

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
(INCORPORATED IN HONG KONG WITH LIMITED BY  
GUARANTEE AND NOT HAVING A SHARE CAPITAL)

REPORTS AND FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2024

Our Reference: H54127

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED  
REPORTS AND FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2024

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The Executive Committee has the pleasure of presenting its annual report together with the audited financial statements of Hong Kong Arthritis & Rheumatism Foundation Limited (the “Foundation”) for the year ended 31 March 2024.

## **1. FINANCIAL STATEMENTS**

The results for the year are set out in the annexed income statement.

The state of the Foundation's affairs at 31 March 2024 is set out in the annexed statement of financial position.

## **2. PRINCIPAL ACTIVITIES**

The principal activities of the Foundation continued to be elevation of the standard of care for arthritic and rheumatic conditions and provision of care services for patients suffering from arthritic and rheumatic conditions in Hong Kong and Mainland China.

## **3. EXECUTIVE COMMITTEE**

The members of the Executive Committee who held office during the year and up to the date of this report were:

Chan Kar Lok  
Cheng Pauline  
Kwan Cheuk Yin  
Kwok Suet Kei  
Lee Ka Wing, Gavin  
Lee Ka Yan, David  
Leung Yee Mei, Christine  
Ma Kai Yiu  
Shiu Ka Yue  
Tang Siu Fan, Lorraine  
To Chi Hung  
Tsang Wai Ping, Cecilia  
Yan Sherman Chuek-Ning (Resigned on 27 July 2023)

In accordance with the Articles 40, 49 & 50 of Foundation's Articles of Foundation, the term of office for executive committee member shall be two years, and one third of the executive committee members shall retire, and being eligible, offer themselves for re-election at the annual general meeting in every two years. The number of the executive committee members should be no less than 6 and no more than 15.

## **4. EXECUTIVE COMMITTEE'S INTERESTS IN CONTRACTS**

No contract, commitment or agreement of significance in relation to the Foundation's activities, to which the Foundation was a party and in which any of the Foundation's executive committee members had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

## 5. AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint World Link CPA Limited, Certified Public Accountants, as the auditor of the Foundation.

For and on behalf of the  
Executive Committee



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Lee Ka Wing, Gavin  
Chairman  
Hong Kong, 3 March 2025



**INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE OF  
HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED  
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

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**Opinion**

We have audited the financial statements of Hong Kong Arthritis & Rheumatism Foundation Limited ("the Foundation") set out on pages 6 to 13, which comprise the statement of financial position as at 31 March 2024, and the income statement, and the statement of changes in accumulated fund for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Foundation are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") and with reference to PN 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard 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 Foundation in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The members of executive committee are responsible for the other information which comprises the report of executive committee and detailed income statement.

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 Members of Executive Committee for the Financial Statements**

The members of executive committee are responsible for the preparation of the financial statements that give a true and fair view in accordance with SME-FRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the members of executive committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



**INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE OF  
HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED  
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

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**Responsibilities of Members of Executive Committee for the Financial Statements (continued)**

In preparing the financial statements, the members of executive committee are responsible for assessing the Foundation'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 members of executive committee either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibility 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 HKSA's 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 HKSA's, we exercise professional judgement 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of executive committee.
- Conclude on the appropriateness of the members of executive committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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 Foundation to cease to continue as a going concern.



**INDEPENDENT AUDITOR'S REPORT  
TO THE EXECUTIVE COMMITTEE OF  
HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED  
(INCORPORATED IN HONG KONG WITH LIMITED BY GUARANTEE)**

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**Auditor's responsibility for the Audit of the Financial Statements (continued)**

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.

World Link CPA Limited  
Certified Public Accountants

Ted Ho  
Practising Certificate Number P02296  
Hong Kong, 3 March 2025

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED  
INCOME STATEMENT  
YEAR ENDED 31 MARCH 2024

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		2024 HK\$	2023 HK\$
	Note		
Revenue	3	3,433,307	2,626,153
Other income	4	108,228	198,656
Administrative expenses		(2,493,659)	(2,794,967)
Activities expenses		(1,557,977)	(511,243)
Deficit before tax	5	(510,101)	(481,401)
Income tax	6	-	-
Deficit for the year		(510,101)	(481,401)



HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED  
STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2024

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	Note	2024 HK\$	2023 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	7	41,113	80,552
<b>Current assets</b>			
Deposits, prepayment and other receivable		1,347,204	834,223
Cash and bank balances		2,858,593	3,843,913
		4,205,797	4,678,136
<b>Current liabilities</b>			
Accruals		45,574	47,251
Deposit received		1,321,000	1,321,000
		(1,366,574)	(1,368,251)
<b>Net current assets</b>		2,839,223	3,309,885
<b>NET ASSETS</b>		2,880,336	3,390,437
<b>ACCUMULATED FUND</b>			
Reserve		37,159	37,159
Accumulated surplus		2,843,177	3,353,278
		2,880,336	3,390,437

Approved by the Executive Committee and signed on its behalf on 3 March 2025.

Lee Ka Wing, Gavin  
Chairman

Leung Yee Mei, Christine  
Honorary Secretary

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED  
STATEMENT OF CHANGES IN ACCUMULATED FUND  
YEAR ENDED 31 MARCH 2024

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	Reserve HK\$	Accumulated surplus HK\$	Total HK\$
At 1 April 2022	37,159	3,834,679	3,871,838
Deficit for the year	-	(481,401)	(481,401)
At 31 March 2023	37,159	3,353,278	3,390,437
Deficit for the year	-	(510,101)	(510,101)
At 31 March 2024	<b>37,159</b>	<b>2,843,177</b>	<b>2,880,336</b>

## 1. CORPORATE INFORMATION

(a) Foundation information

Hong Kong Arthritis & Rheumatism Foundation Limited is a company limited by guarantee that incorporated under the Hong Kong Companies Ordinance. The Foundation's registered office and principal place of business is located at Flat 103-106, G/F, Nam Wai House, Nam Shan Estate, Sham Shui Po, Kowloon.

The principal activities of the Foundation continued to be elevation of the standard of care for arthritic and rheumatic conditions and provision of care services for patients suffering from arthritic and rheumatic conditions in Hong Kong and mainland China.

- (b) Every member of the Foundation undertakes to contribute to the assets of the Foundation, in the event of the same being wound up while he is a member, or within one year after he ceased to be a member, for payment of the debts and liabilities of the Foundation contracted before the time at which he ceases to be a member, and of the costs, charges, and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding fifty Hong Kong dollars.

## 2. PRINCIPAL ACCOUNTING POLICIES

The Foundation qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants. These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting.

The financial statements have been prepared in conformity with the principles applicable to a going concern. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the excess of current liabilities over current assets. The members have undertaken to make available adequate funds to the Foundation as and when required to maintain the Foundation as a going concern.

The measurement base adopted by the Foundation is the historical cost accounting convention. Specific accounting policies adopted by the Foundation that are necessary for a proper understanding of the financial statements are set out below.

(a) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Foundation and when the revenue can be measured reliably, on the following bases: -

*Sponsorship income and donation income* are recognised on actual cash receipt basis.

*Book sales* is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to customers and title has passed.

*Class registration fee* is recognised in the period when services are rendered.

## 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b) Property, plant and equipment

Property, plant and equipment are recognized as assets when it is probable that future economic benefits associated with the assets will flow to the Foundation and the cost of the assets to the Foundation can be measured reliably. The gross carrying amount of the property, plant and equipment are determined by their costs which comprise their purchase prices and any directly attributable costs of bringing the assets to working condition for their intended uses. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Foundation. All other subsequent expenditure is recognized as an expense in the year in which it is incurred.

The depreciable amount of an item of property, plant and equipment is depreciated over its estimated useful life in the following basis: -

	<u>Rate</u>	<u>Method</u>
Leasehold improvement	20%	straight line
Furniture and fixtures	20%	straight line
Computer and software	20%	straight line

The depreciation charge for the year is recognized as an expense unless it is included in the carrying amount of another asset.

The profit or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

c) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation), had no impairment losses been recognised for the asset in prior years.

d) Employee benefits

*Short term employee benefits*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

*Defined contribution plans*

The obligation for contributions to defined contribution retirement scheme are recognized as an expenses in profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior the contributions are vested fully in those employees. The assets of the scheme are held separately from those of the Foundation in an independently administered fund.

## 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

- e) Government grants  
Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant related to an expenses item, it is recognised as income cover the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.
- f) Leases  
Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.
- g) Taxation  
No provision for Hong Kong profits tax has been made as the Foundation is exempted from Hong Kong profits tax under S.88 of the Inland Revenue Ordinance.
- h) Related parties  
A related party is a person or entity that is related to the Foundation.
  - (a) A person or a close member of that person's family is related to the Foundation if that person:
    - (i) has control or joint control over the Foundation;
    - (ii) has significant influence over the Foundation; or
    - (iii) is a member of the key management personnel of the Foundation.
  - (b) An entity is related to the Foundation if any of the following conditions applies:
    - (i) The entity and the Foundation 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 Foundation or an entity related to the Foundation. If the Foundation is itself such a plan, the sponsoring employers are also related to the Foundation.
    - (vi) The entity is controlled or jointly controlled by a person identified in (a).
    - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
    - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Foundation.

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. REVENUE

	2024 HK\$	2023 HK\$
Revenue comprises the following: -		
Book sales	1,487	2,227
Funding from HKJC	1,275,677	1,347,056
Funding from Kadoorie Charitable Foundation	840,825	-
General donations	205,248	278,290
Income from activities	714,370	114,130
Sponsorship income	395,700	884,450
	<u>3,433,307</u>	<u>2,626,153</u>

### 4. OTHER INCOME

	2024 HK\$	2023 HK\$
Anti-epidemic fund	-	120,000
Bank interest income	82,123	561
Sundry income	26,105	78,095
	<u>108,228</u>	<u>198,656</u>

### 5. DEFICIT BEFORE TAX

	2024 HK\$	2023 HK\$
Deficit before tax is stated: -		
After charging:-		
Auditor's remuneration	10,000	10,300
Public education expenses	310,514	539,421
Rent and rates	162,100	68,300
Staff cost	1,586,819	1,605,100

### 6. INCOME TAX

The Foundation is a recognised charitable association and exempted from Hong Kong profits tax under Section 88 of the Hong Kong Inland Revenue Ordinance.

## 7. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK\$	Leasehold improvement HK\$	Computer and software HK\$	Total HK\$
<b>Cost</b>				
At 1 April 2023	1,200,876	290,943	155,527	1,647,346
Additions	-	-	4,998	4,998
<b>At 31 March 2024</b>	<b>1,200,876</b>	<b>290,943</b>	<b>160,525</b>	<b>1,652,344</b>
<b>Aggregate depreciation</b>				
At 1 April 2023	1,169,216	290,943	106,635	1,566,794
Depreciation for the year	12,332	-	32,105	44,437
<b>At 31 March 2024</b>	<b>1,181,548</b>	<b>290,943</b>	<b>138,740</b>	<b>1,611,231</b>
<b>Net carrying amounts</b>				
<b>At 31 March 2024</b>	<b>19,328</b>	<b>-</b>	<b>21,785</b>	<b>41,113</b>
At 31 March 2023	31,660	-	48,892	80,552

## 8. RELATED PARTY TRANSACTION

In addition to the transactions / information disclosed elsewhere in these financial statements, during the year, the Foundation had the following transactions with related parties.

<i>Related party</i>	<i>Nature of transaction</i>	2024 HK\$	2023 HK\$
Lee Ka Wing, Gavin	Donation income	-	51,300
Chan Kar Lok	Donation income	-	52,600

*The executive board members, Mr. Chan Kar Lok and Lee Ka Wing, Gavin, are the directors of the Foundation.*

## 9. OPERATING LEASE

The Foundation had the following total future minimum lease payments payable under non-cancellable operating leases:

	2024 HK\$	2023 HK\$
Within one year	271,200	110,000
Later than one year	384,200	-
	<b>655,400</b>	<b>110,000</b>

**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**
**DETAILED INCOME STATEMENT**

(For management purpose only)

**YEAR ENDED 31 MARCH 2024**

	2024 HK\$	2024 HK\$	2023 HK\$	2023 HK\$
<b>Income</b>				
Book sales	1,487		2,227	
Funding from HKJC	1,275,677		1,347,056	
Funding from Kadoorie Charitable Foundation	840,825		-	
General donations	205,248		278,290	
Income from activities	714,370		114,130	
Sponsorship income	395,700		884,450	
		3,433,307		2,626,153
<b>Other income</b>				
Anti-epidemic fund	-		120,000	
Bank interest income	82,123		561	
Sundry income	26,105		78,095	
		108,228		198,656
<b>Activities expenditures</b>		(1,557,977)		(511,243)
<b>Administrative expenses</b>				
Accountancy fee	62,725		-	
Advertisement	21,847		-	
Auditor's remuneration	10,000		10,300	
Bank charges	6,330		1,344	
Cleaning	19,997		22,714	
Company secretary fee	14,740		47,750	
Computer expenses	39,834		19,356	
Courier	24,955		31,239	
Depreciation	44,437		43,437	
Electricity, water and gas	27,161		23,129	
Epidemic prevention expenses	-		130,464	
Insurance	40,694		59,717	
Mandatory provident fund	62,978		73,565	
Office equipment	6,916		6,720	
Printing, postage and stationery	32,061		48,651	
Public education expenses	310,514		539,421	
Recruitment	8,008		5,824	
Refreshment and souvenirs	11,954		20,992	
Rent and rates	162,100		68,300	
Repairs and maintenance	12,262		28,973	
Salaries and allowance	1,523,841		1,531,535	
Staff training	5,950		-	
Storage fee	9,726		11,671	
Sundry expenses	8,213		33,998	
Telephone and internet	23,240		30,409	
Transportation	3,176		5,458	
		(2,493,659)		(2,794,967)
<b>Deficit before tax</b>		<b>(510,101)</b>		<b>(481,401)</b>



**HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED**  
**DETAILED INCOME STATEMENT**  
**YEAR ENDED 31 MARCH 2024**

(For management purpose only)

**DEFICIT ON ACTIVITIES**

	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
Activities income	<b>714,370</b>	114,130
Activities expenses	<b>(1,557,977)</b>	(511,243)
	<b>(843,607)</b>	(397,113)

	<u>Activities income</u>	<u>Activities expenses</u>	<u>Surplus / (Deficit)</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
Activities held for the year:			
<i>Funding from HKARF</i>			
1. Pilot Scheme for Therapeutic Ceramics Classes	20,175	(125,688)	(105,513)
2. Expensive Drug Support Scheme	264,800	(390,243)	(125,443)
3. Patient Conference 2023	154,005	(49,352)	104,653
<i>Funding from HKJC</i>			
4. Hydrotherapy Classes	173,350	(529,449)	(356,099)
5. Patient Self management Programme	5,840	(31,134)	(25,294)
6. Physiotherapy Exercise Class	78,500	(114,633)	(36,133)
<i>Funding from Kadoorie Charitable Foundation</i>			
7. Pilot Scheme for Therapeutic Ceramics Classes	13,800	(108,756)	(94,956)
8. Pastel Nagomi Art Workshop	3,900	(4,122)	(222)
9. VR Project of Nursing and Health Studies	-	(204,600)	(204,600)
	<b>714,370</b>	<b>(1,557,977)</b>	<b>(843,607)</b>