ANGKOR HOSPITAL FOR CHILDREN LIMITED

(incorporated in Hong Kong with limited liability by guarantee)

Directors' Report and
Financial Statements
For the year ended 31 December 2025

ANGKOR HOSPITAL FOR CHILDREN LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of quality paediatric health care to Cambodian children and free care to those living in poverty; to work with the Cambodian Ministry of Health to strengthen Cambodia's healthcare system through the training of doctors, nurses and health workers; to play a central role in improving public health for all children.

FINANICAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Company for the year ended 31 December 2025 and the financial position of the Company as at that date are set out in the financial statements on pages 8 to 34.

BUSINESS REVIEW

In 2025, the Company made significant progress in advancing its mission to provide quality healthcare to Cambodian children. While overall income was lower than the previous year, the Company continued to receive valuable donor support and maintained the delivery of critical healthcare services through careful financial management and operational stewardship at Angkor Hospital for Children in Siem Reap.

Objectives of business

The Company is an independent non-profit organisation. The Company's mission is to improve healthcare for all of Cambodia's children.

The Company operates Angkor Hospital for Children in Siem Reap Cambodia. Angkor Hospital for Children is a paediatric teaching hospital officially recognised by the Ministry of Health in Cambodia. The strategic priorities of the organisation are:

- To provide specialty care for children across Cambodia with long-term, rare or acute conditions.
- To improve healthcare for children across Cambodia through education for health workers, community members and caregivers.
- To run a locally led, strong and transparent organisation.

Results for the year ended 31 December 2025

The Company's income for the year was USD 5,287,740, representing a 26% decrease compared to the previous year. The organisation continues to seek out and secure support from a diverse group of donors, however the reliance of the organisation upon voluntary contributions from third parties means the Company remains exposed to changes in donor priorities and scope in addition to regional and global economic trends.

The Company's operating expenses for the year were USD 5,929,590, an increase of 2% compared to the previous year.

BUSINESS REVIEW - Continued

Results for the year ended 31 December 2025 - Continued

The deficit for the year was USD (641,850), down from USD 1,342,544 in 2024. The deficit for the year is comprised of a USD 331,059 net reduction in property, plant and equipment and a USD 310,791 operational deficit.

Reserves

At year-end, the organisation held an operational free cash reserve (net current assets excluding inventories) of USD 3,638,477, representing about seven months of operating costs. The directors recognise the importance of maintaining a sufficient cash reserve to ensure sustainability and manage fundraising risks.

Risks and Uncertainties

The Company faces several risks common to charitable organisations, including:

1. Pressure on funding due to reliance on donor contributions. A significant drop in funding may require a reduction in activity.

2. Compliance with laws and regulations within a developing regulatory environment, which may affect operations if not adhered to.

The directors actively monitor and manage these risks with appropriate mitigation plans.

Stakeholder Engagement

The organisation's key stakeholders include patients, donors, employees, suppliers, and the Cambodian Government. The Company recognises the importance of the involvement of stakeholders in achieving its strategic priorities. The Company regularly engages with stakeholders to ensure that the Company's systems reflect consideration of all stakeholder interests. For example, the hospital conducts an annual patient satisfaction survey, the involvement of employees in setting the organisations strategic priorities and the maintenance of regular communications with donors.

Outlook

In preparing these financial statements, the directors have reported and disclosed all the important events affecting the Company.

The next twelve months will see the continued implementation of the organisations strategic plan which aims to improve healthcare for all of Cambodia's children.

ANGKOR HOSPITAL FOR CHILDREN LIMITED

DIRECTORS' REPORT

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Kenro Izu
Sambath Soum
Robert Andrew Gazzi
Wing Hoy Lawrence Tsang
Lundi Keo
Shun May Yeung
Paul Joseph Bamatter
Alexander Stuart Davy
Lindsay William Ernest Cooper
Nicholas Philip John Day
Jean-Gaetan Guillemaud (Resigned on 2 January 2026)
Sokleang Chea
Vireak Va
Dararith Lim

In accordance with Article 57 of the Company's Articles of Association, all directors are appointed for a three-year term and are eligible for re-election upon retirement.

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party and in which a director of the Company or an entity connected with the directors had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

PERMITTED INDEMNITY PROVISIONS

A permitted indemnity provision provided by the Company for the benefit of the directors of the Company is currently in force and was in force throughout the year.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

On behalf of the directors



Sambath Soum
Director

Hong Kong, 10 AUG 2026

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ANGKOR HOSPITAL FOR CHILDREN LIMITED

(incorporated in Hong Kong with limited liability by guarantee)

Opinion

We have audited the financial statements of Angkor Hospital for Children Limited (the "Company") set out on pages 8 to 34, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to these financial statements 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 Company 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.

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.

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO international Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the applicable HKFRS Accounting Standards as issued by the HKICPA that are relevant to these financial statements 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 Company'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 intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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, 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with HKSAs, 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.

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- 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 Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

- 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 Company'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 Company 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 the directors 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.

BDO Limited
Certified Public Accountants
Chan, Tony Yuk Tung
Practising Certificate Number P04654

Hong Kong, 10 AUG 2026

ANGKOR HOSPITAL FOR CHILDREN LIMITED

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 US$	2024 US$
Income			
Contributions received from third parties		4,459,595	6,201,787
Overseas government grants		16,933	121,157
Donations in kind	6	1,717	16,000
Sales of goods		16,993	8,549
Provision of services		638,456	635,969
Other income	7	154,046	197,278
		5,287,740	7,180,740
Expenditure			
Operating expenses		(5,929,590)	(5,838,196)
(Deficit)/surplus and total comprehensive (loss)/income for the year	8	(641,850)	1,342,544
Of which:			
Unrestricted (deficit)/surplus		(641,850)	1,342,544

ANGKOR HOSPITAL FOR CHILDREN LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	2025 US$	2024 US$
Non-current assets			
Property, plant and equipment	12	3,197,176	3,357,086
Current assets			
Inventories	13	366,920	279,330
Accounts and other receivables	14	191,253	578,500
Cash and cash equivalents		4,159,784	4,452,383
Total current assets		4,717,957	5,310,213
Total assets		7,915,133	8,667,299
Current liabilities			
Accounts payable and accruals	15	169,835	157,487
Deferred grant income	16	514,003	616,668
Seniority payment obligations	17	28,722	30,235
Total current liabilities		712,560	804,390
Net current assets		4,005,397	4,505,823
Non-current liability			
Seniority payment obligations	17	290,738	309,224
Total liabilities		1,003,298	1,113,614
NET ASSETS		6,911,835	7,553,685
Fund employed			
Unrestricted funds		6,911,835	7,553,685
TOTAL FUNDS		6,911,835	7,553,685

On behalf of the board of directors

Sambath Soum
Director

Tsang Wing Hoy Lawrence
Director

ANGKOR HOSPITAL FOR CHILDREN LIMITED

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Unrestricted funds US$
Balance as 1 January 2024		6,211,141
Surplus and total comprehensive income for the year		1,342,544
Balance as 31 December 2024		7,553,685
Deficit and total comprehensive loss for the year		(641,850)
Balance as 31 December 2025	20	6,911,835

ANGKOR HOSPITAL FOR CHILDREN LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 US$	2024 US$
Cash flows from operating activities		
(Deficit)/surplus for the year	(641,850)	1,342,544
Adjustments for:		
Depreciation of property, plant and equipment	323,339	312,986
Donations in kind of property, plant and equipment	(1,717)	(16,000)
Interest income	(145,927)	(183,201)
Seniority payment obligations adjustment	8,358	18,000
Loss in disposal of property, plant and equipment	7,720	4,077
Operating (loss)/profit before working capital changes	(450,077)	1,478,406
Increase in inventories	(87,590)	(8,049)
Decrease in accounts and other receivables	394,563	219,143
Increase/(decrease) in accounts payable and accruals	12,348	(45,819)
Decrease in deferred grant income	(102,665)	(478,284)
Decrease in seniority payment obligations	(28,357)	(28,358)
Net cash (used in)/generated from operating activities	(261,778)	1,137,039
Cash flows from investing activities		
Interest income received	138,611	171,526
Purchase of property, plant and equipment	(169,432)	(235,225)
Net cash used in investing activities	(30,821)	(63,699)
Net (decrease)/increase in cash and cash equivalents	(292,599)	1,073,340
Cash and cash equivalents at beginning of the year	4,452,383	3,379,043
Cash and cash equivalents at end of the year	4,159,784	4,452,383

1. GENERAL

Angkor Hospital for Children Limited (the "Company") is incorporated in Hong Kong with liability limited by guarantee. The Company's registered office is located at Room 1901, 19th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. The Company's operation is principally located in Cambodia.

The principal activities of the Company are the provision of quality paediatric health care to Cambodian children and free care to those living in poverty; to work with the Cambodian Ministry of Health to strengthen Cambodia's healthcare system through the training of doctors, nurses and health workers; to play a central role in improving public health for all children.

The Company is an approved charitable organisation within the meaning of section 88, Chapter 112 of the Inland Revenue Ordinance and, accordingly, is exempted from Hong Kong Profits Tax.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) New standards, interpretations and amendments adopted from 1 January 2025

Amendments to HKAS 21	Lack of Exchangeability

The adoption of these amendments had no material impact on the Company's financial statements.

(b) New or amended HKFRS Accounting Standards that have been issued but are not yet effective

The following new or amended HKFRS Accounting Standards, potentially relevant to the Company's financial statements, have been issued, but are not yet effective and have not been early adopted by the Company. The Company's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[2]

[1] Effective for annual periods beginning on or after 1 January 2026
[2] Effective for annual periods beginning on or after 1 January 2027

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS - Continued

The Company is in the process of making an assessment of what the impact of these new or amended HKFRS Accounting Standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements of the Company except for the new standards and amendments as set out in the following paragraph.

HKFRS 18 "Presentation and disclosure in financial statements"

HKFRS 18 which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8. Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ('HKASs') and Interpretations (collectively 'HKFRS Accounting Standards') issued by the HKICPA and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The financial statements have been prepared in United States dollars ("US$"), which is the functional currency of the Company.

4. MATERIAL ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment is depreciated so as to write off the cost or valuation net of expected residual value of an asset over its estimated useful life on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold land and buildings	Over the lease terms
Leasehold improvements	Over the lease terms
Medical equipment	7 years
Office equipment	7 years
Motor vehicles	7 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. MATERIAL ACCOUNTING POLICIES - Continued

(b) Leases

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low value. The Company has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and comprises:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);
(ii) any lease payments made at or before the commencement date, less any lease incentives received;
(iii) any initial direct costs incurred by the lessee; and
(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for a right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Company applies the revaluation model, the Company measures the right-of-use assets applying a cost model. Under the cost model, the Company measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, adjusted for any remeasurement of the lease liability. For a right-of-use asset that meets the definition of an investment property, it is carried at fair value and for a right-of-use asset that meets the definition of leasehold land and buildings held for own use, it is carried at revalued amount.

The Company accounts for leasehold land and buildings that are held for rental or capital appreciation purposes under HKAS 40 and they are carried at fair value. The Company accounts for leasehold land and buildings which are held for own use under HKAS 16 and they are carried at revalued amount. Other than the above right-of-use assets, the Company also has leased a number of properties under tenancy agreements where the Company has exercised it judgement and determined that they are a separate class of asset apart from the leasehold land and buildings which are held for own use. As a result, the right-of-use assets arising from the properties under tenancy agreements are carried at depreciated cost.

4. MATERIAL ACCOUNTING POLICIES - Continued

(b) **Leases - Continued**

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the Company's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

(i) fixed lease payments less any lease incentives receivable;
(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
(iii) amounts expected to be payable by the lessee under residual value guarantees;
(iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and
(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Company measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;
(ii) reducing the carrying amount to reflect the lease payments made; and
(iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except that the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICIES - Continued

(b) **Leases - Continued**

When the Company renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated contract terms increase the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. Except where the practical expedient for Covid-19-Related Rent Concessions applies, if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

(c) **Financial instruments**

(i) **Financial assets**

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

4. MATERIAL ACCOUNTING POLICIES - Continued

(c) Financial instruments - Continued

(i) Financial assets - Continued

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Company recognises loss allowances for expected credit loss ("ECL") on trade receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases:

- 12-months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for accounts and other receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

4. MATERIAL ACCOUNTING POLICIES - Continued

(c) Financial instruments - Continued

(ii) Impairment loss on financial assets - Continued

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Company classifies its financial liabilities depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including accounts payable and accruals, lease liabilities and balances due to network organisations are initially recognised at fair value, net of directly attributable costs incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

4. MATERIAL ACCOUNTING POLICIES - Continued

(c) Financial instruments - Continued

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(d) Foreign currency

Transactions entered into by the Company in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

(e) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out basis. Costs comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4. MATERIAL ACCOUNTING POLICIES - Continued

(e) **Inventories - Continued**

When inventories are consumed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The Company receives donated medicines and medical supplies, but has not recorded these in the financial statements because the value of this inventory cannot be reliably estimated.

(f) **Revenue recognition**

Revenue from contracts with supporters is recognised when control of goods and services is transferred to the supporters at an amount that reflects the consideration to which the Fund expects to be entitled in exchange for those services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if the Fund's performance:

- provides all of the benefits received and consumed simultaneously by the supporter;
- creates or enhances an asset that the supporter controls as the Fund performs; or
- does not create an asset with an alternative use to the Fund and the Fund has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the supporter obtains control of the goods or services.

4. MATERIAL ACCOUNTING POLICIES - Continued

(f) **Revenue recognition - Continued**

(i) Contributions received from third parties and government subventions

Contributions received from third parties and government subventions are recognised when there is a reasonable assurance that the Company will comply with all attached conditions and that contributions from third parties and government subventions will be received.

In the statement of income and expenditure and other comprehensive income, where the revenue item is attributable to restricted funds for specific purposes, the revenue is allocated to the restricted funds category.

(ii) Donations in kind

Donations in kind are recognised when the goods or equipment are received and where the value can be reliably estimated.

(iii) Sales of goods

Revenue is recognised at a point in time when the customer take possession of and accepts the products.

(iv) Provision of services

Service income is recognised over time in accordance with terms of the underlying agreements.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(g) **Impairment of other assets**

At the end of each reporting period, the Company reviews the carrying amounts of equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

4. MATERIAL ACCOUNTING POLICIES - Continued

(g) **Impairment of other assets - Continued**

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(h) **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. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(i) **Seniority payment obligations**

Seniority payment obligations are recognised at the present value of defined obligation at the reporting period using the projected unit credit method to better estimate the ultimate cost to the Company that employees have earned in return for their service in the current and prior period. That obligations arises as employees render the services that the Company expected to pay in the future reporting periods. The present value of the seniority back payment is determined by discounting the estimated future payments.

(j) **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. MATERIAL ACCOUNTING POLICIES - Continued

(k) Related parties

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

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of key management personnel of the Company or the Company's parent.

(b) An entity is related to the Company if any of the following conditions apply:

(i) The entity and the Company 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 the employees of the Company or an entity related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person indentified in (a)(i) has significant influence over the entity or is a member of 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 Company or to the Company's parent.

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 dealing with the entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, the Executive Committee is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Seniority payment obligations

The present value of the seniority payment obligations depends on a number of factors that are determined on a basis using a number of assumptions. The assumptions used in determining the ultimate cost for seniority payment include the staff turnover and discount rate. Any changes in these assumptions will impact the carrying amount of seniority payment obligations. The Company used the discount rate to determine the present value of the estimated future cash outflows expected to be required to settle the seniority payment obligation.

6. DONATIONS IN KIND

The Company received donations in kind of property, plant and equipment of US$1,717 (2024: US$16,000) and medical supplies and medicines from donors.

Property, plant and equipment donations are usually the result of specific requests made to donors for equipment needed for a defined immediate use in the hospital and for which the value is known. Donated property, plant and equipment are valued at amounts which would be expected to be paid on the open market for equipment of a similar specification and age. The carrying value of donated property, plant and equipment at 31 December 2025 was US$119,435 (2024: US$153,021).

Donations of medical supplies and medicines are less specific, and often represent goods that the hospital may not have purchased itself on the open market, and are therefore difficult to value. Donations of medicines and medical supplies are not recorded in the financial statements as the amounts cannot be reliably estimated.

7. OTHER INCOME

	2025 US$	2024 US$
Interest income	145,927	183,201
Sundry income	8,119	14,077
	154,046	197,278

8. SURPLUS FOR THE YEAR

Surplus for the year is stated after charging:

	2025 US$	2024 US$
Auditors' remuneration	24,260	19,692
Cost of inventories consumed and sold	696,675	633,363
Depreciation of property, plant and equipment	323,339	312,986
Exchange losses, net	8,394	12,612
Expenses relating to leases of low-value assets	5,850	9,240
Loss on disposal of property, plant and equipment	7,720	4,077
Staff costs (note 9)	3,837,757	3,696,141

9. STAFF COSTS

	2025 US$	2024 US$
Staff costs (including directors' remuneration) comprise:		
Salaries, allowances and other benefits	3,677,714	3,545,114
Pension costs - defined contribution plans	151,685	133,027
Seniority payment obligation adjustments	8,358	18,000
	3,837,757	3,696,141

10. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) is as follows:

	2025 US$	2024 US$
Fees	-	-
Other emoluments		
- Salaries, allowance and other benefits in kind	-	-
- Pension costs - defined contribution plans	-	-
	-	-

11. INCOME TAX

The Company is an approved charitable organisation within the meaning of section 88, Chapter 112 of the Inland Revenue Ordinance and, accordingly, is exempted from Hong Kong Profits Tax.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building US$	Leasehold improvements US$	Medical equipment US$	Office equipment US$	Motor vehicles US$	Total US$
Cost						
At 1 January 2025	2,528,314	606,809	1,828,036	428,070	294,030	5,685,259
Additions	-	28,243	118,312	24,594	-	171,149
Disposal	(141)	(8,563)	(26,372)	-	-	(35,076)
At 31 December 2025	2,528,173	626,489	1,919,976	452,664	294,030	5,821,332
Accumulated depreciation						
At 1 January 2025	740,892	94,972	970,872	302,440	218,997	2,328,173
Charge for the year	58,686	16,287	198,191	30,556	19,619	323,339
Eliminated on disposal	(26)	(1,558)	(25,772)	-	-	(27,356)
At 31 December 2025	799,552	109,701	1,143,291	332,996	238,616	2,624,156
Net book value						
At 31 December 2025	1,728,621	516,788	776,685	119,668	55,414	3,197,176

12. PROPERTY, PLANT AND EQUIPMENT - Continued

	Leasehold land and building US$	Leasehold improvements US$	Medical equipment US$	Office equipment US$	Motor vehicles US$	Total US$
Cost						
At 1 January 2024	2,528,314	606,809	1,661,520	401,531	253,730	5,451,904
Additions	-	-	173,066	37,859	40,300	251,225
Disposal	-	-	(6,550)	(11,320)	-	(17,870)
At 31 December 2024	2,528,314	606,809	1,828,036	428,070	294,030	5,685,259
Accumulated depreciation						
At 1 January 2024	682,206	79,002	790,244	281,458	196,070	2,028,980
Charge for the year	58,686	15,970	186,816	28,587	22,927	312,986
Eliminated on disposal	-	-	(6,188)	(7,605)	-	(13,793)
At 31 December 2024	740,892	94,972	970,872	302,440	218,997	2,328,173
Net book value						
At 31 December 2024	1,787,422	511,837	857,164	125,630	75,033	3,357,086

13. INVENTORIES

	2025 US$	2024 US$
Medicines	176,634	140,553
Medical supplies	158,858	107,769
Office and housekeeping supplies	31,428	31,008
	366,920	279,330

14. ACCOUNTS AND OTHER RECEIVABLES

	2025 US$	2024 US$
Contribution receivables	124,930	73,500
Other receivables and deposits	37,080	459,544
Prepayments	29,243	45,456
	191,253	578,500

15. ACCOUNTS PAYABLE AND ACCRUALS

	2025 US$	2024 US$
Accounts payable	122,315	113,071
Accrued expenses	47,520	44,416
	169,835	157,487

16. DEFERRED GRANT INCOME

These amounts represent contributions received from third parties against future expenditures of the Company. The deployment of such contributions is restricted to specific uses and will recognised as income in the period to which the restricted expenditure relates.

The deferred grant income is expected to be recognised as income within one year.

17. SENIORITY PAYMENT OBLIGATIONS

The Company assessed the impact of seniority back payment obligations for its employees and estimated the liabilities of US$319,460 (2024: US$339,459), which were recognised in the financial statements accordingly.

	2025 US$	2024 US$
Current portion	28,722	30,235
Non-current portion	290,738	309,224
	319,460	339,459

The assumptions used in determining the ultimate cost for seniority payment include:

	2025	2024
Discount rate per annum	4.85%	4.79%
Staff turnover rate per annum	1.04%	1.04%

18. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

In light of the simplicity of the operations, the risk management of the Company is carried out by the directors directly. The directors discuss principles for overall risk management, as well as policies covering specific areas, such as credit risk, liquidity risk and use of financial instruments.

(a) Categories of financial assets and financial liabilities

The carrying amounts presented in the statement of financial position related to the following categories of financial assets and financial liabilities.

	2025 US$	2024 US$
Financial assets measured at amortised costs		
- Accounts and other receivables	191,253	578,500
- Cash and cash equivalents	4,159,784	4,452,383
	4,351,037	5,030,883

18. FINANCIAL RISK MANAGEMENT - Continued

(a) Categories of financial assets and financial liabilities - Continued

	2025 US$	2024 US$
Financial liabilities measured at amortised cost		
- Accounts payable and accruals	169,835	157,487
- Deferred grant income	514,003	616,668
- Seniority payment obligations	319,460	339,459
	1,003,298	1,113,614

(b) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no significant currency risk as most of the transactions which give rise to receivables and payables, and cash and cash equivalents are denominated in the Company's functional currency.

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest bearing financial assets and liabilities.

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are financial institutions that have sound credit ratings. The directors consider that no loss allowance is necessary in respect of the receivables at the probability of default is assessed to be insignificant.

The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the statement of financial position.

18. FINANCIAL RISK MANAGEMENT - Continued

(e) Liquidity risk

Liquidity risk refers to a risk an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The Company's policy is to regularly monitor current and expected liquidity and funding requirements to ensure that it maintains sufficient fund to meet its liquidity and funding requirements in the short and longer terms.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including interest payments computed using contractual rates based on the earliest date on which the Company can be required to pay.

	Carrying amount US$	Total contractual undiscounted cash flow US$	Within one year or on demand US$	More than one year but less than two years US$	More than two years but less than five years US$	More than five years US$
As at 31 December 2025						
Accounts payable and accruals	169,835	169,835	169,835	-	-	-
Deferred grant income	514,003	514,003	514,003	-	-	-
Seniority payment obligations	319,460	469,746	28,721	28,111	82,229	330,685
	1,003,298	1,153,584	712,559	28,111	82,229	330,685
As at 31 December 2024						
Accounts payable and accruals	157,487	157,487	157,487	-	-	-
Deferred grant income	616,668	616,668	616,668	-	-	-
Seniority payment obligations	339,459	507,762	30,235	29,196	84,687	363,644
	1,113,614	1,281,917	804,390	29,196	84,687	363,644

19. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to carry out hospital activities and meet its objectives. The Company manages capital by regularly monitoring its current and expected liquidity requirements.

The Company is not subjected to either internally or externally imposed capital requirements.

20. RESERVES

The opening and closing balances of each component of the Company's fund and a reconciliation between these amounts are set out in the statement of changes in fund.

Reserves are not available for distribution to members and are held solely for the objectives of the Company.

Unrestricted funds are available for the purposes of the organisation to be spent as the management sees fit within the stated objectives of the Company.

Restricted funds are subject to agreements which limit their use to a specific purpose, declared by the donor or their authority, which is still within the objectives of the Company.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the directors on 10 AUG 2026 .