KPMG

Watchdog Limited

31 March 2026

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Report of the Executive Committee

The Executive Committee submits herewith its annual report together with the audited financial statements for the year ended 31 March 2026.

Principal place of business

Watchdog Limited ("the company") is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at G/F, 12 Borrett Road, Central, Hong Kong.

Principal activities

The company is a charitable institution limited by guarantee. Its aim is to provide early education and well rounded therapy services to children with special educational needs.

Executive Committee and office bearers

The members of the Executive Committee and the offices held by them, where appropriate, are set out below:

Ms. Minnie Ling, Chairperson	
Dr. Dorothy Fan, Vice Chairperson	
Ms. Mei Yin Tong, Treasurer	
Ms. Wong Lee Meng, Board Member	(appointed on 1 January 2026)
Ms. Cheng Wai Sheung, Secretary	(appointed on 1 January 2026)
Ms. Suet Yee Wong, Board Member	
Ms. Lucia Tsang, Board Member	
Prof. Albert Martin Li, Board Member	
Dr. Thomas Chiu, Board Member	
Ms. Sandra Au Yeung, Secretary	(resigned on 31 December 2025)

All members of the Executive Committee now retire in accordance with the articles of association which provide that each member may be re-elected.

At no time during the year was the company a party to any arrangements to enable the members of the Executive Committee to acquire benefits by means of the acquisition of shares in or debentures of any other body corporate.

Under the provisions of the company's memorandum and articles of association, no member of the Executive Committee is permitted to hold any office of profit in the company.

Indemnity of Executive Committee

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the members of Executive Committee of the company is currently in force and was in force throughout this year.

Executive Committee members' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the company was a party and in which a member of Executive Committee had a material interest subsisted at the end of the year or at any time during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as honorary auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the Executive Committee

Minnie Ling

Chairperson

Hong Kong,

30 OCT 2026

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Independent auditor's report to the members of Watchdog Limited

(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Watchdog Limited ("the company") set out on pages 6 to 36, which comprise the statement of financial position as at 31 March 2026, the statement of income and expenditure and other comprehensive income, the statement of changes in accumulated funds and the cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 March 2026 and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as 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 company 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.

Information other than the financial statements and auditor's report thereon

The Executive Committee is responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent auditor's report to the members of Watchdog Limited (continued)

(Incorporated in Hong Kong and limited by guarantee)

Responsibilities of the Executive Committee for the financial statements

The Executive Committee is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the Executive Committee determines 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 Executive Committee is responsible for assessing the company'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 Executive Committee either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, 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 company's internal control.

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Independent auditor's report to the members of Watchdog Limited (continued)

(Incorporated in Hong Kong and limited by guarantee)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.

- Conclude on the appropriateness of the Executive Committee'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 company'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 company to cease to continue as a going concern.

- 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 Executive Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Tsui Kin Wa (practicing certificate number: P07324).

Certified Public Accountants

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

30 OCT 2026

Statement of income and expenditure and other comprehensive income for the year ended 31 March 2026

(Expressed in Hong Kong dollars)

	Note	General Fund 2026	General Fund 2025	Capital Fund 2026	Capital Fund 2025	Specific Fund 2026	Specific Fund 2025	Total 2026	Total 2025
Income									
Principal sources of revenue	4	$ 32,960,728	$ 32,548,058	$ 794,750	$ 1,094,594	$ 2,016,998	$ 2,768,838	$ 35,772,476	$ 36,411,490
Other revenue	5	1,087,454	725,463	859,760	1,189,952	-	-	1,947,214	1,915,415
Total		$ 34,048,182	$ 33,273,521	$ 1,654,510	$ 2,284,546	$ 2,016,998	$ 2,768,838	$ 37,719,690	$ 38,326,905
Other net gain/(loss)	5	$ 323,249	$ (68,326)	$ -	$ -	$ -	$ -	$ 323,249	$ (68,326)
Expenditure									
Staff costs	6	$ 29,122,560	$ 29,762,998	$ -	$ -	$ 933,518	$ 672,498	$ 30,056,078	$ 30,435,496
Other operating expenses	7	5,016,015	3,787,063	-	47,816	1,020,528	761,122	6,036,543	4,596,001
Total		$ 34,138,575	$ 33,550,061	$ -	$ 47,816	$ 1,954,046	$ 1,433,620	$ 36,092,621	$ 35,031,497
Finance costs	8	$ 17,392	$ 17,167	$ -	$ -	$ -	$ -	$ 17,392	$ 17,167
Surplus/(deficit) for the year		$ 215,464	$ (362,033)	$ 1,654,510	$ 2,236,730	$ 62,952	$ 1,335,218	$ 1,932,926	$ 3,209,915

The notes on pages 12 to 36 form part of these financial statements.

Statement of income and expenditure and other comprehensive income for the year ended 31 March 2026 (continued)

(Expressed in Hong Kong dollars)

	Note	General Fund 2026	General Fund 2025	Capital Fund 2026	Capital Fund 2025	Specific Fund 2026	Specific Fund 2025	Total 2026	Total 2025
Other comprehensive income									
Item that will not be reclassified subsequently to profit or loss, net of nil tax:									
Equity investments at fair value through other comprehensive income ("FVOCI"):									
- Net movement in fair value reserve (non-recycling)	17	$ -	$ -	$ 420,807	$ 562,873	$ -	$ -	$ 420,807	$ 562,873
Other comprehensive income for the year		$ -	$ -	$ 420,807	$ 562,873	$ -	$ -	$ 420,807	$ 562,873
Total comprehensive income for the year		$ 215,464	$ (362,033)	$ 2,075,317	$ 2,799,603	$ 62,952	$ 1,335,218	$ 2,353,733	$ 3,772,788

The notes on pages 12 to 36 form part of these financial statements.

Statement of financial position at 31 March 2026
(Expressed in Hong Kong dollars)

	Note	General Fund 2026	General Fund 2025	Capital Fund 2026	Capital Fund 2025	Specific Fund 2026	Specific Fund 2025	Total 2026	Total 2025
Non-current assets									
Other financial assets	11	$ -	$ -	$ 2,302,561	$ 1,881,754	$ -	$ -	$ 2,302,561	$ 1,881,754
Property, plant and equipment	12	2,113,161	2,335,383	-	-	150,919	474,412	2,264,080	2,809,795
		$ 2,113,161	$ 2,335,383	$ 2,302,561	$ 1,881,754	$ 150,919	$ 474,412	$ 4,566,641	$ 4,691,549
Current assets									
Other receivables and prepayments		$ 449,267	$ 526,493	$ -	$ -	$ 458,650	$ 118,575	$ 907,917	$ 645,068
Utility, rental and other deposits		694,896	363,071	-	-	-	-	694,896	363,071
Deposits maturing beyond three months when placed	13(a)	-	-	7,215,939	4,922,953	8,392,777	9,694,386	15,608,716	14,617,339
Cash and cash equivalents	13(a)	3,182,329	3,191,870	3,361,083	3,999,559	2,778,720	1,430,741	9,322,132	8,622,170
		$ 4,326,492	$ 4,081,434	$ 10,577,022	$ 8,922,512	$ 11,630,147	$ 11,243,702	$ 26,533,661	$ 24,247,648
Current liabilities									
Other payables and accrued expenses		$ 524,544	$ 955,328	$ -	$ -	$ -	$ -	$ 524,544	$ 955,328
Lease liabilities	14	1,204,098	1,075,775	-	-	-	-	1,204,098	1,075,775
		$ 1,728,642	$ 2,031,103	$ -	$ -	$ -	$ -	$ 1,728,642	$ 2,031,103
Net current assets		$ 2,597,850	$ 2,050,331	$ 10,577,022	$ 8,922,512	$ 11,630,147	$ 11,243,702	$ 24,805,019	$ 22,216,545
Total assets less current liabilities		$ 4,711,011	$ 4,385,714	$ 12,879,583	$ 10,804,266	$ 11,781,066	$ 11,718,114	$ 29,371,660	$ 26,908,094
Non-current liabilities									
Lease liabilities	14	531,881	422,048	-	-	-	-	531,881	422,048
NET ASSETS		$ 4,179,130	$ 3,963,666	$ 12,879,583	$ 10,804,266	$ 11,781,066	$ 11,718,114	$ 28,839,779	$ 26,486,046

Statement of financial position at 31 March 2026 (continued)
(Expressed in Hong Kong dollars)

	Note	General Fund 2026	General Fund 2025	Capital Fund 2026	Capital Fund 2025	Specific Fund 2026	Specific Fund 2025	Total 2026	Total 2025
Represented by:									
Accumulated surplus	15	$ 4,179,130	$ 3,963,666	$ 11,928,075	$ 10,273,565	$ 11,781,066	$ 11,718,114	$ 27,888,271	$ 25,955,345
Fair value reserve (non-cycling)	17	-	-	951,508	530,701	-	-	951,508	530,701
ACCUMULATED FUNDS		$ 4,179,130	$ 3,963,666	$ 12,879,583	$ 10,804,266	$ 11,781,066	$ 11,718,114	$ 28,839,779	$ 26,486,046

The financial statements set out on pages 6 to 36 were approved and authorised for issue by the Executive Committee on 30 OCT 2026 and were signed on its behalf by:

Minnie Ling
Chairperson

Judy Tong
Hon. Treasurer

The notes on pages 12 to 36 form part of these financial statements.

Statement of changes in accumulated funds for the year ended 31 March 2026

(Expressed in Hong Kong dollars)

	General Fund	*Capital Fund*	*Specific Fund*	*Total*
Balance at 1 April 2024	$ 4,325,699	$ 8,004,663	$ 10,382,896	$ 22,713,258
Change in accumulated funds account for 2024/2025:				
Total comprehensive income for the year	(362,033)	2,799,603	1,335,218	3,772,788
Balance at 31 March 2025 and 1 April 2025	$ 3,963,666	$ 10,804,266	$ 11,718,114	$ 26,486,046
Change in accumulated funds account for 2025/2026:				
Total comprehensive income for the year	215,464	2,075,317	62,952	2,353,733
Balance at 31 March 2026	$ 4,179,130	$ 12,879,583	$ 11,781,066	$ 28,839,779

The notes on pages 12 to 36 form part of these financial statements.

Cash flow statement for the year ended 31 March 2026

(Expressed in Hong Kong dollars)

	Note	*2026*	*2025*
Operating activities			
Cash generated from operations	13(b)	$ 2,306,451	$ 4,996,947
Net cash generated from operating activities		$ 2,306,451	$ 4,996,947
Investing activities			
Payment for purchase of plant and equipment		$ (99,338)	$ (510,138)
Interest received		366,959	535,964
Proceeds of sale of equity securities		-	24,440
Dividends received from investments in securities		95,015	128,803
Increase in deposits maturing beyond three months when placed		(671,226)	(3,190,970)
Net cash used in investing activities		$ (308,590)	$ (3,011,901)
Financing activities			
Capital element of lease rentals paid	13(c)	$ (1,280,507)	$ (1,293,857)
Interest element of lease rentals paid	13(c)	(17,392)	(17,167)
Net cash used in financing activities		$ (1,297,899)	$ (1,311,024)
Net increase in cash and cash equivalents		$ 699,962	$ 674,022
Cash and cash equivalents at 1 April		$ 8,622,170	$ 7,948,148
Cash and cash equivalents at 31 March	13(a)	$ 9,322,132	$ 8,622,170

The notes on pages 12 to 36 form part of these financial statements.

Notes to the financial statements
(Expressed in Hong Kong dollars)

1 Status of the company

The company is limited by guarantee, such that under the provisions of the company's memorandum of association, every member shall, in the event of the company being wound up, contribute such amount as may be required to meet the liabilities of the company but not exceeding $100 per member.

The company has been granted charitable institution status for the purposes of the Inland Revenue Ordinance and is exempt from Hong Kong taxation.

2 Material accounting policies

(a) Statement of compliance

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

A summary of the material accounting policies adopted by the company is set out below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the company for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- Investments in equity securities (see note 2(d)).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires Executive Committee 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.

2 Material accounting policies (continued)

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) Changes in accounting policies

The company has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*, issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the company has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Investments in equity securities

Investments are recognised/derecognised on the date the company commits to purchase/sell the investments or they expire. Investments in equity securities are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss.

Investments in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the company makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated surplus. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(k).

2 Material accounting policies (continued)

(e) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment (see note 2(f)), are stated at cost less accumulated depreciation and impairment losses.

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

- Leasehold improvements	shorter of 4 years or over the lease terms
- Furniture and fixtures	4 years
- Motor vehicles	4 years
- Office equipment	4 years
- Properties leased for own use	Over the lease term

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

The carrying amounts of property plant and equipment, including right-of-use assets, are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds 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 of disposal 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 estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(f) Leased assets

At inception of a contract, the company 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.

2 Material accounting policies (continued)

As a lessee

At the lease commencement date, the company recognises a right-of-use asset and a lease liability, except for leases of low-value assets. When the company enters into a lease in respect of a low-value asset, the company 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. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

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(e)).

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 company'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 company 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.

In the statement of financial position, 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.

2 Material accounting policies (continued)

(g) Receivables

A receivable is recognised when the company 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.

Other receivables are initially measured at fair value plus transaction costs. All receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

The loss allowance is measured at an amount equal to lifetime expected credit losses ("ECLs"), which are those losses that are expected to occur over the expected life of the trade receivables. The loss allowance is estimated using a provision matrix based on the company'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.

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

The gross carrying amount of a trade 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 company 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.

(h) Payables

Payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitor that are held for meeting short-term cash commitments, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

2 Material accounting policies (continued)

(j) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(k) Revenue and other income

Income is classified by the company as revenue when it arises from the provision of services or the use by others of the company's assets under leases in the ordinary course of the group's business.

Further details of the company's revenue and other income recognition policies are as follows:

Government subventions, donations from The Community Chest of Hong Kong and fees from regular subverted program and Saturday/Self-financing program are accounted for on an accrual basis.

Interest income is recognised as it accrues using the effective interest method.

Donations and other income are recognised when the company becomes entitled to the donations and other income, which is generally upon receipt of cash.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the company will comply with the conditions attaching to them. Grants that compensate the company for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(l) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

2 Material accounting policies (continued)

(m) Related parties

(a) A person, or a close member of that person's family, is related to the company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or the company's parent.

(b) An entity is related to the company if any of the following conditions applies:

(i) The entity and the company 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 company or an entity related to the company.

(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 which it is part, provides key management personnel services to the company or to the company's parent.

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 Funds managed by the company

(a) General fund

The fund is used to finance the general running of the Early Education and Training Centre.

(b) Capital fund

The fund represents income received which is to cover the deficiency in general fund.

(c) Specific fund

The fund represents donations received which is to be used in accordance with the donors' wishes.

4 Principal sources of revenue

	General Fund		*Capital Fund*		*Specific Fund*		*Total*	
	2026	*2025*	*2026*	*2025*	*2026*	*2025*	*2026*	*2025*
Social welfare subvention	$ 26,604,148	$ 26,128,534	$ -	$ -	$ -	$ -	$ 26,604,148	$ 26,128,534
Fees from regular subvented program and Saturday/Self-financing program	4,823,370	5,001,424	-	-	-	-	4,823,370	5,001,424
Donations from The Community Chest of Hong Kong	1,145,210	1,041,100	-	-	-	-	1,145,210	1,041,100
Lotteries Fund Block Grant (note 16)	388,000	377,000	-	-	-	-	388,000	377,000
Other donations (note 9)	-	-	794,750	1,094,594	2,016,998	2,768,838	2,811,748	3,863,432
	$ 32,960,728	$ 32,548,058	$ 794,750	$ 1,094,594	$ 2,016,998	$ 2,768,838	$ 35,772,476	$ 36,411,490

5 Other revenue and other net gain/(loss)

	General Fund		Capital Fund		Specific Fund		Total	
	2026	*2025*	*2026*	*2025*	*2026*	*2025*	*2026*	*2025*
Other revenue								
Training subsidy program	$ 370,261	$ 510,509	$ -	$ -	$ -	$ -	$ 370,261	$ 510,509
On-Site Pre-School Rehabilitation Services (F&E)	-	154,393	-	-	-	-	-	154,393
Sales of raffle tickets	-	-	-	204,400	-	-	-	204,400
Income from summer program	-	-	400,150	322,620	-	-	400,150	322,620
Membership fee	4,700	3,800	-	-	-	-	4,700	3,800
Interest income	3,624	3,175	363,335	532,789	-	-	366,959	535,964
Dividend income	-	-	95,015	128,803	-	-	95,015	128,803
Reimbursement of Maternity Leave Scheme	74,679	-	-	-	-	-	74,679	-
MPF forfeitures	413,447	-	-	-	-	-	413,447	-
Dedicated fund	17,000	-	-	-	-	-	17,000	-
Others	203,743	53,586	1,260	1,340	-	-	205,003	54,926
	$ 1,087,454	$ 725,463	$ 859,760	$ 1,189,952	$ -	$ -	$ 1,947,214	$ 1,915,415
Other net gain/(loss)								
Net foreign exchange gain/(loss)	$ 317,418	$ (67,493)	$ -	$ -	$ -	$ -	$ 317,418	$ (67,493)
Loss on disposal on plant and equipment	-	(833)	-	-	-	-	-	(833)
Others	5,831	-	-	-	-	-	5,831	-
	$ 323,249	$ (68,326)	$ -	$ -	$ -	$ -	$ 323,249	$ (68,326)

6 Staff costs

	General Fund		Capital Fund		Specific Fund		Total	
	2026	*2025*	*2026*	*2025*	*2026*	*2025*	*2026*	*2025*
Contributions to defined contribution retirement plans	$ 1,127,308	$ 1,946,860	$ -	$ -	$ -	$ -	$ 1,127,308	$ 1,946,860
Salaries, wages and other benefits	27,995,252	27,816,138	-	-	933,518	672,498	28,928,770	28,488,636
	$ 29,122,560	$ 29,762,998	$ -	$ -	$ 933,518	$ 672,498	$ 30,056,078	$ 30,435,496

7 Other operating expenses

	General Fund		Capital Fund		Specific Fund		Total	
	2026	*2025*	*2026*	*2025*	*2026*	*2025*	*2026*	*2025*
Rent and rates	$ 96,480	$ 97,367	$ -	$ -	$ -	$ -	$ 96,480	$ 97,367
Printing and stationery	71,814	79,962	-	-	-	-	71,814	79,962
Utilities	149,701	153,868	-	-	-	-	149,701	153,868
Insurance	351,680	288,032	-	-	-	-	351,680	288,032
Training material	34,112	42,553	-	-	39,104	25,712	73,216	68,265
Food	35,761	34,519	-	-	-	-	35,761	34,519
Cleaning	185,241	145,907	-	-	-	-	185,241	145,907
Repairs and maintenance	909,543	225,882	-	-	-	-	909,543	225,882
Depreciation	1,757,185	1,777,915	-	-	406,531	217,330	2,163,716	1,995,245
MPT & MOT programme	840,000	330,000	-	-	-	-	840,000	330,000
OPRS (F&E)	-	58,845	-	-	-	-	-	58,845
Motor vehicle expenses	79,383	85,089	-	-	-	-	79,383	85,089
Training Scheme	-	30,000	-	-	-	-	-	30,000
Staff training	17,000	-	-	-	-	-	17,000	-
Scholarship expense	-	-	-	-	434,100	442,500	434,100	442,500
Miscellaneous (note)	488,115	437,124	-	47,816	140,793	75,580	628,908	560,520
	$ 5,016,015	$ 3,787,063	$ -	$ 47,816	$ 1,020,528	$ 761,122	$ 6,036,543	$ 4,596,001

Note: Included in miscellaneous operating expenses are expenses of $Nil (2025: $47,816) incurred in relation to the sales of raffle tickets during the year ended 31 March 2026.

8 Finance costs

	General Fund		Capital Fund		Specific Fund		Total	
	2026	*2025*	*2026*	*2025*	*2026*	*2025*	*2026*	*2025*
Interest on lease liabilities	$ 17,392	$ 17,167	$ -	$ -	$ -	$ -	$ 17,392	$ 17,167

9 Other donations

The amounts represent donations received during the year from the following sources:

		2026		*2025*
Capital Fund:				
Ruttonjee Estate Continuation Ltd.	$	25,000	$	25,000
Ms. Purviz Rusy Shroff		25,000		25,000
Mr. Jack Chi Kao Hsu		20,000		20,000
Mr. Ying Choi Leung		10,000		10,000
Mr. Yiu Kei Ip		10,000		10,000
The Incorp.Trustees of the Zoroastrian Charity Funds of Hongkong, Canton and Macao		110,000		100,000
Mr. Hoi Fung Kwong		10,000		-
Mr. Do Tsang		100,000		-
VISION A.S. Limited		10,000		-
Addo Play Limited		13,902		-
The HK Indian Women's club		50,000		-
HSU Family Foundation Limited		200,000		-
HCS Foundation – In Memory of Mrs. Pamela Sani		10,000		10,000
Ms. Carman Cheuk Man Tung		-		50,000
Mr. Fung Kong		-		10,000
Boston Scientific HK Ltd.		-		10,000
V.K. HSU & Sons Foundation Limited		-		200,000
DBRC Charity Tennis		29,970		146,127
Microsoft Hong Kong Limited		-		23,885
Mr. Chi Man Chan		-		24,675
Chellaram Shippping (HK) Ltd.		-		11,000
Siao, Wen and Leung Solicitors & Notaries		-		166,667
Tassie Brakenridge		-		11,195
Ms. Kitty Kit Yee So		-		10,000
Prof. Albert Man Chim Li		-		10,000
Mr. Joseph Shek Hung Ng		-		10,000
Mr. Christopher Chee Tseng Chan		-		10,000
Kambomore Enterprises Ltd.		-		20,000
林伊伊女士		-		10,000
Mrs. Carol Goh		-		10,000
Others		170,878		161,045
	$	794,750	$	1,094,594

9 Other donations (continued)

	2026	2025
Specific Fund:		
Goldman Sachs Gives	$ 1,950,000	$ 1,950,000
Goldman Sachs (Asia) LLC	21,000	11,300
Fairton Management Company Limited	17,600	-
Kamomore Interprises Limited	20,000	-
Sarjan Charity Foundation	-	30,000
The American Chamber of Commerce Charitable Foundation	-	39,140
The Ohel Leah Synagogue Charity	-	50,000
Ladies' Recreation Club	-	70,000
Chellaram Foundation Limited	-	315,000
The Italian Women's Association	-	135,000
The HK Jockey Club Charities Trust	-	115,000
Ms. Lucia Yee Ha Tsang	-	10,000
Dr. Dorothy Shu Ping Fan	-	10,000
Ms. Minnie Ling	-	10,000
Others	8,398	23,398
	$ 2,016,998	$ 2,768,838
	$ 2,811,748	$ 3,863,432

10 Executive Committee members' emoluments

Executive Committee members' emoluments disclosed pursuant to section 383 of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2026	2025
Fees	$ Nil	$ Nil
Other emoluments	Nil	Nil

11 Other financial assets

	2026	*2025*
Equity securities measured at FVOCI (non-recycling)		
- Equity securities, at fair value (see note (i))	$ 2,302,561	$ 1,881,754

Fair values of equity securities listed in Hong Kong are as follows:

Name of company	*2026*	*2025*
Bank of China Limited	$ 595,200	$ 561,600
China Life Insurance Company Limited	221,220	134,820
China Mobile Limited	158,300	167,500
HSBC Holdings plc	828,489	580,667
Industrial & Commercial Bank of China Ltd.	236,222	191,047
Tracker Fund of Hong Kong	263,130	246,120
	$ 2,302,561	$ 1,881,754

Note:

(i) The company designated these equity securities as FVOCI (non-recycling), as the investment is held for strategic purposes. Dividends received on these investments during the year ended 31 March 2026 amounted to $95,015 (2025: $128,803).

12 Property, plant and equipment

	Leasehold Improvements	*Furniture and fixtures*	*Office equipment*	*Motor vehicles*	*Properties leased for own use*	*Total*
Cost:						
At 1 April 2024	$ 6,678,461	$ 461,180	$ 2,070,811	$ 872,000	$ 3,081,969	$ 13,164,421
Additions	345,000	7,351	157,787	-	10,798	520,936
Disposals	(559,510)	-	(90,580)	-	-	(650,090)
At 31 March 2025	$ 6,463,951	$ 468,531	$ 2,138,018	$ 872,000	$ 3,092,767	$ 13,035,267
Accumulated depreciation:						
At 1 April 2024	$ 6,272,589	$ 418,230	$ 1,423,197	$ 381,500	$ 383,968	$ 8,879,484
Charge for the year	180,848	32,769	277,402	218,000	1,286,226	1,995,245
Write back on disposals	(559,510)	-	(89,747)	-	-	(649,257)
At 31 March 2025	$ 5,893,927	$ 450,999	$ 1,610,852	$ 599,500	$ 1,670,194	$ 10,225,472
Net book value:						
At 31 March 2025	$ 570,024	$ 17,532	$ 527,166	$ 272,500	$ 1,422,573	$ 2,809,795

	Leasehold Improvements	*Furniture and fixtures*	*Office equipment*	*Motor vehicles*	*Properties leased for own use*	*Total*
Cost:						
At 1 April 2025	$ 6,463,951	$ 468,531	$ 2,138,018	$ 872,000	$ 3,092,767	$ 13,035,267
Additions	-	77,375	21,963	-	1,518,663	1,618,001
Disposals	-	(990)	(161,329)	-	-	(162,319)
At 31 March 2026	$ 6,463,951	$ 544,916	$ 1,998,652	$ 872,000	$ 4,611,430	$ 14,490,949
Accumulated depreciation:						
At 1 April 2025	$ 5,893,927	$ 450,999	$ 1,610,852	$ 599,500	$ 1,670,194	$ 10,225,472
Charge for the year	385,678	14,568	258,866	218,000	1,286,604	2,163,716
Write back on disposals	-	(990)	(161,329)	-	-	(162,319)
At 31 March 2026	$ 6,279,605	$ 464,577	$ 1,708,389	$ 817,500	$ 2,956,798	$ 12,226,869
Net book value:						
At 31 March 2026	$ 184,346	$ 80,339	$ 290,263	$ 54,500	$ 1,654,632	$ 2,264,080

12 Property, plant and equipment (continued)

(a) Right-of-use assets

The analysis of the net book value of right-of-use assets is as follows:

	2026	*2025*
Properties leased for own use	$ 1,654,632	$ 1,422,573

The company has obtained the right to use other properties as its training centres through lease agreements. The lease terms of the company's leases vary in accordance with the market practice in the relevant geographic locations and are ranging from one to two years. None of the leases includes variable lease payments.

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

	2026	*2025*
Depreciation charge of properties leased for own use	$ 1,286,604	$ 1,286,226
Interest on lease liabilities (note 8)	17,392	17,167

During the year ended 31 March 2026, additions to right-of-use assets were $1,518,663 (2025: $10,798). This amount is primarily related to the capitalised lease payments payable under new lease agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 13(d) and 14 respectively.

13 Deposits maturing beyond three months when placed and cash and cash equivalents

(a) Deposits maturing beyond three months when placed and cash and cash equivalents comprise:

	2026	2025
Deposits maturing beyond three months when placed	$ 15,608,716	$ 14,617,339
Cash at bank and on hand	$ 9,322,132	$ 8,622,170
Cash and cash equivalents in the statement of financial position and the cash flow statement	$ 9,322,132	$ 8,622,170

(b) Reconciliation of surplus for the year to cash generated from operations:

	Note	2026	2025
Surplus for the year		$ 1,932,926	$ 3,209,915
Adjustments for:			
Interest income	5	(366,959)	(535,964)
Dividend income	5	(95,015)	(128,803)
Depreciation	7	2,163,716	1,995,245
Finance costs	8	17,392	17,167
Foreign exchange (gain)/loss		(320,151)	131,611
Loss on disposal on property, plant and equipment	5	-	833
Changes in working capital:			
(Increase)/decrease in deposits, other receivables and prepayments		(594,674)	322,753
Decrease in other payables and accrued expenses		(430,784)	(15,810)
Cash generated from operations		$ 2,306,451	$ 4,996,947

13 Deposits maturing beyond three months when placed and cash and cash equivalents (continued)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the company'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 company's cash flow statement as cash flows from financing activities.

	Lease liabilities
At 1 April 2024	$ 2,780,882
Changes from financing cash flows:	
Capital element of lease rentals paid	$ (1,293,857)
Interest element of lease rentals paid	(17,167)
	$ (1,311,024)
Other changes:	
Increase in lease liabilities from new leases entered during the year	$ 10,798
Interest on lease liabilities (note 8)	17,167
	$ 27,965
At 31 March 2025 and 1 April 2025	$ 1,497,823
Changes from financing cash flows:	
Capital element of lease rentals paid	$ (1,280,507)
Interest element of lease rentals paid	(17,392)
	$ (1,297,899)
Other changes:	
Increase in lease liabilities from new leases entered during the year	$ 1,518,663
Interest on lease liabilities (note 8)	17,392
	$ 1,536,055
At 31 March 2026	$ 1,735,979

13 Deposits maturing beyond three months when placed and cash and cash equivalents (continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following and wholly represent lease rentals paid.

	2026	*2025*
Within financing cash flows	$ 1,297,899	$ 1,311,024

14 Lease liabilities

The following table shows the remaining contractual maturities of the company's lease liabilities at the end of the reporting period:

	2026		*2025*	
	Present value of the minimum lease payments	*Total minimum lease payments*	*Present value of the minimum lease payments*	*Total minimum lease payments*
Within 1 year	$ 1,204,098	$ 1,226,413	$ 1,075,775	$ 1,081,911
After 1 year but within 2 years	531,881	535,608	422,048	423,000
	$ 1,735,979	$ 1,762,021	$ 1,497,823	$ 1,504,911
Less: total future interest expenses		(26,042)		(7,088)
Present value of lease liabilities		$ 1,735,979		$ 1,497,823

15 Accumulated Surplus - General Fund

At 31 March 2026, the accumulated surplus in General Fund was represented by the following reserve items:

	2026	*2025*
Lotteries Fund Block Grant Reserve (note 16)	$ 391,015	$ 743,203
Surplus fund transferred in from Capital Fund	3,756,390	3,195,568
Surplus subvention	31,725	24,895
	$ 4,179,130	$ 3,963,666

16 Lotteries Fund Block Grant Reserve

		2026		*2025*
At 1 April	$	743,203	$	376,388
Block Grant received during the year (note 4)		388,000		377,000
Interest income received during the year		922		3,175
Expenditure during the year		(741,110)		(13,360)
At 31 March	$	391,015	$	743,203

Block Grant received during the year included $388,000 (2025: $377,000) recognised in General Fund.

Expenditure during the year included repair and maintenance expense of $704,150 (2025: $5,600) and purchase of furniture & equipment of $36,960 (2025: $7,760) recognised in the General Fund.

Capital Commitments

As at 31 March 2026, the outstanding commitment in respect of Furniture and Equipment Replenishment and Minor Works Block Grant was nil (2025: $Nil).

17 Fair value reserve (non-recycling)

At 1 April 2024	$	(32,172)
Net movement during the year		562,873
At 31 March and 1 April 2025	$	530,701
Net movement during the year		420,807
At 31 March 2026	$	951,508

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 2(d)).

18 Social Welfare Development Fund

The cash changes in Social Welfare Development Fund are disclosed as follows:

Phase III

		2026		2025
At the beginning of the year	$	-	$	256,761
Interest income received		-		751
Claw back of unused balance		-		(257,512)
At the end of the year	$	-	$	-

19 Wi-Fi project

		2026		2025
Surplus for the year	$	-	$	-
Add: Accumulated surplus at the beginning of the year		-		22,729
Less: Refund during the year		-		(22,729)
Accumulated surplus at the end of the year	$	-	$	-

All income and expenditure were received and incurred for the Wi-Fi project and in accordance with the Lotteries Fund Manual and the instructions issued by Social Welfare Department.

20 Actuarial Service Project

One-off subsidy for non-governmental organisations to use Actuarial Service for Enhancement of Financial Planning.

		2026		2025
Accumulated deficit at the beginning of the year	$	-	$	(250,000)
Allocation received during the year		-		250,000
Accumulated deficit at the end of the year	$	-	$	-

21 Dedicated Fund

In 2024, the Social Welfare Department established a $500 million Dedicated Fund to support subvented NGOs over a five-year period in staff training, system enhancement and information technology development.

		2026		*2025*
At 1 April 2025	$	-	$	-
Allocation received during the year		17,000		-
Expenditure during the year				
- Cybersecurity Awareness Training		(17,000)		-
At 31 March 2026	$	-	$	-

22 Financial risk management and fair values of financial instruments

Exposure to credit and liquidity risks arises in the normal course of the company's business. The company is also exposed to equity price risk arising from its equity investments in other entities.

The company's exposure to these risks and the financial risk management policies and practices used by the company to manage these risks are described below.

(a) Credit risk

The company's credit risk is primarily attributable to other receivables and prepayments. Normally, the company does not obtain collateral from its debtors. The credit risk of the balances is low and management considers the ECLs of the balances are insignificant.

(b) Liquidity risk

The company is responsible for its own cash management. The company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet is liquidity requirements in the short and longer term.

22 Financial risk management and fair values of financial instruments (continued)

The following table details the remaining contractual maturities at the end of the reporting period of the company'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 of the company can be required to pay:

	2026			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	*More than 1 year but within 2 years*	*Total*	*Carrying amount at 31 March*
Other payables and accrued expenses	$ 524,544	$ -	$ 524,544	$ 524,544
Lease liabilities	1,226,413	535,608	1,762,021	1,735,979
	$ 1,750,957	$ 535,608	$ 2,286,565	$ 2,260,523

	2025			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	*More than 1 year but within 2 years*	*Total*	*Carrying amount at 31 March*
Other payables and accrued expenses	$ 955,328	$ -	$ 955,328	$ 955,328
Lease liabilities	1,081,911	423,000	1,504,911	1,497,823
	$ 2,037,239	$ 423,000	$ 2,460,239	$ 2,453,151

(c) Equity price risk

The company is exposed to equity price changes arising from equity investments classified as equity securities (see note 11), which are listed on The Stock Exchange of Hong Kong Limited. Listed investments that are not held for trading proposes have been chosen based on their long-term growth potential and are monitored regularly for performance against expectations.

22 Financial risk management and fair values of financial instruments (continued)

The following table indicates the approximate change in the company's equity in response to reasonably possible changes in the share price of equity securities to which the company has significant exposure at the end of the reporting period.

	2026		*2025*	
	Increase/ (decrease) in share price	*Effect on other components of equity*	*Increase/ (decrease) in share price*	*Effect on other components of equity*
Market price of equity investments	20%	$ 460,512	20%	$ 376,351
	(20%)	(460,512)	(20%)	(376,351)

The sensitivity analysis above indicates the instantaneous change on the company's fair value reserve that would arise assuming that the change in the share price had occurred at the end of the reporting period and had been applied to re-measure those financial instruments which expose the company to equity price risk at the end of reporting period. It is also assumed that all other variables remain constant. The analysis is performed on the same basis for 2025.

(d) Fair value measurement

(i) Financial instruments measured at fair value

Fair value hierarchy

HKFRS 13, *Fair value measurement* categorises fair value measurements into a three-level hierarchy. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

At 31 March 2026, the only financial instruments of the company carried at fair value were equity securities of $2,302,561 (2025: $1,881,754) listed on The Stock Exchange of Hong Kong Limited (see note 11). These instruments are measured at fair value on a recurring basis and their fair value measurements fall into Level 1 of the fair value hierarchy described above.

22 Financial risk management and fair values of financial instruments (continued)

During the years ended 31 March 2026 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2026 and 2025.

23 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2026

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the company.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Contracts referencing nature-dependent electricity*	1 January 2026
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The company 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 financial statements except for the following:

23 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2026 (continued)

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, income taxes and discontinued operations categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The company does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.