Sir Edward Youde Memorial Fund
Report of the Board of Trustees for the Period
1 April 2024 to 31 March 2025

The Sir Edward Youde Memorial Fund was established in 1987 with donations by the Hong Kong community to commemorate the governorship of Sir Edward Youde (1982-1986). It is administered in accordance with Chapter 1140 of the Laws of Hong Kong for the purpose of providing for and encouraging the education or learning of, or research by, the people of Hong Kong.

2. The Fund is vested in a Board of Trustees, the membership of which during the year under review was as follows –

Ms KWAN Sau-ha	(Chairman) (up to 31.3.2025)
Mr TSANG Chiu-tong, Brian	(Member) (up to 31.3.2025) (Chairman) (from 1.4.2025)
Lady Youde	(up to 30.6.2025)
Secretary for Home and Youth Affairs	(ex officio)
Mr YUNG Sze-hon, Solomon	
Ms WONG Yeung-fong	(from 1.4.2025)

3. Secretariat services to the Board of Trustees are provided by the Trust Funds and Temples Joint Secretariat, which also maintains the books of accounts for the Fund. Credit Suisse AG Hong Kong Branch was appointed as the investment manager of the Fund in January 2015 and up to 14 February 2025. Invesco Hong Kong Limited has been appointed as the new investment manager on 19 February 2025, and is responsible for day-to-day investment management. The Director of Audit is appointed by the Chief Executive as the auditor of the Fund's accounts.

4. Grants from the Fund are determined by the Sir Edward Youde Memorial Fund Council, the membership of which during the year under review was as follows –

Mr MA Ching-cheng	(Chairman) (up to 30.6.2025)
Professor CHAO Yu-hang, Christopher	(Chairman) (from 1.7.2025)
Lady Youde	(up to 30.6.2025)
Professor LAI Chi-keung, Alvin	(from 1.9.2025)
The Secretary for Education	(ex officio)
Professor KWONG Yuk-yee, Jessica	
Ms LEUNG Heung-ying, Sabrina	
Professor WONG Yung-hou, MH	
Professor CHOW Yin-man, Amy	

/During...

5. Secretariat services to the Council are provided by the Working Family and Student Financial Assistance Agency.

6. During the year the following categories of the Sir Edward Youde Memorial Awards were granted –

	HK$	HK$
For Fellowships		
Local		
3 totalling	150,000	
Overseas		
3 totalling	611,000	761,000
For Scholarships		
Local		
7 totalling	280,000	
Overseas		
1 totalling	280,000	560,000
Medals		
6 totalling		37,680
Prizes for Senior Secondary Students		
940 @ $1,000		940,000
Sponsorship for the Young Friends of the 2025 Hong Kong Arts Festival		600,000
Awards for Self-improvement for Working Adults		
5 @ $5,000		25,000
Outstanding Apprentice Awards		
4 @ $5,000		20,000
		2,943,680

7. The audited Financial Statements of the Fund are at the Appendix.

(TSANG Chiu-tong, Brian)
Chairman
Board of Trustees of the Sir Edward Youde Memorial Fund
29 September 2025

Appendix

Sir Edward Youde Memorial Fund

Financial statements for the year ended 31 March 2025

Audit Commission
The Government of the Hong Kong Special Administrative Region

Independent Auditor's Report
To the Legislative Council

Opinion

I certify that I have audited the financial statements of the Sir Edward Youde Memorial Fund set out on pages 4 to 21, which comprise the balance sheet as at 31 March 2025, and the income and expenditure account, 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 my opinion, the financial statements give a true and fair view of the financial position of the Sir Edward Youde Memorial Fund as at 31 March 2025, and of its financial performance and 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 accordance with sections 14(1), 14(1A) and 14(1B) of the Sir Edward Youde Memorial Fund Ordinance (Cap. 1140).

Basis for opinion

I conducted my audit in accordance with section 14(3) of the Sir Edward Youde Memorial Fund Ordinance and the Audit Commission auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the Sir Edward Youde Memorial Fund in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Board of Trustees of the Sir Edward Youde Memorial Fund ("the Board") is responsible for the other information. The other information comprises all the information included in the Report of the Board of Trustees of the Fund, other than the financial statements and my auditor's report thereon.

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

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

Responsibilities of the Board for the financial statements

The Board is 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 sections 14(1), 14(1A) and 14(1B) of the Sir Edward Youde Memorial Fund Ordinance, and for such internal control as the Board determines 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 is responsible for assessing the Sir Edward Youde Memorial Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit Commission auditing standards 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 the Audit Commission auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sir Edward Youde Memorial Fund's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;

— conclude on the appropriateness of the Board's 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 Sir Edward Youde Memorial Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Sir Edward Youde Memorial Fund to cease to continue as a going concern; and

— 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.

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

Ms Elaine Chang
Principal Auditor (Acting)
for Director of Audit

29 September 2025

Audit Commission
6th Floor, High Block
Queensway Government Offices
66 Queensway
Hong Kong

SIR EDWARD YOUDE MEMORIAL FUND

BALANCE SHEET
AS AT 31 MARCH 2025

	Note	2025 HK$	2024 HK$
CURRENT ASSETS			
Financial assets measured at fair value through income and expenditure account	3	**106,010,890**	103,393,166
Accounts receivable	4	**4,048**	11,219,886
Cash and cash equivalents	5	**2,391,201**	1,545,840
		108,406,139	116,158,892
CURRENT LIABILITIES			
Provision for staff gratuity	6	**(10,685)**	(18,749)
Provision for untaken leave		**(15,312)**	(26,096)
Accounts payable	7	**(128,570)**	(6,806,986)
		(154,567)	(6,851,831)
NET CURRENT ASSETS		**108,251,572**	109,307,061
NON-CURRENT LIABILITIES			
Provision for staff gratuity	6	**(17,736)**	(40,559)
NET ASSETS		**108,233,836**	109,266,502
ACCUMULATED FUND			
Capital		**91,722,480**	91,722,480
Accumulated surplus		**16,511,356**	17,544,022
		108,233,836	109,266,502

The accompanying notes 1 to 14 form part of these financial statements.

(TSANG Chiu-tong, Brian)
Chairman
Board of Trustees of the Sir Edward Youde Memorial Fund
29 September 2025

SIR EDWARD YOUDE MEMORIAL FUND

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 HK$	2024 HK$
INCOME			
Dividend income		**943,502**	1,301,597
Interest income	8	**2,833,810**	2,317,282
Net realised and revaluation (losses)/gains on financial assets measured at fair value through income and expenditure account		**(454,766)**	4,631,190
Net realised and revaluation losses on derivative financial instruments		**-**	(71,668)
Net exchange losses		**(257,121)**	(375,952)
Refund of grants		**31,150**	62,300
Other income		**-**	90
		3,096,575	7,864,839
EXPENDITURE			
Fellowships, scholarships, prizes and memorial medals/awards		**(2,943,680)**	(3,198,200)
Staff costs		**(749,926)**	(607,164)
Investment management fees		**(434,510)**	(450,179)
Other operating expenses		**(1,125)**	(2,896)
		(4,129,241)	(4,258,439)
(DEFICIT)/SURPLUS FOR THE YEAR		**(1,032,666)**	3,606,400
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(1,032,666)**	3,606,400

The accompanying notes 1 to 14 form part of these financial statements.

SIR EDWARD YOUDE MEMORIAL FUND

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025

	Capital HK$	Accumulated surplus HK$	Total HK$
Balance at 1 April 2023	91,717,480	13,937,622	105,655,102
Donation received during 2023-24	5,000	-	5,000
Total comprehensive income for 2023-24	-	3,606,400	3,606,400
Balance at 31 March 2024 and 1 April 2024	91,722,480	17,544,022	109,266,502
Total comprehensive loss for 2024-25	-	(1,032,666)	(1,032,666)
Balance at 31 March 2025	**91,722,480**	**16,511,356**	**108,233,836**

The accompanying notes 1 to 14 form part of these financial statements.

SIR EDWARD YOUDE MEMORIAL FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 HK$	2024 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/Surplus for the year		**(1,032,666)**	3,606,400
Adjustments for :			
Dividend income		**(943,502)**	(1,301,597)
Interest income		**(2,833,810)**	(2,317,282)
Unrealised net exchange losses		**5**	259,902
Net realised and revaluation losses/(gains) on financial assets measured at fair value through income and expenditure account		**454,766**	(4,631,190)
Acquisition of financial assets measured at fair value through income and expenditure account		**(296,913,489)**	(54,694,592)
Proceeds from disposal of financial assets measured at fair value through income and expenditure account		**298,271,808**	52,345,447
Change in fair value of derivative financial instruments		**-**	(8,402)
Decrease/(Increase) in accounts receivable		**310,554**	(265,276)
(Decrease)/Increase in provision for staff gratuity		**(30,887)**	26,464
(Decrease)/Increase in provision for untaken leave		**(10,784)**	18,614
(Decrease)/Increase in accounts payable		**(74,620)**	166,260
NET CASH USED IN OPERATING ACTIVITIES		**(2,802,625)**	(6,795,252)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		**1,009,454**	1,284,958
Interest received		**2,638,537**	2,385,104
NET CASH FROM INVESTING ACTIVITIES		**3,647,991**	3,670,062
CASH FLOWS FROM FINANCING ACTIVITIES			
Donation received		**-**	5,000
NET CASH FROM FINANCING ACTIVITIES		**-**	5,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**845,366**	(3,120,190)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,545,840**	4,834,966
Effect of exchange rate changes on cash and cash equivalents		**(5)**	(168,936)
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	**2,391,201**	1,545,840

The accompanying notes 1 to 14 form part of these financial statements.

SIR EDWARD YOUDE MEMORIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Sir Edward Youde Memorial Fund (the Fund) was established in 1987 for the general purpose of providing for and encouraging the education or learning of, or research by, the people of Hong Kong and, in particular, for making grants, or loans with or without interest:

(a) for the furtherance of education, learning or research inside or outside Hong Kong; and

(b) to educational institutions within Hong Kong for the furtherance of education, learning or research,

in accordance with section 6 of the Sir Edward Youde Memorial Fund Ordinance (Cap. 1140).

The address of the Fund's principal place of business is 34th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with sections 14(1), 14(1A) and 14(1B) of the Sir Edward Youde Memorial Fund Ordinance and all applicable HKFRS Accounting Standards, which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). Material accounting policies adopted by the Fund are set out below.

(b) Basis of preparation of the financial statements

The financial statements have been prepared on an accrual basis and under the historical cost convention except that financial assets measured at fair value through income and expenditure account are stated at fair value as explained in the accounting policies set out in note 2(d) below.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. 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 estimate 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.

There are no critical accounting judgements involved in the application of the Fund's accounting policies. There are neither key assumptions concerning the future nor other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Impact of new and revised HKFRS Accounting Standards

The HKICPA has issued certain new or revised HKFRS Accounting Standards which are first effective or available for early adoption for the current accounting period of the Fund. There have been no changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

The Fund has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. These include the following which may be relevant to the Fund.

	Effective for accounting periods beginning on or after
HKFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027

The Fund is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial adoption. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

(d) Financial assets and financial liabilities

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised on the date the Fund becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial assets or the issue of the financial liabilities, except for those financial instruments measured at fair value for which transaction costs are recognised directly in the income and expenditure account. An explanation of how the Fund determines the fair value of financial instruments is set out in note 10. Purchases and sales of financial instruments are recognised on trade date, the date on which the Fund commits to purchase or sell the instruments.

(ii) Classification and subsequent measurement

Financial assets measured at fair value through income and expenditure account

These comprise equity funds, bond funds and money market funds. They are subsequently measured at fair value. Changes in fair value are recognised in the income and expenditure account in the period in which they arise.

Financial assets measured at amortised cost

These comprise accounts receivable and cash and cash equivalents. They are held for the collection of contractual cash flows which represent solely payments of principal and interest. They are subsequently measured at amortised cost using the effective interest method. The measurement of loss allowances for these financial assets is based on the expected credit loss model as described in note 2(d)(iv).

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows by considering all contractual terms of the financial instrument but does not consider the expected credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Financial liabilities measured at amortised cost

These comprise accounts payable. They are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(iv) Impairment of financial assets

For financial assets measured at amortised cost, the Fund measures the expected credit losses to determine the loss allowance required to be recognised. Financial assets measured at fair value are not subject to the expected credit loss assessment.

Expected credit losses are a probability-weighted estimate of credit losses. They are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Fund expects to receive, discounted at the effective interest rate. They are measured on either of the following bases:

- 12-month expected credit losses (for financial instruments for which there has not been a significant increase in credit risk since initial recognition): these are losses that are expected to result from possible default events within the 12 months after the reporting date; or

- lifetime expected credit losses (for financial instruments for which there has been a significant increase in credit risk since initial recognition): these are losses that are expected to result from all possible default events over the expected life of the financial instruments.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Fund compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Fund considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Fund in full; or (ii) the financial asset is 90 days past due. The Fund 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.

For a financial asset with lifetime expected credit losses recognised in the previous reporting period, if its credit quality improves and reverses the previously assessed significant increase in credit risk, then the loss allowance reverts from lifetime expected credit losses to 12-month expected credit losses.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(e) Foreign currency translation

Hong Kong dollar is the currency of the primary economic environment in which the Fund operates. Foreign currency transactions during the year are translated into Hong Kong dollars using the spot exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the closing exchange rates at the reporting date. Exchange gains and losses are dealt with in the income and expenditure account.

(f) Revenue recognition

Dividend income is recognised when the Fund's right to receive payment is established. Interest income is recognised as it accrues using the effective interest method.

(g) Awards and grants

Fellowships, scholarships, prizes, memorial medals, awards and other grants are recognised as expenditure when they are approved by the Sir Edward Youde Memorial Fund Council. Refund of grants are credited to the income and expenditure account when they are accepted and received by the Council.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and placements with an investment manager.

(i) Employee benefits

Contract gratuities, salaries and annual leave entitlements are accrued and recognised as expenditure in the year in which associated services are rendered by the staff. Staff on-costs, including pension, Government's contribution to the Civil Service Provident Fund Scheme and housing and medical benefits provided to the seconded staff by the Government, are charged as expenditure in the year in which the services are rendered.

(j) Donation

Donation is credited to the Fund's capital once the amount is received and the approval for acceptance is obtained.

3. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH INCOME AND EXPENDITURE ACCOUNT

	2025 HK$	2024 HK$
Equity securities/equity funds – at fair value		
Listed in Hong Kong	**-**	1,805,250
Listed outside Hong Kong	**-**	37,645,968
Unlisted	**36,227,440**	2,302,393
	36,227,440	41,753,611
Debt securities – at fair value		
Unlisted	**-**	59,341,294
Bond funds – at fair value		
Unlisted	**47,932,299**	2,298,261
Money market funds – at fair value		
Unlisted	**21,851,151**	-
	106,010,890	103,393,166

4. ACCOUNTS RECEIVABLE

	2025 HK$	2024 HK$
Dividend	**-**	90,045
Interest	**-**	435,600
Proceeds receivable from sale of investments	**-**	10,379,639
Others	**4,048**	314,602
	4,048	11,219,886

5. CASH AND CASH EQUIVALENTS

	2025 HK$	2024 HK$
Placements with an investment manager	**778**	1,489,753
Cash at banks	**2,390,423**	56,087
	2,391,201	1,545,840

6. PROVISION FOR STAFF GRATUITY

	2025 HK$	2024 HK$
Balance at beginning of year	**59,308**	32,844
Provision for the year	**65,060**	42,691
Payments for the year	**(46,710)**	(7,864)
Provision written back	**(49,237)**	(8,363)
Balance at end of year	**28,421**	59,308
Classified as:		
Current liabilities	**10,685**	18,749
Non-current liabilities	**17,736**	40,559
	28,421	59,308

7. ACCOUNTS PAYABLE

	2025 HK$	2024 HK$
Investment management fees	**46,794**	38,725
Purchase of investments	**-**	6,603,796
Others	**81,776**	164,465
	128,570	6,806,986

8. INTEREST INCOME

	2025 HK$	2024 HK$
Interest from time deposits	**68,992**	-
Interest from investments managed by an investment manager		
Interest from call deposits	**113,076**	94,235
Interest from debt securities	**2,651,742**	2,223,047
	2,764,818	2,317,282
	2,833,810	2,317,282

9. FINANCIAL RISK MANAGEMENT

The Fund's financial instruments include financial assets measured at fair value through income and expenditure account, accounts receivable, cash and cash equivalents and accounts payable. The major risks associated with these financial instruments are set out below.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum exposure to credit risk of the financial assets of the Fund at the reporting date is equal to their carrying amounts.

To minimise the credit risk arising from cash and cash equivalents, all deposits and bank balances are placed with reputable licensed banks and reputable investment managers in Hong Kong. Hence, the Fund's exposure to credit risk is considered to be limited.

The credit quality of cash and cash equivalents, analysed by the ratings designated by Moody's, at the reporting date is shown below.

	2025 HK$	2024 HK$
Cash and cash equivalents, by credit rating		
Aa1 to Aa3	**2,391,201**	56,087
A1 to A3	-	1,489,753
	2,391,201	1,545,840

While other financial assets measured at amortised cost are subject to the impairment requirements, the Fund has estimated that their expected credit losses are minimal and considers that no loss allowance is required.

(b) Market risk

Market risk is the risk that changes in market variables such as equity prices, interest rates and currency exchange rates may affect the fair value or cash flows of a financial instrument. The Fund has appointed a professional investment manager to manage market risk and maintains a diversified portfolio of investments. The Board of Trustees of the Sir Edward Youde Memorial Fund monitors management of the portfolio to ensure that the appropriate investment strategy is adopted and implemented.

(i) Price risk

As at 31 March 2025, it is estimated that a 10% (2024: 10%) increase/decrease in market prices of the respective equity funds, bond funds and money market funds, with all other variables held constant, would have decreased/increased the deficit for the year by HK$10,601,000 (2024: increased/decreased the surplus for the year by HK$4,405,000).

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Since the Fund does not have financial assets bearing interest at fixed rates, changes in market interest rates will not affect the Fund's surplus/deficit for the year.

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not exposed to material cash flow interest rate risk because interest income from financial instruments bearing interest at a floating rate is not significant.

(iii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in currency exchange rates. The Fund's financial instruments denominated in currencies other than Hong Kong dollar are exposed to currency risk.

The Fund's exposure to currency risk is handled in accordance with a documented risk management and investment strategy, and the Fund monitors the risk on a continuous basis.

The net exposure of the Fund to each currency at the reporting date arising from financial instruments is shown below:

	2025	2024
	HK$	HK$
Hong Kong dollar	**108,276,791**	1,738,292
US dollar	**778**	90,445,565
Pound Sterling	**-**	2,808,831
Japanese Yen	**-**	3,738,983
Euro	**-**	5,702,032
Swiss Francs	**-**	2,816,653
Australian dollar	**-**	1,298,707
Singapore dollar	**-**	550,712
Canadian dollar	**-**	1
Others	**-**	252,130
	108,277,569	109,351,906

As Hong Kong dollar is pegged to the US dollar within a narrow range, it is considered that the Fund had no significant exposure to foreign exchange risk relating to this currency.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

In the management of liquidity risk, the Fund maintains a level of cash and cash equivalents that is considered adequate to finance its operations and mitigate the effects of fluctuations in cash flows. Hence, the Fund does not have significant exposures to liquidity risk.

As at 31 March 2025, the remaining contractual maturities of all financial liabilities, based on contractual undiscounted cash flows and the earliest date on which the Fund can be required to pay, were three months or less (2024: three months or less).

10. FAIR VALUE MEASUREMENT

(a) Fair value hierarchy of financial instruments

The following table presents the carrying value of financial instruments measured at fair value at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement".

2025

	Level 1 HK$	**Level 2 HK$**	**Total HK$**
Assets			
Financial assets measured at fair value through income and expenditure account			
Equity funds – at fair value			
Unlisted	-	**36,227,440**	**36,227,440**
Bond funds – at fair value			
Unlisted	-	**47,932,299**	**47,932,299**
Money market funds – at fair value			
Unlisted	-	**21,851,151**	**21,851,151**
	-	**106,010,890**	**106,010,890**

2024

	Level 1 HK$	Level 2 HK$	Total HK$
Assets			
Financial assets measured at fair value through income and expenditure account			
Equity securities/equity funds – at fair value			
Listed in Hong Kong	1,805,250	-	1,805,250
Listed outside Hong Kong	37,645,968	-	37,645,968
Unlisted	-	2,302,393	2,302,393
	39,451,218	2,302,393	41,753,611
Debt securities – at fair value			
Unlisted	-	59,341,294	59,341,294
Bond funds – at fair value			
Unlisted	-	2,298,261	2,298,261
	39,451,218	63,941,948	103,393,166

No financial instruments were classified under Level 3. There were no transfers between levels during the reporting years.

The three levels of the fair value hierarchy are:

Level 1: fair values are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair values are determined with inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: fair values are determined with inputs that are not based on observable market data (unobservable inputs).

(b) Valuation techniques and key inputs

The fair value of financial instruments classified under Level 1 is based on the quoted market prices of these financial instruments at the reporting date, without any deduction for estimated future selling costs.

The fair value of unlisted financial instruments classified under Level 2 is determined using quotation from the investment manager.

All other financial assets and financial liabilities are stated in the balance sheet at amounts equal to or not materially different from their fair values.

11. CAPITAL MANAGEMENT

The capital structure of the Fund consists of capital and accumulated surplus. The Fund's objectives when managing capital are:

(a) to comply with the Sir Edward Youde Memorial Fund Ordinance; and

(b) to maintain a strong capital base for carrying out the purpose of the Fund as stated in note 1 above.

The Fund monitors capital by reviewing its level to ensure that it is sufficient to fund future grants and expenditure, taking into account its projected cash flow requirements, future financial obligations and commitments.

12. COMMITMENTS

As at 31 March 2025, the commitments for approved grants, payable subject to satisfactory compliance with conditions of the grants, were HK$600,000 (2024: HK$600,000).

13. COST OF ADMINISTERING THE FUND

The costs and expenses incurred by the Government of the Hong Kong Special Administrative Region in administering the Fund, other than those specified elsewhere in the Sir Edward Youde Memorial Fund Ordinance, shall be a charge upon general revenue in accordance with section 15(1) of the Ordinance.

14. PLEDGE OF ASSETS

As at 31 March 2025, no assets were pledged. As at 31 March 2024, financial assets with carrying value of HK$105 million were pledged as security for a credit facility granted to the Fund.