THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED

FOR THE YEAR ENDED 31 MARCH 2026

信諾中創國際會計師有限公司

SINNO INTERNATIONAL CPA LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

HONG KONG

THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED

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THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED
REPORT OF THE DIRECTORS

The directors of The Baseball Association of Hong Kong, China Limited (hereinafter referred to as the "Association") present their report together with the audited financial statements of the Association for the year ended 31 March 2026.

Principal activities

The Association is a company limited by guarantee. The principal activities of the Association are to promote and develop baseball sports in Hong Kong. There was no significant change in these activities during the year.

Results

The results of the Association for the year ended 31 March 2026 are set out in the statement of profit or loss and other comprehensive income on page 6.

The state of affairs of the Association as at 31 March 2026 is set out in the statement of financial position on page 5.

The cash flows of the Association for the year ended 31 March 2026 are set out in the statement of cash flows on page 8.

Business review

The Association has satisfied the exemption criteria set out in Section 388(3)(a) of the Companies Ordinance. Therefore, the directors of the Association are not required to prepare the report for the business review in accordance with the Companies Ordinance (Cap. 622).

General fund

Details of the movements in general fund of the Association during the year ended 31 March 2026 are set out in the statement of changes in funds on page 7.

Equipment and right-of-use assets

Details of the movements in equipment and right-of-use assets of the Association during the year are set out in Notes 6 and 7 respectively to the financial statements.

Directors

The directors of the Association during the year and up to the date of this report were:

Au Hok Leung
Chan Tsz Yeung
Chang Yung Ta
Chiu Chi Kam, Kenneth
Chong Ki Ming
Dave Ho
Lam Ho Yi
Law Ho Yin
Leung Tak Kwong
Leung Wai Hung
Ng Kwong Yuen
Ng Yuk Ming
To Hin Wing, Charles
Tsang Kin Chung
Wan Man Ho
Wong Kai Shun
Wong Ying Huen

THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED
REPORT OF THE DIRECTORS

(cont'd)

In accordance with Article 30 of the Articles of Association, the directors shall resign and are eligible for reappointment at the annual general meeting upon expiry of two consecutive terms.

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Association's business

No transactions, arrangements and contracts of significance business to which the Association, was a party and in which the directors of the Association had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests, underlying shares and debentures of the Association or any specified undertaking of the Association

At no time during the year was the Association a party to any arrangement to enable the directors of the Association to hold any interests in the shares or debentures of, the Association or its specified undertakings.

Management contracts

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

Auditor

Sinno International CPA Limited, Certified Public Accountants (Practising) retire and, being eligible, offer themselves for re-appointment.

On behalf of the board of directors



Chong Ki Ming
Chairman

Hong Kong, 25 November 2026

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED

(Incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of The Baseball Association of Hong Kong, China Limited (the "Association") set out on pages 5 to 32, which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Association 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 as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the report of directors, but does not include the financial statements and our auditors' report thereon (the "Other Information").

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

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors 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 directors are responsible for assessing the Association'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 directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED

(Incorporated in Hong Kong with limited liability by guarantee)

(cont'd)

Auditors' 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 auditors' report that includes our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

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

- Conclude on the appropriateness of the directors' 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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



SINNO INTERNATIONAL CPA LIMITED
Certified Public Accountants
Tse Hoi Fat
Practising Certificate Number P05655
25 November 2026

THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

(Expressed in Hong Kong Dollars)

	NOTE	2026	2025
Non-current assets			
Property, plant and equipment	6	2,464,490	46,764
Right-of-use assets	7	561,731	74,823
		3,026,221	121,587
Current assets			
Inventories	8	231,991	267,701
Account receivables	9	8,069,636	11,904,595
Deposits, prepayments and other receivables	10	163,766	3,075,043
Amounts due from directors	11	-	5,140
Bank balances and cash	12	2,674,772	2,122,099
		11,140,165	17,374,578
Current liabilities			
Accounts payable		13,316,772	16,790,546
Accruals		84,411	84,411
Amounts due to directors	11	185,169	88,569
Lease liability	7	353,196	77,953
		13,939,548	17,041,479
Net current (liabilities)/assets		(2,799,383)	333,099
Total assets less current liabilities		226,838	454,686
Non-current liability			
Lease liability	7	214,317	-
Net assets		12,521	454,686
General fund		12,521	454,686

Approved and authorised for issue by the board of directors on 25 November 2026.

Chong Ki Ming
Chairman
DIRECTOR

Leung Wai Hung
Vice-chairman
DIRECTOR

The accompany notes on pages 9 to 32 form an integral part of these financial statements.

THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2026

(Expressed in Hong Kong Dollars)

	Notes	2026	2025
Revenue	13	25,575,180	31,384,410
Other revenue and other losses	14	77,223	84,982
Training, championship and tournaments expenses		(20,626,515)	(27,552,385)
General expenses		(5,453,948)	(4,523,422)
Finance costs	15	(14,105)	(8,012)
Deficit before taxation	16	(442,165)	(614,427)
Taxation	17	-	-
Deficit and total comprehensive income for the year		(442,165)	(614,427)

The accompany notes on pages 9 to 32 form an integral part of these financial statements.

THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 MARCH 2026

(Expressed in Hong Kong Dollars)

	General fund
As at 1 April 2024	1,069,113
Deficit and total comprehensive income for the year	(614,427)
As at 31 March 2025 and 1 April 2025	454,686
Deficit and total comprehensive income for the year	(442,165)
As at 31 March 2026	12,521

The accompany notes on pages 9 to 32 form an integral part of these financial statements.

THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2026

(Expressed in Hong Kong Dollars)

	Notes	2026	2025
Cash flows from operating activities			
Deficit before taxation		(442,165)	(614,427)
Adjustments for:			
Depreciation of property, plant and equipment	6, 16	623,904	25,390
Depreciation of right-of-use assets	7, 16	222,647	128,267
Interest on lease liability	15, 16	14,105	8,012
Bank interest income		(2,741)	(35,719)
Operating surplus/(deficit) before changes in working capital		415,750	(488,477)
Decrease in inventories		35,710	77,545
Decrease/(increase) in account receivables		3,834,959	(11,683,117)
Decrease/(increase) in deposits, prepayments and other receivables		2,911,277	(1,930,841)
Decrease/(increase) in amounts due from directors		5,140	(5,140)
(Decrease)/increase in account payables		(3,473,774)	8,689,148
Increase in amounts due to directors		96,600	6,503
Decrease in accruals		-	(46,370)
Net cash generated from/(used in) operating activities		3,825,662	(5,380,749)
Cash flows from investing activities			
Bank interest received		2,741	35,719
Purchases of property, plant and equipment		(3,041,630)	(18,219)
Net cash (used in)/generated from investing activities		(3,038,889)	17,500
Cash flows from financing activities			
Capital element of lease rentals paid		(219,995)	(127,588)
Interest element of lease rentals paid		(14,105)	(8,012)
Net cash used in financing activities		(234,100)	(135,600)
Net increase/(decrease) in cash and cash equivalents		552,673	(5,498,849)
Cash and cash equivalents at the beginning of the year		2,122,099	7,620,948
Cash and cash equivalents at the end of the year		2,674,772	2,122,099
Analysis of cash and cash equivalents			
Bank balance and cash		2,674,772	2,122,099

The accompany notes on pages 9 to 32 form an integral part of these financial statements.

THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

1. GENERAL INFORMATION

The Baseball Association of Hong Kong, China Limited (the "Association") is a company limited by guarantee in Hong Kong. The registered office of the Association is located at Room 1003, 1/F., Olympic House, 1 Stadium Path, Causeway Bay, Hong Kong.

The principal activities of the Association are to promote and develop baseball sports in Hong Kong.

The financial statements are presented in Hong Kong Dollars, which is the same as the functional currency of the Association.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Association has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time for their annual reporting period commencing on or after 1 April 2025:

Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*

The application of the amendments to HKFRSs in the current year has had no material impact on the Association's financial positions and performance for the current and prior years and/or on the disclosures set out in the financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Association has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 –F*inancial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027

The executive committee members are in the process of making an assessment of what the impact of these amendments and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Association's financial statements, except for HKFRS 18, where the presentation and disclosure of the financial statements are expected to change.

HKFRS 18, *Presentation and disclosure in financial statements*

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the financial statements information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the financial statements include applicable disclosures required by the Companies Ordinance.

Basis of preparation of the financial statements

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Association takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its location and working condition for its intended use. Expenses incurred after item of property, plant and equipment has been put into operation, such as repair and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less its estimated residual value, if any, using the straight-line method over its estimated useful life at the following rates per annum:

Leasehold improvement	20%
Venue equipment	20%
Office equipment	20%
Baseball equipment	20%

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Property, plant and equipment (cont'd)

Where parts of an item of 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 depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment 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 profit or loss in the period the asset is derecognised is the difference between the net proceeds and the carrying amount of the relevant assets.

Cash and cash equivalents

Cash and cash equivalents presented on the statement of financial position include cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and cash equivalents consist of cash and cash equivalents as defined above.

Revenue from contracts with customers

The Association recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

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

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

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

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

- Revenue from membership fees, registration fees, sponsorships and donations is recognised at a point in time on the cash received basis.
- Revenue from government subsidies and events fees is recognised at a point in time when designated activities as performed and expenses are incurred.

A contract asset represents the Association's right to consideration in exchange for services that the Association has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Association's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Association's obligation to transfer services to a customer for which the Association has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Association must incur to make the sale.

Leases

Definition of 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.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Association assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Association as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Association allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Association also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Association applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, Jess any lease incentives received;
- any initial direct costs incurred by the Association; and
- an estimate of costs to be incurred by the Association in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Leases (cont'd)

The Association as a lessee (cont'd)

Right-of-use assets (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Association is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Association presents right-of-use assets as a separate line item on the statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Association recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Association uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Association under residual value guarantees;
- the exercise price of a purchase option if the Association is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Association exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Leases (cont'd)

The Association as a lessee (cont'd)

Lease liabilities (continued)

The Association remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Association presents lease liabilities as a separate line item on the statement of financial position.

Lease modifications

The Association accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Association remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Association accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Association allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame
established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for account receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

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

Financial assets

Classification and subsequent measurement of financial assets at amortised cost

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Association may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations applies*.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Amortised cost and interest income

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

Impairment of financial assets

The Association perform impairment assessment under expected credit loss ("ECL") model on financial assets which are subject to impairment under HKFRS 9 (including account receivables, deposits and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Association always recognises lifetime ECL for account receivables without significant financial component. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

(i) Significant increase in credit risk (cont'd)

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

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

Irrespective of the outcome of the above assessment, the Association presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Association has reasonable and supportable information that demonstrates otherwise.

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

(ii) Definition of default

For internal credit risk management, the Association considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Association, in full.

Irrespective of the above, the Association considers that default has occurred when a financial asset is more than 120 days past due unless the Association has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

For collective assessment the Association takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

(v) Measurement and recognition of ECL (cont'd)

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

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

The Association recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of account receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Association recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, the Association continues to recognise the financial asset and also recognises a collateralised borrowing for the proceed received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Association are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including account payables, accruals, amounts due to directors and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Financial instruments (cont'd)

Derecognition/modification of financial liabilities

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

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Related parties

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

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

(i) has control or joint control over the Association;
(ii) has significant influence over the Association; or
(iii) is a member of the key management personnel of the Association or the Association's parent.

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

(i) the entity and the Association 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 and the Association 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 Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employees are also related to the Association;

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

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

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.

Close family members of an individual are those family members who may be expected to influence, or be influence by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Association and a related party, regardless of whether a price is charged.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

Employee benefits

(i) Short term employee benefits

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

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees and a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Employee entitlement to sick leave and maternity or paternity leave is not recognised until the time of leave.

(iii) Pensions obligations

A defined contribution plan is a pension plan under which the Association pays fixed contributions into a separate entity. The Association has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient asset to pay all employees the benefits relating to employee service in the current and prior years.

The Association contributes to a defined contribution mandatory provident fund retirement benefits scheme (the "MPF Scheme") in accordance with the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate. Contributions are made based on a percentage of the employee's basic salaries and charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

Government funding, capital subvention, and other income recognition

(a) Government funding, contributions and sponsorships for general purposes

Government funding, contributions and sponsorships from third parties for general purposes are recognised as income in the statement of comprehensive income when received or the rights of collection can be established by the Association.

(b) Government funding, contributions and sponsorships for specific purposes

Government funding, contributions and sponsorships income which are earmarked for specific, purposes are recognised at their fair values when there is a reasonable assurance that the Association will comply with the conditions attaching to them and the amount will be received.

Government funding, contributions and sponsorships income related to costs that they are intended to compensate are deferred and recognised in the statement of comprehensive income over the periods necessary to match these costs.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Association's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Provision of ECL for account receivables

Account receivables with significant balances and credit-impaired are assessed for ECL individually.

When collective assessment based on internal credit ratings is performed. Details on how ECL were measured should be consistent to the internal credit risk management of the Association in Note 5(b) In addition, for trade receivables which are individually insignificant or when the Association does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Association's internal credit ratings.

(b) Allowance for slow-moving inventories

Allowance for slow-moving inventories is based on the aging and estimated net realisable value of inventories. The assessment of the allowance amount involves judgment and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying amount of inventories and the allowance charge/write-back in the period in which such estimate has been changed.

5. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	2026 HK$	2025 HK$
Financial assets		
Amortised cost		
- Account receivables	8,069,636	11,904,595
- Deposits	132,766	98,045
- Amounts due from directors	-	5,140
- Bank balances and cash	2,674,772	2,122,099
Financial liabilities		
Amortised cost		
- Account payables	13,316,772	16,790,546
- Accruals	84,411	84,411
- Amounts due to directors	185,169	88,569
- Lease liabilities	567,513	77,953

5. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Financial risk management and fair values

The directors of the Association monitor and manage the financial risks relating to the operations of the Association through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include credit risk and liquidity risk.

The Association's major financial instruments include account receivables, deposits, other receivables, bank balances and cash, account payables, accruals, lease liabilities. Details of these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Association has no significant concentrations of credit risk with exposure spread over a large number of counterparties and customers. The carrying amounts of account receivables, deposits, other receivables and bank balances and cash represent the Association's maximum exposure to credit risk in relation to financial assets.

The Association will review and monitor the level of exposure to ensure that follow-up actions are taken to recover overdue debts. In addition, at the end of each reporting year, the recoverability of each account receivables is evaluated so as to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Association are of the view that the Association does not expose to significant credit risk.

Account receivables

The Association applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all account receivables. To measure the ECL, account receivables have been grouped based on shared credit risk characteristics. The Association has performed historical analysis and identified the key economic variables impacting credit risk and ECL. It considers available reasonable and supportive forwarding-looking macroeconomic data (for example, the economic growth rates which reflect the general economic conditions of the industry in which debtors operate).

In order to minimise the credit risk, the management of the Association has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Association reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Association consider that the Association's credit risk is significantly reduced.

As at 31 March 2026 and 2025, trade receivables that are individually significant have been separately assessed for impairment. The Association make periodic assessments on the recoverability of the receivable based on the background and reputation of the customers, historical settlement records and past experience. For the year ended 31 March 2026 and 2025, the Association assessed the ECL for account receivables are insignificant and thus no loss allowance is recognised.

Bank balances and cash

Credit risk on bank balances and cash is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Association assessed 12m ECL for bank balances and cash by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on cash and cash equivalents is considered to be insignificant and therefore no loss allowance was recognised.

5. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Financial risk management and fair values (cont'd)

Credit risk (cont'd)

Deposits and other receivables

For deposits and other receivables, the directors of the Association make periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Association provided impairment based on 12m ECL. For the year ended 31 March 2026 and 2025, the Association assessed the ECL for deposits and other receivables are insignificant and thus no loss allowance is recognised.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors, which has built an appropriate liquidity risk management framework to meet the Association's short, medium and long-term funding and liquidity management requirements.

The following tables detail the Association's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Association can be required to pay. The tables include both interest and principal cash flows.

	Undiscounted cash flow				
	On demand or within one year HK$	More than one year but less than two years HK$	More than two years but less than five years HK$	Total HK$	Carrying amount HK$
As at 31 March 2026					
Non-derivative financial liabilities					
Account payables	13,316,772	-	-	13,316,772	13,316,772
Accruals	84,411	-	-	84,411	84,411
Amounts due to directors	185,169	-	-	185,169	185,169
Lease liability	372,000	217,000	-	589,000	567,513
Total	13,958,352	217,000	-	14,175,352	14,153,865
As at 31 March 2025					
Non-derivative financial liabilities					
Account payables	16,790,546	-	-	16,790,546	16,790,546
Accruals	84,411	-	-	84,411	84,411
Amounts due to directors	88,569	-	-	88,569	88,569
Lease liability	79,100	-	-	79,100	77,953
Total	17,042,626	-	-	17,042,626	17,041,479

(c) Fair value

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Association consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

5. FINANCIAL RISK MANAGEMENT (cont'd)

(d) Capital risk management

The objectives of the Association's capital management are to safeguard its ability to continue as a going concern and to promote and develop baseball sports in Hong Kong. The Association defines "capital" as including the general fund maintained by the Association. The Association manages its capital structure and makes adjustment. No changes were made in the objectives, policies or processes during the years ended 31 March 2026 and 2025.

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$	Venue equipment HK$	Office equipment HK$	Baseball equipment HK$	Total HK$
Cost:					
As at 1 April 2024	-	28,407	93,425	31,495	153,327
Additions	-	-	18,219	-	18,219
As at 31 March 2025	-	28,407	111,644	31,495	171,546
Additions	2,993,000	-	48,630	-	3,041,630
As at 31 March 2026	2,993,000	28,407	160,274	31,495	3,213,176
Accumulated depreciation:					
As at 1 April 2024	-	9,675	58,222	31,495	99,392
Depreciation provided for the year	-	5,681	19,709	-	25,390
As at 31 March 2025	-	15,356	77,931	31,495	124,782
Depreciation provided for the year	598,600	5,681	19,623	-	623,904
As at 31 March 2026	598,600	21,037	97,554	31,495	748,686
Carrying amount:					
As at 31 March 2026	2,394,400	7,370	62,720	-	2,464,490
As at 31 March 2025	-	13,051	33,713	-	46,764

7. RIGHT-OF-USE ASSETS / LEASE LIABILITIES

Right-of-use assets

	Leased properties HK$
As at 1 April 2024	203,090
Depreciation provided during the year	(128,267)
As at 31 March 2025 and 1 April 2025	74,823
Addition	709,555
Depreciation provided during the year	(222,647)
As at 31 March 2026	561,731

	2026 HK$	2025 HK$
Expenses relating to short-term leases	-	8,159
Expenses relating to low value leases	-	-
Total cash outflow for leases (note(i))	234,100	145,751
Additional to right-of-use assets (note(ii))	709,555	-

Notes:

(i) Amount includes payments of principal of HK$219,995 (2025: HK$127,588) and interest portion of HK$14,105 (2025: HK$8,012) of lease liabilities, short-term lease of HK$nil (2025: HK$8,159) and low value leases of HK$nil (2025: HK$nil).

(ii) Amount includes right-of-use assets resulting from renew of lease contract of leased properties.

During the current year, the Association leases certain office premises with lease term of 2 years (2025: 2 years). Leases terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Association applies the definition of a contract and determines the period for which the contract is enforceable.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as securities for borrowing purpose.

7. RIGHT-OF-USE ASSETS/LEASE LIABILITIES (cont'd)

Lease liabilities

	2026 HK$	2025 HK$
Analysed as		
- Current	353,196	77,953
- Non-current	214,317	-
	567,513	77,953
Minimum lease payments due		
- Within one year	372,000	79,100
- More than one year but not later than two years	217,000	-
	589,000	79,100
Less: Future finance charges	(21,487)	(1,147)
Present value of lease liabilities	567,513	77,953
Present value of minimum lease payments		
- Within one year	353,196	77,953
- More than one year but not later than two years	214,317	-
	567,513	77,953

8. INVENTORIES

	2026 HK$	2025 HK$
Baseball and related accessories	231,991	267,701

9. ACCOUNT RECEIVABLES

	2026 HK$	2025 HK$
Account receivables	8,069,636	11,904,595

Receivables that were neither past due nor impaired related to creditors for whom there was no default. Receivables that were past due but not impaired related to creditors that have good creditworthiness. Based on past experience, the management considered no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable.

Details of impairment assessment of account receivables for the years ended 31 March 2026 and 2025 are set out in Notes 3 and 5(b).

The Association does not hold any collateral over the balances.

10. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2026 HK$	2025 HK$
Prepayments	31,000	2,976,998
Deposits	132,766	98,045
	163,766	3,075,043

11. AMOUNTS DUE FROM/(TO) DIRECTORS

Amounts due from/(to) directors are unsecured, interest-free and repayable on demand.

12. BANK BALANCES AND CASH

Bank balances

Bank balances and cash carrying interest at market rates 0.001% (2025: 0.001%) per annum for the year ended 31 March 2026.

Details of impairment assessment of bank balances for the years ended 31 March 2026 and 2025 are set out in Notes 3 and 5(b).

13. REVENUE

	2026 HK$	2025 HK$
Services recognised at a point of time		
Membership fees and registration fee	788,943	745,835
Training and events fees	4,006,550	2,621,643
Subsidies, sponsorships and donations received for the year	20,779,687	28,016,932
	25,575,180	31,384,410

(i) Performance obligations for contracts with customers

The Association provides promotion and development of baseball sports services.

Revenue is recognised when control of the services has transferred, being when the services have been delivered to the specific customer ("delivery") as agreed in the service contracts. Following delivery, the customer has full discretion over the manner of distribution, the primary responsibility on utilising the services and bears the risks of loss in relation to the services.

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers

All provision of services is for the periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

14. OTHER REVENUE AND OTHER LOSSES

	2026 HK$	2025 HK$
Sale of baseball related products and sundry income	-	49,263
Income from activities	14,382	-
Bank interest	2,741	35,719
Other income	60,100	-
	77,223	84,982

15. FINANCE COSTS

	2026 HK$	2025 HK$
Interest on lease liability	14,105	8,012

16. DEFICIT BEFORE TAXATION

	2026 HK$	2025 HK$
Deficit before taxation is arrived at after charging:		
Auditors' remuneration	70,100	70,100
Depreciation of Property, plant and equipment (Note 6)	623,904	25,390
Depreciation of right-of-use assets (Note 7)	222,647	128,267
Interest on lease liability	14,105	8,012
Directors' remuneration		
- Fees	-	-
- Other emoluments	-	-
Salaries, wages and other benefits (excluding directors' remuneration)	3,598,965	3,725,346
Short-term leases and leases with lease term shorter than 12 months	-	8,159

17. TAXATION

No taxation is provided as the Association has not been carrying on business and the income of the Association is mainly derived from the members and from Government subsidies.

The tax charges for the years are reconciled to the surplus before taxation per the statement of profit or loss and other comprehensive income as follows:

	2026 HK$	2025 HK$
Deficit before taxation	(442,165)	(614,427)
Tax at the applicable tax rate at 16.5% (2025: 16.5%)	(72,957)	(101,380)
Tax effect of income not taxable for tax purpose	(452)	(5,894)
Tax effect of non-deductible expenses	-	1,238
Tax effect of temporary difference not recognised	2,681	1,563
Tax effect of tax loss not recognised	70,728	104,473
Tax charges for the year	-	-

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

18. MATERIAL RELATED PARTY TRANSACTIONS

The Association had no compensation for key management personnel comprising the directors of the Association during the year (2025: Nil).

Save as disclosed elsewhere in the financial statements, the Association entered into the following transactions with related parties during the year:

Name of related parties	Nature of related parties	Nature of transactions	2026 HK$	2025 HK$
Au Hok Leung	Director	Coach allowance	734,803	602,765
		Sponsorships received	40,000	-
Leung Tak Kwong	Director	Coach allowance	22,152	44,091
Leung Wai Hung	Director	Umpire allowance	7,000	5,150
		Lecturer allowance	-	2,046
		Official allowance	-	240
Ng Kwong Yuen	Director	Coach allowance	-	21,060
		Lecturer allowance	-	1,304
		Umpire allowance	15,848	2,500
Ng Yuk Ming (ii)	Director	Coach allowance	314,373	85,217
Tsang Kin Chung (ii)	Director	Coach allowance	399,979	104,026
Wong Ki, Jonathan (i)	Director	Umpire allowance	-	4,100
		Lecturer allowance	-	17,391

(i) Resigned on 3 December 2024
(ii) Appointed on 3 December 2024

Note:

The above related parties transactions are included in training, championship and tournament expenses.

19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITY

The table below details changes in the Association's liabilities arising from financing activity, including both cash and non-cash changes. Liabilities arising from financing activity are those for which cash flows were, or future cash flows will be, classified in the Association's statements of cash flows as cash flows from financing activity.

	Lease liability HK$
As at 1 April 2024	205,541
Financing cash flows	
- Capital element	(127,588)
- Interest element	(8,012)
Other change	
- Interest expense	8,012
As at 31 March 2025 and 1 April 2025	77,953
Addition	
Financing cash flows	709,555
- Capital element	(219,995)
- Interest element	(14,105)
Other change	
- Interest expense	14,105
As at 31 March 2026	567,513

20. USAGE OF FRESH WATER SERVICE RESERVIOR

(a) Related income and expenditure

	2026 HK$	2025 HK$
Income		
Venue rental income	-	-
Expenditure		
Bank charge	(30)	-
Baseball equipment	(4,702)	-
Delivery charge	(12,664)	-
Depreciation of equipment	(604,281)	(5,681)
Event expense	(13,980)	-
Medical services	(50)	-
Rent and rate	(11,969)	-
Photography services	-	(1,200)
Repairs and maintenances	(253,992)	(27,000)
Service expenses	(12,531)	-
Setting up of venue	(25,324)	-
Staff allowance	(3,425)	-
Stationery and postage	(198)	-
Venue Charge	(16,600)	-
Venue furniture & equipment	(8,809)	-
	(968,555)	(33,881)
Deficit	(968,555)	(33,881)

20. USAGE OF FRESH WATER SERVICE RESERVIOR (cont'd)

(b) Related property, plant and equipment

	Leasehold improvement HK$	Venue equipment HK$	Total HK$
As at 1 April 2024	-	18,732	18,732
Depreciation for the year	-	(5,681)	(5,681)
As at 31 March 2025 and 1 April 2025	-	13,051	13,051
Addition	2,993,000	-	2,993,000
Depreciation for the year	(598,600)	(5,681)	(604,281)
As at 31 March 2026	2,394,400	7,370	2,401,770

21. EVENTS AFTER THE REPORTING PERIOD

Besides elsewhere in financial statement, the Association did not have other material subsequent event.

22. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements set out on pages 5 to 32 have been approved by the board of directors on 25 November 2026.

(FOR MANAGEMENT USE ONLY)

THE BASEBALL ASSOCIATION OF HONG KONG, CHINA LIMITED

DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2026

	2026 HK$	2025 HK$
Revenue		
Membership fees and registration fee	788,943	745,835
Training and events fees	4,006,550	2,621,643
Subsidies, sponsorships and donations received for the year	20,779,687	28,016,932
	25,575,180	31,384,410
Other revenue and other loss		
Sale of baseball related products and sundry income	-	49,263
Income from activities	14,382	-
Bank interest	2,741	35,719
Other income	60,100	-
	77,223	84,982
Training, championship and tournaments expenses	(20,626,515)	(27,552,385)
General expenses		
Auditors' remuneration	(70,100)	(70,100)
Bank charges	(24,745)	(17,253)
Building management fee	(57,828)	(53,009)
Business registration fee	(2,200)	(2,200)
Cleaning	(2,000)	-
Computer expenses	(16,385)	(19,250)
Consultation fee	(11,999)	-
Depreciation of equipment	(623,904)	(25,390)
Depreciation of right-of-use assets	(222,647)	(128,267)
Electricity and water	(1,594)	(1,445)
Insurance	(106,605)	(97,471)
Legal and professional fee	(6,000)	(13,304)
Mandatory provident fund contributions	(255,704)	(246,455)
Office and storage rental	-	(8,159)
Office furniture and equipment	(6,852)	(33,416)
Penalty	-	(7,500)
Printing, stationery and postage	(109,541)	(81,735)
Public relation	(10,796)	(16,541)
Rent and rate	(81,243)	(39,745)
Repairs and maintenances	(274,738)	(28,860)
Salaries and other allowances	(3,343,261)	(3,478,891)
Staff welfare	(13,565)	(18,044)
Sundry expenses	(73,294)	(36,376)
Telephone and fax	(121,788)	(88,940)
Transportation and travelling	(2,428)	(10,116)
Venue furniture & equipment	(14,731)	(955)
	(5,453,948)	(4,523,422)
Finance costs		
Interest on lease liability	(14,105)	(8,012)
Deficit before taxation	(442,165)	(614,427)
Taxation	-	-
Deficit for the year	(442,165)	(614,427)