YING WA EDUCATION FOUNDATION LIMITED
英華教育基金有限公司

REPORT OF EXECUTIVE COMMITTEE AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

YING WA EDUCATION FOUNDATION LIMITED
英華教育基金有限公司

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YING WA EDUCATION FOUNDATION LIMITED
英華教育基金有限公司

REPORT OF THE EXECUTIVE COMMITTEE

The members of the Executive Committee submit their annual report together with the audited financial statements for the year ended 30 June 2026.

PRINCIPAL ACTIVITIES

The principal activities of the Foundation are engaged in promoting and upgrading academic and education studies for students of Ying Wa College and Ying Wa Primary School.

RESULTS

The results of the Foundation for the year ended 30 June 2026 and its state of affairs at that date are set out in the financial statements on pages 6 to 21.

RESERVES

Movements in the reserves of the Foundation for the year are set out in the statement of changes in equity on page 8.

EXECUTIVE COMMITTEE MEMBERS

The Executive Committee members who hold office during the year and up to the date of this report are:

Elected Committee members
Chan Ting Kwong
Kwan Kai Cheong (Chairman)
Lau Tin Shing
Lee Wai Lun
Li Chun Wai
Lo Kwing Yu
Ng Chi Kwong
Tang Ping Kwong
Tsang Chiu Kwan

Ex-officio members
Chan Ying Shing
Chan May Kuen Sylvia
Chen Dion
Liu Lik Hang, Rex (Appointed on 15 October 2025)
Wong Ka Fai
Wong Kwok Wing
Yao Sau Chu

All elected members of the Executive Committee were elected at the annual general meeting in November 2024 for a term of 2 years. In accordance with Article 35 of the Foundation's Articles of Association, the elected committee members shall retire, at the annual general meeting in 2026 and, being eligible, offer themselves for re-election.

YING WA EDUCATION FOUNDATION LIMITED
英華教育基金有限公司

REPORT OF THE EXECUTIVE COMMITTEE

PERMITTED INDEMNITY PROVISIONS

EXECUTIVE COMMITTEE MEMBERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No contracts of significance to which the Foundation was a party and in which a member of the Executive Committee had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

BUSINESS REVIEW

The Foundation falls within the reporting exemption of Hong Kong Companies Ordinance for the current financial year. Accordingly, the Foundation is exempted from preparing a business review.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial period were there any permitted indemnity provisions in force for the benefit of the executive committee of the Foundation.

AUDITOR

A resolution to re-appoint the retiring auditor, Mak Siu Hong & Co., is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Kwan Kai Cheong
Chairman

23 September 2026

麥邵康會計師事務所
MAK SIU HONG & CO.
Certified Public Accountants

Room 2003, 20/F.,
168 Sai Yeung Choi Street South, Kowloon.
九龍旺角西洋菜南街 168 號 20 樓 2003 室
Tel: 3426 4835, Fax: 3426 9393

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
YING WA EDUCATION FOUNDATION LIMITED
英華教育基金有限公司
(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY BY GUARANTEE)

Opinion

I have audited the financial statements of Ying Wa Education Foundation Limited ("the Foundation") set out on pages 6 to 21, which comprise the statement of financial position as at 30 June 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2026, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion, the financial statements give a true and fair view of the financial position of the Foundation as at 30 June 2026, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards ("HKFRSs") 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

I conducted my audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Foundation in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The executive committee are responsible for the other information. The other information comprises the report of executive committee but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Executive committee and those charged with governance for the financial statements

The executive committee are responsible for the preparation of the financial statements that give a true and fair view in accordance with applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Hong Kong Companies Ordinance, and for such internal control as the executive committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Executive committee and those charged with governance for the financial statements (Continued)

In preparing the financial statements, the executive committee 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 executive committee either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. The 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. I do not assume responsibilities 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 executive committee.
- Conclude on the appropriateness of the executive committee 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

The engagement partner on the audit resulting in this independent auditor's report is Mak Siu Hong (practising certificate number: P06165).



Mak Siu Hong & Co.,
Certified Public Accountants (Practising)
Room 2003, 20/F.,
168 Sai Yeung Choi Street South,
Mongkok, Kowloon,
Hong Kong
Practising certificate number: P06165
Date: 23 September 2026

YING WA EDUCATION FOUNDATION LIMITED
英華教育基金有限公司

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 HK$	2025 HK$
Revenue	4	**842,926**	627,310
Other income			
Bank interest income		**145,868**	325,521
		145,868	325,521
Less: Expenses			
Bank charges		**1,875**	1,000
Other expenses		**4**	-
		1,879	1,000
Less: Programme expenses			
Walkathon		**46,184**	51,954
HK YW font		**22,322**	-
		68,506	51,954
Less: Sponsorship			
Ying Wa College - sponsorship		**335,330**	367,110
Ying Wa College - Computer facilities		**386,398**	178,700
Ying Wa Primary School - sponsorship		**164,847**	163,700
		886,575	709,510
Surplus for the year		**31,834**	190,367
Taxation	6	**-**	-
Surplus and other comprehensive income for the year		**31,834**	190,367

YING WA EDUCATION FOUNDATION LIMITED
英華教育基金有限公司

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Notes	2026	2025
		HK$	HK$
Current asset			
Cash and bank balances		**575,086**	208,485
Time deposit		**14,400,000**	9,300,000
		14,975,086	9,508,485
Current liability			
Other payables		**122,960**	125,490
		122,960	125,490
NET ASSETS		**14,852,126**	9,382,995
FUND AND RESERVE			
Accumulated fund			
General fund		**7,482,668**	7,450,834
Trust fund	7	**7,369,458**	1,932,161
		14,852,126	9,382,995

The financial statements were approved and authorised by the executive committee on 23 September 2026.

Kwan Kai Cheong
Chairman

Ng Chi Kwong
Hon Treasurer

YING WA EDUCATION FOUNDATION LIMITED
英華教育基金有限公司

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	General fund	Trust fund	Total
	HK$	HK$	HK$
As at 30 June 2024	7,260,467	1,652,616	8,913,083
Receipt - Net	-	279,545	279,545
Surplus and other comprehensive income for the year	190,367	-	190,367
As at 30 June 2025	7,450,834	1,932,161	9,382,995
Receipt - Net	-	5,437,297	5,437,297
Surplus and other comprehensive income for the year	31,834	-	31,834
As at 30 June 2026	**7,482,668**	**7,369,458**	**14,852,126**

YING WA EDUCATION FOUNDATION LIMITED
英華教育基金有限公司

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	2026 HK$	2025 HK$
OPERATING ACTIVITIES		
Surplus for the year	**31,834**	190,367
Adjustments for:		
Interest income	**(145,868)**	(325,521)
Operating cash flows before movement in working capital	**(114,034)**	(135,154)
(Decrease) increase in other payables	**(2,530)**	4,104
Net cash used in operating activities	**(116,564)**	(131,050)
INVESTING ACTIVITY		
Bank interest received	**145,868**	325,521
Net cash generated from investing activity	**145,868**	325,521
FINANCING ACTIVITY		
Net receipt of sponsorship in trust fund during the year	**5,437,297**	279,545
Net cash generated from financing activity	**5,437,297**	279,545
Net increase in cash and cash equivalents	**5,466,601**	474,016
Cash and cash equivalents at beginning of the year	**9,508,485**	9,034,469
Cash and cash equivalents at end of the year	**14,975,086**	9,508,485

1. CORPORATE INFORMATION

Ying Wa Education Foundation Limited is incorporated in Hong Kong with limited liability by guarantee. The Foundation's registered office is No.1, Ying Wa Street, Shamshuipo, Kowloon, Hong Kong.

The principal activities of the Foundation were engaged in promoting and upgrading academic and educational studies for students of Ying Wa College and Ying Wa Primary School.

The functional currency and the presentation currency of the Foundation's financial statements is Hong Kong Dollars ("HK$").

2. BASIS OF PREPARATION

(a) Compliance with HKFRS Accounting Standards

These financial statements have been prepared in accordance with *HKFRS Accounting Standards* ("HKFRSs"), accounting principles generally accepted in Hong Kong and by the Hong Kong Companies Ordinance.

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

The Hong Kong Institute of Certified Public Accountants has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Foundation. There have been no significant changes to the accounting policies applied in these financial statements as a result of these developments.

(b) Measurement basis

The financial statements are prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Revenue from contracts with customers

The Foundation recognizes revenue when performance obligation is satisfied. i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Revenue from contracts with customers (continued)

Control is transferred over time and revenue is recogised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Foundation's performance as the Foundation performs;
- the Foundation's performance creates and enhances an asset that the customer controls as the Foundation performs; or
- the Foundation's performance does not create an asset with an alternative use to the Foundation and Foundation has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer controls of the distinct good or service.

Income from general donation income and membership donation income are recognized upon receipt.

(b) Financial instruments

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Foundation's ordinary course of business are presented as revenue.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Financial instruments (continued)

Financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Foundation recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including cash and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Foundation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Foundation always recognises lifetime ECL for fees receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Foundation measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Foundation recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Financial instruments (continued)

Financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Foundation compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Foundation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Foundation regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk executive committee, the Foundation considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Foundation, in full (without taking into account any collaterals held by the Foundation).

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Financial instruments (continued)

Financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Foundation writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Foundation's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Foundation in accordance with the contract and the cash flows that the Foundation expects to receive, discounted at the effective interest rate determined at initial recognition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Financial instruments (continued)

Financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the credit rating basis:

- Nature of financial instruments (i.e. the Foundation's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by executive committee to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Financial liabilities

Debt instruments issued by the Foundation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability.

Other financial liabilities

Other financial liabilities including other payables is subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Financial instruments (continued)

Derecognition

The Foundation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Foundation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Foundation continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Foundation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Foundation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Foundation derecognises financial liabilities when, and only when, the Foundation's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(c) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Foreign currencies translation

In preparing the financial statements of the Foundation, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period.

For the purposes of presenting the financial statements, the assets and liabilities of the Foundation's foreign operations are translated into the presentation currency of the Foundation (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items of income and expense that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable when the Foundation recovers or settles the carrying amounts of assets or liabilities recognized in the financial statements.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realized. Deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity respectively.

(f) Related parties

A party is considered to be related to the Foundation if:

(a) The party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Foundation;
  (ii) has significant influence over the Foundation; or
  (iii) is a member of the key executive committee personnel of the Foundation or of a parent of the Foundation; or

(b) The party is an entity where any of the following conditions applies:
  (i) the entity and the Foundation are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Foundation are joint ventures of the same third party;
  (iv) the entity is a post-employment benefit plan for the benefit of employees of either the Foundation or an entity related to the Group;
  (v) the entity is controlled or jointly controlled by a person identified in (a); and
  (vi) a person identified in (a)(i) has significant influence over the entity or is a member of the key executive committee personnel of the entity (or of a parent of the entity).

4. REVENUE

Revenue represented general donation income and membership donation income for both years.

	2026	2025
	HK$	HK$
Donations received	**782,926**	507,310
Membership donations	**60,000**	120,000
	842,926	627,310

5. EXECUTIVE COMMTTEE MEMBERS' REMUNERATION

	2026	2025
	HK$	HK$
Fee	**-**	-
Contributions to defined contribution retirement plan	**-**	-
Other emoluments	**-**	-
	-	-

6. INCOME TAX

No provision for Hong Kong profits tax is required since the Foundation was exempted from taxation under Section 88 of the Hong Kong Inland Revenue Ordinance (2025: Nil).

7. TRUST FUND

	2026	2025
	HK$	HK$
Bicentennial Scholarship Fund	**315,000**	365,000
Heritage Fund	**55,810**	48,536
Health Promotion Fund	**71,675**	71,675
Sportsman Relief Fund	**1,162,450**	1,162,450
Students Support Fund	**170,000**	250,000
YM Chung Memorial Fund	**33,500**	34,500
Dai Bao Chuen Memorial Fund	**70,000**	-
Prof Chan YN Memorial Fund	**5,241,023**	-
Teaching and learning improvement fund	**150,000**	-
Salween Lee Scholarship Fund	**100,000**	-
	7,369,458	1,932,161

Trust fund represents donation received and sponsorship paid for specific purposes. Transfers to General fund were ultimately disbursed in accordance with the provisions and restrictions imposed by the respective donors. Income and expenses are directly dealt with in the respective fund accounts.

8. FINANCIAL INSTRUMENT

Categories of financial instruments

	2026	2025
	HK$	HK$
Financial assets		
Amortised cost	**14,975,086**	9,508,485
Financial liabilities		
Amortised cost	**122,960**	125,490

Financial risk management objectives and policies

The Foundation's major financial instruments include cash and bank balances and other payable. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. The policies on how to mitigate these risks are set out below. The executive committee manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Foundation by failing to discharge an obligation. In order to minimise the credit risk, the executive committee has delegated a team responsible for the monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the executive committee consider that the Foundation's credit risk is significantly reduced.

The executive committee has assessed there is no record of historical default of cash and bank balnaces and there is no information of credit risk increased significantly and concluded that there is no 12-month and lifetime ECL is required to provide.

The Foundation places the bank balances with major financial institutions of high credit quality located in Hong Kong to minimise its credit risk.

(b) Interest rate risk

The Foundation is exposed to interest rate risk only to the extent of its cash in saving bank account. The executive committee considers its impact on the financial statements is not significant given the prevailing levels of market interest rates. Accordingly, no sensitivity analysis is prepared and presented.

(c) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Foundation to meet its financial obligations, measured by the debt-to-equity ratio. The financial liabilities are due for repayment within one year or on demand.

8. FINANCIAL INSTRUMENT (CONTINUED)

Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

The Foundation's undiscounted obligations as at 30 June 2026 and their maturities were as follows:-

	Payable within one year or repayable on demand HK$	**Payable 2-5 years HK$**
Other payable	**122,960**	-

The Foundation's undiscounted obligations as at 30 June 2025 and their maturities were as follows:-

	Payable within one year or repayable on demand HK$	Payable 2-5 years HK$
Other payable	125,490	-

(d) Currency risk

Currency risk is the risk that the value of a financial instrument fluctuates as a result of changes in foreign exchange rates. Since most of the Foundation's assets and liabilities are in HK$ (the Foundation's functional currency), the exposure to the foreign currencies are considered insignificant. Hence, the change on foreign exchange rate has immaterial impact to the Foundation's profit or loss. Accordingly, no sensitivity analysis is presented.

(e) Fair value

The carrying amounts of the Foundation's financial instruments approximate their fair values due to the short maturity of these instruments.

9. CAPITAL RISK MANAGEMENT

The Foundation manages its fund and reserve to ensure that the Foundation will be able to continue as a going concern while maximising the return through the optimisation of equity balance. The capital structure of the Foundation consists of General Fund and Trust Fund.

10. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

All members of key executive committee personnel as the executive committee of the Foundation, and their remuneration is disclosed in note 5.

11. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2026

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2026 and have not been adopted in these financial statements.

The Foundation is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations 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 Foundation's results of operations and financial position.