Report of the Council and Audited Financial Statements

CHANGING YOUNG LIVES FOUNDATION

31 March 2025

CHANGING YOUNG LIVES FOUNDATION

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CHANGING YOUNG LIVES FOUNDATION

REPORT OF THE COUNCIL

The Council members present their report and the audited financial statements of Changing Young Lives Foundation (the "Foundation") for the year ended 31 March 2025.

Incorporation details
The Foundation was incorporated on 16 April 1996 under the Hong Kong Companies Ordinance as a private company limited by guarantee and therefore does not have any share capital. The details of the liability of its members are set out in note 1 to the financial statements.

Principal activities
The Foundation is a charitable organisation and its principal activities consist of the relief of distress and hardship, and the promotion of the welfare of children. The Foundation is exempted from Hong Kong tax under Section 88 of the Inland Revenue Ordinance. There were no significant changes in the nature of principal activities during the year.

Results
The Foundation's deficit for the year ended 31 March 2025 and its financial position at that date are set out in the financial statements on pages 6 to 28.

Council members
The Council members of the Foundation during the year and up to the date of this report were:

Sheilah Cheng Chatjaval - Co-Chairman
Yvette Therese Ma - Co-Chairman
James Conrad Louey - Secretary
Michelle Alison Hing Man Liang - Treasurer
Denise Man San Ho
Arthur Tat-yung Leung
Lai Wai Thomas Leo Ho
Ho Wan Howard Ling
Wai Kei Lo
Kin Man Li

In accordance with article 6(b) of the Foundation's articles of association, all Council members continue to hold office for the ensuing year.

Council members' interests
At no time during the year was the Foundation a party to any arrangement to enable the Foundation's Council members to acquire benefits by means of the acquisition of shares in or debentures of the Foundation or any other body corporate.

Council members' interests in transactions, arrangements or contracts
No Council member had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Foundation to which the Foundation was a party during the year.

CHANGING YOUNG LIVES FOUNDATION

REPORT OF THE COUNCIL

Auditor

Ernst & Young retire and a resolution for their reappointment as auditor of the Foundation will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE COUNCIL

.....

Mrs. Sheilah Cheng Chatjaval
Co-Chairman

Hong Kong
12 December 2025

Ernst & Young
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979 King's Road
Quarry Bay, Hong Kong

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Independent auditor's report
To the members of Changing Young Lives Foundation
(Incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the financial statements of Changing Young Lives Foundation (the "Foundation") set out on pages 6 to 28, which comprise the statement of financial position as at 31 March 2025, and the statement of income and expenditure and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as at 31 March 2025, and of its financial performance and its 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 Foundation 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 Council members are responsible for the other information. The other information comprises the information included in the report of the Council.

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.

Responsibilities of the Council members for the financial statements

The Council members are responsible for the preparation of 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 Council members 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 members are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council members either intend to liquidate the Foundation or to cease operations or have no realistic alternative but to do so.

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Independent auditor's report (continued)
To the members of Changing Young Lives Foundation
(Incorporated in Hong Kong and limited by guarantee)

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. Our 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 skepticism 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council members.
- Conclude on the appropriateness of the Council members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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 Foundation 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.

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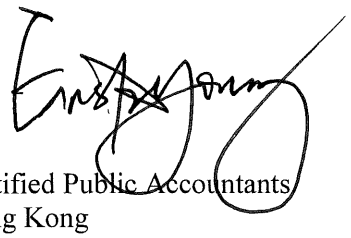
Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the Council members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor report is Kong, Choi Yi (practising certificate number: P07873).



Certified Public Accountants
Hong Kong
12 December 2025

A member firm of Ernst & Young Global Limited

CHANGING YOUNG LIVES FOUNDATION

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2025

	Note	2025 HK$	2024 HK$
INCOME			
Fundraising income			
Project sponsorships	4	6,455,911	6,007,330
Other fundraising events		4,654,781	3,419,249
Total fundraising income		11,110,692	9,426,579
Other income			
Bank interest income		128,559	79,630
Bond interest income		694,367	983,936
New Center sponsorship realisation		2,266,667	2,266,667
Fair value gain on financial asset at fair value through profit or loss		226,809	79,925
Miscellaneous income		128,217	122,016
Total other income		3,444,619	3,532,174
TOTAL INCOME		14,555,311	12,958,753
EXPENDITURE			
Expenditure on service projects			
Hong Kong projects:			
SEN Service		873,390	792,598
Empower Program		1,645,912	1,830,173
Community Chest Slam Dunk Challenge		1,496,808	1,881,104
YES Program		585,072	601,112
STEM Program		2,505,769	352,047
Other programs		2,731,171	2,641,000
Mainland China projects:			
Other programs		25,111	-
Total expenditure on service projects		9,863,233	8,098,034

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CHANGING YOUNG LIVES FOUNDATION

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
(continued)

Year ended 31 March 2025

	Note	2025 HK$	2024 HK$
EXPENDITURE (continued)			
Centre operation expenses			
Rates		46,400	16,586
Depreciation on property, plant and equipment		2,991,796	3,322,270
Depreciation on right-of-use assets		362,884	362,888
Utilities		136,426	117,879
Repairs and maintenance		17,458	23,420
Employee benefit expense		538,050	435,812
Other centre operation expenses		159,671	179,794
Total centre operation expenses		4,252,685	4,458,649
Administrative expenses			
Employee benefit expense		955,896	804,360
Other administrative expenses		173,161	321,515
Total administrative expenses		1,129,057	1,125,875
Fundraising expenses			
Direct expenses for fundraising events		490,215	81,594
Employee benefit expense		806,706	774,438
Total fundraising expenses		1,296,921	856,032
TOTAL EXPENDITURE		16,541,896	14,538,590
DEFICIT FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR	5	(1,986,585)	(1,579,837)

CHANGING YOUNG LIVES FOUNDATION

STATEMENT OF FINANCIAL POSITION

31 March 2025

	Notes	2025 HK$	2024 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	7	666,120	3,628,496
Right-of-use assets	8	-	362,884
Held-to-maturity investments at amortised cost	9	12,373,616	6,936,865
Total non-current assets		13,039,736	10,928,245
CURRENT ASSETS			
Held-to-maturity investments at amortised cost	9	2,296,147	7,982,100
Financial assets at fair value through profit or loss	10	4,562,207	4,335,398
Deposits and other receivables		1,877,380	912,039
Cash and cash equivalents		9,824,061	13,560,313
Total current assets		18,559,795	26,789,850
CURRENT LIABILITIES			
Deferred income	11	1,502,192	5,210,581
Lease liabilities	8	-	381,592
Other payables		227,019	269,017
Total current liabilities		1,729,211	5,861,190
NET CURRENT ASSETS		16,830,584	20,928,660
TOTAL ASSETS LESS CURRENT LIABILITIES		29,870,320	31,856,905
Net assets		29,870,320	31,856,905
REPRESENTED BY:			
General reserve and total equity		29,870,320	31,856,905

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Mrs. Sheilah Cheng Chatjaval
Co-Chairman

.....
Ms. Michelle Alison Hing Man Liang
Treasurer

CHANGING YOUNG LIVES FOUNDATION

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2025

	General reserve and total equity HK$
At 1 April 2023	33,436,742
Deficit for the year and total comprehensive loss for the year	(1,579,837)
At 31 March 2024 and 1 April 2024	31,856,905
Deficit for the year and total comprehensive loss for the year	(1,986,585)
At 31 March 2025	29,870,320

CHANGING YOUNG LIVES FOUNDATION

STATEMENT OF CASH FLOWS

Year ended 31 March 2025

	Notes	2025 HK$	2024 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(1,986,585)	(1,579,837)
Adjustments for:			
Depreciation on property, plant and equipment	5	2,991,796	3,322,270
Depreciation on right-of-use assets	5	362,884	362,888
Loss on write-off of property, plant and equipment	5	-	51,672
Fair value gain on a financial assets at fair value through profit or loss	5	(226,809)	(79,925)
Bank interest income	5	(128,559)	(79,630)
Bond interest income	5	(694,367)	(983,936)
Interest on lease liabilities	8	9,008	28,032
		327,368	1,041,534
Increase in deposits and other receivables		(965,341)	(392,587)
Decrease in deferred income		(3,708,389)	(3,565,187)
Increase/(decrease) in other payables		(41,998)	26,850
Cash used in operations		(4,388,360)	(2,889,390)
Interest paid		(9,008)	(28,032)
Net cash flows used in operating activities		(4,397,368)	(2,917,422)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		822,926	1,063,566
Purchases of items of property, plant and equipment for new centre	7	(29,420)	(46,482)
Purchase of held-to-maturity investments at amortised cost		(8,071,281)	-
Proceeds from the disposal of held-to-maturity investments at amortised cost		8,320,483	1,972,017
Net cash flows from investing activities		1,042,708	2,989,101
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments and net cash flows used in financing activities		(381,592)	(362,568)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,736,252)	(290,889)
Cash and cash equivalents at beginning of year		13,560,313	13,851,202
CASH AND CASH EQUIVALENTS AT END OF YEAR		9,824,061	13,560,313
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		5,777,967	13,560,313
Non-pledged time deposits with original maturity of less than three months when acquired		4,046,094	-
Cash and cash equivalents as stated in the statement of financial position		9,824,061	13,560,313

1. CORPORATE INFORMATION

Incorporation details

Changing Young Lives Foundation (the "Foundation") was incorporated on 16 April 1996 as a private company limited by guarantee under the Hong Kong Companies Ordinance. The registered office of the Foundation changed from Units 1-14, G/F, Block 10, Pak Tin Estate, Kowloon to LG3, Kin Tin House, Pak Tin Estate, Kowloon.

Members' liability

The Foundation is not authorised to issue share capital. The liability of its members is limited to HK$10 per member in the event of the Foundation being wound up while he/she is a member, or within one year after he/she ceases to be a member.

2. ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

2.2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit or loss which is measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Foundation has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The adoption of the above revised HKFRS Accounting Standards has had no significant financial effect on these financial statements except the followings.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and Amendments to HKAS 1 Non-current Liabilities with Covenants

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Company has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Company.

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Company has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards - Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[2]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual/reporting periods beginning on or after 1 January 2027
[4] No mandatory effective date yet determined but available for adoption

The Foundation has not early applied any of the new and revised HKFRS Accounting Standards, that have been issued but are not yet effective for the accounting year ended 31 March 2025, in the financial statements. The Foundation is in the process of making an assessment of the impact of these new and revised HKFRS Accounting Standards upon initial application but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a significant impact on the Foundation's results of operations and financial position.

3. MATERIAL ACCOUNTING POLICIES

Impairment of non-financial assets

The Foundation assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If such an indication exists, the Foundation makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its 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 asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit). In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised in the statement of income and expenditure whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to the statement of income and expenditure in the year in which it arises.

Fair value measurement

The Company measures its held-to-maturity investments at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of income and expenditure in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Foundation recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the lease terms
Furniture and fixtures	50%
Computer and equipment	25% to 33%

Construction in progress represent property, plant and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and other related expenses incurred during the year of construction. Projects under construction are reclassified to the appropriate categories of property, plant and equipment when completed and ready for use.

The gain or loss on disposal of items of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in the statement of income and expenditure.

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases

The Foundation assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Foundation as a lessee

The Foundation applies a single recognition and measurement approach for all leases. The Foundation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office	Over the lease terms

(b) Lease liabilities

Lease liabilities are initially measured at the present value of lease payments to be made under the lease terms and subsequently adjusted by the effect of the interest on and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications.

Financial assets

The Foundation's financial assets include held-to-maturity investments measured at amortised cost, deposits and other receivables, and cash and cash equivalents.

All the other financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when the Foundation commits to purchase or sell the assets.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

(a) Classification and measurement

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

Debt instruments that do not meet the criteria for amortised cost are measured at fair value through profit or loss. Interest income for these financial assets is included in finance income.

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

(b) Impairment

The Foundation applies the expected credit loss model on all the financial assets that are subject to impairment.

Impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Foundation is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The Foundation considers a financial asset to be default when internal or external information indicates the Foundation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Foundation. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Foundation has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities

The Foundation's financial liabilities include other payables. They are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments. They also include advances from cash pooling arrangement with ultimate holding company that form an integral part of the Company's cash management.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits, as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) General donations, when the Foundation becomes entitled to the donations and it is probable that they will be received, which is generally upon receipt of cash;

(b) Designated project sponsorship for specific purposes, by initially recognising as deferred income and then recognised in the statement of income and expenditure over the scheduled period to match against the related costs which they are intended to compensate; and

(c) Interest income, using the effective interest rate method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

3. MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

Pension scheme and costs

The Foundation operates a mandatory provident fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Foundation in an independently administered fund. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of income and expenditure as and when the contributions fall due.

4. PROJECT SPONSORSHIPS

	2025 HK$	2024 HK$
Community Chest Slam Dunk Challenge	1,294,099	1,462,255
Empower Program	1,010,691	1,513,723
SEN Service	691,311	651,784
YES Program	443,640	319,052
STEM Program	2,102,332	-
Other programs	913,838	2,060,516
Total	6,455,911	6,007,330

5. DEFICIT FOR THE YEAR

The Foundation's deficit for the year is arrived at after charging/(crediting):

	Notes	2025 HK$	2024 HK$
Employee benefit expense:			
Salaries and bonus		7,730,612	7,191,167
Pension scheme contributions (defined contribution scheme)		282,616	270,746
Total		8,013,228	7,461,913
Auditor's remuneration		95,400	89,200
Depreciation on property, plant and equipment	7	2,991,796	3,322,270
Depreciation on right-of-use assets	8	362,884	362,888
Loss on write-off of property, plant and equipment		-	51,672
Fair value gain on a financial asset at fair value through profit or loss		(226,809)	(79,925)
Bank interest income		(128,559)	(79,630)
Bond interest income		(694,367)	(983,936)
Foreign exchange differences, net		2,864	17,084

No council member received any fees or emoluments in respect of their services rendered to the Foundation during the year (2024: Nil).

6. TAX

The Foundation has been exempted from Hong Kong tax under Section 88 of the Inland Revenue Ordinance as a charitable institution of a public character.

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$	Furniture and fixtures HK$	Computer and equipment HK$	Total HK$
31 March 2025				
At 1 April 2024:				
Cost	8,355,180	705,841	620,583	9,681,604
Accumulated depreciation	(5,111,684)	(652,008)	(289,416)	(6,053,108)
Net carrying amount	3,243,496	53,833	331,167	3,628,496
At 1 April 2024, net of accumulated depreciation	3,243,496	53,833	331,167	3,628,496
Additions	-	1,386	28,034	29,420
Depreciation provided during the year	(2,785,060)	(50,002)	(156,734)	(2,991,796)
At 31 March 2025, net of accumulated depreciation	458,436	5,217	202,467	666,120
At 31 March 2025				
Cost	8,355,180	707,227	648,617	9,711,024
Accumulated depreciation	(7,896,744)	(702,010)	(446,150)	(9,044,904)
Net carrying amount	458,436	5,217	202,467	666,120
31 March 2024				
At 1 April 2023:				
Cost	8,355,180	739,566	1,319,703	10,414,449
Accumulated depreciation	(2,326,624)	(322,460)	(809,409)	(3,458,493)
Net carrying amount	6,028,556	417,106	510,294	6,955,956
At 1 April 2023, net of accumulated depreciation	6,028,556	417,106	510,294	6,955,956
Additions	-	14,422	32,060	46,482
Write-off	-	(9,138)	(42,534)	(51,672)
Depreciation provided during the year	(2,785,060)	(368,557)	(168,653)	(3,322,270)
At 31 March 2024, net of accumulated depreciation	3,243,496	53,833	331,167	3,628,496
At 31 March 2024				
Cost	8,355,180	705,841	620,583	9,681,604
Accumulated depreciation	(5,111,684)	(652,008)	(289,416)	(6,053,108)
Net carrying amount	3,243,496	53,833	331,167	3,628,496

8. LEASE ARRANGEMENTS

The Foundation leased a property in Hong Kong as office, which had a lease term of three years.

Right-of-use assets
The carrying amount of the Foundation's right-of-use asset for an office and the movement during the year ended 31 March 2025 were as follows:

	HK$
At 1 April 2023	725,772
Addition	-
Depreciation provided during the year (note 5)	(362,888)
At 31 March 2024 and 1 April 2024	362,884
Depreciation provided during the year (note 5)	(362,884)
At 31 March 2025	-

Lease liabilities
The carrying amount of the Foundation's lease liabilities and the movement during the year ended 31 March 2025 were as follows:

	2025 HK$	2024 HK$
Carrying amount at beginning of year	381,592	744,160
Accretion of interest recognised during the year	9,008	28,032
Payments	(390,600)	(390,600)
Carrying amount at end of year	-	381,592
Portion classified as current liabilities	-	(381,592)
Non-current portion	-	-

Other lease information
The amounts recognised in the statement of income and expenditure and other comprehensive income in relation to lease were as follows:

	2025 HK$	2024 HK$
Interest expenses on lease liabilities (note)	9,008	28,032
Depreciation of right-of-use assets	362,884	362,888
Total amount recognised in statement of income and expenditure and other comprehensive income	371,892	390,920

Note: Included in "other centre operation expenses" on the face of the statement of income and expenditure and other comprehensive income.

9. HELD-TO-MATURITY INVESTMENTS MEASURED AT AMORTISED COST

	2025 HK$	2024 HK$
Unlisted held-to-maturity investments measured at amortised cost	14,669,763	14,918,965
Less: Non-current portion	(12,373,616)	(6,936,865)
Current portion	2,296,147	7,982,100

The held-to-maturity investments measured at amortised cost have remaining maturities of 8 months to 4 years (2024: 2 month to 2 years) and carry at effective interest rates of 3.361% to 5.897% (2024: 2.468% to 4.989%) per annum.

Impairment assessment of held-to-maturity investments measured at amortised cost

As at 31 March 2025, none of the held-to-maturity investments were overdue (2024: nil) and all the held-to-maturity investments were categorised within Stage 1 for the measurement of expected credit losses. An impairment analysis is performed at each reporting date by considering the expected credit losses, which are estimated by applying the probability of default approach with reference to risk of default of the issuers or comparable companies. As at 31 March 2025, the probability of default applied ranged from 0.00% to 0.01% (2024: 0.00% to 0.11%) and the loss given default was estimated to be approximately 55% (2024: 52%). The loss allowance for the impairment of held-to-maturity investments measured at amortised cost is not significant to the Foundation.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK$	2024 HK$
Unlisted debt investments:		
Carrying amount at beginning of year	4,335,398	4,255,473
Net gain from a fair value adjustment recognised in profit or loss	226,809	79,925
Carrying amount at end of year	4,562,207	4,335,398

The above unlisted debt investments are investments in bond which are held for trading. They are designated by the Company as financial asset at fair value through profit and loss and is stated at fair value.

11. DEFERRED INCOME

	2025 HK$	2024 HK$
Community Chest Slam Dunk Challenge	739,838	698,336
SEN Service	276,598	746,909
New Centre Renovation	-	2,266,667
Other Programs	485,756	1,498,669
Total	1,502,192	5,210,581

12. COMMITMENTS

The Foundation does not have any significant commitments as at 31 March 2025 and 31 March 2024.

13. FUND-RAISING EVENTS SUBJECT TO GOVERNMENT LICENSE

The following surplus from events held during the year, which required a public subscription permit from the Hong Kong Social Welfare Department, have been included in the statement of comprehensive income:

	2025 HK$	2024 HK$
Donations received	-	1,111,494
Expenditure incurred	-	(39,063)
	-	1,072,431

The public subscription permits issued by the Hong Kong Social Welfare Department were as follows:

2024

Permit number	Gross income HK$	Gross expenditure HK$	Net surplus HK$
2023/122/1	1,111,494	(39,063)	1,072,431

The funds raised above are used for supporting the Company's free education services.

14. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Lease liabilities HK$
At 1 April 2023	744,160
Changes from financing cash flows	(362,568)
Interest expense	28,032
Interest paid classified as operating cash flows	(28,032)
At 31 March 2024 and 1 April 2024	381,592
Changes from financing cash flows	(381,592)
Interest expense	9,008
Interest paid classified as operating cash flows	(9,008)
At 31 March 2025	-

15. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

2025

	Financial assets at fair value through profit or loss HK$	Financial assets at amortised cost HK$	Total HK$
Held-to-maturity investments measured at amortised cost	-	14,669,763	14,669,763
Financial assets included in deposits and other receivables	-	1,877,380	1,877,380
Financial assets at fair value through profit or loss	4,562,207	-	4,562,207
Cash and bank balances	-	9,824,061	9,824,061
Total	4,562,207	26,371,204	30,933,411

15. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2025

Financial liabilities

	Financial liabilities at amortised cost HK$
Other payables	119,400

2024

Financial assets

	Financial assets at fair value through profit or loss HK$	Financial assets at amortised cost HK$	Total HK$
Held-to-maturity investments measured at amortised cost	-	14,918,965	14,918,965
Financial assets included in deposits and other receivables	-	912,039	912,039
Financial assets at fair value through profit or loss	4,335,398	-	4,335,398
Cash and bank balances	-	13,560,313	13,560,313
Total	4,335,398	29,391,317	33,726,715

Financial liabilities

	Financial liabilities at amortised cost HK$
Other payables	135,175
Lease liabilities	381,592
Total	516,767

16. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Foundation's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025	2024	2025	2024
	HK$	HK$	HK$	HK$
Financial assets				
Held-to-maturity investments measured at amortised cost	14,669,763	14,918,965	14,975,588	15,174,771
Financial assets at fair value through profit or loss	4,562,207	4,335,398	4,562,207	4,335,398

Management has assessed that the fair values of cash and cash balances, financial assets included in deposits and other receivables, financial liabilities included in other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Foundation's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$	HK$	HK$	HK$
As at 31 March 2025:				
Financial assets at fair value through profit or loss	-	4,562,207	-	4,562,207
As at 31 March 2024:				
Financial assets at fair value through profit or loss	-	4,335,398	-	4,335,398

During the year, there were no transfers of fair value measurements between Level 1 and Level 2, and no transfer into or out of Level 3 for financial assets and financial liabilities (2024: Nil).

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Foundation's principal financial instruments comprise cash and bank balances, other receivables and deposits, and held-to-maturity investments measured at amortised cost, financial assets at fair value through profit or loss and financial liabilities included other payables.

The Foundation has no significant exposure to market risk in the normal course of its business.

The main risks from the Foundation's financial statements are credit risk and liquidity risk. The Council reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk
All the Foundation's cash and cash equivalents are held in major financial institutions which management believes are of high credit quality.

Maximum exposure and year-end staging
The table below shows the credit quality and the maximum exposure to credit risk based on the Foundation's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March.
For listed held-to-maturity investments, the Foundation also monitors them by using external credit ratings.

2025

	12-month ECLs Stage 1 HK$
Held-to-maturity investments measured at amortised cost	14,669,763
Financial assets included in deposits and other receivables	1,877,380
Cash and cash equivalents	9,824,061
Total	26,371,204

2024

	12-month ECLs Stage 1 HK$
Held-to-maturity investments measured at amortised cost	14,918,965
Financial assets included in deposits and other receivables	912,039
Cash and cash equivalents	13,560,313
Total	29,391,317

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk
The Foundation monitors and maintains a sufficient level of cash and bank balances deemed adequate by management to finance the Foundation's operations and mitigate the effects of fluctuation in cash flows. The Council reviews and monitors its working capital requirements regularly.

The maturity profile of the Foundation's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2025

	Within 1 year or on demand HK$	Over 1 year HK$	Total HK$
Other payables	119,400	-	119,400

2024

	Within 1 year or on demand HK$	Over 1 year HK$	Total HK$
Other payables	135,175	-	135,175
Lease liabilities	390,600	-	390,600
Total	516,767	-	516,767

18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Council on 12 December 2025.