HONG KONG DANCE COMPANY LIMITED

香港舞蹈團有限公司

(Incorporated in Hong Kong as a company limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

ZHONGHUI ANDA CPA Limited

中匯安達會計師事務所有限公司

HONG KONG DANCE COMPANY LIMITED
香港舞蹈團有限公司
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REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

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HONG KONG DANCE COMPANY LIMITED
香港舞蹈團有限公司
REPORT OF THE BOARD MEMBERS

The board members have pleasure in submitting herewith their report and the audited financial statements for the year ended 31 March 2026.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of taking all necessary steps to promote, maintain, improve and advance the interest of the public in Hong Kong and elsewhere in the development of dance, especially Chinese dance and various related forms of arts, whether educational, cultural, classical, modern or contemporary.

RESULTS AND APPROPRIATIONS

The results of the Company's operations for the year ended 31 March 2026 are set out in the statement of comprehensive income on page 8.

BOARD MEMBERS

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

Mr. Tsang Kee Kung, MH	
Mr. Tsang Lap Ki, Richard	
Ms. Au Yeung Lai Ling, Ivy	
Mr. Law Cheuk Kin, Stephen, JP	
Ms. Melissa Kaye Pang, BBS, MH, JP	
Ms. Leung Wan Chong, Christine	
Mr. Yu Kwok Lit, Louis, MH	
Mr. Ma Wai Man, Benjamin	
Ms. Lau Ting Sin, Cynthia	
Ms. Elieen Lee	
Mr. Wu Keng Hou, Ronald, MH	
Mr. Ting Tin Yau Emmanuel	
Mr. Wong Chi Cho, Joe, GBS, JP	(Appointed on 1 June 2026)
Mr. Chim Wai Kin	(Appointed on 1 June 2026)
Ms. Ng Yat Wing Athena	(Appointed on 1 June 2026)
Mr. Chu Ho Kwan, Raphael	(Retired on 13 November 2025)
Prof. Tseng Sun Man, MH, JP	(Retired on 13 November 2025)

In accordance with Articles 46 to 47 of the Company's Articles of Association, Mr. Tsang Lap Ki, Richard will retire by rotation but eligible for re-election at the forthcoming Annual General Meeting.

In accordance with Articles 44 of the Company's Articles of Association, Mr. Yu Kwok Lit, Louis, MH, Ms. Melissa Kaye Pang, BBS, MH, JP and Ms. Leung Wan Chong, Christine will retire at the conclusion of the forthcoming Annual General Meeting.

BOARD MEMBERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a board member of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

BUSINESS REVIEW

Established in 1981 with the aim of promoting Chinese dance, the Hong Kong Dance Company was incorporated in 2001 as a charitable and non-profit-making institution, and is financially supported by the Government of the Hong Kong Special Administrative Region, as well as received donations from corporates and charity foundations.

Every year, the Hong Kong Dance Company plans its season programmes and annual budget that are first assessed and approved by its Board before being presented at the Government's Bureau Sub-committee on the Funding for Performing Arts. Under the supervision of our Board, our financial operations are administered by our management team and related departments. Within six months after the end of a performance season, our Company files a comprehensive report to the Government in accordance with the Funding and Services Agreement between the Hong Kong SAR Government and the Company.

The Hong Kong Dance Company is committed in its mission to present and rejuvenate the best of Chinese cultural traditions, combining them with the creative spirit of our time. We infuse our art with the unique character of Hong Kong, using the medium of Chinese dance to impress audiences locally and internationally. The Hong Kong Dance Company is dedicated to bringing Chinese dance imbued with Hong Kong characteristics to the world, at the same time actively promoting cultural exchange, fulfilling its role as Hong Kong's cultural ambassador, telling good stories of Hong Kong and the Mainland, and facilitating Hong Kong to be the cultural hub to the world under the China's 14th Five-Year Plan.

The 2025/26 financial year marks a significant milestone for the Hong Kong Dance Company, characterised by balanced growth and artistic excellence. Building on the operational momentum of recent years, the Company achieved notable increases in earned box office revenue, alongside record-breaking income from sponsorships and donations. These accomplishments reflect both the growing market appeal of our productions and the enduring confidence that our stakeholders place in the Company's cultural and social mission.

Following the distinction of winning the 13th China Dance Lotus Award in 2023, the Company successfully awarded the China National Arts Fund (CNAF) in 2024 for the creation of large-scale production and small-scale production, enabling us to pursue the artistic exploration of "martial arts x dance" and to undertake vital cultural exchange initiatives. On the strength of this national recognition, the Company successfully obtained dedicated outbound touring subsidies from the Culture, Sports and Tourism Bureau (CSTB) for Mainland cultural exchange tours—featuring the large-scale dance drama The Martial Artistry – Bruce Lee's No Way As Way and the dance excerpt Whispers of Pines in the Mainland in 2026.

The Company has further reinforced its financial sustainability by diversifying its revenue base through competitive project grants and corporate sponsorships. Key milestones include a three-year major education sponsorship from The Hong Kong Jockey Club Charities Trust for the "School-based Programme for Learning Chinese Culture through Chinese Dance and Martial Arts" from 2024/25 school year onwards, as well as a substantial funding awarded by the CSTB's Signature Performing Arts Programme Scheme for the pioneering arts-tech production Comic Martial Arts Dance Drama: The Storm - Boundless Realm to be staged in 2027.

The Company actively advanced arts inclusion through a partnership with No Limits" Festival and the China Hong Kong Para Dance Sport Association to present Wayfaring Beyond, a large-scale outdoor production took place at Tai Kwun Parad Ground. This cross-disciplinary collaboration harmoniously integrated Chinese dance with wheelchair dance, transcending physical boundaries to promote social sustainability and deepen public awareness of diverse abilities.

The Hong Kong Dance Company remains steadfast in its commitment to nurturing an appreciation for dance across all sectors of the community. In 2024, the Company established the "HKDance Arts Space" in Quarry Bay, embedding itself within the local community and reaffirming its dedication to enhancing the inclusivity and accessibility of dance art. In addition to offering regular dance courses, the Arts Space provides classes that promote mental well-being, meditation, and somatic exploration. Through interactive, educational, and socially responsive programmes, the Hong Kong Dance Company continues to bridge dance education with community engagement, ensuring that dance remains accessible and attuned to the evolving social needs and rhythm of the city.

Hong Kong Dance Children and Youth Troupes achieved a record-high number of troupe members, with over 812 children and young people aged 4 to 18 now regularly engaged in the training and appreciation of Chinese dance. Outreach efforts were further extended to schools and community centres, ensuring broader access to high-quality dance education. Through interactive programmes and public performances, the Company continued to cultivate the next generation of audiences, fostering a deeper appreciation of artistic expression.

Financial and performance highlights

The total income of the Company of the year was HK$82.01 million (2025: HK$75.07 million), of which HK$48.50 million (2025: HK$50.68 million) were subventions received from the Culture, Sports and Tourism Bureau, constituted about 59% of the total income (2025: 68%).

The Government subvention income comprises recurrent subvention of HK$40.21 million (2025: HK$42.77 million), one-off funding of HK$4.01 million (2025: HK$2.24 million), HK$4.23 million from the Art Development Matching Grant Scheme (2025: HK$1.45 million). The Company was awarded a new Art-Tech Funding grant totalling HK$1.2 million, to be utilised over two years commencing in 2025, of which HK$0.045 million was recognised in the 2025/26 financial year.

The operating income for the year was HK$33.51 million (2025: HK$24.39 million), representing a growth of 37%. The rise in operating income was mainly attributable to the nearly 166% increase in donation and sponsorship, about 17% increase in box office income, 48% increase in other grants and 23% increase in Children and Youth Troupe membership and activities fees.

The Company continues to exercise stringent control over its expenditures. Total annual expenditure amounted to HK$78.10 million (2025: HK$75.12 million), representing a 4% rise year-on-year. This uplift was primarily driven by higher marketing spending to build the HKDance brand and promote large-scale seasonal productions, initiatives that helped boost paid attendance and ticket revenue.

These encouraging results for the 2025/26 financial year were achieved thanks to the collective efforts of all HKDance staff, under the leadership of the Board and the two Directors. The Company closed the 2026 financial year with a healthy surplus of HK$3.96 million, a marked turnaround from a HK$0.05 million deficit recorded in 2025 and representing a substantial improvement over the 2024/25 financial period.

The Company regularly monitors its current and expected liquidity requirements to ensure it maintains sufficient reserves of cash to meet its cash flow requirements. The Company monitors capital using a current ratio and the policy is to keep the current ratio (current assets/current liabilities) above 1. As at 31 March 2026, total cash and bank balances of the Company were HK$38.14 million (2025: HK$34.04 million) and the current ratio was 2.9 (2025: 3.8).

During the year, the Company staged 6 major stage productions with an aggregate of 30 performances, attracting 21,403 live audiences, at an average capacity of 83% (2025: 8 major productions, 34 performances, 23,061 live audiences, average capacity 79%). Additionally, the Company presented a site-specific dance performance for the M+ Shanshui: Echoes and Signals exhibition, which attracted a total of 552 live audience across 5 sessions.

The Company organised 4 tours abroad with total 9 stage performances and 8 side events with live audience and attracted 27,475 live audiences and 963 participants (2025: 3 tours, 17 performance/activity, 11,725 audience/participants).

The Company conducted a total of 6,831 sessions of outreach, community, educational and related activities during the year, attracting about 112,339 participants (2025: 5,874 sessions, 97,006 participants). This year 3 online activities were conducted with about 68,320 online participants (2025: 5 activities, 395,074 participants). The higher number in 2025 was contributed by debuting a large-scale outdoor dance collaboration Wayfaring Beyond with No Limits at Parade Ground, Tai Kwun and the Bruce Lee exhibition at K11 Art Mall for The Kung Fu Artistry.

Compliance with the relevant laws and regulations

The Hong Kong Dance Company is operated according to the law and regulations of the Hong Kong Special Administrative Region (while abroad, we also abide by the laws of foreign countries). Among our Board members are those with professional legal knowledge. We also seek legal advice from our honorary legal adviser and external legal professionals when the needs arise.

The Company is committed to ensuring its operation and activities are conducted in an environmentally responsible manner. The Company acts consciously in observing environmental principles in minimising waste and conserving energy. We co-operate with our commissioned designers to produce our costumes, props and sets in a reasonable and practicable measure to conserve resources and minimise the generation of waste.

During the year, there were no major legal issues concerning our Company.

Key relationships with stakeholders

The success of the Hong Kong Dance Company relies upon the steadfast support of its Board of Directors, staff members, and a wide range of stakeholders, including the Government of the Hong Kong Special Administrative Region, sponsors, patrons, and audiences (our community and the general public). The Company is committed to maintaining transparency and fostering sound relationships with all its stakeholders. The Government's funding body appoints four representatives to sit on the Company's Board to oversee its operations. The Company has established clear codes of conduct for its staff, administers employment contracts, and fulfils its obligations as an employer in full compliance with the law. Through various communication channels, the Company provides comprehensive information to keep the public informed of its activities. Furthermore, in accordance with the Funding and Services Agreement with the Hong Kong SAR Government, the Company produces annual reports that are made available for public inspection.

Principal risks and uncertainties

i) Business risk

The development of local economy exerts impacts on the Company's performance. Consumption in appreciation of performing arts is neither a primary expenditure nor necessity for most people. Any major economic downturn may have influence to the general public's spending preference and thus the Company's financial performance. On the other hand, as the major performing arts company in Hong Kong focusing on Chinese dance, there is less direct competition from other Chinese dance groups.

ii) Change of Government subvention

The major source of revenue of the Company is Government subvention. Any changes to the Government policy on subsidy will affect the operations of the Company.

Subsequent events

There is no particular important event occurred since the end of the financial year that may significantly affect the Company.

Future development

Moving forward, the Company will align its development with the nation's 15th Five-Year Plan to foster Hong Kong as a key cultural exchange hub. Committed to sustainable growth, it will keep pace with the city's changing market and community needs. Starting April 2026, HKDance will officially partner with the Grand Theatre of Hong Kong Cultural Centre, a collaboration set to boost the Company's brand exposure and extend its reach to local and tourist audiences.

Having surpassed its 2025/26 financial year sponsorship target, the Company will continue to strengthen its fundraising efforts: nurturing enduring ties with current sponsors and building new parterships with alligned supporters and collaborators. These engagements serve to elevate brand standing, diversify revenue streams and reinforce financial sustainability and operational resilience.

Under the Board's stewardship, the Company will keep developing original Chinese dance productions infused with distinct Hong Kong artistic characteristics, promote Chinese dance across local communities and foster greater public appreciation for Chinese dance culture. The stable operation of the newly launched Art Space in Quarry Bay, alongside new Mainland study tour programmes rolled out via the Children and Youth Troupes ' established networks, will further consolidate HKDance's brand positioning in arts education in Hong Kong and Greater Bay Area. These developments will unlock long-term alternative revenue streams, expand capacity for new educational offerings and strengthen the organisation's financial viability.

To boost operational efficiency, fine-tune resource deployment and contain overhead expenses, the Company will proactively pursue digital transformation projects, prioritising the incorporation of artificial intelligence (AI) into daily administrative and production workflows. Such digital upgrades are designed to streamline internal operations, lift overall productivity and underpin sustainable growth, allowing HKDance to flexibly adapt to the fast-changing arts and cultural ecosystem.

As a flagship dance company of the city, the Company will bring the best of Hong Kong's dance to the international stage, to consolidate its image as Hong Kong's cultural ambassador and make our city the unique cultural hub where the east-meet-west with a vibrant energetic appeal to the world.

AUDITOR

The financial statements of the Company for the year ended 31 March 2025 were audited by H, H. Lam & Co., CPA Limited.

H. H. Lam & Co., CPA Limited resigned as an independent auditor of the Company and ZHONGHUI ANDA CPA Limited was appointed by the director as an independent auditor of the Company to fill the vacancy so arising.

The financial statements for the year ended 31 March 2026 have been audited by ZHONGHUI ANDA CPA Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Mr. Tsang Kee Kung, MH
Chairman
10 September 2026

中匯安達會計師事務所有限公司
ZHONGHUI ANDA CPA LIMITED
香港九龍灣宏照道38號企業廣場第五期2座23樓
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HONG KONG DANCE COMPANY LIMITED
香港舞蹈團有限公司
(Incorporated in Hong Kong as a company limited by guarantee)

Opinion

We have audited the financial statements of Hong Kong Dance Company Limited (the "Company") set out on pages 8 to 28, which comprise the statement of financial position as at 31 March 2026, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2026 and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards 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") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other matters under the Agreement made on 8 April 2025 between the Government of the Hong Kong Special Administrative Region and the Company (the "Agreement")

We report that the Company has complied with, in all material respects, the requirements as set by the Government to keep proper books and records and to prepare annual financial report of the activities in accordance with the books and records, as well as all the accounting requirements in the Agreement and other relevant documents such as the Accounting Standards and Accounting Guidelines.

Other Information

The board members are responsible for the other information. The other information comprises the board members' report, but does not include the financial statements and our auditor's report thereon.

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

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

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 thise regard.

中汇
ZHONGHUI

中匯安達會計師事務所有限公司
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HONG KONG DANCE COMPANY LIMITED
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Responsibilities of board members and those charged with governance for the financial statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the HKICPA's website at:
https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre
This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Li Shun Fai
Audit Engagement Director
Practising Certificate Number P05498

Hong Kong, 10 September 2026

HONG KONG DANCE COMPANY LIMITED
香港舞蹈團有限公司
(Incorporated in Hong Kong as a company limited by guarantee)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2026

	Note	2026 General fund HK$	2026 Development fund HK$	2026 Total HK$	2025 General fund HK$	2025 Development fund HK$	2025 Total HK$
INCOME							
Government subvention and subsidies		48,497,787	-	48,497,787	50,678,255	-	50,678,255
Other grants		6,786,141	-	6,786,141	4,586,934	-	4,586,934
Box office income		4,239,172	-	4,239,172	3,608,613	-	3,608,613
Outreach and education activities fees		3,319,449	-	3,319,449	3,353,736	-	3,353,736
Children Troupe membership and activities fees		9,223,695	-	9,223,695	7,505,016	-	7,505,016
Other performance fees		857,190	-	857,190	1,232,334	-	1,232,334
Donation and sponsorship		8,403,941	5,550	8,409,491	3,145,982	14,500	3,160,482
Bond and bank interest income		469,282	31,078	500,360	701,026	33,420	734,446
Membership fees		61,800	-	61,800	52,800	-	52,800
Miscellaneous income		117,236	-	117,236	154,774	-	154,774
		81,975,693	36,628	82,012,321	75,019,470	47,920	75,067,390
EXPENDITURE							
Production costs		14,367,194	-	14,367,194	19,636,117	-	19,636,117
Staff costs		36,389,814	-	36,389,814	33,112,234	-	33,112,234
Marketing expenses		7,728,168	41,000	7,769,168	4,765,704	-	4,765,704
Outreach and education		3,587,201	-	3,587,201	2,860,354	-	2,860,354
Children troupe		3,777,595	-	3,777,595	3,008,259	-	3,008,259
General overheads		12,164,916	46,400	12,211,316	11,725,858	10,000	11,735,858
		78,014,888	87,400	78,102,288	75,108,526	10,000	75,118,526
Surplus/(deficit) for the year	7	3,960,805	(50,772)	3,910,033	(89,056)	37,920	(51,136)
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income/(expense) for the year		3,960,805	(50,772)	3,910,033	(89,056)	37,920	(51,136)

HONG KONG DANCE COMPANY LIMITED
香港舞蹈團有限公司

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2026

	Note	2026 General fund HK$	2026 Development fund HK$	2026 Total HK$	2025 General fund HK$	2025 Development fund HK$	2025 Total HK$
Non-current assets							
Property, plant and equipment	9	1,120,154	-	1,120,154	1,350,601	-	1,350,601
Right-of-use assets	13(a)	8,240,363	-	8,240,363	4,489,995	-	4,489,995
Other financial assets	14	3,138,045	-	3,138,045	3,187,119	-	3,187,119
		12,498,562	-	12,498,562	9,027,715	-	9,027,715
Current assets							
Account receivable	15	4,390,581	5,569	4,396,150	1,021,011	-	1,021,011
Deposits and prepayments	15	2,479,864	-	2,479,864	1,954,200	-	1,954,200
Cash and bank balances	16	36,872,447	1,263,536	38,135,983	32,725,236	1,319,877	34,045,113
		43,742,892	1,269,105	45,011,997	35,700,447	1,319,877	37,020,324
Current liabilities							
Account payable	17	1,574,510	-	1,574,510	1,223,321	-	1,223,321
Accruals and other payables	17	2,082,083	-	2,082,083	929,689	-	929,689
Lease liabilities	13(b)	4,328,104	-	4,328,104	1,807,977	-	1,807,977
Contract liabilities	18	7,815,435	-	7,815,435	5,672,044	-	5,672,044
		15,800,132	-	15,800,132	9,633,031	-	9,633,031
Net current assets		27,942,760	1,269,105	29,211,865	26,067,416	1,319,877	27,387,293
Non-current liability							
Lease liabilities	13(b)	4,164,410	-	4,164,410	2,779,024	-	2,779,024
NET ASSETS		36,276,912	1,269,105	37,546,017	32,316,107	1,319,877	33,635,984
Represented by:							
General Fund		36,276,912	-	36,276,912	32,316,107	-	32,316,107
Development Fund		-	1,269,105	1,269,105	-	1,319,877	1,319,877
		36,276,912	1,269,105	37,546,017	32,316,107	1,319,877	33,635,984

The financial statements on pages 8 to 28 were approved and authorised for issued by the Board on 10 September 2026:

Approved by:

Mr. Tsang Kee Kung, MH
Chairman

Mr. Law Cheuk Kin, Stephen, JP
Treasurer

HONG KONG DANCE COMPANY LIMITED
香港舞蹈團有限公司

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2026

	General fund HK$	Development fund HK$	Total HK$
At 1 April 2024	32,405,163	1,281,957	33,687,120
(Deficit)/surplus and total comprehensive (expense)/income for the year	(89,056)	37,920	(51,136)
At 31 March 2025 and 1 April 2025	32,316,107	1,319,877	33,635,984
Surplus/(deficit) and total comprehensive income/(expense) for the year	3,960,805	(50,772)	3,910,033
At 31 March 2026	36,276,912	1,269,105	37,546,017

HONG KONG DANCE COMPANY LIMITED
香港舞蹈團有限公司

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2026

	2026 HK$	2025 HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(deficit) for the year	3,910,033	(51,136)
Adjustments for:		
Depreciation on property, plant and equipment	1,015,254	1,179,500
Depreciation on right-of-use assets	4,621,099	4,709,589
Interest on finance leases	496,212	199,942
Bond and bank interest income	(500,360)	(734,446)
Surplus on operation before changes in working capital	9,542,238	5,303,449
Change in deposits and prepayments	(525,664)	714,264
Change in account receivable	(3,375,139)	2,451,085
Change in account payable	351,189	(505,857)
Change in accruals and other payables	1,152,394	37,338
Change in contract liabilities	2,143,391	2,185,136
Net cash generated from operating activities	9,288,409	10,185,415
CASH FLOWS FROM INVESTING ACTIVITIES		
Bond interest received	89,344	89,343
Bank interest received	460,090	604,716
Payment for purchase of property, plant and equipment	(784,807)	(1,783,849)
Net cash used in investing activities	(235,373)	(1,089,790)
NET CASH USED IN A FINANCING ACTIVITY		
Repayment of lease liabilities	(4,962,166)	(5,030,872)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,090,870	4,064,753
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	34,045,113	29,980,360
CASH AND CASH EQUIVALENTS AT END OF YEAR	38,135,983	34,045,113
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	20,315,047	16,569,539
Bank deposits with maturities of 3 months or less	17,820,936	17,475,574
Cash and cash equivalents	38,135,983	34,045,113

1. GENERAL INFORMATION

Hong Kong Dance Company Limited ("the Company") is limited by guarantee, such that under the provisions of the Company's memorandum of association, every member shall, in the event of the Company being wound up, contribute such amount which may be required to meet the liabilities of the Company but not exceeding HK$100 per member.

The address of its registered office is 4th Floor, Sheung Wan Municipal Services Building, 345 Queen's Road Central, Hong Kong.

2. ADOPTION OF NEW AND REVISED HKFRS ACCCOUNTING STANDARDS

In the current year, the Company has adopted all the new and revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting period beginning on 1 April 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Company ' s accounting policies, presentation of the Company's financial statements and amounts reported for the current period and prior years.

3. MATERIAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and by the Hong Kong Companies Ordinance. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (" HKFRS "); Hong Kong Accounting Standards ("HKAS "); and Interpretations.

These financial statements have been prepared under the historical cost convention, as modified by the financial instruments which are carried at their fair values.

The material accounting policies applied in the preparation of these financial statements are set out below.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The useful lives are as follows:

Furniture and fixtures	3 years
Office equipment	3 years
Computer equipment	3 years
Stage and technical equipment	3 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

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

Leases

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Company. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Leasehold land and building	Over lease term

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Company's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Company transfers substantially all the risks and rewards of ownership of the assets; or the Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a transaction date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Company are classified under the following categories:

(i) Financial assets at amortised cost

Financial assets (including account receivable and other financial assets) are classified under this category if they satisfy both of the following conditions:

-the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

-the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Company recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Company measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for account receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than account receivables and other financial assets) has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Account receivables

Account receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of account and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Contract liabilities

A contract liability is recognised when the customer pays consideration before the Company recognised the related revenue. A contract liability would also be recognised if the Company has an unconditional right to receive consideration before the Company recognised the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Account payables

Account and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Development fund

The development fund is used for non-subvented projects which fall outside the ambit of government subvention. The income and expenditure relating to the fund are separated from those for government subvention. The fund is to be used for matching any recurrent and non- recurrent financial commitments created by acceptance of donation for specific purpose.

Revenue and other income

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

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

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

a) Government subvention is recognised at its fair value, where there is reasonable assurance that the subvention will be received and all attaching conditions will be complied with. When the subvention relates to an expense item, it is recognised as income over the periods necessary to match the subvention on a systematic basis to the costs that it is intended to compensate.

b) Box office income are recognised upon the presentation of the performance.

c) Children Troupe membership and activities fees are recognised over the relevant period.

d) Outreach and education activities fees and other performance fees are recognised under the terms and conditions of the service agreements over the relevant period or upon the presentation of the performance.

e) Membership fees are recognised over the relevant period.

f) Donation and sponsorship are recognised on a cash receipt basis or in the period as specified by the donor.

g) Bond and bank interest income is recognised on a time-proportion basis using the effective interest method.

h) Miscellaneous income is recognised on an accrual basis.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Company contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Company to the funds.

Related parties

A related party is a person or entity that is related to the Company.

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

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

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. FINANCIAL INSTRUMENTS BY CATEGORY

	2026 HK$	2025 HK$
Financial assets		
Other financial assets	3,138,045	3,187,119
Financial assets measured at amortised cost		
Trade and other receivables excluding prepayments	5,361,718	1,720,873
Cash at bank balances	38,135,983	34,045,113
	46,635,746	38,953,105
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	1,574,510	1,223,321
Lease liabilities	8,492,514	4,587,001
	10,067,024	5,810,322

The Company's exposure to various risks associated with the financial instruments is discussed in note 5. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned below.

5. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Credit risk

The carrying amount of the cash and bank balances, account receivables, deposits and other financial assets included in the statement of financial position represents the Company's maximum exposure to credit risk in relation to the Company's financial assets.

The Company has no significant concentrations of credit risk.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company only invests in debt securities with low credit risk. The Company's debt instruments at amortised cost mainly comprise listed bonds that are graded in the top investment grade as per globally understood definitions and therefore are considered to be low credit risk investments.

Liquidity risk

Liquidity risk is defined as the risk that funds will encounter diffculty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The maturity analysis, based on undiscounted cash flows, of the Company's financial liabilities is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	HK$	HK$	HK$	HK$
At 31 March 2026				
Account payable	1,574,510	-	-	1,574,510
Lease liabilities	4,651,761	4,115,962	162,320	8,930,043
	6,226,271	4,115,962	162,320	10,504,553
At 31 March 2025				
Account payable	1,223,321	-	-	1,223,321
Lease liabilities	1,993,561	2,921,480	-	4,915,041
	3,216,882	2,921,480	-	6,138,362

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments and cash and cash equivalents. The analysis is prepared assuming the financial instruments outstanding at the reporting date were outstanding for the whole year. A 100 basis points increase or decrease in deposit rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's surplus (2025: deficit) for the year ended 31 March 2026 would increase/decrease by HK$361,707 (2025: decrease/increase by HK$326,516).

Capital management

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

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

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

As per the agreement entered with the Government, the Company may keep and carry forward a reserve of not more than 25% of the total expenditure as revealed in the audited annual financial statements for the subvention period to serve as a buffer against contingencies in the subsequent year and as an incentive to economise its spending in the year. Reserve means the surplus (if any) as revealed in the audited annual financial statements net of sponsorship, donations and income and expenditure of self-financing activities. To determine this ratio, such expenditure and reserve will be adjusted to write off the property, plant and equipment and right-of-use assets in the year of purchase.

The ratio of reserves balance net of accumulated donation and sponsorship income to total expenditure in the subvention period at 31 March 2026 and 2025 are as follows:

	2026 HK$	2025 HK$
Reserves		
General Fund	36,276,912	32,316,107
Less: Net book value of property, plant and equipment	(1,120,154)	(1,350,601)
Less: Net book value of right-of-use assets	(8,240,363)	(4,489,995)
Add: Lease liabilities	8,492,514	4,587,001
	35,408,909	31,062,512
Less: Accumulated donation and sponsorship income	(29,651,539)	(21,247,598)
	5,757,370	9,814,914
Expenditure in the subvention period	78,014,888	75,108,526
Net adjustment of property, plant and equipment	(230,447)	604,349
Net adjustment of right-of-use assets	155,145	152,788
Expenditure after adjustments in the year	77,939,586	75,865,663
Ratio	7%	13%

At 31 March 2026 and 2025, the reserves carried forward after deducting the accumulated donation and sponsorship income are not more than 25% of the total expenditure in the subvention period.

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Company is exempted from tax as being an approved charitable institution under section 88 of the Inland Revenue Ordinance.

7. SURPLUS/(DEFICIT) FOR THE YEAR

The Company's surplus/(deficit) for the year is stated after charging the following:

	2026 HK$	2025 HK$
Auditor's remuneration	55,000	57,000
Depreciation on property, plant and equipment	1,015,254	1,179,500
Depreciation on right-of-use assets	4,621,099	4,709,589
Venue rental	2,088,828	2,962,877
Staff costs		
- Staff salaries and allowances	35,077,354	31,882,527
- Mandatory provident fund contributions	1,312,460	1,229,707
	36,389,814	33,112,234

8. BOARD MEMBERS' REMUNERATION

No board member received, or will receive, any fees or emoluments (2025: Nil) in respect of his/her services to the Company during the year.

9. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$	Office equipment HK$	Computer system HK$	Stage and technical equipment HK$	Total HK$
Cost					
At 1 April 2024	2,647,179	655,515	2,167,131	3,435,829	8,905,654
Additions	1,494,620	96,500	180,246	12,483	1,783,849
At 31 March 2025 and 1 April 2025	4,141,799	752,015	2,347,377	3,448,312	10,689,503
Additions	366,020	19,229	399,558	-	784,807
Disposals	-	-	(59,605)	-	(59,605)
At 31 March 2026	4,507,819	771,244	2,687,330	3,448,312	11,414,705
Accumulated depreciation and impairment					
At 1 April 2024	2,348,162	557,518	1,907,601	3,346,121	8,159,402
Charge for the year	791,057	71,963	231,567	84,913	1,179,500
At 31 March 2025 and 1 April 2025	3,139,219	629,481	2,139,168	3,431,034	9,338,902
Charge for the year	626,380	94,443	281,314	13,117	1,015,254
Written back on disposals	-	-	(59,605)	-	(59,605)
At 31 March 2026	3,765,599	723,924	2,360,877	3,444,151	10,294,551
Carrying amount					
At 31 March 2026	742,220	47,320	326,453	4,161	1,120,154
At 31 March 2025	1,002,580	122,534	208,209	17,278	1,350,601

10. GENERAL ACTIVIIES

	General 2026 HK$	Matching Grant 2026 HK$	Total 2026 HK$	Total 2025 HK$
Income				
Government subvention and subsidies	44,270,209	4,227,578	48,497,787	50,678,255
Other grants	6,786,141	-	6,786,141	4,586,934
Box office income	4,239,172	-	4,239,172	3,608,613
Outreach and education activities fees	3,319,449	-	3,319,449	3,353,736
Children Troupe membership and activities fees	9,223,695	-	9,223,695	7,505,016
Other performance fees	857,190	-	857,190	1,232,334
Donation and sponsorship	8,403,941	-	8,403,941	3,145,982
Bond and bank interest income	468,773	509	469,282	701,026
Membership fees	61,800	-	61,800	52,800
Miscellaneous income	117,236	-	117,236	154,774
	77,747,606	4,228,087	81,975,693	75,019,470
Expenditure				
Production costs	14,367,194	-	14,367,194	19,636,117
Staff costs	36,389,814	-	36,389,814	33,112,234
Marketing expenses	4,607,372	3,120,796	7,728,168	4,765,704
Outreach and education	3,587,201	-	3,587,201	2,860,354
Children Troupe	3,777,595	-	3,777,595	3,008,259
General overheads	11,057,625	1,107,291	12,164,916	11,725,858
	73,786,801	4,228,087	78,014,888	75,108,526
Surplus/(deficit) for the year	3,960,805	-	3,960,805	(89,056)
Balance at the beginning of the financial period	32,316,107	-	32,316,107	32,405,163
Balance at the end of the financial period	36,276,912	-	36,276,912	32,316,107

During the year, separate bank account for the receipt of matching grants as required by the Agreement Letter has been maintained. All interest (if any) accruing on the balance standing to the credit of the bank account has been used exclusively for the purposes of the activities in accordance with the terms and conditions of the Agreement Letter.

	2026 HK$	2025 HK$
Disaggregated by timing of revenue recognition		
Point in time		
Box office income	4,239,172	3,608,613
Outreach and education activities fees	94,520	116,675
Children Troupe activities and courses fees	105,099	76,970
Other performance fees	857,190	1,232,334
Donation and sponsorship	8,403,941	3,145,982
Miscellaneous income	117,236	154,774
	13,817,158	8,335,348
Over time		
Government subvention and subsidies	48,497,787	50,678,255
Other grants	6,786,141	4,586,934
Outreach and education activities fees	3,224,929	3,237,061
Children Troupe activities and courses fees	9,118,596	7,428,046
Membership fees	61,800	52,800
	67,689,253	65,983,096
	81,506,411	74,318,444

11. ANTI-EPIDEMIC FUND

Included in the statement of comprehensive income of the Company is the following items which are related to the scheme:

	2026 HK$	2025 HK$
Income		
Government subvention	-	60,586
Expenditure		
Staff costs	-	57,655
General overheads	-	2,931
	-	60,586

In 2022, the Company has granted a subsidy capped at $2,818,800 to cover the full remuneration package for 11 placements with funding from the Anti-epidemic Fund Job Creation in the Private Sector (JCS 3.0). During the year of 2024/25, a subsidy (balance) of $60,586 was recognised as government subvention for the reimbursement of remuneration package of 11 placements. The balance amount $60,586 was to reimburse the captioned expenses in the year of 2024/25. This funding scheme under the Anti-epidemic Fund was officially concluded in 2024/25 and no balance as at 31 December 2025 and 2026.

12. ART DEVELOPMENT MATCHING GRANTS SCHEME

Included in the statement of comprehensive income of the Company are the following items which are related to the scheme.

	2026 HK$	2025 HK$
Income		
Government subvention	4,227,578	1,450,340
Bond and bank interest income	509	-
	4,228,087	1,450,340
Expenditure		
Marketing expenses	3,120,796	1,034,520
General overheads	1,107,291	415,820
	4,228,087	1,450,340

The fund received from the Government has been deposited into a separate local bank account with interest-earned credited as income of the scheme per above.

During the year of 2025/26, the grant of HK$4,227,578 under Art Development Matching Grants Scheme received in March 2026 (2025: HK$1,450,340) was recognised as government subvention to subsidize the marketing and promotion expenditure for the dance season and expenditure for the dance centre at Quarry Bay.

Deferred income-supplementary government subsidy

	2026 HK$	2025 HK$
At the beginning of the year	-	-
Received during the year	4,228,087	1,450,340
Released to the statement of comprehensive income	(4,228,087)	(1,450,340)
At the end of the year	-	-

13. LEASES

(a) Right-of-use assets

	Leasehold land and building HK$
Cost	
At 1 April 2024	11,617,778
Additions	5,063,085
Disposal	(2,461,926)
At 31 March 2025 and 1 April 2025	14,218,937
Additions	8,371,467
Disposal	(9,155,851)
At 31 March 2026	13,434,553
Aggregate depreciation	
At 1 April 2024	7,481,279
Charge for the year	4,709,589
Written back	(2,461,926)
At 31 March 2025 and 1 April 2025	9,728,942
Charge for the year	4,621,099
Written back	(9,155,851)
At 31 March 2026	5,194,190
Net book value	
At 31 March 2026	8,240,363
At 31 March 2025	4,489,995

(b) Lease liabilities

	2026 HK$	2025 HK$
Non-current	4,164,410	2,779,024
Current	4,328,104	1,807,977
	8,492,514	4,587,001

(c) Other information

As at 31 March 2026, the average effective borrowing rate was 5% (2025: 5%). Interest rates are fixed at the contract date and thus expose the Company to fair value interest rate risk. The total cash outflow for leases in 2026 was HK$4,962,166 (2025: HK$5,030,872).

14. OTHER FINANCIAL ASSETS

	2026 HK$	2025 HK$
Financial assets measured at amortised cost		
-Bonds listed in Hong Kong	3,138,045	3,187,119

The market value of financial assets measured at amortised cost as at 31 March 2026 was HK$3,125,829 (2025: HK$3,080,482).

15. ACCOUNT RECEIVABLE AND DEPOSITS AND PREPAYMENTS

Account receivable are non-interest-bearing and the credit period is generally for a period of one to two months. The Company seeks to maintain strict control over its outstanding receivables and regularly reviews the overdue balances. In the opinion of the management of the Company, account receivable relates to a number of independent customers for whom there is no recent history of default, there is no significant concentration of credit risk.

The carrying amounts of the Company's account receivable and deposits and prepayments approximate their fair values.

As at 31 March 2026, the Company's account receivable was not past due nor impaired (2025: Nil).

16. CASH AND BANK BALANCES

	2026 HK$	2025 HK$
Bank deposits with maturities of 3 months or less	17,820,936	17,475,574
Cash at banks and in hand	20,315,047	16,569,539
Cash and cash equivalents in the statement of financial position	38,135,983	34,045,113

17. ACCOUNT PAYABLE AND ACCRUALS AND OTHER PAYABLES

Account payable are non-interest-bearing and are normally settled on 60-day terms.

The carrying amounts of the Company's account payable and accruals and other payables approximate their fair values.

18. CONTRACT LIABILITIES

	2026 HK$	2025 HK$
Deferred income received in advance	7,815,435	5,672,044

	2026 HK$	2025 HK$
Balance at 1 April	5,672,044	3,486,908
Increase in contract liabilities as a result of recognizing revenue during the year, that was included in the contract liabilities at the beginning of the period	2,143,391	2,185,136
Balance at 31 March	7,815,435	5,672,044

19. NOTE TO THE STATEMENT OF CASH FLOWS

Change in liabilities arising from financing activities

The following table shows the Company's changes in liabilities arising from financing activities during the year:

	Lease liabilities HK$
At 1 April 2024	4,354,846
Changes from financing cash flows:	
- Repayment of lease liabilities	(5,030,872)
Other changes:	
-New leases	5,063,085
-Finance charges on finance leases	199,942
Total other changes	5,263,027
At 31 March 2025 and 1 April 2025	4,587,001
Changes from financing cash flows:	
- Repayment of lease liabilities	(4,962,166)
Other changes:	
-New leases	8,371,467
-Finance charges on finance leases	496,212
Total other changes	8,867,679
At 31 March 2026	8,492,514

20. RELATED PARTY TRANSACTIONS

Significant related party transactions with the Government entered into by the Company are set out as follows.

Pursuant to the agreement during the year made between the Company and Culture, Sports and Tourism Bureau ("CSTB") of the Government, CSTB paid to the Company, in accordance with the terms of the Agreement, an annual subvention of HK$44,225,097 for the year ended 31 March 2026 (2025: HK$45,006,165). There is a grant of HK$4,227,578 received under the Ninth Round Funding Exercise (2024-25) of the Art Development Matching Grants Scheme (2025: HK$1,450,340). During the year, CSTB has offered a grant of HK$1,239,330 to subsidy the one-time funding for Arts Technology Development, to be amortised over a three-year financial period. For the year ended 31 March 2026, HK$45,112 representing a different project phase has been recognised as income, with the remaining balance deferred in the balance sheet. (2025: HK$4,221,750).

Pursuant to the agreement during the year made between the Company and the Hong Kong Arts Development Council, the Council paid to the Company, in accordance with the terms of the Agreement for the Dance Artistic Internship Scheme and Arts Talents Internship Matching Programme (2023/24), a grant of HK$55,990 for the year ended 31 March 2026 (2025: HK$368,928). There was also a grant of HK$266,400 for the Arts Talent Internship Matching Program (2024/25) was received for the year ended 31 March 2026 (2025: HK$333,000).

During the year, the Company received a donation of HK$112,300 (2025: HK$162,500) from the Board members.

Pursuant to the agreement during the year made between the Company and the Leisure and Cultural Services Department of the Hong Kong Special Administrative Region, the Office paid to the Company, in accordance with the terms of the Agreement for the dance performance "Celestrial Rhythms" in Seoul, a grant of HK$1,800,000 for the year ended 31 March 2026 (2025: HK$2,850,000).

Pursuant to the agreement during the year made between the Company and the Hong Kong Economic & Trade Office, Shanghai, the Office paid to the Company, in accordance with the terms of the Agreement for the dance performance "Convergence" in Shanghai and Suzhou, China , a grant of HK$980,000 for the year ended 31 March 2026 (2025: HK$620,820).

Pursuant to the agreements during the year made between the Company and the Government, the Company agreed to pay the Government, in accordance with the terms of the Agreement, premises rental and venue rental in total of HK$4,823,808 for the year ended 31 March 2026 (2025: HK$4,307,138).

There were no other significant transactions with related parties of the Company during the year or at the reporting date.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board members on 10 September 2026.

-------- End of Notes --------