

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
(INCORPORATED IN HONG KONG AND LIMITED BY GUARANTEE)

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited consolidated financial statements for the year ended 31 March 2026.

Business review

Sai Kung District Community Centre was established in the year of 1970. The organisation is continuously promoting livelihood support and establishing a support network in rural area. With the service mission of "connecting and mobilizing community resources to love and care our folks and nature across Sai Kung", we establish a unique rural service model to reduce the uneven distribution of resources between urban and rural areas, so that rural life can be preserved and a win-win society can be created.

Our vision

We are eager to build a happy and livable community for Sai Kung residents.

Our mission

We connect and mobilise community resources to love and care our folks and nature across Sai Kung.

Our belief

We believe in welfare equality regardless of who you are and where you live.

Service performance

On 31 March 2026, total income has recorded an increase by HK\$882,272 from HK\$28,674,195 for the year ended 31 March 2025 to HK\$ 29,556,467 for the year ended 31 March 2026.

During the reporting period, the organisation made no significant change in the scope of its principal services:

Our Services

Children and youth services
Child care and family support services
Elderly and primary care services
Rural support services
Community network and capital construction projects
Ecological conservation projects

Business review (continued)

Principal risks and uncertainties

During the 2025/26 financial year, Sai Kung District Community Centre (SKDCC) operated within an environment defined by persistent fiscal uncertainty and shifting resource allocations. The organization's primary risk remains its reliance on volatile funding mechanisms, notably subventions under the government project funding, competitive charity foundations, and public donations. Fluctuations in these primary revenue streams present material risks to the continuity of core livelihood support programs, staff retention, and capital projects. Management mitigates this uncertainty through regular budgetary re-forecasting, prudent management of cumulative reserves, and targeted efficiency initiatives to protect the organization's long-term solvency. Furthermore, the organization actively pursues income diversification strategies to insulate district-level services from macroeconomic shocks.

Sector-wide competitive hiring conditions for specialized social welfare talent have also caused payroll expenditure variances, meaning recruitment risks remain an ongoing challenge to long-term development.

As we look ahead, we do so with continued clarity of purpose and renewed resolve. We remain committed to our mission of connecting communities, caring for residents, and cherishing nature across Sai Kung.

Principal activities

The principal activities of the organisation are the organisation and promotion of non-profitable leisure activities for the general public in order to enhance the health and well-being of Hong Kong citizens. The principal activities of the company's subsidiary is set out in note 10(b) to the consolidated financial statements.

Financial statements

The results of the group for the year ended 31 March 2026 and the state of the organisation's affairs as at that date are set out in the consolidated financial statements on pages 7 to 25.

Directors

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

Chan Kuen Kwan
Cheung Ting Kiu
Cheung To Shing
Cheung Yat Leung Jacky
Lau Kam Lun
Lau Wai Kuen Kenneth
Lau Wan Ming
Lok Shui Sang
Mo Ka Hung Joseph

SAI KUNG DISTRICT COMMUNITY CENTRE
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YEAR ENDED 31 MARCH 2026

Directors (continued)

So Kwok Hing

Wan Keung

Yuen To Shing

Lai Sung Tak

(resigned on 13 March 2026)

As there is no provision in the organisation's Articles of Association concerning the rotation of directors, all the present directors would continue in office for the ensuing year.

The directors of the company's subsidiary, during the year and up to the date of this report were:

Cheung Ting Kiu

Lau Wan Ming

Mo Ka Hung Joseph

Yuen To Shing

Chan Kuen Kwan

Lau Wai Kuen Kenneth

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance) for the benefit of the directors of the organisation is currently in force.

Directors' interests in shares or debentures

At no time during the year was the organization or any of its subsidiaries to any arrangement to enable the directors of the organisation to acquire benefits by means of the acquisition of shares in or debentures of the organisation or any other body corporate.

Directors' interests in transactions, arrangements or contracts

Saved as disclosed in note 18 to the consolidated financial statements, no other transaction, arrangement or contract of significance to which the organization or any of its subsidiaries was a party in which a director of the organization had a material interest, subsisted at the end of the year or at any time during the year.

Auditor

K.W. Tam & Co. retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of K.W. Tam & Co. as auditor of the organisation is to be proposed at the forthcoming annual general meeting.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心**
(incorporated in Hong Kong and limited by guarantee)

Opinion

We have audited the consolidated financial statements of Sai Kung District Community Centre ("the organisation") and its subsidiary (together "the group") set out on pages 7 to 25, which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of comprehensive income, the consolidated statement of changes in reserves and funds and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion,

- (i) the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at 31 March 2026, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the HKFRS for Private Entities Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance; and
- (ii) the organisation has complied with the funding requirements as stipulated by the Social Welfare Department and Community Care Fund on implementing the programme(s).

Basis for Opinion

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

Information Other Than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the report of the directors, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心**
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Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the group's and the organisation'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 group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心**
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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement proprietor on the audit resulting in this independent auditor's report is Tam Kan Wing (practising certificate number: P03464).



K.W. Tam & Co.
Certified Public Accountants (Practising)
Unit 2002, 20th Floor,
Millennium City 3,
370 Kwun Tong Road,
Kowloon, Hong Kong

27 October 2026

SAI KUNG DISTRICT COMMUNITY CENTRE

西貢區社區中心

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026**

	Note	2026 HK\$	2025 HK\$
Revenue			
Social Welfare Department ("SWD") subventions	3	9,498,459	9,560,132
Other subventions income		13,914,025	13,064,816
Programme income		3,364,208	2,865,535
Income from The Community Chest allocations		1,173,480	1,066,800
Income from The Hong Kong Jockey Club donations		166,144	308,387
Service fee income		892,762	1,210,887
Donations income		467,543	448,121
Flag day income		--	87,902
Membership fee income		14,389	5,149
		<u>29,491,010</u>	<u>28,617,729</u>
Other income	4	<u>65,457</u>	<u>56,466</u>
Expenditure			
Personal emoluments		(17,133,921)	(17,698,549)
Utilities		(120,213)	(86,282)
Administrative expenses	5	(224,555)	(371,322)
Stores and equipment		(337,464)	(526,508)
Repairs and maintenance		(414,079)	(415,400)
Programme expenses		(8,241,997)	(8,532,482)
Travelling and transportation		(284,287)	(245,048)
Insurance		(265,352)	(264,586)
Miscellaneous expenses		(78,157)	(98,604)
Rent and rates		(65,772)	(110,271)
Depreciation		(228,498)	(228,498)
SWD non-routine subventions expenditure	6	(85,235)	(143,260)
		<u>(27,479,530)</u>	<u>(28,720,810)</u>
Surplus/(deficit) before tax	7	2,076,937	(46,615)
Income tax expense	9	<u>--</u>	<u>--</u>
Surplus/(deficit) for the year		2,076,937	(46,615)
Other comprehensive surplus for the year		<u>--</u>	<u>--</u>
Total comprehensive surplus/(deficit) for the year		<u>2,076,937</u>	<u>(46,615)</u>

The accompanying notes including accounting policies form an integral part of, and should be read in conjunction with, these financial statements.

SAI KUNG DISTRICT COMMUNITY CENTRE

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2026

	Note	2026 HK\$	2026 HK\$	2025 HK\$
Non-current assets				
Property, plant and equipment	11		599,045	827,543

Current assets				
Subventions receivables		1,587,397		1,000,814
Prepayments		109,015		73,183
Deposits paid		36,700		112,468
Cash and cash equivalents	12	<u>7,942,720</u>		<u>5,740,209</u>
		9,675,832		6,926,674
		-----		-----
Current liabilities				
Accruals		(268,432)		(198,238)
Receipts in advance		(2,902,806)		(2,359,395)
Deferred income		<u>(497,600)</u>		<u>(723,200)</u>
		(3,668,838)		(3,280,833)
		-----		-----
Net current assets			6,006,994	3,645,841
			-----	-----
Total assets less current liabilities			6,606,039	4,473,384
Non-current liabilities				
Provision for long service payment	13		(180,948)	(119,695)
Net assets			<u>6,425,091</u>	<u>4,353,689</u>
Reserves and funds				
SWD funds			4,012,526	2,322,823
Accumulated funds			<u>2,412,565</u>	<u>2,030,866</u>
			<u>6,425,091</u>	<u>4,353,689</u>

The accompanying notes including accounting policies form an integral part of, and should be read in conjunction with, these consolidated financial statements.

SAI KUNG DISTRICT COMMUNITY CENTRE
西貢區社區中心
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES AND FUNDS
FOR THE YEAR ENDED 31 MARCH 2026**

	SWD funds			Accumulated funds			
	Social welfare subvention surpluses account	Lump sum grant P.F. surplus reserve	Sub-total	Operational fund		Emergency assistance fund	
				HK\$	HK\$	HK\$	HK\$
At 31 March 2024	1,226,473	895,488	2,121,961	1,177,012	1,103,284	2,280,296	4,402,257
Total comprehensive (deficit)/ surplus for the year	92,055	110,760	202,815	(249,430)	--	(249,430)	(46,615)
Refunded to the government	(1,953)	--	(1,953)	--	--	--	(1,953)
At 31 March 2025	1,316,575	1,006,248	2,322,823	927,582	1,103,284	2,030,866	4,353,689
At 31 March 2025	1,316,575	1,006,248	2,322,823	927,582	1,103,284	2,030,866	4,353,689
Total comprehensive surplus for the year	1,677,143	18,095	1,695,238	381,699	--	381,699	2,076,937
Refunded to the government	(5,535)	--	(5,535)	--	--	--	(5,535)
At 31 March 2026	2,988,183	1,024,343	4,012,526	1,309,281	1,103,284	2,412,565	6,425,091

The accompanying notes including accounting policies form an integral part of, and should be read in conjunction with, these consolidated financial statements.

SAI KUNG DISTRICT COMMUNITY CENTRE

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026**

	Note	2026 HK\$	2025 HK\$
Operating activities			
Surplus/(deficit) before tax		2,076,937	(46,615)
Adjustments for:			
Bank interest income		(5,362)	(17,467)
Depreciation		228,498	228,498
Provision for long service payment		<u>61,253</u>	<u>9,561</u>
Operating surplus before changes in working capital		2,361,326	173,977
(Increase)/decrease in subventions receivables		(586,583)	1,179,687
(Increase)/decrease in prepayments		(35,832)	43,511
Decrease in deposits paid		75,768	--
Increase in accruals		70,194	285
Increase in receipts in advance		543,411	86,925
(Decrease)/increase in deferred income		<u>(225,600)</u>	<u>250,400</u>
Net cash generated from operating activities		<u>2,202,684</u>	<u>1,734,785</u>
Investing activities			
Bank interest received		<u>5,362</u>	<u>17,467</u>
Net cash generated from investing activities		<u>5,362</u>	<u>17,467</u>
Financing activities			
Refunded to the government		(<u>5,535</u>)	(<u>1,953</u>)
Net cash used in financing activities		<u>(5,535)</u>	<u>(1,953)</u>
Net increase in cash and cash equivalents		2,202,511	1,750,299
Cash and cash equivalents at the beginning of the year		<u>5,740,209</u>	<u>3,989,910</u>
Cash and cash equivalents at the end of the year	12	<u><u>7,942,720</u></u>	<u><u>5,740,209</u></u>

The accompanying notes including accounting policies form an integral part of, and should be read in conjunction with, these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General status

Sai Kung District Community Centre (“the organisation”) is incorporated and domiciled in Hong Kong and has its registered office and principal place of operation at No.8 Mei Yuen Street, Sai Kung, New Territories, Hong Kong. The principal activities of the organisation are the organisation and promotion of non-profitable leisure activities for the general public in order to enhance the health and well-being of Hong Kong citizens.

The organisation and its subsidiary are together referred to as “the group” in these consolidated financial statements.

The organisation is an approved charitable institution and is exempted from tax under section 88 of the Inland Revenue Ordinance.

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with all applicable HKFRS for Private Entities Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention.

(a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the organisation and its subsidiary. A subsidiary is an entity (including special purpose entity) over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally but not necessarily accompanying a shareholding of more than half of the voting power. The subsidiary is fully consolidated from the date on which control is transferred to the group and is de-consolidated from the date that control ceases.

All intragroup transactions, balances, income and expenses are eliminated. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group. There is no difference in the end of the reporting period of the financial statements of the organisation and its subsidiary used in the preparation of the consolidated financial statements.

In the organisation's statement of financial position, the investment in subsidiary is stated at cost less provision for impairment loss. The results of the subsidiary are accounted for by the organisation on the basis of dividends received and receivable.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdraft is shown within bank borrowings in current liabilities on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Accounts receivables and prepayments

Accounts receivables and prepayments are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

(d) Accounts payables and accruals

Accounts payables and accruals are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases using in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. However, the measurement of deferred tax liabilities associated with an investment property measured at fair value does not exceed the amount of tax that would be payable on its sale to an unrelated market participant at fair value at the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

2. Significant accounting policies (continued)

(f) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses [see note 2(j)].

Where the group acquires leasehold land for own use under a finance lease, the prepaid cost included in property, plant and equipment on initial recognition represents the fair value of the leasehold land, or if lower, the present value of the minimum lease payments, determined at the inception of the lease and any initial direct costs of the lessee (incremental costs that are directly attributable to negotiating and arranging a lease).

The other cost of such items of property, plant and equipment comprises the following:

- the purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets held under finance leases, for which there is no reasonable certainty that the group will obtain ownership at the end of the lease term, are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the relevant lease. The following annual rates are used for the depreciation of property, plant and equipment:

Buildings	Shorter of remaining terms of leases or 50 years
Motor vehicles	20%
Furniture and fixtures	25%

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2. Significant accounting policies (continued)

(g) Employee benefit obligations

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.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the group at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

(i) Revenue recognition

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, as follows:

- (i) Government grants are recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with;
- (ii) Subvention income, sponsor income and program income are recognised when the corresponding activities are held;
- (iii) Donation income is recognised when the right to receive is established; and
- (iv) Interest income is recognised on a time apportioned basis by reference to the principal outstanding and the interest applicable.

2. Significant accounting policies (continued)

(j) Impairment of non-financial assets

At the end of each reporting period, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(k) Related parties

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

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

2. Significant accounting policies (continued)

(k) Related parties (continued)

(II) An entity is related to the group if any of the following conditions applies:

- (i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group. If the group and the organisation is itself such a plan, the sponsoring employers are also related to the group and the organisation.
- (vi) The entity is controlled or jointly controlled by a person identified in (I).
- (vii) A person identified in (I)(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 group or to the parent of the group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Social Welfare Department subventions

This represents net amounts of subventions from the SWD and recognised during the year:

	2026 HK\$	2025 HK\$
Lum sum grant	8,587,520	8,573,087
Provident fund	538,427	536,202
Rent and rates	25,146	23,747
Block grant	85,235	143,260
Central item - After-school care programme	262,131	283,836
	<u>9,498,459</u>	<u>9,560,132</u>

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4. Other income

	2026 HK\$	2025 HK\$
Bank interest income	5,362	17,467
Gain on disposals of property, plant and equipment	--	15,000
Sundry income	<u>60,095</u>	<u>23,999</u>
	<u>65,457</u>	<u>56,466</u>

5. Administrative expenses

	2026 HK\$	2025 HK\$
Auditor's remuneration	67,400	159,295
Bank charges	7,847	10,119
Cleaning fees	7,575	14,610
Fire safety system maintenance	12,330	36,400
Postages	1,585	2,617
Recruitment fees	4,888	15,199
Staff medical compensation	--	780
Training fees	26,121	59,780
Telephone and internet expenses	<u>96,809</u>	<u>72,522</u>
	<u>224,555</u>	<u>371,322</u>

6. SWD non-routine subventions expenditure

	2026 HK\$	2025 HK\$
Block grant - minor work projects	<u>85,235</u>	<u>143,260</u>

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7. Surplus/(deficit) before tax

Surplus/(deficit) for the year is arrived at after charging:

	2026 HK\$	2025 HK\$
(a) Staff costs:		
Contributions to defined contribution plan	858,345	771,388
Salaries and other staff costs, including directors' remuneration	16,445,638	17,162,233
Long service payments paid	--	23,722
Provision for long service payment	<u>61,253</u>	<u>9,561</u>
	<u>17,365,236</u>	<u>17,966,904</u>
(b) Other items:		
Auditor's remuneration	67,400	159,295
Depreciation	<u>228,498</u>	<u>228,498</u>

8. Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2026 HK\$	2025 HK\$
Fees	--	--
Contributions to defined contribution plan	--	--
Other emoluments	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

9. Income tax expense

- (a) No provision for Hong Kong Profits Tax has been made as the organisation is exempted from tax under section 88 of the Inland Revenue Ordinance for the year (2025: Nil).
- (b) No provision for Hong Kong Profits Tax has been made as the subsidiary sustained a tax loss for the year (2025: Nil).
- (c) No provision for deferred tax has been made for the year as the group does not have material temporary differences as at 31 March 2026 (2025: Nil).

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9. Income tax expense (continued)

(d) Reconciliation between tax expense and accounting surplus at applicable tax rates:

	2026 HK\$	2025 HK\$
Surplus/(deficit) before tax	<u>2,076,937</u>	<u>(46,615)</u>
Notional tax on deficit before tax, calculated at the rates applicable to profits in Hong Kong i.e. 16.5% (2025: 16.5%)	342,695	(7,691)
Tax effect of non-taxable revenue	(4,876,817)	(4,731,242)
Tax effect of non-deductible expenses	<u>4,534,122</u>	<u>4,738,933</u>
Actual tax expense	<u>--</u>	<u>--</u>

10. Statement of financial position of the organisation

(a) Company-level statement of financial position

	Note	2026 HK\$	2026 HK\$	2025 HK\$
Non-current assets				
Property, plant and equipment			599,045	827,543
Investment in a subsidiary	10(b)		<u>500,000</u>	<u>--</u>
			1,099,045	827,543
Current assets				
Subventions receivables		1,587,397		1,000,814
Prepayments		109,015		73,183
Deposits paid		36,700		112,468
Cash and cash equivalents		<u>7,942,720</u>		<u>5,740,209</u>
		9,675,832		6,926,674
Current liabilities				
Accruals		(268,432)		(198,238)
Receipts in advance		(2,902,806)		(2,359,395)
Amount due to a subsidiary	10(c)	(498,990)		--
Deferred income		<u>(497,600)</u>		<u>(723,200)</u>
		(4,167,828)		(3,280,833)
Net current assets			<u>5,508,004</u>	<u>3,645,841</u>
Total assets less current liabilities			6,607,049	4,473,384
Non-current liabilities				
Provision for long service payment			(180,948)	(119,695)
Net assets			<u>6,426,101</u>	<u>4,353,689</u>

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10. Statement of financial position of the company

(a) Company-level statement of financial position (Cont'd)

	2026 HK\$	2025 HK\$
Reserves and funds		
SWD funds	4,012,526	2,322,823
Accumulated funds	<u>2,413,575</u>	<u>2,030,866</u>
Net liabilities	<u><u>6,426,101</u></u>	<u><u>4,353,689</u></u>

(b) Particulars of subsidiaries

	2026 HK\$	2025 HK\$
Unlisted shares, at cost	<u>500,000</u>	<u>--</u>

Details of the subsidiary at 31 March 2026 are as follows:

Name of subsidiary	Place of incorporation and principal place of operation	Description of equity held	Percentage of equity directly held by the company		Principal activity
			<u>Directly</u>	<u>Indirectly</u>	
Live Nature Limited	Hong Kong	Ordinary shares	100%	--	To organize and promote environmental friendly activities.

The financial statements of the subsidiary has not been audited by K.W. Tam & Co as at the report date as the subsidiary was incorporated on 22 January 2026.

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10. Statement of financial position of the organisation (continued)

(c) Amount due to a subsidiary

Amount due to a subsidiary is unsecured, interest free and has no fixed terms of repayment.

(d) Company-level statement of changes in reserves and funds

	SWD funds			Accumulated funds		
	Social welfare subvention surpluses account	Lump sum grant P.F. surplus reserve	Sub-total	Operational fund	Emergency assistance fund	Total
	HK\$	HK\$		HK\$	HK\$	HK\$
At 31 March 2024	1,226,473	895,488	2,121,961	1,177,012	1,103,284	4,402,257
Total comprehensive (deficit)/						
surplus for the year	92,055	110,760	202,815	(249,430)	--	(46,615)
Refunded to the government (	1,953)	--	(1,953)	--	--	(1,953)
At 31 March 2025	1,316,575	1,006,248	2,322,823	927,582	1,103,284	4,353,689
At 31 March 2025	1,316,575	1,006,248	2,322,823	927,582	1,103,284	4,353,689
Total comprehensive (deficit)/						
surplus for the year	1,677,143	18,095	1,695,238	382,709	--	2,077,947
Refunded to the government (	5,535)	--	(5,535)	--	--	(5,535)
At 31 March 2026	2,988,183	1,024,343	4,012,526	1,310,291	1,103,284	6,426,101

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11. Property, plant and equipment

	Buildings HK\$	Motor vehicles HK\$	Furniture and fixtures HK\$	Total HK\$
Cost:				
At 1 April 2024				
and at 31 March 2025	144,920	1,748,000	66,300	1,959,220
	-----	-----	-----	-----
Accumulated depreciation:				
At 1 April 2024	37,679	799,200	66,300	903,179
Charge for the year	2,898	225,600	--	228,498
	-----	-----	-----	-----
At 31 March 2025	40,577	1,024,800	66,300	1,131,677
	-----	-----	-----	-----
Net book value:				
At 31 March 2025	104,343	723,200	--	827,543
	=====	=====	=====	=====
Cost:				
At 1 April 2025				
and at 31 March 2026	144,920	1,748,000	66,300	1,959,220
	-----	-----	-----	-----
Accumulated depreciation:				
At 1 April 2025	40,577	1,024,800	66,300	1,131,677
Charge for the year	2,898	225,600	--	228,498
	-----	-----	-----	-----
At 31 March 2026	43,475	1,250,400	66,300	1,360,175
	-----	-----	-----	-----
Net book value:				
At 31 March 2026	101,445	497,600	--	599,045
	=====	=====	=====	=====

12. Cash and cash equivalents

	2026 HK\$	2025 HK\$
Cash and cash equivalents in the consolidated statement of financial position and in the consolidated statement of cash flows	7,942,720	5,740,209
	=====	=====

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026**13. Provision for long service payment**

	2026 HK\$	2025 HK\$
At the beginning of the reporting period	119,695	110,134
Charge to the consolidated statement of comprehensive income	<u>61,253</u>	<u>9,561</u>
At the end of the reporting period	<u>180,948</u>	<u>119,695</u>

Under the Employment Ordinance, the group is required to make long service payment to its employees upon the termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances. However, when an employee is simultaneously entitled to a long service payment and to a retirement scheme payment, the amount of long service payment may be reduced by certain benefits arising from the retirement scheme. Based on the group's past experience and the directors' knowledge of the business and work force, it is probable that the group will have to make long service payment to some employees on termination of their employment or retirement. As a result, a provision for long service payment is recognised, being the best estimate of the long service payment that are required to be made to the employees of the group in respect of their services up to the end of the reporting period less any amounts that would be expected to be met out of the retirement scheme.

14. Lotteries Fund - Block Grant

	2026 HK\$	2025 HK\$
Balance brought forward	54,479	63,739
Grants received during the year	138,000	134,000
Expenditure during the year - Minor works projects	(<u>85,235</u>)	(<u>143,260</u>)
Balance carried forward	<u>107,244</u>	<u>54,479</u>

15. Social Welfare Development Fund - Phase 3

	2026 HK\$	2025 HK\$
Balance brought forward	--	86,825
Interest received during the year	--	254
Refund to SWD during the year	(<u>--</u>)	(<u>87,079</u>)
Balance carried forward	<u>--</u>	<u>--</u>

(i) Scope A - Training and professional development programmes

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16. Community Care Fund Assistance Programme

During the year, the organisation has implemented the School-based After School Care Service Scheme under the Community Care Fund ("CCF"). According to the requirement as stipulated by the Social Welfare Department and CCF on implementing the programme, the organisation is required to disclose the income and expenditure for the programme in its consolidated financial statements.

School-based After School Care Service (Expanded Programme)

	01/04/2025 to 31/08/2025 HK\$	01/09/2024 to 31/03/2025 HK\$
Balance brought forward	445,534	--
Income		
Subsidy income	468,775	622,475
Fee income	1,325	6,625
	<u>470,100</u>	<u>629,100</u>
Expenditure		
Salaries and allowance	(183,005)	(68,759)
Payme charges	(16)	(64)
Programme expenses	(125,902)	(114,743)
	<u>(308,923)</u>	<u>(183,566)</u>
Surplus during the year	<u>161,177</u>	<u>445,534</u>
Balance at the end of year	<u>606,711</u>	<u>445,534</u>

School-based After School Care Services school year 2025/26

	01/09/2025 to 31/03/2026 HK\$	01/09/2024 to 31/03/2025 HK\$
Balance brought forward	--	--
Income		
Subsidy income	812,650	--
Fee income	39,150	--
	<u>851,800</u>	<u>--</u>
Expenditure		
Salaries and allowance	(183,005)	(--)
Payme charges	(243)	(--)
Programme expenses	(474,446)	(--)
	<u>(657,694)</u>	<u>(--)</u>
Surplus during the year	<u>194,106</u>	<u>--</u>
Balance at the end of year	<u>194,106</u>	<u>--</u>

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17. Capital commitments

Capital commitments outstanding at 31 March 2026 not provided for in the consolidated financial statements were as follows:

	2026 HK\$	2025 HK\$
Contracted for	<u> -- </u>	<u> 119,520 </u>

18. Other related party transactions

Remuneration of key management personnel, including amounts paid to the organisation's directors as disclosed in note 8 to the consolidated financial statements, is as follows:

	2026 HK\$	2025 HK\$
Short-term employee benefits	1,007,400	1,111,152
Post-employment benefits	<u> 100,740 </u>	<u> -- </u>
	<u> 1,108,140 </u>	<u> 1,111,152 </u>

Total remuneration is included in "staff costs" [see note 7(a)].

19. Members' liability

The liability of each member to contribute to the assets of the organisation in the event of its being wound up while he is a member or within one year after he ceases to be a member, is limited to HK\$10.

20. Key sources of estimation uncertainty

In the opinion of the directors, there is no material estimation uncertainty in preparing these consolidated financial statements that needed to be disclosed.

21. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

22. Approval of consolidated financial statements

These consolidated financial statements were authorised for issue by the organisation's board of directors on 27 October 2026.