竹林明堂有限公司

CHUK LAM MING TONG LIMITED

2026

REPORT(S) AND ACCOUNTS

陳李羅會計師事務所有限公司
Chan, Li, Law CPA Limited
香 港 執 業 會 計 師
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)
HONG KONG

竹林明堂有限公司
CHUK LAM MING TONG LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

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竹林明堂有限公司
CHUK LAM MING TONG LIMITED
REPORT OF THE DIRECTORS

The directors submit herewith their annual report together with the audited financial statements of Chuk Lam Ming Tong Limited (the "Association") for the year ended 31 March 2026.

PRINCIPAL ACTIVITIES

During the year, the Association carried out charitable and Buddhism activities and operated a care and attention home for the aged under the name of Chuk Lam Ming Tong Care and Attention Home for The Aged.

RESULTS

The financial performance and cash flows of the Association for the year ended 31 March 2026 and the financial position of the Association at that date are set out in the financial statements on pages 9 to 35.

DIRECTORS

The directors who held office during the financial year were :-

Cheung Kin Keung
Chui Hing Lok, Boris
Ho Mau Yuen, Michael
Ho Shing Tung
Ng Chung Wah
So Mun Yee, Sonia
Tang King Man
Chung Chun Fung Raymond
So Doh Hang Daniel

In accordance with articles 35 of the Association's articles of association, the directors shall hold office for a term of two years. Accordingly, all directors who were re-elected at the annual general meeting held on 5 December 2025 shall continue to hold office for the ensuing year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance 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' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Association a party to any arrangement to enable the directors of the Association to acquire benefits by means of the acquisition of shares in or debentures of any other body corporate.

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

A permitted indemnity provision for the benefit of the directors of the Association is currently in force and was in force throughout this year.

BUSINESS REVIEW

The Association is a charity organisation providing social services primarily for the elderlies. The Association operates the Chuk Lam Ming Tong Care & Attention Home for the Aged (C&A Home) which is a welfare service unit fully subsidized by the Social Welfare Department (SWD). The Association also operates a temple located in Yuen Long.

Religious Operations

The Kwong Tak Temple in Yuen Long provides a platform for integrative study of mainsteam religions emphasizing on studying wisdom about life and values of traditional moral ethics. Regular gatherings and classes are held to faciltate learning of doctrines and learnings, followers and believers can then enrich their minds and insights about life and truth. The temple was mainly financed by donations from followers and believers. All works and duties in the temple were shared by followers and believers on voluntary basis.

The transfer of Kwong Tak Temple to Dunde Charity Association Limited is still in progress. After completion of restoring the barrier-free path to pagoda, being the last clearance item of unauthorized structures, the handover arrangement to Dune Charity Association Limited will be further proceeded. Once the transfer is completed, Chuk Lam Ming Tong Limited will become a typical social service organization focusing on welfare services.

BUSINESS REVIEW (continued)

Care and Attention Home for the Aged

As at 31 March 2026, there were approximately 100 staff serving in the C&A Home, providing nursing care, rehabilitation services (physiotherapy & occupational therapy), social work and residential services. The average number of residents living in the C&A Home is 162 during the year. New residents were assigned by SWD via the Standardised Care Need Assessment Mechanism for Elderly Services (SCNAMES) when vacancy was reported to the allocation system.

Infection control keeps to be the main concern in the C&A Home as more and more residents becoming weak and frail. Prudent control measures keeps carrying out rigorously to residents, staff and visitors to avoid spreading of influenza and other infectious diseases. The increase in the number of dementia or frail cases leads to higher manpower in providing intensive care. In order to lighten strain in manpower, more application of Gerontechnolory and advanced Rehabilitation equipment is deployed.

The Individual Care Plan for each resident has been updated periodically via joint effort of service divisions, including social work, nursing and rehabilitation. Family joint-interviews (either physical or Zoom meetings) with professional staffs have been organized regularly to engage family members to support tailor-made caring plan. The C&A Home keeps to have regular contacts with family members of residents to provide updates of residents and service operations. Feedbacks from residents and their family members have been positive and encouraging.

The C&A Home has ameliorated the organization structure and pay scales based on manpower demand while coping with market competition. Staff salaries points is taken reference to the Master pay Scale (MPS) of the Government's civil services. To facilitate on-going development of staff and participation in job-related training, the C&A Home organizes regular in-house training covering a wide spectrum of topics. The staff turnover rate has been satisfactorily low and staff forces has always been kept at full strength.

The C&A Home strictly adopted the chemical waste (drugs) disposal policy and guidelines set by the Government. All the facilities were maintained and operated in accordance with relevant guidelines and regulations from the Government to provide safe living environment for the residents and good working environment for staff.

The diets have been designed with advice from nutritionist and our catering operation has strictly followed the hygiene and food safety requirements. Vegetarian meals are provided as a day-to-day choice for residents. To encourage taking vegetarian diet, the whole C&A Home will take vegetarian meals for every Monday, as well as on the 1 and 15 day of the Lunar calendar.

The C&A Home is funded by Lump Sum Grant (LSG), Lotteries Fund (LF), Block Grant (BG) and Social Welfare Development Fund (SWDF) from the government. The funding is provided monthly, quarterly as well as by re-imbursement bases. The Association follows guidelines from SWD to keep LSG Surplus as a reserve in ensuring adequate funding for three months' operation of the C&A Home.

BUSINESS REVIEW (continued)

Care and Attention Home for the Aged (continued)

The service standard and quality assurance of the C&A Home is regulated by the Lump Sum Grant Manual (LSG), Funding and Service Agreement (FSA), Service Quality Standards (SQS), Best Practice Manual (BPM) laid down by SWD. These are also the governing requirements for the continuation of full financial support from Government.

The C&A Home plans to build an extension block adjacent to the existing building under the Special Scheme of Social Welfare Department. The layout plan for the proposal is revised to match with the Standard of Accommodation for hosting around 80 additional residents. The C&A Home has appointed an Authorized Person (AP) to carrying out a Technical & Feasibility Study that was approved by Social Welfare Department.

Furthermore, as the existing elevator is too small for emergency rescue bed transit, the C&A Home has been approved by the Lotteries Fund for engagement of an Authorized Person (AP) in applying for the installation of a medical purpose external lift.

The Association

In order to strengthen service monitoring and governance of the C&A Home, the Board of Directors has appointed the Management Committee of C&A Home. Members of the Committee are largely from three sources, including members from the Board, members from related temples, and professionals from the public. The term of office for each appointment is set for two years to ensure stability and consistent monitoring.

The Association fulfilled formal procedures in informing and holding the Annual General Meeting (AGM) on 5 December 2025. After the AGM, the Association filed the updated Annual Return to Company Registry to comply with statutory requirements.

The litigation with ex-Chief Executive was finished while court judgement in favor of the Association was issued on 18 August 2022. About claiming legal costs from ex-Chief Executive, taxation of fees was completed on 15 October 2024. However, the ex-Chief Executive was verdict bankruptcy since 13 January 2025 that no claims can be collected. The litigation between the Association and its former solicitor on dispute over service charges has been settled through mediation on 7 February 2025.

The summary financial information for the year are as follows:

	2026 HK$	2025 HK$
Surplus/(deficit) for the year		
- General office	93,004	(1,310,878)
- Care and Attention Home for the Aged	(772,654)	(4,550,365)
	(679,650)	(5,861,243)
Reserves at the end of the reporting period	32,336,717	33,016,367

AUDITORS

The financial statements were audited by Chan, Li, Law CPA Limited, Certified Public Accountants (Practising), which retires and, being eligible, offers itself for re-appointment.

On behalf of the Board

Mr. Ho Shing Tung
Director
Hong Kong, 27 OCT 2026

Chan, Li, Law CPA Limited
Certified Public Accountants (Practising)
陳李羅會計師事務所有限公司

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHUK LAM MING TONG LIMITED
竹林明堂有限公司
(incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the financial statements of Chuk Lam Ming Tong Limited (the "Association") set out on pages 9 to 35, which comprise the statement of financial position as at 31 March 2026, and the statement of comprehensive income and expenditure, statement of changes in funds and reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 the financial performance and cash flows of the Association for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance. The operating surplus has been used in accordance with the relevant land lease requirement.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises all the information included in the report of the directors set out on pages 1 to 5, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors 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 issued by the HKICPA and the Hong Kong 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.

The directors are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditor's 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 auditor's 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 the directors 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 director on the audit resulting in this independent auditor's report is Kwok Wai Choi Eddie (practising certificate number: P05451).

Chan, Li, Law CPA Limited
Certified Public Accountants (Practising)
Hong Kong, 27 OCT 2026

竹林明堂有限公司
CHUK LAM MING TONG LIMITED
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2026
(Expressed in Hong Kong dollars)

	Note	General office HK$	Care and Attention Home for the Aged HK$	2026 HK$	2025 HK$
Income					
Sales of medical appliances, paper diaper and milk powder		-	2,143,877	2,143,877	1,837,807
Costs of sales		-	(1,806,760)	(1,806,760)	(1,545,871)
		-	337,117	337,117	291,936
Accommodation		-	4,042,030	4,042,030	4,022,460
Donation income for general operation		646,704	26,563	673,267	647,210
Donation income for renovation works and staff messing		91,100	181,890	272,990	150,525
Government grants	5	-	43,906,735	43,906,735	42,631,880
Interest income		651	206,472	207,123	371,304
Membership subscription		1,380	-	1,380	1,440
Programme income		-	141,516	141,516	327,632
Sundry income		5,019	475,421	480,440	443,031
		744,854	49,317,744	50,062,598	48,887,418
Expenditure					
Activity Expenses		-	19,220	19,220	-
Advertising		-	36,857	36,857	28,116
Auditors' remuneration		9,000	77,300	86,300	80,800
Bank charges		1,100	3,346	4,446	11,205
Building management fee		15,840	-	15,840	15,840
Cleaning expenses		-	355,552	355,552	320,702
Contributions to defined contribution retirement plan		-	1,628,812	1,628,812	1,655,633
Depreciation		92,486	2,340,679	2,433,165	2,445,002
Electricity, water and gas		52,383	1,755,155	1,807,538	1,782,356
Expenditure of Dementia Supplement for Elderly with Disabilities		-	2,427,188	2,427,188	3,012,691
Expenditure of Special Scheme to Import Care Workers for Residential Care Homes		-	-	-	57,600
General expenses		14,998	93,663	108,661	305,221
Insurance		29,751	589,691	619,442	576,795
Loss on disposal of property, plant and equipment		-	10,296	10,296	9,660
Medical consultation service by visiting medical officers		-	215,695	215,695	237,900
Medical expenses		-	323,346	323,346	442,910
Messing		32,003	2,599,593	2,631,596	2,636,741
Motor vehicle expenses		-	49,466	49,466	63,065
Newspaper		-	9,172	9,172	11,802
Occupational therapy service fees		-	354,283	354,283	299,532
Outsourcing medical services fees		-	2,254,223	2,254,223	2,442,286
Physical therapy service fees		-	468,560	468,560	541,440
Pharmaceutical and nutrition care		-	111,880	111,880	103,500
Printing, stationery and postage		-	74,982	74,982	78,657
Professional fees		207,038	26,735	233,773	1,766,022
Programme expenses		31,452	209,604	241,056	373,937
Provisional for long service payment		-	-	-	1,380,816
Government rent and rates		25,400	216,500	241,900	239,941
Rental expenses		-	13,296	13,296	7,756
Repairs and maintenance		97,561	536,252	633,813	535,501
Salaries and allowances		36,000	32,553,424	32,589,424	32,749,311
Store and equipment		-	588,742	588,742	392,366
Telephone		6,838	99,754	106,592	116,003
Travelling		-	47,132	47,132	27,554
		651,850	50,090,398	50,742,248	54,748,661
Surplus/(deficit) for the year	6	93,004	(772,654)	(679,650)	(5,861,243)
Other comprehensive income/(expenses) for the year		-	-	-	-
Total comprehensive income/(expenses) for the year		93,004	(772,654)	(679,650)	(5,861,243)

The notes on pages 14 to 35 form part of these financial statements.

竹林明堂有限公司
CHUK LAM MING TONG LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026
(Expressed in Hong Kong dollars)

	Note	2026 HK$	2025 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	11,726,975	11,718,248
Current assets			
Inventories	10	104,773	83,495
Deposits and prepayments		2,806,802	1,617,207
Accommodation and other receivables		1,641,290	1,268,440
Cash and bank balance	11	24,745,842	24,445,940
		29,298,707	27,415,082
Current liabilities			
Accruals and other payables		3,074,393	929,936
Deferred income		1,713,603	1,516,860
		4,787,996	2,446,796
Net current assets		24,510,711	24,968,286
Total assets less current liabilities		36,237,686	36,686,534
Non-current liabilities			
Deferred income		2,520,153	2,289,351
Provision for long service payments	12	1,380,816	1,380,816
		3,900,969	3,670,167
NET ASSETS – page 11		32,336,717	33,016,367

竹林明堂有限公司
CHUK LAM MING TONG LIMITED
STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 MARCH 2026
(Expressed in Hong Kong dollars)

	Note	2026 HK$	2025 HK$
NET ASSETS – page 10		32,336,717	33,016,367
FUNDS AND RESERVES			
General office			
Accumulated fund		9,587,308	9,585,107
Aged welfare fund		246,000	246,000
Renovation and construction fund		2,000,000	2,000,000
Expansion fund		245,911	155,108
		12,079,219	11,986,215
Care and Attention Home for the Aged			
Administrative fund		614,620	614,620
Construction fund		1,807,443	2,132,399
SWD Lump Sum Grant reserve	13	4,373,148	5,163,739
SWD Central Items reserve	14	-	(536,826)
SWD Provident Fund reserve	16	9,674,459	8,838,921
SWD Holding Account	19	3,826,584	5,393,792
SWD training subsidy to staff of residential reserve	20	50,282	17,282
Lotteries Fund - Block Grant reserve	18	86,012	41,818
Lotteries Fund reserve	17	615,080	-
Excess of expenditure over income		(790,130)	(635,593)
		20,257,498	21,030,152
		32,336,717	33,016,367

Approved and authorised for issue by the board of directors on 27 OCT 2026

Mr. Ho Shing Tung
Director

Mr. Ng Chung Wah
Director

The notes on pages 14 to 35 form part of these financial statements.

竹林明堂有限公司
CHUK LAM MING TONG LIMITED
STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2026
(Expressed in Hong Kong dollars)

	General office				Care and Attention Home for the Aged											
	Accumulated fund	Aged welfare fund	Renovation and construction fund	Expansion fund	Administrative fund	Construction fund	SWD Lump Sum Grant reserve (Note 13)	SWD Central Items reserve (Note 14)	SWD Social Welfare Development Fund (Note 15)	SWD Provident Fund reserve (Note 16)	SWD Holding Account (Note 19)	SWD training subsidy to staff of residential reserve (Note 20)	Lotteries Fund - Block Grant reserve (Note 18)	Lotteries Fund reserve (Note 17)	Excess of expenditure over income	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Balance at 1 April 2024	11,051,093	246,000	2,000,000	-	614,620	2,457,356	7,959,245	(536,826)	59,164	9,433,254	5,971,865	-	479,403	-	(857,564)	38,877,610
Surplus/(deficit) for the year	(1,423,952)	-	-	113,074	-	(324,957)	(2,795,506)	-	168	(591,180)	(578,073)	17,282	(437,585)	-	159,486	(5,861,243)
Clawback and adjustments	-	-	-	-	-	-	-	-	(59,332)	(3,153)	-	-	-	-	62,485	-
Transfer to expansion fund	(42,034)	-	-	42,034	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2025	9,585,107	246,000	2,000,000	155,108	614,620	2,132,399	5,163,739	(536,826)	-	8,838,921	5,393,792	17,282	41,818	-	(635,593)	33,016,367
Surplus/(deficit) for the year	2,201	-	-	90,803	-	(324,956)	(253,765)	-	-	835,538	(1,567,208)	33,000	44,194	615,080	(154,537)	(679,650))
Transfer to SWD Central Items reserve	-	-	-	-	-	-	(536,826)	536,826	-	-	-	-	-	-	-	-
Balance at 31 March 2026	9,587,308	246,000	2,000,000	245,911	614,620	1,807,443	4,373,148	-	-	9,674,459	3,826,584	50,282	86,012	615,080	(790,130)	32,336,717

The notes on pages 14 to 35 form part of these financial statements.

竹林明堂有限公司
CHUK LAM MING TONG LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026
(Expressed in Hong Kong dollars)

	Note	2026 HK$	2025 HK$
Cash flows from operating activities			
Deficit for the year		(679,650)	(5,861,243)
Adjustments for :-			
Depreciation		2,433,165	2,445,002
Interest income		(207,123)	(371,304)
Loss on disposal of property, plant and equipment		10,296	9,660
Operating surplus/(deficit) before changes in working capital		1,556,688	(3,777,885)
(Increase)/decrease in inventories		(21,278)	28,033
Increase in deposits and prepayments		(1,189,595)	(721,874)
Increase in accommodation and other receivables		(372,850)	(435,869)
Increase in time deposits with original maturities over three months		(1,060,872)	(2,709,809)
Increase in accruals and other payables		2,144,457	1,066,319
Increase/(decrease) in deferred income		427,545	(451,128)
Net cash generated from/(used in) operating activities		1,484,095	(7,002,213)
Cash flows from investing activities			
Interest income		207,123	371,304
Proceeds from disposal of property, plant, and equipment		16,000	-
Purchase of property, plant and equipment		(2,468,188)	(1,544,037)
Net cash used in investing activities		(2,245,065)	(1,172,733)
Net decrease in cash and cash equivalents		(760,970)	(8,174,946)
Cash and cash equivalents at the beginning of the year		21,736,131	29,911,077
Cash and cash equivalents at the end of the year	11	20,975,161	21,736,131

竹林明堂有限公司
CHUK LAM MING TONG LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026
(Expressed in Hong Kong dollars)

1. GENERAL INFORMATION

Chuk Lam Ming Tong Limited (the "Association") is a company with liability limited by guarantee and incorporated in Hong Kong, and is a Government subvented and charitable organisation. The registered office of the Association is located at Flat D, 11th Floor, Mandarin Building, 35-43 Bonham Strand East, Hong Kong. During the year, the Association carried out charitable and Buddhism activities and operated a care and attention home for the aged under the name of Chuk Lam Ming Tong Care and Attention Home for The Aged ("C & A Home"). The C & A Home is situated on the site held by the Association under Private Treaty Grant.

2. LIABILITIES OF MEMBERS

In accordance with the memorandum of association of the Association, every member shall, in the event of the Association being wound up, contribute such amount as may be required to meet the Association's liabilities but not exceeding HK$100. The number of members as at 31 March 2026 was 126 (2025: 135).

3. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the requirements of the Hong Kong Companies Ordinance and the guidelines issued by the Social Welfare Department ("SWD").

(b) Basis of preparation of financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

3. MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation of financial statements (continued)

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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 of making the judgments about 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 a going concern 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Changes in accounting policies and disclosures

The HKICPA has issued certain new or amended to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Association. None of these impact on the accounting policies of the Association.

The Council has not applied any new or amended standards which are not yet effective for the current accounting period (see note 22).

(d) Receivables

Receivable is recognised when the Association's right to consideration is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (note 3(j)(i)).

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have been within three months of maturity at acquisition.

For the purpose of statement of cash flows, bank overdrafts that are repayable on demand and form an integral part of the Association's cash management are also included as a component of cash and cash equivalents. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 3(j)(i).

3. MATERIAL ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

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

The cost of an asset comprises its purchase price and any cost directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of property, plant and equipment on the reducing balance basis (RB)/straight line basis (SL) over their expected useful lives. The principal annual rates used for this purpose, which are consistent with those of the previous year, are:

Leasehold land	Over the terms of the leases
Buildings, Care and Attention Home Construction	Over the estimated useful life of 30/50 years
Leasehold improvement	20% SL/RB
Furniture and fixtures	20% SL/RB
Equipment	20% SL
Motor vehicle	20% RB

The asset's 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. The gain or loss on disposal or retirement of an asset recognised in surplus or deficit in the year the asset derecognised, is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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.

(g) Payables

Payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial in which case they are stated at cost.

3. MATERIAL ACCOUNTING POLICIES (continued)

(h) Related parties

(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 a parent of the Association.

(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 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.
(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 which it is a part, provides key management personnel services to the Association or to the Association's parent.

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.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchases and, where applicable, costs of conversion and other costs that are incurred in bringing the inventories to their present location and condition, is calculated using the first-in-first-out basis method. Net realisable value represents the estimated selling price in ordinary course of operation less the estimated costs of completion and the estimated costs necessary to make the sale.

3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Inventories (continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Credit losses and impairment of assets

(i) Credit losses from financial assets

The Association recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost including accounts and other receivables, fixed deposit (pledged) and cash and bank balances.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

- finance lease receivables: discount rate used in the measurement of the finance lease receivable;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Association is exposed to credit risk.

The ECLs are measured on either of the following bases:

- 12 months ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date; and

- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the financial assets to which the ECL model applies.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial assets (continued)

The Association measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months:

- financial assets that are determined to have low credit risk at the reporting date; and

- other financial assets for which credit risk has not increased significantly since initial recognition.

Loss allowances for accounts receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Association's historical experience and informed credit assessment that includes forward-looking information.

The Association assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Association considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Association in full, without recourse by the Association to actions such as realising security (if any is held); or

- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Association recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Credit losses and impairment of assets (continued)

(i) Credit losses from financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Association assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset become long past due or when the Association otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of non-financial assets

At each reporting date, the Association reviews the carrying amounts of its non-financial assets, including property, plant and equipment and right-of-use assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. MATERIAL ACCOUNTING POLICIES (continued)

(k) Provisions and contingencies

Provisions are recognised when the Association has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(l) Leased assets

At inception of a contract, the Association assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Association has elected to separate non-lease components from lease component and accounted for by applying other applicable standards.

At the lease commencement date, the Association recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Association enters into a lease in respect of a low-value asset, the Association decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

3. MATERIAL ACCOUNTING POLICIES (continued)

(l) Leased assets (continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 3(j)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to other financial assets carried at amortised cost which are held for the collection of contractual cash flows representing solely payments of principal and interest (see notes 3(n)(v) and 3(j)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Association's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Association will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The Association presents the right-of-use asset in property, plant and equipment (see note 3(f)). Current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

3. MATERIAL ACCOUNTING POLICIES (continued)

(m) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Association has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined benefit plan obligations

The Association's definite benefit plan is the LSP under the Hong Kong Employment Ordinance.

The Association's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Association's MPF contributions that been vested with employees, which are deemed to be contributions from the relevant employees.

The defined benefit obligation is calculated by a using the projected unite credit method. Remeasurements arising from defined benefit plans are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(n) Revenue and other income recognition

The Association recognises revenue from contracts with customers when (or as) the Association satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Association recognises as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained in accordance with HKFRS 15) that is allocated to that performance obligation.

3. MATERIAL ACCOUNTING POLICIES (continued)

(n) Revenue and other income recognition (continued)

(i) Income from Government and related organisations in the form of transfer of resources in return for past or future compliance with certain conditions relating to the operating activities of the Association are recognised when there is reasonable assurance that the conditions have been complied with ;

(ii) Operating income including membership fee, programme fee, service and accommodation income are recognised on cash basis ;

(iii) Donations are recognised when the rights to receive payment are established ;

(iv) Designated donation income are recognised upon the relevant designated expenses were paid ; and

(v) Interest income is recognised as it accrues using the effective interest method.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event such as any assets have become obsolete or idle, has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or value in use which is estimated based upon the continue use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

(i) Impairment of property, plant and equipment (continued)

Changing the judgment and estimations adopted by management in assessing impairment, including the estimated resale values with reference to the historical disposal values or second-hand market price of the assets and the estimated future cash flows generating from property, plant and equipment with reference to the historical and expected rental income from leasing for assets in use, could affect the recoverable amounts used in the impairment test and as a result affect the Association's financial position and results of operations. In the opinion of the directors of the Association, as the recoverable amount of property, plant and equipment is higher than the carrying value, no impairment loss has been provided during the year ended 31 March 2026.

(ii) Impairment loss of accommodation receivables

When measuring expected credit losses ("ECL"), the Association uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. An estimate of the loss arising on default is based on the difference between the contractual cash flows due and those that the Association would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

5. GOVERNMENT GRANTS

	2026 HK$	2025 HK$
Income from government :-		
Lotteries Fund	2,279,761	602,000
Deferred government grants recognised in current year	2,054,844	1,985,504
Social Welfare Department :-		
- Lump Sum Grant	38,656,577	38,532,979
- Provident Fund	2,464,351	2,445,269
- Subvention for rent and rates	303,908	172,046
- Other subsidy	355,082	52,518
Less: Government grants classified as deferred income	(2,207,788)	(1,158,436)
	43,906,735	42,631,880

6. SURPLUS/(DEFICIT) FOR THE YEAR

	Note	2026 HK$	2025 HK$
Surplus/(deficit) for the year is arrived at after charging :-			
Auditors' remuneration		86,300	80,800
Depreciation	9	2,433,165	2,445,002
Staff costs			
- Salaries, wages and other benefits		32,589,424	34,130,127
- Contributions to defined contribution retirement plan		1,628,812	1,655,633
and after crediting :-			
Bank interest income		207,123	371,304

7. DIRECTORS' EMOLUMENTS

No directors' emoluments required to be disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation was incurred by the Association during the current and preceding years.

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Association is an approved charitable organisation and is exempt from tax under section 88 of the Hong Kong Inland Revenue Ordinance.

9. PROPERTY, PLANT AND EQUIPMENT

	General office			Care and Attention Home for the Aged					
	Leasehold properties HK$	Furniture and fixtures HK$	Leasehold improvements HK$	Construction property HK$	Leasehold improvements HK$	Furniture and fixtures HK$	Equipment HK$	Motor vehicles HK$	Total HK$
Cost :-									
At 1 April 2024	4,429,961	3,000,640	3,680,839	16,247,813	14,047,890	778,679	10,954,952	1,178,132	54,318,906
Additions	-	-	-	-	500,990	45,277	997,770	-	1,544,037
Disposals	-	-	-	-	-	-	(939,201)	-	(939,201)
At 31 March 2025	4,429,961	3,000,640	3,680,839	16,247,813	14,548,880	823,956	11,013,521	1,178,132	54,923,742
Additions	-	-	-	-	388,212	34,721	982,825	1,062,430	2,468,188
Disposals	-	-	-	-	-	(1,150)	(1,048,825)	(861,000)	(1,910,975)
At 31 March 2026	4,429,961	3,000,640	3,680,839	16,247,813	14,937,092	857,527	10,947,521	1,379,562	55,480,955
Accumulated depreciation :-									
At 1 April 2024	1,304,489	2,993,140	3,564,701	11,249,163	13,167,664	715,590	7,627,038	1,068,248	41,690,033
Charge for the year	72,565	2,500	29,035	324,957	510,195	32,829	1,450,944	21,977	2,445,002
Written back on disposal	-	-	-	-	-	-	(929,541)	-	(929,541)
At 31 March 2025	1,377,054	2,995,640	3,593,736	11,574,120	13,677,859	748,419	8,148,441	1,090,225	43,205,494
Charge for the year	72,565	2,500	17,421	324,956	360,485	37,004	1,328,999	289,235	2,433,165
Written back on disposal	-	-	-	-	-	(1,150)	(1,022,529)	(861,000)	(1,884,679)
At 31 March 2026	1,449,619	2,998,140	3,611,157	11,899,076	14,038,344	784,273	8,454,911	518,460	43,753,980
Net book value :-									
At 31 March 2026	2,980,342	2,500	69,682	4,348,737	898,748	73,254	2,492,610	861,102	11,726,975
At 31 March 2025	3,052,907	5,000	87,103	4,673,693	871,021	75,537	2,865,080	87,907	11,718,248

9. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of leasehold land and buildings are analysed as follows:-

	Leasehold properties HK$	Construction property HK$	2026 HK$	2025 HK$
Held in Hong Kong :-				
Under long term lease	2,924,845	-	2,924,845	2,994,635
Under medium term lease	55,497	4,348,737	4,404,234	4,731,965
	2,980,342	4,348,737	7,329,079	7,726,600

The Association's right-of-use assets represented the leasehold properties carried at depreciated cost. There were no additions to right-of-use assets and no cash outflow for leases during the current and preceding years. The analysis of the net book value of right-of-use assets by class of underlying asset is as follows :-

	2026 HK$	2025 HK$
Leasehold properties :-		
- Office	2,924,845	2,994,635
- Buddha hall	55,497	58,272
	2,980,342	3,052,907

The analysis of expense items in relation to leases recognised in profit or loss is as follows :-

	2026 HK$	2025 HK$
Depreciation on right-of-use assets	72,565	72,565

10. INVENTORIES

	2026 HK$	2025 HK$
Medical, milk product, food and paper diaper	104,773	83,495

11. CASH AND CASH EQUIVALENTS

	2026 HK$	2025 HK$
Cash and bank balances comprise :-		
Time deposits with original maturity not more than three months	8,722,310	12,558,113
Cash at banks and in hand - General office	5,049,142	5,042,925
Cash at banks and in hand - Care and Attention Home for the Aged	7,203,709	4,135,093
Cash and cash equivalents	20,975,161	21,736,131
Time deposits with original maturity more than three months	3,770,681	2,709,809
Total cash and bank balances	24,745,842	24,445,940

12. PROVISION FOR SEVERANCE AND LONG SERVICE PAYMENT

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments ("LSP") in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at $22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Association's contributions to MPF scheme or ORSO plans, with an overall cap of $390,000 per employee.

Starting from 1 May 2025, the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "2022 Amendment Ordinance") came into effect, which abolishes the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. Separately, a 25-year scheme to provide a subsidy ("Subsidy") for employers' costs in relation to the post-transition portion of the LSP has been implemented with effect on 1 May 2025.

Among other things, upon the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

12. PROVISION FOR SEVERANCE AND LONG SERVICE PAYMENT (continued)

The Association has accounted for the offsetting mechanism and its abolition as disclosed in note 3(m)(ii).

The Association has determined that the Amendment Ordinance primarily impacts the Association's LSP liability with respect to Hong Kong employees that do not participate in the Association's ORSO plans. The Amendment Ordinance has no material impact on the Association's LSP liability with respect to employees that participate in the Association's ORSO plans.

	2026 HK$	2025 HK$
Provision for long service payment	1,380,816	1,380,816

13. SWD LUMP SUM GRANT RESERVE

	2026 HK$	2025 HK$
At the beginning of the year	5,163,739	7,959,245
Deficit for the year	(253,765)	(2,795,506)
Transfer to SWD Central Items reserve	(536,826)	-
At the end of the year	4,373,148	5,163,739

According to the letters issued by SWD on 3 March 2024 and 3 March 2025 regarding the Productivity Enhancement Programme, for the financial years from 2023-24 to 2028-29, if the SWD Lump Sum Grant Reserve exceeds 25% of the operating expenses for that fiscal year, the amount that was originally required to be refunded to the SWD could be retained. The standing clawback arrangement will be reinstated at the end of 2029-30.

14. SWD CENTRAL ITEMS RESERVE

	2026 HK$	2025 HK$
At the beginning of the year	(536,826)	(536,826)
Transfer from SWD Lump Sum Grant reserve	536,826	-
At the end of the year	-	(536,826)

15. SWD SOCIAL WELFARE DEVELOPMENT FUND

	2026 HK$	2025 HK$
At the beginning of the year	-	59,164
Add: Interest received during the year	-	168
Less: Expenditure Refund to SWD	-	(59,332)
At the end of the year	-	-

16. SWD PROVIDENT FUND RESERVE

	2026 HK$	2025 HK$
At the beginning of the year	8,838,921	9,433,254
Add: Surplus/(deficit) for the year	835,538	(591,180)
Less : Refund to SWD	-	(3,153)
At the end of the year	9,674,459	8,838,921

Unspent balance of the SWD Provident Fund Reserve for Snapshot Staff which is not eligible for transferring to the SWD Provident Fund Reserve for non-Snapshot Staff is subject to clawback arrangement of the SWD. At 31 March 2026, the accumulated unspent balance of SWD Provident Fund Reserve for Snapshot Staff subject to the clawback arrangement was HK$Nil (2025 : HK3,153).

17. LOTTERIES FUND RESERVE

	2026 HK$	2025 HK$
At the beginning of the year	-	-
Add: Surplus for the year	615,080	-
At the end of the year	615,080	-

18. BLOCK GRANT RESERVE

Block Grant reserve for movement of the Furniture and Equipment Replenishment and Minor Works and IT Systems :-

	Note	2026 HK$	2025 HK$
Credit balance brought forward from previous financial year		41,818	479,403
Add: Block Grant received during the year		621,000	602,000
Interest income received		20,252	40,583
		641,252	642,583
Less: Expenditure during the year			
Minor works		497,813	459,290
Furniture and equipment		99,245	611,445
Vehicle overhauling		-	9,433
Information Technology system		-	-
	(a)	597,058	1,080,168
Credit balance carried forward to the next financial year		86,012	41,818

Note :-

(a) Expenditure charged to Block Grant during the year was the full expenditure amount, i.e. the actual expenditure incurred in 2025-26.

(b) Surplus from the Block Grant can only be used for the replenishment of furniture and equipment and minor works. At 31 March 2026, there is no outstanding commitments in respect of Block Grant Reverse.

19. SWD HOLDING ACCOUNT

	2026 HK$	2025 HK$
At the beginning of the year	5,393,792	5,971,865
Less: expenditure	(1,567,208)	(578,073)
At the end of the year	3,826,584	5,393,792

19. SWD HOLDING ACCOUNT (continued)

Upon the implementation of Lump Sum Grant Subvention System ("LSGSS"), SWD put forward certain financial assistance scheme and measures to assist non-governmental organisations (the "NGOs") in meeting their contractual commitments towards the Snapshot Staff as well as enhancing their human resources practices. One of the facilitating measures for NGOs was to withhold the claw-back of Lump Sum Grant ("LSG") Reserve above the 25% cap for the three years from 2004-05 to 2006-07. The amount of the cumulative LSG Reserve as at 31 March 2007 can be kept in a holding account ("SWD Holding Account" or "HA"), while the use of this reserve has to be in line with the requirements as stipulated in the LSG Manual and/or prevailing policies.

According to the Review of Enhancement of LSGSS issued in 2022, when the position of Snapshot Staff comes to zero as reported in September of a year, the Association will be required to merge the HA with SWD LSG Reserve. As at September 2026, the estimated number of snapshot staff of the Association were 1 (September 2025: 1) and therefore, under the aforesaid review, the NGOs were recommended to improve the management of the HA, and formulate utilisation plans and financial projections (including to honor the contractual commitments towards the Snapshot Staff and enhance human resource arrangements, etc.) to optimise the use of the reserve.

The Association is in the process of making utilisation plans and financial projections to optimise the use of the reserve.

20. SWD TRAINING SUBSIDY TO STAFF OF RESIDENTIAL

	2026 HK$	2025 HK$
At the beginning of the year	17,282	-
Grant received for the year	63,000	63,000
Expenditure paid during the year	(30,000)	(45,718)
At the end of the year	50,282	17,282

Unspent balance of the SWD training subsidy to staff of residential reserve is subject to clawback arrangement of the Social Welfare Department.

21. CAPITAL MANAGEMENT

The Association has no share capital and its capital structure consists of net debt, cash and cash equivalents, comprising funds and reserves stated in the statement of financial position. The Association has no written capital risk management policies and guidelines and the Association manages its capital mainly to ensure the Association will be able to continue as a going concern through the optimisation of the debt and fund balances. No changes were made in the overall strategy during the years ended 31 March 2025 and 31 March 2026. The directors of the Association regularly review and manage its capital to ensure adequacy for both operational and capital need.

22. FINANCIAL RISK MANAGEMENT

The Association is exposed to a variety of financial risks which result from both its operating and investing activities. The Association does not have written risk management policies and guidelines. However, the Association introduces conservative strategies on its risk management. The directors meet periodically to analyse and formulate strategies to manage the Association's exposure to market risk, including changes in interest rates, credit risk and liquidity risk.

(a) Cash flow interest rate risk

The Association's exposure on cash flow interest rate risk mainly arises from the fluctuation of the prevailing market interest rate on its fixed and floating interest rates deposits with banks which are classified as cash and cash equivalents.

Summary quantitative data

	2026 HK$('000)	2025 HK$('000)
Floating-rate financial assets		
Cash and bank balances	22,053	24,446

Sensitivity analysis

At 31 March 2026, it is estimated that a general increase/decrease of 100 basis points in interest rates, with other variables held constant, would increase/reduce the Association's surplus for the year and increase/decrease the accumulated fund by HK$220,528 (2025: HK$244,460) in response to the general increase/decrease in interest rates.

(b) Credit risk

The Association's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2026 and 2025 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position. The Association has policies in place to determine credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Association consider that the Association's credit risk is significantly reduced.

The Association has no significant concentration of credit risk, with exposure spreading over a large number of counterparties and customers.

The credit risk on bank deposits is limited because the counterparties are banks with high credit–ratings assigned by international credit–rating banks in the Hong Kong.

(c) Liquidity risk

The Association manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

23. HONG KONG FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2026 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Association.

	Effective for accounting period beginning on or after
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Contracts referencing nature-dependent electricity	1 January 2026
Amendments to HKFRS 9, Financial 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
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027

The Association is in the process of making an assessment of what the impact of these developments is 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 financial statements.

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, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Association does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.