



**Hong Kong Examinations and
Assessment Authority**
香港考試及評核局

31 August 2022

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Independent auditor's report to the Council of Hong Kong Examinations and Assessment Authority

Opinion

We have audited the financial statements of Hong Kong Examinations and Assessment Authority ("the Authority") set out on pages 4 to 28, which comprise the balance sheet as at 31 August 2022, the statement of comprehensive income, the statement of changes in reserves and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Authority as at 31 August 2022 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Authority 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.

Responsibilities of the Authority for the financial statements

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

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

Independent auditor's report to the Council of Hong Kong Examinations and Assessment Authority (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 11 of the Hong Kong Examinations and Assessment Authority 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Independent auditor's report to the Council of Hong Kong Examinations and Assessment Authority (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

We communicate with the Authority 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.



Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

-7 DEC 2022

Balance sheet at 31 August 2022

(Expressed in Hong Kong dollars)

	Note	2022	2021
Non-current asset			
Fixed assets	3	\$ 84,147,743	\$ 81,615,917
Current assets			
Inventories	4	\$ 1,196,204	\$ 1,073,714
Prepayments, sundry deposits and receivables	5	35,964,377	33,266,781
Cash and bank deposits	6	428,257,717	269,612,606
		\$ 465,418,298	\$ 303,953,101
Current liabilities			
Accounts payable and accruals		\$ 113,964,034	\$ 83,437,227
Contract liabilities	7	4,946,791	9,305,585
Lease liabilities	8	8,298,764	7,040,239
		127,209,589	99,783,051
Net current assets		\$ 338,208,709	\$ 204,170,050
Total assets less current liabilities		\$ 422,356,452	\$ 285,785,967
Non-current liabilities			
Accounts payable and accruals		\$ 15,716,154	\$ 12,186,532
Lease liabilities	8	3,124,903	6,632,321
		18,841,057	18,818,853
Net assets		\$ 403,515,395	\$ 266,967,114
Representing:			
Accumulated surplus		\$ 403,515,395	\$ 266,967,114

Approved and authorised for issue on behalf of the Hong Kong Examinations and Assessment Authority

Chairman
Hong Kong,

- 7 DEC 2022

The notes on pages 9 to 28 form part of these financial statements.

Statement of comprehensive income for the year ended 31 August 2022 (Expressed in Hong Kong dollars)

	Note	2022	2021
Income			
Hong Kong Diploma of Secondary Education Examination	\$ 178,276,408	\$ 177,191,329	
International and professional and other local examinations	90,597,210	99,761,009	
Territory-wide System Assessment	77,351,000	68,070,000	
Sale of publications and license fee	13,357,910	13,529,091	
Government grants	198,270,000	80,000,000	
Interest income	2,683,028	1,518,090	
Sundry income	16,183,167	14,573,566	
	10	\$ 576,718,723	\$ 454,643,085
Expenditure			
Staff costs	11(b) \$ 234,292,027	\$ 235,555,188	
Examination personnel expenses	57,883,355	59,954,871	
Administrative and other operating expenses	115,642,527	84,686,923	
Depreciation	32,181,627	32,016,055	
Finance costs	170,906	251,398	
		440,170,442	412,464,435
Surplus and total comprehensive income for the year	11	\$ 136,548,281	\$ 42,178,650

The notes on pages 9 to 28 form part of these financial statements.

Statement of changes in reserves for the year ended 31 August 2022 (Expressed in Hong Kong dollars)

	<i>Accumulated surplus</i>
At 1 September 2020	\$ 224,788,464
Surplus and total comprehensive income for the year	<u>42,178,650</u>
At 31 August 2021 and 1 September 2021	\$ 266,967,114
Surplus and total comprehensive income for the year	<u>136,548,281</u>
At 31 August 2022	<u><u>\$ 403,515,395</u></u>

The notes on pages 9 to 28 form part of these financial statements.

Cash flow statement

for the year ended 31 August 2022

(Expressed in Hong Kong dollars)

	Note	2022	2021
Operating activities			
Surplus for the year		\$ 136,548,281	\$ 42,178,650
Adjustments for:			
Depreciation	11(c)	32,181,627	32,016,055
Interest income	10	(2,683,028)	(1,518,090)
Gain on disposal of fixed assets	11(c)	(710)	(25,268)
Finance costs	11(a)	170,906	251,398
Operating surplus before changes in working capital		\$ 166,217,076	\$ 72,902,745
(Increase)/decrease in inventories		(122,490)	214,993
Increase in prepayments, sundry deposits and receivables		(1,507,948)	(1,253,526)
Increase/(decrease) in accounts payable and accruals		30,738,215	(107,562,295)
Decrease in contract liabilities		(4,358,794)	(230,383)
Net cash generated from/(used in) operating activities		\$ 190,966,059	\$ (35,928,466)
Investing activities			
Payment for the purchase of fixed assets		\$ (25,374,691)	\$ (24,032,412)
Proceeds from disposal of fixed assets		710	27,009
(Increase)/decrease in bank deposits with maturity over three months at acquisition		(283,000,000)	149,040,000
Interest received		1,493,380	2,562,950
Net cash (used in)/generated from investing activities		\$ (306,880,601)	\$ 127,597,547

Cash flow statement for the year ended 31 August 2022 (continued) (Expressed in Hong Kong dollars)

	Note	2022	2021
Financing activities			
Capital element of lease rentals paid	6(b)	\$ (8,269,441)	\$ (8,087,131)
Interest element of lease rentals paid	6(b)	<u>(170,906)</u>	<u>(251,398)</u>
Net cash used in financing activities		<u>\$ (8,440,347)</u>	<u>\$ (8,338,529)</u>
Net (decrease)/increase in cash and cash equivalents		\$ (124,354,889)	\$ 83,330,552
Cash and cash equivalents at 1 September		<u>238,222,606</u>	<u>154,892,054</u>
Cash and cash equivalents at 31 August	6	<u>\$ 113,867,717</u>	<u>\$ 238,222,606</u>

The notes on pages 9 to 28 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 The Authority

The Hong Kong Examinations and Assessment Authority (the "Authority") is an independent statutory body established under the Hong Kong Examinations and Assessment Authority Ordinance (Chapter 261) ("the Ordinance"). The principal activity of the Authority is to conduct the Hong Kong Diploma of Secondary Education Examination ("HKDSE Examination").

The resources of the Authority shall mainly consist of the fees paid by candidates taking examinations or assessments, or payments received for services rendered by the Authority and in the exercise of its powers and duties, as well as subsidies made available from time to time by the Government to assist towards the cost of conducting the specified examinations. In view of the continuously declining candidature of the HKDSE Examination, approval has been sought from the Finance Committee of the Legislative Council for an interim non-recurrent four-year funding commitment of \$360.8 million in support of the Authority's operation until 2021/2022. A sum of \$178.3 million was transferred to the Authority in 2021/2022 having regard to the Authority's cash flow requirements for operational and developmental needs. The accumulated funding disbursed from 2018/19 to 2021/22 amounted to \$360.5 million. To sustain the operation of the Authority, a joint Task Force on the long-term funding of the Authority has been set up in conjunction with the Education Bureau to explore possible long-term funding options. In February 2021, the Education Bureau presented to the Panel on Education of the Legislative Council on the current financial structure of the Authority and the initial thoughts on the long-term funding options. Based on the above facts and ongoing cost saving initiatives, the Authority considers that there are no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern in the coming financial year.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. Significant accounting policies adopted by the Authority are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Authority. None of these developments have had a material effect on how the Authority's results and financial position for the current or prior periods have been prepared or presented. The Authority has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 Significant accounting policies (continued)

(b) Basis of preparation of the financial statements

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

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

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

(c) Fixed assets

Fixed assets, including right-of-use assets arising from leases of underlying fixed assets, are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

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

- Leasehold improvements	Over the remaining period of the lease
- Furniture, fixtures and equipment	5 years
- Computer equipment	5 years
- Motor vehicles	5 years
- Right-of-use assets	Over the remaining period of the lease

Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 Significant accounting policies (continued)

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised in the statement of comprehensive income to the extent that the carrying amount of an asset, or the cash-generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the statement of comprehensive income on the date of retirement or disposal.

(d) **Leased assets**

At inception of a contract, the Authority assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the Authority, as a lessee, recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Authority enters into a lease in respect of a low-value asset, the Authority decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(c)).

2 Significant accounting policies (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Authority's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Authority will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 "Leases". In such cases, the Authority took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred.

In the balance sheet, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(e) Inventories

Inventories purchased for use or resale are carried at the lower of cost and net realisable value.

Publications printed by the Authority are stated at the cost of paper consumed.

(f) Receivables

A receivable is recognised when the Authority has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Authority has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost, using the effective interest method and including an allowance for credit losses as determined below:

The loss allowance is measured at an amount equal to lifetime expected credit loss ("ECL"), which are those losses that are expected to occur over the expected life of the account receivables. The loss allowance is estimated using the Authority's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

2 Significant accounting policies (continued)

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The Authority recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of account and other receivables through a loss allowance account.

The gross carrying amount of a debtor or other receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Authority determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks, having been within three months of maturity at acquisition.

(h) Account and other payables

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

(i) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Authority recognises the related revenue. A contract liability would also be recognised if the Authority has an unconditional right to receive non-refundable consideration before the Authority recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(f)).

(j) Provisions and contingent liabilities

Provisions are recognised when the Authority has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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, whose existence 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2 Significant accounting policies (continued)

(k) Revenue recognition and other income

Income is classified by the Authority as revenue when it arises from the sale of goods, the provision of services in the ordinary course of the Authority's business.

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the Authority is expected to be entitled, excluding those amounts collected on behalf of third parties.

Further details of the Authority's revenue recognition policies are as follows:

(i) Examination fees income

Examination fees are recognised as income on completion of the respective examinations. In the case of examinations conducted for international and professional and other local examination bodies which is held on behalf of them, the handling fee will be recognised based on the percentage of the gross examination fee on completion of the examinations.

(ii) Income from Territory-wide System Assessment

Income from Territory-wide System Assessment is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

(iii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(iv) Sale of publications and license fee

Revenue arising from the sale of publications and license fee is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time of cash receipt for retail sales or the time of delivery for wholesale sales or receipt of payment for license fee.

(v) Government grants

Government grants for general purposes are recognised as income when the grants have been received or are receivable.

(l) Employee benefits

(i) Salaries, contract gratuities and paid annual leave are accrued in the year in which the associated services are rendered by employees.

2 Significant accounting policies (continued)

- (ii) The Authority operates a defined contribution retirement benefit scheme registered under the Hong Kong Occupational Retirement Schemes Ordinance, the assets of which are held separately from those of the Authority. The Authority's contributions under the retirement benefit scheme are charged to the statement of comprehensive income as incurred.
- (iii) In addition, the Authority operates a basic Mandatory Provident Fund Scheme ("MPF scheme") and a top-up MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The basic MPF scheme is for employees not covered by the defined contribution retirement benefit scheme mentioned above. The top-up MPF scheme is for employees previously covered by the defined contribution retirement benefit scheme mentioned above but who opted to transfer to the top-up MPF scheme. Both MPF schemes are defined contribution retirement schemes administered by independent trustees. Contributions to the MPF schemes are recognised as an expense in the statement of comprehensive income as incurred.

Under the basic MPF scheme, the Authority and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of \$30,000.

Under the top-up MPF scheme, the Authority is required to make contributions to the scheme at 15% of the employees' base salary or 5% of the employees' relevant income, subject to a cap of monthly relevant income of \$30,000, whichever is higher. The employees are required to make contributions to the scheme at 5% of base salary or 5% of relevant income, subject to a cap of monthly relevant income of \$30,000, whichever is higher.

(m) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in the statement of comprehensive income.

(n) Related parties

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

2 Significant accounting policies (continued)

- (b) An entity is related to the Authority if any of the following conditions applies:
- (i) The entity and the Authority 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 employees of either the Authority or an entity related to the Authority.
 - (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 Authority.

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.

3 Fixed assets

	<i>Leasehold improvements</i>	<i>Furniture, fixtures and equipment</i>	<i>Computer System & equipment</i>	<i>Motor vehicles</i>	<i>Right-of-use assets</i>	<i>Total</i>
Cost:						
At 1 September 2020	\$ 107,312,067	\$ 27,376,039	\$ 215,400,242	\$ 306,139	\$ 29,326,016	\$ 379,720,503
Additions	4,332,858	3,423,888	18,392,301	-	-	26,149,047
Disposals	-	(368,136)	(7,588,202)	-	-	(7,956,338)
At 31 August 2021	<u>\$ 111,644,925</u>	<u>\$ 30,431,791</u>	<u>\$ 226,204,341</u>	<u>\$ 306,139</u>	<u>\$ 29,326,016</u>	<u>\$ 397,913,212</u>
At 1 September 2021	\$ 111,644,925	\$ 30,431,791	\$ 226,204,341	\$ 306,139	\$ 29,326,016	\$ 397,913,212
Additions	3,141,376	1,080,189	24,471,340	-	6,020,548	34,713,453
Disposals	-	(1,367,393)	(3,283,839)	-	-	(4,651,232)
At 31 August 2022	<u>\$ 114,786,301</u>	<u>\$ 30,144,587</u>	<u>\$ 247,391,842</u>	<u>\$ 306,139</u>	<u>\$ 35,346,564</u>	<u>\$ 427,975,433</u>
Accumulated depreciation:						
At 1 September 2020	\$ 94,258,739	\$ 15,761,611	\$ 174,116,604	\$ 112,251	\$ 7,986,632	\$ 292,235,837
Charge for the year	4,416,769	3,263,351	16,156,455	61,228	8,118,252	32,016,055
Written back on disposal	-	(368,137)	(7,586,460)	-	-	(7,954,597)
At 31 August 2021	<u>\$ 98,675,508</u>	<u>\$ 18,656,825</u>	<u>\$ 182,686,599</u>	<u>\$ 173,479</u>	<u>\$ 16,104,884</u>	<u>\$ 316,297,295</u>
At 1 September 2021	\$ 98,675,508	\$ 18,656,825	\$ 182,686,599	\$ 173,479	\$ 16,104,884	\$ 316,297,295
Charge for the year	2,905,059	3,594,292	17,509,749	61,228	8,111,299	32,181,627
Written back on disposal	-	(1,367,393)	(3,283,839)	-	-	(4,651,232)
At 31 August 2022	<u>\$ 101,580,567</u>	<u>\$ 20,883,724</u>	<u>\$ 196,912,509</u>	<u>\$ 234,707</u>	<u>\$ 24,216,183</u>	<u>\$ 343,827,690</u>
Net book value:						
At 31 August 2022	<u>\$ 13,205,734</u>	<u>\$ 9,260,863</u>	<u>\$ 50,479,333</u>	<u>\$ 71,432</u>	<u>\$ 11,130,381</u>	<u>\$ 84,147,743</u>
At 31 August 2021	<u>\$ 12,969,417</u>	<u>\$ 11,774,966</u>	<u>\$ 43,517,742</u>	<u>\$ 132,660</u>	<u>\$ 13,221,132</u>	<u>\$ 81,615,917</u>

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	<i>Note</i>	<i>2022</i>	<i>2021</i>
Properties leased for own use	(i)	<u>\$ 11,130,381</u>	<u>\$ 13,221,132</u>

3 Fixed assets (continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2022	2021
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	\$ 8,111,299	\$ 8,118,252
Interest on lease liabilities (note 11(a))	\$ 170,906	\$ 251,398
Expense relating to short-term leases	7,280,068	7,842,638

During the year, additions to right-of-use assets were \$6,020,548 (2021: \$Nil). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 6(c) and 8 respectively.

(i) Properties leased for own use

The Authority has obtained the right to use the properties as its office and warehouses through tenancy agreements. The leases typically run for an initial period up to 3 years.

4 Inventories

	2022	2021
Stationery and printing materials	\$ 60,000	\$ 50,600
Publications	1,136,204	1,023,114
	<u>\$ 1,196,204</u>	<u>\$ 1,073,714</u>

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2022	2021
Carrying amount of inventories sold	<u>\$ 773,734</u>	<u>\$ 1,524,889</u>

5 Prepayments, sundry deposits and receivables

	2022	2021
Amount due from the Education Bureau	\$ 7,963,123	\$ 6,570,304
Other receivables	11,752,056	16,946,454
Interest receivable	1,280,267	90,619
Prepayments and sundry deposits	14,968,931	9,659,404
	<u>\$ 35,964,377</u>	<u>\$ 33,266,781</u>

As at 31 August 2022, an amount of \$1,037,435 (2021: \$896,680) included within prepayments and sundry deposits in respect of rental and sundry deposits is expected to be recovered after more than one year. All of the other prepayments, sundry deposits and receivables are expected to be recovered or recognised as expense within one year.

Amount due from the Education Bureau and other receivables are normally due immediately from the date when reimbursement claimed. Further details on the Authority's credit policy are set out in note 14(a).

6 Cash and bank deposits

(a) Cash and cash equivalents comprise:

	2022	2021
Cash and cash equivalents		
- Cash at bank and in hand	\$ 113,867,717	\$ 238,222,606
Time deposits with maturity over three months at acquisition	314,390,000	31,390,000
	<u>\$ 428,257,717</u>	<u>\$ 269,612,606</u>

At 31 August 2022, cash and bank deposits amounting to \$4,343,917 (2021: \$7,906,096) were held by the Authority on behalf of certain international and professional examining bodies. The corresponding amounts due to these international and professional examining bodies are included in accounts payable and accruals.

The bank deposits at 31 August 2022 bear interest at rates ranging from 0.87% to 2.85% (2021: 0.25% to 0.55%) per annum.

6 Cash and bank deposits (continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Authority's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	<i>Lease liabilities</i> (Note 8)
At 31 August 2020 and 1 September 2020	\$ 21,759,691
Changes from financing cash flows:	
Capital element of lease rentals paid	\$ (8,087,131)
Interest element of lease rentals paid	(251,398)
Total changes from financing cash flows	<u>\$ (8,338,529)</u>
Other change:	
Finance costs (note 11(a))	<u>\$ 251,398</u>
At 31 August 2021 and 1 September 2021	\$ 13,672,560
Changes from financing cash flows:	
Capital element of lease rentals paid	\$ (8,269,441)
Interest element of lease rentals paid	(170,906)
Total changes from financing cash flows	<u>\$ (8,440,347)</u>
Other changes:	
Finance costs (note 11(a))	\$ 170,906
Increase in lease liabilities from renewal of leases during the year	6,020,548
	<u>\$ 6,191,454</u>
At 31 August 2022	\$ 11,423,667

6 Cash and bank deposits (continued)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2022	2021
Within operating cash flows	\$ 7,280,068	\$ 7,842,638
Within financing cash flows	8,440,347	8,338,529
	<u>\$ 15,720,415</u>	<u>\$ 16,181,167</u>

7 Contract liabilities

	2022	2021
Contract liabilities	<u>\$ 4,946,791</u>	<u>\$ 9,305,585</u>

Contract liabilities represents examination fees received in advance of examinations and service charges received for Territory-wide System Assessment to be conducted after the balance sheet date. As at 31 August 2022, all contract liabilities are expected to be recognised as revenue within one year.

Movements in contract liabilities

Balance at 1 September 2020	\$ 9,535,968
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(9,535,968)
Increase in contract liabilities as a result of increase in examination fees and service charges received during the year	<u>9,305,585</u>
Balance at 31 August 2021 and 1 September 2021	\$ 9,305,585
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(9,305,585)
Increase in contract liabilities as a result of increase in examination fees and service charges received during the year	<u>4,946,791</u>
Balance at 31 August 2022	<u>\$ 4,946,791</u>

8 Lease liabilities

The following table shows the remaining contractual maturities of the Authority's lease liabilities at the end of the current and previous reporting period:

	2022	2021
Within 1 year	\$ 8,298,764	\$ 7,040,239
After 1 year but within 2 years	\$ 3,124,903	\$ 5,296,388
After 2 years but within 5 years	-	1,335,933
	<u>\$ 3,124,903</u>	<u>\$ 6,632,321</u>
	<u>\$ 11,423,667</u>	<u>\$ 13,672,560</u>

9 Remuneration of key management personnel

Key management personnel of the Authority include the members of the Authority Council and its Committees, Secretary General and functional directors.

Members of the Authority Council and its Committees are not entitled to receive any remuneration, except travelling allowances.

The remuneration of the Secretary General and functional directors is as follows:

	2022	2021
Contributions to defined contribution retirement plan	\$ 61,500	\$ 54,000
Salaries and other benefits	<u>9,846,592</u>	<u>10,156,148</u>
	<u>\$ 9,908,092</u>	<u>\$ 10,210,148</u>

9 Remuneration of key management personnel (continued)

The number of key management personnel who are entitled to receive remuneration and their remuneration fell within the following bands:

	2022 Number	2021 Number
\$1,500,001 to \$2,000,000	1	-
\$2,000,001 to \$2,500,000	2	2
\$2,500,001 to \$3,000,000	-	1
\$3,000,001 to \$3,500,000	1	1
	<u>4</u>	<u>4</u>

10 Income

	2022	2021
Income from contracts with customers within the scope of HKFRS 15		
Hong Kong Diploma of Secondary Education Examination	\$ 178,276,408	\$ 177,191,329
International and professional and other local examinations	90,597,210	99,761,009
Territory-wide System Assessment	77,351,000	68,070,000
Sale of publications and license fee	13,357,910	13,529,091
Sundry income	16,183,167	14,573,566
	<u>\$375,765,695</u>	<u>\$ 373,124,995</u>
Revenue from other sources		
Government grants		
- Four-year Non-Recurrent Funding	\$ 178,270,000	\$ 80,000,000
- One-off Special Anti-epidemic Grant	20,000,000	-
	<u>\$ 198,270,000</u>	<u>\$ 80,000,000</u>
Interest income	2,683,028	1,518,090
	<u>\$ 200,953,028</u>	<u>\$ 81,518,090</u>
Total income	<u>\$ 576,718,723</u>	<u>\$ 454,643,085</u>

10 Income (continued)

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 August 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Authority's existing Territory-wide System Assessment is \$122 million (2021: \$211 million). This amount represents income expected to be recognised in the future for completion of its performance obligations, which is expected to occur in one year.

The Authority has applied the practical expedient in paragraph 121 of HKFRS 15 to its income from Hong Kong Diploma of Secondary Education Examination and International and professional and other local examinations such that the above information does not include information about income that the Authority will be entitled to when it satisfies the remaining performance obligations that had an original expected duration of one year or less.

11 Surplus for the year

Surplus for the year is arrived at after charging/(crediting):

	2022	2021
(a) Finance costs		
Interest on lease liabilities (note 6(b))	\$ 170,906	\$ 251,398
(b) Staff costs		
Contributions to defined contribution retirement plan	\$ 8,253,072	\$ 9,252,586
Salaries, wages and other benefits	226,038,955	226,302,602
	<u>\$ 234,292,027</u>	<u>\$ 235,555,188</u>
(c) Other items		
Auditor's remuneration	\$ 601,533	\$ 584,333
Depreciation (note 3)		
- other fixed assets	24,070,328	23,897,803
- right-of-use assets	8,111,299	8,118,252
Expenses relating to short-term lease	7,280,068	7,842,638
Gain on disposal of fixed assets	(710)	(25,268)
Cost of inventories (note 4)	773,734	1,524,889

12 Taxation

The Authority is exempted from Hong Kong Profits Tax under the provision of Section 88 of the Hong Kong Inland Revenue Ordinance.

13 Capital management

The Authority defines capital as its accumulated surplus as well as grants from the Government. The primary objective of the Authority's capital management is to safeguard the Authority's ability to continue as a going concern and support stable operations of the Authority. The Authority is not subject to any externally imposed requirements.

14 Financial risk management and fair values

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Authority's operations. The Authority's exposure to these risks and the financial risk management policies and practices used by the Authority are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Authority. The Authority's credit risks are primarily attributable to prepayments, sundry deposits and receivables and cash and bank deposits. Management manages these risks as follows:

The Authority's exposure to credit risk arising from cash and bank deposits is limited because the counterparties are banks with high credit ratings, for which the Authority considers to have low credit risk.

Amounts due from Education Bureau and other receivables

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Authority's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. At the balance sheet date, the Authority has a concentration of credit risk as 78% (2021: 89%) of total receivables was due from the Authority's five largest debtors.

14 Financial risk management and fair values (continued)

The Authority measures loss allowances for amounts due from Education Bureau and other receivables at an amount equal to lifetime ECLs, which is calculated using the Authority's historical credit loss experience. At 31 August 2022, all amounts due from Education Bureau and other receivables, based on the invoice date (or date of revenue recognition, if earlier), are within 3 months. Given the customers of the Authority are mainly government-related bodies and reputable professional bodies and the Authority has not experienced any credit losses in the past, management considers that the allowance for expected credit loss is insignificant.

(b) Liquidity risk

The Authority's policy is to regularly monitor current and expected liquidity requirements and to ensure that it maintains sufficient reserves of cash including government grants to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Authority's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Authority can be required to pay:

	<i>Contractual undiscounted cash outflow</i>				<i>Carrying amount at 31 Aug</i>
	<i>Within 1 year or on demand</i>	<i>More than 1 year but less than 2 years</i>	<i>More than 2 years but less than 5 years</i>	<i>Total</i>	
2022					
Lease liabilities	\$ 8,403,432	\$ 3,133,685	\$ -	\$ 11,537,117	\$ 11,423,667
Accounts payable and accruals	113,964,034	12,429,538	3,286,616	129,680,188	129,680,188
	<u>\$ 122,367,466</u>	<u>\$ 15,563,223</u>	<u>\$ 3,286,616</u>	<u>\$ 141,217,305</u>	<u>\$ 141,103,855</u>
2021					
Lease liabilities	\$ 7,175,792	\$ 5,350,080	\$ 1,337,520	\$ 13,863,392	\$ 13,672,560
Accounts payable and accruals	83,437,227	7,246,018	4,940,514	95,623,759	95,623,759
	<u>\$ 90,613,019</u>	<u>\$ 12,596,098</u>	<u>\$ 6,278,034</u>	<u>\$ 109,487,151</u>	<u>\$ 109,296,319</u>

14 Financial risk management and fair values (continued)

(c) *Interest rate risk*

The Authority's exposure to changes in interest rate risk relates primarily to the Authority's bank deposits. In respect of these income-earning financial assets, their interest rates and maturity profile at the balance sheet date are disclosed in note 6. The Authority considers that the exposure to interest rate risk from lease liabilities is minimal.

(d) *Fair values*

All financial instruments are carried at amounts not materially different from their fair values as at 31 August 2022 and 2021.

15 Commitments

- (a) Capital commitments outstanding at 31 August 2022 not provided for in the financial statements were as follows:

	2022	2021
Contracted for	\$ 13,969,724	\$ 9,960,688

16 Material related party transactions

Apart from the transactions and balances disclosed in notes 5, 9, 10 and elsewhere in the financial statements, the Authority did not enter into any other material related party transactions.

17 Non-adjusting events after the reporting period

Subsequent to the reporting period, the Authority entered into a renovation contract for the leased ex-Hung Hom Government Primary School Premises with contract sum of approximately \$70 million. No adjustments have been made to these financial statements as the renovation works are to be commenced after the reporting period.

18 Possible impact of amendments and new standards issued but not yet effective for the year ended 31 August 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 August 2022 and which have not been adopted in these financial statements. These include the following which may be relevant to the Authority.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 3, <i>Reference to the conceptual framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, plant and equipment: Proceeds before intended use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous Contracts - cost of fulfilling a contract</i>	1 January 2022
Annual improvements to HKFRSs 2018-2020 cycle	1 January 2022
Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023

The Authority is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Authority's financial statements.

Detailed supporting schedules to the balance sheet at 31 August 2022 (Expressed in Hong Kong dollars)

Appendix I

2022 2021

1 Prepayments, sundry deposits and receivables

Interest on fixed deposits and savings account to be received	\$ 1,280,267	\$ 90,619
Service charges and expenses receivable from other examination bodies for the conduct of examinations in Hong Kong	10,855,182	16,824,280
Prepayments and other accounts receivable	14,654,363	8,727,707
Sundry deposits	1,211,442	1,053,871
Service charges and receivables from the Education Bureau	7,963,123	6,570,304
	<u>\$ 35,964,377</u>	<u>\$ 33,266,781</u>

2 Accounts payable and accruals

Provision for unutilised annual leave	\$ 14,715,986	\$ 15,873,203
Provision for gratuity payments	27,285,646	24,033,003
Provision for examination personnel expenses	9,579,763	8,682,375
Amount due to examination bodies	49,337,751	24,661,386
Payables to fixed assets suppliers	12,988,672	9,670,458
Other accounts payable and accruals	15,772,370	12,703,334
	<u>\$ 129,680,188</u>	<u>\$ 95,623,759</u>

Detailed supporting schedules
to the statement of comprehensive income
for the year ended 31 August 2022
(Expressed in Hong Kong dollars)

Appendix II

2022 2021

1 Income

(a) Hong Kong Diploma of Secondary Education Examination

Examination fees	\$ 152,269,050	\$ 154,151,552
Supplementary fees	696,879	717,022
Rechecking and remarking fees	25,310,479	22,322,755
	<u>\$ 178,276,408</u>	<u>\$ 177,191,329</u>

(b) International and professional and other local examinations

International and professional and other local examinations	\$ 77,938,533	\$ 87,063,450
Language proficiency assessment for teachers	12,658,677	12,697,559
	<u>\$ 90,597,210</u>	<u>\$ 99,761,009</u>

Detailed supporting schedules
to the statement of comprehensive income
for the year ended 31 August 2022 (continued)
(Expressed in Hong Kong dollars)

**Appendix II
(continued)**

	2022	2021
2 Expenditure		
(a) Staff costs		
Contract gratuities	\$ 17,027,012	\$ 16,615,469
Medical and dental	8,299,535	9,041,914
Overtime	867,297	795,035
Contributions to the retirement benefit scheme and the MPF scheme	8,253,072	9,252,586
Salaries and other allowances	187,984,639	188,392,002
Temporary staff	11,860,472	11,458,182
	<u>\$ 234,292,027</u>	<u>\$ 235,555,188</u>
(b) Examination personnel expenses		
Multiple choice item writers	\$ 140,558	\$ 138,304
Moderators/Setters/Examiners	10,958,596	11,169,413
Markers/Oral examiners	38,126,026	38,174,655
Centre supervisors and invigilators	5,913,623	7,546,351
Other examination personnel	2,744,552	2,926,148
	<u>\$ 57,883,355</u>	<u>\$ 59,954,871</u>

Detailed supporting schedules
to the statement of comprehensive income
for the year ended 31 August 2022 (continued)
(Expressed in Hong Kong dollars)

**Appendix II
(continued)**

	2022	2021
2 Expenditure (continued)		
(c) Administrative and other operating expenses		
Air-conditioning, electricity and water	\$ 7,061,285	\$ 6,501,904
Audit fee	601,533	584,333
Barcode label and other scan cost	1,234,013	1,410,070
Building maintenance and cleaning	7,961,650	7,247,910
Computer service and maintenance	24,259,369	18,374,540
Examination materials	1,606,895	1,866,673
Examination materials – COVID-19 precautionary	14,565,000	-
Furniture and equipment	2,171,306	925,568
Hired transport	4,266,330	3,671,479
Insurance	1,176,273	1,139,214
Legal consultancy and outsourcing professional fees	9,558,649	3,585,648
Listening test recurrent expenses	298,907	336,372
Miscellaneous	4,238,968	2,495,757
Postage and air freight	801,946	929,355
Printing, publication and stationery	15,021,748	14,739,270
Rent, management fees and rates	5,774,644	5,166,842
Rental of examination halls and equipment	7,221,257	7,783,824
Research project	569,354	1,201,681
Securing services	4,625,488	3,940,655
Staff training and travelling	1,088,252	1,301,030
Staff welfare	96,341	104,164
Telephone, fax and internet charges	1,443,319	1,380,634
	<u>\$ 115,642,527</u>	<u>\$ 84,686,923</u>

Hong Kong Examinations and Assessment Authority

Report on Activities for September 2021 – August 2022

Introduction

2021/2022 was a challenging yet progressive year for the Hong Kong Examinations and Assessment Authority (HKEAA). The activities in this reporting year were multifarious, and some facilitated a strategic development of the Authority in the long run. This report presents the HKEAA's activities in two major areas in the financial year ending 31 August 2022, including (i) Corporate Governance and Development, and (ii) Examinations and Assessments, in particular the development, administration and delivery of the Hong Kong Diploma of Secondary Education Examination (HKDSE). A list of the examinations conducted by us is given in the **Attachment**.

Part I **Corporate Governance and Development**

- (A) Corporate Matters
- (B) Local, Mainland and Overseas Partnership
- (C) Human Resources and Administration, Finance and Information Technology (IT)
- (D) Quality Assurance

Part II **Examinations and Assessments**

- (A) HKDSE and Language Proficiency Assessment for Teachers (LPAT)
- (B) Research and Development
- (C) Territory-wide System Assessment (TSA)
- (D) International and Professional Examinations

Part I Corporate Governance and Development

(A) Corporate Matters

Council

1. The Chairman and one incumbent member were re-appointed and two new members were appointed to the Council by the Government in this reporting year. The Heads of Universities Committee nominated a new member to succeed the outgoing one. The new Executive Director of the Vocational Training Council has also joined the Council to succeed the retired Executive Director.

Engagement and Communication with Stakeholders

2. To strengthen communications with different stakeholders, the Stakeholders' Forum, hosted by the Chairman, Secretary General (SG) and the Directors, was held on 18 June 2022. Around 20 representatives from school councils, professional bodies of the education sector, parent-teacher associations and special educational needs (SEN) students' concern groups attended the Forum. The Forum was organised to enhance the communication with stakeholders, informing them about the latest development of the Authority. During the Forum, participants expressed support and recognition of the Authority in offering quality examination and assessment services, especially under the challenging time of the pandemic this year.
3. To enhance the public understanding of the HKDSE core subjects, a series of online information seminars was held on 15 and 22 January 2022. During the seminars, representatives of the Authority shared the latest updates on the 2022 HKDSE, the marking and grading of public examinations, and the assessment requirements of the core subjects with over 2,000 participants, including students, parents and teachers.
4. This year marks the 45th Anniversary of the Authority. To promote the achievements of the Authority over the decades and enhance public understanding of public examinations, a dedicated section on the corporate website about the anniversary was launched in August 2022. A virtual open day, which showcased the handling of answer scripts in the scanning centre and assessment centre, the HKDSE Diagnostic Feedback System, the Assessment Quality-assurance Platform, and the enhanced Public Examinations Support System, was also launched. Information about the anniversary events would be updated from time to time on the website to promote the 45th Anniversary of the Authority.
5. The DSE Express Blog platform has been one of our major communication channels for our stakeholders since the inaugural HKDSE. To enhance users' experiences, the Authority launched its revamped DSE Express Blog platform with a fresh new look in late 2021. During the year, over 30 pieces of blogs, which provided candidates with useful information, important reminders and latest updates on the HKDSE, were published on the DSE Express. The DSE Express has recorded around 107,000 unique visitors over the year, a rise of around 10% compared with that of the last reporting period. Positive coverage was generated in print, electronic and online media.
6. The HKEAA corporate website has been a pivotal platform for providing updated information of the Authority and examination and assessment services to the public.

During the reporting period, the corporate website recorded over a million visitors per month on average during the reporting period.

7. HKDSE App 9.0 version, which provides the latest information to candidates and members of the public regarding the HKDSE, was launched in mid-February 2022. Under the contingency arrangements of the 2022 HKDSE, candidates may login to ‘My Exam Schedule’ of the App to check their personalised examination information before receiving their admission forms. Around 90% i.e. over 44,800, of 2022 HKDSE candidates logged in to the HKDSE App. The latest version of the HKDSE App has recorded over 95,000 accumulative downloads (as of August 2022) since its launch.
8. The 2020/2021 HKEAA Annual Report with the theme ‘Striving for Professional Excellence’ was released online in late April 2022. The report highlighted the development and achievements of the Authority from September 2020 to August 2021. Primary and secondary schools, as well as major local and overseas stakeholders, were informed about the release of the report.
9. During the year, four issues of the HKEAA e-News were published to over 6,000 subscribers to provide updates on the latest development of the Authority, including the HKDSE, other assessment services and development of the Authority.

Media Relations

10. During the year, six press conferences, nine media interviews, two photo-call sessions, a number of press releases, messages to the media and by-lined articles were arranged to provide the public and the media with updated information about the development of the Authority and the HKDSE, including streamlining arrangements for the HKDSE, examination arrangements and contingency and precautionary measures for the 2022 HKDSE, daily statistics concerning candidates sitting the HKDSE at the special centre at the Penny’s Bay Community Isolation Facility (PBCIF), the release of results of the 2022 HKDSE, examination fees for the 2023 HKDSE, arrangements for Category C (Other Languages) subjects for the 2025 HKDSE and beyond.
11. During the reporting period, over 150 media enquiries were addressed. Over 90% of the enquiries were about the HKDSE, concerning precautionary and contingency arrangements, and the examination questions and examination irregularities.

International Recognition of HKDSE

12. As of August 2022, 129 Mainland higher education institutions and around 140 Taiwan higher education institutions admit Hong Kong students on the basis of HKDSE results. In addition, more than 600 non-local higher education institutions have accepted HKDSE qualification for admission to their undergraduate programmes, covering not only the institutions in the United Kingdom, Australia and Canada, the popular English-speaking places of study among HKDSE graduates, but also over 300 German public universities. In Germany, the HKDSE is considered as equivalent to the German school leaving certificate (Abitur). Candidates, who attain a minimum of level 3 in the four core subjects and two elective subjects in the HKDSE, can apply for admission to German public universities directly.

13. A letter was issued to admission officers of the non-local higher education institutions and via the consulates-general in Hong Kong to provide them with the latest updates on the optimising measures and relevant assessment materials for the 2024 HKDSE, including the level descriptors and samples of students' performance for the 2024 HKDSE Chinese Language and Citizenship & Social Development subjects. The institutions were invited to review and update their general admission requirements for HKDSE candidates as they find appropriate. The subject Citizenship & Social Development is formulated with reference to the rationale, curriculum and learning focuses of Liberal Studies. It is believed that this optimising arrangement will not affect the overall recognition of the HKDSE.
14. The Universities and Colleges Admissions Service (UCAS) announced that all international qualifications, including the HKDSE and non-regulated UK qualifications, were removed from the Tariff Tables in May 2022. The new arrangement is applicable to students entering UK higher education from September 2023 onwards. The UCAS also confirmed that this change will not impact the validity of the HKDSE or its acceptability for progression into higher education in the UK. Schools, students, parents, the media and admission officers of the non-local higher education institutions were provided with timely updates on the new arrangements of UCAS.
15. The HKEAA was invited by the Association for Study in Japan Supports (Hong Kong) to deliver a presentation on the latest development of the HKDSE during an online briefing session on 27 October 2021. Over 30 admission officers of higher education institutions in Japan joined the briefing.
16. In October and November 2021, SG and the Director of Public Examinations were invited to share about the latest development and recognition of the HKDSE to the officials and representatives of higher education institutions and organisations of the Mainland, Macao and Hong Kong at an education forum organised by the South China Normal University and the 3rd Guangdong-Hong Kong-Macao Cooperation and Development Forum organised by the College of Economics of Jinan University and other institutions and educational organisations respectively.

Recognition and Award

17. Two staff members received the Ombudsman's Awards 2021 for Officers of Public Organisations in recognition of their achievements in providing quality customer service. Since 2012, a total of 17 staff members have received the award.
18. The Authority was granted the 'Manpower Developer Grand Prize Award 2020-22' by the Employees Retraining Board in recognition of our contribution to the manpower training and development via providing job opportunities to different groups of people in the society.

HKEAA Code on Access to Information (the Code)

19. In 2021/2022, a total of 13 requests for access to information made under the Code were processed. Among them, six requests were fully complied with, while four were partially complied with. One request asking for confidential examination information was declined for reasons set out in Part 2 of the Code while the Authority does not have the

requested information for the two other requests.

(B) Local, Mainland and Overseas Partnership

20. During the reporting period, SG was invited to serve on the Academic Board for the Hong Kong and Macau Research Centre of the South China Normal University. Director of Examinations, Assessment and Research was also invited to serve on the Editorial Board of Language Testing and Assessment, a new academic journal founded by the Foreign Language Teaching and Research Press to promote the assessment and testing of languages in the Mainland.

(C) Human Resources and Administration, Finance and Information Technology (IT)

Renovation Project of ex-Hung Hom Government Primary School Premises (ex-HHGPS)

21. To support the sustainable long-term funding development of the Authority, one of the key measures is to acquire a rent-free premises or one at a nominal rent for office and assessment centre use. In July 2021, the Education Bureau (EDB) leased the ex-HHGPS premises with a usable floor area of around 2,950 m² to the Authority at the nominal rent for its initial ten years. The Authority planned to convert the premises into offices and an assessment/ education related centre. Renovation work is targeted to be completed by October 2023. After the office in the commercial building in Wan Chai is relocated to the ex-HHGPS, the leasing of the commercial building will be terminated accordingly.

Staff Communication

22. The All Staff Meeting has been established as two-way communication between management and staff. In view of the COVID-19 pandemic, the All Staff Meeting in January 2022 was changed to be conducted through online live broadcast to different office premises. To recognise outstanding performance of staff members, we also conferred the Distinguished Staff Award on one employee in the meeting and granted the Outstanding Team Award to three teams consisting of 47 staff members from various divisions. In 2021, a total of 60 staff members were awarded the Long Service Awards and Retirement Honour to acknowledge their contributions to the HKEAA.

Long-term Financial Sustainability of the Authority

23. Following the Legislative Council (LegCo)'s approval for the 4-year non-recurrent funding of HK\$360.8 million to support the operation of the Authority, the EDB transferred a total of HK\$178.27 million to the Authority in 2021/2022 to support its operations and development needs. The Authority continues to formulate different measures to achieve its financial sustainability, which include exploring income generation opportunities, adopting new technologies for certain HKDSE examinations and international and professional examinations, seeking support from the EDB for providing subsidy for SEN candidates, identifying grant for developmental needs, and adjusting the examination fees if necessary.

Additional Funding from Government - One-off Special Grant

24. During the reporting year, EDB disbursed a one-off special grant of HK\$20 million to support the Authority's unbudgeted spending on additional precautionary measures against infection at examination centres for the 2022 HKDSE. The additional funding was mainly used to procure rapid antigen tester kits for candidates and examination personnel, develop Internet Onscreen Marking (i-OSM) System and set up the special centre at the PBCIF for candidates affected by COVID-19 pandemic. The Authority has also executed several urgent and significant procurements despite the time constraint to allow a safe and smooth conduct of the 2022 HKDSE.

Cost Containment

25. The Authority has been rigorously pursuing cost containment initiatives to enhance financial sustainability and public accountability. The Authority has been reducing 8-10 headcounts from 2021/2022 to 2023/2024 to meet the cost-reduction pledge at 0-1-1 scale mentioned in the 2021 LegCo paper. In addition, the streamlining and optimisation of HKDSE examination subjects not only create space for students and cater for learner diversity, but also provide savings on examination personnel costs in the long run.

Task Force on Resource Utilisation and Technological Development

26. A cross divisional Task Force on Resource Utilisation and Technological Development has been formed to enhance the Authority's competitiveness and achieve long-term financial savings. The Task Force has identified several new development initiatives, including various IT projects ranging from infrastructure on cloud, examination material tracking (GPS) system, public examinations support system, computer-based test system, HKDSE enhancements and trial run of paperless examination. The development of phase 2 of HKDSE Diagnostic Feedback System will also be expedited.

Information Technology Infrastructure Review

27. In 2021/2022, the HKEAA embarked on a structural review on its information technology infrastructure which has been in use for many years, including data centre, central servers, storage and networking equipment, and application development framework. A consultancy company was appointed to conduct a review of our current information technology infrastructure and an infrastructure enhancement project has commenced in July 2022. It is anticipated that when the project completes, a more agile platform for applications and more cost-effective information technology operating model will be available.

Corporate Information Security Enhancement

28. The HKDSE system operations had been ISO 27001 (ISMS) certified for the past ten years. With information security and compliance becoming a recently default requirement in the examination administrative service contract with international examination boards, the Authority accomplished an extension of its ISMS to cover the international and professional examination operations in March 2022. To maintain awareness of information security in the Authority's daily operations, continuous and progressive training on information security has been provided to all staff members. In

collaboration with the Cyber Security and Technology Crime Bureau of the Hong Kong Police Force, the annual cyber-security drill on ‘ransomware’ was carried out in August 2022 to keep the Information Security Team of the Authority abreast of the latest incident responses and enhance their handling skills.

Public Examinations Support System (PESS)

29. The new generation of PESS, with mobile (or mobile devices) and web technology as the core solution, was kick-started in November 2021 to support candidates’ attendance taking, identity verification, scripts tracking, and real-time communication with examination centre to enhance the operational efficiency of public examinations. This is also the first step of introducing the Bring Your Own Device (BYOD) model in public examinations for streamlining examination operation. The solution was piloted on the school term examinations of four selected secondary schools from June to July 2022. The enhanced PESS will also be piloted in a small number of examination centres in the 2023 HKDSE.

Enhancement of the HKDSE Examination System

30. Different hardware components and application modules of the HKDSE enhancement project have been delivered by phases since 2019 to ensure the smooth operation of the HKDSE. 13 of the 15 HKDSE modules have been deployed for production. Migration of the remaining two modules has also been completed for user acceptance testing (UAT). In parallel with the migration exercise, a number of changes for HKDSE system were conducted to support various changes in examination arrangements and contingency measures due to the pandemic in early 2022.

(D) Quality Assurance

ISO 9001 Quality Management System (QMS) Audit

31. The Authority is committed to providing fair, valid and reliable examinations and assessment services in a professional, efficient and effective manner. Since the implementation of the ISO 9001 QMS in 2005, an annual internal audit review of the QMS for the conformity to the requirement of the ISO 9001 International Standard was conducted. It was confirmed that the QMS was effectively implemented and maintained. To fulfil the certification requirement of the ISO 9001:2015, an annual recertification audit was successfully conducted in March 2022 by the certification body with no non-conformity noted.

Risk Management and Internal Audit

32. Operating an adequate and effective risk management and internal control system is essential to operation of the Authority and its service quality. A review on the risk management framework by an independent expert was concluded in October 2021. The Authority has been closely following up on the recommendations of the review report.
33. The Authority continues overseeing the risk assessment and reviewing its internal control independently. A risk-and-effectiveness-based audit approach was adopted. Internal audits, such as the internal control reviews on Assessment Technology and

Research Division and on asset management of the Authority; and the review of the process of an admission type of examination had been conducted. No significant control deficiencies were noted and recommendations for process improvement had been/ would be adopted. Besides, to enhance governance and promote internal control awareness, the Authority has introduced the self-audit at division/ unit level on some routine processes, such as physical count of HKDSE question papers, publications and consumables, certificates/ result notices and statement of results issued by the Authority. The Authority has also conducted an internal control self-assessment exercise and the result did not reveal significant control issues within the Authority.

Part II Examinations and Assessments

(A) HKDSE and LPAT

Delivery of the 2022 HKDSE

34. The June and September registrations for the 2022 HKDSE were successfully completed in July and October 2021 respectively. The June registration covered Category C (Other Languages) subject examinations while the September registration covered Category A and Category B subject examinations. Compared with the previous year, the candidature for 2022 HKDSE went down by 3.9% (from 51,886 to 49,840). The majority of the candidates were Secondary 6 students from 471 schools, who had completed the three-year senior secondary curriculum. The number of day school candidates decreased by 1.8%, while the number of private candidates decreased from 8,107 to 6,960 (decreased by 14.1%). A total of 7 private candidates had applied for withdrawal from the examination for being unable to satisfy the applicable visa or quarantine requirements.
35. In view of the impact of COVID-19 on the learning and teaching for the cohort of students sitting the 2022 HKDSE, the School-based Assessment (SBA) and the public examination for the 2022 HKDSE were streamlined and announced on 9 February and 30 June 2021 respectively. The revised Assessment Frameworks for the 2022 HKDSE were released on the HKEAA website accordingly. Except for Mathematics, the assessment frameworks of 23 Category A subjects have been revised for the 2022 HKDSE, with a view to freeing up learning time and providing more flexibility for teachers and students. Some assessment tasks that require face-to-face contacts, need to be completed in school or require intensive individual teacher guidance were cancelled or streamlined. In addition, the Assessment Schemes of some Category B Applied Learning (ApL) subjects were also slightly modified where necessary.
36. Due to the ongoing pandemic of COVID-19, in consultation with the EDB and the Centre for Health Protection (CHP) of the Department of Health (DH), the HKEAA announced in January 2022 that the speaking examination of English Language be cancelled to reduce the risk of infection.
37. Based on the recommendations of the CHP of the DH, a series of strengthened contingency and precautionary measures were formulated for implementation at the examination centres, with the cooperation and support of schools, teachers, and examination personnel. Candidates who are undergoing mandatory quarantine or have not done the COVID-19 rapid antigen test (RAT) or have received a positive RAT result on the day of examination would not be allowed to enter the examination centre. RAT

kits were provided to all candidates and examination personnel for self-testing before going to examination centres on each examination day. To mitigate the risk of infections where candidates were required to take off the mask temporarily for verifying their identity during attendance taking, the procedure for checking candidates' identity took place before admission to the examination centres. Centre schools were also requested to make optimal use of school premises to space out candidates in the examination centre, adopt the ideal seating distance of 1.8 metres between candidates, and divide the hall into different zones and assign candidates to different zones according to their seat number for crowd control purposes. The 'Home cum District Centre Arrangement' for the core subjects in normal centres was smoothly implemented in the 2022 HKDSE.

38. Under the support from EDB, the Authority continued to provide necessary anti-epidemic supplies to centre schools which included RAT kits, KN95 face masks, face shields, protective gowns, alcohol-based handrub, alcohol swab, latex gloves, goggles, thermometers of various types, thermal imaging systems, etc.
39. The 2022 HKDSE, which was held from 22 April to 14 May 2022, was smoothly conducted with the strong cooperation and collaborative support of schools, teachers and examination personnel. 523 halls and more than 400 classrooms were provided by 435 centre schools during the written examinations. There were about 11,300 hall invigilator-sessions in total for the 2022 HKDSE. Additional precautionary measures were implemented for the Music and Physical Education practical examinations which were rescheduled for mid-May to early June 2022.
40. Candidates who were infected with COVID-19 or undergoing mandatory quarantine would not be allowed to enter the normal examination centres, but might choose to sit the written examinations at the special centre at the PBCIF. With the concerted efforts of the EDB, various government departments, designated taxi services, the Authority staff and hired invigilation personnel, a total of 44 candidates (including one SEN candidate) were successfully arranged to sit the examinations of 15 subjects on 17 examination days at the special centre at the PBCIF.

Special Examination Arrangements (SEAs) for SEN Candidates

41. In 2021/2022, 3,866 applications for SEAs for the 2022 and 2023 HKDSE were received, representing an increase of 16% over 2020/2021. In the 2022 HKDSE, SEAs were provided for 3,218 SEN candidates. In written examinations, the 'Enhanced Home Centre Approach' continued to be implemented whereby more schools set up home centres for their own SEN candidates requiring non-standard SEAs (e.g. extra time allowance other than 25%, use of ancillary aids/ equipment, familiar examination environment due to emotional/ adjustment/ medical problems) and to accommodate their remaining own SEN candidates as far as possible. As such, the number of home centres increased from 216 in the 2021 HKDSE to 247 in the 2022 HKDSE. In addition, the number of Home cum District Centres accommodating their own and other candidates with similar SEAs in the same district increased from 128 in 2021 HKDSE to 150 in 2022 HKDSE while two special centres were set up to serve the remaining SEN candidates. Besides, a total of 343 candidates used the speech-to-text software in Liberal Studies and/ or seven designated elective subjects.
42. In the 2022 HKDSE, about 5,300 of different sorts of special question papers were

smoothly produced for SEN candidates, representing a decrease of 5% in comparison with the 2021 examination. However, screen reader question papers, which require much effort to produce, account for more than half of the cases. Besides question papers, the number of USB to be duplicated for the listening papers of the two language subjects was greatly increased as more schools opted for using Public Address system or using classrooms instead of the school hall as examination venues. Measures have been taken to handle and prepare the special question papers and the increasing number of USB to be produced.

Post-Examination Operation

43. Despite the impact of COVID-19 on the post-examination operation, the processes of marking, mark processing and grading went smoothly and were completed as scheduled. To reduce health risks and the need to travel to the assessment centres, a trial run of i-OSM that enabled up to 600 markers to mark the 2022 HKDSE scripts at schools or at home was carried out from May to July 2022. The trial run of the i-OSM was well received by users.
44. In 2022 HKDSE, about 4,200 markers and about 400 marking assistants were appointed to mark approximately 661,000 answer scripts. Expert panel meetings for the grading of the core subjects and the elective subjects were held in late June and early July 2022 respectively and the results were released on 20 July 2022 as planned.
45. The appeal review applications in respect of processing of examination irregularities, the process of rechecking and remarking and the marking of scripts after access to scripts following data access requests (DARs) respectively recorded 2, 1 and 40 cases. In accordance with the Personal Data (Privacy) Ordinance, 11,939 HKDSE candidates filed DARs for examination-related personal data, including marked examination scripts for 27,784 subjects, before the scripts were destroyed.

2023 HKDSE

46. In view of the impact on learning and teaching due to the COVID-19 pandemic, the Public Examinations Board (PEB) has approved the streamlined assessment requirements for the 2023 HKDSE in late October 2021, including the cancellation of the speaking examination (Paper 4) of Chinese Language and the SBA (Independent Enquiry Study) of Liberal Studies. The streamlining arrangements aim to free up more learning time and provide more flexibility of teaching and learning for teachers and students.
47. In early December 2021, the PEB approved further streamlining of the public examinations and SBA of the 2023 HKDSE. The overall streamlining arrangements were the same as those for the 2022 HKDSE. These include cancellation of the SBA of ten subjects and streamlining the SBA of the remaining four subjects, and the requirements of the written and practical examinations are also streamlined. The revised Assessment Frameworks for the 2023 HKDSE were released on the HKEAA website accordingly.
48. In June 2022, the HKEAA announced a fee adjustment for the 2023 HKDSE. The Government will pay the examination fees for school candidates sitting for the 2023

HKDSE. This arrangement is not applicable to private candidates.

2024 HKDSE - Optimisation of Senior Secondary Core Subjects

49. Since the announcement of the optimisation of the HKDSE core subjects (i.e. Chinese Language, English Language, Mathematics and Citizenship & Social Development in lieu of Liberal Studies) for implementation with effect from the 2024 HKDSE, the Authority has provided sample papers/ questions and updated the SBA Teachers' Handbooks from June to July 2021 to illustrate the relevant changes in the public examinations and SBA of the subjects concerned. The draft level descriptors and samples of student performance for Chinese Language and Citizenship & Social Development were also made available on the HKEAA website for schools' reference in March 2022. Other development work on Citizenship & Social Development, such as professional development programmes for teachers and formulating the standard of the level 'Attained', is also in progress.

New Arrangements for Category C (Other Languages) Subjects for 2025 HKDSE and Beyond

50. Under the new arrangements for Category C (Other Languages) Subjects for the 2025 HKDSE and beyond, candidates will be required to take the stipulated official language examinations provided by official cultural organisations in Hong Kong. Five language subjects will be offered: the existing subjects including French, German, Japanese and Spanish, with the addition of Korean. Candidates' results that meet the stipulated proficiency level will be included in the HKDSE Category C results.
51. Meetings were held with representatives of the five cultural organisations recommended by the corresponding Consulates-general in mid-February to late April 2022 to discuss and agree on the details of collaboration between these organisations and the Authority. The proposed new arrangements were presented to the Curriculum Development Council, UGC-funded universities and JUPAS Office, and representatives of secondary school councils in late April to mid-May 2022, all of which supported the proposed arrangements. The new arrangements for Category C (Other Languages) subjects for 2025 HKDSE and beyond were approved by the PEB and the Council in May and June 2022 respectively.
52. A press release and a blog article were issued on 22 June 2022 for a public announcement of the new arrangements, with about 20 news reports generated. A letter was also sent to participating schools on the same day. Two sessions of webinars were held on 25 and 27 July 2022 to provide the school community with more details about the arrangements. Apart from the briefing by the Authority, representatives of the official cultural organisations were invited to introduce the five language examinations to schools in the webinars. A total of about 200 participants joined the sessions. Letters were also sent to the representatives of the Consulates-general and/ or cultural organisations of France, Germany, Spain, Japan and Korea to seek recognition of the HKDSE from more higher education institutions of these countries.

Provision of Support to Teachers and Students

53. To enhance transparency and teachers' understanding of the examination, briefing

sessions on the review of the 2021 examination were carried out for all 24 Category A subjects and ApL subjects from late September to late November 2021. In addition to physical seminars, other alternative modes of delivering these sessions were adopted as appropriate, including webinars and PowerPoint presentations (supplemented with voice over) available on the HKEAA website for teachers to download. The seminars and PowerPoint presentations provide subject teachers with information covering the requirements of the examinations, the marking criteria, candidates' general performance in the examinations and samples of candidates' performance.

54. Samples at different levels of performance for all Category A subjects and ApL subjects were also uploaded to the HKEAA website to enable teachers, students and other stakeholders to better understand the standard of the HKDSE. In addition, the 2021 HKDSE Question Papers for the 24 Category A subjects were available for sale in early November 2021 for the reference of teachers and students. Each subject-specific publication comprises the 2021 question papers, marking guidelines and comments on candidates' performance.
55. From October to November 2021, teachers' conferences and experience-sharing sessions on SBA were also conducted for subjects with SBA through various delivery modes including physical seminars, webinars or publishing PowerPoint presentations on the HKEAA website.
56. We continued to publish HKDSE School Statistical Reports for subscription by participating schools in late 2021. The tailor-made reports come in three categories, namely school report, class report, and teaching group report. To further facilitate learning and teaching of schools, the contents of the reports have been enhanced and the reports will be delivered to schools via an online platform instead of on CD-ROM starting from 2022.

Assessment Literacy Training (ALT) Programmes

57. The ALT Programme aims at introducing to secondary school teachers the major assessment principles and practices adopted in the HKDSE as well as the elements of assessment for learning. The Programme continued in 2021/2022 and two online sessions were held in March 2022 with about 60 participants.
58. In view of the COVID pandemic, an Applied Learning Review Session and Training was conducted online to a total of 62 Course Provider representatives on 24 September 2021, including those involved in ApL Chinese (for non-Chinese speaking students) and ApL Vocational English.
59. ALTs were also conducted for tertiary students and other professional bodies. An ALT on marking was conducted for 40 undergraduate students from the Hong Kong Metropolitan University in November 2021. An ALT on Multiple Choice Question setting was conducted for the Hong Kong Fire Services Department in December 2021 to a group of fire services officers responsible for setting examination questions. One training session was carried out in August 2022 for around 100 training and instructing staff of the Hong Kong Institute of Construction of the Construction Industry Council.
60. Riding on the positive feedback from participants, the Course on English Language

Assessment, a 10-session training course, was organised again for secondary school teachers from October to December 2021, enabling them to acquire a deeper understanding of key areas of English language testing.

2022 LPAT

61. Due to the impact of COVID-19 pandemic, the written and speaking assessments of LPAT originally scheduled for February 2022 were postponed to May and June 2022 respectively. A total of 2,966 candidates sat the 2022 LPAT, of which 1,398 sat for English Language and 1,568 for Putonghua. Precautionary measures were adopted to safeguard candidates and examination personnel against the risk of infection during the assessment and marking. The assessment results (excluding Classroom Language Assessment (CLA)) were released to candidates on 26 July 2022.
62. After the release of results, a total of 160 applications for rechecking and remarking were received, of which 14 cases applied for rechecking only and 146 cases for both rechecking and remarking. The rechecking and remarking process was duly carried out and the results were released to candidates on 31 August 2022.
63. Due to suspension of face-to-face classes in year 2021/2022, the completion of CLA by the EDB was deferred to August 2022. The results on CLA were released on 5 October 2022. The Assessment Reports (excluding CLA), which provide the chief examiners' observations on candidates' performance, including their strengths and areas for improvement, were released in mid-September 2022 through the websites of the HKEAA and the EDB for the reference of candidates, schools and teacher education institutions. The part on CLA will also be released on the websites in due course.

(B) Research and Development

Assessment Research

64. In 2021/2022, three research projects on the HKDSE have been completed. They include a study of using online delivery means for the speaking examination of English Language, a study of the implementation of SBA on the learning of Technology and Living (Food Science & Technology) and a study on standard setting for the level of 'Attained' for Citizenship & Social Development and its marking. The reports have been or will be duly presented to the Research and Development Committee.

Examination Paper Quality Audit

65. To ensure the quality of examination items in the 2022 HKDSE, an examination paper quality audit was conducted on four core subjects (Chinese Language, English Language, Mathematics – compulsory part and Liberal Studies) as well as four selected elective subjects (Chemistry, Chinese History, Design & Applied Technology and Music). Through both classical test theory and item response theory approaches, items were scrutinized using statistical indicators such as examination paper reliability, item difficulty and discrimination. Recommendations were made for further improvement in future assessment design and development, including selection of item format, development of marking rubrics, design of the Research Test for equating, and so on.

HKDSE Predicted Level Study

66. An online briefing session was held on 8 October 2021 to share the results of the 2021 HKDSE Predicted Level Study with 182 participating schools. The overall results of the 2021 study are similar to those in the previous year. The Predicted Level Study System was enhanced to allow schools to download their own school reports as needed. The general feedback from schools about the study was positive with many teachers being motivated to explore ways to improve their school assessments to achieve better prediction results.
67. The Authority continued conducting the HKDSE Predicted Level Study for the 2022 school candidates. Data collection was completed by the end of April 2022 with over 400 schools submitting their internal assessment marks (S6 mock examination results, S6 first-term examination results, or other sources) to the Predicted Level Study System. Data analysis started after the release of the HKDSE results and schools are expected to receive their reports in the new academic year.

HKDSE Diagnostic Feedback System (DFS)

68. The DFS Phase I project was completed as scheduled. Diagnostic feedback was designed for past HKDSE items on six subjects (Mathematics, Physics, Chemistry, Biology, Economics and Business, Accounting & Financial Studies). Two school pilots were conducted to refine the system and design promotion strategies.
69. The proposal and budget of the DFS Phase II project was approved by the Council in April 2022. While the DFS Phase I focused on the development of diagnostic feedback and a system to generate feedback reports that benefit students primarily, Phase II will target at teachers' professional development. Assessment literacy training and item writing workshops will be provided to Mathematics, Biology, Chemistry and Physics teachers in subscribing schools. The programme will provide schools with a brand-new experience by empowering their teachers to improve the effectiveness of their assessment activities through the development of quality assessment papers and the use of assessment data.

Participation in International Conferences and Publications

70. The Authority continued to connect with international assessment professionals by presenting papers in online webinars and virtual conferences. Two invited talks on AI technology and machine learning were given at the Nanyang Technological University in Singapore and the South China Normal University in the Mainland. Three research papers were presented at various international conferences, including, the 2022 annual meeting of the American Educational Research Association (AERA), the 2022 annual meeting of the National Council of Measurement in Education (NCME), and the Pacific Rim Objective Measurement Symposium (PROMS).
71. Seven research papers were published in leading international educational measurement journals and other peer reviewed journals, including Educational and Psychological Measurement, International Journal of Testing, Applied Psychological Measurement, Behavior Research Methods, Journal of Educational and Behavioral Statistics, Psychological Test and Assessment Modeling, and Journal of Educational Measurement.

Quality Assessment Management Accreditation Scheme (QAMAS)

72. A total of 11 primary and secondary schools were accredited in the 2021 QAMAS certificate presentation ceremony held on 17 November 2021 in recognition of their commitment to quality examination and assessment management. Key principles of item bank construction and the use of Assessment Quality-assurance Platform (AQP) were presented in the experience sharing session to help teachers build their own item banks. More than 100 participants from the accredited schools joined this event via webcast.
73. School visits were carried out to survey the conduct of HKDSE written examinations in several accredited schools. Schools took additional precautionary measures to ensure safe and smooth administration of their examinations and compliance of their examination personnel with invigilation requirements. Some good practices were shared with other QAMAS schools. Interviews were also conducted with schools to understand their risk management strategies for school assessments in response to the changing school calendar and reduced hours of face-to-face instruction.

Development of Digital Assessment Initiative (DAI)

74. The DAI aims to build a generalised digital assessment system for future digitalisation of some examination programmes that the Authority develops and administers, and for potential business opportunities. The DAI taskforce has specified technical and business requirements for the generalised digital assessment system and conducted a cost estimation and benefit analysis for the project.

Assessment Literacy Training Programme for Internal Staff

75. An assessment literacy training programme with the theme ‘A Data-driven Approach in Assessment for Learning & Quality Assurance’ was conducted for staff in August 2022. The programme illustrated how schools used AQP item analysis results to improve their assessment item design and shared how QAMAS schools managed risk effectively during pandemic. The programme provided staff from different divisions with a refresher training on better usage of assessment data and showcased how to foster good working relationships with school stakeholders to promote assessment for learning.

(C) TSA

Gainful Use of TSA 2021 Materials (GU 2021)

76. In view of the volatility of the COVID-19 epidemic, the EDB announced the suspension of TSA 2021. The GU 2021 arrangement was implemented in dual mode, i.e. e-mode and pen-and-paper (pp) mode. Unlike the normal TSA implementation, schools could opt in for either e-mode or pp mode. The GU 2021 ‘Performances Analysis Reports’ at school-level were released to participating schools in early December 2021. The Internal Report on the implementation of the GU 2021 with the overall performances of participating schools and students in anonymity was also submitted to the EDB for their internal reference.
77. Participating schools received the ‘Performances Analysis Report’ outlining relevant data together with qualitative descriptions of the participating students’ performances,

which enabled the participating schools to better understand their students' performances under the COVID-19 epidemic. To enhance teachers' understanding of students' learning progress under the epidemic, six relevant teacher seminars were conducted in January 2022.

78. A new type of report, Cross-year Special Analysis (CYSA) Report, was developed to enable schools to better understand the impact of changes in students' learning situations on their academic achievements at each participating school amid the COVID-19 epidemic through analyses of their performances in TSA 2019 versus GU 2021. Around 80% of the eligible primary and secondary schools with the whole grade level of students participating in both the TSA 2019 and GU 2021 applied and received the CYSA reports. Moreover, two webinars were conducted in early June 2022 to explain to schools on how to interpret the data and information in the CYSA Report. According to a survey for schools which received the CYSA Report, it was observed that schools positively evaluated on the CYSA Report, and agreed that the analysis on tracking students' progress could help the schools to accordingly adjust their teaching strategies.
79. The EDB continued to commission the Authority to conduct the 'Questionnaire Survey on Students' Learning Situation During the COVID-19 Pandemic 2021'. The survey study and the analysis were completed in collaboration with the Chinese University of Hong Kong (CUHK) and reports were sent to all participating schools. Together with the GU 2021 reports, schools could have a full picture of their students' performances and learning situations from gathering data on the non-academic factors. The final report on the analysis and findings was submitted to the EDB in late January 2022. Seminars on the study findings were organised for all primary and secondary schools in late March 2022.

Gainful Use of TSA 2022 Materials (GU 2022)

80. In view of the volatility of the COVID-19 epidemic, the EDB announced the suspension of TSA 2022 and, with reference to the experience from the past two years, implemented the 'Gainful Use of TSA 2022 Materials' (GU 2022). Following the arrangements of GU 2021, the GU 2022 was conducted again in both e-mode and pp mode with the cancellation of the Oral and Chinese audio-visual (CAV) assessments. Schools were given a 5-day period for the GU 2022 with one fall back day for the implementation.
81. As a result of the epidemic, the GU 2022 assessment was conducted in mid-July 2022. In order to allow markers to mark as usual amid the epidemic, a trial on i-OSM was conducted for Chief Examiners and Assistant Examiners. Although the whole marking period was deferred as compared to last year, markers made efforts to complete all marking by the end of August 2022 and the preliminary analysis of students' overall performance was reported to the EDB in September 2022.
82. The EDB once again commissioned the Authority to conduct the 'Questionnaire Survey on Students' Learning Situation During the Pandemic 2022' in collaboration with the CUHK. Preliminary findings are expected to be released in November 2022.

Other Initiatives

83. To enhance schools' assessment literacy and to reciprocate their support for TSA in

taking the TSA Research Test, Item Writing workshops were conducted for primary and secondary school teachers. Three online item writing workshops for the three subjects, Chinese, English and Mathematics, were held for secondary school teachers in late May 2022. These workshops aimed to help teachers with three to five years' relevant teaching experience in schools participating in the EDB's STAR Network School Programme or the Authority's Research Test. On the whole, the participants were satisfied with the workshops.

84. It has become a global trend to adopt e-assessment. The dual mode of GU assessments has been implemented for three years. It is therefore worth further exploring the feasibility of developing e-assessment with reference to the experience gained in implementing the online mode of GU. To this end, a small-scale trial on computer-based test was conducted with four schools in late July and early August 2022 to further understand the potential technological issues and challenges faced by the schools, and the perceptions of students and teachers towards e-assessment. Through survey and interviews, views from teachers and students on e-assessment were collected.

(D) International and Professional Examinations

Candidate Entries

85. In view of the ongoing pandemic, the total candidature of international and professional examinations in 2021/2022 was 144,269, representing a decrease of approximately 30% as compared with last year.

New Examinations Introduced in 2021/2022

86. The Authority devoted on-going efforts in developing new examination services to meet the emerging needs of test-takers. It continued to explore the development of digital assessment capabilities and introduced more computer-based examination services in 2021/2022.
87. New examinations introduced to the public include the following:

Examination Body	Examination Name	Place of Origin	Examination Format
American Association of Electrodiagnostic Technologists (AAET)	Registered Nerve Conduction Study Technologist (RNCST)	USA	Computer-based
Aromatherapy Registration Council (ARC)	Registration Examination in Aromatherapy (ARCRA)	USA	Computer-based
BEAM Society Limited	BEAM Plus Existing Buildings (EB) v2.0 Examination	HKSAR	Computer-based

Examination Body	Examination Name	Place of Origin	Examination Format
Educational Testing Service (ETS)	<ul style="list-style-type: none"> ● Test of English as a Foreign Language (TOEFL) iBT At Home Testing (for Mainland) ● Graduate Record Examinations (GRE) General Test At Home (for Mainland) 	USA	Pre-examination services
Global Business Travel Association (GBTA)	Global Travel Professional (GTP) Certification Examination	USA	Computer-based
GAPSK Examination Committee	General Aptitude Putonghua Shiuping Kaoshi (GAPSK)	HKSAR	Speaking and paper-based
Electrical and Mechanical Services Department, the Government of HKSAR	Examination for Registration as Lift and Escalator Engineers	HKSAR	Paper-based
International Avian/Animal Trainers Certification Board (IATCB)	<ul style="list-style-type: none"> ● Certification Examination for Professional Animal Trainers (CPAT) ● Certification Examination for Professional Bird Trainers (CPBT) 	USA	Computer-based
International Board of Heart Rhythm Examiners (IBHRE)	<ul style="list-style-type: none"> ● Certified Electrophysiology Specialist – Adult (CEPS-A) ● Certified Electrophysiology Specialist – Pediatric (CEPS-P) ● Cardiac Device Remote Monitoring Specialist (CDRMS) 	USA	Computer-based
Michigan Language Assessment (MLA)	<ul style="list-style-type: none"> ● MET 4-Skill ● MET 2-Skill 	USA	Computer-based
National Board of Nutrition Support Certification (NBNSC)	Certification Examination for Nutrition Support Clinicians (CNSC)	USA	Computer-based
Neurodiagnostic Credentialing and	<ul style="list-style-type: none"> ● Certification Examination for Autonomic Professionals (CAP) 	USA	Computer-based

Examination Body	Examination Name	Place of Origin	Examination Format
Accreditation (ABRET)	<ul style="list-style-type: none"> ● Registration Examination for Electroencephalographic Technologists (EEG) ● Certification Examination in Long Term Monitoring (CLTM) ● Certification Examination in Neurophysiologic Intraoperative Monitoring (CNIM) ● Registration Examination for Evoked Potential Technologists (EP) 		
The American Board of Clinical Neurophysiology (ABCN)	<ul style="list-style-type: none"> ● Certification Examination Part I (ABCN1) ● Certification Examination Part II: CC-EEG (CCEEG) ● Certification Examination Part II: Epilepsy Monitoring (EM) ● Certification Examination Part II: Generalist (GEN) ● Certification Examination Part II: Intraoperative Monitoring (IOM) 	USA	Computer-based
World Pet Association (WPA)	Professional Grooming Credentialing Examination (PGC)	USA	Computer-based

Conclusion

2021/2022 remained a challenging year for the HKEAA in view of the ongoing pandemic. Once again, with the concerted effort and strong support of staff members and different stakeholders, the HKDSE and other international and professional examinations were successfully conducted over the year. Despite the challenges and changes ahead, the Authority will continue to be committed to our mission of providing quality examination and assessment services to the community.

Secretary General
Hong Kong Examinations and Assessment Authority
December 2022

HONG KONG EXAMINATIONS AND ASSESSMENT AUTHORITY**Programme of Activities****1 September 2021 – 31 August 2022**

1. The Hong Kong Diploma of Secondary Education Examination (HKDSE) was conducted as scheduled during the period under review. The candidatures are shown below:

Candidate Category	No. Entered	No. Sat
School Candidates	42,880	42,328
Day School Candidates	41,610	41,196
Day School First Attempters	41,442	41,031
Private Candidates	6,960	5,563
All Candidates	49,840	47,891

2. **Language Proficiency Assessment for Teachers (LPAT)**

Number of Candidates Sat	English Language	1,398
	Putonghua	1,568

3. Under approval obtained in accordance with Section 7(2)(c) of the Hong Kong Examinations and Assessment Authority Ordinance, the Authority conducted examinations on behalf of the following examining bodies:

1. ABRSM
2. Academy of Clinical Research Professionals
3. ACT, Inc.
4. ACTION Certification LLC
5. American Association of Electrodiagnostic Technologists (AAET)
6. American Board of Industrial Hygiene (ABIH)
7. American College of Veterinary Pathologists (ACVP)
8. American Petroleum Institute
9. American Society for Industrial Security International
10. American Society for Quality (ASQ)
11. American Welding Society
12. American Veterinary Medical Association (AVMA)
13. Aromatherapy Registration Council (ARC)
14. BEAM Society Limited
15. Beijing Dance Academy
16. British Council

17. Cambridge Assessment International Education
18. Canadian Securities Institute (CSI) – Moody’s Analytics
19. Carey Baptist Grammar School
20. Central Conservatory of Music
21. Certification Council for Professional Dog Trainers (CCPDT)
22. CFA Institute
23. Chartered Institute for Securities & Investment
24. Chartered Market Technicians Association
25. Cheltenham Ladies’ College
26. China Legal Service (H.K.) Ltd.
27. Chinese Medicine Council of Hong Kong
28. Civil Aviation Department, the Government of the Hong Kong SAR
29. Competency & Credentialing Institute
30. Correctional Services Department, the Government of the Hong Kong SAR
31. Edith Cowan University (ECU)
32. Educational Records Bureau
33. Educational Testing Service (ETS)
34. Electrical and Mechanical Services Department, the Government of the Hong Kong SAR (Electricity Legislation Division)
35. European Personnel Selection Office
36. Financial Industry Regulatory Authority (FINRA)
37. Fire Services Department, the Government of the Hong Kong SAR
38. General Aptitude Putonghua Shuiping Kaoshi (GAPSK) Examination Committee
39. Global Business Travel Association (GBTA)
40. Government Flying Service, the Government of the Hong Kong SAR
41. Green Building Certification Institute
42. Hong Kong Ballroom Dancing Council
43. Hong Kong Chinese Orchestra (HKCO)
44. Hong Kong Dance Federation
45. Hong Kong Institute of Architects
46. Hong Kong Institute of Certified Public Accountants
47. Information Services Department, the Government of the Hong Kong SAR
48. Institute of Certified Management Accountants (ICMA)
49. Institute of Financial Planners of Hong Kong
50. Institution of Fire Engineers (IFE)
51. Internal Revenue Service (IRS)
52. International Avian/Animal Trainers Certification Board (IATCB)
53. International Board of Heart Rhythm Examiners (IBHRE)
54. International Board Certified Lactation Consultant Examiners (IBLCE)
55. International Council for Veterinary Assessment

56. International Facility Management Association (IFMA)
57. International Institute of Business Analysis
58. International Society of Transport Aircraft Trading (ISTAT)
59. Johns Hopkins Center for Talented Youth
60. John Monash Science School
61. Kingswood School
62. Lands Department, the Government of the Hong Kong SAR
63. MacRobertson Girls High School
64. Medical Council of Canada
65. Michigan Language Assessment (MLA)
66. Ministry of Justice, PRC
67. Moody's Investors
68. National Board for Certification in Occupational Therapy
69. National Board of Nutrition Support Certification (NBNSC)
70. National Council of Architectural Registration Boards
71. Neurodiagnostic Credentialing and Accreditation (ABRET)
72. Nossal High School
73. Office of the Government Chief Information Officer, the Government of the Hong Kong SAR
74. OutSystems
75. Paragon Testing Enterprises
76. Pearson Edexcel
77. Pearson Language Tests
78. Professional Liability Underwriting Society (PLUS)
79. Royal Academy of Dance
80. Self-Study Examination Office, The Education Examinations Authority of Guangdong Province
81. Society for Human Resource Management
82. Society for Worldwide Interbank Financial Telecommunication (SWIFT)
83. Society of Actuaries (SOA)
84. Suzanne Cory High School
85. The American Board of Clinical Neurophysiology (ABCN)
86. The Chartered Insurance Institute
87. The College Board
88. The Commonwealth Society of Teachers of Dancing (CSTD)
89. The English Schools Foundation (ESF)
90. The Enrollment Management Association
91. The Hong Kong Chartered Governance Institute
92. The Institutes: Risk and Insurance Knowledge Group (AICPC)
93. The Office of the Government Economist, the Government of the Hong Kong SAR

94. The Securities Analysts Association of Japan (SAAJ)
95. The Taxation Institute of Hong Kong
96. UK Visa & Immigration (UKVI)
97. United States Medical Licensing Examination (USMLE)
98. University of London
99. Westpoint Grey Academy
100. World Pet Association (WPA)
101. Victorian Selective Entry High School

4. The total candidature of examinations administered by the International and Professional Examinations Division was over 144,000 in 2021/2022, the distribution of which is given below:

