The financial information of Annual Financial Report (AFR) presented here is not the statutory financial statements of the Society for that year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Society would present the statutory financial statements of the Society to the Registrar of Companies as required by section 662(3) of, and part 3 of Schedule 6 to, the Companies Ordinance.

The Society's auditor has reported on those statutory financial statements. The auditor's report was neither qualified nor modified; did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the report; and did not contain a statement under section 406(2) of (3) of the Companies Ordinance.

THE SOCIETY OF REHABILITATION AND CRIME PREVENTION, HONG KONG
香港善導會

THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH, 2026

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范陳會計師行有限公司
Fan, Chan & Co. Limited

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE ANNUAL FINANCIAL REPORT TO THE MEMBERS OF EXECUTIVE COMMITTEE OF THE SOCIETY OF REHABILITATION AND CRIME PREVENTION, HONG KONG
(Incorporated in Hong Kong and limited by guarantee)

We have audited the financial statements of The Society of Rehabilitation and Crime Prevention ("the Agency") for the year ended 31 March, 2026 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have issued an unmodified auditor's report thereon dated 23 October, 2026.

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

Responsibilities of the Members of Executive Committee

In relation to this report, the Members of Executive Committee are responsible for ensuring the AFR of the Agency 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 Agency 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.

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 PN851 (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.

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INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE ANNUAL FINANCIAL REPORT TO THE MEMBERS OF EXECUTIVE COMMITTEE OF THE SOCIETY OF REHABILITATION AND CRIME PREVENTION, HONG KONG
(Incorporated in Hong Kong and limited by guarantee)

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 Agency 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.

Conclusions

1. In our opinion, the AFR of the Agency 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 Agency 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 Agency 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.

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

Hong Kong, 23 October, 2026

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ANNUAL FINANCIAL REPORT

NGO : THE SOCIETY OF REHABILITATION AND CRIME PREVENTION, HONG KONG

1 APRIL 2025 TO 31 MARCH 2026

	Notes	2025-26 $	2024-25 $
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	145,462,511	145,665,493
b. Provident Fund	1c	10,369,666	10,911,980
2. Fee Income	2	23,480,941	11,706,057
3. Central Items	3	4,094,424	4,046,994
4. Rent and Rates	4	4,666,582	3,694,201
5. Other Income	5	19,445,347	27,666,919
6. Interest Received		810,096	1,500,547
TOTAL INCOME		208,329,567	205,192,191
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		153,465,765	157,004,854
b. Provident Fund	1c	11,827,565	11,797,209
c. Allowances		597,715	1,628,644
Subtotal	6	165,891,045	170,430,707
2. Other Charges	7	37,723,913	31,812,129
3. Central Items	3	4,276,747	3,866,510
4. Rent and Rates	4	4,668,219	4,413,171
TOTAL EXPENDITURE		212,559,924	210,522,517
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	(4,230,357)	(5,330,326)

The Annual Financial Report from pages 3 to 13 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Subvention Manual.

The Hon. Mr. Justice POON Siu-tung
Chairperson
Date: 23 October, 2026

Ms. CHEUNG Ling
Acting Chief Executive
Date: 23 October, 2026

THE SOCIETY OF REHABILITATION AND CRIME PREVENTION, HONG KONG

NOTES ON THE ANNUAL FINANCIAL REPORT

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

Details are analysed below:

Provident Fund Contribution	Snapshot Staff	Other Posts	Total
	$	$	$
Subvention Received	1,930,500	8,439,166	10,369,666
Provident Fund Contribution Paid during the Year	(1,500,347)	(9,252,036)	(10,752,383)
Surplus/ (Deficit) for the Year	430,153	(812,870)	(382,717)
Add: Surplus b/f	1,029,396	13,965,058	14,994,454
Additional subvention received for previous year	-	26,215	26,215
Less: Refund to Government	(53,308)	-	(53,308)
Add: Adjustment per SWD Letter dated 30 January 2023	1	-	1
Surplus c/f	1,406,242	13,178,403	14,584,645

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.

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:

a. Income	2025-26	2024-25
	$	$
Short-term Rental Assistance to Newly Discharged Prisoners	1,584,000	1,584,000
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	1,569,384	1,497,342
Time-defined Allocation of Ethnic Minority District Ambassdaor (EMDA) Posts	941,040	965,652
Total	4,094,424	4,046,994

b. Expenditure	2025-26	2024-25
	$	$
Short-term Rental Assistance to Newly Discharged Prisoners	2,376,237	1,945,054
Financial Incentive Scheme for Mentors of Employes with Disabilities	-	11,500
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	1,106,313	1,118,819
Time-defined Allocation of Ethnic Minority District Ambassdaor (EMDA) Posts	794,197	791,137
Total	4,276,747	3,866,510

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:

		2025-26 $	2024-25 $
(a)	Fees and charges for services incidental to the operation of subvented services	2,021,845	1,506,665
(b)	Reimbursement of Maternity Leave Pay from Labour Department	122,735	45,469
		2,144,580	1,552,134

6. Personal Emoluments

Personal Emoluments include salary, provident fund and salary-related allowances.
The analysis on number of posts with annual Personal Emoluments over $1,000,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	No of Posts	$
HK$1,000,001 - HK$1,100,000 p.a.	5	5,237,844
HK$1,100,001 - HK$1,200,000 p.a.	9	10,347,293
HK$1,200,001 - HK$1,300,000 p.a.	3	3,711,783
HK$1,300,001 - HK$1,400,000 p.a.	0	-
HK$1,400,001 - HK$1,500,000 p.a.	0	-
>HK$1,500,000 p.a.	2	3,909,802

7. Other Charges

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

The breakdown on Other Charges is as follows:

Other Charges		2025-26 $	2024-25 $
(a)	Utilities	1,742,557	1,862,581
(b)	Food (including food for service users)	3,857,501	3,410,611
(c)	Administrative Expenses	1,057,704	989,316
(d)	Stores and Equipment	3,694,673	2,838,816
(e)	Minor Repair and Maintenance	1,094,286	1,197,870
(f)	Programme Expenses	5,361,981	4,131,134
(g)	Transportation and Travelling	587,934	584,945
(h)	Insurance	1,071,149	1,027,960
(i)	Miscellaneous	1,598,092	1,295,137
	Total	20,065,877	17,338,370

THE SOCIETY OF REHABILITATION AND CRIME PREVENTION, HONG KONG
NOTES ON THE ANNUAL FINANCIAL REPORT
1 APRIL 2025 TO 31 MARCH 2026

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

	Lump Sum Grant (LSG)	Holding Account (HA)	Other Funds or Donations for Designated Purposes	Adjustment for Utilised allocation under ASCP / Enhanced ASCP / ASCP(PC) - FWSS	Rent and Rates	Central Items (CI)	Total
	$	$	$	$	$	$	$
Income							
Lump Sum Grant	155,832,177	-	-	-	-	-	**155,832,177**
Fee Income	1,923,695	-	21,557,246	-	-	-	**23,480,941**
Other Income	2,144,580	-	17,300,767	-	-	-	**19,445,347**
Interest Received **(Note (1))**	794,640	-	15,456	-	-	-	**810,096**
Rent and Rates	-	-	-	-	4,666,582	-	**4,666,582**
Central Items	-	-	-	-	-	4,094,424	**4,094,424**
Total Income (a)	**160,695,092**	-	**38,873,469**	-	**4,666,582**	**4,094,424**	**208,329,567**
Expenditure							
Personal Emoluments	142,741,311	-	23,149,734	-	-	-	**165,891,045**
Other Charges	20,065,878	-	17,658,035	-	-	-	**37,723,913**
Rent and Rates	-	-	-	-	4,668,219	-	**4,668,219**
Central Items	-	-	-	-	-	4,276,747	**4,276,747**
Total Expenditure (b)	**162,807,189**	-	**40,807,769**	-	**4,668,219**	**4,276,747**	**212,559,924**
Surplus/(Deficit) for the Year (a)-(b)	(2,112,097)	-	(1,934,300)	-	(1,637)	(182,323)	**(4,230,357)**
Less : Surplus of Provident Fund	382,717	-	-	-	-	-	**382,717**
	(1,729,380)	-	(1,934,300)	-	**(1,637)**	**(182,323)**	**(3,847,640)**
Surplus/(Deficit) b/f (Note (2))	**27,790,451**	**17,787,912**	**(13,581,722)**	-	**(1,522,616)**	**634,587**	**31,108,612**
Less : Refund to Government	-	-	-	-	(150,427)	(382,639)	**(533,066)**
Refund / Additional from SWD							
Back Pay Subvention received for Rent and Rates	-	-	-	-	311,404	-	**311,404**
Adjustment per SWD Letter dated 30 January 2023	62	-	-	-	-	-	**62**
Adjustment for HKJC and Comm Chest	-	-	8,432,469	-	-	-	**8,432,469**
Adjustment for Prior Year (before 1.4.2024)	-	-	(375,989)	-	-	-	**(375,989)**
Surplus/(Deficit) c/f (Note (4))	**26,061,133**	**17,787,912**	**(7,459,542)**	-	**(1,363,276)**	**69,625**	**35,095,852**

Notes :

\# No items being the utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS*

* For those programmes which are regarded as FSA services/ FSA-related activities only

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

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

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

(4) For NGOs without HA, separate disclosure of the movement of HA in their respective AFRs is not necessary. The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K1)) for the year.
For NGOs with HA, with effect from 2023-23, 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.

(ii) Without SS [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year (which is regarded as Year 0) was zero]
For the next three years (Year 1 to Year 3), the level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K1)) for the year.
From the fourth financial year (Year 4) onwards, the level of LSG cumulative reserve and HA reserve will be counted altogether and the combined reserve amount (i.e. S1+S2) wil be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K1)) for the year.
In this regard, separate disclosure of the movement of HA in their respective AFRs is not necessary.

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

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