# TEN PERCENT DONATION SCHEME FOUNDATION

# DIRECTORS' REPORT

# AND

# FINANCIAL STATEMENTS

# DECEMBER 31, 2025

LAU & LAU LIMITED

劉國安劉湛深會計師事務所有限公司

## TEN PERCENT DONATION SCHEME FOUNDATION
## REPORT OF THE DIRECTORS

The directors present herewith their annual report together with the audited financial statements of the Foundation for the year ended March 31, 2026.

**Principal activities**
The Foundation is principally engaged in charitable activities. The main objectives of the Foundation are to relieve children and their families who are suffering from need, poverty or lack of education in Hong Kong and worldwide or severe economic difficulties and to advance public education in Hong Kong and worldwide.

**Results**
The results of the Foundation for the year ended March 31, 2026 and the state of affairs of the Foundation as at that date are set out in the financial statements on pages 5 to 11.

**Charitable donations**
Charitable donations during the year amounted to HK$2,200,965 (2025: HK$2,340,815).

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

| | |
|---|---|
| **Chong Tin Lung, Benny** | |
| **Chau Jonathan Chun Pong** | |
| **So David Tat Man** | |
| **Sun Kwok Wah, Peter** | **(Resigned on June 5, 2025)** |
| **Tsoi Man Po** | **(Resigned on June 5, 2025)** |
| **Wong Hin Shek** | **(Resigned on June 5, 2025)** |

The Foundation received no written notice from Sun Kwok Wah, Peter, Tsoi Man Po, and Wong Hin Shek specifying that their resignations were due to reasons relating to the affairs of the Foundation.

In accordance with Article 48 of the Foundation's Articles of Association, all the directors shall retire from office and, being eligible, offer themselves for re-election.

**Permitted indemnity provision**
At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more directors of the Foundation.

At the time of approval of this report, there are no permitted indemnity provisions in force for the benefit of one or more directors of the Foundation.

**Management contract**
The Foundation did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Foundation, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Foundation.

**Business review**
The Foundation falls within reporting exemption for the financial year. Accordingly, the Foundation is exempted from preparing a business review.

**(Continued)**

**Equity-linked arrangements**

Neither the Foundation entered into any equity-linked agreements during the year nor any equity-linked agreements entered into by the Foundation subsisted at the end of the year.

**Honorary auditor**

A resolution will be submitted to the annual general meeting to appoint Lau & Lau Limited, Certified Public Accountants, as honorary auditor of the Foundation.

**On behalf of the Board**



**Chairman**
(Chong Tin Lung, Benny)
Hong Kong, August 18, 2026

*Lau & Lau Limited*
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF TEN PERCENT DONATION SCHEME FOUNDATION**
(Incorporated in Hong Kong with limited by guarantee)

**Opinion**
We have audited the financial statements of Ten Percent Donation Scheme Foundation ("the Foundation") set out on pages 5 to 11, which comprise the statement of financial position as at March 31, 2026, and the statement of income and retained earnings 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 Foundation as at March 31, 2026, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS for Private Entities Accounting Standard ("HKFRS for Private Entities") 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 ("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 Foundation 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.

**Other Information**
The directors are responsible for the other information. The other information comprises the information included in the directors' report, 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 and Those Charged with Governance 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 for Private Entities 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 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 directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

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

**(Continued)**

**(Continued)**

**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF TEN PERCENT DONATION SCHEME FOUNDATION**
(Incorporated in Hong Kong with limited by guarantee)

**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 (Cap. 622), and for no other purposes. 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 Foundation'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 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.
- 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 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.

**Lau & Lau Limited**
**Certified Public Accountants**
**Lau Justin Cham Sum**
**(Practising Certificate No. P05874)**
Hong Kong, August 18, 2026

**TEN PERCENT DONATION SCHEME FOUNDATION**
**STATEMENT OF INCOME AND RETAINED EARNINGS**
**FOR THE YEAR ENDED MARCH 31, 2026**

| | Note | 2026<br>HK$ | 2025<br>HK$ |
|---|---|---|---|
| **Revenue** | **(3)** | 3,554,766 | 2,989,317 |
| Interest income | | 3,163 | 18,935 |
| Donation | | (2,200,965) | (2,340,815) |
| Activities expenses | | (761,182) | (756,892) |
| Administrative expenses | | (914,706) | (876,094) |
| **Deficit before tax** | **(4)** | (318,924) | (965,549) |
| Income tax expense | **(5)** | - | - |
| **Deficit for the year** | | (318,924) | (965,549) |
| **Accumulated surplus at start of the year** | | 2,523,327 | 3,488,876 |
| **Accumulated surplus at end of the year** | | 2,204,403 | 2,523,327 |

**The notes on pages 8 to 11 form part of these financial statements.**

**TEN PERCENT DONATION SCHEME FOUNDATION**
**STATEMENT OF FINANCIAL POSITION**
**AS AT MARCH 31, 2026**

| | Note | 2026 HK$ | 2025 HK$ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Deposit and prepayments | | 90,145 | 98,272 |
| Cash and cash equivalents | (7) | 2,400,468 | 2,700,312 |
| | | 2,490,613 | 2,798,584 |
| **CURRENT LIABILITIES** | | | |
| Accruals | | 286,210 | 275,257 |
| | | 286,210 | 275,257 |
| **NET CURRENT ASSET / NET ASSETS** | | 2,204,403 | 2,523,327 |
| **FUNDS** | | | |
| Accumulated surpluses | | 2,204,403 | 2,523,327 |

**The financial statements on pages 5 to 11 were approved and authorised for issue by the Members of the Board on August 18, 2026**

**Director**
(Chong Tin Lung, Benny)

**Director**
(So David Tat Man)

**The notes on pages 8 to 11 form part of these financial statements.**

**TEN PERCENT DONATION SCHEME FOUNDATION**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED MARCH 31, 2026**

| | Note | 2026 HK$ | 2025 HK$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Deficit before tax | | (318,924) | (965,549) |
| Adjustment for: | | | |
| Interest income | | (3,163) | (18,935) |
| Operating deficit before working capital changes | | (322,087) | (984,484) |
| Decrease / (Increase) in deposit and prepayment | | 8,127 | (5,392) |
| Increase in accruals | | 10,953 | 51,989 |
| *Net cash used in operating activities* | | (303,007) | (937,887) |
| **Cash flows from investing activities** | | | |
| Interest income | | 3,163 | 18,935 |
| *Net cash generated from investing activities* | | 3,163 | 18,935 |
| **Cash flows from financing activities** | | | |
| *Net cash generated from financing activities* | | - | - |
| **Net decrease in cash and cash equivalents** | | (299,844) | (918,952) |
| **Cash and cash equivalents at beginning of the year** | | 2,700,312 | 3,619,264 |
| **Cash and cash equivalents at end of the year** | **(7)** | 2,400,468 | 2,700,312 |

**The notes on pages 8 to 11 form part of these financial statements.**

**TEN PERCENT DONATION SCHEME FOUNDATION**
**ACCOUNTING POLICIES AND EXPLANATORY NOTES**
**TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED MARCH 31, 2026**

## 1. General information

Ten Percent Donation Scheme Foundation ("the Foundation") incorporated under the Hong Kong Companies Ordinance as a Foundation limited by guarantee without a share capital. The Foundation's registered office is located at Room B1A, 8/F., Lladro Centre, 72 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong. The Foundation is principally engaged in charitable activities. The main objectives of the Foundation are to relieve children and their families who are suffering from need, poverty or lack of education in Hong Kong and worldwide or severe economic difficulties and to advance public education in Hong Kong and worldwide.

## 2. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with the HKFRS for Private Entities Accounting Standard (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the accrual basis of accounting and on the basis that the Foundation is a going concern. A summary of the significant accounting policies adopted by the Foundation is set out below.

They have been prepared under the historical cost convention.

### 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 basis:

Income from donations is recognised when cash is received and includes all sums received up to the reporting date.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

### b) Taxation

No income tax is provided as the Foundation is exempted from income tax under Section 88 of the Inland Revenue Ordinance.

### c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

### d) Trade and other receivables

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

### e) Leases

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

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

**2. Basis of preparation and accounting policies (Continued)**

**e) Leases (Continued)**

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

**f) Employee benefit obligations**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

**g) Employee benefits—long-service payment**

The liability for employee benefit obligations relates to government-mandated long-service payments. All full-time staff, excluding directors, are covered by the programme.

The Company's cost and obligation to make long-service payments to employees are recognised during the employees' periods of service. The cost and obligation are measured using the simplified method, discounted using the current market yield for high quality corporate bonds.

**h) Related parties**

For the purpose of these financial statements, related party includes a person and entity as defined below:

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

(i) is a member of the key management personnel of the Foundation;

(ii) has control over the Foundation; or

(iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

(b) An entity is related to the Foundation if any of the following conditions applies:

(i) 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 reporting entity is itself such a plan, the sponsoring employers are also related to the plan.

(ii) the entity is controlled or jointly controlled by a person identified in (a).

(iii) a person identified in (a)(i) has significant voting power in the entity.

**3. Revenue**

Revenue is also the Foundation's turnover. An analysis of turnover is as follows:

| | 2026<br>HK$ | 2025<br>HK$ |
|---|---|---|
| Donation income | 3,554,766 | 2,989,317 |
| | 3,554,766 | 2,989,317 |

## 4. Deficit before tax

| | 2026<br>HK$ | 2025<br>HK$ |
|---|---|---|
| Deficit before tax is arrived at after charging / (crediting): | | |
| Audit fee * | - | - |
| Staff costs | | |
| Comprising: | | |
| - Contributions to defined contribution retirement plan | 28,084 | 27,530 |
| - Salaries, wages and other benefits | 605,545 | 578,600 |
| Interest income | (3,163) | (18,935) |

* Honorary Auditor

## 5. Income tax expense

No provision for Hong Kong profits tax has been made as the Foundation is exempted from income tax under Section 88 of the Inland Revenue Ordinance.

## 6. Directors' remuneration

No emoluments have been paid or are payable to the directors of the Foundation for their services rendered during the year. (2025: Nil)

## 7. Cash and cash equivalents

| | 2026<br>HK$ | 2025<br>HK$ |
|---|---|---|
| Bank balances | 2,400,468 | 2,700,312 |

## 8. Related party transactions

Details of the balance with related parties are set out in notes to the financial statements.

## 9. Operating leases commitments

The Foundation had operating leases as at March 31, 2026. The total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2026<br>HK$ | 2025<br>HK$ |
|---|---|---|
| Within one year | - | 13,000 |
| Later than one year but within five years | - | - |
| Later than five years | - | - |
| | - | 13,000 |

**10. Financial instruments**

| | 2026<br>HK$ | 2025<br>HK$ |
|---|---|---|
| Financial assets | | |
| Financial assets measured at amortised cost | 2,490,613 | 2,798,584 |
| Total | 2,490,613 | 2,798,584 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 286,210 | 275,257 |
| Total | 286,210 | 275,257 |

**11. Approval of financial statements**

The financial statements on page 5 to 11 were approved and authorised for issue by the Board of Directors on August 18, 2026.