

Report of the Council Members and Audited Financial Statements

HONG KONG CHINESE ORCHESTRA LIMITED

香港中樂團有限公司

(Limited by Guarantee)

31 March 2026



Shape the future
with confidence
聚信心 塑未来

HONG KONG CHINESE ORCHESTRA LIMITED
(Limited by Guarantee)

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HONG KONG CHINESE ORCHESTRA LIMITED
(Limited by Guarantee)

REPORT OF THE COUNCIL MEMBERS

The council members (the "Council Members") present their report and the audited financial statements of Hong Kong Chinese Orchestra Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2026.

Principal activities

With effect from 1 April 2001, the Company took over from Leisure and Cultural Services Department ("LCSD") of the Government of the Hong Kong Special Administrative Region ("the Government") the running of the Hong Kong Chinese Orchestra.

The Hong Kong Chinese Orchestra is the only professional Chinese orchestra in Hong Kong and one of the largest and most renowned of its type in the world. The Group and the Company present symphonic music based on traditional folk repertoires and full-scale contemporary compositions. The principal activities of the Group and of the Company consist of providing Chinese music programmes of different styles to blend the diverse artistic expressions and techniques of today with the traditional culture of China in interpretation of metropolitan life, as well as rendering promotion, education, research and development of traditional and modern Chinese music. There were no significant changes in the nature of the Group's principal activities during the year.

Results

The Group's surplus for the year ended 31 March 2026 and the Group's financial position at that date are set out in the financial statements on pages 10 to 44.

Council

The Council Members of the Company during the year were:

Au Corona Ching Mei	
Chan Shum Yue, Bonnie	(elected as Vice Chairman on 24 October 2025)
Chan Sye Min	
Chan Wing Wah	
Fan Chun Wah, Andrew	
Lai Hin Wing, Henry	(elected as Chairman on 24 October 2025)
Lee Yuen Bing, Nina	
Liu Kam Hing	(elected as Vice Chairman on 24 October 2025)
Ling Clarence Chun Kit	
Lu Hing Yiu, Bryant	(elected as Honorary Secretary on 24 October 2025)
Ng Sau Kei, Wilfred	
Wong Shu Ming	
Wong Stacey, Martin	(elected as Treasurer on 24 October 2025)

HONG KONG CHINESE ORCHESTRA LIMITED
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REPORT OF THE COUNCIL MEMBERS (continued)

Council (continued)

The Council Members of the subsidiaries during the year were:

Au Corona Ching Mei
Chan Shum Yue, Bonnie
Chan Sye Min
Chan Wing Wah
Fan Chun Wah, Andrew
Lai Hin Wing, Henry
Lee Yuen Bing, Nina
Liu Kam Hing
Ling Clarence Chun Kit
Lu Hing Yiu, Bryant
Ng Sau Kei, Wilfred
Wong Shu Ming
Wong Stacey Martin

In accordance with article 50 of the Company's articles of association, the Chairman, Vice-Chairmen and Treasurer will retire from their respective offices and shall be eligible for re-election at the forthcoming annual general meeting.

Permitted indemnity provision

During the year ended 31 March 2026, a permitted indemnity provision as defined in the Hong Kong Companies Ordinance was in force for indemnities against liabilities incurred by council members of the Company.

Council Members' interests

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Council Members to acquire benefits by means of the acquisition of debentures of the Company or any other body corporate.

Council Members' interests in transactions, arrangements or contracts

No Council Members had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of the Company's subsidiaries was a party during the year.

Business review

The Group is committed to promoting Chinese music culture, with the provision of high-quality and wide-ranging Chinese music programmes as its core activities which include orchestral and ensemble concerts, educational activities, training courses, themed festivals, competitions, and research and development of musical instruments.

HONG KONG CHINESE ORCHESTRA LIMITED
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REPORT OF THE COUNCIL MEMBERS (continued)

Business review (continued)

Such principal activities are reviewed under the following categories:

Regular concerts, outreach performances, hired engagements and festivals

To bring the colourful world of Chinese music to the public, the Company organises more than one hundred regular and outreach concerts a year as well as mass activities and themed festivals. To date, it has achieved four Guinness World Records in mass performance, and laid many milestones in the development of Chinese orchestral music. Notable examples are the Hong Kong Drum Festival, launched in 2003, and The International Conducting Competition for Chinese Music in 2011, both of which have become regular and keenly anticipated events on the local and international music scene.

Overseas tours

The Company has been invited to perform at various famous venues and international festivals around the world. It has contributed tremendously to cultural diplomacy and is widely acclaimed as a cultural ambassador of Hong Kong.

Art education

To nurture the growth of a new generation of music-makers and widen the audience base in Chinese music, the Company gives performances in schools and organises instrumental classes. The Hong Kong Children Chinese Orchestra and the Hong Kong Junior Chinese Orchestra were established in 2003. Educational projects have been organised in conjunction with radio and television stations as well as other institutions. The Company has been working in conjunction with the Hong Kong Academy for Performing Arts, the Music Office, the Hong Kong Arts Development Council, the Leisure and Cultural Services Department to provide opportunities for local artists, arts administrators through training, internship and commissioning of works.

Research and development

The Company has been dedicated to developing and conducting research on Chinese music, whether traditional or contemporary. It explores new frontiers in music through commissioning new works of various types and styles. Over the years, it has commissioned about 2,400 original compositions and arrangements, many of which have won awards at home and abroad.

In the constant search for excellence in Chinese music, the Group has put in long-term efforts for instrument research and development, and has developed a full range of *eco-huqins*. The expressiveness and performance of the *eco-huqin* series are an improvement over the traditional versions, as a result of which it has won many awards in China, including national awards, and elsewhere.

Records and publications

The Company has an extensive discography of over 60, which includes live recordings of its concerts and studio recordings in CD, VCD and DVD formats. Apart from collating and publishing papers presented at symposia and conferences, it has also published many books on Chinese music.

HONG KONG CHINESE ORCHESTRA LIMITED
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REPORT OF THE COUNCIL MEMBERS (continued)

Business review (continued)

Financial review

Income

The total income of the Group was HK\$116.0 million (2025: HK\$116.9 million) for the year, of which HK\$77.8 million (2025: HK\$78.8 million) were subsidies from the Culture, Sports and Tourism Bureau of the Hong Kong Government, accounted for 67% of its total income. In addition, the Group received HK\$11.3 million (2025: HK\$10.1 million) from the Culture, Sports and Tourism Bureau of the Hong Kong Government under the Art Development Matching Grants Pilot Scheme, accounted for 9.8% of its total income.

During this year, 43 sessions local concerts were successfully completed. There is an increase of 4 sessions compared to the 39 sessions held in the previous year. The Group's box office income and donations & sponsorships received increased by 44.5% and decreased by 31.0% respectively. Overseas touring performances have increased and tour income increased by 98.9% compared to last year. Total earned income of the Group (excluding Government subsidies and Government grants included in other revenue) for the year decreased by 3.9% to HK\$26.6 million (2025: HK\$27.7 million).

Expenditure

The Group continues to exercise stringent control over its general expenditures. The total operating costs of the Group decreased by 6.7% to HK\$116.0 million (2025: increased by HK\$124.3 million) was mainly attributable to the decrease in marketing and fund raising expenses in current year due to decrease in number of activities in this year.

Surplus/Deficit for the year

In conclusion of the analysis above, the Group recognised a surplus of HK\$19,954 (2025: deficit of HK\$7.4 million) for the year.

Liquidity and financial resources

The Group funds its operation mainly through Government subvention, cash from operations and other self-financing activities. It has maintained a healthy liquid position for business development and adopted a prudent treasury policy. The total cash and bank deposits as at 31 March 2026 amounted to HK\$79.0 million (2025: HK\$79.3 million). The working capital (current assets less current liabilities) of the Group was HK\$73.7 million (2025: HK\$73.1 million). The Group will continue to place fixed deposits with its surplus cash with banks to maintain stable and safe investment returns.

Key performance indicators

A framework of Key Performance Indicators for a performing arts organisation should include both financial and non-financial data. Non-financial data to show intangible contribution is especially vital in this case due to the shorter history of the art form of Chinese orchestral music. The indicators involve creating innovative programmes, nurturing local young practitioners and commissioning of original compositions etc. Part of the indicators are listed below for reference:

	2026	2025
Total local performing sessions (including local concerts and other performance activities, exclude online sessions)	344	156
Total overseas performing sessions	20	14
Total online activities (including concerts and other Performance activities)	33	89

REPORT OF THE COUNCIL MEMBERS (continued)

Business review (continued)

Corporate relations with Government, sponsors, employees, customers and suppliers

As a non-profit-distributing organisation subvented by the Government, the Company strictly observes and follows the requirements and regulations laid down by the Government. In being accountable to the Government, sponsors and other stakeholders as to the specific use of funds, the Company seeks to disclose information through various channels such as annual reports and the Company's website, with a view to achieving a high level of transparency to offer the stakeholders and the public a clear and thorough understanding of the business.

The Group regards its employees as valuable assets and for this purpose, provides its staff with various channels in day-to-day operations to express their views and opinions related to work. The Council Chairman or Council Members meet with employees from time to time to listen to their opinions. An effective staff appraisal system is in place, which links compensation with team spirit, discipline, market trends, and Group and individual performance. For years, the Group has been supporting its staff's professional development by enrolling them in training courses, seminars or performances of other art groups so as to enhance their technical and practical knowledge.

In its continuous pursuit of improvement and enhancement of programmes, the Group proactively seeks feedback and views from the audience by inviting them to complete post-performance questionnaires. These are collated and evaluated to ensure that the Company will meet the highest professional and artistic standards.

The Group strives to maintain a fair and collaborative relationship with suppliers, and no major supplier has had an undue influence on its operations arising out of the nature of their business with the Group.

Corporate cultural, education and social responsibilities

The Company aims to enhance the quality of life of the public by presenting programmes that are well-balanced, diversified and abreast of the times. It reciprocates the support and encouragement of the community with innovative programming and artistic excellence that would please and delight the audience.

To assume an ambassadorial role for Chinese music culture, the Group has been actively promoting Chinese music by performing and giving educational workshops overseas. At its home base, its educational initiatives for the young include the establishment of the Hong Kong Junior Chinese Orchestra, instrumental training classes, touring concerts to schools and workshops, etc.

The Company launched the "*Music for Love*" scheme in 2005 with the purpose of allowing all members of the community to attend the Company's performances for free. Since then, many primary and secondary school students and underprivileged groups and families have had the opportunity to enjoy the beauty of Chinese music.

The Company is the first performing arts group to be awarded the "Ten Plus Caring Group" logo by the Hong Kong Council of Social Service in recognition of its continuous efforts in implementing corporate responsibility and contribution to social environment. Since 2005, the Company has been receiving this award for a continuous of 21 years.

Compliance with laws and regulations

The Group has an internal control system in place to monitor on-going compliance with relevant laws and regulations. During the year, there was no instance of non-compliance with any relevant laws and regulations that the Group was aware of which might cause a significant impact.

HONG KONG CHINESE ORCHESTRA LIMITED
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REPORT OF THE COUNCIL MEMBERS (continued)

Business review (continued)

Environmental policies and performances

The Group supports the protection of the environment by researching and developing the Eco-Huqin series, its uniqueness being its use of bio-degradable materials in place of python skin as used in traditional huqins. The value of the Eco-Huqin series is well recognised and acknowledged.

It is also the Group's ongoing concern to save energy, reduce waste and protect the environment during its day-to-day operations. A number of measures have been implemented for such purposes.

Principal risks and uncertainties

The general outlook of the Group is positive, but the following uncertainties may be worth considering and may cause concern.

Subvention by the Government

The major source of revenue of the Company is Government subvention. A change in the Government policy on subsidy will affect the operations of the Company.

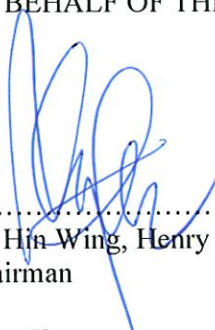
Future development of the Group's business

The Group will continue to strive for artistic excellence, broaden its range of services to the community, and make Chinese orchestral music accessible to all by producing a good mix of innovative programmes. By working together, it hopes to create a more close-knit society, with music as an excellent bond.

Auditors

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

ON BEHALF OF THE COUNCIL



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Lai Hin Wing, Henry
Chairman

Hong Kong
28 SEP 2026

Independent auditor's report**To the members of Hong Kong Chinese Orchestra Limited**

(Incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the consolidated financial statements of Hong Kong Chinese Orchestra Limited (the "Company") and its subsidiaries (the "Group") set out on pages 10 to 44 which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of income and expenditure, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated 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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The council members of the Company (the "Council Members") are responsible for the other information. The other information comprises the information included in the report of the Council Members.

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

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

Independent auditor's report (continued)
To the members of Hong Kong Chinese Orchestra Limited
(Incorporated in Hong Kong with limited liability by guarantee)

Responsibilities of the Council Members for the consolidated financial statements

The Council Members are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Members.

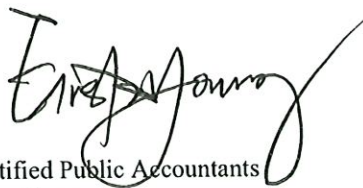
Independent auditor's report (continued)
To the members of Hong Kong Chinese Orchestra Limited
(Incorporated in Hong Kong with limited liability by guarantee)

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

- Conclude on the appropriateness of the Council Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of 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's report is Kong Choi Yi (practising certificate number: P07873).



Certified Public Accountants
Hong Kong
28 September 2026



HONG KONG CHINESE ORCHESTRA LIMITED
(Limited by Guarantee)

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

Year ended 31 March 2026

	Notes	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
INCOME							
Income from concerts and other performances							
Box office income	3	5,567,756	-	5,567,756	3,853,920	-	3,853,920
Hired engagement income	3	596,000	-	596,000	1,156,198	-	1,156,198
Outbound cultural exchange activities income	3	6,088,948	-	6,088,948	3,061,136	-	3,061,136
Outreach and other activities income	3	29,100	-	29,100	61,000	7,633	68,633
Government subsidies							
Recurrent	3	77,757,158	-	77,757,158	78,833,803	-	78,833,803
Art Development Matching Grants Scheme	3	11,313,458	-	11,313,458	10,132,698	-	10,132,698
Art Technology Funding Pilot Scheme	3	332,530	-	332,530	-	-	-
Donations and sponsorships	4	10,686,704	-	10,686,704	15,484,210	-	15,484,210
Other revenue	5	1,905,235	1,702,708	3,607,943	2,607,645	1,661,813	4,269,458
		<u>114,276,889</u>	<u>1,702,708</u>	<u>115,979,597</u>	<u>115,190,610</u>	<u>1,669,446</u>	<u>116,860,056</u>
EXPENDITURE							
Concert production costs	6	32,259,516	21,980	32,281,496	34,809,428	45,191	34,854,619
Payroll and related expenses	7	63,513,476	1,277,107	64,790,583	64,145,356	1,062,035	65,207,391
Marketing and fund raising expenses		12,449,645	24,044	12,473,689	16,617,511	31,423	16,648,934
Other operating expenses	8	5,776,153	332,300	6,108,453	7,092,306	369,080	7,461,386
Finance cost	9	292,780	12,642	305,422	70,131	13,730	83,861
		<u>114,291,570</u>	<u>1,668,073</u>	<u>115,959,643</u>	<u>122,734,732</u>	<u>1,521,459</u>	<u>124,256,191</u>

HONG KONG CHINESE ORCHESTRA LIMITED
(Limited by Guarantee)

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE (continued)

Year ended 31 March 2026

	Notes	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
SURPLUS/(DEFICIT) BEFORE TAX	10	(14,681)	34,635	19,954	(7,544,122)	147,987	(7,396,135)
Income tax expense	12	-	-	-	-	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		(14,681)	34,635	19,954	(7,544,122)	147,987	(7,396,135)

HONG KONG CHINESE ORCHESTRA LIMITED
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2026

	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
SURPLUS/(DEFICIT) FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	(14,681)	34,635	19,954	(7,544,122)	147,987	(7,396,135)

HONG KONG CHINESE ORCHESTRA LIMITED
(Limited by Guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2026

	Notes	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
NON CURRENT ASSETS							
Plant and equipment	13	1,081,747	-	1,081,747	1,770,073	-	1,770,073
Right-of-use assets	18(a)	4,559,979	306,767	4,866,746	6,839,969	98,838	6,938,807
Total non-current assets		<u>5,641,726</u>	<u>306,767</u>	<u>5,948,493</u>	<u>8,610,042</u>	<u>98,838</u>	<u>8,708,880</u>
CURRENT ASSETS							
Accounts receivable	14	1,928,804	37,500	1,966,304	6,367,239	-	6,367,239
Prepayments, deposits and other receivables	15	8,152,246	85,205	8,237,451	4,505,340	101,900	4,607,240
Cash and cash equivalents	16	71,569,470	7,474,440	79,043,910	71,879,390	7,407,072	79,286,462
Total current assets		<u>81,650,520</u>	<u>7,597,145</u>	<u>89,247,665</u>	<u>82,751,969</u>	<u>7,508,972</u>	<u>90,260,941</u>
CURRENT LIABILITIES							
Accounts payable and accrued liabilities	17	12,576,106	482,197	13,058,303	14,494,570	397,856	14,892,426
Lease liabilities	18(b)	2,278,098	217,377	2,495,475	2,167,220	103,475	2,270,695
Total current liabilities		<u>14,854,204</u>	<u>699,574</u>	<u>15,553,778</u>	<u>16,661,790</u>	<u>501,331</u>	<u>17,163,121</u>
NET CURRENT ASSETS		<u>66,796,316</u>	<u>6,897,571</u>	<u>73,693,887</u>	<u>66,090,179</u>	<u>7,007,641</u>	<u>73,097,820</u>
TOTAL ASSET LESS CURRENT LIABILITIES		<u>72,438,042</u>	<u>7,204,338</u>	<u>79,642,380</u>	<u>74,700,221</u>	<u>7,106,479</u>	<u>81,806,700</u>
NON-CURRENT LIABILITIES							
Lease liabilities	18(b)	<u>2,394,651</u>	<u>93,824</u>	<u>2,488,475</u>	<u>4,672,749</u>	<u>-</u>	<u>4,672,749</u>

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HONG KONG CHINESE ORCHESTRA LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2026

	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
NET ASSETS	70,043,391	7,110,514	77,153,905	70,027,472	7,106,479	77,133,951
RESERVES	70,043,391	7,110,514	77,153,905	70,027,472	7,106,479	77,133,951


Lai Hin Wing, Henry
Chairman



.....
Liu Kam Hing
Vice Chairman

HONG KONG CHINESE ORCHESTRA LIMITED
(Limited by Guarantee)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2026

	General Fund HK\$	Development Fund HK\$	Total HK\$
At 1 April 2024	77,538,444	6,991,642	84,530,086
Total comprehensive income/(loss) for the year	(7,544,122)	147,987	(7,396,135)
Transfer	<u>33,150</u>	<u>(33,150)</u>	<u>-</u>
At 31 March 2025 and 1 April 2025	70,027,472	7,106,479	77,133,951
Total comprehensive income/(loss) for the year	(14,681)	34,635	19,954
Transfer	<u>30,600</u>	<u>(30,600)</u>	<u>-</u>
At 31 March 2026	<u>70,043,391</u>	<u>7,110,514</u>	<u>77,153,905</u>

HONG KONG CHINESE ORCHESTRA LIMITED
(Limited by Guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2026

	Notes	2026 HK\$	2025 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus(deficit) before tax		19,954	(7,396,135)
Adjustments for:			
Interest income	5	(1,010,790)	(2,085,417)
Depreciation of plant and equipment	8	1,021,751	1,513,293
Depreciation of right-of-use asset	8	2,505,145	2,684,030
Loss on written-off of a item of plant and equipment	10	23,075	4,101
Finance cost	9	305,422	83,861
		<u>2,864,557</u>	<u>(5,196,267)</u>
Decrease/(increase) in accounts receivable		4,400,935	(5,244,352)
(Increase)/decrease in prepayments, deposits and other receivables		(3,630,211)	4,769,263
Decrease in accounts payable and accrued liabilities		(1,834,123)	(1,298,741)
		<u>1,801,158</u>	<u>(6,970,097)</u>
Interest elements of lease liability		(305,422)	(83,861)
		<u>1,495,736</u>	<u>(7,053,958)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,010,790	2,085,417
Purchases of items of plant and equipment	13	(356,500)	(669,676)
		<u>654,290</u>	<u>1,415,741</u>
CASH FLOWS FROM A FINANCING ACTIVITY			
Principal portion of lease payments and net cash flows used in a financing activity	19	(2,392,578)	(2,808,139)
		<u>(242,552)</u>	<u>(8,446,356)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		<u>79,286,462</u>	<u>87,732,818</u>
		<u>79,043,910</u>	<u>79,286,462</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u>79,043,910</u>	<u>79,286,462</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	16	<u>79,043,910</u>	<u>79,286,462</u>

HONG KONG CHINESE ORCHESTRA LIMITED
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NOTES TO FINANCIAL STATEMENTS

31 March 2026

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in Hong Kong on 7 February 2001 with limited liability by guarantee. The liability of the members is limited to HK\$100 per member.

The registered office of the Company is located at 7/F, Sheung Wan Municipal Services Building, 345 Queen's Road Central, Hong Kong.

During the year, the Group was involved in providing Chinese music programmes of different styles to blend the diverse artistic expressions and techniques of today with the traditional culture of China in interpretation of metropolitan life, as well as rendering promotion, education, research and development of traditional and modern Chinese music.

Pursuant to the government's approval on 14 August 2002, a Development Fund was set up for the funding of non-subsent activities which fall outside the ambit of government subvention and will be used for organising events and activities to further promote Chinese music. The General Fund accounts for all government subvented activities and the Development Fund accounts for all non-subsent activities.

Information about subsidiaries

Particulars of the Group's subsidiaries are as follows:

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity directly attributable to the Group		Principal activities
			2026	2025	
Hong Kong Children Chinese Orchestra Limited	Hong Kong	HK\$2	100	100	Inactive
Hong Kong Junior Chinese Orchestra Limited	Hong Kong	HK\$2	100	100	Inactive
Hong Kong Young Chinese Orchestra Limited	Hong Kong	HK\$2	100	100	Inactive
HKCO Orchestral Academy Limited	Hong Kong	HK\$1	100	100	Inactive
HKCO Artistic Research and Development Group Limited	Hong Kong	HK\$1	100	100	Artistic research and development

HONG KONG CHINESE ORCHESTRA LIMITED
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NOTES TO FINANCIAL STATEMENTS

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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, 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 and are presented in Hong Kong dollars.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2026. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated under Development Fund from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group assets and liabilities, reserves, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the statement of income and expenditure. The Group's share of components previously recognised in other comprehensive income is reclassified to the statement of income and expenditure or reserves, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in were exchangeable, the amendments did not have any impact on the Group's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
HKFRS 20	<i>Regulatory Assets and Regulatory Liabilities³</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature - Dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7¹</i>

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ Effective for annual periods beginning on or after 1 January 2029

⁴ No mandatory effective date yet determined but available for adoption

The Group is in the process of making assessment of the impact of the new and amended HKFRS Accounting standards upon initial application but is not yet in a position to state whether these new and amended HKFRS Accounting Standards would have a significant impact on the Group's financial statements in the period of initial application.

NOTES TO FINANCIAL STATEMENTS

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2.5 MATERIAL ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Group 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 Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group 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 Group 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 Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Impairment of non-financial assets

The Group assesses at the end of each reporting date whether there is an indication that an asset may be impaired. If such an indication exists, the Group 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of 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 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 plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Furniture and equipment	33⅓%
Musical instruments	25%
Computer equipment	33⅓%

Where parts of an item of plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of income and expenditure in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Leases

The Group assesses at contract inception whether a 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.

Group as a lessee

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

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(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 is 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 lease terms.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of income and expenditure.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the consolidated 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.

For the purpose of the consolidated 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 Group's cash management.

Financial assets

Financial assets include accounts receivable, financial assets included in prepayments, deposits and other receivables, and cash and bank balances, and are classified as financial assets at amortised cost. All financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when the Group commits to purchase or sell the assets.

(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.

(b) Impairment

The Group applies the expected credit loss model on all the financial assets that are subject to impairment. For accounts receivable without a significant financial component, the Group applies the simplified approach which requires impairment allowances to be measured at lifetime expected credit losses.

For other financial assets, impairment allowances are recognised under the general approach where expected credit losses ("ECLs") are recognised in the following stages.

Stage 1 - Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 - Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 - Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

The Group considers a default has occurred when a financial asset is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Group 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.

Financial liabilities

Financial liabilities include financial liabilities included in accounts payable and accrued liabilities and lease liabilities. 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.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the statement of income and expenditure is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided using liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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.

Contributions from sponsors and donations

Contributions from sponsors and donations are recognised on a cash receipt basis or in the period as specified by the sponsor or donor.

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Performance fee, income from concerts and other programmes

Revenue from performance, concerts and other programmes is recognised based on date of performance and concerts.

Training course income

Revenue from the provision of training course is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

Revenue from the sale of goods or souvenirs is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods or souvenirs.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Membership fees is recognised over the subscription period.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfer control of the related goods or services to the customers).

Provision

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the statement of income and expenditure.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2026

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of income and expenditure as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Development Fund

Development Fund was established for the funding of non-subvented activities, which fall outside the ambit of government subvention. Development Fund raised funds from public by soliciting donations and organising Chinese music related events.

HONG KONG CHINESE ORCHESTRA LIMITED
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NOTES TO FINANCIAL STATEMENTS

31 March 2026

3. INCOME FROM CONCERTS AND OTHER PERFORMANCES AND GOVERNMENT SUBSIDIES

(i) Recurrent subsidy

The Group's Government subsidies include recurrent subsidy of HK\$77,757,158 (2025: HK\$78,833,803) from the Government for providing Chinese musical programmes of different styles. There are no unfulfilled conditions or contingencies relating to these grants.

(ii) Arts Development Matching Grants Scheme

The Group's supplementary government subsidy of HK\$ 11,313,458 (2025: HK\$10,132,698) is granted under Arts Development Matching Grants Scheme (the "Scheme") for the major Performing Arts Groups. Included in the consolidated statements of income and expenditure and financial position are the following items which are related to the Scheme.

	Matching Grants (including in General Fund)	
	2026 HK\$	2025 HK\$
Income		
Supplementary government subsidy	11,313,458	10,132,698
Interest income	<u>715,321</u>	<u>1,216,605</u>
Total income	<u>12,028,779</u>	<u>11,349,303</u>
Expenditure		
Concert product cost	6,481,484	1,106,094
Marketing expenses	912,171	492,670
Other operating expenses	<u>2,572,770</u>	<u>-</u>
Total expenditure	<u>9,966,425</u>	<u>1,598,764</u>
Operating surplus	<u>2,062,354</u>	<u>9,750,539</u>

HONG KONG CHINESE ORCHESTRA LIMITED
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NOTES TO FINANCIAL STATEMENTS

31 March 2026

3. INCOME FROM CONCERTS AND OTHER PERFORMANCES AND GOVERNMENT SUBSIDIES

(ii) Arts Development Matching Grants Scheme (continued)

	Matching Grants (including in General Fund)	
	2026 HK\$	2025 HK\$
Reserves	<u>57,927,517</u>	<u>55,865,163</u>

(a) Disaggregated revenue information for revenue from contracts with customers

	2026 HK\$	2025 HK\$
Income from concerts and other performances		
Box office income	5,567,756	3,853,920
Hired engagement income	596,000	1,156,198
Outbound cultural exchange activities income	6,088,948	3,061,136
Outreach and other activities income	<u>29,100</u>	<u>68,633</u>
Total income from concerts and other performances	<u>12,281,804</u>	<u>8,139,887</u>

Types of government subsidies

Recurrent	77,757,158	78,833,803
Matching Grants	11,313,458	10,132,698
Project-specific subsidy	<u>332,530</u>	<u>-</u>

Total government subsidies	<u>89,403,146</u>	<u>88,966,501</u>
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Timing of revenue recognition

Services transferred at a point in time	<u>101,684,950</u>	<u>97,106,388</u>
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(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Income from concert and other performances and government subsidies

The performance obligation is satisfied as performance is presented.

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4. DONATIONS AND SPONSORSHIPS

	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
Donations and sponsorships for designated concerts	6,815,352	-	6,815,352	13,217,251	-	13,217,251
Other donations and sponsorships (note)	<u>3,871,352</u>	<u>-</u>	<u>3,871,352</u>	<u>2,266,959</u>	<u>-</u>	<u>2,266,959</u>
Total	<u>10,686,704</u>	<u>-</u>	<u>10,686,704</u>	<u>15,484,210</u>	<u>-</u>	<u>15,484,210</u>

Note: The grant from the donation box income was Nil (2025: Nil) for the year.

	2026 HK\$	2025 HK\$
Timing of revenue recognition		
Services transferred at a point in time	8,756,632	13,784,210
Services transferred over time	<u>1,930,072</u>	<u>1,700,000</u>
Total	<u>10,686,704</u>	<u>15,484,210</u>

5. OTHER REVENUE

	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
Membership fees from "Friends of Hong Kong Chinese Orchestra"	11,750	-	11,750	13,200	-	13,200
Bank interest income	865,880	144,910	1,010,790	1,831,164	254,253	2,085,417
Sales of souvenirs	84,843	-	84,843	57,081	-	57,081
Training courses income	-	1,358,960	1,358,960	-	1,212,375	1,212,375
Other income (note)	<u>942,762</u>	<u>198,838</u>	<u>1,141,600</u>	<u>706,200</u>	<u>195,185</u>	<u>901,385</u>
Total	<u>1,905,235</u>	<u>1,702,708</u>	<u>3,607,943</u>	<u>2,607,645</u>	<u>1,661,813</u>	<u>4,269,458</u>

Note:

In 2025, included in the balance was HK\$215,717 for the year from Leisure and Cultural Services Department ("LCSD") of the Government under trainee programmes of Venture Partnership Scheme and a grant of HK\$15,174 from Culture, Sports and Tourism Bureau ("CSTB") to compensate the effect by the pandemic and tightening of the social distancing measures. There were no unfulfilled conditions and other contingencies attached to the receipt of those grants.

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6. CONCERT PRODUCTION COSTS

	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
Honorariums to guest conductors, artists and soloists	5,931,959	-	5,931,959	6,774,760	800	6,775,560
Transportation of musical instruments	3,052,852	-	3,052,852	2,975,982	-	2,975,982
Venue rental for rehearsals and performances	2,833,590	15,000	2,848,590	3,090,543	3,400	3,093,943
Music scores, tapes and records	113,130	-	113,130	196,360	-	196,360
Other production costs	<u>20,327,985</u>	<u>6,980</u>	<u>20,334,965</u>	<u>21,771,783</u>	<u>40,991</u>	<u>21,812,774</u>
Total	<u>32,259,516</u>	<u>21,980</u>	<u>32,281,496</u>	<u>34,809,428</u>	<u>45,191</u>	<u>34,854,619</u>

7. PAYROLL AND RELATED EXPENSES

	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
Artistic						
Salaries	40,223,686	970,335	41,194,021	39,278,133	835,225	40,113,358
Benefits	6,714,015	-	6,714,015	6,591,752	-	6,591,752
Administration						
Salaries	14,826,163	292,164	15,118,327	15,293,182	215,272	15,508,454
Benefits	1,040,772	14,608	1,055,380	1,073,508	11,538	1,085,046
Staff welfare	<u>708,840</u>	<u>-</u>	<u>708,840</u>	<u>1,908,781</u>	<u>-</u>	<u>1,908,781</u>
Total	<u>63,513,476</u>	<u>1,277,107</u>	<u>64,790,583</u>	<u>64,145,356</u>	<u>1,062,035</u>	<u>65,207,391</u>

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8. OTHER OPERATING EXPENSES

	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
Rates for office	131,500	-	131,500	131,000	-	131,000
Depreciation of plant and equipment	1,021,751	-	1,021,751	1,513,293	-	1,513,293
Depreciation of right-of-use assets	2,279,990	225,155	2,505,145	2,446,818	237,212	2,684,030
Printing, stationery and postage	198,272	-	198,272	207,453	-	207,453
Renovation and repairs	278,378	-	278,378	301,634	-	301,634
Other office expenses	1,735,649	107,146	1,842,795	2,083,285	131,868	2,215,153
Miscellaneous expenses	130,613	-	130,613	408,823	-	408,823
Total	<u>5,776,153</u>	<u>332,301</u>	<u>6,108,454</u>	<u>7,092,306</u>	<u>369,080</u>	<u>7,461,386</u>

9. FINANCE COST

	General Fund HK\$	Development Fund and subsidiaries HK\$	2026 Total HK\$	General Fund HK\$	Development Fund and subsidiaries HK\$	2025 Total HK\$
Interest on lease liabilities	<u>292,780</u>	<u>12,641</u>	<u>305,421</u>	<u>70,131</u>	<u>13,730</u>	<u>83,861</u>

10. SURPLUS/(DEFICIT) BEFORE TAX

The Group's surplus/(deficit) before tax is arrived at after charging:

	General Fund HK\$	Development Fund and subsidiaries HK\$	2026 Total HK\$	General Fund HK\$	Development Fund and subsidiaries HK\$	2025 Total HK\$
Auditors' remuneration	198,385	9,500	207,885	205,800	9,500	215,300
Loss on written-off of items of plant and equipment	23,075	-	23,075	4,101	-	4,101
Depreciation of plant and equipment	1,021,751	-	1,021,751	1,513,293	-	1,513,293
Depreciation of right-of-use assets	2,279,990	225,155	2,505,145	2,446,818	237,212	2,684,030
Lease payments not included in the measurement of lease liabilities	<u>2,833,590</u>	<u>15,000</u>	<u>2,848,590</u>	<u>3,090,543</u>	<u>3,400</u>	<u>3,093,943</u>

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11. COUNCIL MEMBERS' REMUNERATION

No Council Members received or are going to receive any remuneration in respect of their services during the year (2025: Nil).

12. INCOME TAX

The Company exempted from all taxes under Section 88 of the Inland Revenue Ordinance.

No provision for Hong Kong profits tax has been provided for its subsidiaries as they did not generate any assessable profits arising in Hong Kong during the year (2025: Nil).

There was no material unprovided deferred tax for its subsidiaries in respect of the year and as at the end of the reporting period (2025: Nil).

13. PLANT AND EQUIPMENT

	Furniture and equipment HK\$	Musical instruments HK\$	Computer equipment HK\$	Total HK\$
At 31 March 2026				
At 1 April 2025:				
Cost	7,003,542	6,376,327	4,340,238	17,720,107
Accumulated depreciation	(6,848,921)	(5,138,581)	(3,962,532)	(15,950,034)
Net carrying amount	<u>154,621</u>	<u>1,237,746</u>	<u>377,706</u>	<u>1,770,073</u>
At 1 April 2025, net of accumulated depreciation	154,621	1,237,746	377,706	1,770,073
Additions	-	19,200	337,300	356,500
Disposal/write off	-	(23,075)	-	(23,075)
Depreciation provided during the year	(134,473)	(523,824)	(363,454)	(1,021,751)
At 31 March 2026, net of accumulated depreciation	<u>20,148</u>	<u>710,047</u>	<u>351,552</u>	<u>1,081,747</u>
At 31 March 2026:				
Cost	6,967,627	6,359,059	4,663,637	17,990,323
Accumulated depreciation	(6,947,479)	(5,649,012)	(4,312,085)	(16,908,576)
Net carrying amount	<u>20,148</u>	<u>710,047</u>	<u>351,552</u>	<u>1,081,747</u>

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13. PLANT AND EQUIPMENT (continued)

	Furniture and equipment HK\$	Musical instruments HK\$	Computer equipment HK\$	Total HK\$
At 31 March 2025				
At 1 April 2024:				
Cost	7,020,458	5,787,655	4,309,268	17,117,381
Accumulated depreciation	(6,388,438)	(4,676,392)	(3,434,760)	(14,499,590)
Net carrying amount	<u>632,020</u>	<u>1,111,263</u>	<u>874,508</u>	<u>2,617,791</u>
At 1 April 2024, net of accumulated depreciation	632,020	1,111,263	874,508	2,617,791
Additions	10,750	627,956	30,970	669,676
Disposal	-	(4,101)	-	(4,101)
Depreciation provided during the year	(488,149)	(497,372)	(527,772)	(1,513,293)
At 31 March 2025, net of accumulated depreciation	<u>154,621</u>	<u>1,237,746</u>	<u>377,706</u>	<u>1,770,073</u>
At 31 March 2025:				
Cost	7,003,542	6,376,327	4,340,238	17,720,107
Accumulated depreciation	(6,848,921)	(5,138,581)	(3,962,532)	(15,950,034)
Net carrying amount	<u>154,621</u>	<u>1,237,746</u>	<u>377,706</u>	<u>1,770,073</u>

14. ACCOUNTS RECEIVABLE

The Group's accounts receivable are mainly receivables from Urban Ticketing System ("URBTIX") of LCSD on concert income, and receivables from its customers on performance fee and others. The sales of concert tickets are mainly conducted through URBTIX, and the Group receives the concert income from LCSD one to two months after the completion of the related concerts. The credit period offered to other customers is generally for a period of one to two months. The Group seeks to maintain strict control over their outstanding receivables. Overdue balances are reviewed regularly by senior management. At the end of the year, the Group had certain concentrations of credit risk as 44% (2025: 71%) of the Group's trade receivables were due from the Group's largest customer. The Group does not hold any collateral or other credit enhancements over these balances. Accounts receivable are non-interest-bearing.

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14. ACCOUNTS RECEIVABLE (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivable are written off if past due for more than one year and are not subject to enforcement activity. As at 31 March 2026 and 2025, the Group estimated that the expected loss rate of accounts receivable is minimal and no ECL allowance in respect of these balances is made.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The financial assets included in the balances related to receivables for which there was no recent history of default and past due amounts. As at 31 March 2026 and 2025, the loss allowance was assessed to be minimal.

16. CASH AND CASH EQUIVALENTS

	2026 HK\$	2025 HK\$
Cash on hand and at banks	<u>79,043,910</u>	<u>79,286,462</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between two weeks and two months (2025: two weeks and two months) depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Notes	2026 HK\$	2025 HK\$
Accounts payable	(a)	1,553,897	878,841
Accrued liabilities		8,680,602	11,676,575
Provision for long services payments	(b)	327,166	191,307
Contract liabilities	(c)	<u>2,496,638</u>	<u>2,145,703</u>
Total		<u>13,058,303</u>	<u>14,892,426</u>

NOTES TO FINANCIAL STATEMENTS

31 March 2026

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Notes:

- (a) Accounts payable are non-interest-bearing and are normally settled on 60-day terms.
- (b) The Group is obligated to make long service payment (“LSP”) to qualifying employees in Hong Kong with a minimum of 5 years’ employment period upon retirement or termination of employment under certain circumstances, in accordance with the Hong Kong Employment Ordinance (the “Employment Ordinance”). LSP is calculated based on the last monthly salary of the employee and the number of years of service. There are provisions under the Employment Ordinance permitting employers to offset employees’ LSP against the accrued benefits attributable to employers’ contributions to the MPF Scheme. In accordance with the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (the “Amendment Bill”) enacted in 2022, the Company can no longer use accrued benefits arising from MPF mandatory employers’ contributions to offset employees’ LSO accrued from 1 May 2025. The enactment of the Amendment Bill is treated as a plan amendment. Except for the statutory right to offset as described above, the LSP benefits are unfunded.

In addition, a 25-year subsidy scheme has been launched by the Government of Hong Kong to subsidise LSP payable by employers relating to service period from 1 May 2025. The Group was not entitled to the subsidy during the year (2025: Nil).

- (c) Details of contract liabilities are as follows:

	31 March 2026 HK\$	31 March 2025 HK\$	1 April 2024 HK\$
Box office and performance income received in advance	717,225	920,703	100,427
Sponsorships received in advance	<u>1,779,413</u>	<u>1,225,000</u>	<u>963,000</u>
Total	<u>2,496,638</u>	<u>2,145,703</u>	<u>1,063,427</u>

The increase in contract liabilities in 2026 was mainly due to higher sponsorship income received in advance in respect of future events and programmes. This was partially offset by a decrease in box office and performance income received in advance which was related to a decrease of concerts after the end of the year. The increase in contract liabilities in 2025 was mainly due to the increase in box office and performance income received in advance in relation to more concerts after the end of the year.

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18. LEASE

The Group has lease contracts for offices used in its operations. Leases of offices have lease terms between two and three years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Offices HK\$
At 1 April 2024	2,782,868
Additions	6,839,969
Depreciation charge	(2,684,030)
As at 31 March 2025 and 1 April 2025	6,938,807
Additions	433,084
Depreciation charge	(2,505,145)
As at 31 March 2026	<u>4,866,746</u>

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2026 HK\$	2025 HK\$
Carrying amount at 1 April	6,943,444	2,911,614
New leases	433,084	6,839,969
Accrued interest	305,422	83,861
Payments	(2,698,000)	(2,892,000)
Carrying amount at 31 March	<u>4,983,950</u>	<u>6,943,444</u>
Analysed into:		
Current	2,495,475	2,270,695
Non-current	<u>2,488,475</u>	<u>4,672,749</u>

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18. LEASE (continued)

(c) The amounts recognised in the statement of income and expenditure in relation to lease are as follows:

	2026 HK\$	2025 HK\$
Interest on lease liabilities	305,422	83,861
Depreciation charge of right-of-use assets	2,505,145	2,684,030
Expense relating to short-term leases	<u>2,848,590</u>	<u>3,093,943</u>
Total amount recognised in the statement of income and expenditure	<u>5,659,157</u>	<u>5,861,834</u>

(d) The total cash outflow for lease is disclosed in note 19(c) to the financial statements.

19. NOTES TO STATEMENT OF CASH FLOW

(a) Major non-cash transactions

During the year ended 31 March 2026, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$433,084 (2025: HK\$6,839,969) and HK\$433,084 (2025: HK\$6,839,969), respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Lease liabilities HK\$
At 1 April 2024	2,911,614
Changes from financing cash flows	(2,808,139)
New leases	6,839,969
Interest expenses	83,861
Interest paid classified as operating cash flows	<u>(83,861)</u>
At 31 March 2025 and 1 April 2025	6,943,444
Changes from financing cash flows	(2,392,578)
New lease	433,084
Interest expenses	305,422
Interest paid classified as operating cash flows	<u>(305,422)</u>
At 31 March 2026	<u>4,983,950</u>

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19. NOTES TO STATEMENT OF CASH FLOW (continued)

(c) Total cash outflow for lease

The total cash outflow for lease included in the statement of cash flows is as follows:

	2026 HK\$	2025 HK\$
Within operating activities	3,154,012	3,177,804
Within financing activities	<u>2,392,578</u>	<u>2,808,139</u>
Total	<u>5,546,590</u>	<u>5,985,943</u>

20. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

At the end of the reporting period, the financial assets of the Group only included the category of financial assets at amortised cost which are as follows:

	2026 HK\$	2025 HK\$
Accounts receivable	1,966,304	6,367,239
Financial assets included in prepayments, deposits and other receivables	4,089,255	1,889,382
Cash and cash equivalents	<u>79,043,910</u>	<u>79,286,462</u>
Total	<u>85,099,469</u>	<u>87,543,083</u>

Financial liabilities

As at the end of the reporting period, the financial liabilities of the Group only included the category of financial liabilities at amortised cost, which are as follows:

	2026 HK\$	2025 HK\$
Financial liabilities included in accounts payable and accrued liabilities	3,257,982	2,344,029
Lease liabilities	<u>4,983,950</u>	<u>6,943,444</u>
Total	<u>8,241,932</u>	<u>9,287,473</u>

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21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Council Members review and agree policies for managing the risks as below.

Credit risk

All the Group's cash and bank balances are held in major financial institutions located in Hong Kong, which management believes are of high credit quality.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group'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. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk.

As at 31 March 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	Total HK\$
Accounts receivable*	-	-	-	1,966,304	1,966,304
Financial assets included in prepayments, deposits and other receivables					
- Normal**	4,089,255	-	-	-	4,089,255
Cash and cash equivalents					
- Not yet past due	79,043,910	-	-	-	79,043,910
Total	83,133,165	-	-	1,966,304	85,099,469

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21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 March 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	Total HK\$
Accounts receivable*	-	-	-	6,367,239	6,367,239
Financial assets included in prepayments, deposits and other receivables					
- Normal**	1,889,382	-	-	-	1,889,382
Cash and cash equivalents					
- Not yet past due	79,286,462	-	-	-	79,286,462
Total	81,175,844	-	-	6,367,239	87,543,083

* For accounts receivable to which the Group applies the simplified approach for impairment allowance is disclosed in note 14 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Liquidity risk

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

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

	2026		
	Less than 12 months HK\$	1 to 5 years HK\$	Total HK\$
Accounts payable and accrued liabilities	3,257,982	-	3,257,982
Lease liabilities	2,688,000	2,555,000	5,243,000
Total	5,945,982	2,555,000	8,500,982

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21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	2025		
	Less than 12 months HK\$	1 to 5 years HK\$	Total HK\$
Accounts payable and accrued liabilities	2,344,029	-	2,344,029
Lease liabilities	2,565,000	4,920,000	7,485,000
Total	<u>4,909,029</u>	<u>4,920,000</u>	<u>9,829,029</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2026 and 2025.

The Group monitors capital using a current ratio, which is current assets divided by current liabilities. The Group's policy is to keep the current ratio above 1.

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22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
NON-CURRENT ASSETS						
Plant and equipment	1,081,747	-	1,081,747	1,770,073	-	1,770,073
Interests in subsidiaries	8	-	8	8	-	8
Right-of-use asset	4,559,979	-	4,559,979	6,839,969	-	6,839,969
Total non-current assets	<u>5,641,734</u>	<u>-</u>	<u>5,641,734</u>	<u>8,610,050</u>	<u>-</u>	<u>8,610,050</u>
CURRENT ASSETS						
Accounts receivable	1,928,804	-	1,928,804	6,367,239	-	6,367,239
Prepayments, deposits and other receivables	8,152,246	-	8,152,246	4,505,340	1,000	4,506,340
Cash and bank balances	71,569,462	7,470,651	79,040,113	71,879,382	7,403,283	79,282,665
Total current assets	<u>81,650,512</u>	<u>7,470,651</u>	<u>89,121,163</u>	<u>82,751,961</u>	<u>7,404,283</u>	<u>90,156,244</u>
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	12,576,106	465,646	13,041,752	14,494,570	381,021	14,875,591
Lease liability	2,278,098	-	2,278,098	2,167,220	-	2,167,220
Total current liabilities	<u>14,854,204</u>	<u>465,646</u>	<u>15,319,850</u>	<u>16,661,790</u>	<u>381,021</u>	<u>17,042,811</u>

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NOTES TO FINANCIAL STATEMENTS

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22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	General Fund HK\$	Development Fund HK\$	2026 Total HK\$	General Fund HK\$	Development Fund HK\$	2025 Total HK\$
NET CURRENT ASSETS	66,796,308	7,005,005	73,801,313	66,090,171	7,023,262	73,113,433
TOTAL ASSETS LESS CURRENT LIABILITIES	72,438,042	7,005,005	79,443,047	74,700,221	7,023,262	81,723,483
NON-CURRENT LIABILITIES Lease liabilities	2,394,651	-	2,394,651	4,672,749	-	4,672,749
NET ASSETS	70,043,391	7,005,005	77,048,396	70,027,472	7,023,262	77,050,734
RESERVES (note)	70,043,391	7,005,005	77,048,396	70,027,472	7,023,262	77,050,734


Lai Hin Wing, Henry
Chairman



Liu Kam Hing
Vice Chairman

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22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	General Fund HK\$	Development Fund HK\$	Total HK\$
At 1 April 2024	77,538,444	6,934,028	84,472,472
Surplus/(deficit) for the year	(7,510,972)	89,234	(7,421,738)
At 31 March 2025 and 1 April 2025	70,027,472	7,023,262	77,050,734
Surplus/(deficit) for the year	15,919	(18,257)	(2,338)
At 31 March 2026	<u>70,043,391</u>	<u>7,005,005</u>	<u>77,048,396</u>

The ratio of General Fund's reserves balance net of accumulated donation and sponsorship income to the expenditures in the subvention period at 31 March 2026 and 2025 are as follows:

	2026 HK\$	2025 HK\$
RESERVES		
Accumulated surplus	70,043,391	70,027,472
Less: accumulated donation and sponsorship	(140,065,149)	(129,378,445)
	<u>(70,021,758)</u>	<u>(59,350,973)</u>
EXPENDITURE	<u>114,291,570</u>	<u>122,734,732</u>
Ratio	<u>-61.3%</u>	<u>-48.4%</u>

Pursuant to the Funding Agreement entered into with the Government, reserves retained by the Company shall not exceed 25% of annual expenditure of self-financing activities. As at 31 March 2026 and 2025, the Company's reserves balance, after deducting accumulated donation and sponsorship income, was in a deficit position. Accordingly, the Company was in compliance with the prescribed reserve limit.

23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Council Members on
28 SEP 2026