiscal 2023, having sustained an operating deficit in fiscal 2022. Total income was HK$46,287,699 (18% increase from fiscal 2022), the majority 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$22,298,746 (2% decrease), while income from continuing professional development (CPD) and other activities was HK$20,484,850 (36% increase). Total costs and expenses were HK$41,097,811 (3% increase).

Key activities

Our Chartered Governance Qualifying Programme (CGQP) is a highly acclaimed route to professional qualification in the field of governance, in both Hong Kong and the Mainland. In fiscal 2023, a total of 1,067 students enrolled in our two CGQP examination diets, in November 2022 and June 2023, while our five master's degree programmes under the Institute's Collaborative Course Agreement attracted 215 new students.

The 87 Enhanced CPD (ECPD) events we held this year in Hong Kong and the Mainland attracted 26,226 participants (up 11% from fiscal 2022). Use of our ECPD Videos on Demand accelerated rapidly, with 8,265 viewers during the year (64% increase on viewer numbers last year). We also organised 45 physical and online membership events in fiscal 2023 (up 41% from fiscal 2022), attended by 4,902 participants (down 34%).

Augmenting our collection of thought leadership resources, we published four new research reports and 18 guidance notes, while we made 12 consultation submissions on a broad range of regulatory reform and policy formulation themes.

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	Guidance notes	Panel meetings
4 (+33%)	18 (+64%)	10 (–9%)

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	ECPD participants	Viewers of ECPD Videos on Demand
87 (–12%)	26,226 (+11%)	8,265 (+64%)

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	Participants at these events	Media interviews
53 (+33%)	2,844 (–25%)	2 (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 and institutions.

Students enrolled for the CGQP examinations	CGQP module enrolments	New students enrolled via collaborative courses
1,067 (–11%)	1,435 (–12%)	215 (+3%)

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	Funds distributed	Scholarships and subject prizes awarded
HK$344,279 (–3%)	HK$277,000 (–12%)	45 (–2%)

MEMBER, GRADUATE AND STUDENT SERVICES

Our learning support, 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	Participants at these events	Mentees joining our Governance Professional Mentorship Programme
45 (+41%)	4,902 (–34%)	78 (–9%)

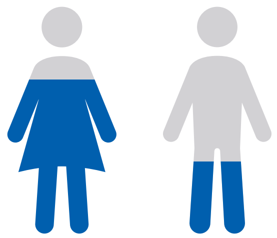
Note: Percentages in parenthesis refer to the comparison between this financial year and the previous financial year.

Membership & graduateship profile

(as at 30 June 2023)

Members and graduates

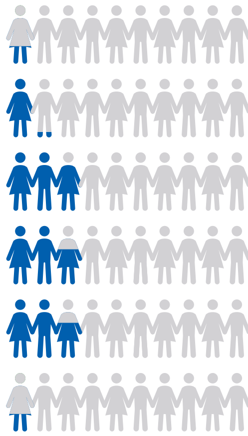
7,461



69% (5,149)

31% (2,312)

Age



> 70	4% (270)
60–69	12% (872)
50–59	28% (2,110)
40–49	26% (1,940)
30–39	26% (1,974)
< 30	4% (295)

Type of employer organisation

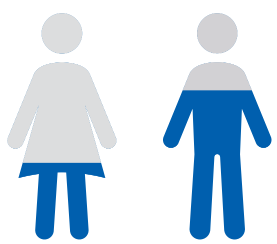
41%	Listed company
31%	Private company
20%	Partnership/Professional firm
3%	Government/Quasi-government organisation
2%	Sole proprietor/Self-employed
1%	Further/Higher education
1%	Statutory body
1%	Others

Area of activity of current job

31%	Company secretarial
14%	Accounting and auditing
13%	Management/Administration
10%	Governance professional
8%	Compliance
8%	Finance
6%	Legal
4%	Taxation
3%	Others
2%	Risk management and internal control
1%	Education and training

Affiliated Persons

151



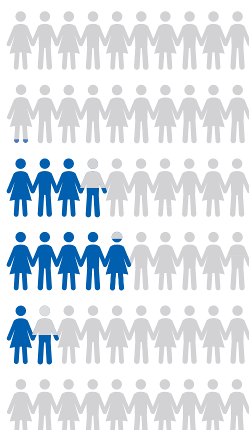
34% (52)

66% (99)

60% State-owned enterprises

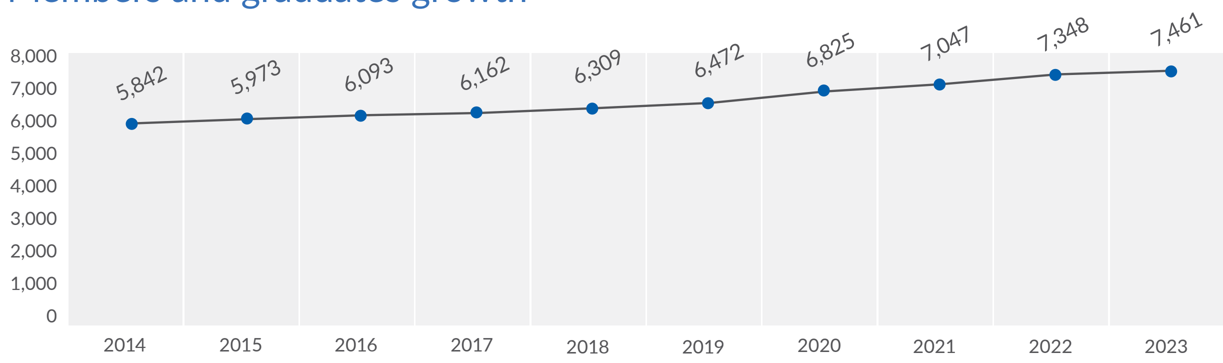
40% Private enterprises

Age

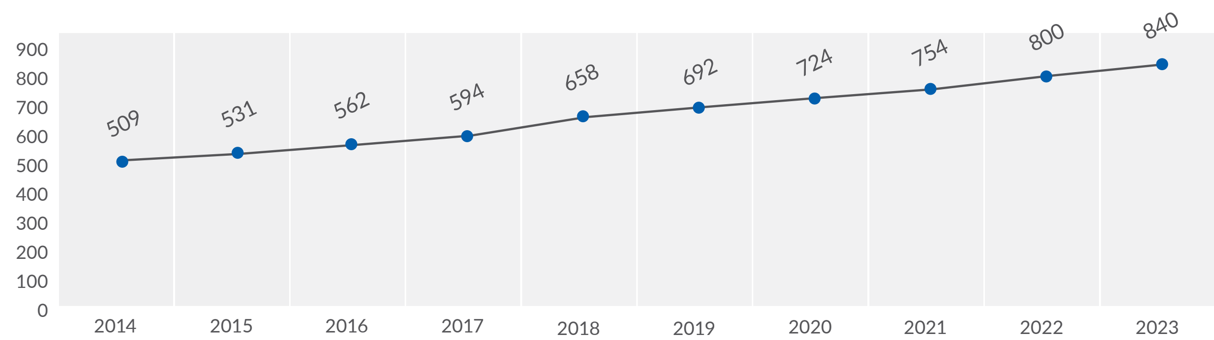


> 70	0% (0)
60–69	0.5% (1)
50–59	35% (53)
40–49	49% (74)
30–39	15% (22)
< 30	0.5% (1)

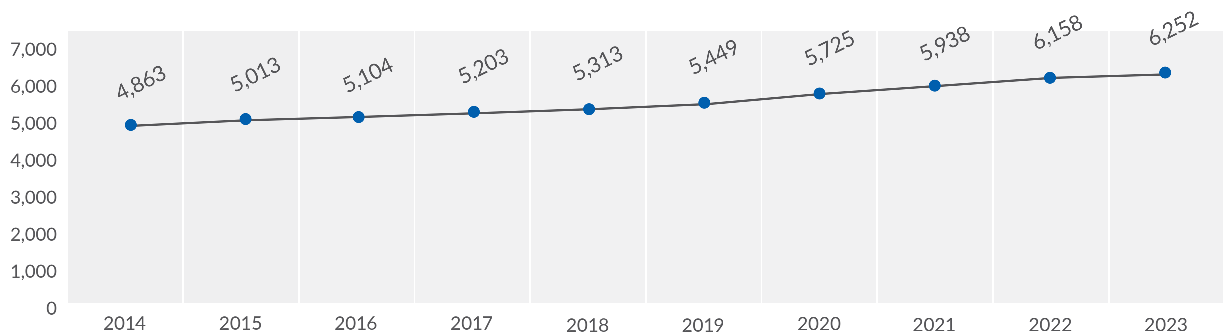
Members and graduates growth



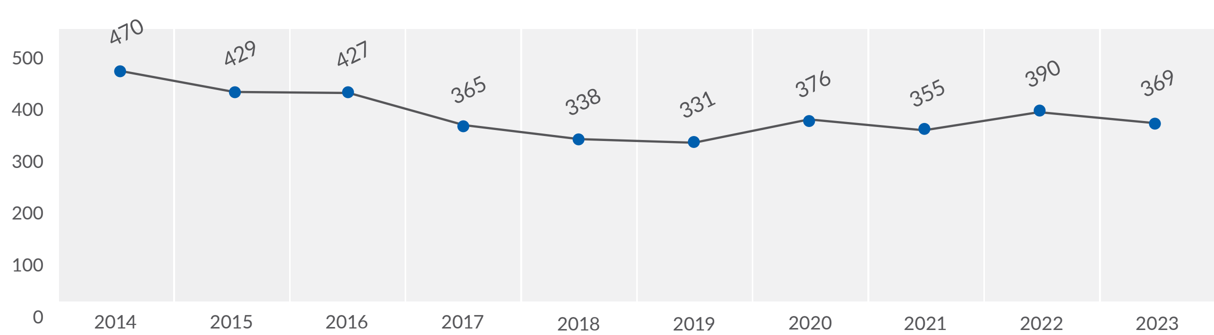
Fellows



Associates



Graduates



President's report

Upping the game

Welcome to our Annual Report 2023 (the Report). The pages ahead give ample evidence that the year under review has been an unusually busy one for both our members and our Institute. The theme we have taken for the year – Upping the Game – might provide some clues as to why.

But before I get into that, I'd like to start with the all-important financial foundations of our work. I am glad to report that our Institute, together with its subsidiaries, achieved an operating surplus of HK$5,172,404 in fiscal 2023. This means that we are back on track after the deficit of fiscal 2022 that was chiefly the result of the expenses incurred in our rebranding project of that year. There is a lot of work ahead of us and none of that will be possible without sound financial backing.

To return to this year's theme, I'd like to first give some background on our commitment to ensuring that governance professionals are fit for purpose in today's organisations.

Globally and locally, we continue to see greater regulatory scrutiny and expectations of the role of boards in mission-critical areas such as risk management and long-term strategy, and this in turn has accelerated the reliance on the professionals most closely involved in board support and governance. The focus is increasingly on the value governance professionals bring as enablers of board and organisational performance.

This expanded role, however, requires us to up our own game. We not only need the technical knowledge of our initial training, but also a greater awareness of the multifarious risks, opportunities and strategic issues relevant to the organisations we work for. This Report will update you on the ways in which our Institute has refocused its work to ensure that our members can rise to these challenges and achieve their full potential in the organisations, commercial and non-commercial, that they work for.

Professional development

Our professional development work has seen some important innovations in 2023. I would like to start with the series of training sessions we held earlier this year, in collaboration with Hong Kong Exchanges and Clearing Limited (HKEX), to reinforce awareness and understanding of directors' duties, especially those of independent non-executive directors. This series attracted an audience of 1,200 directors, governance professionals and other stakeholders over the course of three sessions and was held in the impressive HKEX Connect Hall.

"we not only need the technical knowledge of our initial training, but also a greater awareness of the multifarious risks, opportunities and strategic issues relevant to the organisations we work for"

The themes addressed could not have been more timely or relevant considering the renewed focus on board effectiveness I outlined above. This series also put our Institute and profession firmly on the map in terms of our role as thought leader and champion of excellence in board governance.

Another innovation launched in February 2023 was our first certification course in ESG reporting. The course not only provides practitioners with the requisite knowledge and skills to contribute effectively to an organisation's sustainability and ESG frameworks, it also leads to a recognised certificate. This is a format our Institute will be exploring further.

The year under review also saw new iterations of our regular forums. This included our 13th Biennial Corporate Governance Conference held on 23 September 2022, and our 24th Annual Corporate and Regulatory Update (ACRU) held on 9 June 2023. Both forums showcased the new hybrid mode for our post-Covid CPD events and both saw growth in attendance. This year's ACRU, for example, attracted a record-high number of participants – 2,293 individuals, of whom 19% were non-members from a broad range of backgrounds.

We also held our third AML/CFT Conference on 25 November 2022. This conference has become a key annual opportunity for practitioners working in the area of anti–money laundering and counter–financing of terrorism (AML/CFT) to stay ahead of the latest developments in this space. Among other material issues, this year's event focused on the joint efforts of regulators and trust and company service providers to combat the increased opportunity for malpractice arising from new technologies.

Research, advocacy and applied governance

Our research and advocacy work continues to address the issues at the forefront of the governance agenda. Fiscal 2023 saw the publication of four research reports looking at climate change reporting, directors' duties and ESG, board diversity and our own roles as governance professionals in today's business environment. This latter theme was addressed in a report published by the Institute in June 2023, which takes the title of our 2023 theme – Upping the Game. The report looks at the unique contribution governance professionals can make in the areas of ESG, climate disclosure, emerging technologies, risk management and helping their organisations navigate the different business cultures in the Mainland and Hong Kong.

In line with our commitment to thought leadership, the Institute promotes applied governance. We were the first body to formally request and urge for the implementation of a redomiciliation regime. This is now a significant Budget Speech endeavour to draw investment and legislation is anticipated in 2024. This satisfies the criteria for economic substance and permits businesses to become Hong Kong corporations. We also demonstrated our leadership during the pandemic by issuing a number of advisories and urging the government

> "the value brought by governance professionals in enhancing the board's performance, and ultimately organisational performance, is now far more commonly accepted"

to pass legislation governing meeting technology. The Institute made a contribution to legislative reform in this regard on virtual meeting technologies that has now been given statutory backing under the Companies Ordinance to enable the digitalisation of meetings.

The road ahead

Now that Covid-19 has largely left us in peace, you might imagine that we can return to some kind of normality – albeit a new post-pandemic normality. The reality, however, is that the risk environment is still highly uncertain with organisations facing multiple threats from cyberattacks, the transition to carbon neutrality, artificial intelligence governance and digital transformation, not to mention the need to navigate the current global economic volatility and simmering geopolitical tensions.

In this context, the value brought by governance professionals in enhancing the board's performance, and ultimately organisational performance, is now far more commonly accepted. Moreover, the launch of our new brand, tagline and logo in fiscal 2022 has meant that the roles of our members in delivering good governance are much better recognised. Nevertheless, we still have a great deal to do. The public understanding of our roles is still patchy and many organisations are not making full use of the skills, knowledge and experience of our members. Our Institute will continue to seek to remedy this, in tandem with the work I have described above designed to equip governance professionals with the requisite knowledge, skills and attributes to be able to do justice to our expanded strategic roles in the organisations we serve.

We will, of course, also continue to build our professional networks with members and stakeholders of governance in the Mainland, which remains a vital part of our remit.

A last word

Our tagline – Better Governance. Better Future – sums up our purpose and, by extension, our strategy. This means that our primary activity must be relevant to our stakeholders and the wider public to promote good governance effectively. From a materiality standpoint, failing to assume a leadership role in governance would be a major risk to our Institute.

We regularly interact with all our stakeholders, including staff, members, regulators and the general public. Their viewpoints offer information about the governance issues they believe are crucial and how those issues influence them. We also pay close attention to governance issues and trends that emerge as being top of the agenda in business.

To conclude, I would like to thank everyone who has supported, and continues to support, our work. It will be clear from the foregoing that our Institute works closely with a diverse group of individuals and organisations – from regulators and other professional practitioners to directors, managers and academics. These partners and stakeholders in governance bring valuable expertise, knowledge and experience to our collaborations, not to mention the energy and time they spend on these pro bono partnerships, and our Institute respects and values their efforts. But gratitude is certainly also due to those within our membership and Secretariat who have worked hard and achieved so much to further the goals and aspirations of our profession. I look forward to working with you all in the years ahead.

Ernest CH Lee FCG HKFCG(PE)
President
The Hong Kong Chartered Governance Institute
3 November 2023

Chief Executive's report

Elevating our professional standing

I am pleased to present my report for fiscal 2023 and to tell you that the success of our rebranding initiative, completed in the previous fiscal year, is evident in the statistics and information provided for this year. The Institute has made great strides, despite the ongoing challenges of social and economic upheaval, and the uncertainties that lie ahead.

The relaxation of Covid-19 restrictions enabled us to return to physical events this year to a large extent. The resumption of face-to-face and hybrid interaction proved popular with our members, graduates and students, as well as the broader governance community, although we continued to offer online events, as well as learning support and professional development webinars, for the optimum flexibility and convenience.

We focused much of our energy and attention on several important themes, notably the intensification of our members' professional skills and knowledge to ensure they keep abreast of the ever-expanding role of the governance professional in today's more interconnected world, and the championing of the role of the Chartered Secretary and Chartered Governance Professional, both locally and internationally.

Setting our sights even higher

The four pillars introduced with our rebranding and new identity last year – expertise, thought leadership, ahead of the curve and progressiveness – have served us well this year and have provided a clear direction for us to set our sights even higher. We have accelerated our efforts in each of these four arenas.

Expertise

The first of these brand pillars, 'expertise', speaks to our growing reputation as the only professional organisation dedicated entirely to the promotion of corporate governance, and to the respect we have earned through our positive relationships with regulators in Hong Kong and the Mainland. The quality of our CPD events and programmes is widely acknowledged, and our members are recognised as highly qualified experts in the many facets of corporate governance.

Our ECPD events in fiscal 2023 attracted 26,226 participants, an 11% increase on fiscal 2022, and covered a more comprehensive range of topics. These included not only our regular offerings on governance, risk and compliance; Mainland-related topics; and AML/CFT, but also a number of new series on global issues, wealth management and regulatory enforcement. We also initiated a new three-part director training series, run in collaboration with HKEX.

We are particularly proud of our new ESG Reporting Certification Course, the first of which commenced in February 2023 and the second in July. This is an

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important topic for the governance professional – and will only become increasingly so as the International Sustainability Standards Board's new standards for climate-related reporting bring more rigorous disclosure requirements. Our training course, open to both beginners and more experienced market practitioners, covers all relevant areas of knowledge, and offers the benefit of insights and know-how of over 20 ESG reporting professionals and other experts. Because the regulatory landscape in this area is constantly evolving, we will launch updated versions of the course on an ongoing basis, and also plan to introduce a Putonghua version, with additional commentary from Mainland and Hong Kong practitioners.

Thought leadership

Our 'thought leadership' pillar reflects our forefront position in advocating for governance excellence and in helping our members fulfil their crucial role in advising their organisations on all cutting-edge issues relevant to the highest governance standards. Our publications ensure that our members are well equipped to take advantage of opportunities and to meet new governance challenges.

We held 33% more advocacy events in fiscal 2023 than in fiscal 2022, with a major emphasis on raising awareness of the governance profession in the younger generation, who are our future governance leaders. Our five Governance Professionals Information Sessions this year, for the general public, attracted 454 individuals, a 38% increase over the previous fiscal year, which resulted in 60% more of those participants enrolling as our students. This is a good indicator of the success of our thought leadership initiatives in persuading more people to join our profession. We also connected more closely with academics and employers this year, partly thanks to the alleviation of social distancing restrictions, as a means to enhance knowledge and understanding of our profession.

Our research initiatives and publications showcase the Institute's pivotal role in thought leadership in shaping the future of governance reform. We published four research reports this year and 18 guidance notes on diverse topics, as well as making 12 consultation submissions on various regulatory and policy reforms.

Ahead of the curve

Apart from our thought leadership initiatives, one of the many ways in which the Institute is staying 'ahead of the curve' – our third brand pillar – is our firm commitment to cultivating the next generation of governance professionals through promoting the dual qualification of Chartered Secretary and Chartered Governance Professional. Our Chartered Governance Qualifying Programme is acclaimed as a first-rate route to professional qualification in the field of governance in both Hong Kong and the Mainland. The Institute has worked hard over the years to provide alternative routes to qualification and assessment – including our Partnership Bachelor's Programme, our Collaborative Course Agreement and our increasingly popular Fast Track Professional route – which can now be independently determined upon accreditation by CGI's Professional Standards Committee.

In fiscal 2023 we resolved to rebrand our Education Committee to better align with its role in the future development of our qualifying programmes that lead to membership of the Institute, as well as of quality assurance. Effective from 1 July 2023, this committee is now called the Qualifications Committee. The previously named Education and Examinations Department has correspondingly been renamed the Qualifications and Assessments Department.

Progressiveness

For us at the Institute, our brand pillar 'progressiveness' encapsulates our mission of endorsing and encouraging good governance in an increasingly complex world and of looking to the future to pinpoint the big issues of tomorrow, working proactively to provide new solutions and valuable guidance. As our President Ernest Lee FCG HKFCG(PE) has already discussed in his report, there has been an exponential expansion of a governance professional's work, along with higher expectations from organisations and the general public. Alongside this shift in perception of our role, there is also now a greater diversity of backgrounds among our members, who may be company secretaries, governance advisers, non-executive directors, or risk and compliance managers – nevertheless they all work under the governance banner. At the Institute, we do our utmost to support our members, graduates and students as they move into the future, using our other three pillars as bedrocks.

Strengthening our foundations

In fiscal 2023, our Council formally approved a risk register for the Institute, for which we identified nine main areas of risk that could affect our operations, and rated the top 10 risks that we need to address. We discuss this in more detail in our Key risks and challenges section on page 32, but for now I would like to give a brief overview of some of the salient points that emerged from this exercise. The number one risk is, of course, a failure to maintain sustainable and continual growth through the recruitment and nurturance of students, who then go on to join us as members. Unfortunately, we did see a slight contraction of overall student and graduate numbers this year, mainly attributable to the unsettled socioeconomic environment in the region, but we simultaneously enjoyed a 2% increase in our membership figures, to 7,092.

To address this issue – specifically to devise plans for recruiting more students and members – in fiscal 2023 the Secretariat formed the Membership Promotion Group, the first meeting of which took place on 3 August 2022, at which we delineated both short-term and long-term strategies to mitigate and manage our priority risk. Joining me in this group is our Deputy Chief Executive Mohan Datwani FCG HKFCG(PE) and our Registrar Louisa Lau FCG HKFCG(PE), along with members of the Secretariat teams.

Another noteworthy conclusion of our risk assessment exercise was that three of the top four classified risks come under the category of IT risk, covering data leakage, information technology failures and data management issues. While the Institute has long taken our IT risk mitigation obligations seriously, and has been quick to embrace technological change, we are conscious of not falling into complacency, and we remain proactive and vigilant in our approach to both IT risk containment and IT advancement.

Celebrating our achievements

We held our Annual Celebration 2023 – under the theme of Upping the Game – on 13 January in hybrid mode, at the Hong Kong Club. This was the first time in three years that we were able to hold a large-scale, in-person gathering, giving many of us the opportunity to meet and enjoy interacting in person, while simultaneously allowing many others to participate virtually. This event celebrates the Institute's achievements over the past year and offers our supporters the opportunity to join forces for better governance. This year, our Guest of Honour was The Honourable Christopher Hui Ching-yu GBS JP, Secretary for Financial Services and the Treasury, while the HKCGI Prize 2022 was awarded to Samantha Suen FCG HKFCG for her significant contributions to the Institute's development and representation of governance professionals over a substantial period of time.

Your support is important

We could not have celebrated our success or made such headway this year without your help and expertise. I would therefore like to take this opportunity to thank you all – our Council, Secretariat team, members, graduates, students, stakeholders and wider professional network – for all your hard work and assistance.

Please continue to support us in this important journey. We value your feedback and urge you all to continue evolving with us towards a better future for us all through better governance.

Ellie KL Pang FCG HKFCG(PE)
Chief Executive
The Hong Kong Chartered Governance Institute
3 November 2023

Council's report

The Council respectfully submits its report, along with the audited consolidated financial statements for the year ended 30 June 2023.

Principal activities

The overarching objective 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 consolidated financial statements.

Governance structure

Council is the Institute's primary governance body, responsible for setting strategic direction and establishing the approach to local and international developments in the field. Its work in Hong Kong and the Mainland is supported by six committees – the Qualifications (previously, Education), Membership, Professional Development, Mainland China Affairs, Audit and Nomination committees.

By resolution of Council on 28 September 2022, the Education Committee and its panels were restructured, and the committee was renamed the Qualifications Committee with effect from 1 July 2023. The Qualifications Committee is responsible for advising Council on, and monitoring all aspects of, the qualifications that lead to membership of the Institute, including but not limited to admission, assessment and exit standards for the Chartered Governance Qualifying Programme and other programmes for accreditation or exemption, such as the master's degree collaborative courses.

A number of working groups, which report directly to Council, also assist Council in Hong Kong and the Mainland. Implementation of the strategies set by Council is the responsibility of the Secretariat, led by our Chief Executive Ellie KL Pang FCG HKFCG(PE).

The governance structure of Council, its committees and the Secretariat as at 30 June 2023 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, along with 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. In addition, Ms Pang is a director or Council member of all seven subsidiaries.

Election to the 2024 Council

Towards the end of calendar year 2023, the following Council members will retire pursuant to Article 54.1 of the Institute's Articles of Association: David J Simmonds FCG HKFCG, Paul A Stafford FCG HKFCG, Tom SL Chau FCG HKFCG and Bill WM Wang FCG HKFCG. Being eligible, Mr Chau and Mr Wang have offered themselves for re-election for a second term of three years at the Annual General Meeting (AGM) to be held on 14 December 2023. Additionally, Mr Simmonds, 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 2023 AGM.

Mr Stafford, who will have completed his first term of Council membership by the end of 2023, has decided not to offer himself for re-election and will retire

Council as of 30 June 2023

from Council. Natalia KM Seng FCG HKFCG, who will have completed her maximum term of Council membership by the end of 2023, will retire from Council permanently pursuant to Article 54.4 of the Institute's Articles of Association. Council wishes to record its deep appreciation of the valuable contributions made by both Mr Stafford and Mrs Seng to the Institute during their periods of service.

Furthermore, Xie Bing FCG HKFCG tendered his resignation as a member of Council, with effect from 1 October 2023, due to his other work commitments. Council would like to extend a vote of thanks to Mr Xie for his contributions to the Institute during his period of service.

In accordance with Article 54.4, no elected member of Council holding office as of 30 August 2005 has held office for longer than the maximum term of 18 years, while no person who became an elected member of Council after 30 August 2005 has held office as an elected member for a total of more than 12 years.

At the close of the nomination date, in addition to the three retiring Council members mentioned above, 10 other candidates – Ivy YY Chow FCG HKFCG(PE), David YH Fu FCG HKFCG(PE), Stella SM Lo FCG HKFCG(PE), Patrick HK Sung FCG HKFCG, Flora F Wang FCG HKFCG, Wei Fang FCG HKFCG, Yang Liang FCG HKFCG, Alban TK Yeung FCG HKFCG(PE), Matthew WH Young FCG HKFCG(PE) and William WY Zhang FCG HKFCG – have been nominated for election to the 2024 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 2023 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 consolidated financial statements.

Donations

Total donations made by the Institute to The Hong Kong Chartered Governance Institute Foundation Limited for charitable purposes during the financial year under review amounted to HK$344,279.

Business review

The Institute is pleased to report that it has accrued a consolidated operating surplus of HK$5,172,404 for the year ended 30 June 2023. 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 main events of the year and some pointers to the likely future development of the Institute's business is outlined 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 thought leadership initiatives in relation to ESG, as well as its own environmental and social policies and performance, are presented in the ESG report (pages 34 to 36).

Non-current assets

Details of movements of property, plant and equipment are included in Note 14 to the consolidated 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 consolidated 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 2023 AGM.

By order of the Council

Ernest CH Lee FCG HKFCG(PE)
President
Hong Kong, 3 November 2023

COUNCIL (1 July 2022 to 30 June 2023)

Title	Name	Post-nominal*	Gender	Total years of service in Council as of 31 Dec 2023
President	Ernest CH Lee[1, 2, 3, 4, 5, 6, 7]	FCG HKFCG(PE)	M	8
Vice-President	David J Simmonds[1, 2, 3, 5, 6, 7]	FCG HKFCG	M	6
Vice-President	Paul A Stafford[1, 2, 3, 5, 6, 7]	FCG HKFCG	M	7
Vice-President	Dr Gao Wei[4]	FCG HKFCG(PE)	M	10
Treasurer	Daniel WS Chow[1, 2, 3, 5, 6, 7] (re-elected from 1 January 2023)	FCG HKFCG(PE)	M	4
Council member	Professor Alan KM Au	FCG HKFCG	M	13
Council member	Tom SL Chau	FCG HKFCG	M	3
Council member	Edmond MK Chiu (re-elected from 1 January 2023)	FCG HKFCG(PE)	M	4
Council member	Robin B Healy (newly elected from 1 January 2023)	FCG HKFCG	M	1
Council member	Wendy WT Ho (re-elected from 1 January 2023)	FCG HKFCG(PE)	F	4
Council member	CK Low	FCG HKFCG	M	5
Council member	Kenny Luo (Luo Nan)	FCG HKFCG(PE)	M	2
Council member	Natalia KM Seng[4]	FCG HKFCG	F	21 (18 years as elected Council member & 3 years as ex-officio member)
Council member	Bill WM Wang	FCG HKFCG	M	3
Council member	Xie Bing	FCG HKFCG	M	5
Ex-officio member and Past President	Gillian E Meller	FCG HKFCG(PE)	F	7 (5 years as elected Council member & 2 years as ex-officio member)
Council member	Stella SM Lo (retired from Council from 1 January 2023)	FCG HKFCG(PE)	F	–
Ex-officio member and Past President	David YH Fu (retired from Council from 1 January 2023)	FCG HKFCG(PE)	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 Chartered Governance Institute 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 Chartered Governance Institute of Hong Kong Limited
7. Director of The Hong Kong Institute of Chartered Secretaries Limited

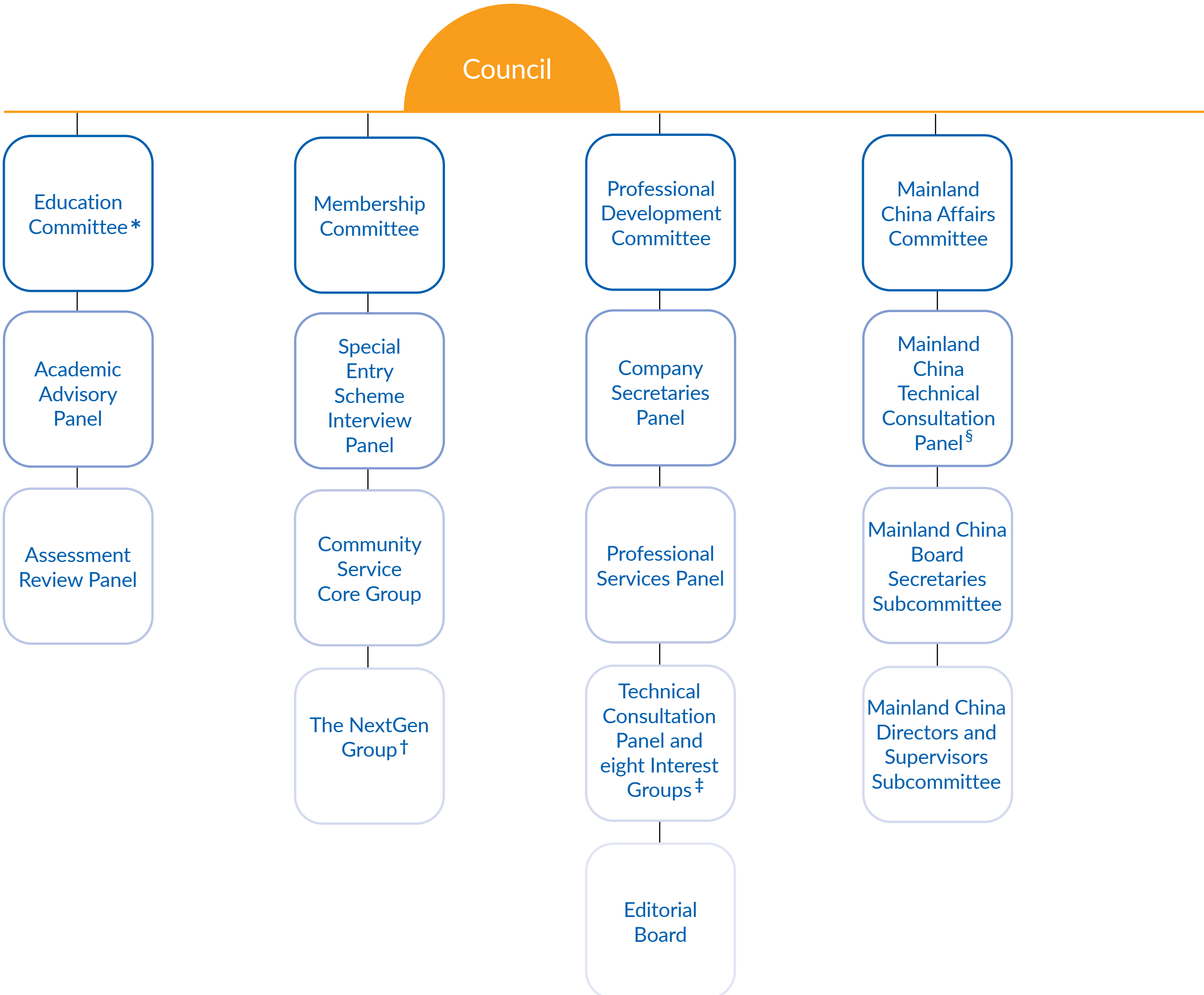
Attendance at Council meetings for 2022/2023	Skill set, expertise and experience
8/8	Corporate Governance/Accounting & Finance/Company Secretarial
6/8	Corporate Governance/Legal/Company Secretarial
4/8	Corporate Governance/Company Secretarial
6/8	Corporate Governance/Legal/Company Secretarial
8/8	Corporate Governance/Accounting & Finance/Company Secretarial
4/8	Corporate Governance/Academic/Education
6/8	Corporate Governance/Legal/Company Secretarial
8/8	Corporate Governance/Company Secretarial
3/3	Corporate Governance/Company Secretarial
8/8	Corporate Governance/Company Secretarial/Regulatory Compliance
5/8	Corporate Governance/Academic Research/Education
7/8	Corporate Governance/Company Secretarial
8/8	Corporate Governance/Company Secretarial/Corporate Management
5/8	Corporate Governance/Charity Governance/Legal/Compliance/Risk Management
1/8	Corporate Governance/Finance/Company Secretarial
7/8	Corporate Governance/Legal/Company Secretarial
4/5	Corporate Governance/Corporate Communications/Company Secretarial
4/5	Corporate Governance/Accounting & Finance/Company Secretarial

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

† Ivan KW Tam, Past President, who retired from Council from 1 January 2021, remains a director of company numbered 4.

GOVERNANCE STRUCTURE

(as at 30 June 2023)



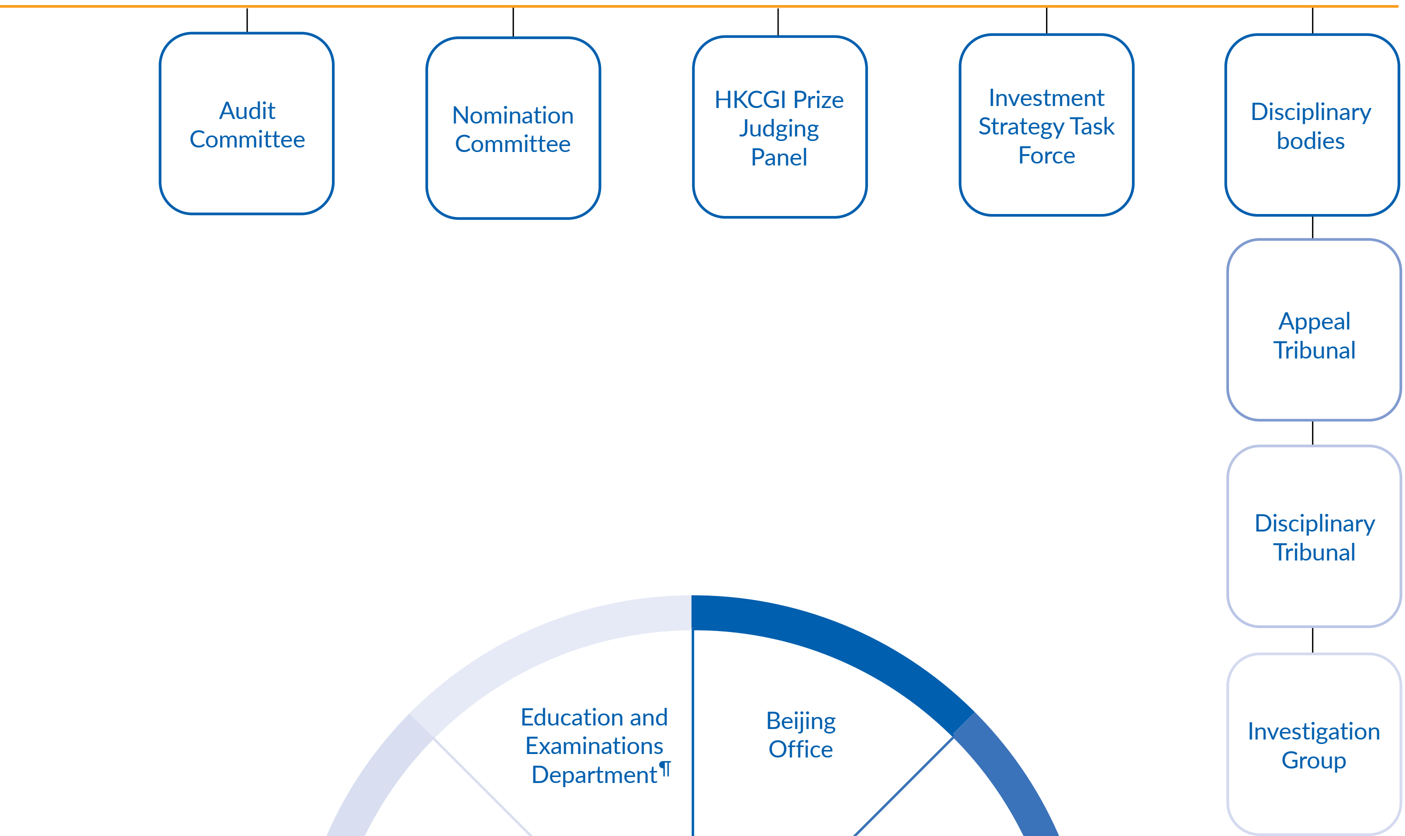
** The Education Committee was renamed the Qualifications Committee from 1 July 2023. The Qualification Development Panel was disbanded on 1 October 2022.*

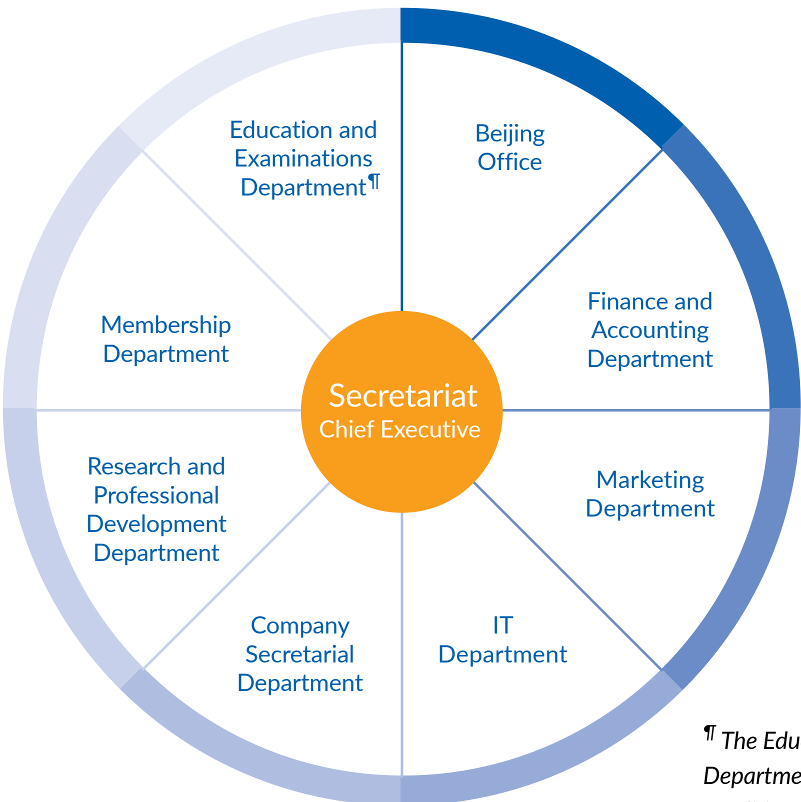
† The NextGen Group was established in June 2023.

‡ A new interest group called the Wealth Management Interest Group was established in November 2022.

§ The former Mainland China Focus Group was merged into the Mainland China Technical Consultation Panel on 18 October 2022.

Note: The Rebranding Working Group was disbanded on 1 January 2023.





¶ The Education and Examinations Department was renamed the Qualifications and Assessments Department from 1 July 2023.

Performance review

Education and examinations

As at 30 June 2023, a total of 2,639 students in Hong Kong and the Mainland were registered with the Institute, of whom 470 were new students. The overall downward trend in student numbers since fiscal 2020 is a consequence of the prolonged economic and social instability in the region.

Chartered Governance Qualifying Programme

In fiscal 2023, 1,067 students in Hong Kong and the Mainland enrolled for our Chartered Governance Qualifying Programme (CGQP) examinations, held in November 2022 and June 2023, comprising 1,435 module enrolments.

The Institute continued to take all precautionary measures to safeguard students' well-being and to ensure the examinations were conducted safely in the customary physical mode. An outbreak of Covid-19 in Beijing resulted in the cancellation of three examinations, held between 23 and 25 November, for the November 2022 diet. Affected candidates were permitted to reschedule to the next examination diet. This year, 25 students gained a Distinction or Merit grade for the November 2022 and June 2023 diets combined.

A total of 89 qualified lawyers or accountants with more than five years of relevant post-qualifying experience registered through our Fast Track Professional route, as a potential alternative path to membership of CGI and the Institute. Of these, 55 were approved for the five-module exemption, either unconditionally or with conditions.

In all, 958 modules were exempted under the CGQP and the Fast Track Professional route, while 398 students attained graduate status during the year, comprising those who completed the CGQP examinations, collaborative course graduates and those who successfully took the Fast Track Professional route.

Collaborative Course Agreement

The master's degree programme under the Institute's Collaborative Course Agreement (CCA) continues to nurture more company secretaries and governance professionals. CCA graduates can apply for full exemptions from the Institute's qualifying programme by fulfilling a number of specific registration requirements.

Under the CCA programme, the Institute has collaborated with five local universities and institutions, namely, Caritas Institute of Higher Education, City University of Hong Kong, Hong Kong Baptist University, The Hong Kong Polytechnic University and Hong Kong Metropolitan University. In fiscal 2023, 215 new CCA students registered with the Institute.

Teaming up with our CCA partners enhances the programmes' quality assurance and better links CCA students with the Institute. During the year, we jointly organised 11 talks on induction to the CCA programme, the Institute and the dual qualification of Chartered Secretary and Chartered Governance Professional, and the route to membership.

Partnership Bachelor's Programme

The Institute's Partnership Bachelor's Programme (PBP) is designed to deepen the relationship with local universities and higher education institutions, and to encourage undergraduates to pursue a career as a governance professional. We have accredited the PBP of four universities and institutions – Caritas Institute of Higher Education, Hong Kong Shue Yan University, The Hang Seng University of Hong Kong and Hong Kong Metropolitan University – which, between them, offer six PBPs.

> "the master's degree programme under the Institute's Collaborative Course Agreement continues to nurture more company secretaries and governance professionals"

Studentship policies and quality assurance

The Institute's Education Committee is responsible for setting and monitoring the quality assurance of our qualifying programme, as well as other programmes that lead to membership of the Institute, and for cooperation with academic institutions. This year, the Committee met five times to discuss the development of studentship policies, and to consider ways to improve student support services and promotional activities in order to attract more entrants.

The Assessment Review Panel (ARP) assists the Education Committee in monitoring the assessment standards of the CGQP examinations, as well as the collaborative and partnership programmes. The ARP meets three times a year to review and confirm the examination results, and to discuss policy and examination developments.

Effective from 1 July 2023, the Education Committee was renamed the Qualifications Committee, to better reflect its greater role in overseeing and advancing our programmes.

Professional development

Central themes of our ECPD activities in fiscal 2023 included further advancing our members' professional skills and technical knowledge, and promoting international recognition of the role of Chartered Secretaries and Chartered Governance Professionals.

KEY METRICS EDUCATION AND EXAMINATIONS

470 -7%
New students

2,639 -7%
Students in total

215 +3%
New students enrolled via collaborative courses

934 -12%
Students enrolled for the CGQP examinations in Hong Kong

133 -6%
Students enrolled for the CGQP examinations in the Mainland

97 +9%
Graduates who successfully completed the CGQP examinations

39%
Examination pass rate (Average)*

25
Number of outstanding performances (Distinction and Merit awardees)*

* Figures are for the November 2022 and June 2023 CGQP examination diets combined.

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

ECPD activities

The Institute organised an array of ECPD activities throughout the year to meet the diverse needs of members on different career paths. The six to seven seminars or webinars we run each month are open to all our members, graduates and students, as well as to non-members who have an interest in particular areas of company secretaryship or corporate governance.

This year, we held a total of 87 ECPD events in Hong Kong and the Mainland, attracting 26,226 participants (up 11% on the previous fiscal year). As well as our regular topics such as ESG, company secretarial practice, corporate governance, and risk and compliance, we also offered seminars on global issues, regulatory enforcement and wealth management.

Seminars and training sessions

Designed to support company secretaries and governance professionals, as well as our members, graduates and students, to better meet the technical and practical challenges of their evolving careers, our Company Secretarial Practical Training series remained popular in fiscal 2023, with 5,264 attendees (up 3% on the previous fiscal year) at 19 events.

Our integrated governance, risk and compliance (GRC) seminars were also in demand this year, with 2,136 participants at nine GRC-themed seminars. Another increasingly vital consideration for governance professionals is regulatory enforcement. Being at the receiving end of an investigation, either as an organisation or as an individual, is costly and stressful, while breaches carry pecuniary, reputational and personal repercussions. This growing concern was explicitly addressed in the third session of the Institute's new three-part series, 'Director training – a focus on INEDs', run in collaboration with Hong Kong Exchanges and Clearing Limited (HKEX) to broaden awareness and understanding of the current and upcoming regulatory expectations under the Listing Rules. In addition, we held a further 15 seminars covering major enforcement regime themes, for a combined total of 4,417 participants.

KEY METRICS PROFESSIONAL DEVELOPMENT

	2022	2023	%
ECPD events	99	87	–12%
Participants at ECPD events	23,630	26,226	+11%
Viewers of ECPD Videos on Demand	5,042	8,265	+64%
Company Secretarial Practical Training sessions	20	19	–5%
Participants at Company Secretarial Practical Training sessions	5,135	5,264	+3%
ACRU attendees	2,164	2,293	+6%

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

The Institute's ESG seminars have also been gaining traction with the accelerated need to attend to this issue on a global basis. We organised our first ESG Reporting Certification Course this year, consisting of seven sessions, each of which attracted 445 participants.

Other ECPD events in fiscal 2023 included four anti–money laundering and counter–financing of terrorism (AML/CFT) and sanctions seminars, with 810 attendees; seven seminars related to developments in the Mainland, for 1,667 participants; and eight newly introduced seminars on wealth management issues, for 2,087 individuals.

This fiscal year, we also saw skyrocketing demand for our ECPD Videos on Demand, as a much sought-after alternative learning platform for our members, graduates and students. We added 25 new videos, while 11 outdated videos were removed. As of 30 June 2023, 59 videos were available online, with 8,265 viewers in total, an increase of 64% from fiscal 2022.

ACRU and CGC

The Institute's highly acclaimed Annual Corporate and Regulatory Update (ACRU) brings together regulators and practitioners to exchange ideas and information on the main regulatory issues facing our profession. Our 24th ACRU, held in hybrid mode on 9 June 2023, attracted a record-high number of participants – 2,293 individuals, of whom 19% were non-members (15% in fiscal 2022) – from a wide range of backgrounds, including directors, managers and other professional practitioners. This is testament to the greater appreciation and recognition of the governance profession by the business community as a whole, as well as by stakeholders outside our membership.

A total of 425 participants (up 4% from September 2020) joined our 13th Biennial Corporate Governance Conference (CGC) on 23 September 2022, also held in hybrid mode. The theme this year was Repurposing in Changing Times – the Company, Governance and the Governance Professional.

Practitioner's Endorsement scheme

The Institute's Practitioner's Endorsement (PE) designation was first awarded in 2006 to provide recognition to members who attend a minimum of 15 hours of accredited ECPD events during the fiscal year, of which at least 10 must be from the Institute's own ECPD seminars, webinars or training sessions. In fiscal 2023, over 280 members attained the PE designation, of whom over 120 are company secretaries or work in company secretarial departments of listed companies.

Maintaining professional standards

Members, graduates and students are required to adhere to the Institute's rules and regulations governing

their professional conduct and ethics, to maintain their professional standards and to meet the expectations of the public for the governance profession.

Accordingly, the Institute takes its disciplinary process seriously. Self-initiated and public complaints are considered by the Investigation Group. Potential disciplinary cases are then referred to the Disciplinary Tribunal for determination. The Appeal Tribunal serves to hear appeals against the Disciplinary Tribunal's determinations.

These disciplinary bodies all adhere to the rules of natural justice. The disciplinary processes are also designed with the utmost respect for confidentiality and impartiality.

Professional conduct cases under disciplinary proceedings

Apart from public complaints, the Institute monitors and initiates disciplinary cases based on information from the public domain. Sources include the Companies Registry, Hong Kong Bar Association, HKEX, Hong Kong Judiciary, The Law Society of Hong Kong, Hong Kong Institute of Certified Public Accountants, Accounting and Financial Reporting Council, Market Misconduct Tribunal and Securities and Futures Commission.

In fiscal 2023, the Investigation Group dealt with 16 cases (14 new and two brought forward from the previous fiscal year). Of these, five cases are under investigation, six were referred to the Disciplinary Tribunal and five cases were closed. The Disciplinary Tribunal dealt with seven cases (four new and three brought forward). Of these cases, four were concluded and the remaining three are at various stages of proceedings. There were no appeals against Disciplinary Tribunal decisions made to the Appeal Tribunal.

CPD non-compliance

No CPD non-compliance cases were subject to the disciplinary process in the year under review.

Member, graduate and student services

With the easing of pandemic controls in Hong Kong and more relaxed social distancing measures, in fiscal 2023 the Institute swiftly resumed many of our events in physical mode to support our members, graduates and students. However, to ensure the greatest flexibility, we continued to offer some services in webinar format and, thanks to advanced technology, the majority of our administrative functions are already now performed through our online platform.

Examination support services

We elevated our commitment to supporting our students in all aspects of their examination preparations through means such as further enhancing the content and features of our free online study materials, for which 2,096 students registered in fiscal 2023 (up 14% on the previous year). In addition,

“there is no real substitute for human interaction at face-to-face events when it comes to genuine exchange and engagement”

a total of 269 students enrolled in our regular examination preparatory courses, organised by The University of Hong Kong, School of Professional and Continuing Education (HKU SPACE), which provide a comprehensive understanding of the subject matter.

To ensure optimal access to learning resources, our examination technique workshops – designed for those with substantive knowledge in their chosen modules – were recorded, attracting a total of 270 students, both online and via subscription to the video-recorded sessions.

Our student gatherings provide another avenue of support for those wishing to better understand the requirements and expected standard involved in the CGQP examinations. We organised seven student gatherings in fiscal 2023, attracting 179 participants, to discuss performance in the examination diets and to help students prepare more thoroughly for the exams.

Personal and social developmental services

Although our members, graduates and students proved to be highly adaptable to online events, there is no real substitute for human interaction at face-to-face events when it comes to genuine exchange and engagement. In fiscal 2023, we organised 45 physical and online events for 4,902 participants. Of these, 80% were conducted in physical mode, including our Annual Convocation 2022, while our Annual

KEY METRICS MEMBER, GRADUATE AND STUDENT SERVICES

45 +41%
Membership events

4,902 –34%
Participants at these events

179 –3%
Participants at student gatherings

39 –20%
Mentors joining our Governance Professional Mentorship Programme

78 –9%
Mentees joining our Governance Professional Mentorship Programme

269 –9%
Enrolments for HKU SPACE examination preparatory courses

270 –50%
Enrolments for examination technique workshops

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

Celebration 2023 was in hybrid mode. This reflected the growing demand for physical networking events among our members, graduates and students.

Our 'four pillars' programme continues to cater for the varied interests and experience levels of our members, graduates and students.

1. Mentorship

Our Governance Professional Mentorship Programme, now in its ninth term, remains a popular path for fostering young professionals. Open to all members, graduates and students, this year 39 mentors and 78 mentees joined the programme (49 and 86, respectively, in 2022). The Institute was delighted to hold the launch ceremony for the 2023 programme as an in-person event in January. Two training workshops, as well as a joint networking session with the Institute's Student Ambassadors Programme, were also organised for mentors and mentees to enrich their communication and soft skills.

2. Members' Networking

Our members, graduates and students are given the chance to interact, both professionally and socially, as well as to take part in a range of activities to supplement their fundamental skills, through our Members' Networking programme. In April 2023, thanks to the easing of restrictions, we were able to coorganise an in-person professional networking social event with the Hong Kong Institute of Certified Public Accountants and The Law Society of Hong Kong.

We also held a hybrid seminar – Dialogue between the Board and Company Secretaries/Governance Professionals – in June 2023. In addition, we offered webinars on various topics such as cyber fraud, HKEX's enforcement case studies, arbitration on civil matters and post-Covid workplace arrangements.

3. Fun & Interest Group

Our Fun & Interest Group provides the opportunity for members, graduates and students to participate in diverse informal and recreational pursuits, the vast majority of which in fiscal 2023 were held in person. We arranged a series of wellness workshops, as well as a wide selection of arts and crafts workshops, and a number of outdoor activities and team sporting events. We also offered free webinars on Chinese medicine to prevent and treat insomnia and skin diseases, and on pursuing a healthy diet.

4. Community Service

The effectiveness of the Institute's corporate social responsibility initiatives is thanks to the dedication of our members, graduates and students, who take part in a number of different activities to serve the community in which we live. For details of our community service initiatives, please refer to the 'Community involvement' section of our ESG report on page 36.

Publications

Our monthly journal, *CGj*, is one of our chief communication portals, along with our main website and our weekly E-updates. The journal, available both as a print version and an online edition via our e-CGj website, is an invaluable resource for those in the company secretarial and governance professional fields, providing up-to-date and timely information on many cutting-edge areas of governance.

Donations

The Institute channels donations and sponsorship funds to support governance-related education, research and thought leadership initiatives through The Hong Kong Chartered Governance Institute Foundation Limited (the Foundation), which was established in 2012 and became a wholly owned subsidiary of the Institute in 2016.

In fiscal 2023, the Foundation raised a total of HK$344,279 in donations (all of which was received from the Institute) and distributed HK$277,000 in funds. Based on the number of nominations received, the Foundation sponsored 20 scholarships to local universities and higher education institutions, and 25 subject prizes for students of collaborative courses and relevant degree programmes (fiscal 2022: 19 and 27, respectively). The Foundation also awarded a total of six module prizes to students achieving the grade of Distinction in the Institute's CGQP examination diets, held in November 2022 and June 2023.

Advocacy

A vital component of the Institute's work relates to advocacy and the advancement of good governance. As a thought leader in the field, we work closely with

KEY METRICS DONATIONS

HK$
344,279 –3%
Donations raised by the Foundation

HK$
277,000 –12%
Funds distributed by the Foundation

20 –5%
Scholarships awarded by the Foundation

25 –7%
Subject prizes awarded by the Foundation

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

> "a vital component of the Institute's work relates to advocacy and the advancement of good governance"

government and regulatory bodies, other governance organisations both locally and internationally, and members of a broad range of professional sectors. In fiscal 2023, we held 53 advocacy events, which attracted a total of 2,844 participants.

AML/CFT

In their two AML/CFT risk assessment reports, in 2018 and 2022, the HKSAR Government recognises that many key officers or staff of trust or company service provider (TCSP) licensees are members of professional bodies – one of which is the Institute – that provide training and guidance on AML/CFT preventative measures, as well as supervision of conduct.

Two years prior to the publication of these reports, the Institute had already launched a self-regulatory AML/CFT initiative, and continues to contribute to AML/CFT regulation and best practices for the TCSP sector, with the support of six leading Hong Kong TCSPs.

Raising awareness of the governance profession

The Institute has made it a central mission to inspire and encourage more young people to consider governance as a career, and to become more closely involved with the Institute and our work.

In fiscal 2023, we resumed many of our face-to-face events with universities and higher education institutions to advocate for the profession and the increasingly vital role of governance in today's world.

In association with a number of local universities and institutions, we held 12 professional seminars and career talks, as well as attending four career fairs, to raise awareness among undergraduates of the value and pertinence of a career in governance.

We also organised a number of other programmes and events for university students, including collaboration with Hong Kong Shue Yan University to produce a

series of videos to introduce students to the company secretarial and governance profession.

Our popular Student Ambassadors Programme (SAP) serves as a platform for local undergraduates to better understand what a career in governance entails. In fiscal 2023, we had 95 student ambassadors, of whom 62 signed up to be mentees of the SAP mentorship programme, while 57 Institute members joined as mentors. We also held nine SAP gatherings and training sessions, covering such areas as soft skills development and experience sharing, to reinforce our student ambassadors' potential as future leaders in governance.

Our Corporate Governance Paper Competition and Presentation Awards engage talented undergraduates in Hong Kong with cutting-edge corporate governance concerns. The theme this year, 'Climate change disclosures – is the world too focused on this topic?', was taken up by 51 teams consisting of 134 individuals. The top six finalists competed for the Best Presentation Award and the Audience's Favourite Team Award on 16 September 2023.

The Career Paths of a Governance Professional (Career Day), originally set for March 2023, was rescheduled to 7 October 2023 to accommodate an enrichment of content and a greater focus on the benefits of a career in governance.

Academics play an indispensable role in helping us connect with university students. Our Academic Advisory Panel, comprising senior academics from local universities and institutions, met with Institute representatives in November 2022 to discuss future developments and strategies to boost the appeal of the governance profession to the younger generation. We also held our first Academic Cocktail Reception in June 2023 since the onset of Covid-19 to strengthen links

KEY METRICS ADVOCACY

53 +33%
Advocacy events

2,844 –25%
Participants at our advocacy events

454 +38%
Participants at Governance Professionals Information Sessions

24 +60%
Governance Professionals Information Session participants enrolling as students

57 +10%
Mentors joining our SAP mentorship programme

62 –67%
Mentees joining our SAP mentorship programme

45 –10%
Summer internship opportunities for undergraduates participating in SAP

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

with academic representatives. This partnership helps the Institute shape its thought leadership and promotes governance as a career choice for students.

In addition, we held five online Governance Professionals Information Sessions for the general public this fiscal year, two of which were tailored for the Mainland, to explain the diversity of a career in governance, attracting 454 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.

Fostering the next generation

A sustainable future not only involves good governance, but also involves fostering the next generation, which is a fundamental objective for the Institute. In this context, in June 2023 we established the NextGen

Group to involve more individuals from the younger generations and to give them a greater voice in the Institute's work. This group, consisting of two co-convenors and nine members, is a conduit for the younger generations to express their views on the development of the Institute and a vehicle to encourage future governance leaders.

Reaching out to major employers

Employers are essential players in governance and are crucial stakeholders for the Institute. We believe that all employees have a role to play in governance and, as such, they are also potential students for us.

In fiscal 2023, we visited several major employers' offices to enhance our engagement with their staff. We also hosted a number of online introductory sessions to meet today's more flexible working mode. In total, nine in-person visits and online sessions were arranged for 369 participants. We will continue interacting with employers through physical visits to share information on the Chartered Secretary and Chartered Governance profession.

Research and governance reform

A crucial part of our mission to promote good governance and stay at the forefront of thought leadership is achieved through our active involvement in research and our contribution to governance reform. Our extensive repository of reports, guidance notes and consultation submissions is an invaluable resource for governance professionals, regulators and others, both locally and internationally.

Research reports

In fiscal 2023, we published four new research reports.

1. Climate change

In July 2022, we jointly published a report with KPMG China and CLP Holdings Limited, titled Climate Change Reporting: Imminent, Challenging & Mandatory – The Opening Moves, to help organisations in Hong Kong prepare for the tougher regulatory regime associated with the upcoming adoption of the new standards set by the International Sustainability Standards Board.

2. Directors' duties and ESG

In collaboration with Ben McQuhae & Co, in November 2022 we published a report titled Legal Developments in Directors' Duties and ESG – What Every Hong Kong Company Director Should Know, highlighting the director's duty to take into account ESG developments for sustainable business operations.

3. Board diversity

Published in May 2023 in collaboration with KPMG China, our report on The Transformative Power of Diversity – Regulatory and Practical Considerations for Boards addresses the key challenges and offers practical recommendations for enhancing board diversity, as well as for putting diversity, equity and inclusion goals into practice. In addition, a skills matrix, experience sharing and best practices on implementation are also provided.

4. Upping the game

We published a report in June 2023 titled Upping the Game – which is also our theme for the year – with the aim of enhancing the relevance of the governance professional. The report examines the governance challenges and opportunities for boards and chairs in Hong Kong and the Mainland in five major areas.

Governance reform

In fiscal 2023, we continued our contribution to regulatory reform and policy formulation in Hong Kong through consultation submissions and close liaison with regulatory and government bodies on issues pertinent to our profession. We made 12 submissions on a broad range of essential regulatory topics, all of which are available on our website.

Guidance notes

Our guidance notes and other publications support our members, as well as the governance profession and community as a whole, and contribute positively to governance reform. In fiscal 2023, the eight Interest Groups under our Technical Consultation Panel issued 18 guidance notes covering company law; competition law; ethics, bribery and corruption; mergers and acquisitions; public governance; securities law and regulation; technology; and wealth management. These 18 guidance notes, along with four other publications on various relevant topics, are available on our website.

KEY METRICS RESEARCH AND GOVERNANCE REFORM

4	+33%	Research reports
18	+64%	Guidance notes
10	–9%	Panel meetings

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

> "our extensive repository of reports, guidance notes and consultation submissions is an invaluable resource for governance professionals, regulators and others"

The Mainland

As CGI's Hong Kong/China Division, the Institute is firmly committed to accelerating the promotion of good governance and the dual profession of Chartered Secretary and Chartered Governance Professional in the Mainland.

The repercussions of Covid-19 continued to impact the number of students attaining graduateship and being eligible to apply for membership of the Institute during the year under review. Nevertheless, the number of registered members and graduates as at 30 June 2023 rose by 16% from the previous fiscal year, to 231.

The Chartered Secretary and Chartered Governance Professional qualification

Fiscal 2023 saw a slight drop in the number of Mainland students, from 300 to 275, due to the faster growth of graduate and member numbers than of registered students.

Our Postgraduate Programme in Corporate Governance (PGPCG), run in collaboration with Hong Kong Metropolitan University (HKMU) in Shanghai and Shenzhen, has been a well-regarded route to qualification as a governance professional. Unfortunately, the impact of Covid-19 meant that the Shanghai campus had to suspend its 2022 intake, while we were only able to welcome 25 PGPCG students in Shenzhen. We therefore saw a 43% decrease in the overall number of PGPCG enrolments in fiscal 2023. A total of 37 students applied for full exemptions from the Institute's qualifying examinations this year, after obtaining a Master of Corporate Governance degree. Having fulfilled the necessary requirements, 14 of these applicants were then elected members of the Institute.

In fiscal 2023, as in Hong Kong, we held two CGQP examination diets, in Beijing, Shanghai and Guangzhou. A total of 133 candidates enrolled for 224 modules in the November 2022 and June 2023 diets combined. In addition to our regular learning support, we invited two Mainland members to share their examination preparation experience to benefit our Mainland students.

"the number of registered members and graduates as at 30 June 2023 rose by 16% from the previous fiscal year"

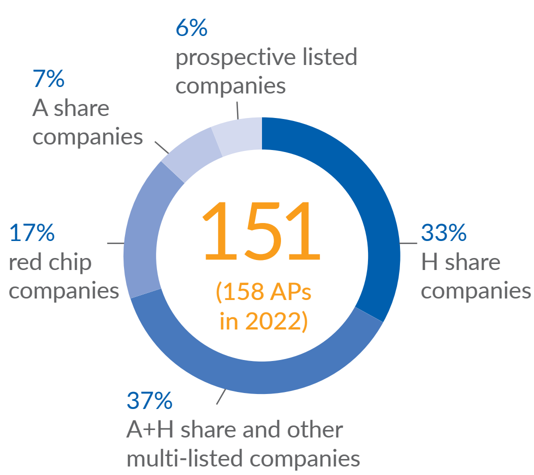
Professional development

Our Affiliated Persons (AP) programme in fiscal 2023 remained a popular platform for the quality of its governance-related training and services, as well as for research, communication and professional networking.

As at 30 June 2023, 151 APs were registered in the programme, marginally down from 158 in the previous fiscal year, largely a consequence of Covid-19 and the change in status to membership for a number of our APs. Of the APs, 33% were from H share companies, 37% were from A+H share and other multi-listed companies, 17% from red chip companies, 7% from A share companies and 6% from prospective listed companies.

This year we held seven ECPD events in the Mainland, two of which were held in physical mode, in Beihai and Lijiang, while the other five were held online as part of our Covid-19 precautionary measures.

AFFILIATED PERSONS (APs)



As at 30 June 2023

The seven ECPD events attracted 678 participants in total, up 13% from the previous fiscal year. Of these participants, 32% were board secretaries or equivalent personnel, 24% were directors and supervisors, and 44% were financial and legal heads, as well as other governance-related senior practitioners. Of the total participants, 66% were non-APs or non-members, signifying the broad appeal of our profession and role.

Our ECPD seminars and webinars are specifically designed for three major groups – board secretaries, directors and supervisors, and CFOs. A wide range of issues was highlighted in fiscal 2023, including information disclosure, and transaction regulations and governance; directors' continuous liabilities and obligations, and regulatory penalties; market value management and equity incentives; annual financial audits and annual reports; financial monitoring and risk management; Hong Kong listing requirements, procedures and preparation; and M&A & risk management. We also held one notable webinar, in March 2023, to serve the needs of the increasing number of Mainland companies planning to list in Hong Kong, with a focus on the phase prior to submission of a listing application. This was the first pre-IPO training held by the Institute in the Mainland for 25 years. A second pre-IPO training, spotlighting the issues in relation to practices after a company has submitted its listing application, will be held in physical mode in August 2023.

As in fiscal 2022, this year we had to cancel the four planned meetings of the Regional Board Secretaries and Corporate Governance Professionals Panel (the Regional Panel) because of the ongoing effects of Covid-19. With the pandemic now having stabilised to a great extent, and given the importance of our five regional panels – located in Beijing, Shanghai, Guangzhou, Shenzhen and the Southwest region – as key local hubs for nearby members, graduates, students and APs, as well as vital networking and communication channels for board secretaries and regulatory bodies, we are making every effort to resume our Regional Panel meetings in fiscal 2024.

The growing interest in our professional development services – including from non–H share companies, non-APs and governance professionals other than board secretaries – demonstrates the Institute's

KEY METRICS THE MAINLAND

	2022	2023	%
Students	300	275	–8%
Members and graduates	200	231	+16%
Affiliated Persons	158	151	–4%
CGQP module enrolments	183	224	+22%
Mainland ECPD events	7	7	0%
Participants at ECPD events	600	678	+13%

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

favourable reputation with Mainland companies, and the higher value being placed on the governance role and profession as a whole.

Advocacy

The Institute's pioneering efforts in promoting and advocating for good governance practices, and enhancing awareness of the profession of the Chartered Secretary and Chartered Governance Professional, has led to close and beneficial working relationships with Mainland regulators, stakeholders and listed companies, as well as those seeking to list in Hong Kong.

Prior to the Covid-19 pandemic, the Institute paid frequent visits each year to Mainland regulators and peer institutions to maintain and develop friendly relationships. In June 2023, an Institute delegation led by Institute President Ernest Lee FCG HKFCG(PE) paid the first post-pandemic visit to the China Securities Regulatory Commission (CSRC) and the China Association for Public Companies (CAPCO). During the visits, the delegation received a detailed account of CSRC's latest corporate governance initiatives, discussed future cooperation with CAPCO and agreed to consider renewing a memorandum of understanding, which was signed in July 2015, to further strengthen mutual cooperation in the future. The following day, a roundtable meeting with Mainland members, students and APs was held at which the needs and requirements of Mainland governance practitioners were discussed, and participants shared their views and suggestions on the Institute's advancement in the Mainland and how it could better serve the Mainland membership.

Research and governance reform

The objectives of our research activities, which are integral to our mission, are to produce practical solutions, and to expand the knowledge and understanding of all areas of governance of our APs, members, students and the broader governance community. We also contribute to the formulation and revision of regulations, as well as to governance-related reforms, in both the Mainland and Hong Kong.

In fiscal 2023, the two subcommittees under our Mainland China Technical Consultation Panel – the Mainland China Board Secretaries Subcommittee and the Mainland China Directors and Supervisors Subcommittee – continued to play a meaningful part in elevating our research capabilities and fortifying our network for board secretaries, directors and supervisors of companies listed or seeking to list in Hong Kong.

We were involved in three research projects in the year under review, namely, Guidelines on Information Disclosure Practices of Companies Listed in Hong Kong and the Mainland (3rd Edition), Guidelines on Connected Transaction Practices of Companies Listed in Hong Kong and the Mainland, and Guidelines on the Practices of Directors of Mainland Companies Listed in Hong Kong. These three guidelines have an anticipated publication date of December 2023, in order to incorporate the most up-to-date regulations.

Key risks and challenges

Our purposeful approach to risk management

Promoting 'Better Governance. Better Future' is not simply a catchphrase – it is the Institute's clear strategic purpose. It shapes how we identify and deal with potential risks, and ensures that our strategy is implemented coherently. In this context, our Institute's risk management process, which includes risk identification, monitoring and mitigation, is crucial. Moreover, to instil and equip our members with proper risk management skills, we conducted a number of risk-related seminars this year under the theme of Upping the Game, at which we welcomed both members and non-members as part of our outreach efforts to fill the knowledge gaps.

A structured approach to risk management

Based on the Institute's strategic purpose, our Council, during a meeting on 29 November 2022, formally endorsed a comprehensive risk registry. This registry pinpoints nine major risk categories, encompassing business, strategy, people, regulatory breaches, operational resilience, data, technology, reputation and processing errors. We holistically assess our risk management based on this risk registry to identify and manage those risks that have the greatest likelihood of leading to an adverse outcome for our organisation and our strategic purpose.

> "we are motivated to take risks head-on by our dedication to better governance for a better future"

These consistently converge on our top two risks, namely, strategic and operational risks. The strategic and operational risks all relate to our ability to maintain expansion through student recruiting, our reputation, branding, and the respect that authorities and the corporate world accord our members as part of our promotion of better governance and a better future.

Our risk management processes

Before we turn to the Institute's strategic and operational risks, we set out our oversight and control process for the management of risks.

Our Council has oversight of our risk management system. Meeting every two months, Council reviews various strategic, operational and other risks, and, where necessary, will direct improvements to our internal controls and refine our strategic direction. In addition, Council hosts an annual strategy meeting with Secretariat heads, senior members and past presidents of the Institute to review short-, medium-

> "to foresee and mitigate potential hazards, we adopt a proactive approach by carefully monitoring economic, social and geopolitical trends"

and long-term strategies, and to set out pertinent action plans.

For day-to-day risk management, Council has delegated the Secretariat with the task of designing the Institute's internal control systems, rules and procedures. In this context, the Secretariat adopts a departmental-responsibility approach to risk management. Through routine evaluations, each Institute department maintains its own internal and supervisory controls, and is liable for the compliance requirements and risk evaluations under its purview.

The Secretariat reports major risk matters and mitigation measures to the Institute's Audit Committee, which deals with risk management and financial reporting. To consistently evaluate risks and to keep Council fully informed, the Audit Committee also works with other relevant committees.

Strategic risks

Every organisation is affected by changes in the external environment in our dynamic world of interlinked complexity. To foresee and mitigate potential hazards, we adopt a proactive approach by carefully monitoring economic, social and geopolitical trends. We are steadfast in our commitment to upholding rising regulatory and public standards for good governance.

Operational risks

As digitalisation picks up speed, our operational risks are most prominently associated with IT risk. In this challenging environment, we work with outside consultants to evaluate and improve our IT infrastructure and security protocols. Like any organisation exposed to rapidly evolving IT risks, we cannot guarantee zero security incidents, but our focus has been on following stringent compliance guidelines and ensuring high data security standards, including those to monitor and contain the risk of data leakage, technological breakdowns and data management. The reliability of our IT system is essential to our future because we have a sizeable online presence, and fiscal 2023 was another breach-free year.

We also received a Privacy-Friendly Silver Certificate from the Office of the Privacy Commissioner for Personal Data for our forward-looking approach to managing data privacy. This recognition confirms our commitment to protecting personal information.

Diligent risk management

We are motivated to take risks head-on by our dedication to better governance for a better future. We have established a solid foundation for a future characterised by achievement, resiliency and moral governance by integrating our strategy with diligent risk management.

ESG report

As thought leaders in the area of corporate governance, it is our duty to keep abreast of the most recent developments, and to give our stakeholders the information and direction that is both timely and pertinent. Unquestionably, this mandate addresses the critical concerns related to ESG and climate change, which are among the most important of our day. Accordingly, a large portion of our ESG report is devoted to ensuring that we carry out our plan to encourage good governance.

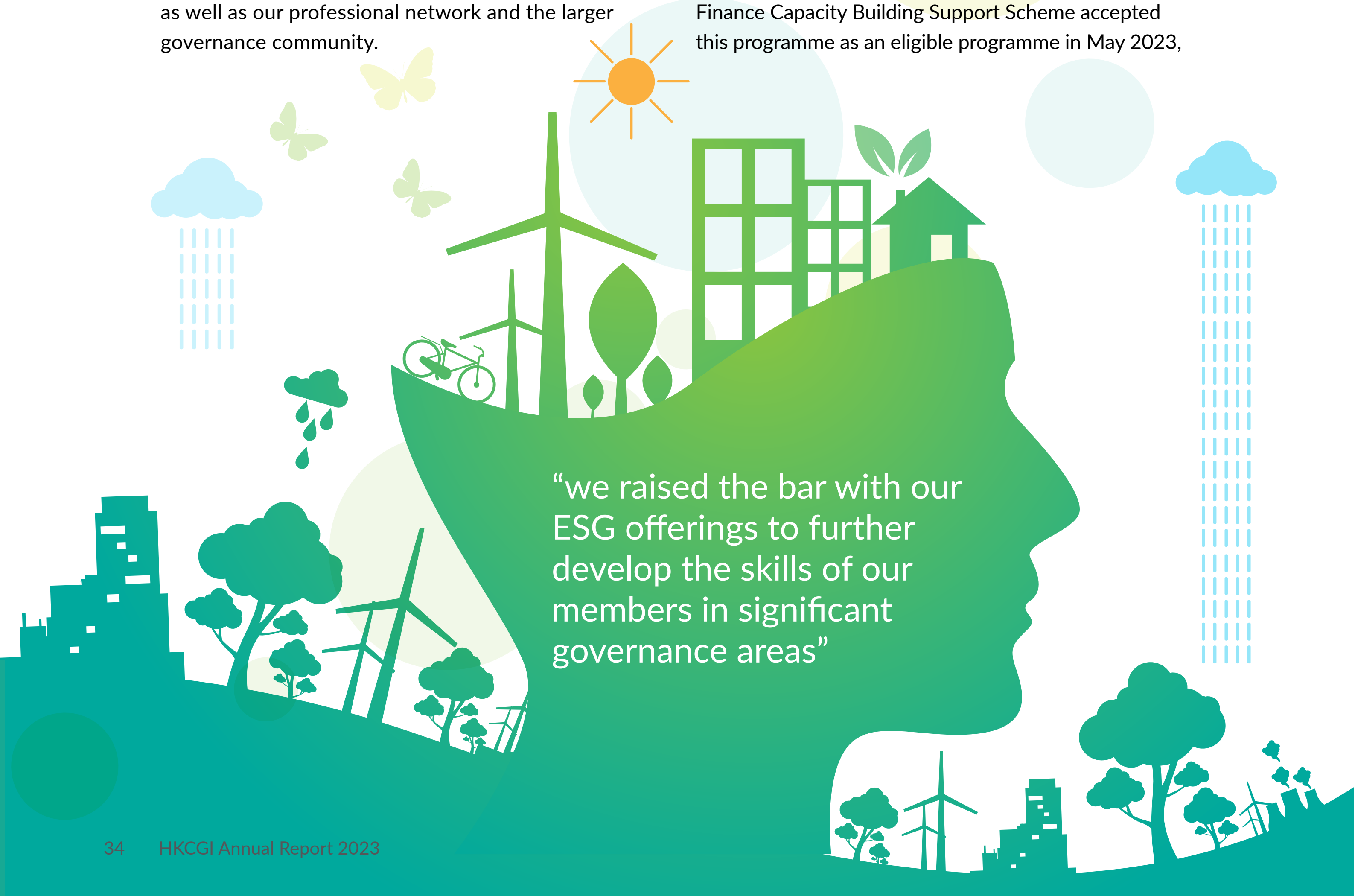
External ESG: raising the bar

In fiscal 2023, we raised the bar with our ESG offerings to further develop the skills of our members in significant governance areas, and to showcase their strengths to the general public. We focused on ESG-related offerings, director training, and other in-depth training and research on governance matters relevant to our members, graduates and students, as well as our professional network and the larger governance community.

Introducing our ESG Reporting Certification course

We saw a market need for ESG reporting, which our members frequently have to handle on behalf of their organisations. In line with our strategy of promoting better governance for a better future, our goal was to develop our members' talents to strategically meet market demands and as part of their career development.

In this context, the Institute introduced its highly regarded ESG Reporting Certification Course in fiscal 2023, in preparation for the enhanced reporting requirements associated with the International Sustainability Standards Board's (ISSB) new standards for general sustainability and climate disclosures. Intended for members, market professionals and others interested in ESG and climate-related reporting, the course is held over seven sessions of two hours each. The HKSAR Government's Pilot Green and Sustainable Finance Capacity Building Support Scheme accepted this programme as an eligible programme in May 2023,



meaning that Hong Kong residents who successfully apply for the course can claim a reimbursement.

The first training course took place between February and April 2023. Around 20 ESG experts, including reporting specialists from listed companies and major accounting firms, were invited to speak. A total of 445 people attended each of the sessions, of whom 92% received a certificate of completion and became entitled to use a designated post-nominal, with their accreditation being reflected on the Institute's website. Our second cohort began in July 2023.

Asserting our ESG thought leadership

We also asserted our thought leadership in ESG in other ways. We held a notable ESG-themed webinar in early 2023, titled ESG Reporting – Regulatory Guidance on Avoiding Common Mistakes & Achieving Better Reporting, as part of our regulatory enforcement series. The 135 participants gained a thorough understanding of how to avoid reporting errors, as well as the latest regulatory developments, in light of HKEX's November 2022 review of listed issuers' ESG reports.

In July 2022, we published an important research report with KPMG China and CLP Holdings Limited, titled Climate Change Reporting: Imminent, Challenging & Mandatory – The Opening Moves. This report is both a primer on the regulatory regime emerging in Hong Kong due to international developments in sustainability reporting and a practical guide to what steps must be taken to prepare for the ISSB standards.

Our Ethics, Bribery and Corruption Interest Group published their 10th and 11th guidance notes on Anti-corruption Policies and Ethics Training Disclosure in Environmental, Social and Governance Reports, both in January 2023, giving practical advice on the findings from HKEX's November 2022 review that the new social key performance indicator for anti-corruption training for directors and staff is below average in Hong Kong, and offering guidance and best practices for fulfilling the 'comply or explain' requirement.

We also made two ESG-themed consultation submissions, the first in July 2022 and the second in February 2023, in relation to the IFRS Foundation's consultation paper on the disclosure of sustainability-related financial information and best governance practices for managing climate change risks, and HKEX's efforts to go paperless, respectively.

Advocating good ESG governance

It is now far more widely recognised that governance professionals have many different facets to their role, and that they can bring many qualities to their organisations. To help spread the word on the great variety of these assets, specifically in relation to ESG, we initiated a series of interviews with governance professionals, company secretaries and heads of ESG in Hong Kong listed companies to highlight their roles in one of the five key industry sectors for which the Task Force on Climate-related Financial Disclosures had issued particular guidance, published between June and September 2022.

In addition, to help the future generation of governance professionals stay ahead of the curve, Institute Chief Executive Ellie Pang FCG HKFCG(PE) gave two talks on the influence of ESG implementation on Hong Kong's business development, one to students from Hong Kong Shue Yan University's Partnership Bachelor's Programme and the other to undergraduates from our Collaborative Course Agreement programme.

Internal ESG

Our commitment to all aspects of ESG also extends to how we operate our own organisation, and how we serve the needs of our employees and the community in which we live.

Environmental responsibility

We embed eco-friendly practices and environmental awareness in our organisational culture, and routinely employ the 'reuse, reduce, recycle and replace' principle.

We kept our paper usage at the same level as in the previous fiscal year, and continued to use electronic communication with our members, graduates, students and others. As at 30 June 2023, 6,550 subscribers (up 3% from fiscal 2022) had opted to receive the e-version of our monthly journal, *CGj*, rather than the print version.

Unfortunately, our per-unit electricity consumption this fiscal year increased by 9%, despite maintaining our average office temperature between 24°C and 26°C. More people had returned to the office, rather than working from home, and extra electricity was consumed in the renovation of our conference room.

Community involvement

The Institute's Community Service Core Group, run by our Secretariat team under the Membership Committee, is responsible for arranging our community service initiatives with the enthusiastic assistance of our staff, members, graduates and students.

In fiscal 2023, with the easing of social distancing requirements in the post-Covid environment, we returned to in-person community involvement. Our volunteer hours rose by 153%, to 192 hours, encompassing a visit to the elderly, a fun day with children from low-income families and our annual participation in the online fundraising campaign Pink Together 2022, organised by the Hong Kong Breast Cancer Foundation. We also took part in Dress Pink Day in aid of the Hong Kong Cancer Fund in October 2022.

We are pleased to have received the Perfect Partner designation award for the second consecutive year from the Chinese YMCA of Hong Kong, under their Y-Care CSR Scheme, for 2022/2023 for our volunteer activities with the elderly. Additionally, we are honoured to have once again been awarded the 5 Years Plus Caring Organisation Logo in The Hong Kong Council of Social Service's 2022/2023 Caring Company Scheme in recognition of our care of the community, our employees and the environment.

Valuing our people

We endorse the concept of a good workplace environment, not only for its clear benefit in terms of productivity and motivation in our professional lives, but also in terms of the benefit to our personal lives. We value our Secretariat staff and do our utmost to ensure their optimal physical and mental well-being. Regular cross-departmental meetings, social gatherings, and internal and external training sessions allow our people to meet and exchange ideas, and boost their technical knowledge and soft skills.

In fiscal 2023, we organised 18 external training courses for our staff, covering a wide range of themes, with 60 enrolments and 107.5 training hours. Our internal training courses attracted 124 enrolments at 57 CPD events, for a total of 536.5 training hours, up 22% on the previous year.

We are delighted to announce that we have been awarded the Good MPF Employer 5 Years+ and the MPF Support Award for 2022–2023 from the Mandatory Provident Fund (MPF) Schemes Authority, of whom we are a 'Supporting Organization', for our role in enhancing our employees' retirement benefits. We have also received a SportsHour Organisation award for 2023–2025 from InspiringHK Sports Foundation for encouraging our employees to pursue an active and healthy lifestyle.

KEY METRICS INTERNAL ESG

Environmental responsibility

200 reams 0%
Paper usage

64,606 units +9%
Electricity consumption (kWh)

Community involvement

192 hours +153%
Volunteer hours

Valuing our people

External training		
Training courses	18	+50%
Staff training enrolments	60	+28%
Training hours	107.5	+67%
Internal training		
Training courses	57	–16%
Staff training enrolments	124	–23%
Training hours	536.5	+22%

Note: Percentages refer to the comparison with the previous financial 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 (the "Institute") and its subsidiaries (together the "Group") set out on pages 40 to 80, which comprise the consolidated statement of financial position as at 30 June 2023, 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 2023 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 2023

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	2023 HK$	2022 HK$
Subscriptions and fees	6	**22,298,746**	22,727,223
Other revenue	7	**22,195,000**	16,866,564
Interest income	8	**443,711**	32,697
Other net income/(loss)	9	**1,350,242**	(476,850)
Staff costs	10	**(21,575,597)**	(20,996,325)
Depreciation expenses	14	**(1,280,942)**	(1,228,155)
Amortisation expenses	15	**(1,303,348)**	(1,327,650)
Other operating expenses	12	**(16,896,257)**	(16,443,445)
Finance costs	23	**(41,667)**	(52,887)
Surplus/(deficit) before income tax expense		**5,189,888**	(898,828)
Income tax expense	13	**(17,484)**	(22,353)
Surplus/(deficit) for the reporting period		**5,172,404**	(921,181)
Other comprehensive loss for the reporting period			
Items that will not be reclassified to surplus or deficit:			
Deficit on revaluation of land and buildings held for own use	14	**(6,807,394)**	(5,807,525)
Fair value changes of investments in listed equity securities classified as financial assets at fair value through other comprehensive income	18	**601,084**	(1,879,316)
Item that may be reclassified subsequently to surplus or deficit:			
Exchange loss on translating foreign operations		**(299,253)**	(87,448)
Other comprehensive loss for the reporting period		**(6,505,563)**	(7,774,289)
Total comprehensive loss for the reporting period		**(1,333,159)**	(8,695,470)

Consolidated Statement of Financial Position

At 30 June 2023

	Note	2023 HK$	2022 HK$
Non-current assets			
Property, plant and equipment	14	**106,561,131**	114,495,121
Intangible assets	15	**2,486,406**	3,125,754
Financial assets at fair value through other comprehensive income	18	**14,411,865**	4,505,397
		123,459,402	122,126,272
Current assets			
Inventories	16	**–**	4,557
Financial assets at fair value through profit or loss	17	**–**	9,326,427
Accounts and other receivables	19	**1,251,804**	2,363,667
Cash and cash equivalents	20	**34,494,843**	26,991,416
		35,746,647	38,686,067
Total assets		**159,206,049**	160,812,339
Current liabilities			
Accounts and other payables	21	**2,703,097**	2,352,661
Contract liabilities	22	**3,471,409**	3,067,895
Lease liabilities	23	**697,289**	971,799
		6,871,795	6,392,355
Net current assets		**28,874,852**	32,293,712
Total assets less current liabilities		**152,334,254**	154,419,984
Non-current liabilities			
Lease liabilities	23	**–**	752,571
NET ASSETS		**152,334,254**	153,667,413
Reserves and funds			
General fund		**57,834,853**	52,785,132
Property revaluation reserve		**90,967,121**	97,774,515
Financial assets at fair value through other comprehensive income reserve		**790,389**	189,305
Building maintenance sinking fund		**1,000,000**	886,008
Education development fund		**991,038**	982,347
IT maintenance fund		**1,000,000**	1,000,000
Exchange reserve		**(249,147)**	50,106
TOTAL RESERVES AND FUNDS		**152,334,254**	153,667,413

The consolidated financial statements were approved and authorised for issue by the Council on 3 November 2023 and are signed on its behalf by:

Ernest CH Lee
President

Daniel WS Chow
Treasurer

Consolidated Statement of Changes in Reserves and Funds

For the year ended 30 June 2023

	General fund HK$	Property revaluation reserve HK$	Financial assets at fair value through other comprehensive income reserve HK$
Balance as at 1 July 2021	53,733,833	103,582,040	2,068,621
Deficit for the year	(921,181)	–	–
Other comprehensive loss for the year	–	(5,807,525)	(1,879,316)
Total comprehensive loss for the year	(921,181)	(5,807,525)	(1,879,316)
Transfer to general fund	147,596	–	–
Transfer from general fund	(175,116)	–	–
Balance as at 30 June 2022 and 1 July 2022	52,785,132	97,774,515	189,305
Surplus for the year	5,172,404	–	–
Other comprehensive (loss)/income for the year	–	(6,807,394)	601,084
Total comprehensive (loss)/income for the year	5,172,404	(6,807,394)	601,084
Transfer to general fund	155,295	–	–
Transfer from general fund	(277,978)	–	–
Balance as at 30 June 2023	57,834,853	90,967,121	790,389

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.

The fund is capped at HK$1,000,000 and the Group has reached the cap as at the year ended 30 June 2023.

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 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 2023, HK$155,295 (2022: HK$147,596) 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$
886,008	954,827	1,000,000	137,554	162,362,883
–	–	–	–	(921,181)
–	–	–	(87,448)	(7,774,289)
–	–	–	(87,448)	(8,695,470)
–	(147,596)	–	–	–
–	175,116	–	–	–
886,008	982,347	1,000,000	50,106	153,667,413
–	–	–	–	5,172,404
–	–	–	(299,253)	(6,505,563)
–	–	–	(299,253)	(1,333,159)
–	(155,295)	–	–	–
113,992	163,986	–	–	–
1,000,000	991,038	1,000,000	(249,147)	152,334,254

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 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 2023

	Note	2023 HK$	2022 HK$
Cash flows from operating activities			
Surplus/(deficit) before income tax expense		**5,189,888**	(898,828)
Adjustments for:			
Depreciation of property, plant and equipment		**1,280,942**	1,228,155
Amortisation of intangible assets		**1,303,348**	1,327,650
Bad debts written off		**11,240**	30,000
Bank interest income		**(409,760)**	(22,341)
Interest income from cash at custodian		**(33,951)**	(10,356)
Loss on disposal of property, plant and equipment		**–**	556
Lease interest expense		**41,667**	52,887
Dividend income from financial assets at fair value through profit or loss		**(58,231)**	(136,399)
Dividend income from financial assets at fair value through other comprehensive income		**(1,028,583)**	(113,006)
Exchange differences		**8,550**	798
Gain on derecognition of a lease		**–**	(13,120)
Loss/(Gain) on disposal of financial assets at fair value through profit or loss		**173,056**	(314,460)
Unrealised loss on financial assets at fair value through profit or loss		**–**	1,973,274
Surplus before changes in working capital		**6,478,166**	3,104,810
Decrease in inventories		**4,557**	2,700
Decrease/(Increase) in accounts and other receivables		**1,100,623**	(92,073)
Increase in accounts and other payables		**350,436**	526,610
Increase in contract liabilities		**403,514**	1,731,522
Cash generated from operating activities		**8,337,296**	5,273,569
Income tax paid		**(17,484)**	(22,353)
Net cash generated from operating activities		**8,319,812**	5,251,216
Cash flows from investing activities			
Interest received		**443,711**	32,697
Dividends received		**1,063,016**	167,324
Purchase of property, plant and equipment		**(581,422)**	(507,272)
Purchase of intangible assets		**(664,000)**	(1,240,344)
Purchase of financial assets at fair value through profit or loss		**–**	(300,173)
Purchase of financial assets at fair value through other comprehensive income		**(19,966,730)**	(4,290,803)
Proceeds on sale of financial assets at fair value through profit or loss		**9,169,030**	2,594,976
Proceeds on sale of financial assets at fair value through other comprehensive income		**10,660,467**	4,766,021
Net cash from investing activities		**124,072**	1,222,426
Cash flows from financing activities			
Interest paid	28	**(41,667)**	(52,887)
Repayment of principal portion of lease liabilities	28	**(599,537)**	(758,146)
Net cash used in financing activities		**(641,204)**	(811,033)
Net increase in cash and cash equivalents		**7,802,680**	5,662,609
Cash and cash equivalents at the beginning of the reporting period		**26,991,416**	21,416,255
Effect of foreign exchange rate change, net		**(299,253)**	(87,448)
Cash and cash equivalents at the end of the reporting period	20	**34,494,843**	26,991,416

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) ("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.

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) ("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
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.	(思治企业咨询(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

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		
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) ("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 HKFRSs

a. Adoption of new/revised HKFRSs – Effective 1 July 2022

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

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020
Amendments to HKFRS 3	References to Conceptual Framework

The Council members consider that the amendments have no material impact on the Group's consolidated financial statements.

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 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-Current Liabilities with Covenants (the 2022 Amendments)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction[1]
HKFRS 17 and related amendments to HKFRS 17	Insurance Contracts (including Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information)[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption

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.

<u>Property, plant and equipment items other than leasehold land and buildings</u>

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.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

b. Property, plant and equipment – continued

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 and 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES – continued

c. Leasing – continued

The Group as lessee – continued

***Right-of-use asset* – continued**

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 it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

d. Government grant – continued

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.

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:

4. SIGNIFICANT ACCOUNTING POLICIES – continued

f. Financial instruments – continued

i. Financial assets – continued

Debt instruments – continued

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.

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 is 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

4. SIGNIFICANT ACCOUNTING POLICIES – continued

f. Financial instruments – continued

ii. Impairment loss on financial assets – continued

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

f. Financial instruments – continued

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

h. Revenue recognition – continued

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES – continued

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.
   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

Classification of leasehold land and buildings held for own use

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.

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 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

	2023 **HK$**	2022 HK$
Subscriptions, recognised over time	16,674,796	16,116,568
Admission and registration fees, recognised at a point in time	5,623,950	6,610,655
	22,298,746	22,727,223

7. OTHER REVENUE

	2023 **HK$**	2022 HK$
Income from examinations, recognised over time	1,710,150	1,768,250
Income from seminars, courses, member and student activities and functions held, recognised over time	20,484,850	15,098,314
	22,195,000	16,866,564

8. INTEREST INCOME

	2023 **HK$**	2022 HK$
Bank interest income	409,760	22,341
Interest income from cash at custodian	33,951	10,356
	443,711	32,697

9. OTHER NET INCOME/(LOSS)

	2023 **HK$**	2022 HK$
Dividend income on financial assets at fair value through profit or loss	58,231	136,399
Dividend income on financial assets at fair value through other comprehensive income	1,028,583	113,006
Donations	–	2,102
Covid-19-related rent concessions	–	45,185
Gain on derecognition of a lease	–	13,120
Government grants (Note)	248,000	496,000
Net foreign exchange loss	(31,752)	(12,786)
Sundry income	220,236	388,938
(Loss)/Gain on disposal of financial assets at fair value through profit or loss	(173,056)	314,460
Unrealised loss on financial assets at fair value through profit or loss	–	(1,973,274)
	1,350,242	(476,850)

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

	2023 **HK$**	2022 HK$
Salaries, allowances and other benefits	20,274,510	19,750,765
Contributions to defined contribution retirement scheme:		
Hong Kong Mandatory Provident Fund	1,301,087	1,245,560
	21,575,597	20,996,325

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.

	2023 **HK$**	2022 HK$
Salaries	6,351,330	6,322,780
Performance benefits, other allowances and benefits-in-kind	1,794,069	1,762,176
Contributions to defined contribution retirement schemes	486,185	446,482
	8,631,584	8,531,438

12. OTHER OPERATING EXPENSES

	2023 **HK$**	2022 HK$
Auditor's remuneration	332,113	309,714
Bad debts written off	11,240	30,000
Credit card merchant fees	967,874	896,842
Direct costs (Note)	2,701,683	1,291,594
Donations	–	11,852
Government rent and rates	69,937	64,350
Investment handling charges	363,414	343,401
Legal and professional fees	337,302	454,751
Postage and courier	70,860	59,824
Promotion and public relations	853,952	1,520,574
Publications and printing	2,913,716	2,983,654
Repairs and maintenance	105,634	292,968
Scholarship, sponsorship and subject prizes	232,000	255,000
Service fees charged by The Chartered Governance Institute	749,395	714,200

12. OTHER OPERATING EXPENSES – continued

	2023 **HK$**	2022 HK$
Service fees in PRC	3,626,063	3,969,269
Student services	1,666,861	1,611,193
Sundry expenses	1,127,022	1,046,973
Travelling	137,370	20,792
Utilities	567,661	504,334
Variable lease payment – printer meter charge	62,160	62,160
	16,896,257	16,443,445

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:

	2023 **HK$**	2022 HK$
Current tax		
Overseas tax		
– Tax for the current year	17,484	22,353
Income tax expense	17,484	22,353

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:

	2023 **HK$**	2022 HK$
Surplus/(Deficit) before income tax	5,189,888	(898,828)
Tax calculated at Hong Kong profits tax rate of 16.5%	856,332	(148,307)
Effect of different tax rate of a subsidiary operating in other jurisdiction	76,039	4,219
Effect of tax exemptions granted	(13,771)	(1,864)
Tax effect of non-taxable income	(202)	–
Tax effect of non-deductible expenses	66	458
Tax effect of (profit)/loss not subject to tax	(680,216)	157,904
Tax effect of concessionary tax rate	(178,915)	(9,928)
Others	(41,849)	19,871
Income tax expense	17,484	22,353

13. INCOME TAX EXPENSE – continued

No deferred tax liability has been recorded on certain temporary differences of HK$3,266,590 (2022: HK$2,242,092) 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.

14. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2023

	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 and equipment HK$	Total HK$
Cost or valuation						
At 1 July 2022	107,800,000	4,200,000	1,842,079	3,565,805	2,298,939	119,706,823
Additions	–	–	–	390,748	190,674	581,422
Write-off	–	–	–	–	(55,262)	(55,262)
Lease modification	–	–	(336,590)	–	–	(336,590)
Deficit on revaluation	(6,600,000)	(400,000)	–	–	–	(7,000,000)
Exchange alignment	–	–	(144,128)	–	(16,200)	(160,328)
At 30 June 2023	101,200,000	3,800,000	1,361,361	3,956,553	2,418,151	112,736,065
Representing:						
Cost	–	–	1,361,361	3,956,553	2,418,151	7,736,065
Revaluation	101,200,000	3,800,000	–	–	–	105,000,000
	101,200,000	3,800,000	1,361,361	3,956,553	2,418,151	112,736,065
Accumulated depreciation						
At 1 July 2022	–	–	230,260	3,380,415	1,601,027	5,211,702
Charge for the year	108,606	84,000	728,762	50,559	309,015	1,280,942
Elimination on revaluation	(108,606)	(84,000)	–	–	–	(192,606)
Write-off	–	–	–	–	(55,262)	(55,262)
Exchange alignment	–	–	(61,422)	–	(8,420)	(69,842)
At 30 June 2023	–	–	897,600	3,430,974	1,846,360	6,174,934
Carrying amount						
At 30 June 2023	101,200,000	3,800,000	463,761	525,579	571,791	106,561,131

14. PROPERTY, PLANT AND EQUIPMENT – continued

Year ended 30 June 2022

	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 and equipment HK$	Total HK$
Cost or valuation						
At 1 July 2021	113,200,000	4,800,000	2,671,984	3,352,605	2,133,428	126,158,017
Additions	–	–	1,875,888	213,200	294,072	2,383,160
Derecognition of a lease	–	–	(2,666,568)	–	–	(2,666,568)
Write-off	–	–	–	–	(124,460)	(124,460)
Deficit on revaluation	(5,400,000)	(600,000)	–	–	–	(6,000,000)
Exchange alignment	–	–	(39,225)	–	(4,101)	(43,326)
At 30 June 2022	107,800,000	4,200,000	1,842,079	3,565,805	2,298,939	119,706,823
Representing:						
Cost	–	–	1,842,079	3,565,805	2,298,939	7,706,823
Revaluation	107,800,000	4,200,000	–	–	–	112,000,000
	107,800,000	4,200,000	1,842,079	3,565,805	2,298,939	119,706,823
Accumulated depreciation						
At 1 July 2021	–	–	1,242,533	3,352,605	1,422,585	6,017,723
Charge for the year	96,475	96,000	704,442	27,810	303,428	1,228,155
Elimination on revaluation	(96,475)	(96,000)	–	–	–	(192,475)
Derecognition of a lease	–	–	(1,711,321)	–	–	(1,711,321)
Write-off	–	–	–	–	(123,904)	(123,904)
Exchange alignment	–	–	(5,394)	–	(1,082)	(6,476)
At 30 June 2022	–	–	230,260	3,380,415	1,601,027	5,211,702
Carrying amount						
At 30 June 2022	107,800,000	4,200,000	1,611,819	185,390	697,912	114,495,121

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 2021	113,200,000	2,671,984	176,136	116,048,120
Deficit on revaluation	(5,400,000)	–	–	(5,400,000)
Addition of a new lease	–	1,875,888	–	1,875,888
Derecognition of a lease	–	(2,666,568)	–	(2,666,568)
Exchange alignment	–	(39,225)	–	(39,225)
At 30 June 2022	107,800,000	1,842,079	176,136	109,818,215
Representing:				
Cost	–	1,842,079	176,136	2,018,215
Revaluation	107,800,000	–	–	107,800,000
	107,800,000	1,842,079	176,136	109,818,215
Accumulated depreciation				
At 1 July 2021	–	1,242,533	14,678	1,257,211
Charge for the year	96,475	704,442	58,712	859,629
Elimination on revaluation	(96,475)	–	–	(96,475)
Derecognition of a lease	–	(1,711,321)	–	(1,711,321)
Exchange alignment	–	(5,394)	–	(5,394)
At 30 June 2022	–	230,260	73,390	303,650
Carrying amount				
At 30 June 2022	107,800,000	1,611,819	102,746	109,514,565
Cost or valuation				
At 1 July 2022	107,800,000	1,842,079	176,136	109,818,215
Lease modification	–	(336,590)	–	(336,590)
Deficit on revaluation	(6,600,000)	–	–	(6,600,000)
Exchange alignment	–	(144,128)	–	(144,128)
At 30 June 2023	101,200,000	1,361,361	176,136	102,737,497
Representing:				
Cost	–	1,361,361	176,136	1,537,497
Revaluation	101,200,000	–	–	101,200,000
	101,200,000	1,361,361	176,136	102,737,497

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 2022	–	230,260	73,390	303,650
Charge for the year	108,606	728,762	58,712	896,080
Elimination on revaluation	(108,606)	–	–	(108,606)
Exchange alignment	–	(61,422)	–	(61,422)
At 30 June 2023	–	897,600	132,102	1,029,702
Carrying amount				
At 30 June 2023	101,200,000	463,761	44,034	101,707,795

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 2023 and 2022, 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	–9.5% to 12% (2022: –6% to 15%)

14. PROPERTY, PLANT AND EQUIPMENT – continued

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.

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 2023.

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

	HK$
At 1 July 2021	118,000,000
Depreciation	(192,475)
Valuation deficit	(5,807,525)
At 30 June 2022 and 1 July 2022	112,000,000
Depreciation	(192,606)
Valuation deficit	(6,807,394)
At 30 June 2023	105,000,000

Valuation deficit of HK$6,807,394 (2022: HK$5,807,525) 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$14,134,046 and HK$1,627,920 respectively (2022: HK$14,151,199 and HK$1,682,184 respectively) at the end of the reporting period.

15. INTANGIBLE ASSETS

	Computer system HK$	Online study materials HK$	Total HK$
Cost			
At 1 July 2021	3,364,500	1,630,270	4,994,770
Addition	1,240,344	–	1,240,344
At 30 June 2022 and 1 July 2022	4,604,844	1,630,270	6,235,114
Addition	–	664,000	664,000
At 30 June 2023	4,604,844	2,294,270	6,899,114
Accumulated amortisation			
At 1 July 2021	966,575	815,135	1,781,710
Charge for the year	784,227	543,423	1,327,650
At 30 June 2022 and 1 July 2022	1,750,802	1,358,558	3,109,360
Charge for the year	920,969	382,379	1,303,348
At 30 June 2023	2,671,771	1,740,937	4,412,708
Carrying amount			
At 30 June 2023	1,933,073	553,333	2,486,406
At 30 June 2022	2,854,042	271,712	3,125,754

16. INVENTORIES

Inventories comprise study materials held for sale.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$	2022 HK$
Unlisted fund investments	–	9,326,427

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HK$	2022 HK$
Listed equity securities	14,411,865	4,505,397

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – continued

i. Disposal of equity investments

During the year ended 30 June 2023, 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$9,641,892 (2022: HK$5,045,201) at the time of the sale.

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

	2023	2022
	HK$	HK$
Gain/(loss) recognised in other comprehensive income	601,084	(1,879,316)
Dividends from equity investments held at FVOCI recognised in surplus or deficit:		
Relating to investments derecognised during the year	305,722	44,606
Relating to investments held at the end of the reporting period	722,861	68,399
	1,028,583	113,005

19. ACCOUNTS AND OTHER RECEIVABLES

	2023	2022
	HK$	HK$
Accounts receivables (Note i)	93,025	721,381
Other receivables (Note ii)	121,761	269,383
Deposits	304,930	326,210
Prepayments	732,088	1,046,693
	1,251,804	2,363,667

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:

	2023	2022
	HK$	HK$
Current	91,880	719,321
1–3 months	1,145	2,060
	93,025	721,381

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).

19. ACCOUNTS AND OTHER RECEIVABLES – continued

ii. Other receivables represented dividend and interest receivables (2022: seminar income receivable from an external seminar organiser and government grant obtained from the ESS). 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

	2023 **HK$**	2022 HK$
Cash and bank balances	12,233,523	11,045,713
Time deposits with original maturity three months or less when acquired	20,137,308	1,169,800
Cash at custodians	2,124,012	14,775,903
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	34,494,843	26,991,416

Cash at banks earned interest ranging from 0.2% to 0.88% (2022: ranged from 0.1% to 0.3%) per annum.

Time deposits with original maturity three months or less when acquired earned interest of between 1.4% and 5.3% (2022: 1.4%) per annum.

Included in the Group's cash and bank balances is an amount of HK$1,781,712 (2022: HK$1,752,090) 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

	2023 **HK$**	2022 HK$
Accruals and other payables	2,703,097	2,322,661
Deferred income	–	30,000
	2,703,097	2,352,661

22. CONTRACT LIABILITIES

	2023 **HK$**	2022 HK$
Contract liabilities	3,471,409	3,067,895

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

22. CONTRACT LIABILITIES – continued

Movements in contract liabilities during the year:

	HK$
Balance at 1 July 2021	1,336,373
Decrease in contract liabilities as a result of recognising revenue	(1,336,373)
Increase in contract liabilities as a result of advanced consideration received/billing in advance during the year	3,067,895
Balance at 30 June 2022 and 1 July 2022	3,067,895
Decrease in contract liabilities as a result of recognising revenue	(3,067,895)
Increase in contract liabilities as a result of advanced consideration received/billing in advance during the year	3,471,409
Balance at 30 June 2023	3,471,409

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 2021	1,448,803	162,243	1,611,046
Interest expenses	47,694	5,193	52,887
Addition of a new lease	1,875,888	–	1,875,888
Derecognised of lease	(968,367)	–	(968,367)
Lease payments	(748,873)	(62,160)	(811,033)
Exchange alignment	(36,051)	–	(36,051)
At 30 June 2022 and 1 July 2022	1,619,094	105,276	1,724,370
Lease modification	(336,590)	–	(336,590)
Interest expenses	38,771	2,896	41,667
Lease payments	(579,044)	(62,160)	(641,204)
Exchange alignment	(90,954)	–	(90,954)
At 30 June 2023	651,277	46,012	697,289

Future lease payments are due as follows:

At 30 June 2023	Minimum lease payments HK$	Interest HK$	Present value HK$
Not later than one year	705,838	(8,549)	697,289

23. LEASES LIABILITIES – continued

At 30 June 2022	Minimum lease payments HK$	Interest HK$	Present value HK$
Not later than one year	1,015,726	(43,927)	971,799
Later than one year and not later than two years	761,794	(9,223)	752,571
	1,777,520	(53,150)	1,724,370

The present value of future lease payments are analysed as:

	2023 HK$	2022 HK$
Current liabilities	697,289	971,799
Non-current liabilities	–	752,571
	697,289	1,724,370

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

	2023 HK$	2022 HK$
Financial assets		
– at amortised cost		
Accounts and other receivables	519,716	1,316,974
Cash and cash equivalents	34,494,843	26,991,416
	35,014,559	28,308,390
– at fair value		
Financial assets at fair value through other comprehensive income	14,411,865	4,505,397
Financial assets at fair value through profit or loss	–	9,326,427
	14,411,865	13,831,824

	2023 HK$	2022 HK$
Financial liabilities – measured at amortised cost		
Accounts and other payables	2,703,097	2,322,661
Lease liabilities	697,289	1,724,370
	3,400,386	4,047,031

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 has been significantly reduced.

b. Currency risk

The Group is exposed to foreign currency risk arising from translating bank balances, deposits and other receivables, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and lease liabilities which are denominated in Singapore dollars ("SGD"),

26. FINANCIAL RISK MANAGEMENT – continued

b. Currency risk – continued

British pounds ("GBP"), United States dollars ("USD") or Renminbi ("RMB"). Such exposure arises from the balance of assets and liabilities in currencies other than the functional currency of the Group's entities. 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 2023	SGD	USD	GBP	RMB
Assets				
Cash and cash equivalents	–	11,724,418	395,401	415,887
Deposits and other receivables	–	–	–	41,070
Financial assets at fair value through other comprehensive income	833,466	–	–	–
	833,466	11,724,418	395,401	456,957
Liabilities				
Lease liabilities	–	–	–	96,248

Exposure to foreign currency (expressed in HK$)			
At 30 June 2022	USD	GBP	RMB
Assets			
Cash and cash equivalents	3,023,270	4,147	495,038
Deposits and other receivables	–	–	61,583
Financial assets at fair value through profit or loss	5,325,677	–	–
Financial assets at fair value through other comprehensive income	1,210,577	–	–
	9,559,524	4,147	556,621
Liabilities			
Lease liabilities	–	–	239,310

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 SGD, GBP and RMB. If Hong Kong dollars strengthened against SGD by 5%, the Group's other comprehensive income would be increased by approximately HK$41,673 (2022: nil). If Hong Kong dollars strengthened against GBP and RMB by 5%, the Group's surplus (2022: deficit) would be increased by approximately HK$19,770 (2022: HK$207) and HK$18,035 (2022: HK$15,866), respectively. If Hong Kong dollars had weakened against these currencies by 5%, the Group's other comprehensive income and surplus (2022: deficit) would be decreased (2022: 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 2023					
Accounts and other payables	2,703,097	–	–	2,703,097	2,703,097
Lease liabilities	705,838	–	–	705,838	697,289
	3,408,935	–	–	3,408,935	3,400,386

	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 2022					
Accounts and other payables	2,322,661	–	–	2,322,661	2,322,661
Lease liabilities	1,015,726	761,794	–	1,777,520	1,724,370
	3,338,387	761,794	–	4,100,181	4,074,031

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.

For the year ended 30 June 2022, if the prices of the financial assets at fair value through profit or loss had been 5% higher/lower, the Group's deficit for the year would decrease/increase by approximately HK$466,000 as a result of the changes in fair value of financial assets at fair value through profit or loss. There are no financial assets at fair value through profit or loss as at 30 June 2023.

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 is not available.
Level 3 valuations:	Fair value measured using significant unobservable inputs.

	Level 1 HK$	Level 2 HK$	Total HK$
At 30 June 2023			
Financial assets at fair value through other comprehensive income:			
– Equity securities – listed (Note i)	14,411,865	–	14,411,865

	Level 1 HK$	Level 2 HK$	Total HK$
At 30 June 2022			
Financial assets at fair value through profit or loss:			
– Funds – unlisted (Note ii)	–	9,326,427	9,326,427
Financial assets at fair value through other comprehensive income:			
– Equity securities – listed (Note i)	4,505,397	–	4,505,397
	4,505,397	9,326,427	13,831,824

Note:

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

26. FINANCIAL RISK MANAGEMENT – continued

e. Fair value measurement – continued

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 2021	1,611,046
Changes from cash flows:	
Repayment of principal portion of the lease liabilities	(758,146)
Repayment of interest portion of the lease liabilities	(52,887)
Total changes from financing cash flow	(811,033)
Other non-cash movements:	
Interest on lease liabilities	52,887
Addition of a new lease	1,875,888
Derecognition of a lease	(968,367)
Exchange alignment	(36,051)
Total other non-cash movements	924,357
At 30 June 2022 and 1 July 2022	1,724,370
Changes from cash flows:	
Repayment of principal portion of the lease liabilities	(599,537)
Repayment of interest portion of the lease liabilities	(41,667)
Total changes from financing cash flow	(641,204)
Other non-cash movements:	
Lease modification	(336,590)
Interest on lease liabilities	41,667
Exchange alignment	(90,954)
Total other non-cash movements	(385,877)
At 30 June 2023	697,289

29. STATEMENT OF FINANCIAL POSITION OF THE INSTITUTE

	Note	2023 HK$	2022 HK$
Non-current assets			
Property, plant and equipment		**106,082,702**	113,012,829
Interests in subsidiaries		**24**	24
Intangible assets		**2,486,406**	3,125,754
Financial assets at fair value through other comprehensive income		**14,411,865**	4,505,397
		122,980,997	120,644,004
Current assets			
Inventories		**–**	4,557
Financial assets at fair value through profit or loss		**–**	9,326,427
Accounts and other receivables		**892,804**	2,022,407
Amounts due from subsidiaries		**1,112,999**	1,062,999
Cash and cash equivalents		**28,416,701**	21,788,841
		30,422,504	34,205,231
Total assets		**153,403,501**	154,849,235
Current liabilities			
Accounts and other payables		**1,951,439**	1,603,082
Amounts due to subsidiaries		**13**	13
Contract liabilities		**3,471,409**	3,067,895
Lease liabilities		**142,259**	194,141
		5,565,120	4,865,131
Net current assets		**24,857,384**	29,340,100
Total assets less current liabilities		**147,838,381**	149,984,104
Non-current liabilities			
Lease liabilities		**–**	150,444
NET ASSETS		**147,838,381**	149,833,660
Reserves and funds			
General fund	30	**53,089,833**	49,001,485
Financial assets at fair value through other comprehensive income reserve	30	**790,389**	189,305
Property revaluation reserve	30	**90,967,121**	97,774,515
Building maintenance sinking fund	30	**1,000,000**	886,008
Education development fund	30	**991,038**	982,347
IT maintenance fund	30	**1,000,000**	1,000,000
TOTAL RESERVES AND FUNDS		**147,838,381**	149,833,660

The financial statements were approved and authorised for issue by the Council on 3 November 2023 and are signed on its behalf by:

Ernest CH Lee
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$	Building maintenance sinking fund HK$	Education development fund HK$	IT maintenance fund HK$	Total HK$
Balance as at 1 July 2021	49,985,996	103,582,040	2,068,621	886,008	954,827	1,000,000	158,477,492
Deficit for the year	(956,991)	–	–	–	–	–	(956,991)
Other comprehensive loss for the year	–	(5,807,525)	(1,879,316)	–	–	–	(7,686,841)
Total comprehensive loss for the year	(956,991)	(5,807,525)	(1,879,316)	–	–	–	(8,643,832)
Transfer to general fund	147,596	–	–	–	(147,596)	–	–
Transfer from general fund	(175,116)	–	–	–	175,116	–	–
Balance as at 30 June 2022 and 1 July 2022	49,001,485	97,774,515	189,305	886,008	982,347	1,000,000	149,833,660
Surplus for the year	4,211,031	–	–	–	–	–	4,211,031
Other comprehensive (loss)/income for the year	–	(6,807,394)	601,084	–	–	–	(6,206,310)
Total comprehensive (loss)/income for the year	4,211,031	(6,807,394)	601,084	–	–	–	(1,995,279)
Transfer to general fund	155,295	–	–	–	(155,295)	–	–
Transfer from general fund	(277,978)	–	–	113,992	163,986	–	–
Balance as at 30 June 2023	53,089,833	90,967,121	790,389	1,000,000	991,038	1,000,000	147,838,381

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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