HABITAT FOR HUMANITY HONG KONG LIMITED

(incorporated in Hong Kong with liability by guarantee)

Directors' Report and
Consolidated Financial Statements
for the year ended 30 June 2025

BDO

HABITAT FOR HUMANITY HONG KONG LIMITED

DIRECTORS' REPORT

The directors present their report together with the audited consolidated financial statements of Habitat for Humanity Hong Kong Limited (the "Association") and its subsidiary (collectively referred to as the "Group") for the year ended 30 June 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Group are developing communities with people in need by building and renovating houses, as well as promoting and developing specific regional programmes towards elimination of sub-standard housing and homeless in the region. The principal activity of its subsidiary is set out in Note 14 to the consolidated financial statements. There has been no change of principal activities comparing to prior year.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Group for the year ended 30 June 2025 and the financial position of the Group as at that date are set out in the consolidated financial statements on pages 6 to 33.

GENERAL FUND AND OPERATING RESERVE FUND

Movements in the general fund of the Group during the year are set out on page 8 of the consolidated financial statements.

DIRECTORS

The directors of the Association who held office during the year and up to the date of this report were as follows:

CHANG, Jenny Ho (Chair)	
HUANG, Thomas (Vice-Chair)	
CHEN, Mau Wai (Treasurer)	
SHEK, Rachael Ming Kei (Secretary)	
MOORE, Marie Claire Lim	(Resigned on 8 March 2025)
HWANG, Wing Cheung Peter	
CHOI, Wun Hing Donald	
BROWN, Taylor Leslie	(Resigned on 22 May 2025)
YIP, Ngai Ming	(Resigned on 8 March 2025)
BUTTLE, Samantha June	
BARNES, Alexander Thomas	
PROUDLOCK, Timothy Laurence	

Each member of the Association undertakes to contribute an amount not exceeding HK$100 to the assets of the Association in the event of its being wound up.

DIRECTORS - CONTINUED

In accordance with the Articles of Association, one-third of the present directors will retire and being eligible, offer themselves for re-election.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

REPORTING EXEMPTION

The Association fell within the reporting exemption under Section 359 of the Hong Kong Companies Ordinance, Cap.622, and accordingly the preparation of a business review is exempted under Section 388 of the Hong Kong Companies Ordinance, Cap.622. For the same reason, the disclosures of directors' material interests in transactions, arrangements or contracts and arrangements to purchase shares or debentures are not applicable under Companies (Directors' Report) Regulation, Cap.622D.

PERMITTED INDEMNITY PROVISIONS

During the financial year and as at the date of this report, a qualifying indemnity provision made by the Association for the benefits of the directors of the Association is in force.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Association to re-appoint BDO Limited as auditor of the Association.

On behalf of the directors

CHANG, Jenny Ho
Chair

Hong Kong, 04 NOV 2025

BDO

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HABITAT FOR HUMANITY HONG KONG LIMITED
(incorporated in Hong Kong with liability limited by guarantee)

Opinion

We have audited the consolidated financial statements of Habitat for Humanity Hong Kong Limited (the "Association") and its subsidiary (together the "Group") set out on pages 6 to 33, which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HABITAT FOR HUMANITY HONG KONG LIMITED
(incorporated in Hong Kong with liability limited by guarantee)

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HABITAT FOR HUMANITY HONG KONG LIMITED
(incorporated in Hong Kong with liability limited by guarantee)

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

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the group audit. We remain solely responsible for our audit opinion.

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

Or Ying Ying, Anita
Practising Certificate Number: P07424

Hong Kong, 04 NOV 2025

HABITAT FOR HUMANITY HONG KONG LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025 HK$	2024 HK$
Revenue	6	13,539,276	12,531,445
Other income	7	34,754	339,991
Other loss	8	-	(5,300)
Administrative expenses		(1,701,906)	(1,746,730)
Fund raising expenses		(3,133,740)	(3,036,049)
Programme expenses		(9,388,762)	(6,997,855)
Total operating expenses		(14,224,408)	(11,780,634)
Finance costs	9	(92,783)	(47,582)
(Deficit)/Surplus before income tax	10	(743,161)	1,037,920
Income tax	12	-	-
(Deficit)/Surplus for the year		(743,161)	1,037,920
Other comprehensive income for the year, net of tax		-	-
(Deficit)/Surplus and total comprehensive income for the year		(743,161)	1,037,920

HABITAT FOR HUMANITY HONG KONG LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Notes	2025 HK$	2024 HK$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	89,637	73,936
		89,637	73,936
Current assets			
Accounts receivables	15	120,000	131,200
Prepayments, deposits and other receivables	16	321,502	152,262
Amounts due from Habitat Global Network	17	281,767	145,702
Cash and cash equivalents		15,583,459	6,595,593
		16,306,728	7,024,757
Current liabilities			
Accruals and other payables	19	4,512,120	1,741,162
Loan from Habitat International	18	422,012	-
Amount due to Habitat International	17	2,496,000	-
Amounts due to Habitat Global Network	17	215,994	157,185
		7,646,126	1,898,347
Net current assets		8,660,602	5,126,410
Non current liabilities			
Accruals and other payables	19	4,622,283	-
Loan from Habitat International	18	1,250,061	1,579,290
		5,872,344	1,579,290
NET ASSETS		2,877,895	3,621,056
EQUITY			
General fund		2,097,895	2,841,056
Operating reserve fund	24	780,000	780,000
TOTAL EQUITY		2,877,895	3,621,056

On behalf of the directors

CHANG, Jenny Ho
Chair

CHEN, Mau Wai
Treasurer

HABITAT FOR HUMANITY HONG KONG LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	General Fund HK$	Operating reserve fund (Note 24) HK$	Total HK$
At 1 July 2023	711,136	1,872,000	2,583,136
Fund transfer	1,092,000	(1,092,000)	-
Surplus and total comprehensive income for the year	1,037,920	-	1,037,920
At 30 June 2024 and 1 July 2024	2,841,056	780,000	3,621,056
Deficit and total comprehensive income for the year	(743,161)	-	(743,161)
At 30 June 2025	2,097,895	780,000	2,877,895

HABITAT FOR HUMANITY HONG KONG LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	2025 HK$	2024 HK$
Cash flow from operating activities		
(Deficit)/Surplus before income tax	(743,161)	1,037,920
Adjustments for:		
Depreciation	26,479	22,645
Interest expense	92,783	47,582
Interest income	(32,913)	(30,899)
Discount at initial recognition on interest-free loan from Habitat International	-	(309,092)
Loss on disposals of property, plant and equipment	-	5,300
Operating (deficit)/surplus before working capital changes	(656,812)	773,456
Increase in accounts and other receivables	(158,040)	(61,397)
Increase in amounts due from Habitat Global Network	(136,065)	(10,660)
Increase/(Decrease) in accruals and other payables	7,393,241	(2,189,705)
Net cash generated from/(used in) operating activities	6,442,324	(1,488,306)
Cash flows from financing activities		
Loan from Habitat International	-	1,840,800
Advance from Habitat International	2,496,000	-
Advance from/(Repayment to) Habitat Global Network	58,809	(52,815)
Net cash generated from financing activities	2,554,809	1,787,985
Cash flows from investing activities		
Interest received	32,913	30,899
Purchase of property, plant and equipment	(42,180)	(29,386)
Net cash (used in)/generated from investing activities	(9,267)	1,513
Net increase in cash and cash equivalents	8,987,866	301,192
Cash and cash equivalents at beginning of year	6,595,593	6,294,401
Cash and cash equivalents at end of year		
- represented by bank balances and cash	15,583,459	6,595,593

1. GENERAL

Habitat for Humanity Hong Kong Limited (the "Association") is an association limited by guarantee and incorporated in Hong Kong. The Association's registered office and principal place of business is located at 13/F, The Hive Lai Chi Kok, Liberal Factory Building, No.3 Wing Ming Street, Cheung Sha Wan, Hong Kong.

The Association and its subsidiary (hereafter referred to as the "Group") are principally engaged in developing communities with people in need by building and renovating houses, as well as promoting and developing specific regional programmes towards elimination of sub-standard housing and homeless in the region. The principal activities of its subsidiary are detailed in Note 14.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the Hong Kong Companies Ordinance.

(b) Basis of measurement

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

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the same as the functional currency of the Association.

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of amended HKFRS Accounting Standards - first effective on 1 July 2024

In the current year, the Group has applied for the first time the following amended standards issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual accounting period beginning on 1 July 2024:

Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of these amended HKFRS Accounting Standards had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

(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 Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective:

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards - Volume II[2]
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

[1] Effective for annual periods beginning on or after 1 January 2025

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

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

3. ADOPTION OF HKFRS ACCOUNTING STANDARDS - Continued

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

HKFRS 18 - Presentation and Disclosure in Financial Statements

HKFRS 18 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 *Basis of Preparation of Financial Statements* (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated 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.

HKFRS 18 is effective for annual periods beginning on or after 1 January 2027. Retrospective application is required and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

4. ACCOUNTING POLICIES

(a) Subsidiary

A subsidiary is an investee over which the Association is able to exercise control. The Association controls an investee if all three of the following elements are present: power over the investee, exposure or rights to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Association's statement of financial position, investment in subsidiary is stated at cost less impairment loss, if any. The operating result of subsidiary is accounted for by the Association on the basis of dividends received and receivable.

(b) Property, plant and equipment

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

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

4. ACCOUNTING POLICIES - Continued

(b) Property, plant and equipment - Continued

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 Association and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are recognised in surplus or deficit during the reporting period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives 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:

Computer equipment	5 years

An asset is written down immediately to its recoverable amount if the asset's carrying amount is higher than its 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 surplus or deficit on disposal.

(c) Impairment of property, plant and equipment and interest in subsidiary

At the end of each reporting period, the Association reviews the carrying amounts of property, plant and equipment and interest in subsidiary to determine whether there is any indication that these 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, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

4. ACCOUNTING POLICIES - Continued

(d) 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 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 Group 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 market place.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group has one measurement category which is financial assets at amortised cost.

Financial assets at amortised cost are 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. They 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 or loss on derecognition is recognised in profit or loss.

4. ACCOUNTING POLICIES - Continued

(d) Financial instruments - Continued

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) 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 Group 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 Group and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group 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 Group's historical experience, informed credit assessment, and forward-looking information.

The Group presumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full; or (2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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.

4. ACCOUNTING POLICIES - Continued

(d) Financial instruments - Continued

(iii) Financial liabilities at amortised cost

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred.

Financial liabilities at amortised cost including amounts due to Habitat Global Network and accounts and other payables are initially measured at fair value, net of directly attributable costs incurred, and recognised when the Group becomes party to the contractual obligations of the instrument. They 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.

(iv) Derecognition

The Group 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 Instruments ("HKFRS 9").

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

(e) Leasing

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially recognised at cost (which comprises the initial measurement of the lease liabilities, initial direct costs, reinstatement costs, any payments made at or before the commencement date less any lease incentives received), and subsequently at costs less accumulated depreciation and impairment losses. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the date of commencement of the lease, discounting using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate is used. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest costs on the lease liability and decreased by lease payments made.

4. ACCOUNTING POLICIES - Continued

(e) Leasing - Continued

Payments associated with short-term leases (i.e. leases with a lease term of 12 months or less) and low value leases are expensed on a straight-line basis.

(f) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(g) Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Group using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the end of the reporting period retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. ACCOUNTING POLICIES - Continued

(h) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the reporting period when the employees render the related service.

(ii) Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees. Both the Group and the employees are required to contribute 5% of the employees' relevant income (the maximum relevant income being HK$30,000 per month) up to a maximum of HK$1,500 per employee per month.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(iv) Long service payment ("LSP")

The Group's net obligation under the Hong Kong Employment Ordinance in respect of LSP on cessation of employment under certain circumstances is the estimated discounted amount of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated annually using the projected unit credit method, taking into account offsetable accrued benefits related to the Group's MPF Scheme contributions.

4. ACCOUNTING POLICIES - Continued

(i) Related parties

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

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

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

(i) The entity and the Group are members of the same group.
(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 Group or an entity related to the Group.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of 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 Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity 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.

4. ACCOUNTING POLICIES - Continued

(j) Revenue recognition

Fund raising income for general administration and designated projects, and administrative income are recognised when the Group's right to receive payment is established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(k) Government grants

Government grants are recognised at their fair value in the period where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income and expenditure statement over the expected useful life of the relevant asset on a straight line basis.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group 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.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Loss allowance on financial assets

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, management assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. Management considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information as well as forward-looking analysis.

Provision for LSP

The Group's provision for LSP is determined with reference to statutory requirements, the employees' remuneration, their years of service and age profile. The basis of estimation is reviewed on an on-going basis and revised where appropriate. Any changes to these assumptions will impact the carrying amount of provision for LSP and the results and financial position of the Group.

6. REVENUE

	2025 HK$	2024 HK$
Fundraising income and Government Disaster Relief Fund	13,447,189	12,531,445
Donation for Global Village Projects	92,087	-
	13,539,276	12,531,445

Note:

It represented donations from Corporates, Foundations, Individuals and Government Disaster Relief Fund. Disaster Relief Fund provided an effective channel for the Government of the Hong Kong Special Administrative Region to respond swiftly to appeals for humanitarian aid in relief of disasters that occur outside Hong Kong. All the attached conditions are complied and therefore recognised as revenue during the year.

7. OTHER INCOME

	2025 HK$	2024 HK$
Bank interest income	32,913	30,899
Discount at initial recognition on interest-free loan from Habitat International	-	309,092
Exchange gains, net	41	-
Sundry income	1,800	-
	34,754	339,991

8. OTHER LOSS

	2025 HK$	2024 HK$
Loss on disposal of property, plant and equipment	-	5,300

9. FINANCE COSTS

	2025 HK$	2024 HK$
Imputed interest on loan from Habitat International	92,783	47,582

The amount represented the imputed interest on an interest-free loan from Habitat International that bears no interest and discounted using the prevailing market interest rate.

10. (DEFICIT)/SURPLUS BEFORE INCOME TAX

	2025 HK$	2024 HK$
(Deficit)/Surplus before income tax is arrived at after charging:		
Staff costs		
Salaries and staff benefit expenses (Note)	6,642,894	6,235,587
Contributions to defined contribution plans	399,714	316,036
Provision for long service payments	13,130	95,000
	7,055,738	6,646,623
Staff costs by function		
Administrative expenses	1,312,856	1,339,935
Fund raising expenses	2,230,967	1,704,269
Programme expenses	3,511,915	3,602,419
	7,055,738	6,646,623
Auditor's remuneration	87,000	87,000
Depreciation	26,479	22,645
Short-term leases	253,401	335,847

11. DIRECTORS' EMOLUMENTS

Emoluments of the directors, who are considered as key management personnel of the Group, 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) are as follows:

	2025 HK$	2024 HK$
Fees	-	-
Other emoluments	-	-
	-	-

12. INCOME TAX

No Hong Kong Profits Tax has been provided as the Association is an approved charitable organisation under the Inland Revenue Ordinance and is exempted from Hong Kong Profits Tax under Section 88 of the Inland Revenue Ordinance.

The subsidiary is under the two-tiered profits tax rates regime for Hong Kong Profits Tax, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profit arising in Hong Kong during the years ended 30 June 2025 and 2024.

	2025 HK$	2024 HK$
Hong Kong Profits Tax		
Current year	-	-

Reconciliation between income tax and accounting (deficit)/surplus at applicable tax rate is as follows:

	2025 HK$	2024 HK$
(Deficit)/Surplus before income tax	(743,161)	1,037,920
Tax calculated at Hong Kong Profits Tax rate of 8.25% (2024: 8.25%)	(61,311)	85,628
Tax effect of income not taxable	(1,119,857)	(1,061,456)
Tax effect of expenses not deductible for tax purposes	1,181,168	975,828
Income tax	-	-

Deferred taxation has not been recognised as the tax effect of temporary difference is insignificant at the reporting date.

13. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment HK$
Cost	
At 1 July 2023	113,952
Additions	29,386
Disposals	(13,000)
At 30 June 2024 and 1 July 2024	130,338
Additions	42,180
At 30 June 2025	172,518
Accumulated depreciation	
At 1 July 2023	41,457
Charge for the year	22,645
Disposals	(7,700)
At 30 June 2024 and 1 July 2024	56,402
Charge for the year	26,479
At 30 June 2025	82,881
Net book value	
At 30 June 2025	89,637
At 30 June 2024	73,936

14. INTEREST IN SUBSIDIARY

	2025 HK$	2024 HK$
Unlisted equity investment, at cost	1	1

Particulars of the Association's subsidiary as at 30 June 2025 and 2024 were as follows:

Name	Place of incorporation and operations and legal entity status	Registered capital	Percentage of equity interest directly held	Principal activities
Habitat For Humanity Consultants Limited	Hong Kong (corporation limited by shares	HK$1	100%	Providing consultancy and supportive services to the Group

15. ACCOUNTS RECEIVABLES

	2025 HK$	2024 HK$
Accounts receivables	120,000	131,200

The Group does not hold any collateral over these receivables.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK$	2024 HK$
Prepayments	261,502	92,262
Deposits and other receivables	60,000	60,000
	321,502	152,262

17. AMOUNTS DUE FROM/(TO) HABITAT INTERNATIONAL / HABITAT GLOBAL NETWORK

The amounts due are unsecured, interest-free and have no fixed repayment term. The directors consider that the carrying amounts of these balances approximate their fair values.

18. LOAN FROM HABITAT INTERNATIONAL

During the year ended 30 June 2024, an amount of United States Dollars ("US$") 236,000 (equivalent to approximately HK$1,840,800) was advanced from Habitat International. The balance due was unsecured, interest free and repayable in three installments: US$65,000 in January 2026, US$65,000 in January 2027 and US$106,000 in January 2028.

19. ACCRUALS AND OTHER PAYABLES

	2025 HK$	2024 HK$
Accrued charges	207,714	182,568
Deferred income	8,722,028	1,204,330
Other payables	204,661	354,264
	9,134,403	1,741,162
Classified under:		
Current portion	4,512,120	1,741,162
Non-current portion	4,622,283	-
	9,134,403	1,741,162

20. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

Related parties	**Nature of transactions**	2025 HK$	2024 HK$
Habitat International	Fund raising income for designated projects	189,540	475,283
Habitat Global Network	Fund raising income for designated projects	175,921	174,626
	Programme expenses paid, net	3,231,245	799,639

21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities.

21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES - Continued

	Amount due to Habitat International HK$	Amount due to Habitat Global Network HK$	Loan from Habitat International HK$
At 1 July 2023	-	210,000	-
Other changes:			
Interest expense	-	-	47,582
Discount at initial recognition on interest-free loan from Habitat International	-	-	(309,092)
	-	-	(261,510)
Cash flows:			
Loan from Habitat International	-	-	1,840,800
Repayment to Habitat Global Network	-	(52,815)	-
At 30 June 2024 and 1 July 2024	-	157,185	1,579,290
Other changes:			
Interest expense	-	-	92,783
Cash flows:			
Advance from Habitat International	2,496,000	-	-
Advance from Habitat Global Network	-	58,809	-
At 30 June 2025	2,496,000	215,994	1,672,073

22. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at the end of the reporting period categorised as follows:

	2025 HK$	2024 HK$
Financial assets		
Financial assets at amortised cost	16,045,226	6,932,495
Financial liabilities		
Financial liabilities at amortised cost	4,796,442	2,273,307

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk and liquidity risk.

The Group does not have written risk management policies and guidelines. However, the directors periodically analyse and formulate strategies to manage the Group's exposure to financial risks. Generally, the Group utilises conservative strategies on its risk management.

The Group's exposure to market risk is kept at minimum. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not issue derivative financial instruments for trading purposes. The most significant financial risks to which the Group is exposed are described below:

(a) Credit risk

Credit risk is the risk that a counterparty will be unable or unwilling to pay amounts in full when due.

The major exposure to credit risk arise from accounts receivables, deposits and other receivables, amounts due from Habitat Global Network and cash and cash equivalents with the maximum exposure equal to the carrying amount of these financial assets on the statement of financial position.

Expected credit loss rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Deposits and other receivables and amounts due from Habitat Global Network measured at amortised cost are considered to have low credit risk as the counterparties have a low risk of default and does not have any past due amounts. Impairment on these balances has been measured at an amount equal to 12-month ECLs. No loss allowance is recognised as the amount of ECLs on these balances is insignificant.

The credit risk on cash and cash equivalents is limited since the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(b) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of its financial obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued

(b) Liquidity risk - Continued

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The contractual maturities analyses of financial liabilities are shown as follows:

2025	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	More than 2 years but less than 5 years HK$	Total contractual undiscounted cash flows HK$	Carrying amounts HK$
Accounts and other payables	418,145	-	-	418,145	418,145
Amount due to Habitat International	2,496,000	-	-	2,496,000	2,496,000
Amounts due to Habitat Global Network	215,994	-	-	215,994	215,994
Loan from Habitat International	507,000	507,000	826,800	1,840,800	1,672,073
	3,637,139	507,000	826,800	4,970,939	4,802,212

2024	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	More than 2 years but less than 5 years HK$	Total contractual undiscounted cash flows HK$	Carrying amounts HK$
Accounts and other payables	536,832	-	-	536,832	536,832
Amounts due to Habitat Global Network	157,185	-	-	157,185	157,185
Loan from Habitat International	-	507,000	1,333,800	1,840,800	1,579,290
	694,017	507,000	1,333,800	2,534,817	2,273,307

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued

(c) Foreign currency risk

The Group's foreign currency exposures arise mainly from some transactions that are denominated in currencies other than its functional currency. The currency giving rise to this risk is US$ only.

The Group considers the risk exposure to foreign currency fluctuation in US$ would be minimal as long as HK$ remains pegged to the US$.

(d) Fair values

The directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost approximate their fair values due to their short-term maturities.

24. STATEMENT OF FINANCIAL POSITION OF THE ASSOCIATION (HOLDING COMPANY ONLY)

	2025 HK$	2024 HK$
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	89,637	73,936
Interest in subsidiary	1	1
	89,638	73,937
Current assets		
Accounts receivables	120,000	131,200
Prepayments and other receivables	321,502	152,262
Amount due from Habitat Global Network	281,767	145,702
Amount due from subsidiary	124,098	67,518
Cash and cash equivalents	15,529,971	6,566,123
	16,377,338	7,062,805
Current liabilities		
Accounts and other payables	4,494,120	1,723,162
Loan from Habitat International	422,012	-
Amount due to Habitat International	2,496,000	-
Amount due to Habitat Global Network	215,994	157,185
	7,628,126	1,880,347
Net current assets	8,749,212	5,182,458
Non-current liabilities		
Accounts and other payables	4,622,283	-
Loan from Habitat International	1,250,061	1,579,290
	5,872,344	1,579,290
NET ASSETS	2,966,506	3,677,105
EQUITY		
General fund	2,186,506	2,897,105
Operating reserve fund	780,000	780,000
TOTAL EQUITY	2,966,506	3,677,105

On behalf of the directors

CHANG, Jenny Ho
Chair

CHEN, Mau Wai
Treasurer

24. STATEMENT OF FINANCIAL POSITION OF THE ASSOCIATION (HOLDING COMPANY ONLY) - Continued

Movements of reserves

	General fund HK$	Operating reserve fund (Note) HK$	Total HK$
At 1 July 2023	736,990	1,872,000	2,608,990
Fund transfer	1,092,000	(1,092,000)	-
Surplus and total comprehensive income for the year	1,068,115	-	1,068,115
At 30 June 2024 and 1 July 2024	2,897,105	780,000	3,677,105
Deficit and total comprehensive income for the year	(710,599)	-	(710,599)
At 30 June 2025	2,186,506	780,000	2,966,506

Note:

Operating reserve fund is intended to provide an internal resource for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses and is reviewed by the Board. The target minimum operating reserve is equal to six months of average operating costs. The calculation of average monthly operating costs includes all recurring expenses and all other non-cash expenses are not included in the calculation.

25. FUND RISK MANAGEMENT

The Group's objective when managing funds is to safeguard the Group's ability to continue as a going concern in order to continue to developing communities for the needy. The Group actively and regularly reviews and manages its funds to maintain an optimal fund structure, taking into consideration of future funding requirements, projected operating cash flows, and projected capital expenditure.

26. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 30 June 2025 were approved and authorised for issue by the directors on 04 NOV 2025 .