(FOR SOCIAL WELFARE DEPARTMENT INFORMATION PURPOSE ONLY)

HONG KONG - MACAO CONFERENCE OF SEVENTH-DAY ADVENTISTS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31ST MARCH, 2026

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INDEPENDENT AUDITORS' ASSURANCE REPORT

To the Management Board of directors of

Hong Kong – Macao Conference of Seventh-day Adventists ("the Charity")

We have audited the financial statements of the Charity for the year ended 31st March, 2026 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unmodified auditors' report thereon dated 6th October, 2026.

Pursuant to the Lump Sum Grant ("LSG") Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region ("SWD"), we have been requested to issue this assurance report in connection with the Annual Financial Report ("AFR") of the Charity for the year ended 31st March, 2026.

Responsibilities of the Management Board of Directors

In relation to this report, the Directors are responsible for ensuring the AFR of the Charity for the year ended 31st March, 2026 is properly prepared in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD; and the use of the funds from the LSG by the Charity has complied with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' Responsibilities

Our responsibility is to form a conclusion, based on our engagement, and to report our conclusion to you.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and with reference to Practice Note 851 (Revised), Reporting on the Annual Financial Reports of Non-governmental Organisations issued by the HKICPA. We have planned and preformed our work to obtain reasonable assurance for giving conclusion 1 and obtain limited assurance for giving conclusion 2 below.

The work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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INDEPENDENT AUDITORS' ASSURANCE REPORT

To the Management Board of directors of

Hong Kong – Macao Conference of Seventh-day Adventists ("the Charity")

Auditors' Responsibilities (continued)
In relation to our conclusion 1 below, we have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 851 (Revised), to satisfy ourselves that the AFR has been properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

In relation to our conclusion 2 below, we have obtained an understanding in respect of the purposes of the use of the funds as specified in the LSG Manual and other instructions issued by the SWD and obtaining an understanding of the control procedures. We are not required to perform any procedures to search for instances of the use of funds from the LSG by the Charity being non-complied with the specified purposes. Our work was limited to reporting non-compliances identified as a result of the procedures performed in relation to conclusion 2 and during the normal course of our work relating to conclusion 1. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusion

1. In our opinion, the AFR of the Charity for the year ended 31st March 2026 is properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

2. Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the use of the funds from the LSG by the Charity has not complied, in all material respects, with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

Intended Users and Purpose
This report is intended solely for submission by the Charity to the SWD and is not intended to be, and should not be, used for any other purpose. We agree that a copy of this report may be provided to the SWD without further comment from us.

Frank Wong & Co.

Lo Chui Lan
Practising Certificate Number: P07928
Frank Wong & Co CPA Limited
Certified Public Accountants

Hong Kong, Date: 6 OCT 2026

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ANNUAL FINANCIAL REPORT

NGO: HONG KONG-MACAO CONFERENCE OF SEVENTH-DAY ADVENTISTS

(1 April 2025 to 31 March 2026)

	Notes	2025-26 HK$	2024-25 HK$
A. INCOME			
1. Lump Sum Grant			
a. Lunp Sum Grant (excluding Provident Fund)	1b	19,483,359.00	19,450,857.00
b. Provident Fund	1c	1,246,909.00	1,241,560.00
2. Fee Income	2	36,321.00	40,389.00
3. Central Items	3	256,128.00	251,136.00
4. Rent and Rates	4	983,484.00	910,404.00
5. Other Income	5	705,236.89	1,128,577.70
6. Interest Received		42,746.10	48,376.74
TOTAL INCOME		22,754,183.99	23,071,300.44
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		18,284,172.62	17,843,040.84
b. Provident Fund	1c	1,011,740.48	1,123,279.67
c. Allowances		-	106,922.00
d. Other Staff Costs		-	-
Sub-total	6	19,295,913.10	19,073,242.51
2. Other Charges	7	2,302,419.60	3,178,436.23
3. Central Items	3	260,130.00	224,322.00
4. Rent and Rates	4	969,748.00	918,762.00
TOTAL EXPENDITURE		22,828,210.70	23,394,762.74
C. SURPLUS/ (DEFICIT) FOR THE YEAR		(74,026.71)	(323,462.30)

The Annual Financial Report from page 3 to 8 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE

CHAM CHI FAN
CHAIRMAN

DATE: 6 OCT 2026

SIGNATURE

FUNG CHUI-CHONG
NGO HEAD/ HEAD OF SOCIAL WELFARE SERVICES

DATE: 6 OCT 2026

NOTES ON THE ANNUAL FINANCIAL REPORT

1. Lump Sum Grant (LSG)

a. Basis of preparation

The Annual Financial Report (AFR) is prepared in respect of all services defined in Funding and Service Agreement (FSA) (including support services to FSA services) funded by the Social Welfare Department (SWD) under the Lump Sum Grant Subvention System and also FSA services / FSA-related activities funded by Other Funds or Donations for Designated Purposes. If NGOs receive funding from (i) specified government funds / subsidy schemes to implement services / projects or (ii) the Hong Kong Jockey Club Charities Trust or the Community Chest to implement welfare services / projects (should meet the conditions stipulated in paragraph 3.7.1 (b) of the Lump Sum Grant Subvention Manual) in 2025-26 and carry them forward to 2026-27, they are neither required to include these in the AFR nor apportion the costs of operating such services / projects, regardless of whether subvented resources are deployed or whether the services / projects provided are FSA services or FSA-related activities. Specified government funds / subsidy schemes are listed on SWD's website. AFR is prepared **on cash basis**, that is, income is recognised upon receipt of cash and expenditure is recognised when expenses are paid. **Non-cash items** such as depreciation, provisions and accruals have **not** been included in the AFR.

b. Lump Sum Grant (excluding Provident Fund)

This represents LSG (excluding Provident Fund) received for the year.

c. Provident Fund

This is Provident Fund received and contributed during the year.
Snapshot Staff are defined as those staff occupying recognised or holding against subvented posts as at 1 April 2000.
Other posts represent those staff that are employed after 1 April 2000.
The Provident Fund received and contributed for staff under the Central Items and Other Funds or Donations for Designated Purposes which are separately included as part of the income and expenditure of the relevant disclosures have been shown under **Note 3 and 8**.

Details are analysed below :

Provident Fund Contribution	Snapshot Staff	Other Posts	Total
	$	$	$
Subvention Received	0.00	1,246,909.00	1,246,909.00
Provident Fund Contribution Paid during the Year	0.00	1,011,740.48	1,011,740.48
Surplus/ (Deficit) for the Year	0.00	235,168.52	235,168.52
Add: Surplus/(Deficit) b/f	0.00	2,853,830.05	2,853,830.05
Additional subvention received for previous year(s)	0.00	0.00	0.00
Less: Refund to Government			
Transfer of Provident Fund Reserve for use in the same areas as LSG Reserve [1]	0.00	0.00	0.00
Surplus/ (Deficit) c/f	0.00	3,088,998.57	3,088,998.57

2. Fee Income

This represents social welfare fee income received for the year in respect of the fees and charges recognised for the purpose of subvention as set out in the LSG Subvention Manual.

[1] Surplus of the Snapshot Staff Provident Fund will be used to offset future Provident Fund provision for Snapshot Staff and therefore cannot be transferred for use in the same areas as LSG Reserve.

NOTES ON THE ANNUAL FINANCIAL REPORT

3. **Central Items** These are subvented service activities which are not included in LSG and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGOs. The Provident Fund received and contributed for staff under the Central Items have been separately included as part of the income and expenditure of the relevant items (paragraph 5.5.4(c) of the LSG Subvention Manual). The income and expenditure of each of the Central Items are as follows:

	2025-26	2024-25
a. Income	$	$
After School Care Programme	256,128.00	251,136.00
Programme Worker	-	-
Total	256,128.00	251,136.00
b. Expenditure		
After School Care Programme	260,130.00	224,332.00
Programme Worker	-	-
Total	260,130.00	224,332.00

4. **Rent and Rates** This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD have not been included in AFR.

5. **Other Income** This represents all income, other than recognised fee income for subvented welfare services, received during the year in the operation of subvented services including income from other services that are incidental to the operation, programme income, etc. Other Funds or Donations for Designated Purposes may be included in AFR if they are used to finance expenditure of the FSA services / FSA-related activities and have been separately included in the relevant disclosures under the "Other Funds or Donations for Designated Purposes" column in Note 8 of the

The breakdown on Other Income is as follows:

		2025-26 HK$	2024-25 HK$
Othere Income			
(a)	Programme income	694,342.00	858,257.00
(b)	Production income		
(c)	Utilised allocation under Central Items (CI): After School Care Programme (ASCP) / Enhanced ASCP / ASCP(PC) – Fee Waiving Subsidy Scheme (FWSS)* which forms as part of Other Income	260,130.00	224,322.00
(d)	Reimbursement of Maternity Leave Pay from Labour Department	-	-
(e)	Subsidy received for Abolition of MPF Offsetting Arrangement from Labour Department		
(f)	Miscellaneous income (e.g. general donations, photocopying charges, etc.)	10,894.89	270,320.70
	Sub-Total	**965,366.89**	**1,352,899.70**
	Less: Utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS which forms as part of Other Income*	(260,130.00)	(224,322.00)
	Total	**705,236.89**	**1,128,577.70**

*For those programmes which are regarded as FSA services only

NOTES ON THE ANNUAL FINANCIAL REPORT

6. **Personal Emoluments** Personal Emoluments include salary, provident fund, and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over $1,000,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	**No of Posts**	**$**
HK$1,000,001 - HK$1,100,000 p.a.	-	
HK$1,100,001 - HK$1,200,000 p.a.	-	
HK$1,200,001 - HK$1,300,000 p.a.	-	
HK$1,300,001 - HK$1,400,000 p.a.	-	
HK$1,400,001 - HK$1,500,000 p.a.	-	
>HK$1,500,000 p.a.	-	

7 **Other Charges** This refers to expenses, other than personal emoluments, incurred in the operation and excluded expenditure for FSA services / FSA-related activities supported by Other Funds or Donations for Designated Purposes, which have been separately included in the relevant disclosures under the "Other Funds or Donations for Designated Purposes" column in Note 8 of the AFR.

The breakdown on Other Charges is as follows:

Other Charges 2	**2025-26** $	**2024-25** $
(a) Utilities	226,723.69	209,689.62
(b) Food (including food for service users)	-	-
(c) Administrative Expenses	302,960.75	359,221.66
(d) Stores and Equipment	98,574.32	122,499.42
(e) Minor Repair and Maintenance	88,089.40	89,842.45
(f) Special Allowances	-	-
(g) Programme Expenses	1,116,566.16	1,846,685.20
(h) Transportation and Travelling	16,114.80	16,278.50
(i) Insurance	419,563.42	432,407.38
(j) Miscellaneous	165,765.44	150,253.48
(k) IT System Maintenance	128,191.62	175,880.52
Sub-Total	2,562,549.60	3,402,758.23
Less: Utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) – FWSS* which forms as part of Other	(260,130.00)	(224,322.00)
Total	2,302,419.60	3,178,436.23

** For those programmes which are regarded as FSA services only*

[2] Reference List of Recognised and Non-Recognised Items under Lump Sum Grant (LSG)/LSG Reserve is available on the SWD's website.

8. Analysis of Lump Sum Grant Reserve and balances of other SWD subventions

	Lump Sum Grant (LSG)	Holding Account (HA)	Other Funds or Donations for Designated Purposes	Adjustment for Utilised allocation under ASCP / Enhanced ASCP / ASCP(PC) - FWSS	Rent and Rates	Central Items (CI)	Total
	$	$		$	$	$	$
Income							
Lump Sum Grant	20,730,268.00	0.00	0.00	0.00	0.00	0.00	20,730,268.00
Fee Income	36,321.00	0.00	0.00	0.00	0.00	0.00	36,321.00
Other Income	# 965,366.89	0.00	884,606.80	(260,130.00)	0.00	0.00	1,589,843.69
Interest Received (Note (1))	42,746.10	0.00	0.00	0.00	0.00	0.00	42,746.10
Rent and Rates	0.00	0.00	0.00	0.00	983,484.00	0.00	983,484.00
Central Items	0.00	0.00	0.00	0.00	0.00	256,128.00	256,128.00
Total Income (a)	**21,774,701.99**	**0.00**	**884,606.80**	**(260,130.00)**	**983,484.00**	**256,128.00**	**23,638,790.79**
Expenditure							
Personal Emoluments	19,295,913.10	0.00	0.00		0.00	0.00	19,295,913.10
Other Charges	2,562,549.60	0.00	702,940.20	(260,130.00)	0.00	0.00	3,005,359.80
Rent and Rates	0.00	0.00	0.00		969,748.00	0.00	969,748.00
Central Items	0.00	0.00	0.00		0.00	260,130.00	260,130.00
Total Expenditure (b)	**21,858,462.70**	**0.00**	**702,940.20**	**(260,130.00)**	**969,748.00**	**260,130.00**	**23,531,150.90**
Surplus/(Deficit) for the Year (a) - (b)	**(83,760.71)**	**0.00**	**181,666.60**	**0.00**	**13,736.00**	**(4,002.00)**	**107,639.89**
Less: Surplus/(Deficit) of Provident Fund	235,168.52	0.00	0.00	0.00	0.00	0.00	235,168.52
Surplus/(Deficit) for the Year (excl. PF	**(318,929.23)**	**0.00**	**181,666.60**	**0.00**	**13,736.00**	**(4,002.00)**	**(127,528.63)**
Surplus/(Deficit) b/f (Note (2))	**4,603,192.71**	**0.00**	**0.00**	**0.00**	**(20,747.60)**	**88,597.00**	**4,671,042.11**
	4,284,263.48	0.00	181,666.60	0.00	(7,011.60)	84,595.00	4,543,513.48
Add: Refund from Government							
Backpayment on Rent & Rate 22/23_SPK					5,310.00		5,310.00
Backpayment on Rent & Rate 23/24_SPK					7,080.00		7,080.00
Backpayment on Rent & Rate 24/25_SPK					14,374.00		14,374.00
Transfer from One-off Subsidy for Elderly Centres to facilitate Elderly Service Users to Cast their Votes at the 2025 LegCo General Election (SPK)	18,936.00						18,936.00
Transfer from One-off Subsidy for Elderly Centres to facilitate Elderly Service Users to Cast their Votes at the 2025 LegCo General Election (SSW)	19,432.00						19,432.00
Less: Refund to Government							
Claw-back_SK Gov. Rent surplus 2024/25					(1,614.00)		(1,614.00)
Claw-back_SK Rates surplus 2024/25					(1,077.00)		(1,077.00)
Claw-back_NEC Rates surplus 2024/25					(3,325.00)		(3,325.00)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement (Note (3))							
Transfer from Other Funds/ (to) LSG Reserve^	181,666.60		(181,666.60)				-
Adjustment for utilised allocation under Enhanced ASCP - FWSS* (over-estimated) / under-estimated in previous year(s)							
Surplus/(Deficit) c/f (Note (4))	**4,504,298.08**	**0.00**	**0.00**	**0.00**	**13,736.40**	**84,595.00**	**4,602,629.48**

Notes:

*# Including an amount SZ being the utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS**

** For those programmes which are regarded as FSA services only*

^ Balance generated from those completed FSA services/ FSA-related activities which are funded by Other Funds or Donations for Designated Purpose

(1) Interest received on LSG, HA and PF Reserves, Rent and Rates, Central Items are included as one item under LSG; and the item is considered as part of LSG Reserve.

(2) Accumulated balance of LSG Surplus b/f from previous years (including all interest received in previous years (see (1) above), the balance of HA and balance of Other Funds or Donations for Designated Purposes should be separately reported.

(3) Amount of LSG Reserve used to cover the salary adjustment for Infirmary Care Supplement, if any, as per Schedule for Central Items.

(4) For NGOs without HA, separate disclosure of the movement of HA in their respective AFRs is not necessary. The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K)) for the year.

For NGOs with HA, with effect from 2022-23, the calculation of the annual claw-back is as follows:

(i) <u>With Snapshot Staff (SS) [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year was greater than zero]</u>

The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K)) for the year.

(ii) <u>Without SS [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year (which is regarded as Year 0) was zero]</u>

For the next three years (Year 1 to Year 3), the level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K)) for the year. From the fourth financial year (Year 4) onwards, the level of LSG cumulative reserve and HA reserve will be counted altogether and the combined reserve amount (i.e. S1+S2) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K)) for the year. In this regard, separate disclosure of the movement of HA in their respective AFRs is not necessary.

[For details of (4)(i) and (4)(ii) above, please also refer to SWD's letter under reference (11) in SWD/S/109/1/10 of 4 April 2022.]

(5) As a support measure for the implementation of the Productivity Enhancement Programme, the claw-back arrangement of LSG cumulative reserve amount exceeding 25% of the NGO's operating expenditure would be suspended from 2023-24 (for NGOs with 2024-25 provisional subvention allocation of $50M or more) / 2024-25 (for NGOs with 2024-25 provisional subvention allocation of less than $50M) until 2028-29 as stipulated in SWD's letter under reference (1) / (2) / (3) / (4) in SWD 0075-0010-0060-0080-0040 of 3 March 2025.