

SIK SIK YUEN

**THE ANNUAL FINANCIAL REPORT
(LUMP SUM GRANT SERVICES)**

FOR THE YEAR ENDED 31 MARCH, 2026



范陳會計師行有限公司
Fan, Chan & Co. Limited

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON
THE ANNUAL FINANCIAL REPORT
(LUMP SUM GRANT SERVICES)**

TO THE BOARD OF DIRECTORS OF SIK SIK YUEN

(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of Sik Sik Yuen ("the Company") for the year ended 31 March, 2026 in accordance with Hong Kong Standards on Auditing as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unmodified auditors' report thereon dated 21 August, 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 Company for the year ended 31 March, 2026.

Responsibilities of the Directors

In relation to this report, the Directors are responsible for ensuring the AFR of the Company for the year ended 31 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 Company 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.

Auditor's Responsibility

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 performed our work to obtain reasonable assurance for giving conclusion 1 and obtain limited assurance for giving conclusion 2 below.



范陳會計師行有限公司
Fan, Chan & Co. Limited

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON
THE ANNUAL FINANCIAL REPORT
(LUMP SUM GRANT SERVICES)**

TO THE BOARD OF DIRECTORS OF SIK SIK YUEN

(Incorporated in Hong Kong and limited by guarantee)

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.

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 Company 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 Company for the year ended 31 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 Company 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 Company 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.

Fan, Chan & Co. Limited
Certified Public Accountants
Leung Kwong Kin
Practising Certificate Number P03702

Hong Kong, 21 August, 2026

Member of Nexia

Rooms 1007-1012, 10/F., K. Wah Centre, 191 Java Road, North Point, Hong Kong
香港北角渣華道191號嘉華國際中心10樓1007-1012室

2

Tel: (852) 2816 3188
Fax: (852) 2891 5103

E-mail: fanchan@fanchan.com
Website: www.fanchan.com

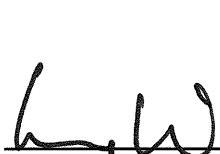
SIK SIK YUEN
ANNUAL FINANCIAL REPORT
(LUMP SUM GRANT SERVICES)
1 APRIL, 2025 TO 31 MARCH, 2026

	Notes	<u>Total</u> <u>2025-26</u>	<u>Total</u> <u>2024-25</u>
		\$	\$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	208,997,784.00	212,596,350.00
b. Provident Fund	1c	14,082,660.00	14,453,449.00
2. Fee Income	2	15,026,328.30	14,948,886.10
3. Central Items	3a	9,139,090.00	9,506,932.00
4. Rent and Rates	4	10,117,777.00	9,554,134.00
5. Other Income	5	5,753,284.23	4,228,195.84
6. Interest Received		1,758,312.91	3,316,162.54
TOTAL INCOME		<u>264,875,236.44</u>	<u>268,604,109.48</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		200,480,711.05	199,197,676.45
b. Provident Fund	1c	11,485,714.32	15,817,771.53
c. Allowances		570,826.29	716,908.11
d. Other Staff Costs		<u>4,373,988.68</u>	<u>6,069,757.77</u>
Sub-total	6	216,911,240.34	221,802,113.86
2. Other Charges	7	31,545,221.42	31,872,875.87
3. Central Items	3b	9,121,205.34	9,489,749.87
4. Rent and Rates	4	<u>10,075,066.70</u>	<u>9,650,036.80</u>
TOTAL EXPENDITURE		<u>267,652,733.80</u>	<u>272,814,776.40</u>
C. (DEFICIT) FOR THE YEAR	8	<u>(2,777,497.36)</u>	<u>(4,210,666.92)</u>

The Annual Financial Report from pages 3 to 16 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Subvention Manual.

Approved by the Board on 21 August, 2026 and signed on its behalf by:


Mr. Lai Chak Sum
Chairman


Mr. Leung Wai Tai
Director


Ms. Sin Pik Shan
Chief Executive Officer

SIK SIK YUEN
NOTES ON THE ANNUAL FINANCIAL REPORT
(LUMP SUM GRANT SERVICES)
1 APRIL, 2025 TO 31 MARCH, 2026

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:

<u>Provident Fund Contribution</u>	<u>Snapshot Staff</u>	<u>Other Posts</u>	<u>Total</u>
	\$	\$	\$
Subvention Received	1,109,660.00	12,973,000.00	14,082,660.00
Provident Fund Contribution Paid during the Year	(735,347.18)	(10,750,367.14)	(11,485,714.32)
Surplus for the Year	374,312.82	2,222,632.86	2,596,945.68
<u>Add:</u> Surplus b/f	689,576.90	28,630,521.51	29,320,098.41
Additional subvention received for previous year(s)	-	109,690.00	109,690.00
<u>Less:</u> Refund to Government	(253,088.00)	-	(253,088.00)
Transfer of Provident Fund Reserve for use in the same areas as LSG Reserve ¹	N/A	-	-
Surplus c/f	810,801.72	30,962,844.37	31,773,646.09

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.

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.

SIK SIK YUEN
NOTES ON THE ANNUAL FINANCIAL REPORT
(LUMP SUM GRANT SERVICES)
1 APRIL, 2025 TO 31 MARCH, 2026

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:

	<u>2025-26</u>	<u>2024-25</u>
a. Income	\$	\$
Infirmary Care Supplement for Residential Elderly Services	9,124,179.00	9,492,021.00
Time-defined Subsidy Scheme for Extended Hours Service Users	4,417.00	4,417.00
Time-defined Subsidy Scheme for Occasional Child Care Service	10,494.00	10,494.00
Total	<u>9,139,090.00</u>	<u>9,506,932.00</u>
b. Expenditure	<u>2025-26</u>	<u>2024-25</u>
	\$	\$
Infirmary Care Supplement for Residential Elderly Services	<u>9,121,205.34</u>	<u>9,489,749.87</u>

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 AFR.

The breakdown on Other Income is as follows:

	<u>2025-26</u>	<u>2024-25</u>
	\$	\$
Other Income		
(a) Programme income	2,454,625.00	2,397,587.00
(b) Production income	870,617.00	927,026.70
(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	-	-
(d) Reimbursement of Maternity Leave Pay from Labour Department	-	-
(e) Subsidy received for Abolition of MPF offsetting Arrangement from Labour Department	83,255.79	-
(f) Miscellaneous income	2,344,786.44	903,582.14
Sub-Total	<u>5,753,284.23</u>	<u>4,228,195.84</u>
Less: Utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS which forms as part of Other Income*	-	-
Total	<u>5,753,284.23</u>	<u>4,228,195.84</u>

*For those programmes which are regarded as FSA services only

SIK SIK YUEN
NOTES ON THE ANNUAL FINANCIAL REPORT
(LUMP SUM GRANT SERVICES)
1 APRIL, 2025 TO 31 MARCH, 2026

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:

<u>Analysis on Personal Emoluments paid under LSG</u>	<u>No. of Posts</u>	<u>\$</u>
HK\$1,000,001 - HK\$1,100,000 p.a.	9	9,542,056.31
HK\$1,100,001 - HK\$1,200,000 p.a.	3	3,455,424.37
HK\$1,200,001 - HK\$1,300,000 p.a.	-	-
HK\$1,300,001 - HK\$1,400,000 p.a.	1	1,345,760.84
HK\$1,400,001 - HK\$1,500,000 p.a.	1	1,473,005.59
>HK\$1,500,000 p.a.	1	1,548,903.50

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:

<u>Other Charges²</u>	<u>2025-26</u>	<u>2024-25</u>
	<u>\$</u>	<u>\$</u>
(a) Utilities	7,186,619.59	7,437,088.97
(b) Food (including food for service users)	8,367,658.79	8,703,011.32
(c) Administrative Expenses	1,685,845.29	1,697,968.98
(d) Stores and Equipment	1,714,570.42	1,736,900.39
(e) Minor Repair and Maintenance	2,576,041.04	2,700,798.68
(f) Special Allowances	-	-
(g) Programme Expenses	5,653,719.50	5,427,798.86
(h) Transportation and Travelling	322,445.46	322,978.06
(i) Insurance	1,464,106.75	1,252,988.97
(j) Miscellaneous	2,574,214.58	2,593,341.64
Sub-Total	31,545,221.42	31,872,875.87
Less: Utilised allocation under CI : ASCP / Enhanced ASCP / ASCP(PC) - FWSS* which forms as part of Other Income	-	-
Total	31,545,221.42	31,872,875.87

*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.

SIK SIK YUEN
NOTES ON THE ANNUAL FINANCIAL REPORT
(LUMP SUM GRANT SERVICES)
1 APRIL, 2025 TO 31 MARCH, 2026

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

	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	223,080,444.00	-	-	-	-	-	223,080,444.00
Fee Income	15,026,328.30	-	-	-	-	-	15,026,328.30
Other Income	5,753,284.23	-	1,159,590.93	-	-	-	6,912,875.16
Interest Received (Note (1))	1,758,312.91	-	-	-	-	-	1,758,312.91
Rent and Rates	-	-	-	-	10,117,777.00	-	10,117,777.00
Central Items	-	-	-	-	-	9,139,090.00	9,139,090.00
Total Income (a)	245,618,369.44	-	1,159,590.93	-	10,117,777.00	9,139,090.00	266,034,827.37
Expenditure							
Personal Emoluments	211,911,240.34	5,000,000.00	868,650.65	-	-	-	217,779,890.99
Other Charges	31,545,221.42	-	1,270,826.69	-	-	-	32,816,048.11
Rent and Rates	-	-	-	-	10,075,066.70	-	10,075,066.70
Central Items	-	-	-	-	-	9,121,205.34	9,121,205.34
Total Expenditure (b)	243,456,461.76	5,000,000.00	2,139,477.34	-	10,075,066.70	9,121,205.34	269,792,211.14
	T1	T2	T3				
Surplus/(Deficit) for the Year (a) - (b)	2,161,907.68	(5,000,000.00)	(979,886.41)	-	42,710.30	17,884.66	(3,757,383.77)
Less: Surplus of Provident Fund (PF)	(2,596,945.68)	-	-	-	-	-	(2,596,945.68)
Surplus/(Deficit) for the Year (excl. PF)	(435,038.00)	(5,000,000.00)	(979,886.41)	-	42,710.30	17,884.66	(6,354,329.45)
Surplus/(Deficit) b/f (Note (2))	44,057,080.97	13,700,250.93	(3,114,491.34)	-	(95,902.80)	17,182.13	54,564,119.89
Adjustment (Note (6))	-	-	(1,327,720.09)	-	-	-	(1,327,720.09)
	43,622,042.97	8,700,250.93	(5,422,097.84)	-	(53,192.50)	35,066.79	46,882,070.35
Add: Refund from Government	-	-	-	-	220,568.00	-	220,568.00
Less: Refund to Government	-	-	-	-	(124,665.20)	(17,182.13)	(141,847.33)
Transfer for use in the same areas as LSG Reserve from PF Reserve / HA Reserve	-	-	-	-	-	-	-
Combine HA Reserve with LSG Reserve in Year 4 when there is no Snapshot Staff	-	-	-	-	-	-	-
Transfer from LSG Reserve to cover the salary adjustment for Infirmary Care Supplement (Note (3))	-	-	-	-	-	-	-
Transfer from Other Funds / (to) LSG Reserve^	-	-	-	-	-	-	-
Adjustment for utilised allocation under <u>Enhanced</u> ASCP / ASCP(PC) - FWSS* (over-estimated) / under-estimated in previous year(s)	-	-	-	-	-	-	-
Surplus/(Deficit) c/f (Note (4))	43,622,042.97	8,700,250.93	(5,422,097.84)	-	42,710.30	17,884.66	46,960,791.02
	S1	S2	S3				

Notes: * 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 Purposes

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

(i) 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] 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 (K1)) for the year.

(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.

(6) Please refer to Annex 5.1 & 5A, the project of "Reach to Bridge" funded by HKJC and exempt from cost apportionment.