


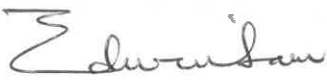
**HONG CHI ASSOCIATION**  
**Annual Financial Report**  
**For the year ended 31 March 2021**

**ANNUAL FINANCIAL REPORT**  
**NGO : HONG CHI ASSOCIATION**  
**1 APRIL 2020 TO 31 MARCH 2021**

	Notes	2020 - 21 \$	2019 - 20 \$
<b>A. INCOME</b>			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	448,846,093.00	400,616,980.00
b. Provident Fund	1c	30,909,648.00	28,532,998.00
2. Special One-off Grant		-	-
3. Fee Income	2	16,284,142.81	15,311,848.22
4. Central Items	3	6,406,943.00	7,867,104.00
5. Rent and Rates	4	14,812,306.00	12,003,996.00
6. Other Income	5	1,461,693.18	2,679,853.40
7. Interest Received		1,516,794.13	1,999,144.94
<b>TOTAL INCOME</b>		<u>520,237,620.12</u>	<u>469,011,924.56</u>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		348,639,429.64	298,319,230.29
b. Provident Fund	1c	31,673,620.35	24,030,522.91
c. Allowances		88,303,255.60	20,521,351.02
Sub-total	6	<u>468,616,305.59</u>	<u>342,871,104.22</u>
2. Other Charges	7	71,484,310.98	61,203,871.11
3. Central Items	3	5,348,531.63	5,100,716.08
4. Rent and Rates	4	15,057,820.60	15,572,660.40
5. Special One-off Grant Payments		-	-
<b>TOTAL EXPENDITURE</b>		<u>560,506,968.80</u>	<u>424,748,351.81</u>
<b>C. SURPLUS/(DEFICIT) FOR THE YEAR</b>	8	<u>(40,269,348.68)</u>	<u>44,263,572.75</u>

The Annual Financial Report from pages 1 to 13 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

Authorised Signature   
Name Mr. Owen S.S. Chan  
Title Chairman  
Date 27 September 2021

Authorised Signature   
Name Mr. Edwin M.W. Lam, PDSM  
Title General Secretary  
Date 27 September 2021

## 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 Funding and Service Agreement (FSA) activities (including support services to FSA activities) funded by the Social Welfare Department under the Lump Sum Grant Subvention System. 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. 6.8% and other posts represent those staff that are employed after 1 April 2000. The Provident Fund received and contributed for staff under the Central Items have been shown under Note 3.

Details are analysed below :

<u>Provident Fund Contribution</u>	Snapshot Staff \$	6.8% & Other Posts \$	Total \$
Subvention Received	5,047,592.00	25,862,056.00	30,909,648.00
Provident Fund Contribution			
Paid during the Year	(4,407,552.18)	(27,266,068.17)	(31,673,620.35)
Surplus / (Deficit) for the Year	640,039.82	(1,404,012.17)	(763,972.35)
<u>Add</u> : Surplus / (Deficit) b/f	1,051,166.34	12,255,163.03	13,306,329.37
Additional subvention received for previous year(s)	-	274,591.00	274,591.00
<u>Less</u> : Refund to Government	(1,045,970.00)	-	(1,045,970.00)
<b>Surplus / (Deficit) c/f</b>	<b>645,236.16</b>	<b>11,125,741.86</b>	<b>11,770,978.02</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 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 3.14 of LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

	2020-21 \$	2019-20 \$
<b><u>a. Income</u></b>		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	1,315,841.00	1,307,059.00
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	15,000.00	-
Training Sponsorship Scheme for Master in OT and PT	930,000.00	540,000.00
Grant under Pilot Scheme on On-site Pre-school Rehabilitation Services	-	-
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	-	2,315,403.00
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	3,796,102.00	3,704,642.00
Subsidy for Enhanced Support for Ethnic Minority Children in SCCC and EETC	350,000.00	-
<b>Total</b>	<b>6,406,943.00</b>	<b>7,867,104.00</b>

## NOTES ON THE ANNUAL FINANCIAL REPORT

### **b. Expenditure**

Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	1,293,615.90	1,245,999.04
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	15,000.00	-
Training Sponsorship Scheme for Master in OT and PT	540,000.00	522,000.00
Grant under Pilot Scheme on On-site Pre-school Rehabilitation Services **	-	-
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	-	200,773.00
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	3,409,036.73	3,131,944.04
Subsidy for Enhanced Support for Ethnic Minority Children in SCCC and EETC	90,879.00	
<b>Total</b>	<b>5,348,531.63</b>	<b>5,100,716.08</b>

#### **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 donations received have not been included as Other Income in AFR. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR.

The breakdown on Other Income is as follows:

	2020-21	2019-20
Other Income	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	341,865.42	1,183,321.40
(b) Others	1,119,827.76	1,496,532.00
<b>Total</b>	<b>1,461,693.18</b>	<b>2,679,853.40</b>

#### **6. Personal Emoluments**

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

The analysis on number of posts with annual Personal Emoluments over \$700,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	No. of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	17.00	12,037,307.89
HK\$800,001 - HK\$900,000 p.a.	13.00	10,582,044.66
HK\$900,001 - HK\$1,000,000 p.a.	6.00	5,535,025.20
HK\$1,000,001 - HK\$1,100,000 p.a.	7.00	6,963,021.48
HK\$1,100,001 - HK\$1,200,000 p.a.	-	-
> HK\$1,200,000 p.a.	1.00	1,452,021.00

#### **7. Other Charges**

The breakdown on Other Charges is as follows:

	2020-21	2019-20
<b>Other Charges</b>	\$	\$
(a) Utilities	7,779,920.07	7,912,602.53
(b) Food	14,494,409.48	12,179,226.06
(c) Administrative Expenses	11,531,310.94	10,574,789.17
(d) Stores and Equipment	8,045,369.86	7,133,002.60
(e) Repair and Maintenance	4,873,408.45	3,489,467.93
(f) Special Allowances	6,111,492.99	3,524,564.91
(g) Programme Expenses	1,949,585.18	2,156,115.66
(h) Transportation and Travelling	2,299,567.01	2,859,726.37
(i) Insurance	5,565,500.42	4,226,161.48
(j) Miscellaneous	8,833,746.58	7,148,214.40
<b>Total</b>	<b>71,484,310.98</b>	<b>61,203,871.11</b>

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

	Analysis of Reserve Fund			
	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$
<b>Income</b>				
Lump Sum Grant	479,755,741.00	-	-	479,755,741.00
Fee Income	16,284,142.81	-	-	16,284,142.81
Other Income	1,461,693.18	-	-	1,461,693.18
Interest Received (Note(1))	1,516,794.13	-	-	1,516,794.13
Rent and Rates	-	14,812,306.00	-	14,812,306.00
Central Items	-	-	6,406,943.00	6,406,943.00
<b>Total Income (a)</b>	<b>499,018,371.12</b>	<b>14,812,306.00</b>	<b>6,406,943.00</b>	<b>520,237,620.12</b>
<b>Expenditure</b>				
Personal Emoluments	468,616,305.59	-	-	468,616,305.59
Other Charges	71,484,310.98	-	-	71,484,310.98
Rent and Rates	-	15,057,820.60	-	15,057,820.60
Central Items	-	-	5,348,531.63	5,348,531.63
Special One-off Grant Payments	-	-	-	-
<b>Total Expenditure (b)</b>	<b>540,100,616.57</b>	<b>15,057,820.60</b>	<b>5,348,531.63</b>	<b>560,506,968.80</b>
<b>Surplus / (Deficit) for the Year (a) - (b)</b>	<b>(41,082,245.45)</b>	<b>(245,514.60)</b>	<b>1,058,411.37</b>	<b>(40,269,348.68)</b>
Less: Surplus/(Deficit) of Provident Fund	(763,972.35)	-	-	(763,972.35)
	(40,318,273.10)	(245,514.60)	1,058,411.37	(39,505,376.33)
<b>Surplus/(Deficit) b/f (Note (2))</b>	<b>112,800,299.89</b>	<b>(3,554,392.96)</b>	<b>3,968,345.92</b>	<b>113,214,252.85</b>
	72,482,026.79	(3,799,907.56)	5,026,757.29	73,708,876.52
Add: Prior Year Adjustment Back payment of rent & rates	-	3,614,039.00	-	<b>3,614,039.00</b>
Less: Refund to Government				
a) Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplementary (Note (3))	-	-	-	-
b) Surplus on Rent & Rates	-	(44,559.00)	-	(44,559.00)
c) Surplus on Central Items-Overnight on-site-on-call Allowance	-	-	(61,059.96)	(61,059.96)
d) Surplus on Central Items-Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	-	-	(2,114,630.00)	(2,114,630.00)
e) Surplus on Central Items-Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	-	-	(572,697.96)	(572,697.96)
f) Transfer from LSG Reserve to cover the operational expenses	(219,475.45)	-	-	(219,475.45)
<b>Surplus / (Deficit) c/f (Note (4))</b>	<b>72,262,551.34</b>	<b>(230,427.56)</b>	<b>2,278,369.37</b>	<b>74,310,493.15</b>

Notes:

- (1) Interest received on LSG 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 holding account) and all interest received in previous years should be included in the surplus b/f under LSG.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmiry Care Supplement, if any, as per Schedule of Central Items.
- (4) The level of LSG cumulative reserve (i.e. S), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's operating expenditure (excluding Provident Fund expenditure) for the year.

(A) Total Expenditure excluding PF Expenditure  
Total Expenditure of LSG  
Less: Total Expenditure of PF

540,100,616.57	
(31,673,620.35)	
<b>508,426,996.22</b>	<b>127,106,749.06</b>
T	25% of T

(B) Total Surplus of LSG  
Less: Holding Account as at 31 March 2017  
( As per SWD letter Ref.:SF/SAS/4-65-59(268)II dated 21 Jun 2018 )

<b>32,079,090.04</b>
<b>95,027,659.02</b>

Under / (Over) CAP compared to Holding Account

**Schedule for Central Items**  
**Analysis of Subvention and Expenditure for the period from 1 Apr 2020 to 31 Mar 2021**

Name of Agency: HONG CHI ASSOCIATION

Unit Code and Name / Remittance Advice No. (Note 7)	Subvented Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3)	Deficit for the Year			Refund to Government (f)	Adjustment (g)	Surplus c/f (Note 6) (h)=(e)+(a)-(d) (f)+/(g)
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)	Adjusted Deficit (d)=(b)-(c)			
		\$	\$	\$	\$	\$	\$	\$	\$	\$
	<b>Training Subsidy under Training Scheme for Child Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services</b>	15,000.00	15,000.00	-	-	N.A.	-	-	-	97,000.00
	<b>Overnight On-site-on-call Allowance</b>									
2975	Hong Chi Children Home	1,052,681.00	1,041,596.43	11,084.57	-	N.A.	-	48,505.68	-	11,084.57
2977	Hong Chi Shui Chuen O Children Home	263,160.00	252,019.47	11,140.53	-	N.A.	-	12,554.28	-	11,140.53
	<b>FIS for Mentors of Employees with Disabilities</b>									
6453	On the Job Training Programme Sunnyway-on the Job Training Programme	-	-	-	-	N.A.	-	-	-	564,958.00
2512	Job Training & Supported Employment									
2864	Hong Chi Pinehill Integrated Vocational Training Centre									
6558	Training Sponsorship Scheme for Master in OT and PT	930,000.00	540,000.00	390,000.00	-	N.A.	-	-	-	948,000.00
	<b>Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent</b>									
	<b>Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19</b>	3,796,102.00	3,409,036.73	387,065.27	-	N.A.	-	2,114,630.00	-	387,065.27
	<b>Subsidy for Enhanced Support for Ethnic Minority Children in SCCC and EETC</b>	350,000.00	90,879.00	259,121.00	-	N.A.	-	-	-	259,121.00
<b>Total</b>		<b>6,406,943.00</b>	<b>5,348,531.63</b>	<b>1,058,411.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,748,387.92</b>	<b>-</b>	<b>2,278,369.37</b>

Note: 1. The figures for the whole financial year are extracted from the payroll for March (Final) or remittance advices(s) issued by Social Welfare Department of the financial year.

2. Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.

3. Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.

4. Deficit i.r.o. the following central items arising from salary adjustment are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref. (33) in SWD/S/104/2 Pt.18 dated 4 March 2020.

(i) Dementia Supplement for Elderly with Disabilities

(ii) Dementia Supplement for Residential Elderly Services

(iii) Infirmary Care Supplement for Residential Elderly Services

(iv) Infirmary Care Supplement for Residential Elderly Services

5. "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.

6. "Surplus carried forward (c/f)" means surplus brought forward less refund to Government plus surplus, if any, arising from operations in current year.

7. Unit codes and names / remittance advice no. are extracted from the payroll from SWD and remittance advice from Treasury respectively.

8. The central items as listed above may not be exhaustive and any relevant details of central items released and/or expended during the year, where appropriate, should also be included.

9. For ASCP/Enhanced ASCP, the adjustment includes the amount of expenditure overstated/(understated) in previous year(s) after taking into account the actual claw-back amount(s) per SWD's allocation letter(s), if any.

**Remuneration Packages for Staff in the Top Three Tiers  
of Subvented Non-governmental Organisations**

**Review Report for the Reporting Year of 2020-21**  
(to be completed if not exempt from the Government Guidelines)

To: Director of Social Welfare  
(Attn: Subventions Section)  
38/F, Sunlight Tower,  
248 Queen's Road East  
Wan Chai, Hong Kong

**Fax No. : 2575 6537 or email at [suenq@swd.gov.hk](mailto:suenq@swd.gov.hk)**

*[Please read the explanatory notes before completing this form. The completed form should reach Social Welfare Department (SWD) by 31 October 2021.]*

Name of NGO (code) : Hong Chi Association ( 268 )

**Part (A): Remuneration Packages**

Information of my staff in the top three tiers -

**(1) Staff of 1<sup>st</sup> Tier** <sup>[1]</sup>

(a) Number of staff 1

(b) Comparable rank in civil service <sup>[2]</sup> Chief Social Work Officer or Above\*

(c) Post General Secretary

(d) Total annual staff costs <sup>[3]</sup> (including those not under SWD subventions, if applicable) \$1,797,934  
*[1(d) should be equal to or greater than 1(e)]*  
*(round up to the nearest dollar)*

(e) Total annual staff costs under SWD subventions \$1,528,244  
*[1(e) = 1(g)(i) + (ii) + (iii) + (iv)]*  
*(round up to the nearest dollar)*

(f) Please specify the months covered if (1)(e) was not incurred for the full year: \_\_\_\_\_ months

(g) Breakdown of (1)(e)

(i) Salary <sup>[4]</sup> \$1,452,021

(ii) Provident fund \$ 72,601

(iii) Cash allowance <sup>[5]</sup> (please specify if any: ) \$ 0

(iv) Non-cash based benefits <sup>[6]</sup> (please specify if any: Life insurance ) \$ 3,622

\*Simply compared based on the pay scale adopted in HCA. The comparison is solely for the Top 3-Tiers internal assessment to be made by SWD

<b>(2) <u>Staff of 2<sup>nd</sup> Tier</u> <sup>[1]</sup></b>	
(a) Number of staff	<u>3</u>
(b) Comparable rank in civil service <sup>[2]</sup>	<u>Senior Social Work Officer*</u>
(c) Post	<u>Assistant General Secretary</u>
(d) Total annual staff costs <sup>[3]</sup> (including those not under SWD subventions, if applicable) <i>[2(d) should be equal to or greater than 2(e)]</i>	<u>\$2,513,142</u> <i>(round up to the nearest dollar)</i>
(e) Total annual staff costs under SWD subventions <i>[2(e)=2(f)(i)+(ii)+(iii)+(iv)]</i>	<u>\$1,062,534</u> <i>(round up to the nearest dollar)</i>
(f) Breakdown of (2)(e)	
(i) Salary <sup>[4]</sup>	<u>\$ 937,883</u>
(ii) Provident fund	<u>\$ 67,492</u>
(iii) Cash allowance <sup>[5]</sup> (please specify if any: mainly pandemic related allowance )	<u>\$ 54,650</u>
(iv) Non-cash based benefits <sup>[6]</sup> (please specify if any: Life insurance )	<u>\$ 2,509</u>
 <b>3) <u>Staff of 3<sup>rd</sup> Tier</u> <sup>[1]</sup></b>	
(a) Number of staff	<u>14 (including staff joined/promoted in the year)</u>
(b) Comparable rank in civil service <sup>[2]</sup>	<u>Between Social Work Assistant and Social Work Officer *</u>
(c) Post	<u>Service Supervisors / Office Heads</u>
(d) Total annual staff costs <sup>[3]</sup> (including those not under SWD subventions, if applicable) <i>[3(d) should be equal to or greater than 3(e)]</i>	<u>\$10,574,657</u> <i>(round up to the nearest dollar)</i>
(e) Total annual staff costs under SWD subventions <i>[3(e)=3(f)(i)+(ii)+(iii)+(iv)]</i>	<u>\$8,562,766</u>  <i>(round up to the nearest dollar)</i>

\*Simply compared based on the pay scale adopted in HCA. The comparison is solely for the Top 3-Tiers internal assessment to be made by SWD



(f) Breakdown of (3)(e)

(i) Salary <sup>[4]</sup>	\$7,523,064
(ii) Provident fund	\$ 543,911
(iii) Cash allowance <sup>[5]</sup> (please specify if any: mainly pandemic related allowance )	\$ 475,634
(iv) Non-cash based benefits <sup>[6]</sup> (please specify if any: Life insurance )	\$ 20,157

**(4) Review for changes <sup>[7]</sup>**

	<u>2019-20</u> (the year before)	<u>2020-21</u> (the reporting year)
(a) Total annual staff costs under SWD subventions in respect of the top three tiers [(1)(e)+(2)(e)+(3)(e)]	\$33,131,288	\$11,153,544

(b) Please tick and complete the following as appropriate to state the result of your review -

- I have reviewed the remuneration packages of the staff in the top three tiers and **found no change** in their remunerations as compared with the preceding year.
- I have reviewed the remuneration packages of the staff in the top three tiers and **found change(s)** in their remunerations as compared with the preceding year. The tier(s) having changes and reasons for such changes are stated below –
  - Upward/downward pay adjustment in accordance with Civil Service Pay Adjustment (details are given at the bottom).
  - Upward/downward pay adjustment other than Civil Service Pay Adjustment (details are given at the bottom).
  - Incremental creep (details are given at the bottom).
  - Organisational restructuring or upgrading/downgrading of top three tier posts (details are given at the bottom).
  - Increase/decrease of number of staff of the top three tiers (details are given at the bottom).
  - Other circumstances (details are given at the bottom).

*Details (please use additional sheet as necessary):*

1) CSPA

2) Performance link adj : 1.25%/2.50%/3.75%/5.00% depending on positions

3) Change of organization structure

**Part (C): Public Disclosure of the Review Report** <sup>[9]</sup>

Our organisation ~~\*has disclosed~~ / will disclose (please specify the commencement date: 31 Oct 2021) the Review Report for 2020-21 (only Part (A)) through one or more of the following channels and will make it available to the public upon request -

(\*Please delete as appropriate.)

<b>Channel(s) of Disclosure</b>	
<i>(Please tick as appropriate.)</i>	
<input type="checkbox"/>	Posting the information prominently on the notice board(s) at the Central Administration Unit / Head Office
<input checked="" type="checkbox"/>	Uploading the information to our website
<input type="checkbox"/>	Reporting the information in our Annual Report
<input type="checkbox"/>	Publishing the information through special circular(s), newsletter(s) or whatever means (please enclose the copy/copies for SWD's reference)

**Part (D): Declaration by Chairperson**

I declare that the information as provided in Parts (A) to (C) is correct.

Contact Person : Mr. Edwin M.W. Lam, PDSM

Signature of Chairperson : 

Title : General Secretary

Name

: Mr. Owen S.S. Chan

Tel. No. : 2689 1155

Tel. No.

: 2689 1155

Email Address : hdoffice@hongchi.org.hk

Date

: 22 OCT 2021