

+

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 2025

Our Reference: H54127

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
REPORTS AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2025

<u>Contents</u>	<u>Page</u>
Report of the Executive Committee	1 - 2
Independent Auditor's Report	3 - 5
Income Statement	6
Statement of Financial Position	7
Statement of Changes in Accumulated Fund	8
Notes to the Financial Statements	9 - 13

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 2025.

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 2025 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

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

Lee Ka Wing, Gavin
Chairman
Hong Kong,
[Date]

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

3

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 2025, 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 (“HKSA”) 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)**

4

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)**

5

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,
[Date]

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
INCOME STATEMENT
YEAR ENDED 31 MARCH 2025

6

		2025	2024
	<i>Note</i>	HK\$	HK\$
Revenue	3	8,498,519	3,433,307
Other income	4	65,673	108,228
Administrative expenses		(2,550,464)	(2,493,659)
Activities expenses		(2,369,003)	(1,557,977)
Surplus/ (Deficit) before tax	5	3,644,725	(510,101)
Income tax	6	-	-
Surplus/ (Deficit) for the year		3,644,725	(510,101)

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2025

7

	<i>Note</i>	2025 HK\$	2024 HK\$
Non-current assets			
Property, plant and equipment	7	<u>17,384</u>	<u>41,113</u>
Current assets			
Deposits, prepayment and other receivable		1,620,323	1,347,204
Cash and bank balances		<u>4,930,505</u>	<u>2,858,593</u>
		<u>6,550,828</u>	<u>4,205,797</u>
Current liabilities			
Accruals		43,151	45,574
Deposit received		<u>-</u>	<u>1,321,000</u>
		<u>(43,151)</u>	<u>(1,366,574)</u>
Net current assets		<u>6,507,677</u>	<u>2,839,223</u>
NET ASSETS		<u>6,525,061</u>	<u>2,880,336</u>
ACCUMULATED FUND			
Reserve		37,159	37,159
Accumulated surplus		<u>6,487,902</u>	<u>2,843,177</u>
		<u>6,525,061</u>	<u>2,880,336</u>

Approved by the Executive Committee and signed on its behalf on [Date].

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 2025

8

	Reserve <i>HK\$</i>	Accumulated surplus <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2023	37,159	3,353,278	3,390,437
Deficit for the year	-	(510,101)	(510,101)
At 31 March 2024	37,159	2,843,177	2,880,336
Surplus for the year	-	3,644,725	3,644,725
At 31 March 2025	37,159	6,487,902	6,525,061

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

	2025 <i>HK\$</i>	2024 <i>HK\$</i>
Revenue comprises the following: -		
Book sales	66	1,487
Funding from HKJC	3,227,880	1,275,677
Funding from Kadoorie Charitable Foundation	877,600	840,825
General donations	3,327,903	205,248
Income from activities	887,570	714,370
Sponsorship income	177,500	395,700
	8,498,519	3,433,307

4. OTHER INCOME

	2025 <i>HK\$</i>	2024 <i>HK\$</i>
Bank interest income	45,713	82,123
Sundry income	19,960	26,105
	65,673	108,228

5. DEFICIT BEFORE TAX

	2025 <i>HK\$</i>	2024 <i>HK\$</i>
Deficit before tax is stated: -		
After charging:-		
Auditor's remuneration	30,900	10,000
Public education expenses	133,580	310,514
Rent and rates	282,800	162,100
Staff cost	1,615,313	1,586,819

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 <u>fixtures</u> <i>HK\$</i>	Leasehold <u>improvement</u> <i>HK\$</i>	Computer and <u>software</u> <i>HK\$</i>	<u>Total</u> <i>HK\$</i>
Cost				
At 1 April 2024	1,200,876	290,943	160,525	1,652,344
Additions	3,648	-	-	3,648
At 31 March 2025	<u>1,204,524</u>	<u>290,943</u>	<u>160,525</u>	<u>1,655,992</u>
Aggregate depreciation				
At 1 April 2024	1,181,548	290,943	138,740	1,611,231
Depreciation for the year	12,332	-	15,045	27,377
At 31 March 2025	<u>1,193,880</u>	<u>290,943</u>	<u>153,785</u>	<u>1,638,608</u>
Net carrying amounts				
At 31 March 2025	<u>10,644</u>	<u>-</u>	<u>6,740</u>	<u>17,384</u>
At 31 March 2024	<u>19,328</u>	<u>-</u>	<u>21,785</u>	<u>41,113</u>

8. OPERATING LEASE

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

	2025 <i>HK\$</i>	2024 <i>HK\$</i>
Within one year	384,200	271,200
Later than one year	-	384,200
	<u>384,200</u>	<u>655,400</u>

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
DETAILED INCOME STATEMENT
YEAR ENDED 31 MARCH 2025

(For management purpose only)

	2025	2025	2024	2024
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Income				
Book sales	66		1,487	
Funding from HKJC	3,227,880		1,275,677	
Funding from Kadoorie Charitable Foundation	877,600		840,825	
General donations	3,327,903		205,248	
Income from activities	887,570		714,370	
Sponsorship income	177,500		395,700	
	<u> </u>	8,498,519	<u> </u>	3,433,307
Other income				
Anti-epidemic fund	-		-	
Bank interest income	45,713		82,123	
Sundry income	19,960		26,105	
	<u> </u>	65,673	<u> </u>	108,228
Activities expenditures		(2,369,003)		(1,557,977)
Administrative expenses				
Accountancy fee	40,200		62,725	
Advertisement	16,576		21,847	
Auditor's remuneration	30,900		10,000	
Bank charges	4,088		6,330	
Cleaning	19,425		19,997	
Company secretary fee	4,670		14,740	
Computer expenses	51,790		39,834	
Courier	16,576		24,955	
Depreciation	27,377		44,437	
Electricity, water and gas	26,395		27,161	
Insurance	36,746		40,694	
Mandatory provident fund	54,090		62,978	
Office equipment	4,931		6,916	
Printing, postage and stationery	9,525		32,061	
Public education expenses	133,580		310,514	
Recruitment	-		8,008	
Refreshment and souvenirs	21,452		11,954	
Rent and rates	282,800		162,100	
Repairs and maintenance	29,445		12,262	
Salaries and allowance	1,561,223		1,523,841	
Staff training	27,412		5,950	
Storage fee	-		9,726	
Sundry expenses	37,293		8,213	
Telephone and internet	23,970		23,240	
Transportation	-		3,176	
	<u> </u>	(2,550,464)	<u> </u>	(2,493,659)
Surplus/ s(Deficit) before tax		<u><u>3,644,725</u></u>		<u><u>(510,101)</u></u>

HONG KONG ARTHRITIS & RHEUMATISM FOUNDATION LIMITED
DETAILED INCOME STATEMENT
YEAR ENDED 31 MARCH 2025

(For management purpose only)

DEFICIT ON ACTIVITIES

	2025	2024
	HK\$	HK\$
Activities income	887,570	714,370
Activities expenses	(2,369,003)	(1,557,977)
	(1,481,433)	(843,607)

Activities held for the year:	<u>Activities income</u>	<u>Activities expenses</u>	<u>Surplus / (Deficit)</u>
	HK\$	HK\$	HK\$
<i>Funding from HKARF</i>			
1. Pilot Scheme for Therapeutic Ceramics Classes	200	(38,422)	(38,222)
2. Expensive Drug Support Scheme	377,450	(564,389)	(186,939)
3. Hydrotherapy Classes	35,160	(17,700)	17,460
4. Physiotherapy Exercise Class (OT/PT)	22,800	-	22,800
5. Sounds of Support for Rheumatic Patients	63,000	(85,667)	(22,667)
<i>Funding from HKSH</i>			
6. Hydrotherapy Classes	12,480	(44,800)	(32,320)
7. Physiotherapy Exercise Class (OT/PT)	18,000	-	18,000
<i>Funding from HKJC</i>			
8. Hydrotherapy Classes	223,750	(577,858)	(354,108)
9. Patient Self management Programme	1,380	(115,290)	(113,910)
10 Physiotherapy Exercise Class	85,350	(255,723)	(170,373)
<i>Funding from Kadoorie Charitable Foundation</i>			
11 Therapeutic Ceramics Classes	33,800	(157,213)	(123,413)
12 Pastel Nagomi Art Workshop	14,200	(58,341)	(44,141)
13 VR Project	-	(453,600)	(453,600)
	887,570	(2,369,003)	(1,481,433)