

*Annual Financial Report*

***Fo Guang Shan International Buddhist progress  
Society (Hong Kong) Limited***

*(Limited by guarantee)*

*Law Chan Chor-sze Neighborhood Elderly Centre*



社會福利署資助機構  
Approved Service by the Social Welfare Department

*Year ended 31 March 2025*



## INDEPENDENT AUDITOR'S ASSURANCE REPORT

To the Management of Fo Guang Shan International Buddhist Progress Society (Hong Kong) Limited (the "Charity")

We have audited the financial statements of the Charity for the year ended 31 March 2025 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unmodified auditor's report thereon dated 14 October 2025.

Pursuant to the Lump Sum Grant ("LSG") Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region ("SWD"), we have been requested to issue this assurance report in connection with the Annual Financial Report ("AFR") of the Charity for the year ended 31 March 2025.

### Responsibilities of the Management

In relation to this report, the Management are responsible for ensuring the AFR of the Charity for the year ended 31 March 2025 is properly prepared in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD; and the use of the funds from the LSG by the Charity has complied with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

### Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's Responsibility

Our responsibility is to form a conclusion, based on our engagement, and to report our conclusion to you.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 851 (Revised), *Reporting on the Annual Financial Reports of Non-governmental Organisations* issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance for giving conclusion 1 and obtain limited assurance for giving conclusion 2 below.



### Auditor's Responsibility (Continued)

The work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In relation to our conclusion 1 below, we have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 851 (Revised), to satisfy ourselves that the AFR has been properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

In relation to our conclusion 2 below, we have obtained an understanding in respect of the purposes of the use of the funds as specified in the LSG Manual and other instructions issued by the SWD and obtaining an understanding of the control procedures. We are not required to perform any procedures to search for instances of the use of funds from the LSG by the Charity being non-complied with the specified purposes. Our work was limited to reporting non-compliances identified as a result of the procedures performed in relation to conclusion 2 and during the normal course of our work relating to conclusion 1. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Conclusion

1. In our opinion, the AFR of the Charity for the year ended 31 March 2025 is properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.
2. Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the use of the funds from the LSG by the Charity has not complied, in all material respects, with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

### Intended Users and Purpose

This report is intended solely for submission by the Charity to the SWD and is not intended to be, and should not be, used for any other purpose. We agree that a copy of this report may be provided to the SWD without further comment from us.

World Link CPA Limited  
Certified Public Accountants

Ted Ho  
Practising Certificate Number P02296  
Hong Kong, 14 October 2025

## ANNUAL FINANCIAL REPORT

NGO: Fo Guang Shan International Buddhist Progress Society

Law Chan Chor-Sze Neighbourhood Elderly Centre

(1 April 2024 to 31 March 2025)

	Notes	2024-25 \$	2023-24 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	6,138,739.00	5,716,620.00
b. Provident Fund	1c	387,800.00	361,868.00
2. Fee Income	2	17,703.00	18,144.00
3. Central Items	3	-	-
4. Rent and Rates	4	152,815.00	152,815.00
5. Other Income	5	95,504.30	67,540.00
6. Interest Received		39,590.93	45,461.74
<b>TOTAL INCOME</b>		<b>6,832,152.23</b>	<b>6,362,448.74</b>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		4,346,283.48	3,350,539.00
b. Provident Fund	1c	266,497.64	217,956.40
c. Allowances		-	-
Sub-total	6	4,612,781.12	3,568,495.40
2. Other Charges	7	718,890.03	622,147.41
3. Central Items	3	-	-
4. Rent and Rates	4	230,420.00	225,241.00
<b>TOTAL EXPENDITURE</b>		<b>5,562,091.15</b>	<b>4,415,883.81</b>
<b>C. SURPLUS/ (DEFICIT) FOR THE YEAR</b>	8	<b>1,270,061.08</b>	<b>1,946,564.93</b>

The Annual Financial Report from pages [3] to [12] has been prepared in accordance with the requirements as set out in the Lump Sum Grant Subvention Manual.

SIGNATURE



CHAIRMAN

DATE: -7 OCT 2025

SIGNATURE



NGO HEAD/HEAD OF SOCIAL WELFARE SERVICES

DATE: -7 OCT 2025

## NOTES ON THE ANNUAL FINANCIAL REPORT

### 1. Lump Sum Grant (LSG)

- a. Basis of preparation** The Annual Financial Report (AFR) is prepared in respect of all services defined in Funding and Service Agreement (FSA) (including support services to FSA services) funded by the Social Welfare Department (SWD) under the Lump Sum Grant Subvention System and also FSA services/ FSA-related activities funded by Other Funds or Donations for Designated Purposes. AFR is prepared on cash basis, that is, income is recognised upon receipt of cash and expenditure is recognised when expenses are paid. Non-cash items such as depreciation, provisions and accruals **have not been included** in the AFR.
- b. Lump Sum Grant (excluding Provident Fund)** This represents LSG (excluding Provident Fund) received for the year.
- c. Provident Fund** This is Provident Fund received and contributed during the year. Snapshot Staff are defined as those staff occupying recognised or holding against subvented posts as at 1 April 2000. Other posts represent those staff that are employed after 1 April 2000. The Provident Fund received and contributed for staff under the Central Items and Other Funds or Donations for Designated Purposes which are separately included as part of the income and expenditure of the relevant disclosures have been shown under **Note 3 and 8**. Details are analysed below:

<u>Provident Fund Contribution</u>	<b>Snap- shot Staff</b>	<b>Other Posts</b>	<b>Total</b>
	\$	\$	\$
Subvention Received	-	387,800.00	387,800.00
Provident Fund Contribution Paid during the Year	(-)	(266,497.64)	(266,497.64)
Surplus/ (Deficit) for the Year	-	121,302.36	121,302.36
<u>Add</u> : Surplus/ (Deficit) b/f Additional subvention received for previous year(s)	-	1,387,130.02	1,387,130.02
<u>Less</u> : Refund to Government	(-)	-	-
<b>Surplus/ (Deficit) c/f</b>	-	<b>1,508,432.38</b>	<b>1,508,432.38</b>

- 2. Fee Income** This represents social welfare fee income received for the year in respect of the fees and charges recognised for the purpose of subvention as set out in the LSG Subvention Manual.

- 3. Central Items** These are subvented service activities which are not included in LSG and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGOs. The Provident Fund received and contributed for staff under the Central Items have been separately included as part of the income and expenditure of the relevant items (paragraph 5.5.4(c) of the LSG Subvention Manual). The income and expenditure of each of the Central Items are as follows:

	2024-25	2023-24
<b>a. Income</b>	\$	\$
Dementia Supplement for Elderly with Disabilities		
Infirmity Care Supplement for the Aged Blind Persons		
Infirmity Care Supplement for Residential Elderly Services		
Foster Care Allowance/ One-off Special Allowance for Foster Children to Safeguard the Foster Children from the Coronavirus Disease / Emergency Foster Care Allowance		
After School Care Programme – Fee Waiving Subsidy Scheme		
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy		
NSCCP – Subsidy for Fee Reduction/Waiving		
NSCCP – Subsidy for Incentive Payment		
NSCCP – Subsidy for Training Allowance		
NSCCP – Rent and Rates		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Enhanced After School Care Programme – Fee Waiving Subsidy Scheme		
Navigation Scheme for Young Persons in Care Services - Operating Expenses		
Navigation Scheme for Young Persons in Care Services - Training Cost		
Subsidy for Enhanced Support for Ethnic Minority Children in Special Care Centre		
Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres		
Time-defined Allocation of Ethnic Minority District Ambassador Posts - salary and provident fund		
Time-defined Allocation of Ethnic Minority District Ambassador Posts –other charges		
Short-term Food Assistance Service Teams – Food Cost		
Siu Lam Integrated Rehabilitation Services Complex –		

Management & Maintenance Cost for Common Area  
 After School Care Programme for Pre-primary Children  
 [ASCP(PC)] Contract Subsidy  
 ASCP(PC) Fee Subsidy  
 ASCP(PC) Rent and Rates  
 Time-defined Service Contract of Social Work Service for Pre-  
 primary Institutions  
 - Allocation  
 - Rent and Rates  
 Allowances for Specific Services Arising from the Implementation  
 of the Minimum Wage Ordinance (Overnight On-site-on-call  
 Allowance)  
 Travelling Subsidy of the designated Hotline for Carer Support  
 (Carer Hotline)  
 Pilot Scheme on Training to Foreign Domestic Helpers in Care for  
 Persons with Disabilities  
 Special Grant for Providing Temporary Accommodation for  
 Services Users of SAHK LOHAS Garden at Cheung Muk  
 Tau Holiday Centre for the Elderly  
 Special Grant for Temporary Relocation of Service Users of  
 SAHK LOHAS Garden to Cheung Muk Tau Holiday Centre  
 One-off Allocation for Providing Assistance to Persons with  
 Disabilities under the Government Public Transport Fare  
 Concession Scheme for the Elderly and Eligible Persons with  
 Disabilities  
 Siu Lam Integrated Rehabilitation Services Complex - Central  
 Item of Residential Respite Services  
 Transition Subsidy for School Leavers (CITSL)  
 Multi-faceted Support for Foster Families and Children under  
 Foster Care Service (MSFC)  
 - Subsidy for Providing Professional Services  
 - Subsidy to Support the Learning and Development of  
 Foster Children  
 Child Protection Support Service (ChildPRO)

*For the following Central Items, please take note of para. 4(f) of Points to Note on Preparation of  
 AFR and Analysis Schedules in reporting the amounts of subvention:*

Temporary Financial Aid under Care and Support Networking  
 Team^  
 Emergency Fund for NGOs operating Integrated Services Team for  
 Street Sleepers^  
 Subsidy Scheme for Extended Hours Service Users^  
 Short-term Rental Assistance for Discharged Prisoners^  
 Cash Subsidy for Integrated Support Services for Persons with  
 Severe Physical Disabilities^  
 Time-defined Subsidy Scheme for Occasional Child Care Service^

**Total**

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	2024-25	2023-24
	\$	\$
<b>b. Expenditure</b>		
Dementia Supplement for Elderly with Disabilities		
Infirmity Care Supplement for the Aged Blind Persons		
Infirmity Care Supplement for Residential Elderly Services		
Foster Care Allowance/ One-off Special Allowance for Foster Children to Safeguard the Foster Children from the Coronavirus Disease / Emergency Foster Care Allowance		
After School Care Programme – Fee Waiving Subsidy Scheme		
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy		
NSCCP – Subsidy for Fee Reduction/Waiving		
NSCCP – Subsidy for Incentive Payment		
NSCCP – Subsidy for Training Allowance		
NSCCP – Rent and Rates		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Enhanced After School Care Programme – Fee Waiving Subsidy Scheme		
Navigation Scheme for Young Persons in Care Services - Operating Expenses		
Navigation Scheme for Young Persons in Care Services - Training Cost		
Subsidy for Enhanced Support for Ethnic Minority Children in Special Care Centre		
Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres		
Time-defined Allocation of Ethnic Minority District Ambassador Posts – salary and provident fund		
Time-defined Allocation of Ethnic Minority District Ambassador Posts – other charges		
Short-term Food Assistance Service Teams – Food Cost		
Siu Lam Integrated Rehabilitation Services Complex – Management & Maintenance Cost for Common Area		
After School Care Programme for Pre-primary Children [ASCP(PC)] Contract Subsidy		
ASCP(PC) Fee Subsidy		
ASCP(PC) Rent and Rates		
Time-defined Service Contract of Social Work Service for Pre-primary Institutions		
- Allocation		

- Rent and Rates		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)		
Travelling Subsidy of the designated Hotline for Carer Support (Carer Hotline)		
Pilot Scheme on Training to Foreign Domestic Helpers in Care for Persons with Disabilities		
Special Grant for Providing Temporary Accommodation for Services Users of SAHK LOHAS Garden at Cheung Muk Tau Holiday Centre for the Elderly		
Special Grant for Temporary Relocation of Service Users of SAHK LOHAS Garden to Cheung Muk Tau Holiday Centre		
One-off Allocation for Providing Assistance to Persons with Disabilities under the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities		
Siu Lam Integrated Rehabilitation Services Complex - Central Item of Residential Respite Services		
Transition Subsidy for School Leavers (CITSL)		
Multi-faceted Support for Foster Families and Children under Foster Care Service (MSFC)		
- Subsidy for Providing Professional Services		
- Subsidy to Support the Learning and Development of Foster Children		
Child Protection Support Service (ChildPRO)		
Temporary Financial Aid under Care and Support Networking Team – other charges		
Emergency Fund for NGOs operating Integrated Services Team for Street Sleepers		
Subsidy Scheme for Extended Hours Service Users		
Short-term Rental Assistance for Discharged Prisoners		
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities		
Time-defined Subsidy Scheme for Occasional Child Care Service		

**Total**

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- 4. Rent and Rates** This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD have not been included in AFR.

- 5. Other Income** This includes programme income and all income other than recognised social welfare fee income received during the year. Non-SWD subventions and Other Funds or Donations for Designated Purposes may be included in AFR if they are used to finance expenditure of the FSA services/ FSA-related activities as reflected in the AFR.

The breakdown on Other Income is as follows:

	2024-25	2023-24
	\$	\$
<b>Other Income</b>		
(a) Programme income	63,579.00	66,150.00
(b) Production income	-	-
(c) Other Funds or Donations for Designated Purposes	-	-
(d) Utilised allocation under Central Items (CI): After School Care Programme (ASCP) / Enhanced ASCP / ASCP(PC) – Fee Waiving Subsidy Scheme (FWSS)* which forms as part of Other Income	-	-
(e) Reimbursement of Maternity Leave Pay from Labour Department	-	-
(f) Miscellaneous income (e.g. general donations, photocopying charges, etc.)	31,925.30	1,390.00
<b>Sub-Total</b>	<u>95,504.30</u>	<u>67,540.00</u>
<u>Less: Utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) - FWSS which forms as part of Other Income*</u>	-	-
<b>Total</b>	<u><u>95,504.30</u></u>	<u><u>67,540.00</u></u>

*\*For those programmes which are regarded as FSA services only*

- 6. Personal Emoluments** Personal Emoluments include salary, provident fund, and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over \$1,000,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	No of Posts	\$
HK\$1,000,001 - HK\$1,100,000 p.a.		
HK\$1,100,001 - HK\$1,200,000 p.a.		
HK\$1,200,001 - HK\$1,300,000 p.a.		
HK\$1,300,001 - HK\$1,400,000 p.a.		
HK\$1,400,001 - HK\$1,500,000 p.a.		
>HK\$1,500,000 p.a.		

## 7. Other Charges

The breakdown on Other Charges is as follows:

	2024-25	2023-24
<b>Other Charges</b>	<b>\$</b>	<b>\$</b>
(a) Utilities	54,105.50	56,595.40
(b) Food (including food for service users)	-	-
(c) Administrative Expenses	44,267.00	40,739.30
(d) Stores and Equipment	58,133.10	56,636.60
(e) Minor Repair and Maintenance	81,665.00	27,789.00
(f) Special Allowances	-	-
(g) Programme Expenses	412,789.40	360,291.90
(h) Transportation and Travelling	562.20	742.40
(i) Insurance	63,233.33	50,009.81
(j) Miscellaneous	4,134.50	29,343.00
<b>Sub-Total</b>	<b>718,890.03</b>	<b>622,147.41</b>
<u>Less: Utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) – FWSS* which forms as part of Other Income</u>	-	-
<b>Total</b>	<b>718,890.03</b>	<b>622,147.41</b>

*\*For those programmes which are regarded as FSA services only*

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

	Lump Sum Grant (LSG)	Holding Account (HA)	Other Funds or Donations for Designated Purposes	Adjustment for Utilised allocation under ASCP / Enhanced ASCP / ASCP(PC) - FWSS	Rent and Rates	Central Items (CI)	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Income</b>							
Lump Sum Grant	6,526,539.00	-	-	-	-	-	6,526,539.00
Fee Income	17,703.00	-	-	-	-	-	17,703.00
Other Income	95,504.30	-	-	-	-	-	95,504.30
Interest Received (Note (1))	39,590.93	-	-	-	-	-	39,590.93
Rent and Rates	-	-	-	-	152,815	-	152,815.00
Central Items	-	-	-	-	-	-	-
<b>Total Income (a)</b>	<b>6,679,337.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,815</b>	<b>-</b>	<b>6,832,152.23</b>
<b>Expenditure</b>							
Personal Emoluments	4,612,781.12	-	-	-	-	-	4,612,781.12
Other Charges	718,890.03	-	-	-	-	-	718,890.02
Rent and Rates	-	-	-	-	230,420	-	230,420.00
Central Items	-	-	-	-	-	-	-
<b>Total Expenditure (b)</b>	<b>5,331,671.15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230,420</b>	<b>-</b>	<b>5,562,091.15</b>
<b>Surplus/(Deficit) for the Year (a) - (b)</b>	<b>1,347,666.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(77,605)</b>	<b>-</b>	<b>1,270,061.08</b>
<u>Less</u> : Surplus/ (Deficit) of Provident Fund	121,302.36	-	-	-	-	-	121,302.36
<b>Surplus/(Deficit) for the Year (excl. PF)</b>	<b>1,226,363.72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(77,605)</b>	<b>-</b>	<b>1,148,758.72</b>
<b>Surplus/ (Deficit) b/f (Note (2))</b>	<b>2,812,183.35</b>	<b>5,734.17</b>	<b>-</b>	<b>-</b>	<b>(72,426)</b>	<b>-</b>	<b>2,745,491.52</b>
<u>Add</u> : Refund from Government	4,038,547.07	5,734.17	-	-	(150,031)	-	3,894,250.24
	-	-	-	-	72,426	-	72,426
<u>Less</u> : Refund to Government	(1,364,259.75)	-	-	-	(-)	(-)	(1,364,259.75)
Transfer from LSG Reserve to cover the salary adjustment Infirmity Care Supplement (Note (3))	(-)	-	-	-	-	-	-
Transfer from Other Funds / (to) LSG Reserve^	-	-	(-)	-	-	-	-
Adjustment for utilised allocation under Enhanced ASCP / ASCP(PC) – FWSS* (over-estimated) / under-estimated in previous year(s)	(-)	-	-	-	-	-	-
<b>Surplus/ (Deficit) c/f (Note (4))</b>	<b>2,674,287.32</b>	<b>5,734.17</b>	<b>-</b>	<b>-</b>	<b>(77,605)</b>	<b>*</b>	<b>2,602,416.49</b>

**Notes:**

# Including an amount \$Z being the utilised allocation under CI: ASCP / Enhanced ASCP / ASCP(PC) – FWSS\*

\* For those programmes which are regarded as FSA services only

^ Balance generated from those completed FSA services/ FSA-related activities which are funded by Other Funds or Donations for Designated Purposes

- (1) Interest received on LSG (including HA) and Provident Fund reserves, Rent and Rates, Central Items are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance of LSG Surplus b/f from previous years (including all interest received in previous years (see (1) above), the balance of HA and balance of Other Funds or Donations for Designated Purposes should be separately reported.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Infirmary Care Supplement, if any, as per Schedule for Central Items.
- (4) For NGOs without HA, separate disclosure of the movement of HA in their respective AFRs is not necessary. The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K1)) for the year.

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

- (i) With Snapshot Staff (SS) [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year was greater than zero]  
The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K1)) for the year.
- (ii) Without SS [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year (which is regarded as Year 0) was zero]

For the next three years (Year 1 to Year 3), the level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K1)) for the year. From the fourth financial year (Year 4) onwards, the level of LSG cumulative reserve and HA reserve will be counted altogether and the combined reserve amount (i.e. S1+S2) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K1)) for the year. In this regard, separate disclosure of the movement of HA in their respective AFRs is not necessary.

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

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