



# Annual Report 2024



THE INSTITUTE OF CHARTERED SECRETARIES  
AND ADMINISTRATORS IN HONG KONG LTD  
1991 ANNUAL CONVENTION  
"CORPORATE UPDATE"



## 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 Chinese 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 7,200 members, more than 300 graduates and around 2,400 students.

For more information, please visit [www.hkcg.org.hk](http://www.hkcg.org.hk).

## 香港公司治理公會

(于香港注册成立的担保有限公司)

香港公司治理公會(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7,200名会员，毕业学员300多名以及学员约2,400名。

更多资讯，请浏览[www.hkcg.org.hk](http://www.hkcg.org.hk)。

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# INSTITUTE MILESTONES

## 1949 *20 members*

An informal association of Chartered Secretaries is formed in Hong Kong



## 1990

The Hong Kong branch of The Institute of Chartered Secretaries and Administrators (ICSA) of London is established

## 1991 *1,700 members*

Members of the Institute are recognised under the Hong Kong Listing Rules as being qualified to perform the functions of a company secretary of listed companies



## 2007

The Hong Kong Monetary Authority approves Institute members as 'suitable certifiers' to authorised institutions under the Supplement to the Guideline on Prevention of Money Laundering

## 2005 *4,200 members*

The Institute is renamed The Hong Kong Institute of Chartered Secretaries (HKICS)



## 2004

The Enhanced CPD (ECPD) programme is launched

## 2018 *6,000 members*

The new designation of Chartered Governance Professional is introduced

Edith Shih FCG(CS, CGP) HKFCG(CS, CGP)(PE) is elected International President of ICSA



## 2020

The Chartered Governance Qualifying Programme (CGQP) is launched

## 2021

The Institute is renamed The Hong Kong Chartered Governance Institute, reflecting members' evolving roles in governance and in line with the dual qualification of Chartered Secretary and Chartered Governance Professional

**CHARTERED  
GOVERNANCE**  
Hong Kong

## 1994 2,600 members

The Hong Kong Institute of Company Secretaries is incorporated and becomes the Hong Kong Division of ICSA, with the right to award both international and local qualifications



## 1995

The first Continuing Professional Development (CPD) training programme and the Hong Kong Qualifying Scheme are launched

## 1996

The Beijing Representative Office (BRO) is set up



## 2002

The Securities and Futures Commission recognises the Institute as a provider of Continuous Professional Training

## 2000

The first Annual Corporate Regulatory Update (ACRU) is held

## 1998

The biennial Corporate Governance Conference (CGC) is inaugurated

## 2023

The ESG Reporting Certification Course is launched



## 2024 7,000 members

The Institute celebrates its 75th anniversary with the theme: Resilience in Governance





# Report summary

Welcome to the Annual Report 2024 of The Hong Kong Chartered Governance Institute (HKCGI, the Institute) 香港公司治理公會, covering the financial year from 1 July 2023 to 30 June 2024 (fiscal 2024). Figures for fiscal 2023 refer to the period from 1 July 2022 to 30 June 2023. Financial results record the consolidated results of the Institute and its seven subsidiaries.

## Who we are

The Institute is a recognised source of expertise in governance in Hong Kong and the Chinese mainland, and a respected thought leader in the field. We represent the voices and views of governance professionals, and provide accredited routes to qualification for those seeking to pursue or develop a career as a Chartered Secretary and Chartered Governance Professional. We advance governance through our educational and professional training programmes, and advocate for best practices. Our activities centre on member, graduate and student services, advocacy, research and governance reform.

## Membership growth

Our combined membership and graduateship numbers continued their upward trend, while our student numbers fell. As at 30 June 2024, we had 7,283 members (up 3% from the same point in 2023), 373 graduates (1% increase) and 2,376 students (down 10%).

## Financial performance

The Institute, together with its subsidiaries, is pleased to report that it recorded a consolidated operating surplus of HK\$7,631,993 in fiscal 2024. Total income was HK\$50,726,217 (10% increase from fiscal 2023), most of which comes from membership and studentship subscriptions, examination fees, and professional development and membership activities in Hong Kong and the Chinese mainland. Income from subscriptions and fees was HK\$23,872,715 (a rise of 7%), while income from continuing professional development (CPD) and other activities was HK\$22,634,662 (an advance of 10%). Total costs and expenses were HK\$43,067,833 (up 5%).

## Key activities

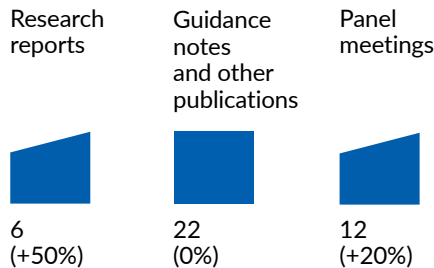
The Institute's Chartered Governance Qualifying Programme (CGQP) is widely acknowledged as an important path to professional qualification in the sphere of governance in Hong Kong and the Chinese mainland. In fiscal 2024, a total of 913 students enrolled in our two CGQP examination diets, in November 2023 and June 2024, while the five master's degree programmes under our Collaborative Course Agreement welcomed 212 new students.

We held 77 Enhanced CPD (ECPD) events this year in Hong Kong and the Chinese mainland, for 18,737 participants. The number of ECPD hours we provided in fiscal 2024 increased by 12% compared with fiscal 2023, mainly attributable to our recurring ESG Reporting Certification Course and our new AML/CFT Certification Course, while our ECPD Videos on Demand remained popular with our members, graduates and students as an alternative learning platform. We also organised 36 membership events for 4,250 participants, most of which were held in physical mode.

Further augmenting our thought leadership repository, this fiscal year we published six new research reports, along with 22 guidance notes and other publications. We also made 12 consultation submissions on a broad range of regulatory reform and policy formulation issues.

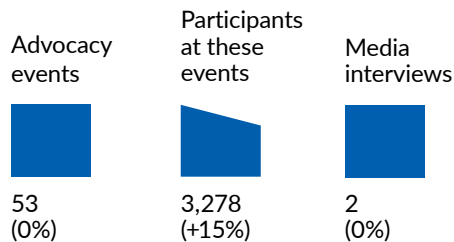
## RESEARCH AND GOVERNANCE REFORM

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.



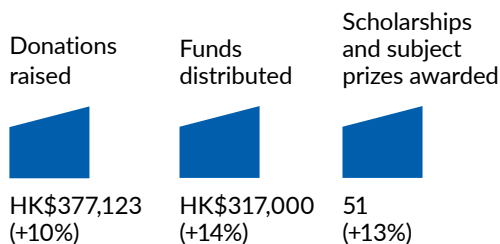
## ADVOCACY

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.



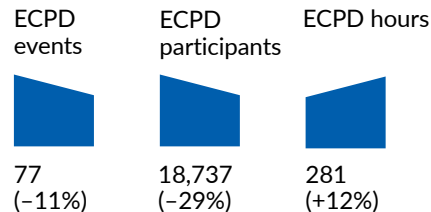
## DONATIONS

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.



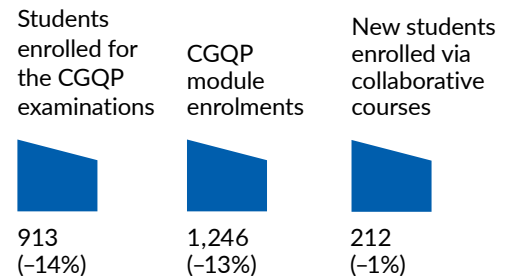
## PROFESSIONAL DEVELOPMENT

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



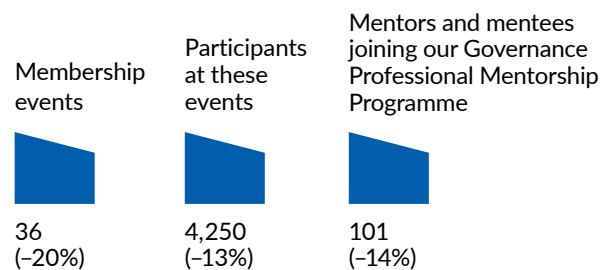
## QUALIFICATIONS AND ASSESSMENTS

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.



## 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.



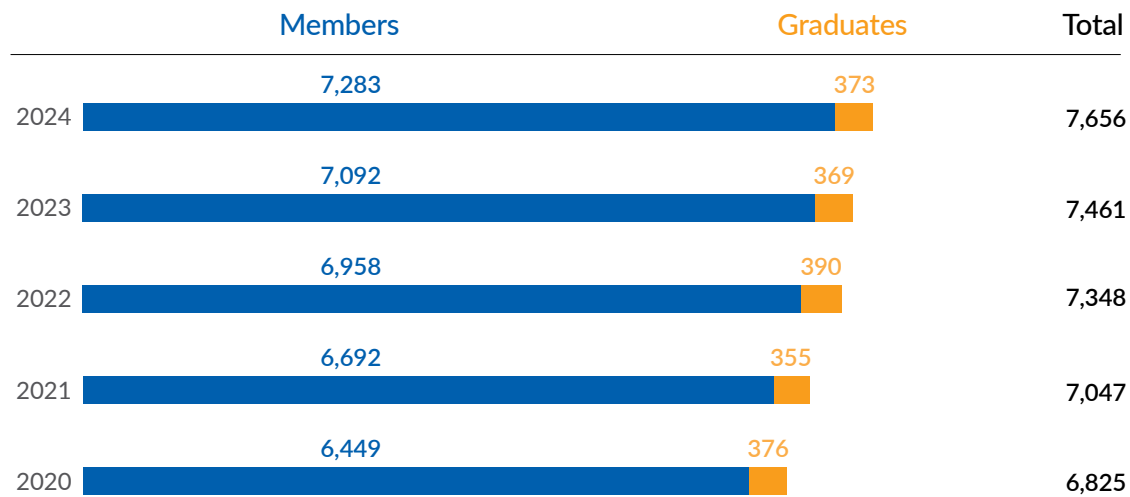
*Note: Percentages in parenthesis refer to the comparison between this financial year and the previous financial year.*

## Membership and graduateship profile

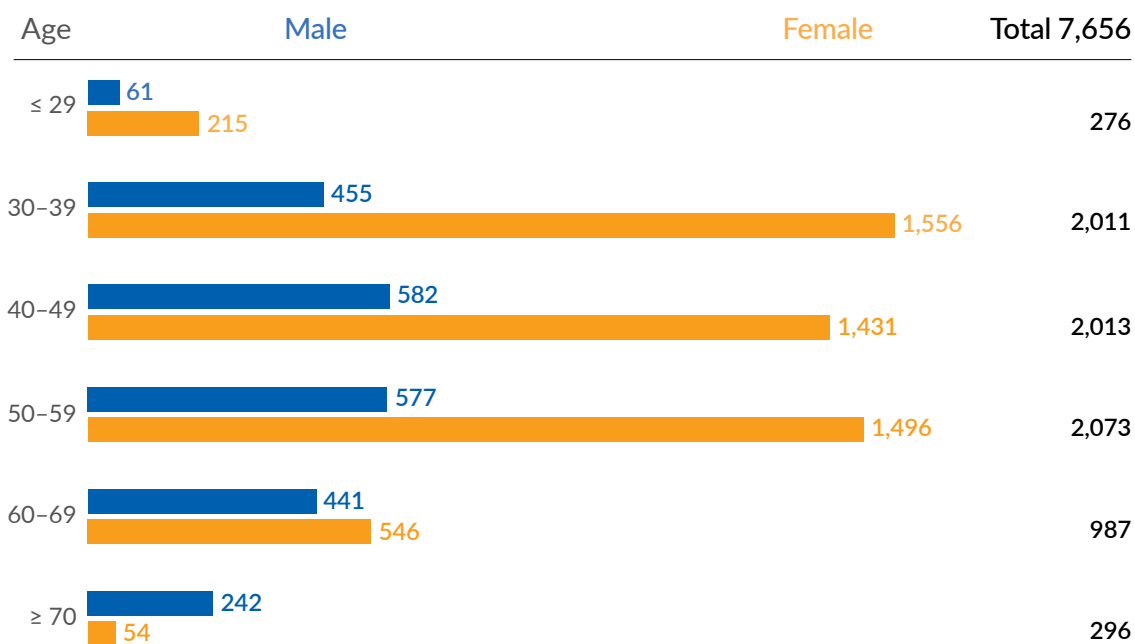
(as at 30 June 2024)

### Members and graduates

(as at 30 June of each year)

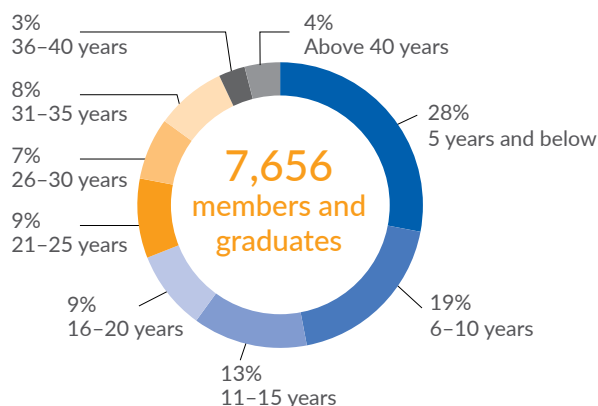


### Members and graduates by gender and age

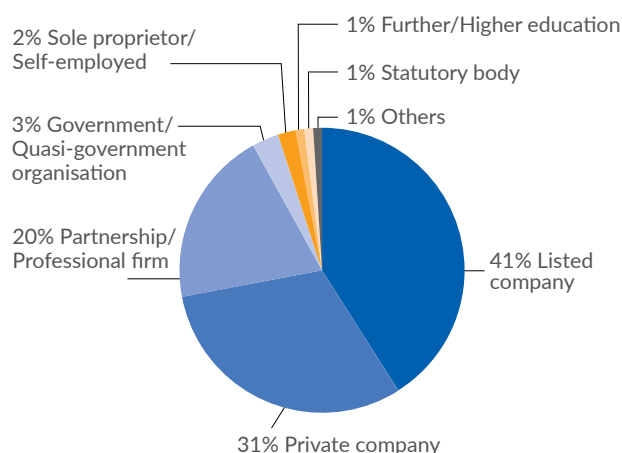




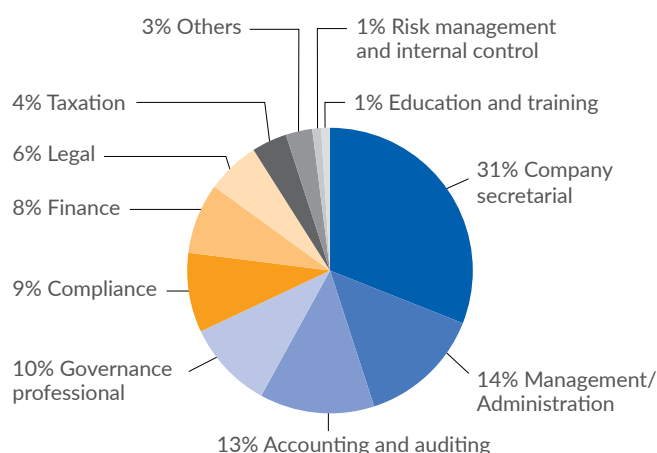
## Number of years of membership and graduateship



## Members and graduates by type of employer organisation



## Members and graduates by area of activity of current job

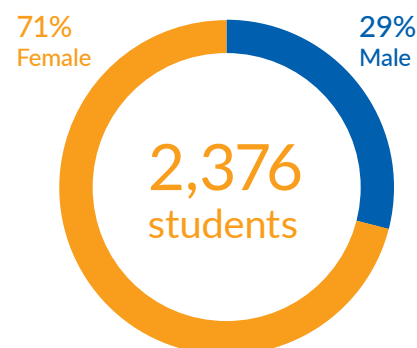


## Studentship profile

(as at 30 June 2024)

Students (as at 30 June of each year)	Total
2024	2,376
2023	2,639
2022	2,845
2021	3,176
2020	3,312

## Students by gender



# President's report

## Resilience in governance



It is with great pleasure that I present my first President's report since taking up the Institute's presidency in January this year. We have a lot to unpack in this annual report – fiscal 2024 has been a very busy year for the Institute, both in terms of our ongoing work and the new initiatives we have embarked on.

Before I discuss the big picture story, I am delighted to say that in fiscal 2024 we accrued a consolidated operating surplus of HK\$7,631,993, attributable in large part to increased revenue from our professional development offerings, notably from our highly popular ESG Reporting Certification Course launched in fiscal 2023 and currently in its fifth iteration.

This fiscal year, we also initiated our AML/CFT Certification Course. In addition to sustainability, anti-money laundering and counter-financing of terrorism (AML/CFT) governance has become a major part of the job of governance professionals. The significance of both our certification courses, however, goes beyond the extra revenue they bring to our Institute's finances – they represent a new strategic direction that I believe will help us secure a successful and more productive future for our Institute.

### Continuity and change

The year 2024 is the 75th anniversary of our Institute and this annual report celebrates both continuity

and change. The continuity comes from the fact that our Institute, throughout its long history, has been dedicated to facilitating good governance. The change comes from just about everything else – in particular, not only have the areas of practice for governance professionals become a lot more diverse and complex, but the profiles of the people joining our membership base and the wider professional community have also changed.

Back in 1949, the 20 members of the informal association that would grow to become our present day Institute of over 7,000 members were all company secretaries and their duties were focused on listed company regulatory compliance, board support and company administration. Today, our Institute is home to anyone involved in governance in all its contemporary diversity and, adapting to the needs of this broader community, our Institute has expanded the scope of both the initial curriculum and the subsequent training that our members receive to fulfil their essential competency requirements.

Similarly, our thought leadership and policy development work has become more diverse in its scope and more ambitious in its aims to help maintain high governance standards in Hong Kong and the Chinese mainland.

“one of the key elements of our success and longevity has been our ability to forge a phenomenally talented and knowledgeable professional community whose expertise and support we can draw on”

### Strategic directions

This annual report updates you on the latest developments relating to the trends discussed above. Here I would like to highlight how our strategy has been adapting to the changing business landscape and the increasing complexity of governance practice.

#### Adapting to the expanded roles of governance professionals

Governance professionals play a crucial role in helping organisations of all types get up to speed with the escalating regulatory and stakeholder expectations relevant to ESG and sustainability, and our annual Council strategy meeting, held in February 2024, set us on a course to further develop our potential as the natural home for practitioners working in this area of governance.

The popularity of our ESG Reporting Certification Course is a clear indicator of the need for training resources in ESG and sustainability issues, but our strategy discussions included a proposal to go one step further. That proposal became a reality with the launch of our HKCGI Sustainability Governance Academy (the Academy) – a new platform for continuous learning, networking and collaborative problem-solving in sustainability – on 31 July this year. While that date puts it just beyond the reporting period of this report, the effort that went into shaping and establishing the Academy was a substantial focus for our Institute in fiscal 2024.

I believe the Academy represents a pivotal step forward for our Institute. It provides more than just the knowledge and skills that practitioners need to build their competency in this area – it also forges a community of like-minded sustainability professionals, thereby building synergies that will be a critical factor in raising standards locally and in the wider region.

In addition to sustainability, technology governance has also become a progressively more important part of our members' work and fiscal 2024 has seen our Institute add to its thought leadership contributions in this area. As well as our research report on cybersecurity, published in October 2023, our Technology Interest Group published four guidance notes on helping boards manage cyber risks, the responsible deployment of artificial intelligence and the compliance implications of Hong Kong's new licensing regime for virtual asset service providers.

Technology has also been impacting our members' work in AML/CFT and our 4th AML/CFT Conference, held on 24 November 2023, covered not only the relevant regulatory compliance issues, but also how the risks and opportunities are shifting rapidly as a result of technological innovation. This cuts both ways, of course, with advances in technology expanding the opportunities not only for money launderers, but also for the regulators and governance professionals acting as gatekeepers for good governance. AML/CFT compliance will continue



to be a highly complex area of practice for our members, and we will continue to provide support in terms of our CPD and thought leadership services.

### Shaping the development of governance itself

Our Institute has a well-deserved reputation for building the competencies of governance professionals in Hong Kong and the Chinese mainland through our education and training activities, but we play just as vital a role as a thought leader in governance.



We published six research reports in fiscal 2024, covering cybersecurity, ESG ratings evaluations, listing and compliance regulations, supply chain management and retirement-related concerns. We also published 22 guidance notes and other publications this fiscal year.

This reporting period has also seen our Institute make significant contributions to policy reform in Hong Kong – for example, through issuing 12 consultation submissions on governance and regulatory reform. These initiatives are recognised by the HKSAR Government. Our Institute was the first organisation to officially propose the introduction of a redomiciliation regime in Hong Kong to attract companies from offshore jurisdictions to redomicile here. Our proposal was made back in 2019 and subsequent legislative amendments have seen redomiciliation successfully applied to the fund sector. I am very glad to report that legislation is expected by the end of this year to adopt a general in-bound redomiciliation regime.

### In closing

I would like to thank everyone involved in our Institute's critical work as the key enabler of governance professionals' competency, as a thought leader in all aspects of governance practice and as a professional home for anyone involved in governance in Hong Kong and the Chinese mainland.

In particular, I would like to express my appreciation to our Council members and our Chief Executive Ellie Pang FCG HKFCG(PE) for their dedication to developing our Institute's strategy. Equally valuable has been the contribution made by our Secretariat team in ensuring effective implementation of that strategic direction. Our Council and Secretariat, however, do not operate alone. One of the key elements of our success and longevity has been our ability to forge a phenomenally talented and knowledgeable professional community whose expertise and support we can draw on.

I look forward to working with all of you in the years ahead, and I am confident that our Institute will continue to evolve and adapt to the changing business landscape and the increasing complexity of governance practice itself.

**David J Simmonds FCG HKFCG**  
President

The Hong Kong Chartered Governance Institute  
1 November 2024



# Chief Executive's report

## 75 years of facilitating good governance

CHARTERED  
GOVERNANCE  
Hong Kong



**W**elcome to our Annual Report 2024. This year is the 75th anniversary of our Institute and it is a central theme of this annual report, not only to celebrate what we have achieved in our long history, but also to provide the vital context for where we are heading.

As our President David Simmonds FCG HKFCG mentions in his report on the preceding pages, today's governance professionals need to be highly versatile individuals. Their careers might involve them in a broad range of different aspects of governance – many of which did not exist at the inception of our Institute in Hong Kong in the middle of the 20th century. In my report this year I would like to add some detail about how our Institute is adapting to these trends.

### Adapting to changes in the governance arena

Following the strategy direction of our Council, well before the year under review in this report, we started to expand the scope of our educational, training and thought leadership initiatives to give more emphasis to areas of practice at the forefront of today's governance agenda.

### Sustainability and ESG

Our Institute has been playing a key role in supporting governance professionals involved in sustainability and ESG. Our ESG Reporting Certification Course,

**“we are already formulating new ways to further develop our growing community of sustainability professionals”**

launched in fiscal 2023, has proved to be a very successful combination of high-quality training with one that also produces a certificate demonstrating the competency of course graduates.

It has also broadened the Institute's professional community and, building on that, we launched our HKCGI Sustainability Governance Academy (the Academy) on 31 July. All certificate holders of the ESG Reporting Certification Course are eligible to register as Sustainability Professionals under the Academy free of charge.

Both the course and the Academy have been no small achievement for our Institute and I would like to acknowledge the invaluable work of members of Council and our Secretariat team towards these projects. Council members, including our President and past presidents, are passionate advocates of our ESG efforts. I would like to offer my thanks in particular to Edith Shih FCG(CS, CGP) HKFCG(CS, CGP) (PE), Honorary Adviser to



We accepted the first cohort for our new AML/CFT Certification Course in March 2024, with 16 AML/CFT experts from top Trust and Company Service Providers, as well as leading regulators and experienced industry practitioners, serving as instructors. This course is designed to advance the careers of participants and to give confidence to employers that certificate holders have the requisite knowledge and competencies.

Council, Past International President and Past President, and Gillian Meller FCG HKFCG(PE), International Vice President and Past President, as well as to many other members, for their support and invaluable participation as speakers at our ESG Reporting Certification Course and ESG training seminars.

These innovations in the sustainability space show our Institute's commitment to this growing area of governance practice and we are already formulating new ways to further develop our growing community of sustainability professionals. This annual report also details the Institute's efforts to improve our own ESG performance and sustainability standards. Our ESG report, on pages 36 to 38, provides an overview of the relevant activities that we have been involved in during fiscal 2024. Here I would particularly like to mention our transition to a paperless monthly journal. We launched our dedicated CGj website in January 2024 as part of our continued endeavours to adopt sustainable practices in our organisation, as well as to modernise and upgrade our communications with members, graduates, students and the wider community.

#### Other professional development initiatives

In addition to sustainability, many other areas of governance practice have been gaining a greater focus in our Institute's work, as David has discussed in his report. Here I would like to mention the launch of our second certification course, this one applicable to anti-money laundering and counter-financing of terrorism (AML/CFT).

We were also busy this fiscal year with our ongoing CPD services. We held 77 ECPD events in fiscal 2024, for 18,737 participants, and offered a total of 281 ECPD hours during the year, an increase of 12%, to enhance our members' professional competence and technical knowledge in a wide range of areas.

Moreover, we launched a new Cantonese-based foundation course in Listing Rule compliance in June 2024, with further sessions held in July and August. We also held our 25th Annual Corporate and Regulatory Update (ACRU) on 7 June 2024, both online and as an in-person event at the Hong Kong Convention and Exhibition Centre. Attended by 2,318 individuals – another record high – this event has earned a recognised place in Hong Kong's CPD calendar well beyond the limits of our own membership.

#### The next generation and beyond

Helping the next generation and beyond to grow personally and professionally in their governance careers is a mission we take seriously. The future of our Institute rests with the younger generation, which is why we have given greater thought in the year under review to the perspectives of, and challenges faced by, younger members of our Institute.

One of the critical issues currently facing many professions and organisations – including the Institute – is the drop in student numbers. This is one of our identified risk areas that we are working hard to address. The total number of our students in



**“having younger perspectives on our governing body will be all the more crucial in the emerging environment where learning agility and openness to change are key factors for success”**

fiscal 2024 fell by 10%, compared with fiscal 2023, although the dip in student numbers in the Chinese mainland was only down by 4%.

However, the total number of members and graduates this fiscal year rose by nearly 3% from the previous fiscal year, to 7,656. Our Membership Promotion Group, inaugurated in fiscal 2023, continued to devise and implement both long-term and short-term strategies to recruit more students and members.

#### **Enhancing our routes to qualification**

Our routes to qualification and membership of the Institute remain popular and are widely acknowledged as being of high quality. Our Quality Assurance Framework for the Chartered Governance Qualifying Programme (CGQP), for example, was granted full reaccreditation for its professional standards by The Chartered Governance Institute's Professional Standards Committee in fiscal 2024.

We enhanced our learning support services and examination technique workshops during the year, as well as forged closer ties with universities in Hong Kong and the Chinese mainland to promote our Collaborative Course Agreement programmes and our Partnership Bachelor's Programme. We are also promoting our Fast Track Professional route to qualification, targeted at lawyers and accountants, by holding briefing sessions with professional bodies.

#### **Giving a greater voice to the younger generation**

Our NextGen Group, established at the end of fiscal 2023 to give a greater voice to the younger generation, has taken a proactive approach to reaching out to, and representing the views of, our future governance professionals. Now consisting of 14 members, of whom two are co-convenors, the NextGen Group held

three meetings in fiscal 2024, and were enthusiastic participants in Institute events and initiatives, as well as influential contributors to Institute policy.

In January 2024, we also welcomed more younger members to our Council than ever before. The election of these individuals to Council was a move welcomed by all as an indispensable element of our evolution as an Institute. Having younger perspectives on our governing body will be all the more crucial in the emerging environment where learning agility and openness to change are key factors for success.

Our monthly journal, CGj, also featured a 12-month column, from November 2023 to October 2024, called NextGen Governance, in which we interviewed younger members and students to gain their insights and thoughts on the future of governance and how they can best play their part.

#### **Celebrating our success**

In this anniversary year, our Institute is celebrating 75 years of facilitating good governance. To this end, we organised a celebration at the Hong Kong Club on 31 January under the theme of Resilience in Governance. That event was an opportunity to thank the many people, inside and outside our Institute, whose hard work and input have helped us in our mission to ensure better governance for a better future.

I would like to reiterate those thanks here. We could not do what we do without the support of so many friends, partners and members. I would also like to give special thanks to our Secretariat team for the way they have all stepped up so magnificently to ensure such a successful and productive 2024.



**Ellie KL Pang FCG HKFCG(PE)**

Chief Executive

The Hong Kong Chartered Governance Institute  
1 November 2024

# Council's report

The Council is pleased to submit its report, together with the audited consolidated financial statements for the year ended 30 June 2024.

## Principal activities

The Institute is committed to promoting and advancing leadership in the effective governance and efficient administration of commerce, industry and public affairs. This commitment is achieved through the continued development of the study and practice of governance, which includes regulatory compliance, risk management and sustainability, 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, as the Institute's primary governance body, plays a crucial role in setting the strategic direction and establishing the approach to local and international developments in the field. In Hong Kong and the Chinese mainland, Council's work is supported by six committees – the Qualifications, Membership, Professional Development, Mainland China Affairs, Audit and Nomination committees.

In addition to the committees, a number of working groups report directly to Council and assist in Hong Kong and the Chinese mainland.

The Secretariat, led by our Chief Executive Ellie KL Pang FCG HKFCG(PE), is responsible for the implementation of the strategies set by Council. The Secretariat works closely with Council and its committees to ensure that the Institute's goals and objectives are met.

The governance structure of Council, its committees and the Secretariat as at 30 June 2024 is set out on pages 18 and 19 of this annual report.

## Council disclosures

### Council and other directorships

Membership of our Council for the financial year under review is presented on pages 16 and 17 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 2025 Council

Towards the end of calendar year 2024, the following Council members will retire pursuant to Article 54.1 of the Institute's Articles of Association: Kenny Luo (Luo Nan) FCG HKFCG(PE), Professor Alan KM Au FCG HKFCG and CK Low FCG HKFCG. Being eligible, Mr Luo and Professor Au have offered themselves for re-election for a second term of three years at the Annual General Meeting (AGM) to be held on 16 December 2024.

As required by Article 54.1, Mr Low, who will have completed his second term of Council membership by the end of 2024, shall cease holding office for at least one year before seeking election for any further term and will therefore retire from Council from 1 January 2025. Council would like to express its sincere gratitude to Mr Low for his valuable contributions to the Institute during his period of service.

Gillian E Meller FCG HKFCG(PE), who will have been an ex-officio member of Council for three years by the end of 2024, will retire from 1 January 2025 pursuant



to Article 50.2. Council wishes to record its deep appreciation for the valuable contribution made by Ms Meller to the Institute during her tenure.

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.

In addition to the two retiring Council members mentioned above, one other candidate – Patrick HK Sung FCG HKFCG – has been nominated for election to the 2025 Council. As the number of candidates does not exceed the number of vacancies, the candidates so running for election shall, subject to Council's approval, be deemed duly elected members of Council as from the next AGM. Biographical information on the candidates, along with other documentation relating to the 2024 AGM, is available on the Institute's website.

At a meeting of Council held on 1 November 2024, approval was given for the election and re-election of the abovementioned candidates.

#### **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 22 to the consolidated financial statements.

#### **Donations**

Total donations made by the Institute to The Hong Kong Chartered Governance Institute Foundation Limited and to a third party for charitable purposes during the financial year under review amounted to HK\$385,254.

#### **Business review**

For fiscal 2024, the Institute reported a consolidated operating surplus of HK\$7,631,993, chiefly thanks to increased income from seminars and courses. A fair review of the Institute's business performance and significant events affecting the Institute during the reporting period are provided in the performance review (pages 20 to 33). An overview of the main events of the year and insights into the future development of the Institute's business is outlined in the President's report (pages 8 to 10) and the Chief Executive's report (pages 11 to 13). An analysis of the principal risks facing the Institute can be found in the key risks and challenges section (pages 34 to 35). Furthermore, the Institute is dedicated to its thought leadership initiatives in the area of ESG and sustainability. Our ESG report on pages 36 to 38 sets out the Institute's activities, policies and performance in this important arena.

#### **Non-current assets**

Details of movements of property, plant and equipment are included in Note 13 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 2024 AGM.

By order of Council

**David J Simmonds FCG HKFCG**

President

Hong Kong, 1 November 2024

## COUNCIL (1 July 2023 to 30 June 2024)

Title	Name	Post-nominals <sup>§</sup>	Gender	Total years of service in Council as of 31 Dec 2024
President	David J Simmonds <sup>1, 2, 3, 5, 6, 7</sup> (re-elected from 1 January 2024)	FCG HKFCG	M	7
Vice-President	Stella SM Lo <sup>1, 2, 3, 5, 6, 7</sup> (newly elected from 1 January 2024)	FCG HKFCG(PE)	F	7
Vice-President	Tom SL Chau <sup>1, 2, 3, 4, 5, 6, 7</sup> (re-elected from 1 January 2024)	FCG HKFCG	M	4
Vice-President	Kenny Luo (Luo Nan)	FCG HKFCG(PE)	M	3
Treasurer	Daniel WS Chow <sup>1, 2, 3, 5, 6, 7</sup>	FCG HKFCG(PE) HKCGI Cert: ESG	M	5
Council member	Professor Alan KM Au	FCG HKFCG	M	14
Council member	Edmond MK Chiu	FCG HKFCG(PE)	M	5
Council member	Ivy YY Chow (newly elected from 1 January 2024)	FCG HKFCG(PE)	F	1
Council member	David YH Fu <sup>4</sup> (newly elected from 1 January 2024)	FCG HKFCG(PE)	M	10
Council member	Robin B Healy	FCG HKFCG	M	2
Council member	Wendy WT Ho	FCG HKFCG(PE)	F	5
Council member	CK Low	FCG HKFCG	M	6
Council member	Wei Fang (newly elected from 1 January 2024)	FCG HKFCG	M	1
Council member	Matthew WH Young (newly elected from 1 January 2024)	FCG HKFCG(PE) HKCGI Cert: ESG	M	1
Council member	William WY Zhang (newly elected from 1 January 2024)	FCG HKFCG HKCGI Cert: ESG	M	1
Ex-officio member and Immediate Past President	Ernest CH Lee*	FCG HKFCG(PE)	M	9 (8 years as elected Council member & 1 year as ex-officio member)
Ex-officio member and Past President	Gillian E Meller	FCG HKFCG(PE)	F	8 (5 years as elected Council member & 3 years as ex-officio member)
Vice-President	Paul A Stafford <sup>†</sup> (retired from Council from 1 January 2024)	FCG HKFCG	M	–
Vice-President	Dr Gao Wei <sup>‡</sup> (resigned from Council from 1 January 2024)	FCG HKFCG(PE)	M	–
Council member	Natalia KM Seng (retired from Council from 1 January 2024)	FCG HKFCG	F	–
Council member	Bill WM Wang (retired from Council from 1 January 2024)	FCG HKFCG	M	–
Council member	Xie Bing (resigned from Council from 1 October 2023)	FCG HKFCG	M	–
<p>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:</p> <ol style="list-style-type: none"> <li>1. Council member of The Hong Kong Chartered Governance Institute Foundation Limited</li> <li>2. Council member of The Hong Kong Institute of Company Secretaries Limited</li> <li>3. Director of The Hong Kong Institute of Chartered Secretaries (China) Limited</li> <li>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<sup>¶</sup></li> <li>5. Director of The Institute of Chartered Secretaries and Governance Professionals Limited</li> <li>6. Director of The Chartered Governance Institute of Hong Kong Limited</li> <li>7. Director of The Hong Kong Institute of Chartered Secretaries Limited</li> </ol>				

Attendance at Council meetings for 2023/2024	Skill set, expertise and experience
7/8	Corporate Governance/Legal/Company Secretarial
3/3	Corporate Governance/Corporate Communications/Company Secretarial
6/8	Corporate Governance/Legal/Company Secretarial
6/8	Corporate Governance/Company Secretarial
8/8	Corporate Governance/Accounting & Finance/Company Secretarial
5/8	Corporate Governance/Academic/Education
8/8	Corporate Governance/Company Secretarial
3/3	Corporate Governance/Company Secretarial/Regulatory Compliance
3/3	Corporate Governance/Accounting & Finance/Company Secretarial
7/8	Corporate Governance/Company Secretarial
8/8	Corporate Governance/Company Secretarial/Regulatory Compliance
7/8	Corporate Governance/Academic Research/Education
2/3	Corporate Governance/Investor Relations/Corporate Communications/Company Secretarial
3/3	Corporate Governance/Art, Charity and Sports Governance/Risk Management/Policy Setting/Company Secretarial
3/3	Corporate Governance/Legal/Investment & Financing/Board & Company Secretarial
8/8	Corporate Governance/Accounting & Finance/Company Secretarial
4/8	Corporate Governance/Legal/Company Secretarial
3/5	Corporate Governance/Company Secretarial
3/5	Corporate Governance/Legal/Company Secretarial
4/5	Corporate Governance/Company Secretarial/Corporate Management
4/5	Corporate Governance/Charity Governance/Legal/Compliance/Risk Management
0/2	Corporate Governance/Finance/Company Secretarial

\* Ernest CH Lee ceased to be a Council member and/or director of companies numbered 1, 2, 3, 4, 5, 6 and 7 from 1 January 2024.

† Paul A Stafford ceased to be a Council member and/or director of companies numbered 1, 2, 3, 5, 6 and 7 from 1 January 2024.

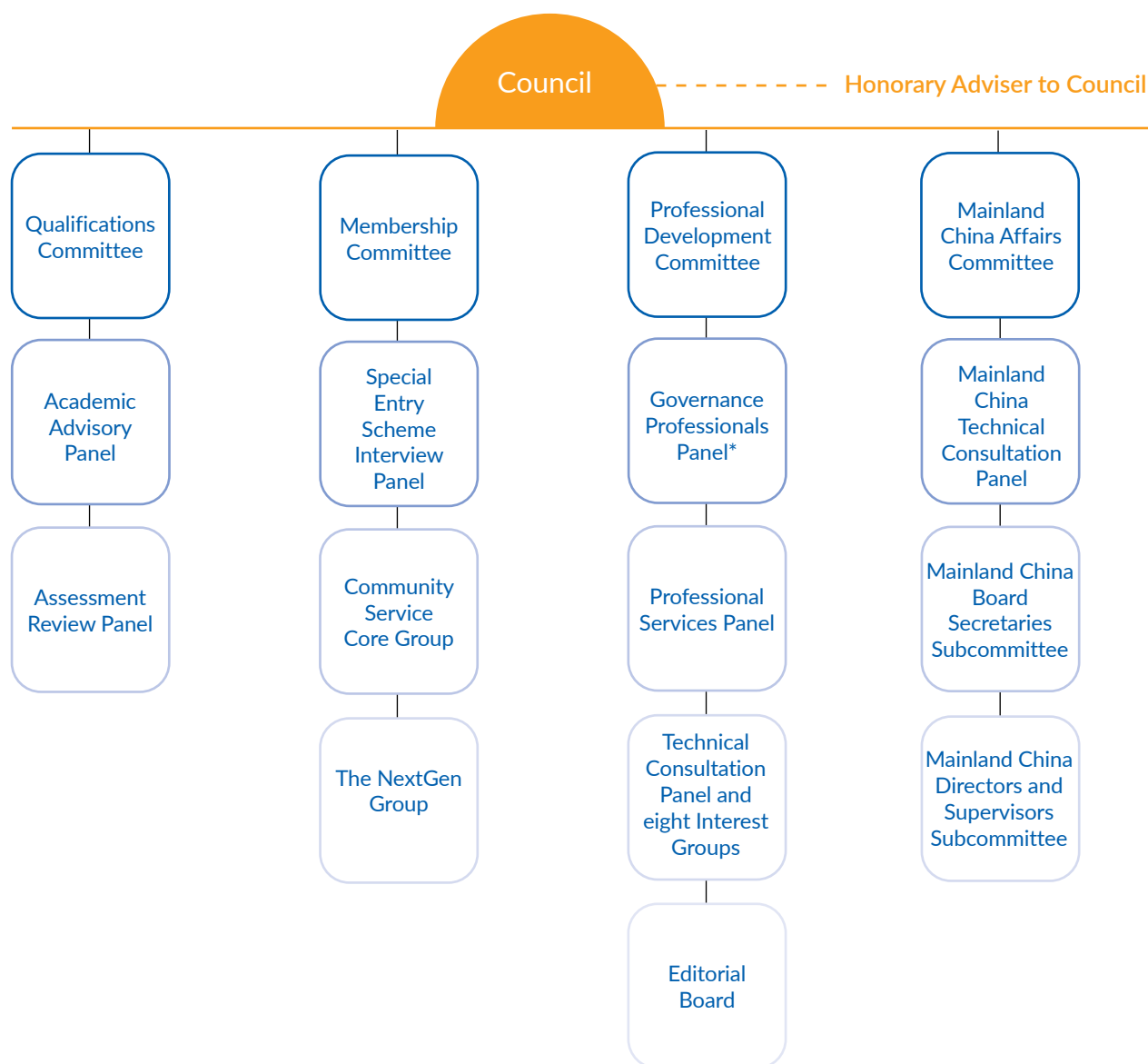
‡ Dr Gao Wei ceased to be a director of company numbered 4 from 1 January 2024.

§ 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.

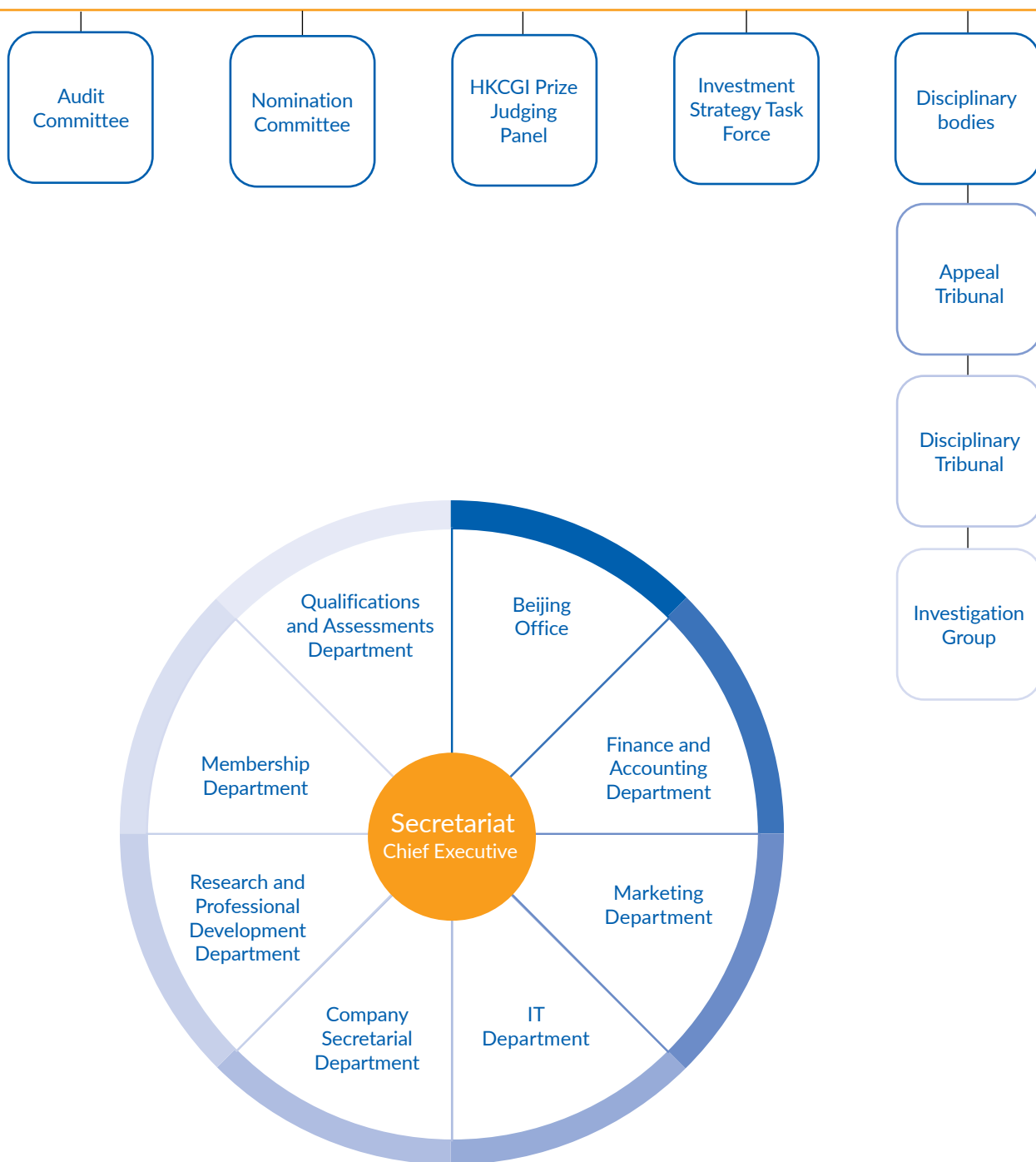
# GOVERNANCE STRUCTURE

(as at 30 June 2024)



\* The Company Secretaries Panel was renamed the Governance Professionals Panel from 1 August 2023.







# Performance review

## Qualifications and assessments

Effective from 1 July 2023, the Education Committee was renamed the Qualifications Committee to better reflect its greater role in overseeing and advancing the qualifying programmes that lead to membership of the Institute, as well as quality assurance. The Education and Examinations Department was correspondingly renamed the Qualifications and Assessments Department.

As at 30 June 2024, a total of 2,376 students were registered with the Institute, of whom 455 were new students.

### Chartered Governance Qualifying Programme

In fiscal 2024, the CGI Professional Standards Committee (PSC) granted full reaccreditation to our Quality Assurance Framework for the Chartered Governance Qualifying Programme (CGQP), with no conditions attached. This reaccreditation by the PSC recognises the professional standards and high quality of the CGQP since its launch in 2020.

This year, a total of 913 students enrolled for our CGQP examinations, held in November 2023 and June 2024, comprising 1,246 module enrolments. In all, 39

students gained a Distinction or Merit grade for the two examination diets combined.

Module exemptions granted under the CGQP and the Fast Track Professional route came to 698 this year, while 381 students attained graduate status, covering 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) remains a popular path to membership of CGI and the Institute. Under the CCA, the Institute collaborates with five local universities, specifically, City University of Hong Kong, Hong Kong Baptist University, Hong Kong Metropolitan University, Saint Francis University and The Hong Kong Polytechnic University. In fiscal 2024, 212 new CCA students registered with the Institute, while 306 CCA students successfully completed their master's degrees and became graduates of the Institute.

In collaboration with our CCA partners, we continue to promote the advancement of more company secretaries

and governance professionals. We jointly organised nine professional and introductory talks for CCA students during the year.

### Partnership Bachelor's Programme

The Institute's Partnership Bachelor's Programme (PBP) seeks to motivate more undergraduates to consider a career as a governance professional. We have accredited the PBP of four universities – Hong Kong Metropolitan University, Hong Kong Shue Yan University, Saint Francis University and The Hang Seng University of Hong Kong – which between them offer six PBPs.

PBP students are given the opportunity to register with the Institute as a Student(Conditional), after which they are entitled to enrol for the CGQP examinations. PBP students are also eligible to experience the work environment through the Institute's summer internship programme. A total of 10 PBP students were offered a job opportunity during the summer of 2024.

### Studentship policies and quality assurance

The Institute's Qualifications Committee is responsible for setting and monitoring the quality assurance of the CGQP, as well as other programmes that lead to membership of the Institute, and for cooperation with academic institutions. This year, the committee met seven times to discuss the quality assurance of

**“this reaccreditation by the PSC recognises the professional standards and high quality of the CGQP since its launch in 2020”**

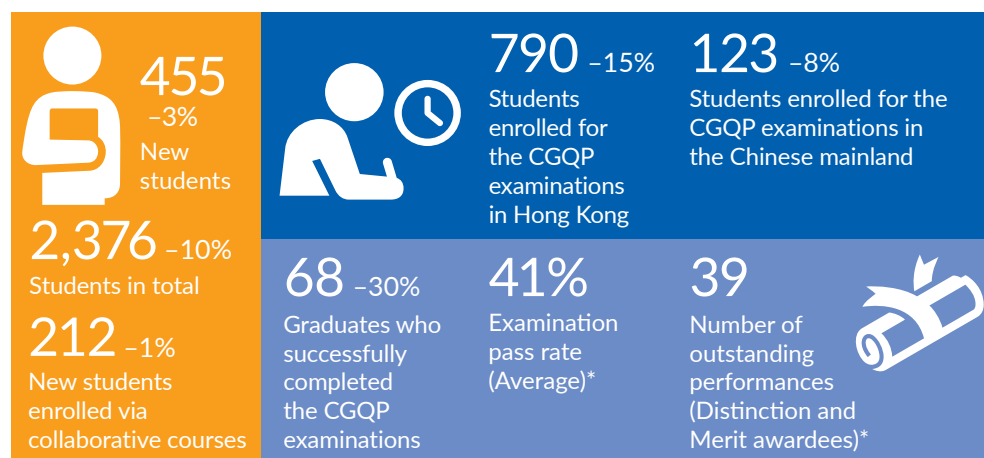
these qualifying programmes and the enhancement of studentship policies. In addition, the committee explored a number of approaches to improving student support services.

The Assessment Review Panel (ARP) assists the Qualifications Committee in monitoring the assessment standards of the CGQP examinations and the collaborative programmes. The ARP meets at least twice a year to review the examination performance and results, and to exchange views on the development of the qualifying programmes and how best to support students in their preparations for the CGQP examinations.

### Professional development

The objectives of our ECPD activities in fiscal 2024 encompassed the ongoing enhancement of our members' professional competence and technical knowledge, as well as boosting international awareness of the role of the Chartered Secretary and Chartered Governance Professional.

## KEY METRICS QUALIFICATIONS AND ASSESSMENTS



\* Figures are for the November 2023 and June 2024 CGQP examination diets combined.

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

### ECPD activities

In fiscal 2024, the Institute organised a variety of ECPD events to cater for members pursuing different career paths. We currently run six to seven seminars or webinars per month for all members, graduates and students of the Institute. Non-members who are directors, senior management or other professional practitioners are also welcome to take part.

Key themes of our ECPD events in the fiscal year under review involved ESG, AML/CFT, and sanctions and regulatory enforcement, in addition to other areas necessary for members to perform their roles as governance professionals, covering company secretarial practice, corporate governance, risk management and compliance. This year, we held 77 ECPD events in Hong Kong and the Chinese mainland, attracting a total of 18,737 participants. While this represented a drop of 11% in the number of ECPD seminars compared with the previous fiscal year, overall ECPD hours rose by 12%, mainly attributable to attendance at our ESG Reporting Certification Course and our AML/CFT Certification Course, which generated a significant increase in hours per participant (14 and 17 hours, respectively).

### Seminars and training sessions

Our Company Secretarial Practical Training series remains an effective route for company secretaries and governance professionals at various stages of their careers to stay engaged with their dynamic and evolving roles, as well as for members, graduates and students to elevate and update their technical and practical skills. In fiscal 2024, we organised 17 practical training events, with 4,405 attendees.

“the objectives of our ECPD activities in fiscal 2024 encompassed the ongoing enhancement of our members’ professional competence and technical knowledge”

The Institute held 12 integrated governance, risk and compliance seminars, an increase of 33% over the previous fiscal year, for a total of 2,736 participants (up 28%). Another matter of concern for governance professionals is regulatory enforcement – being at the receiving end of an investigation, either as an organisation or as an individual, is both costly and stressful, and can result in pecuniary, reputational or personal repercussions. To meet this expanding need, we organised 13 seminars for 3,264 participants during the year, dealing with major enforcement regimes and themes.

Other seminar topics of particular interest this year included wealth management (nine seminars with 2,042 participants), developments in the Chinese mainland (seven seminars with 1,572 attendees) and global issues (four seminars with 817 participants).

We also continued to see rising demand for our ECPD Videos on Demand as a popular alternative learning platform for members, graduates and students. We added 23 new videos, while 22 outdated videos were removed. As of 30 June 2024, 60 videos were available

## KEY METRICS PROFESSIONAL DEVELOPMENT

	2023	2024	%
ECPD events	87	77	-11%
Participants at ECPD events	26,226	18,737	-29%
ECPD hours	251	281	+12%
Viewers of ECPD Videos on Demand	8,265	8,384	+1%
ACRU attendees	2,293	2,318	+1%

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



online, viewed by 8,384 individuals collectively. We intend to maintain an offering of 60 videos at all times throughout the year.

#### Courses

Building on the success of our first ESG Reporting Certification Course for both beginners and more experienced market practitioners, initiated in the previous fiscal year, we launched the second, third and fourth cohorts in fiscal 2024, drawing a total of 934 participants, 98% of whom were awarded certificates of completion. The course provides comprehensive training in ESG and climate-related reporting.

We also introduced our new AML/CFT Certification Course in March 2024, featuring invaluable AML/CFT compliance knowledge shared by top Trust and Company Service Providers, regulators and experienced industry practitioners. Designed to enhance the career prospects of market practitioners in an 18-module format, the course accepted 287 participants, of whom 96% were awarded certificates of completion.

#### ACRU

The Institute's most popular ECPD event is its Annual Corporate and Regulatory Update (ACRU), which brings together regulators and practitioners in direct dialogue about the top regulatory issues facing our

profession. This year – its 25th since inauguration – was no exception. Held in hybrid mode on 7 June 2024, this event welcomed a record number of attendees (2,318 individuals), of whom 17% were non-members (19% in fiscal 2023) from diverse backgrounds, comprising directors, senior management and other professional practitioners. This reflects the continued importance of governance issues to the wider business community and stakeholders outside our membership.

#### Practitioner's Endorsement scheme

Our Practitioner's Endorsement (PE) designation was first awarded in 2006 to provide recognition to members in the company secretarial profession 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 2024, 355 members attained the PE designation (up 26% from 282 in fiscal 2023), of whom over 165 (approximately 46%) 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. During the year under review, three CPD non-compliance cases were identified and administrative penalties were imposed in accordance with the Institute's CPD policy.

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

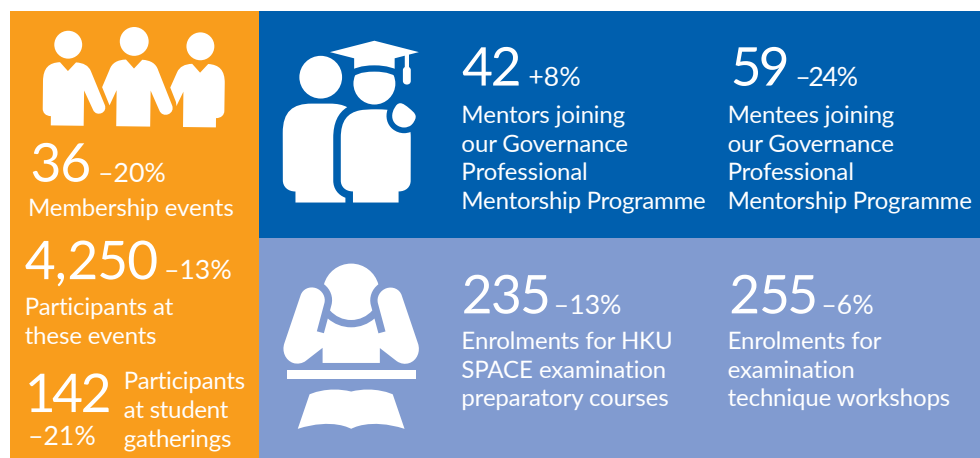
Apart from public complaints, the Institute monitors and initiates disciplinary cases based on information from the public domain. These sources include the Accounting and Financial Reporting Council, Companies Registry, Hong Kong Exchanges and Clearing Limited (HKEX), Hong Kong Institute of Certified Public Accountants, Hong Kong Monetary Authority, Independent Commission Against Corruption, Insurance Authority, Market Misconduct Tribunal, Securities and Futures Commission and The Law Society of Hong Kong.

In fiscal 2024, the Investigation Group dealt with 16 cases (13 new and three brought forward). Of these, five cases are under investigation, two were referred to the Disciplinary Tribunal and nine cases were closed. For its part, the Disciplinary Tribunal dealt with five cases (one new and four brought forward). Of these, three were concluded and the remaining two are at various stages of proceedings. There were no appeals against Disciplinary Tribunal decisions made to the Appeal Tribunal.

#### Member, graduate and student services

Members, graduates and students are the backbone of the Institute. Recognising this, we carefully craft our services to foster and support them through diverse activities that reinforce both professional and personal interests.

### KEY METRICS MEMBER, GRADUATE AND STUDENT SERVICES



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





“members,  
graduates and  
students are  
the backbone  
of the Institute”

#### Examination support services

We strive to support our students through various means to help with all phases of their CGQP examination preparations. In fiscal 2024, we further upgraded the content and features of our free online study materials, for which 1,546 students registered. In addition, a total of 235 students enrolled in our regular examination preparatory courses, organised by The University of Hong Kong, School of Professional and Continuing Education (HKU SPACE).

Our examination technique workshops are designed for students with substantive knowledge of their chosen modules. In the year under review, the workshops were augmented by extending the hours from three to six, to more effectively assist students to understand the examination requirements, attracting a total of 255 students, both online and via subscription to the video-recorded sessions.



The Institute’s student gatherings provide students with a greater comprehension of the requirements and expected standards involved in the CGQP examinations. Those who achieved an outstanding performance in their examinations were invited to share their learning experience with other students. We organised five student gatherings this year, attracting 142 participants, to discuss performance in the examination diets and to help them prepare more systematically. To forge closer ties with our students, and to better meet their needs, we resumed physical gatherings and introduced one new session specifically for Chinese mainland students.

#### Personal and social developmental services

In fiscal 2024, we hosted 36 membership events for 4,250 participants. Responding to the demand from members, graduates and students for more physical networking activities in the post-Covid era, we held approximately 75% of these events in physical mode this year, including the Annual Convocation 2023 and the 75th Anniversary Celebration, and hosted correspondingly fewer webinars. This meant that, while each in-person event was larger than in the previous fiscal year, more preparation time was required, hence the reduction in the overall number of events and participants.

We also pressed ahead with our activities focusing on the wide-ranging interests and experience levels of our members, graduates and students via our ‘four pillars’ programmes.



### 1. Mentorship

Now in its 10th term, our Governance Professional Mentorship Programme is an acknowledged platform for cultivating young professionals. Open to all members, graduates and students, the programme this fiscal year welcomed 42 mentors (up from 39 in fiscal 2023) and 59 mentees (down from 78). The fall in the number of students signing up as mentees was mainly attributable to the overall drop in student numbers.

We also arranged two training workshops and a joint networking session with the Institute's Student Ambassadors Programme for mentors and mentees to enhance their communication and soft skills.

### 2. Members' Networking

Our Members' Networking programme offers members, graduates and students the opportunity to network both professionally and socially. In August 2023, after an absence of four years, we held a welcome drinks event for new members and graduates. We also coorganised a Joint Professional Christmas Party with six other professional bodies in December 2023. A visit to the headquarters of the Independent Commission Against Corruption, as well as webinars on topics such as an introduction to startups, sign language and cybersecurity were also arranged during the year. In addition, to boost

the soft skills of members, graduates and students, we launched an Effective Communication Skills for Governance Professionals training series, which consists of four online and physical sessions covering a range of topics.

### 3. Fun & Interest Group

Members, graduates and students are given the chance to take part in a variety of informal recreational activities through our Fun & Interest Group. In fiscal 2024, we scheduled a number of arts and crafts workshops and wellness activities, including art jamming, a day tour to Lai Chi Wo, baking, hand-drip coffee making, handmade soap-making and yoga classes.



#### 4. Community Service

Our Community Service programme furnishes our members, graduates, students and Secretariat staff with a vehicle to serve the community and support the Institute's corporate social responsibility initiatives. For more information on our community service events, please refer to the 'Community involvement' section of our ESG Report on page 36.

#### Publications

Complementing our other major communication channels – our main website and our weekly E-updates – our monthly journal CGj covers the crucial practices and strategic developments in the governance arena. As part of our green initiative and to modernise our communications with members, students and the wider community, the journal went paperless in January 2024, and is now available on our new dedicated CGj website, which offers real-time updates on the Institute's latest research and information, and incorporates multimedia elements.

#### Donations

The Institute transmits donations and sponsorship funds through its wholly owned subsidiary, The Hong Kong Chartered Governance Institute Foundation Limited (the Foundation), to help advance governance-related education, research and thought leadership.



In the year under review, the Foundation raised a total of HK\$377,123 in donations (of which \$374,423 was received from the Institute) and distributed HK\$317,000 in funds. It sponsored 21 scholarships to local universities and higher education institutions, as well as 30 subject prizes for students of collaborative courses and relevant degree programmes, based on the number of nominations received for fiscal 2024. In addition, the Foundation awarded a total of eight module prizes to students attaining a Distinction grade in the Institute's CGQP examination diets, held in November 2023 and June 2024.

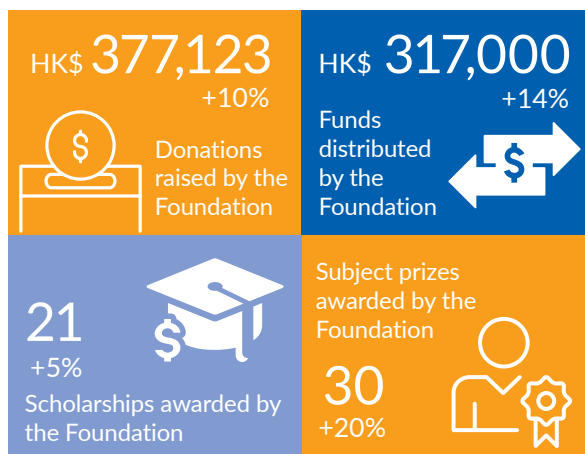
#### Advocacy

An integral aspect of our thought leadership and advocacy function is to raise awareness of the importance of good governance and to ensure our members, stakeholders and wider network remain up to date on all matters pertaining to governance and compliance. We maintain strong links with government and regulatory bodies, as well as with other governance organisations locally and globally, to help shape and influence decisions about advances in the field. In fiscal 2024, we held 53 advocacy events, which attracted a total of 3,278 participants.

#### AML/CFT

The HKSAR Government recognises in their AML/CFT risk assessment reports of 2018 and 2022 that many key officers or staff of trust or company service provider (TCSP) licensees are members of professional bodies, including the Institute, that provide training and guidance on corporate governance and AML/CFT preventative measures.

#### KEY METRICS DONATIONS



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



The Institute contributes to AML/CFT regulation, advocacy and best practices for the TCSP sector in Hong Kong, in collaboration with six leading TCSPs.

### Raising awareness of the governance profession

The Institute strives to ensure that more people understand the relevance of governance in today's world and to motivate them to consider governance as a career. In fiscal 2024, we joined forces with a number of local universities and held 13 professional seminars and career talks, as well as attending eight career fairs to introduce undergraduates to the significance of governance and the value of a career in this profession.

Our Student Ambassadors Programme (SAP) remains in demand as a forum for local undergraduates to exchange ideas and gain insights into what a career in governance involves. In fiscal 2024, we had 89 student ambassadors, of whom 59 signed up to be mentees of the SAP mentorship programme, while 47 Institute members joined as mentors. We also held 10 networking events for student ambassadors and mentors to nurture the potential of our student ambassadors as future leaders in governance.

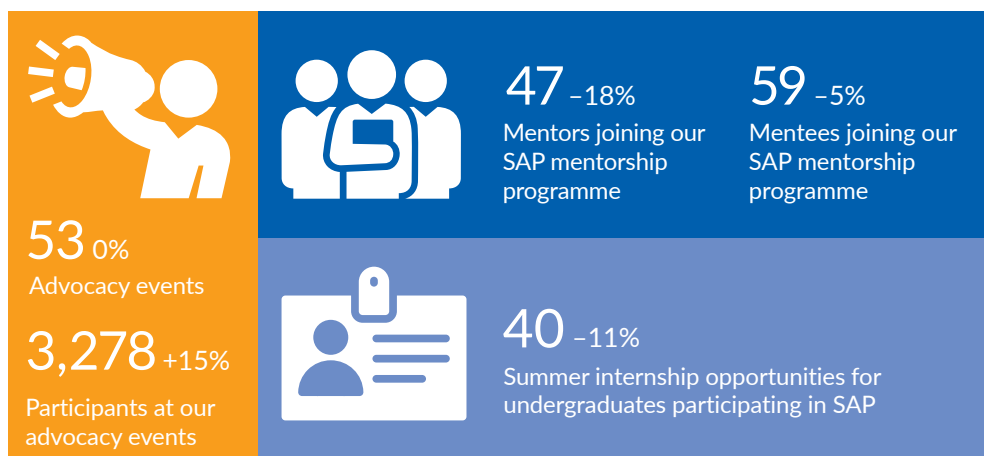
The Career Paths of a Governance Professional (Career Day) was held on 7 October 2023, providing an overview of the career prospects for

the future generation of governance professionals. Participants received advice and useful information from industry leaders, Institute members and human resources professionals through interview sharing sessions and discussions.

Our Corporate Governance Paper Competition and Presentation Awards are designed to encourage talented undergraduates in Hong Kong to engage with corporate governance considerations. A total of 54 teams consisting of 162 individuals enrolled in the competition this year to evaluate the theme, 'Overcoming governance obstacles in NGO administration'. The top six finalists competed for the Best Presentation Award and the Audience's Favourite Team Award on 7 September 2024.

Our close ties with the academic world enable us to connect more deeply with university students. Our Academic Advisory Panel, consisting of senior academics from local universities, met with Institute representatives in October 2023 and March 2024 to explore strategies for inspiring the younger generation to learn more about the governance profession. We also held an Academic Cocktail Reception in June 2024 to bolster our relationship with academic representatives and employers. Such partnerships help the Institute promote governance as a career choice for students, as well as maintain the professional standards of the CGQP.

## KEY METRICS ADVOCACY



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



To involve a broader group of potential future governance leaders in our work, in calendar 2024 we revamped our Governance Professionals Information Sessions, directing them more towards groups with specific interests. The theme of the first of these new sessions, held in May, was NGO governance, which attracted 242 participants.

In addition, we expanded our outreach to include a local secondary school and three events in the Chinese mainland to explain the diversity of a career in governance, attended by a combined total of over 250 participants. We also gave two media interviews, and issued two press releases and one video to familiarise the general public with our organisation and our work.

#### Reaching out to major employers

Employers are vital partners in governance and are important stakeholders for us. Many employees, across a wide spectrum of organisations, have a role to play in governance and are therefore potential students of the Institute.

To further strengthen our bonds with employers and their employees, in fiscal 2024 we visited a number of

offices in person and also hosted one online and one hybrid session to better meet today's more flexible working mode. In all, we arranged five of these reach-out events for 347 people. We will continue liaising with employers through physical visits and online sessions to popularise the Chartered Secretary and Chartered Governance profession.

#### Representing the next generation

In fiscal 2024, the NextGen Group served as an influential element of the Institute's initiative to involve more young people in our work, acting as a bridge to represent the views and opinions of the younger generations. NextGen Group members actively participated in the Institute's events during the year and held three meetings to express their views on Institute matters. The Group has been working to coordinate a signature event that will take place in the latter part of calendar 2024.

#### Research and governance reform

The Institute is widely acknowledged as a thought leader in the field of governance. Our cogent and practical research reports, guidance notes and submissions play an integral role in establishing that good reputation amongst governance professionals,

regulators and others of being at the cutting edge of governance reform and enhancement.

### Research reports

In fiscal 2024, the Institute published six research reports.

### Cybersecurity

We jointly published a report with PricewaterhouseCoopers Limited in October 2023, titled *Cybersecurity: Plugging the Hole*, to address the need for a proactive approach to cybersecurity and cyber risk management, outlining five imperatives to help fill any governance gaps.

### ESG ratings evaluations

In November 2023, we teamed up with Hong Kong Metropolitan University to explore the way ESG ratings providers operate in Hong Kong, with a focus on how companies can adapt and improve their ESG disclosures, in a report titled *A Comparative Study on ESG Scores across Rating Agencies*.

### Listing and compliance regulations

The Institute and Clifford Chance LLP jointly published two research reports in April 2024 – *Interpretation of Amendments to the Hong Kong IPO Regulations for Year 2023* and *2023 Annual Observation for the Compliance of Companies Listed*

in Hong Kong. The first of these provided practical guidance to Chinese mainland companies looking to list in Hong Kong, while the second aimed to assist companies to enhance their information disclosure and corporate governance practices. Both were designed to facilitate practitioners' understanding of the latest regulatory developments and trends.

### Supply chain management

In June 2024, in collaboration with Deloitte China, we published a report titled *Supply Chain Management – An Introduction & Applied Governance Perspectives*, setting forth broad concepts related to supply chain management to help governance professionals become more knowledgeable in this area so they can offer practical advice and better implement appropriate governance practices.

### Retirement age

Also in June 2024, we published a survey report titled *Retirement – A Sustainability Governance Issue: Retirement Age & A Managed Process*, which drew insights from approximately 1,300 respondents and, based on their views, advocated for a preferred retirement age of 65 and above.

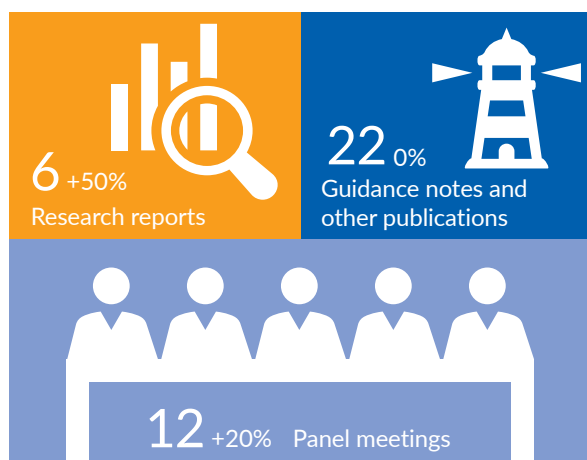
### Governance reform

We liaise closely with regulators and government bodies on issues relevant to our profession. In fiscal 2024, we made 12 consultation submissions on a number of key regulatory issues, all of which are available on our website, as part of our input into regulatory reform and policy formulation in Hong Kong.

### Guidance notes

In addition to supporting our members and the wider governance profession and community, our guidance notes and other publications contribute to governance reform. In fiscal 2024, we issued 22 guidance notes – initiated or endorsed by the eight Interest Groups under our Technical Consultation Panel – encompassing company law; competition law; ethics, bribery and corruption; mergers and acquisitions; public governance; securities law and regulation; technology; and wealth management. These guidance notes and other publications are available on our website.

## KEY METRICS RESEARCH AND GOVERNANCE REFORM



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



### The Chinese mainland

In fiscal 2024, the Institute continued to promote good governance and the dual qualification of Chartered Secretary and Chartered Governance Professional in the Chinese mainland. Meanwhile, we are placing a greater emphasis on consolidating and expanding the Institute's role as the go-to ecosystem for training, sharing of expertise and networking opportunities for governance practitioners from mainland companies listed or planning to list in Hong Kong.

#### Chartered Secretaries and Chartered Governance Professional qualification

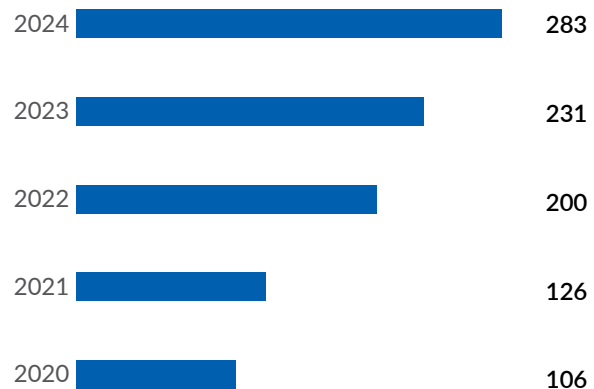
This fiscal year saw ongoing growth in terms of the number of Chinese mainland registered members and graduates, which rose by 23% from the previous fiscal year, to 283, while the number of mainland students dipped by 4%, from 275 to 265. This slight downturn is attributable to the suspension of the Postgraduate Programme in Corporate Governance, run in collaboration with Hong Kong Metropolitan University in Shanghai and Shenzhen, as well as the macro environment of the capital market and the economy. As in previous years, we held an experience-sharing session aimed at helping those interested to understand the Institute's qualification programme and to adequately prepare for the Institute's qualifying examinations, which was attended by 76 people.

#### Professional development and advocacy

We are delighted to see an increasing demand among Chinese mainland governance practitioners for our professional development training and knowledge-

### Members and graduates

As at 30 June of each year



### Participants at our ECPD and advocacy events by company type

As at 30 June 2024



“we are delighted to see an increasing demand among Chinese mainland governance practitioners for our professional development training and knowledge-sharing initiatives”

sharing initiatives. This is evidenced by the steady rise in the number of participants at our related events.

In addition to the seven ECPD seminars (six physical and one online) we organised in fiscal 2024, we also held eight advocacy events, of which two were meetings of our Regional Board Secretaries and Corporate Governance Professionals Panel. The total number of participants at these events was 1,809, with 654 attending the ECPD seminars and 1,155 at our advocacy events. This marked a significant acceleration compared with the previous fiscal year. The majority of the participants – 74% – were from H share and A+H share companies, while 12% were from red chip companies, 9% from companies planning to list in Hong Kong, 4% from other listed companies or organisations and 1% from A share companies. These events covered a wide range of topics, including the latest regulatory



updates, governance compliance, information disclosure, risk management, annual financial audits and reporting, ESG reporting, financial monitoring, transaction controls, Chinese enterprises going global, and IPO- and other governance-related topics.

As mentioned above, the Institute's current network in the mainland principally encompasses governance practitioners from H share and A+H share companies. In view of recent market developments – notably the growing number of small and medium-sized companies listed or planning to list in Hong Kong, coupled with

## KEY METRICS THE CHINESE MAINLAND

	2023	2024	%
Students	275	265	-4%
Members and graduates	231	283	+23%
Affiliated Persons (APs)	151	140	-7%
CGQP module enrolments	224	194	-13%
ECPD events in the Chinese mainland	7	7	0%
Participants at ECPD events	678	654	-4%
Advocacy events in the Chinese mainland	–	8	–
Participants at advocacy events	–	1,155	–

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



the new Chinese mainland regulations for overseas listing filings (promulgated in March 2023) – the Institute has been adjusting its strategy and enhancing its promotional efforts to attract red chip companies, emerging technology companies, and small and medium-sized companies listed or planning to list in Hong Kong.

One of those efforts has been to strengthen cooperation with professional firms to utilise their networks to reach a wider group of non-members. This year, we added six new seminars as joint offerings with these professional firms or with member companies and organisations, drawing 1,105 individuals, among whom 320 were first-time attendees at our advocacy events. This proved to be a highly effective and successful channel for boosting our exposure in the mainland market.

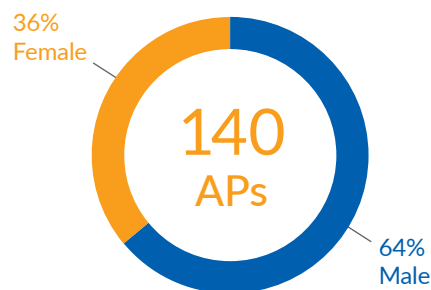
The Institute's clear commitment to encouraging and advancing good governance practices in the Chinese mainland, as well as an appreciation of the profession of the Chartered Secretary and Chartered Governance Professional, has resulted in productive working relationships with mainland regulators, stakeholders, listed companies and companies looking to list in Hong Kong. This fiscal year, we maintained our good relationships with the China Association for Public Companies, local listed company associations and local offices of HKEX, among others. Those entities continued to support the Institute by inviting various

experts in relevant fields to speak at the Institute's mainland events and training sessions.

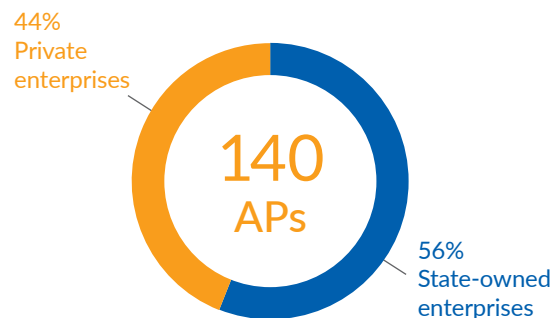
#### Research and governance reform

Our research activities, which are a vital part of our role in the mainland, offer thought leadership and practical guidance on governance issues to equip our members, students, Affiliated Persons (APs) and the broader governance community with the most up-to-date information and skill sets in all areas of governance. We also contribute to the formulation of rules and regulations, specifically regarding governance-related reforms, in both the Chinese mainland and Hong Kong. In fiscal 2024, the Institute reinforced its technical research efforts through the joint publication with DLA Piper LLP of Guidelines on the Practices of Directors of Mainland Companies Listed in Hong Kong, as well as the joint publication of two research papers with Clifford Chance LLP, namely, Interpretation of Amendments to the Hong Kong IPO Regulations for Year 2023 and 2023 Annual Observation for the Compliance of Companies Listed in Hong Kong.

APs by gender  
As at 30 June 2024



APs by type of enterprise  
As at 30 June 2024





# Key risks and challenges

## Our purposeful approach to risk management

Risk management is a core element of any organisation or business, and one of the important roles of a governance professional is to advise their boards on best practices for risk management and mitigation. The Institute not only takes our own risk identification, monitoring and mitigation processes seriously, but also strives to ensure our members are fully conversant with the latest regulatory updates, as well as local and international standards and expectations for the governance of risk.

As part of this purposeful approach to risk management, in fiscal 2024, we expanded the number of our governance, risk and compliance ECPD seminars to 12, an increase of 33% from fiscal 2023, as well as offering seminars on regulatory enforcement and AML/CFT & sanctions. Our new AML/CFT Certification Course, launched in March 2024, also incorporated several aspects of risk assessment and control.

## A structured approach to risk management

Our current risk registry, ratified by Council in fiscal 2023, highlights nine major risk categories that could potentially impact the Institute, covering business,

strategy, people, regulatory breaches, operational resilience, data, technology, reputation and processing errors. We carefully structure our risk management approach to these categories based on a strategic judgement of which risks may have the highest probability of negatively impacting on our operations, as well as their potential severity.

As with many organisations, the two most pertinent to the Institute are strategic and operational risks. These risks more specifically concern our effectiveness in attracting students to our qualification programmes and extending our membership base, reinforcing the recognition accorded to our members by the business community and relevant regulators of their competence to act as company secretaries or governance professionals of listed companies, and augmenting our technology and information security.

## Our risk management process

Our risk management process is supervised by our Council, who meet every two months to review strategic, operational and other risks, and to hone our strategic direction and internal control systems, where required. Furthermore, Council meets annually

**“in the year of our 75th anniversary, our risk policies and procedures are underpinned by a determined and resilient stance that shapes how we identify and mitigate potential risks”**

with the heads of the Secretariat section, as well as Institute past presidents, to assess our short-, medium- and long-term risk strategies, and to formulate goals and action plans.

Our Secretariat is tasked by Council with overseeing everyday risk management and internal control processes. Each department is responsible for their own risk management rules and procedures, as well as their own compliance obligations, and they conduct regular appraisals to uphold internal and supervisory controls.

Any risk-related concern or mitigation action is reported by the Secretariat to the Audit Committee, which oversees risk management and financial reporting. The Audit Committee also collaborates with other committees to confirm that risks are being regularly evaluated and to ensure that Council is fully updated on all related matters.

### Strategic risks

All businesses and organisations are inherently susceptible to strategic risk due to changes in the external environment. We do our utmost to

proactively mitigate against such risks, including by paying close attention to the macro environment, as well as by setting strategic goals and targets, and by adhering to our commitment to creating a better future through better governance standards.

We have worked hard to promote and enhance our attractiveness to students, as a means of improving our membership numbers, through various initiatives this fiscal year, and have strengthened our communication with regulators and the wider business community.

### Operational risks

Operational risks that may affect our Institute mainly revolve around IT risks, such as data leakage, technology breakdowns and data management issues. Because we have a considerable online presence, managing such risks is particularly crucial. We engage external consultants to evaluate and monitor our IT systems, as well as to provide offsite data backup and recovery services. In addition, our internal IT team conducts a stringent review of our status on an annual basis.

Our staff receive regular training to raise awareness of data security issues and the proper use of personal data, including via our annual security awareness training, the most recent of which was conducted in June 2024. We also boosted our cybersecurity measures and implemented a cybersecurity incident response plan, and we comply strictly with all data protection laws and regulations. As in preceding years, we had no data breaches in fiscal 2024.

### Resilient risk management

In the year of our 75th anniversary, our risk policies and procedures are underpinned by a determined and resilient stance that shapes how we identify and mitigate potential risks, and assures that our strategic goals and future direction are firmly embedded in better governance through our purposeful and structured approach to all aspects of risk management.




 A close-up photograph of the letters 'ESG' in a large, 3D, moss-covered font. The letters are set against a background of lush green moss and small, vibrant green seedlings. Sunlight filters through the scene from the upper right, creating a warm, golden glow and highlighting the textures of the moss and leaves.
 

# ESG

## ESG report

Our ESG strategy is guided and informed by Council, which took the decision to focus on sustainability as an urgent issue. We are committed not only to our own governance and sustainability, but in particular to providing the necessary training, thought leadership and advocacy to properly equip our members, graduates and students with the necessary skills, knowledge and capacity to embrace sustainability as a central issue of good governance.

Held in February 2024, our annual Council strategy review set the groundwork for the launch of our new HKCGI Sustainability Governance Academy on 31 July 2024 at the HKEX Connect Hall. This new academy, the first of its kind in the region, serves as a platform for the Institute's sustainability governance professionals and industry leaders to share best practices, as well as to influence policy decisions in the field, and to foster a community of experts dedicated to driving sustainable development and corporate responsibility.

### External ESG activities

We are educators, thought leaders and advocates for the entire spectrum of topics encompassed by ESG, and our mission is to guarantee that our members,

stakeholders and extended network have the most cutting-edge and timely resources, information and practical training available to help them perform their governance roles to the best of their abilities, to more confidently fulfil market demands and to meet the challenges posed by ESG, sustainability and climate-related concerns.

### Advancing ESG and sustainability education and advocacy

Building on the success of our ESG Reporting Certification Course, initiated in February 2023, we offered three more of these highly acclaimed training sessions in fiscal 2024, between July 2023 and May 2024, while the fifth cohort commenced in September 2024. Designed for both beginners and market professionals, the course – held over seven sessions of two hours each – prepares participants for the latest reporting requirements associated with the International Sustainability Standards Board's (ISSB) standards for general sustainability and climate disclosures. The course was accepted in May 2023 as an 'eligible programme' by the HKSAR Government's Pilot Green and Sustainable Finance Capacity Building Support Scheme.

Those who successfully complete the course are awarded the HKCGI Cert: ESG post-nominal, which applies over the two-year accreditation period, indicating to employers and colleagues that the certificate holder is fully competent to understand the relevant ESG and sustainability issues, as well as the processes and procedures involved in ESG and climate-related reporting under the Listing Rules. As at 30 June 2024, 1,394 people had attended the first four courses, of whom 95% gained a certificate of completion.

We also conducted two seminars this fiscal year to enlighten our members, graduates, students, Affiliated Persons and others on relevant issues. The first of these, held in September 2023 – Latest Global Sustainability & Climate Disclosure Standards and HKEX Rules – highlighted the release of the ISSB's IFRS S1 (general disclosure standard) and IFRS S2 (climate-related disclosure standard), and explored how Hong Kong listed issuers can implement the international sustainability and climate standards more effectively, better aligning governance to HKEX's evolving ESG requirements. The second seminar, held in November 2023 and titled Paperless Regime for Listed Companies and Other Listing Rules Updates, overviewed HKEX's conclusions to its consultation on expanding the paperless regime, and examined the practical implications of electronic dissemination of communications for listed issuers.

#### **Accelerating ESG and sustainability thought leadership**

Our external ESG activities in relation to our ESG-themed thought leadership in fiscal 2024 were accelerated with the addition of two submissions, three research reports and one guidance note.

The first of our two submissions, in July 2023, on HKEX's Consultation Paper on Enhancement of Climate-related Disclosures Under the ESG Framework, supported the proposals to address enhanced disclosures, notably those for mandatory climate change disclosures, as a matter of good governance practice. However, the Institute expressed its concerns over any unintended, potential negative impact of Part D of the new ESG Code in the Listing Rules in requiring mandatory disclosures beyond

**“our ESG strategy is guided and informed by Council, which took the decision to focus on sustainability as an urgent issue”**

the ISSB climate standard requirements. Our second submission, in December 2023, in response to the Financial Services and Treasury Bureau's Public Consultation Paper on Promoting Paperless Corporate Communication for Hong Kong Companies, supports the proposed legislative changes to allow Hong Kong listed companies to rely on implied consent for disseminating corporate communications via website, subject to applicable laws and regulations, as well as the company's articles of association, as an environmental initiative.

The first of our ESG-themed research reports in fiscal 2024 was a joint report published in November 2023 with Hong Kong Metropolitan University's Lee Shau Kee School of Business and Administration, looking at how ESG ratings providers operate in Hong Kong, with practical advice on improving ESG disclosures. The second and third research reports were both published in June 2024, namely Supply Chain Management – An Introduction & Applied Governance Perspectives (with Deloitte China) and A Sustainability Governance Issue: Retirement Age & A Managed Process.

In May 2024, the Institute published a guidance note on Climate Disclosure Requirements – Executive Summary (Parts 1 and 2) to provide governance professionals with a clear overview of the latest sustainability and climate disclosure requirements, and to offer useful pointers for advising their listed issuers.

#### **Internal ESG activities**

We are equally resolute in our efforts to instigate and maintain the highest ESG standards possible within our own organisation.

#### **Environmental responsibility**

We routinely monitor and review our eco-friendly practices, implementing the 'reuse, reduce, recycle and replace' principle in our daily working lives,

and we ensure our staff, members, graduates and students are fully aware of and support our environmental initiatives.

In fiscal 2024, our paper usage increased, mainly due to the additional need for printed materials for our members opting for hard copies of the proposed changes to our Articles of Association, as well as for our Marketing team. However, our electricity consumption decreased by 7% from the previous fiscal year.

### Community involvement

Our community service initiatives are organised by our Community Service Core Group, which is run by our Secretariat team under the Membership Committee, with the dedicated support of our staff, members, graduates and students.

In fiscal 2024, our volunteer hours totalled 126, a decline of 34% from fiscal 2023 – however, a new series of community service events has been planned for the autumn of 2024. This fiscal year, we joined the Hong Kong Breast Cancer Foundation's Pink Walk 2023, which resumed in October 2023 after a three-year hiatus when it was moved online, to boost awareness of breast cancer and help raise funds for prevention and care. We also participated in the annual Dress Pink Day in support of the Hong Kong Cancer Fund in October 2023. In addition, in collaboration with Hong Kong Young Women's Christian Association, we took part in an Easter cookies baking workshop with young single mothers.

We are delighted to announce that, for the seventh consecutive year, the Institute has been awarded the The Hong Kong Council of Social Service's 5 Years Plus Caring Organisation Logo for the 2023/2024 Caring Company Scheme. This award acknowledges our contribution to corporate social responsibility through caring for the community, our employees and the environment.

## KEY METRICS INTERNAL ESG



### Valuing our people

Having an excellent work environment is vital, not only for the heightened productivity and professional motivation it brings, but also for overall quality of life. We value our people and encourage them to achieve their full potential through attending our regular cross-departmental meetings, social gatherings, and internal and external training sessions, where ideas can be exchanged, stronger relationships can be forged, and technical knowledge and soft skills can be enhanced.

In the fiscal year under review, we organised 24 external training courses for our staff, up 33% on the previous fiscal year, on a broad range of topics, with 140 enrolments (an increase of 133%) and 242.3 training hours, more than double those in fiscal 2023. A total of 87 people enrolled for our internal training courses, held over 53 CPD events.

We are pleased to announce that we have been awarded the Good MPF Employer and the MPF Support Award for 2023-2024 from the Mandatory Provident Fund Schemes Authority, of which we are a 'Supporting Organization', for our efforts to enhance our employees' retirement benefits.



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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 42 to 80, which comprise the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information.

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 2024, 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 the 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, 1 November 2024

# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	2024 HK\$	2023 HK\$
Subscriptions and fees	6	23,872,715	22,298,746
Other revenue	6	24,409,319	22,195,000
Interest income	7	1,285,886	443,711
Other net income	8	1,158,297	1,350,242
Staff costs	9	(22,425,954)	(21,575,597)
Depreciation expenses	13	(1,220,738)	(1,280,942)
Amortisation expenses	14	(1,244,740)	(1,303,348)
Other operating expenses	11	(18,154,701)	(16,896,257)
Finance costs	21	(21,700)	(41,667)
<b>Surplus before income tax expense</b>		<b>7,658,384</b>	<b>5,189,888</b>
Income tax expense	12	(26,391)	(17,484)
<b>Surplus for the reporting period</b>		<b>7,631,993</b>	<b>5,172,404</b>
<b>Other comprehensive loss for the reporting period</b>			
Items that will not be reclassified to surplus or deficit:			
Deficit on revaluation of land and buildings held for own use	13	(20,815,262)	(6,807,394)
Fair value changes of investments in listed equity securities classified as financial assets at fair value through other comprehensive income	15	(1,087,284)	601,084
Item that may be reclassified subsequently to surplus or deficit:			
Exchange loss on translating foreign operations		(31,241)	(299,253)
<b>Other comprehensive loss for the reporting period</b>		<b>(21,933,787)</b>	<b>(6,505,563)</b>
<b>Total comprehensive loss for the reporting period</b>		<b>(14,301,794)</b>	<b>(1,333,159)</b>

## Consolidated Statement of Financial Position

At 30 June 2024

	Note	2024 HK\$	2023 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	13	86,399,100	106,561,131
Intangible assets	14	1,705,048	2,486,406
Financial assets at fair value through other comprehensive income	15	9,725,488	14,411,865
		<b>97,829,636</b>	<b>123,459,402</b>
<b>Current assets</b>			
Accounts and other receivables	16	1,650,515	1,251,804
Time deposits	17	5,387,099	–
Cash and cash equivalents	18	40,731,602	34,494,843
		<b>47,769,216</b>	<b>35,746,647</b>
<b>Total assets</b>		<b>145,598,852</b>	<b>159,206,049</b>
<b>Current liabilities</b>			
Accounts and other payables	19	2,405,603	2,703,097
Contract liabilities	20	4,010,899	3,471,409
Lease liabilities	21	692,898	697,289
		<b>7,109,400</b>	<b>6,871,795</b>
<b>Net current assets</b>		<b>40,659,816</b>	<b>28,874,852</b>
<b>Total assets less current liabilities</b>		<b>138,489,452</b>	<b>152,334,254</b>
<b>Non-current liabilities</b>			
Lease liabilities	21	456,992	–
<b>NET ASSETS</b>		<b>138,032,460</b>	<b>152,334,254</b>
<b>Reserves and funds</b>			
General fund		65,585,104	57,834,853
Property revaluation reserve		70,151,859	90,967,121
Financial assets at fair value through other comprehensive income reserve		(296,895)	790,389
Building maintenance sinking fund		1,000,000	1,000,000
Education development fund		872,780	991,038
IT maintenance fund		1,000,000	1,000,000
Exchange reserve		(280,388)	(249,147)
<b>TOTAL RESERVES AND FUNDS</b>		<b>138,032,460</b>	<b>152,334,254</b>

The consolidated financial statements were approved and authorised for issue by the Council on 1 November 2024 and are signed on its behalf by:

David J Simmonds  
President

Daniel WS Chow  
Treasurer

# Consolidated Statement of Changes in Reserves and Funds

For the year ended 30 June 2024

	General fund HK\$	Property revaluation reserve HK\$	Financial assets at fair value through other comprehensive income reserve HK\$
<b>Balance as at 1 July 2022</b>	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)	-	-
<b>Balance as at 30 June 2023 and 1 July 2023</b>	57,834,853	90,967,121	790,389
Surplus for the year	7,631,993	-	-
Other comprehensive loss for the year	-	(20,815,262)	(1,087,284)
Total comprehensive income/(loss) for the year	7,631,993	(20,815,262)	(1,087,284)
Transfer to general fund	296,133	-	-
Transfer from general fund	(177,875)	-	-
<b>Balance as at 30 June 2024</b>	65,585,104	70,151,859	(296,895)

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 2024, HK\$296,133 (2023: HK\$155,295) was utilised to further upgrade the 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	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
-	-	-	-	7,631,993
-	-	-	(31,241)	(21,933,787)
-	-	-	(31,241)	(14,301,794)
-	(296,133)	-	-	-
-	177,875	-	-	-
1,000,000	872,780	1,000,000	(280,388)	138,032,460

- 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 2024

	Note	2024 HK\$	2023 HK\$
<b>Cash flows from operating activities</b>			
Surplus before income tax expense		7,658,384	5,189,888
Adjustments for:			
Depreciation of property, plant and equipment		1,220,738	1,280,942
Amortisation of intangible assets		1,244,740	1,303,348
Bad debts written off		8,350	11,240
Bank interest income		(1,178,083)	(409,760)
Interest income from cash at custodian		(107,803)	(33,951)
Lease interest expense		21,700	41,667
Dividend income from financial assets at fair value through profit or loss		–	(58,231)
Dividend income from financial assets at fair value through other comprehensive income		(1,032,464)	(1,028,583)
Exchange differences		32,398	8,550
Loss on disposal of financial assets at fair value through profit or loss		–	173,056
Surplus before changes in working capital		7,867,960	6,478,166
Decrease in inventories		–	4,557
(Increase)/decrease in accounts and other receivables		(407,061)	1,100,623
(Decrease)/increase in accounts and other payables		(297,494)	350,436
Increase in contract liabilities		539,490	403,514
<b>Cash generated from operating activities</b>		7,702,895	8,337,296
Income tax paid		(26,391)	(17,484)
<b>Net cash generated from operating activities</b>		7,676,504	8,319,812
<b>Cash flows from investing activities</b>			
Interest received		1,285,886	443,711
Dividends received		1,032,464	1,063,016
Placement of time deposits with maturity over 3 months		(11,510,893)	–
Release of time deposits with maturity over 3 months		6,123,794	–
Purchase of property, plant and equipment		(540,624)	(581,422)
Purchase of intangible assets		(463,382)	(664,000)
Purchase of financial assets at fair value through other comprehensive income		(19,022,444)	(19,966,730)
Proceeds on sale of financial assets at fair value through profit or loss		–	9,169,030
Proceeds on sale of financial assets at fair value through other comprehensive income		22,588,950	10,660,467
<b>Net cash (used in)/from investing activities</b>		(506,249)	124,072
<b>Cash flows from financing activities</b>			
Interest paid	26	(21,700)	(41,667)
Repayment of principal portion of lease liabilities	26	(880,555)	(599,537)
<b>Net cash used in financing activities</b>		(902,255)	(641,204)
<b>Net increase in cash and cash equivalents</b>		6,268,000	7,802,680
<b>Cash and cash equivalents at the beginning of the reporting period</b>		34,494,843	26,991,416
<b>Effect of foreign exchange rate change, net</b>		(31,241)	(299,253)
<b>Cash and cash equivalents at the end of the reporting period</b>	18	40,731,602	34,494,843

# 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 the 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 awards and/or scholarships 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 the Chinese mainland

## 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 material 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 2023

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

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except for Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies, none of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period and financial statements disclosures.

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

#### *Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considers that it is consistent with the amendments.

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

The following new/revised HKFRSs, potentially relevant to the Group's 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) <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (the 2022 Amendments) <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027

### 3. ADOPTION OF HKFRSs – continued

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

The Group is currently assessing the impact of these new accounting standards and amendments on the Group's consolidated financial statements upon application.

#### c. New guidance on accounting for the MPF–LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the Mandatory Provident Fund ("MPF") Scheme to offset severance payments ("SP") and long service payments ("LSP") (the "Abolition"). Subsequently, the Government of the HKSAR (the "HKSAR") announced that the Abolition will take effect on 1 May 2025 (the "Transition Date").

The following key changes will take effect on the Transition Date:

- Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism that could become material in light of the Abolition, the HKICPA published "Accounting implications of the abolition of the MPF–LSP offsetting mechanism in Hong Kong" (the "Guidance") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, these being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS 19.93(a).
- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation.

For the years ended 30 June 2023 and 2024, the difference between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.



## 4. MATERIAL 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.

### b. Property, plant and equipment

#### Leasehold land and buildings

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 the 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 the general fund.

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

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

#### Depreciation

Property, plant and equipment are depreciated so as to write off their cost or valuation net of the 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:

## 4. MATERIAL ACCOUNTING POLICIES – continued

### b. Property, plant and equipment – continued

#### Depreciation – continued

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%

### c. Leasing

#### **The Group as lessee**

All 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 of 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 a right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use asset applying a cost model. Under the cost model, the Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For a right-of-use asset that meets the definition of an investment property, they are carried at fair value and for a right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

The Group accounts for leasehold land and buildings which are held for own use under HKAS 16 and are carried at fair value. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which 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.

## 4. MATERIAL ACCOUNTING POLICIES – continued

### c. Leasing – continued

#### *Lease liability – continued*

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 the 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. 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

### e. Financial instruments

#### i. Financial assets

A financial asset 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. The Group classifies its debt instruments as follows:

## 4. MATERIAL ACCOUNTING POLICIES – continued

### e. 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.

##### 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 ("FVOCI"). 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 fair value through profit or loss, 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 and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

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

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

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

## 4. MATERIAL ACCOUNTING POLICIES – continued

### e. Financial instruments – continued

#### ii. Impairment loss on financial assets – continued

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.

#### 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.

### f. 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:



## 4. MATERIAL ACCOUNTING POLICIES – continued

### f. Revenue recognition – continued

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

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

Revenue is recognised as follows:

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

### ***Contract assets and liabilities***

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

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

### g. 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

## 4. MATERIAL ACCOUNTING POLICIES – continued

### g. Income taxes – continued

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.

### h. 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.

### i. 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.

### j. 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.

## 4. MATERIAL ACCOUNTING POLICIES – continued

### j. Impairment of assets (other than financial assets) – continued

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.

### k. 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 the 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.

### l. 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 ESTIMATES

### 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 AND OTHER REVENUE

	2024 HK\$	2023 HK\$
<b>Subscriptions and fees</b>		
Subscriptions, recognised over time	17,729,925	16,674,796
Admission and registration fees, recognised at a point in time	6,142,790	5,623,950
	23,872,715	22,298,746
<b>Other revenue</b>		
Income from examinations, recognised over time	1,774,657	1,710,150
Income from seminars, courses, member and student activities and functions held, recognised over time	22,634,662	20,484,850
	24,409,319	22,195,000
<b>Total</b>	<b>48,282,034</b>	<b>44,493,746</b>

### An analysis of revenue by segments

	2024 HK\$	2023 HK\$
Members	29,430,575	27,766,091
Students	9,437,523	8,543,940
Event sponsors	2,895,810	2,953,318
Others*	6,518,126	5,230,397
	48,282,034	44,493,746

\* Others represents revenue from non-members, affiliated persons and other supporting organisations.

## 7. INTEREST INCOME

	2024 HK\$	2023 HK\$
Bank interest income	1,178,083	409,760
Interest income from cash at custodian	107,803	33,951
	1,285,886	443,711



## 8. OTHER NET INCOME

	2024 HK\$	2023 HK\$
Dividend income on financial assets at fair value through profit or loss	-	58,231
Dividend income on financial assets at fair value through other comprehensive income	1,032,464	1,028,583
Donations	2,700	-
Government grants (Note)	-	248,000
Net foreign exchange loss	(35,980)	(31,752)
Sundry income	159,113	220,236
Loss on disposal of financial assets at fair value through profit or loss	-	(173,056)
	<b>1,158,297</b>	<b>1,350,242</b>

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.

## 9. STAFF COSTS

	2024 HK\$	2023 HK\$
Salaries, allowances and other benefits	21,080,252	20,274,510
Contributions to defined contribution retirement scheme:		
Hong Kong Mandatory Provident Fund	1,345,702	1,301,087
	<b>22,425,954</b>	<b>21,575,597</b>

Staff costs include key management personnel remuneration (Note 10).

## 10. KEY MANAGEMENT PERSONNEL REMUNERATION

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

	2024 HK\$	2023 HK\$
Salaries	5,940,267	6,351,330
Performance benefits, other allowances and benefits-in-kind	2,078,860	1,794,069
Contributions to defined contribution retirement schemes	557,809	486,185
	<b>8,576,936</b>	<b>8,631,584</b>

## 11. OTHER OPERATING EXPENSES

	2024	2023
	HK\$	HK\$
Auditor's remuneration	352,908	332,113
Bad debts written off	8,350	11,240
Credit card merchant fees	1,065,248	967,874
Direct costs (Note)	3,258,083	2,701,683
Donations	10,831	–
Government rent and rates	90,963	69,937
Investment handling charges	193,380	363,414
Legal and professional fees	249,750	337,302
Postage and courier	58,735	70,860
Promotion and public relations	1,563,438	853,952
Publications and printing	2,593,322	2,913,716
Repairs and maintenance	86,959	105,634
Scholarship, sponsorship and subject prizes	257,000	232,000
Service fees charged by The Chartered Governance Institute	892,920	749,395
Service fees in PRC	3,773,629	3,626,063
Student services	1,592,826	1,666,861
Sundry expenses	1,320,839	1,127,022
Travelling	124,220	137,370
Utilities	599,140	567,661
Variable lease payment – printer meter charge	62,160	62,160
	18,154,701	16,896,257

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

## 12. INCOME TAX EXPENSE

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

	2024	2023
	HK\$	HK\$
Current tax		
Overseas tax		
– Tax for the current year	26,391	17,484
Income tax expense	26,391	17,484

## 12. INCOME TAX EXPENSE – continued

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

	2024 HK\$	2023 HK\$
Surplus before income tax	7,658,384	5,189,888
Tax calculated at Hong Kong profits tax rate of 16.5%	1,263,633	856,332
Effect of different tax rate of a subsidiary operating in other jurisdiction	17,841	76,039
Effect of tax exemptions granted	(8,043)	(13,771)
Tax effect of non-taxable income	–	(202)
Tax effect of non-deductible expenses	416	66
Tax effect of profit not subject to tax	(1,221,373)	(680,216)
Tax effect of concessionary tax rate	(41,979)	(178,915)
Others	15,896	(41,849)
Income tax expense	26,391	17,484

No deferred tax liability has been recorded on certain temporary differences of HK\$3,302,687 (2023: HK\$3,266,590) 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 CGIHL

No provision for Hong Kong Profits Tax has been provided as HKICSL, ICSGPL, HKICL and CGIHL 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 did 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 a preferential income tax rate of 5% for the first RMB1,000,000 of assessable profits.

### 13. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2024

	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\$
<b>Cost or valuation</b>						
At 1 July 2023	101,200,000	3,800,000	1,361,361	3,956,553	2,418,151	112,736,065
Additions	-	-	-	419,000	121,624	540,624
Lease modification	-	-	1,340,314	-	-	1,340,314
Write-off	-	-	-	-	(12,640)	(12,640)
Deficit on revaluation	(20,600,000)	(400,000)	-	-	-	(21,000,000)
Exchange alignment	-	-	(2,490)	-	(1,686)	(4,176)
At 30 June 2024	80,600,000	3,400,000	2,699,185	4,375,553	2,525,449	93,600,187
<b>Representing:</b>						
Cost	-	-	2,699,185	4,375,553	2,525,449	9,600,187
Revaluation	80,600,000	3,400,000	-	-	-	84,000,000
	80,600,000	3,400,000	2,699,185	4,375,553	2,525,449	93,600,187
<b>Accumulated depreciation</b>						
At 1 July 2023	-	-	897,600	3,430,974	1,846,360	6,174,934
Charge for the year	108,738	76,000	629,495	154,548	251,957	1,220,738
Elimination on revaluation	(108,738)	(76,000)	-	-	-	(184,738)
Write-off	-	-	-	-	(12,640)	(12,640)
Exchange alignment	-	-	4,010	-	(1,217)	2,793
At 30 June 2024	-	-	1,531,105	3,585,522	2,084,460	7,201,087
<b>Carrying amount</b>						
At 30 June 2024	80,600,000	3,400,000	1,168,080	790,031	440,989	86,399,100

### 13. PROPERTY, PLANT AND EQUIPMENT – continued

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\$
<b>Cost or valuation</b>						
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
Lease modification	-	-	(336,590)	-	-	(336,590)
Write-off	-	-	-	-	(55,262)	(55,262)
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
<b>Representing:</b>						
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
<b>Accumulated depreciation</b>						
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
<b>Carrying amount</b>						
At 30 June 2023	101,200,000	3,800,000	463,761	525,579	571,791	106,561,131



### 13. PROPERTY, PLANT AND EQUIPMENT – continued

#### Right-of-use assets

Right-of-use assets, included in 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\$
<b>Cost or valuation</b>				
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
<b>Representing:</b>				
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
<b>Accumulated depreciation</b>				
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
<b>Carrying amount</b>				
At 30 June 2023	101,200,000	463,761	44,034	101,707,795
<b>Cost or valuation</b>				
At 1 July 2023	101,200,000	1,361,361	176,136	102,737,497
Lease modification	-	1,340,314	-	1,340,314
Deficit on revaluation	(20,600,000)	-	-	(20,600,000)
Exchange alignment	-	(2,490)	-	(2,490)
At 30 June 2024	80,600,000	2,699,185	176,136	83,475,321
<b>Representing:</b>				
Cost	-	2,699,185	176,136	2,875,321
Revaluation	80,600,000	-	-	80,600,000
	80,600,000	2,699,185	176,136	83,475,321

### 13. 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\$
<b>Accumulated depreciation</b>				
At 1 July 2023	-	897,600	132,102	1,029,702
Charge for the year	108,738	629,495	44,034	782,267
Elimination on revaluation	(108,738)	-	-	(108,738)
Exchange alignment	-	4,010	-	4,010
At 30 June 2024	-	1,531,105	176,136	1,707,241
<b>Carrying amount</b>				
At 30 June 2024	80,600,000	1,168,080	-	81,768,080

#### 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 2024 and 2023, 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)
	Direct comparison approach	Premium on characteristics of the properties	-6.5% to 20% (2023: -9.5% to 12%)
Leasehold land and buildings in Hong Kong			

#### 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.

### 13. PROPERTY, PLANT AND EQUIPMENT – continued

#### Valuation techniques

Premium on characteristics of the properties are estimated by the independent valuer based on the size, location, view, floor level, year of completion, building quality, maintenance factor and etc. of the properties. The higher the premium, the higher the fair value. In addition, the valuation was based on the economic, market and other conditions as they exist on, and with information available to management as of 30 June 2024.

#### Fair value movements

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

	HK\$
At 1 July 2022	112,000,000
Depreciation	(192,606)
Valuation deficit	(6,807,394)
At 30 June 2023 and 1 July 2023	105,000,000
Depreciation	(184,738)
Valuation deficit	(20,815,262)
At 30 June 2024	84,000,000

Valuation deficit of HK\$20,815,262 (2023: HK\$6,807,394) 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\$14,116,893 and HK\$1,573,656 respectively (2023: HK\$14,134,046 and HK\$1,627,920 respectively) at the end of the reporting period.

### 14. INTANGIBLE ASSETS

	Computer system HK\$	Online study materials HK\$	Total HK\$
<b>Cost</b>			
At 1 July 2022	4,604,844	1,630,270	6,235,114
Addition	–	664,000	664,000
At 30 June 2023 and 1 July 2023	4,604,844	2,294,270	6,899,114
Addition	276,382	187,000	463,382
At 30 June 2024	4,881,226	2,481,270	7,362,496
<b>Accumulated amortisation</b>			
At 1 July 2022	1,750,802	1,358,558	3,109,360
Charge for the year	920,969	382,379	1,303,348

## 14. INTANGIBLE ASSETS – continued

	Computer system HK\$	Online study materials HK\$	Total HK\$
At 30 June 2023 and 1 July 2023	2,671,771	1,740,937	4,412,708
Charge for the year	948,607	296,133	1,244,740
At 30 June 2024	3,620,378	2,037,070	5,657,448
<b>Carrying amount</b>			
At 30 June 2024	1,260,848	444,200	1,705,048
At 30 June 2023	1,933,073	553,333	2,486,406

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK\$	2023 HK\$
Listed equity securities	9,725,488	14,411,865

i. Disposal of equity investments

During the year ended 30 June 2024, 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\$22,588,950 (2023: HK\$10,660,467) at the time of the sale.

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

	2024 HK\$	2023 HK\$
(Loss)/gain recognised in other comprehensive income	(1,087,284)	601,084
Dividends from equity investments held at FVOCI recognised in surplus or deficit:		
Relating to investments derecognised during the year	230,313	305,722
Relating to investments held at the end of the reporting period	802,151	722,861
	1,032,464	1,028,583

## 16. ACCOUNTS AND OTHER RECEIVABLES

	2024	2023
	HK\$	HK\$
Accounts receivables (Note i)	204,685	93,025
Other receivables (Note ii)	42,356	121,761
Deposits	275,219	304,930
Prepayments	1,128,255	732,088
	1,650,515	1,251,804

Notes:

- 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:

	2024	2023
	HK\$	HK\$
Current	80,485	91,880
1-3 months	124,200	1,145
	204,685	93,025

The Council members considered that credit risk is not significant.

The Group assessed impairment loss based on the accounting policy stated in note 4(e)(ii). Further details on the Group's credit policy and credit risk arising from accounts receivables are set out in note 24(a).

- ii. Other receivables represented dividend and interest receivable. Credit risk is not significant.

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

## 17. TIME DEPOSITS

	2024	2023
	HK\$	HK\$
Time deposits with original maturity over 3 months	5,387,099	–

The effective interest rates on the time deposits with original maturity over 3 months ranged from 1.15% to 4.0% per annum. These deposits had a maturity period of 150 to 185 days.

The Council considered that the fair value of the time deposits is not materially different from its carrying amount because of the amortisation of effective interest reflecting the time value of money.



## 18. CASH AND CASH EQUIVALENTS

	2024 HK\$	2023 HK\$
Cash and bank balances	12,093,087	12,233,523
Time deposits with original maturity three months or less when acquired	21,785,188	20,137,308
Cash at custodians	6,853,327	2,124,012
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	40,731,602	34,494,843

Cash at banks earned interest ranging from 0.2% to 0.88% (2023: ranged from 0.2% to 0.88%) per annum.

Time deposits with original maturity three months or less when acquired earned interest from 0.88% to 5.4% (2023: from 1.4% to 5.3%) per annum.

Included in the Group's cash and bank balances is an amount of HK\$1,841,625 (2023: HK\$1,781,712) which is held by HKCGIFL that can be used to fulfil the objects of HKCGIFL as set out in its Articles of Association.

## 19. ACCOUNTS AND OTHER PAYABLES

	2024 HK\$	2023 HK\$
Accruals and other payables	2,405,603	2,703,097

## 20. CONTRACT LIABILITIES

	2024 HK\$	2023 HK\$
Contract liabilities	4,010,899	3,471,409

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

Movements in contract liabilities during the year:

	HK\$
Balance at 1 July 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

## 20. CONTRACT LIABILITIES – continued

	HK\$
Balance at 30 June 2023 and 1 July 2023	3,471,409
Decrease in contract liabilities as a result of recognising revenue	(3,471,409)
Increase in contract liabilities as a result of advanced consideration received/billing in advance during the year	4,010,899
Balance at 30 June 2024	4,010,899

## 21. LEASE LIABILITIES

	Other properties leased for own use in the Chinese mainland HK\$	Copiers leased for own use in Hong Kong HK\$	Total HK\$
At 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 and 1 July 2023	651,277	46,012	697,289
Lease modification	1,340,314	–	1,340,314
Interest expenses	21,092	608	21,700
Lease payments	(855,635)	(46,620)	(902,255)
Exchange alignment	(7,158)	–	(7,158)
At 30 June 2024	1,149,890	–	1,149,890

Future lease payments are due as follows:

At 30 June 2024	Minimum lease payments HK\$	Interest HK\$	Present value HK\$
Not later than one year	726,692	(33,794)	692,898
Later than one year and not later than two years	462,441	(5,449)	456,992
	1,189,133	(39,243)	1,149,890

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

## 21. LEASE LIABILITIES – continued

The present value of future lease payments are analysed as:

	2024	2023
	HK\$	HK\$
Current liabilities	692,898	697,289
Non-current liabilities	456,992	–
	1,149,890	697,289

## 22. 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.

## 23. FINANCIAL INSTRUMENTS BY CATEGORY

	2024	2023
	HK\$	HK\$
<b>Financial assets</b>		
– at amortised cost		
Accounts and other receivables	522,260	519,716
Cash and cash equivalents	46,118,701	34,494,843
	46,640,961	35,014,559
– at fair value		
Financial assets at fair value through other comprehensive income	9,725,488	14,411,865
	2024	2023
	HK\$	HK\$
<b>Financial liabilities – measured at amortised cost</b>		
Accounts and other payables	2,405,603	2,703,097
Lease liabilities	1,149,890	697,289
	3,555,493	3,400,386

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.

## 24. 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 and lease liabilities which are denominated in Singapore dollars ("SGD"), United States dollars ("USD"), British pounds ("GBP") 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 2024	SGD	USD	GBP	RMB
<b>Assets</b>				
Cash and cash equivalents	-	12,088,378	4,653	440,049
Deposits and other receivables	-	-	-	38,851
Financial assets at fair value through other comprehensive income	1,191,173	312,167	-	-
	1,191,173	12,400,545	4,653	478,900
<b>Liabilities</b>				
Lease liabilities	-	-	-	169,934

## 24. FINANCIAL RISK MANAGEMENT – continued

### b. Currency risk – continued

Exposure to foreign currency (expressed in HK\$)				
At 30 June 2023	SGD	USD	GBP	RMB
<b>Assets</b>				
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
<b>Liabilities</b>				
Lease liabilities	-	-	-	96,248

#### 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\$59,559 (2023: HK\$41,673). If Hong Kong dollars strengthened against GBP and RMB by 5%, the Group's surplus (2023: surplus) would be increased by approximately HK\$233 (2023: HK\$19,770) and HK\$15,448 (2023: HK\$18,035), respectively. If Hong Kong dollars had weakened against these currencies by 5%, the Group's other comprehensive income and surplus (2023: surplus) would be decreased (2023: 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.

### 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 2024					
Accounts and other payables	2,405,603	-	-	2,405,603	2,405,603
Lease liabilities	726,692	462,441	-	1,189,133	1,149,890
	3,132,295	462,441	-	3,594,736	3,555,493

## 24. FINANCIAL RISK MANAGEMENT – continued

### c. Liquidity risk – continued

	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

### d. Other price risk

The Group is exposed to price risk through financial assets at fair value through other comprehensive income, which is 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 fund investments derived from the net asset values of the investments, with reference to observable quoted prices of the underlying investment portfolio in active markets. If the dealing price had strengthened by 5%, the Group's financial assets at fair value through other comprehensive income and the reserve would be increased by approximately HK\$486,274 (2023: HK\$720,593). If the dealing price had weakened by 5%, the Group's financial assets at fair value through other comprehensive income and the reserve would be decreased by the same amount.

### 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 2024			
Financial assets at fair value through other comprehensive income:			
– Equity securities – listed (Note)	9,725,488	–	9,725,488



## 24. FINANCIAL RISK MANAGEMENT – continued

### e. Fair value measurement – continued

	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)	14,411,865	–	14,411,865

Note: Fair values of the listed equity securities are determined by reference to their quoted bid prices at the reporting date 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.

## 25. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern to ensure 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.

## 26. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Lease liabilities HK\$ (Note 21)
At 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 and 1 July 2023	697,289
Changes from cash flows:	
Repayment of principal portion of the lease liabilities	(880,555)
Repayment of interest portion of the lease liabilities	(21,700)
Total changes from financing cash flow	(902,255)
Other non-cash movements:	
Lease modification	1,340,314
Interest on lease liabilities	21,700
Exchange alignment	(7,158)
Total other non-cash movements	1,354,856
At 30 June 2024	1,149,890

## 27. STATEMENT OF FINANCIAL POSITION OF THE INSTITUTE

	Note	2024 HK\$	2023 HK\$
<b>Non-current assets</b>			
Property, plant and equipment		85,356,731	106,082,702
Interests in subsidiaries		24	24
Intangible assets		1,705,048	2,486,406
Financial assets at fair value through other comprehensive income		9,725,488	14,411,865
		<b>96,787,291</b>	<b>122,980,997</b>
<b>Current assets</b>			
Accounts and other receivables		1,140,069	892,804
Amounts due from subsidiaries		1,112,999	1,112,999
Cash and cash equivalents		40,048,853	28,416,701
		<b>42,301,921</b>	<b>30,422,504</b>
<b>Total assets</b>		<b>139,089,212</b>	<b>153,403,501</b>
<b>Current liabilities</b>			
Accounts and other payables		1,570,268	1,951,439
Amounts due to subsidiaries		13	13
Contract liabilities		4,010,899	3,471,409
Lease liabilities		102,399	142,259
		<b>5,683,579</b>	<b>5,565,120</b>
<b>Net current assets</b>		<b>36,618,342</b>	<b>24,857,384</b>
<b>Total assets less current liabilities</b>		<b>133,405,633</b>	<b>147,838,381</b>
<b>Non-current liabilities</b>			
Lease liabilities		67,536	-
<b>NET ASSETS</b>		<b>133,338,097</b>	<b>147,838,381</b>
<b>Reserves and funds</b>			
General fund	28	60,610,353	53,089,833
Financial assets at fair value through other comprehensive income reserve	28	(296,895)	790,389
Property revaluation reserve	28	70,151,859	90,967,121
Building maintenance sinking fund	28	1,000,000	1,000,000
Education development fund	28	872,780	991,038
IT maintenance fund	28	1,000,000	1,000,000
<b>TOTAL RESERVES AND FUNDS</b>		<b>133,338,097</b>	<b>147,838,381</b>

The financial statements were approved and authorised for issue by the Council on 1 November 2024 and are signed on its behalf by:

David J Simmonds  
President

Daniel WS Chow  
Treasurer

## 28. 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\$
<b>Balance as at 1 July 2022</b>	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)
<b>Total</b>							
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	-	-
<b>Balance as at 30 June 2023 and 1 July 2023</b>	53,089,833	90,967,121	790,389	1,000,000	991,038	1,000,000	147,838,381
Surplus for the year	7,402,262	-	-	-	-	-	7,402,262
Other comprehensive (loss)/income for the year	-	(20,815,262)	(1,087,284)	-	-	-	(21,902,546)
<b>Total</b>							
comprehensive (loss)/income for the year	7,402,262	(20,815,262)	(1,087,284)	-	-	-	(14,500,284)
Transfer to general fund	296,133	-	-	-	(296,133)	-	-
Transfer from general fund	(177,875)	-	-	-	177,875	-	-
<b>Balance as at 30 June 2024</b>	60,610,353	70,151,859	(296,895)	1,000,000	872,780	1,000,000	133,338,097

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

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