

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司

Reports and Financial Statements
For the year ended 31 December 2024

(Limited by guarantee and not having a share capital)



W. M. LAU & COMPANY
Certified Public Accountants
劉偉明會計師事務所

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司

DIRECTOR'S REPORT

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of Happy Tree Social Services Limited (the "Association") are to provide services for orphans and AIDS caring.

THE STATE OF ASSOCIATION'S AFFAIRS AND APPROPRIATIONS

The state of affairs of the Association as at 31 December 2024 are set out in the financial statements on pages 6 to 14.

CHARITABLE DONATIONS

Charitable donations made by the Association during the year with amounted to HK\$2,916,041 (2023: HK\$3,129,235).

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Association are set out in note 7 to the financial statements.

RESERVE

Details of the reserve of the Association are set out in note 11 to the financial statements.

DIRECTORS

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

Wong Hak Kun, Jerry
Ma Wai Pui

In accordance with the Association's Articles of Association, the directors shall retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

MANAGEMENT CONTRACTS

Except for note 12, the Association did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Association, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Association.

BUSINESS REVIEW

Under section 388(3) of Hong Kong Companies Ordinance (Cap. 622), the Association is exempted from preparing a business review.

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司

DIRECTOR'S REPORT

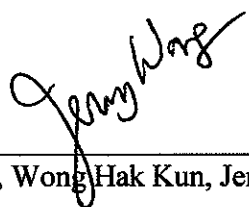
PERMITTED INDEMNITY PROVISION

At no time during the financial year and up to the date of this director's report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Association.

AUDITORS

During the year, C & W (CPA) Limited, Certified Public Accountants (Practising) resigned and W. M. Lau & Company, Certified Public Accountant was appointed to be the auditor of the Association.

On behalf of the Board



Director, Wong Hak Kun, Jerry
Hong Kong,

10 NOV 2025



W. M. LAU & COMPANY 劉偉明會計師事務所

Certified Public Accountants

Room B1, 9/F, Loyong Court Commercial Building, 212-220 Lockhart Road, Wanchai, Hong Kong

香港灣仔駱克道 212-220 號洛洋閣商業大廈 9 樓 B1室

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAPPY TREE SOCIAL SERVICES LIMITED 開心樹社會服務有限公司

(Incorporated in Hong Kong with limited liability by guarantee)

Opinion

We had audited the financial statements of Happy Tree Social Services Limited ("the Association") set out on pages 6 to 14, which comprise the statement of financial position as at 31 December 2024, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Association are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 900 (Revised), Audit of Financial Statements Prepared in Accordance with the SME-FRS 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 Association 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 Matter

The financial statements of the Association for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 12 May 2025.

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the Director's report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, We are required to report that fact. We have nothing to report in this regard.



W. M. LAU & COMPANY 劉偉明會計師事務所

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAPPY TREE SOCIAL SERVICES LIMITED 開心樹社會服務有限公司

(Incorporated in Hong Kong with limited liability by guarantee)

Responsibilities of Director' and Those Charged with Governance for the Financial Statements (Continued)

In preparing the financial statements, the directors are responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion 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. 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of
- 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's 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 Association'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 Association to cease to continue as a going concern.



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(Incorporated in Hong Kong with limited liability by guarantee)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Lau Wai Ming (practising certificate number: P02802).

W. M. Lau & Company
Certified Public Accountants (Practising)
Hong Kong.

10 NOV 2025

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

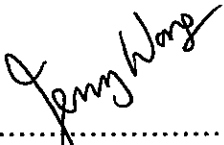
	<u>Notes</u>	<u>2024</u> <u>HK\$</u>	<u>2023</u> <u>HK\$</u>
Revenue	2	7,359,843	6,654,512
Cost of services		<u>(1,862,990)</u>	<u>(2,460,283)</u>
		5,496,853	4,194,229
Other income	3	<u>79,525</u>	<u>202,262</u>
		5,576,378	4,396,491
Administrative and operating expenses		<u>(8,320,919)</u>	<u>(5,225,307)</u>
Deficit before taxation	4	(2,744,541)	(828,816)
Income tax expense	5	<u>-</u>	<u>-</u>
Deficit for the Year		<u><u>(2,744,541)</u></u>	<u><u>(828,816)</u></u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	<u>Notes</u>	<u>2024</u> HK\$	<u>2023</u> HK\$
Non-Current Assets			
Property, plant and equipment	7	38,729	2,949,644
Current Assets			
Accounts and other receivables	8	3,897,822	4,017,525
Cash and bank balances		982,831	690,663
		4,880,653	4,708,188
Less: Current Liabilities			
Accounts and other payables	10	28,000	21,909
Net Current Assets		4,852,653	4,686,279
NET ASSETS		4,891,382	7,635,923
Reserve			
Accumulated surplus	11	4,891,382	7,635,923
TOTAL RESERVE		4,891,382	7,635,923

Approved and authorised for issue by the Board of Directors **10 NOV 2025**


.....
Wong Hak Kun, Jerry, Director


.....
Ma Wai Pui, Director

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Reporting entity

Happy Tree Social Services Limited (the 'Association') is a Association incorporated in Hong Kong with limited liability by guarantee. The Association's registered office is located at Room 533, 5/F, Shing Yip Industrial Building, 19-21 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong. The principal activities of the Association are to provide services for orphans and AIDS caring.

1. Basis of Preparation and Accounting Policies

The Association qualifies for the reporting exemption as a small guarantee company under Section 359 (1) (a) of the Hong Kong Companies Ordinance (Cap. 622). The Association is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (the "SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These financial statements comply with the SME-FRS issued by the HKICPA and have been prepared under the accrual basis of accounting and on the basis that the Association is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Accounts and Other Receivables

Accounts and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

(b) Property, Plant and Equipment

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

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Motor vehicles	20%
Furniture and equipment	20%

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Basis of Preparation and Accounting Policies (Continued)

(c) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably, on the following bases:

- (i) Donation income are recognized on donations received basis.
- (ii) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.
- (iii) Activities income is recognised upon commencement of the activity.

(d) Taxation

No provision for Hong Kong Profits Tax is made in the financial statements as the Association has exempted from Tax under Section 88 of the Inland Revenue Ordinance.

(e) Provision

Provision is recognised when the Association has a present legal or constructive obligations as a result of past events, it is probable that an outflow of resources will be required to settle the obligations, and a reliable estimate of the amount can be made. Where the Association expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(f) Impairment of Assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Basis of Preparation and Accounting Policies (Continued)

(g) Foreign Exchange

The reporting currency of the Association as well as the presentation currency of these financial statements are Hong Kong Dollars. Foreign currency transactions are translated into the reporting currency at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the approximate rates of exchange ruling at that date. Exchange differences arising on the settlement of monetary items or on translation of foreign currency monetary assets and liabilities are recognised as income or expenses.

(h) Employee Benefits

Retirement Benefit Costs

The Association operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (the 'MPF Scheme') under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The Association's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(i) Leases

Leases that transfer substantially all the risks and rewards incidental to ownership of leased assets to the lessee are classified as finance leases; all other leases are classified as operating leases.

Act as a lessee

At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the obligation under finance lease. Finance charges are recognised as expenses on a straight-line method. Capitalised leased assets for which Accounting has reasonable certainty to obtain ownership by the end of the lease term are depreciated over the estimated useful life of the asset; other capitalised leased assets are fully depreciated over the lease term or their useful lives, whichever is shorter.

Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease term. All incentives for agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased assets. The aggregate benefit of incentives is recognised as a reduction of rental expenses over the lease term.

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Basis of Preparation and Accounting Policies (Continued)

(j) Related Parties

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

- (a) A person or a close member of that person's family is related to the Association if that person:
 - (i) is a member of the key management personnel of the Association or the Association's parent;
 - (ii) has control over the Association; or
 - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.
- (b) An entity is related to the Association if any of the following conditions applies:
 - (i) the entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of a third entity.
 - (iv) either 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 employees of either the Association or an entity related to the Association. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant voting power in the entity.
 - (viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to the Association or to the Association'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 dealings with the entity.

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

	<u>2024</u> HK\$	<u>2023</u> HK\$
2. <u>Revenue</u>		
An analysis of the Association's revenue is as follows:		
Activities Income	62,340	25,562
Donation income	7,297,503	6,628,950
	<u>7,359,843</u>	<u>6,654,512</u>
3. <u>Other Income</u>		
Administrative income	-	138,503
Bank interest income	581	1,055
Sundry Income	78,944	62,704
	<u>79,525</u>	<u>202,262</u>
4. <u>Deficit before taxation</u>		
Deficit before taxation is arrived at:		
After crediting the following item:		
Administrative income	<u>-</u>	<u>138,503</u>
And after charging the following items:		
Cost of services	1,862,990	2,460,283
Depreciation	12,328	132,284
Donation	2,916,041	3,129,235
Exchange loss, net	12,796	17,082
Impairment loss in overseas land and building	2,942,586	-
Other staff costs:		
Salaries and allowances	1,727,989	1,200,053
MPF contribution	138,049	143,493
Operating lease charges - land and building	<u>144,000</u>	<u>144,000</u>
5. <u>Income tax expense</u>		
No provision for Hong Kong Profits Tax is made in the financial statements as the Association has exempted from Tax under Section 88 of the Inland Revenue Ordinance during the year.		
6. <u>Director's Remuneration</u>		
None of the directors received or will receive any fees or emoluments in respect of his or her services to the Association during the year (2023: NIL).		

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

7. Property, Plant and Equipment

	<u>Overseas Land and Building</u> HK\$	<u>Motor Vehicles</u> HK\$	<u>Leasehold Improvement</u> HK\$	<u>Furniture and Equipment</u> HK\$	<u>Total</u> HK\$
COSTS:					
At 1 January 2024	4,405,022	31,200	36,180	457,355	4,929,757
Additions	-	44,000	-	-	44,000
Written back	(4,405,022)	-	-	-	(4,405,022)
At 31 December 2024	-	75,200	36,180	457,355	568,735
IMPAIRMENT LOSS:					
Provision for Current Year	(2,942,587)	-	-	-	(2,942,587)
At 31 December 2024	(2,942,587)	-	-	-	(2,942,587)
ACCUMULATED DEPRECIATION					
At 1 January 2024	1,462,434	31,200	36,180	450,299	1,980,113
Depreciation for the year	-	8,800	-	3,528	12,328
Written back	(1,462,434)	-	-	-	(1,462,434)
At 31 December 2024	-	40,000	36,180	453,827	530,007
NET CARRYING AMOUNT:					
At 31 December 2024	1	35,200	-	3,528	38,729
At 31 December 2023	2,942,588	-	-	7,056	2,949,644

The apportionment of cost between land and building components for leasehold land and buildings are based on an estimate made by the Association's director.

	<u>Notes</u>	<u>2024</u> HK\$	<u>2023</u> HK\$
8. <u>Accounts and Other Receivables</u>			
Amount due from a Related Association	9	3,894,342	3,997,108
Rental and Other Deposits Paid		3,480	-
Payment in advance		-	18,210
Accounts receivables		-	2,207
		<u>3,897,822</u>	<u>4,017,525</u>

HAPPY TREE SOCIAL SERVICES LIMITED
開心樹社會服務有限公司
ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

9. Amount due from a Related Association

Pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance (Cap. 622) and section 15(3)(b) and (c) of Companies (Disclosure of Information about Benefits of Directors) regulation (Cap. 622G) are as follows:

<u>Association Name</u>	<u>Balance at</u> <u>1.1.2024</u> <u>HK\$</u>	<u>Maximum</u> <u>balance during</u> <u>the year</u> <u>HK\$</u>	<u>Balance at</u> <u>31.12.2024</u> <u>HK\$</u>
Tree of Life Missionary Network Limited	3,997,108	4,047,184	3,894,342

Amount due from a related association is unsecured, interest free and has no fixed terms of repayment.

	<u>2024</u> <u>HK\$</u>	<u>2023</u> <u>HK\$</u>
10. <u>Accounts and Other Payables</u>		
Accrued expenses	28,000	21,909

11. Changes in Reserve

	<u>Accumulated</u> <u>Surplus</u> <u>HK\$</u>	<u>Total</u> <u>HK\$</u>
At 31 December 2023	7,635,923	7,635,923
Deficit for the Year	(2,744,541)	(2,744,541)
At 31 December 2024	4,891,382	4,891,382

12. Other Related Party Transactions

In addition to the transactions and balances detailed elsewhere in these financial statements, the Association had the following transactions with related parties:

Donations paid a related Association (Note i)	2,354,703	2,611,510
Administrative expenses paid to a related association (Note ii)	-	300,000
Administrative income received from a related association (Note iii)	-	138,503

Note

- (i) The Association has significant influence in the charitable Association in Cambodia.
- (ii) Administration expenses paid to a related association with common directorship.
- (iii) Administration income is received from a related association with common directorship.