

Environment and Conservation Fund

Trustee Report 2018-2019

For Presentation to the Legislative Council

on 13 November 2019

---

## CONTENTS

Report by the Trustee Covering the Period 1 April 2018 to 31 March 2019 .....	2-6
Membership List of the Environment and Conservation Fund Committee .....	7
Membership List of the Energy Conservation Projects Vetting Subcommittee .....	8
Membership List of the Research Projects Vetting Subcommittee.....	9
Membership List of the Waste Reduction Projects Vetting Subcommittee.....	10
Membership List of the Environmental Education and Community Action Projects Vetting Subcommittee.....	11
Membership List of the Investment Committee.....	12
List of Approved Projects.....	13-27
Report of the Director of Audit.....	28-30
Balance Sheet.....	31
Income and Expenditure Account .....	32
Statement of Changes in Equity.....	33
Statement of Cash Flows.....	34
Notes to the Financial Statements.....	35-42

## **Report by the Trustee on the Administration of the Environment and Conservation Fund**

This report covers the financial year ending 31 March 2019.

### **Environment and Conservation Fund**

2. In the 1993 Policy Address to the Legislative Council, the then Governor proposed to set up the Environment and Conservation Fund (ECF) for funding educational and research projects in relation to environmental and conservation matters.

3. The Environment and Conservation Fund Ordinance (the Ordinance), which established the ECF, was enacted in June 1994. An initial capital injection of \$50 million was then approved by the Finance Committee of the Legislative Council. The ECF came into operation in August 1994. In 1998, 2002, 2006, 2008 and 2011, the Finance Committee further approved injection of \$50 million, \$100 million, \$35 million, \$1,000 million and \$500 million respectively.

4. As a long-term commitment to environmental protection and conservation, the Administration obtained the approval of the Finance Committee on 14 June 2013 for a capital injection of \$5,000 million into the ECF, which served as seed money to generate annual investment returns to support community-initiated green projects and activities. Following the injection, the Administration obtained the agreement of the Hong Kong Monetary Authority for placing the funds with it to earn an investment return that is linked to the performance of the Hong Kong Exchange Fund.

### **Trustee**

5. Section 5 of the Ordinance provides for the Secretary for the Environment to act as the trustee of the ECF.

### **ECF Committee and vetting of applications**

6. The ECF Committee, established in accordance with section 7 of the Ordinance, is to advise the trustee on the use of the ECF for the purposes of funding educational, research and other project proposals and activities in relation to environmental and conservation matters. The Committee consists of a chairman, not more than eight non-official members appointed by the Chief Executive for a term of two years and four ex-officio members. The membership

list is on page 7.

7. The ECF Committee has established an Energy Conservation Projects Vetting Subcommittee to consider energy conservation project proposals under the three-year Buildings Energy Efficiency Funding Schemes which were ended on 7 April 2012 and the three-year funding scheme for Energy Conservation Projects for Non-government Organisations which was ended on 31 October 2012. As the finalisation of project accounts and disbursement of funds for both funding schemes had been substantially completed, the Subcommittee was disbanded on 15 October 2018 (i.e. upon completion of the term of membership from 2016 to 2018). The Subcommittee comprised ECF Committee members and other co-opted members. The membership list of the Energy Conservation Projects Vetting Subcommittee is on page 8.

8. The ECF Committee has established a Research Projects Vetting Subcommittee to consider environmental research, technology demonstration and conference proposals. The Subcommittee comprises ECF Committee members and co-opted members. The membership list of the Research Projects Vetting Subcommittee is on page 9.

9. The ECF Committee has also established a Waste Reduction Projects Vetting Subcommittee to vet projects related to community waste reduction. The Subcommittee comprises members of the ECF Committee, members of the Waste Management Subcommittee of the Advisory Council on the Environment and co-opted members. The membership list of the Waste Reduction Projects Vetting Subcommittee is on page 10.

10. The ECF Committee has entrusted the vetting of educational project proposals to the Environmental Campaign Committee (ECC), which then set up an Environmental Education and Community Action (EE&CA) Projects Vetting Subcommittee to review these proposals. The reason for this arrangement is that the ECF Committee considers that the ECC has developed the expertise for considering such projects. The membership list of the EE&CA Projects Vetting Subcommittee is on page 11.

11. The Energy Conservation Projects Vetting Subcommittee, the Research Projects Vetting Subcommittee, the Waste Reduction Projects Vetting Subcommittee and the EE&CA Projects Vetting Subcommittee can approve grants up to \$2,000,000 for a project. For applications exceeding this limit, the recommendations of the Energy Conservation Projects Vetting Subcommittee, Research Projects Vetting Subcommittee, Waste Reduction Projects Vetting Subcommittee or EE&CA Projects Vetting Subcommittee will have to be endorsed by the ECF Committee.

12. During the financial year 2018-2019, the ECF Committee also considered the annual budget of ECC for implementing programmes for raising environmental awareness as well as nature conservation management agreement projects.

13. An Investment Committee has been established to set policies for investment and monitor the investment of the ECF. The membership list of the ECF Investment Committee is on page 12.

14. The Environmental Protection Department provides secretariat service to the ECF Committee, the Energy Conservation Projects Vetting Subcommittee, the Research Projects Vetting Subcommittee, the Waste Reduction Projects Vetting Subcommittee, the EE&CA Projects Vetting Subcommittee and the Investment Committee.

15. Subsequent to the capital injection of \$5,000 million into the ECF in June 2013, the Administration has, in conjunction with the ECF Committee and the various vetting subcommittees, reviewed and revised the mode of handling funding applications to strengthen the deployment of the ECF and ensure that the most meritorious projects would be selected for funding support. Since early 2014, invitations for applications under each funding scheme would be called at scheduled intervals, so that the received applications could be considered on a competition basis on account of their support-worthiness and comparative merits.

### **Criteria for vetting applications**

16. Applications from local non-profit making organisations and community groups will be considered for funding support. Generally, an application to be considered for ECF support should fulfill the following basic requirements:

- (1) The project must contribute to the overall environment of Hong Kong, raise environmental awareness of the local community, or mobilise the community to take action to improve the environment;
- (2) The benefits of the project must accrue to the local community as a whole, and not just to individuals, a single private organisation or a consortium of private companies; and
- (3) The project must be non-profit making in nature.

17. On top of the above basic requirements, each funding scheme has a set of vetting criteria developed on the basis of the nature of projects involved, as well as the outcomes and deliverables expected to be derived from these projects. The vetting subcommittees will assess applications based on the vetting criteria, which will also take into account the past performance of project proponents in implementing ECF-supported projects, where appropriate, and select the best applications for full or partial funding support. Details of the assessment mechanism and vetting criteria are set out in the Guide to Application for the respective funding schemes, which are public documents available at the ECF website at <http://www.ecf.gov.hk/en/application/index.html>.

### **Approved applications**

18. From 1 April 2018 to 31 March 2019, a total of 409 applications were vetted, including 360 applications received during the aforesaid period and 49 applications rolled over from 2017-18. The vetting results are as follows:

(a)	applications approved	167
(b)	applications rejected	195
(c)	applications withdrawn by applicants / invalid	20
(d)	applications being processed and carried forward to 2019-20	27
Total:		409

19. The total amount of funds approved for the 167 applications was about \$246 million. Under a collaboration with the Woo Wheelock Green Fund (WWGF), WWGF would provide matching fund for research projects that meet its funding objective. From 1 April 2018 to 31 March 2019, one research project was jointly funded by the WWGF with a grant of \$885,200.

20. A list of the approved projects is on pages 13 to 27.

## Accounts

21. The auditor's report, the balance sheet, income and expenditure account, statement of changes in equity and statement of cash flows for the period between 1 April 2018 and 31 March 2019 are on pages 28 to 42.



(WONG Kam-sing)  
Secretary for the Environment  
The Trustee of the Environment and Conservation Fund  
31 October 2019

## Environment and Conservation Fund Committee

### Membership List

(1 April 2018 - 31 March 2019)

Mr Douglas WOO, JP (Chairman)  
Ir Dr CHAN Fuk-cheung, BBS  
Ir CHAN Wing-hong, Cary, JP  
Ms FUNG Dun-mi, Amy, MH (up to 15 October 2018)  
Dr KaChun HUI  
Mr LAM Chiu-ying, SBS (up to 31 December 2018)  
Dr LAW Wai-yi, Winnie (from 16 October 2018 onwards)  
Ms LI Chun-chau  
Miss NG Yuen-ting, Yolanda, MH  
Professor SUNG Jao-yiu, Joseph, SBS, JP (from 1 January 2019 onwards)  
Ms WONG Wai-man, Rosana  
Secretary for the Environment, or his representative  
Permanent Secretary for Education, or his representative  
Director of Agriculture, Fisheries and Conservation, or his representative  
Director of Environmental Protection, or his representative



**Environment and Conservation Fund Committee**  
**Energy Conservation Projects Vetting Subcommittee**

**Membership List**

**(1 April 2018 - 15 October 2018)**

Ir Dr CHAN Fuk-cheung, BBS (Chairman)

Mr LEE Tak-kong, Alfred, MH

Mr LEUNG Chun-yuen, Kendrew

Miss NG Yuen-ting, Yolanda, MH

Dr TSANG Chiu-wa, Daniel

Mr WONG Kin-wai

Ms WONG Wai-man, Rosana

Representative of the Secretary for the Environment

Representative of the Director of Environmental Protection

## Environment and Conservation Fund Committee

### Research Projects Vetting Subcommittee

#### Membership List

(1 April 2018 - 31 March 2019)

Dr KaChun HUI (Chairman)	
Ir CHAN Wing-hong, Cary, JP	(up to 15 October 2018)
Mr CHEUNG Kwok-chuen, Simon	
Dr Priscilla CHOY	(from 16 October 2018 onwards)
Miss HUI Chun-yu, Jane	(up to 15 October 2018)
Ms Jessica JOOK	
Mr KWONG Chiu-ling, Victor	(up to 15 October 2018)
Dr LAW Wai-yi, Winnie	(from 16 October 2018 onwards)
Dr LEE Kwan-hon, Patrick	(from 16 October 2018 onwards)
Professor LEUNG Yiu-cheong, Dennis	
Dr LI Kwok-chang, Lawrence, JP	(up to 15 October 2018)
Mr Victor C LI	(up to 15 October 2018)
Dr MA Yiu-wa, Anthony	
Dr NG Chi-yun, Jeanne	(from 16 October 2018 onwards)
Professor QIU Jianwen	
Dr TSANG Chiu-wa, Daniel	(up to 15 October 2018)
Professor WONG Kam-bo	(from 16 October 2018 onwards)
Professor WONG Siu-fai, Steve	
Representative of the Secretary for the Environment	
Representative of the Director of Agriculture, Fisheries and Conservation	
Representative of the Director of Environmental Protection	

## **Environment and Conservation Fund Committee**

### **Waste Reduction Projects Vetting Subcommittee**

#### **Membership List**

**(1 April 2018 - 31 March 2019)**

Ir Dr CHAN Fuk-cheung, BBS (Chairman)	
Dr CHAN Chi-kau, Johnnie, BBS, JP	(up to 15 October 2018)
Mr CHAN Ping-tak, Joseph	
Ir CHAN Wing-hong, Cary, JP	(from 16 October 2018 onwards)
Ms CHEUNG Wing-suet, Wendy	(from 16 October 2018 onwards)
Dr CHOW Cheuk-fai, Stephen	
Mr Wayne CHU	
Ms FUNG Dun-mi, Amy, MH	(up to 15 October 2018)
Mr KWOK Ngok-chung, Dick	(from 16 October 2018 onwards)
Mr LAU Sun-tao, Gary	(up to 15 October 2018)
Mr LAU Yiu-shing, Jacky	
Mr LO Cheuk-man	(from 16 October 2018 onwards)
Mr LOCK Kwok-on, Anthony	(up to 15 October 2018)
Mr WONG Kit-lung, Simon, JP	
Mr WONG Tze-kang, Rico	(up to 15 October 2018)
Mr YAN Wai-kiu, Mickey	(from 16 October 2018 onwards)
Mr Philip YU	
Representative of the Secretary for the Environment/Director of Environmental Protection	

## **Environmental Campaign Committee**

### **Environmental Education and Community Action Projects Vetting Subcommittee**

#### **Membership List**

**(1 April 2018 - 31 March 2019)**

Dr LAW Wai-yi, Winnie (Chairman)	
Mr CHOI Kim-wah, Cliff	
Ms CHAN Chi-shan, Joanne	(from 13 April 2018 onwards)
Mr CHAN Ka-lok, Jason	(from 1 January 2019 onwards)
Ms CHAN Suk-yee	(from 1 January 2019 onwards)
Ms HO Wai-ling	(up to 31 December 2018)
Mr IP Chung-man, Tony	
Ms LAM Chung-yan, Nancy	
Mr LEE Hon-cheung, Armstrong	
Mr LEE Yat-wah, Walter	(up to 31 December 2018)
Ms LI Chun-chau	
Mr NGAI Wah-sing, Francis	(from 1 January 2019 onwards)
Dr WONG Fook-yee	
Ir Dr YEUNG Kai-kin, Herbert	
Dr Shelley ZHOU	(up to 31 December 2018)
Professor YIM Hung-lam, Steve	(from 22 January 2019 onwards)
Representative from Education Bureau	
Representative from Environmental Protection Department	

## **Environment and Conservation Fund**

### **Investment Committee**

### **Membership List**

**(1 April 2018 - 31 March 2019)**

Secretary for the Environment (Chairman)

Mr CHAN Hung-ngam, Younker (from 16 October 2018 onwards)

Mr CHIU Man-leong

Ms HUI Chun-yu, Jane

Mrs IP YEUNG See-ming, Christine (from 16 October 2018 onwards)

Ms Jessica JOOK

Mr LAM Chiu-ying, SBS (up to 15 October 2018)

Mr Douglas WOO, JP (from 16 October 2018 onwards)

Mr YIP Kwong-to, Plato (up to 15 October 2018)

Director of Environmental Protection

Deputy Director of Environmental Protection (1)

**List of Approved Projects under  
the Environment and Conservation Fund  
(1 April 2018 - 31 March 2019)**

**Environmental Research, Technology Demonstration and Conference Projects**

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
1.	City University of Hong Kong	Road Network Assessment and Optimisation with Air Pollution Performance Measure	\$500,000.00
2.	City University of Hong Kong	Microplastics Accumulate and Transfer Persistent Organic Pollutants to Hong Kong Marine Fish	\$496,000.00
3.	City University of Hong Kong	A Dye-assisted Paper-based Assay for Fast and Reliable Detection of Biototoxicity for Anaerobic Digestion	\$499,500.00
4.	City University of Hong Kong	Single-use Plastics Reduction in Hong Kong: Promoting Environmentally Sustainable Behaviors through Public Engagement Campaigns	\$424,200.00
5.	Hong Kong Baptist University	International Conference on Sustainable Biowaste Management (SBM 2020)	\$300,000.00
6.	Hong Kong Baptist University	Developing More Integrated Organic Wastes Treatment in Hong Kong – Anaerobic Co-digestion of Food Wastes and Slaughterhouse Waste	\$500,000.00
7.	Hong Kong Baptist University	Biochar Assisted Co-digestion of Food Waste and Sludge for Enhancing Organic Loading Efficiency: A Special Reference to Hong Kong	\$1,160,220.00
8.	Hong Kong Wildlife Health Foundation Limited	Identifying and Mapping Threats to the Health of Hong Kong's Endangered Dolphins and Porpoises to Benefit their Conservation	\$389,070.00

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
9.	Jockey Club Heavy Vehicle Emissions Testing and Research Centre, Vocational Training Council	Evaluation of Eco-driving Technology for Reducing Fuel Consumption and Emissions	\$496,173.00
10.	Lingnan University	Fine Particulate Matter Pollution from Incense Burning at Temples in Hong Kong	\$499,920.00
11.	Lingnan University	Building a Natural History Collection of Hong Kong's Amphibians for Conservation and Education, with a Genetic Case-study on the Endangered Romer's Tree Frog ( <i>Liuixalus Romeri</i> )	\$1,094,304.00
12.	Technological and Higher Education Institute of Hong Kong, Vocational Training Council	To Examine the Feasibility of Using Carbon Dioxide as a Tracer Gas to Study the Dispersion of Tailpipe Exhausts in an Urban Canyon	\$440,527.00
13.	The Chinese University of Hong Kong	The Crustacean Society (TCS) Mid-Year Meeting, 2019	\$391,890.00
14.	The Chinese University of Hong Kong	Molecular Authentication of Endangered Timber Samples: Protocol Development and Evaluation on the Scope of Application	\$1,290,562.00
15.	The Chinese University of Hong Kong	Unravelling the Food Web Dynamics Sustaining Hong Kong's Shallow Marine Soft-bottom Ecosystems	\$2,121,478.00
16.	The Chinese University of Hong Kong	A Novel Way for Hong Kong Citizen Science? Working out the Soil Biodiversity of Millipedes in Hong Kong with Secondary School, NGO, and University: Field Collection, Identification via DNA Barcoding, and an Electronic Platform	\$1,121,500.00
17.	The Education University of Hong Kong	Environmental DNA-based Assessment of Biodiversity in Reservoirs and their Catchment Areas in Hong Kong	\$1,109,600.00

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
18.	The Hong Kong Polytechnic University	The 3rd International Conference on Bioresources, Energy, Environment, and Materials Technology 2019 (BEEM 2019)	\$498,000.00
19.	The Hong Kong Polytechnic University	Demonstration of High Performance Thermal Energy Storage Technology Using Novel Phase Change Nano-emulsion for Energy Conservation	\$1,770,400.00 *
20.	The Hong Kong Polytechnic University	Impact of Microplastics on Life-history Stages of Hard Corals	\$1,697,000.00
21.	The Hong Kong Polytechnic University	Automated Airborne Drone for Beach Wastes Recycling	\$1,213,600.00
22.	The Hong Kong Polytechnic University	Novel Recycling of Incinerated Sewage Sludge Ash from T-PARK and Waste Bentonite as a High-performance Adsorbent for Wastewater Treatment	\$1,315,800.00
23.	The Hong Kong University of Science and Technology	Gordon Research Conference on Marine Molecular Ecology: Novel Insights into Marine Patterns and Processes	\$455,420.00
24.	The Hong Kong University of Science and Technology	Investigation of On-road Diesel Vehicle Fleet Emissions to Evaluate Emission Control Policy Effectiveness and their Impact on Hotspot Air Quality	\$1,680,000.00
25.	The Hong Kong University of Science and Technology	Development of a Regional Urban Meteorological Modelling System for Environmental Impact Assessment in the Pearl River Delta Region	\$1,478,568.00
26.	The Hong Kong University of Science and Technology	Developing a Multiplex PCR Assay for Rapid and Quantitative Differentiation between E. coli and Cryptic Escherichia in the Aquatic Environments	\$495,000.00



	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
27.	The Hong Kong University of Science and Technology	Drone-based Remote Sensing of Coastal Water Quality for Monitoring of Algal Blooms	\$499,572.00
28.	The Hong Kong University of Science and Technology	Converting Organic Municipal Solid Waste into Biochar for Application in Ecological Restoration	\$2,250,312.00
29.	The University of Hong Kong	5th International Symposium on the Environmental Dimension of Antibiotic Resistance (EDAR5)	\$489,700.00
30.	The University of Hong Kong	The 9th International Conference on Marine Pollution and Ecotoxicology (ICMPE-9)	\$403,920.00
31.	The University of Hong Kong	On the Rapid Plume Mixing in Vehicle Wakes and its Implication to Practical Models of Pollutant Dispersion After Line Sources	\$500,000.00
32.	The University of Hong Kong	Investigation of High-ozone Episodes in Southern China due to Distant Tropical Cyclones	\$869,000.00
33.	The University of Hong Kong	Monitoring Plastic Litter in the Hong Kong Coastal Environment: Assessment of its Sources and Temporal Variation	\$499,825.00
34.	The University of Hong Kong	Recycling and Re-utilisation of Toxic Materials in Solar Cells for Promoting Sustainable Energy Use and Environment Protection	\$499,000.00
35.	The University of Hong Kong	Ultralong, Suspended Perovskite Nanowires for Thermoelectric Devices	\$494,000.00
36.	The University of Hong Kong	Study on the Widespread Usage of Electric Private Cars in Hong Kong: Hurdles and Enhancement Measures	\$499,550.00
37.	The University of Hong Kong	Reducing Fuel Consumption and CO2 Emission of Automotive by Harvesting Waste Heat from Engine	\$499,500.00

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
38.	The University of Hong Kong	Effects of External Lighting on the Environment	\$1,761,101.00
		<b>Subtotal (I) :</b>	<b>\$32,704,212.00</b>

\* Jointly funded by the Environment and Conservation Fund and Woo Wheelock Green Fund on an equal share basis.

### **Community Waste Reduction Projects**

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
39.	121C Society for Recycling	ECF Southern District Society for Recycling Project	\$2,059,857.45
40.	121C Society for Recycling	ECF Causeway Bay and Wan Chai District Society for Recycling Project	\$2,397,644.11
41.	Action Health Limited	ECF Food Link in North District	\$2,870,081.00
42.	Bo Charity Foundation Ltd.	ECF Food Angel Food Rescue Action	\$3,271,925.00
43.	Bo Charity Foundation Ltd.	ECF Food Angel Food Rescue and Sharing Action	\$2,718,088.00
44.	Cheung Sha Wan Kai Fong Welfare Association Limited	ECF Sham Shui Po Community Waste Recovery Scheme	\$3,098,086.69
45.	Community Leap Ltd.	ECF Low Waste, Low Carbon Footprint, Local Network – Food Grace Food Recycling and Education Scheme (Taipo)	\$2,618,442.80
46.	Community Leap Ltd.	ECF Low Waste, Low Carbon Footprint, Local Network – Food Grace Food Recycling and Education Scheme (Yuen Long)	\$2,466,701.60
47.	Community Leap Ltd.	ECF Food Grace – Food Recycling and Education Project (Shek Lei)	\$2,387,128.00

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
48.	East Kowloon District Residents' Committee Limited	ECF Wong Tai Sin Community Waste Recovery Project (Phase 4)	\$4,700,377.42
49.	Environmental Association Limited	ECF – Ways for Plastic Recycling	\$2,123,042.90
50.	Fong Chung Social Service Centre Limited	ECF Source Separation of Waste Programme for Commercial Buildings and Restaurants in Central & Western District	\$2,488,834.00
51.	Food For Good Limited	ECF Save and Share, Reduce to Produce	\$724,051.60
52.	Foodlink Foundation Limited	ECF Foodlink Operations Sustainability Project Extension in Time and Area	\$2,046,048.20
53.	Hong Kong Sheng Kung Hui Welfare Council Limited	ECF – Creating a Green Aged Care Complex Together	\$1,321,328.00
54.	Ma On Shan Youth Association	ECF – Shatin Recycle Centre	\$2,012,786.25
55.	New Life Psychiatric Rehabilitation Association	ECF Food Waste No More	\$1,010,561.60
56.	New Life Psychiatric Rehabilitation Association	ECF Food Sharing Project	\$1,874,869.00
57.	New Opportunity Company Limited	ECF Tuen Mun Environmental Center	\$2,264,209.50
58.	North District Residents Association Limited	ECF North District Community Waste Collection and Promotion Project (Phase 5)	\$2,411,227.46
59.	People Service Centre Limited	ECF “Food Friend Action” – Sham Shui Po Project	\$2,462,950.60
60.	People Service Centre Limited	ECF “Food Friend Action” – Wong Tai Sin Project	\$2,691,406.60

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
61.	People Service Centre Limited	ECF “Food Friend Action” – Tuen Mun Project	\$2,275,473.00
62.	Tai Kok Tsui Resources Centre Association	ECF Yau Tsim Mong Community Recycle & Educate Scheme	\$3,077,857.00
63.	Tai O Cultural Association Limited	ECF – Community Farming with Kitchen Waste Recycle Program	\$1,378,110.40
64.	The Boys’ Brigade, Hong Kong	ECF To Kwa Wan District Recycling Centre (Phase VII)	\$2,372,822.00
65.	The Boys’ Brigade, Hong Kong	ECF Tsuen Wan District Recycling Centre (Phase VIII)	\$2,372,822.00
66.	The Boys’ Brigade, Hong Kong	ECF Kwai Tsing District Recycling Centre (Phase VII)	\$2,378,492.00
67.	The Boys’ Brigade, Hong Kong	ECF Hung Hom District Recycling Centre (Phase IV)	\$2,222,516.00
68.	Tseung Kwan O Kai Fong Joint Association Limited	ECF Source Separation of Domestic Waste VI	\$1,606,432.00
69.	United Labour Chi Hong Association Limited	ECF Ho Man Tin, North To Kwa Wan and Kowloon City Household Waste Recovery Scheme	\$5,351,852.38
<b>Subtotal (II):</b>			<b>\$75,056,024.56</b>

**Food Waste Recycling Projects in Housing Estates**

	<b>Applicant</b>	<b>Housing Estate</b>	<b>Approved Amount</b>
70.	Chi Fu Fa Yuen Ltd.*	Chi Fu Fa Yuen	\$1,203,857.00
71.	Hong Yip Service Co. Ltd.*	Wonderland Villas	\$300,000.00
72.	The Incorporated Owners of Allway Gardens	Allway Gardens	\$1,523,946.80
73.	Urban Property Management Limited*	Rhythm Garden	\$241,586.80
<b>Subtotal (III) :</b>			<b>\$3,269,390.60</b>

\* The residential organisation of the estate has authorised its property management company to submit the application and implement the project on its behalf.

**Community Involvement Projects for Waste Reduction Through Quantity-based Municipal Solid Waste Charging**

	<b>Applicant</b>	<b>Project Name</b>	<b>Approved Amount</b>
74.	Christian Family Service Centre	ECF MSW Charging Trial Programme at Schools in Kwun Tong	\$923,029.00
75.	Christian Joyful Spirit Life Development Centre Limited	環保基金 廢物收費社區教育計劃*	\$1,119,513.33
76.	Community Leap Limited	ECF Reduce Waste in Our Community (Shopping Mall & Car Park)	\$687,778.80
77.	Community Leap Limited	ECF Reduce Waste in Our Community (Office Building)	\$679,792.00
78.	Community Leap Limited	ECF Reduce Waste in Our Community (Shek Lei and Tai Po Service Building)	\$294,738.00
79.	Friends of Tuen Mun Ltd.	ECF Reduce Waste Together (Hang Wai)	\$826,603.60
80.	Green Commune Education Charity Foundation Limited	ECF “Dump Less, Save More” for the Future	\$989,130.80
81.	Green Council Limited	ECF New World Tower (1 & 2)	\$408,235.11
82.	Green Council Limited	ECF Hopewell Centre (Office Tenants)	\$652,168.44
83.	Green Council Limited	ECF Lexington Hill, Kensington Hill and The Babington	\$729,054.67
84.	Greeners Action	ECF The Apex	\$849,509.60
85.	Greeners Action	ECF KITEC (shopping mall from G/F to 5/F)	\$938,205.60

	<b>Applicant</b>	<b>Project Name</b>	<b>Approved Amount</b>
86.	Hong Kong Federation of Restaurants and Related Trades Limited (HKFORT)	ECF Municipal Solid Waste Charging Trial Scheme for Food Processing Operations in Hong Kong	\$1,059,421.82
87.	Hong Kong Productivity Council	ECF Municipal Solid Waste Charging Trial Scheme for Food and Beverage (F&B) Operators at Shopping Complex in Hong Kong	\$984,588.00
88.	Hong Kong Wastes and Recyclables Operators Network	環保基金 住宅都市固體廢物收費試驗計劃*	\$276,777.00
89.	Mong Kok Yin Ngai Societies	ECF Community Involvement Projects for Municipal Solid Waste Charging – Mong Kok District (Fixed-pitch Hawker Areas) Community Involvement Projects for Waste Reduction through Quantity-based Municipal Solid Waste Charging	\$526,052.00
90.	New Opportunity Company Limited	ECF “Dump Less, Save More” trial scheme	\$879,417.20
91.	Reconnect Limited	ECF Visualising Big Waster	\$1,083,979.20
92.	Sham Ching Youth Association Limited	ECF Go Green Cheung Sha Wan	\$1,137,052.00
93.	St. James’ Settlement	ECF “Minimising Waste Project for St. James”	\$338,720.00
94.	Tai O Cultural Association Limited	ECF “Tai O 4R Action” Community Waste Reduction Experience Project	\$682,695.20
95.	The Boys’ Brigade, Hong Kong	ECF Pilot Scheme on the Charging for Municipal Solid Waste, Hung Hom	\$899,006.40
96.	The Boys’ Brigade, Hong Kong	ECF Pilot Scheme on the Charging for Municipal Solid Waste – Kwai Shing East Estate	\$1,034,798.00
97.	Tung Wah Group of Hospitals	ECF Tung Wah Group of Hospitals – Schools	\$681,224.00

	<b>Applicant</b>	<b>Project Name</b>	<b>Approved Amount</b>
98.	United Social Service Centre Ltd.	環保基金 廢物收費社區教育計劃*	\$1,101,897.78
99.	Victoria City Social Service Centre Limited	ECF Waste Reduction in Southern District	\$1,105,098.67
100.	Wisdom Regeneration	ECF More Home Waste Reduction More Clean Recycle You Earn	\$990,211.20
101.	Wisdom Regeneration	ECF Save Fee from the Source of Home Waste Reduction	\$877,748.80
<b>Subtotal (IV):</b>			<b>\$22,756,446.22</b>

\*Title in Chinese only

### **Environmental Education and Community Action Projects**

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
102.	A total of 91 participating schools	ECF Pilot Programme on the Provision of Small Food Waste Composter at School	\$1,368,000.00
103.	Buddhist Kok Kwong Secondary School	ECF – Environmental Friendly Project in Kok Kwong	\$50,000.00
104.	Chinese YMCA of Hong Kong	ECF No Plastic Ocean Action	\$1,655,735.00
105.	Christian Alliance H.C.Chan Primary School	ECF – Environmental Protection @ CAHCC	\$90,000.00
106.	CNEX Foundation Limited	ECF So Green Cinema	\$420,418.00
107.	Community Leap Limited	ECF Hong Kong Green Estate Education and Certification	\$507,200.00
108.	DADS Network	ECF Eco-DADs: Environmental Friendly Family	\$495,300.00
109.	Department of Ocean Science, HKUST	ECF Embrace Blue Lantau	\$922,207.00

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
110.	Drama Wonderland	環保基金 生物多樣性《一個都不能少》愛上大自然三步曲*	\$748,571.43
111.	Earth Rescue Team	ECF Little White Dolphin Story & Game Tour II	\$602,059.32
112.	Earth Rescue Team	ECF Big Waster – The Inspiration of Hanson Village	\$1,238,880.00
113.	Ecobus	ECF Decluttering Lifestyle: The Joy of Less	\$1,541,141.00
114.	ELCHK, Sheen Hok Charitable Foundation Kwan Shon Hing Yu Chui Neighborhood Elderly Centre	ECF “Regenerations from LOVE” Environmental Protection Project	\$107,690.00
115.	Fair Trade Hong Kong	ECF Fairness under the Sun	\$926,150.00
116.	Fresh Fish Traders’ School	ECF Project of Green Power School	\$50,000.00
117.	Geo-tourism Development Group	ECF – Lai Chi Chong to Sham Chung Geog & Eco Diversity Workshop	\$117,500.00
118.	HKFYG – Jockey Club Shaukiwan Youth S.P.O.T.	環保基金 – 「走塑」地圖*	\$34,080.00
119.	Hong Kong Dolphin Conservation Society	ECF – Dolphin Conservation Classroom	\$645,340.00
120.	Hong Kong Federation of Youth Groups	ECF “Green at Night” – Youth Community Engagement Pilot Programme	\$23,800.00
121.	Hong Kong Green Building Council	ECF Green Building Education Video	\$780,625.00
122.	Hong Kong Society of Herpetology Foundation Limited	ECF: Citizen Science Programme – Conserving Herpetofauna Diversity through Raising Awareness of Invasive Species	\$1,275,445.00
123.	Lok Sin Tong Leung Kau Kui College	ECF Green Power and Education On-grid Platform	\$269,900.00



	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
124.	Love Coral Limited	ECF Ocean Cleanman	\$395,575.00
125.	Mu Kuang English School	ECF – Green Life in MK	\$150,000.00
126.	Outdoor Wildlife Learning Hong Kong Limited	ECF Hong Kong Ecology Boardgame Ambassador Scheme	\$752,768.36
127.	Outdoor Wildlife Learning Hong Kong Limited	ECF Discovering South Lantau Invertebrates	\$1,753,508.00
128.	Po Leung Kuk Fong Wong Kam Chuen Primary School	ECF – FWKC Eco Garden	\$272,700.00
129.	Po Leung Kuk Horizon East Primary School	ECF – HEPS’ Defenders of the Earth	\$90,000.00
130.	Po Leung Kuk Yu Lee Mo Fan Memorial School	ECF Zero Carbon Movement	\$50,000.00
131.	Pok Oi Hospital Wai Yin Association Youth City	ECF – Environment Protection Program	\$15,150.00
132.	QualiEd College	環保基金 – 綠色能源助保育*	\$200,000.00
133.	School of Creative Media, City University of Hong Kong	ECF Embodied Weather: Promoting Public Understanding of Extreme Weather through Immersive Multi-sensory Virtual Reality	\$1,006,550.00
134.	School of Everyday Life Limited	ECF Project 1.5	\$711,177.00
135.	Social Enterprise Division, Sai Kung District Community Centre Limited	ECF Let’s Clean the Sai Kung Shoreline	\$1,191,475.00
136.	Support Kennedy	ECF Waste Reduction from Source	\$134,610.83
137.	Tai Po District Federation of Women	環保基金「童玩漂流記」減廢教育及玩具循環再用計劃*	\$28,560.00
138.	Tai Po Old Market Public School	ECF – Eco Energy	\$209,620.00

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
139.	Technological and Higher Education Institute of Hong Kong	ECF Yard Waste 3R Pilot Scheme for Private Housing Estates	\$276,956.67
140.	The Boys' & Girls' Clubs Association of Hong Kong Mei Foo Children & Youth Integrated Services Centre	ECF One Family and One Plant – Organic Farming and Environment Education Scheme	\$33,190.00
141.	The Jane Goodall Institute Hong Kong	ECF Be HK Coral Reef and Marine Life Ranger	\$537,450.00
142.	The Nature Conservancy Hong Kong Foundation Limited	ECF Hong Kong's Treasured Oyster Reefs Exhibit	\$49,500.00
143.	The Salt & Light Preservation Centre Limited	ECF – Experiencing the Island Ecology of Yim Tin Tsai	\$467,523.70
144.	The Theatre Wonderland	ECF: Take Action ~ Plastic Free Save the Sea	\$1,178,755.00
145.	The Warehouse Teenage Club Limited	ECF: The Making Master of Waste Reduction and Repair Community Project	\$714,960.00
146.	Tsung Tsin Christian Academy	ECF – GREENite TTCA Project	\$92,800.00
147.	TWGHs Yow Kam Yuen College	ECF Installation of Drinking Fountain with Water Meter	\$26,400.00
148.	United Social Service Centre Limited	環保基金 社區樹木守護者*	\$448,025.00
149.	World Green Organisation	ECF Climate Change and Renewable Energy – Discovery Experience for Primary Students, Secondary School Students and University Students through Invention and Engagement	\$962,520.00
150.	World Wide Fund for Nature Hong Kong	ECF Big Issue of Microplastics	\$1,758,208.14

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
151.	Yau Tsim Mong Love & Care Charity Foundation Ltd.	環保基金《油尖旺減廢節能護生態教育計劃》*	\$46,372.50
<b>Subtotal (V):</b>			<b>\$27,424,396.95</b>

\*Title in Chinese only

### **Projects considered by the Environment and Conservation Fund Committee**

#### Nature Conservation Management Agreement Projects

	<b>Applicant</b>	<b>Project Title</b>	<b>Approved Amount</b>
152.	Environmental Association Limited	Management Agreement on the Private Land with High Conservation Value at Fung Yuen Valley Site of Special Scientific Interest (SSSI) in Tai Po, Hong Kong 2019-2021	\$9,014,028.00
153.	Hong Kong Countryside Foundation	Management Agreement Scheme at Lai Chi Wo Enclave 2019-2021	\$8,139,424.00
154.	The Conservancy Association	Nature and Human in Harmony – Nature Conservation Management for Long Valley 2019-2020	\$5,560,351.32
155.	The Hong Kong Bird Watching Society	Fishpond Conservation Scheme in Ramsar Site 2019-2021	\$7,456,636.00
156.	The Hong Kong Bird Watching Society	Hong Kong Got Fishpond – Eco-Fishpond Management Agreement Scheme 2019-2021	\$7,246,276.00
<b>Subtotal (VI) :</b>			<b>\$37,416,715.32</b>

### **Large-scale Environmental Education and Awareness Projects Coordinated by the Environmental Campaign Committee**

	<b>Project Title</b>	<b>Approved Amount</b>
157.	Hong Kong Green School Award	\$1,700,000.00

	<b>Project Title</b>	<b>Approved Amount</b>
158.	Student Environmental Protection Ambassador Scheme	\$1,800,000.00
159.	Environmental Prefect Programme	\$300,000.00
160.	Hong Kong Awards for Environmental Excellence	\$9,200,000.00
161.	Hong Kong Green Organisation Certification	\$8,500,000.00
162.	World Environment Day	\$2,500,000.00
163.	Publicity Programmes in Support of Environment Bureau / Environmental Protection Department Policy Priorities	\$6,000,000.00
164.	Provision of Free Environmental Campaign Committee Recycling Bins	\$2,000,000.00
165.	Environmental Campaign Committee Promotion and Initiatives	\$3,300,000.00
	<b>Project Support to Environmental Campaign Committee</b>	
166.	General support (including website maintenance fee, auditing fee, etc.)	\$600,000.00
167.	Staff for Environmental Campaign Committee programmes and Environmental Education and Community Action Projects Vetting Subcommittee Secretariat	\$12,029,400.00
	<b>Subtotal (VII) :</b>	<b>\$47,929,400.00</b>
	<b>Total (I)+(II)+(III)+(IV)+(V)+(VI)+(VII):</b>	<b>\$246,556,585.65</b>

## *Report of the Director of Audit*



**Audit Commission**  
The Government of the Hong Kong Special Administrative Region

### **Independent Audit's Report To the Legislative Council**

#### *Opinion*

I certify that I have audited the financial statements of the Environment and Conservation Fund set out on pages 31 to 42, which comprise the balance sheet as at 31 March 2019, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the Environment and Conservation Fund as at 31 March 2019, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with section 8(1) of the Environment and Conservation Fund Ordinance (Cap. 450).

#### *Basis for opinion*

I conducted my audit in accordance with section 8(2) of the Environment and Conservation Fund Ordinance and the Audit Commission auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the Environment and Conservation Fund in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### *Responsibilities of the Secretary for the Environment for the financial statements*

The Secretary for the Environment is responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and section 8(1) of the Environment and Conservation Fund Ordinance, and for such internal control as the Secretary for the Environment determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary for the Environment is responsible for assessing the Environment and Conservation Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

***Auditor's responsibilities for the audit of the financial statements***

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit Commission auditing standards 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 the Audit Commission auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Environment and Conservation Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary for the Environment;
- conclude on the appropriateness of the Secretary for the Environment'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 Environment and Conservation Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Environment and Conservation Fund to cease to continue as a going concern; and

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



LIANG Kar-lun, Ken  
Principal Auditor  
for Director of Audit

28 June 2019

Audit Commission  
26th Floor  
Immigration Tower  
7 Gloucester Road  
Wanchai, Hong Kong

**Environment and Conservation Fund**  
**Balance Sheet as at 31 March 2019**

	Note	2019 HK\$	2018 HK\$
<b>Non-current Assets</b>			
Placement with the Exchange Fund	3	4,700,000,000	4,700,000,000
<b>Current Assets</b>			
Placement with the Exchange Fund	3	1,127,205,780	932,614,304
Interest receivable		111,114	1,944,916
Bank deposits		71,139,628	228,031,473
Cash and cash equivalents	4	24,438,689	30,261,084
		1,222,895,211	1,192,851,777
		5,922,895,211	5,892,851,777
<b>EQUITY</b>			
Capital	3	5,000,000,000	5,000,000,000
Accumulated Fund		922,895,211	892,851,777
		5,922,895,211	5,892,851,777
		5,922,895,211	5,892,851,777

The accompanying notes 1 to 10 form part of these financial statements.

(WONG Kam-sing)  
Secretary for the Environment  
The Trustee of the Environment and Conservation Fund

28 June 2019



**Environment and Conservation Fund**  
**Income and Expenditure Account for the year ended 31 March 2019**

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>INCOME</b>		
Interest income	237,454,366	182,853,629
Refund of grants	1,476,575	1,380,458
	<u>238,930,941</u>	<u>184,234,087</u>
<b>EXPENDITURE</b>		
Grants for environmental research and other projects	167,830,094	209,707,584
Grants to the Environmental Campaign Committee	41,057,413	28,570,445
	<u>208,887,507</u>	<u>238,278,029</u>
<b>Surplus/(deficit) for the year</b>	30,043,434	(54,043,942)
Other comprehensive income	-	-
	<u>30,043,434</u>	<u>(54,043,942)</u>
<b>Total comprehensive income/(loss) for the year</b>	<u><u>30,043,434</u></u>	<u><u>(54,043,942)</u></u>

The accompanying notes 1 to 10 form part of these financial statements.

**Environment and Conservation Fund**  
**Statement of Changes in Equity for the year ended 31 March 2019**

	<b>Capital HK\$</b>	<b>Accumulated Fund HK\$</b>	<b>Total HK\$</b>
Balance at 1 April 2017	5,000,000,000	946,895,719	5,946,895,719
Total comprehensive loss for 2017-18	-	(54,043,942)	(54,043,942)
Balance at 31 March 2018	5,000,000,000	892,851,777	5,892,851,777
Total comprehensive income for 2018-19	-	30,043,434	30,043,434
Balance at 31 March 2019	5,000,000,000	922,895,211	5,922,895,211

The accompanying notes 1 to 10 form part of these financial statements.

**Environment and Conservation Fund**  
**Statement of Cash Flows for the year ended 31 March 2019**

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Cash flows from operating activities</b>		
Refund of grants	1,476,575	1,380,458
Grants to the Environmental Campaign Committee	(41,057,413)	(28,570,445)
Grants for environmental research and other projects	(167,830,094)	(209,707,584)
<b>Net cash used in operating activities</b>	<b>(207,410,932)</b>	<b>(236,897,571)</b>
<b>Cash flows from investing activities</b>		
Net decrease in bank deposits with original maturity over three months	156,891,845	225,007,209
Interest received from bank deposits	4,696,692	6,908,503
Withdrawal of interest earned from placement with the Exchange Fund	40,000,000	-
<b>Net cash from investing activities</b>	<b>201,588,537</b>	<b>231,915,712</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,822,395)</b>	<b>(4,981,859)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>30,261,084</b>	<b>35,242,943</b>
<b>Cash and cash equivalents at end of year</b>	<b>24,438,689</b>	<b>30,261,084</b>

The accompanying notes 1 to 10 form part of these financial statements.

## Environment and Conservation Fund Notes to the Financial Statements

### 1. General

The Environment and Conservation Fund (the Fund) was established for the purposes of funding educational, research and other projects and activities in relation to environmental and conservation matters in accordance with section 4 of the Environment and Conservation Fund Ordinance (Cap. 450).

The address of the Fund's office is Room 605, Chinachem Exchange Square, 1 Hoi Wan Street, Quarry Bay, Hong Kong.

### 2. Significant accounting policies

#### (a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with section 8(1) of the Environment and Conservation Fund Ordinance and all applicable Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Fund. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Fund for the current and prior accounting periods reflected in these financial statements.

#### (b) Basis of preparation of the financial statements

The financial statements have been prepared on an accrual basis and under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

There are no critical accounting judgments involved in the application of the Fund's accounting policies. There are neither key assumptions concerning the future nor other key sources of estimation uncertainty at the reporting date that have a

significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Fund. Of these, the Fund has adopted the requirements of HKFRS 9 “Financial Instruments” from 1 April 2018.

HKFRS 9 replaces Hong Kong Accounting Standard (HKAS) 39 “Financial Instruments: Recognition and Measurement”. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Fund has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements without restating comparative information (i.e. the comparative information continues to be reported under HKAS 39). The carrying amounts of the items at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

Further details of the nature and effect of the changes to previous accounting policies are set out below:

(i) Classification of financial assets

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. These supersede HKAS 39’s categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the classification categories for the Fund’s financial assets under HKAS 39 and HKFRS 9.

Financial assets	Classification under HKAS 39	Classification under HKFRS 9
Cash at bank	Loans and receivables	Amortised cost
Bank deposits	Loans and receivables	Amortised cost
Placement with the Exchange Fund	Loans and receivables	Amortised cost
Interest receivable	Loans and receivables	Amortised cost

Financial assets previously classified as loans and receivables carried at amortised cost were reclassified to financial assets measured at amortised cost. The carrying amounts at 31 March 2018 were the same as those at 1 April 2018.

For an explanation of how the Fund classifies and measures financial assets and recognises related gains and losses under HKFRS 9, see respective accounting policy notes in note 2(d)(ii).

(ii) Credit losses and impairment

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the “expected credit loss” model. The expected credit loss model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises expected credit losses earlier than under the “incurred loss” accounting model in HKAS 39. The Fund applies the new expected credit loss model to the financial assets measured at amortised cost (including cash and cash equivalents, bank deposits, placement with the Exchange Fund and interest receivable). The initial application of the new impairment requirements had no impact on the carrying amounts of the financial assets at 1 April 2018.

For further details on the Fund's new accounting policy for impairment, see note 2(d)(v).

(d) Financial assets

(i) Initial recognition

Financial assets are recognised on the date the Fund becomes party to the contractual provisions of the financial instruments. They are initially stated at fair value plus directly attributable transaction costs.

(ii) Categorisation and subsequent measurement from 1 April 2018

*Financial assets measured at amortised cost*

These comprise cash and cash equivalents, bank deposits, placement with the Exchange Fund and interest receivable. They are held for the collection of contractual cash flows which represent solely payments of principal and interest. They are subsequently measured at amortised cost, net of loss allowance, if any (note 2(d)(v)).

(iii) Categorisation and subsequent measurement before 1 April 2018

*Loans and receivables*

The Fund's financial assets included placement with the Exchange Fund, bank deposits, interest receivable and cash and cash equivalents. They were initially measured at fair value plus transaction costs that were directly attributable to the acquisition of the assets. Subsequent to initial recognition, they were measured at amortised cost using the effective interest method, less any allowance for impairment loss.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

(v) Impairment of financial assets from 1 April 2018

For cash and cash equivalents, bank deposits, placement with the Exchange Fund and interest receivable, the Fund measures the expected credit losses to determine the loss allowance required to be recognised.

Expected credit losses are a probability-weighted estimate of credit losses. They are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Fund expects to receive, discounted at the effective interest rate. They are measured on either of the following bases:

- 12-month expected credit losses for financial instruments for which there has not been a significant increase in credit risk since initial recognition: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime expected credit losses for financial instruments for which there has been a significant increase in credit risk since initial recognition: these are losses that are expected to result from all possible default events over the expected life of the financial instrument.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Fund compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Fund considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Fund in full; or (ii) the financial asset is 90 days past due. The Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(vi) Impairment of financial assets before 1 April 2018

The carrying amounts of loans and receivables were reviewed at each reporting date to determine whether there was objective evidence of impairment. If any such evidence existed, an impairment loss was recognised in surplus or deficit as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. If in a subsequent period the amount of such impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through surplus or deficit. A reversal of impairment losses was limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

(e) Revenue recognition

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

(f) Grants

Grants for environmental research and other projects are recognised as expenditure

---

when they are approved by the Trustee except in those cases when the release of grant is subject to certain conditions, such grants are recognised as expenditure when the grantees comply with the conditions.

Grants to the Environmental Campaign Committee are recognised as expenditure when they are due for payment.

(g) Cash and cash equivalents

Cash and cash equivalents include cash at bank and deposits with banks with original maturities of three months or less from the date of placement.

### 3. Placement with the Exchange Fund

In June 2013, the Legislative Council approved to inject a one-off sum of HK\$5 billion as seed capital into the Fund for generating investment returns to provide the Fund with a long-term and sustainable funding source for supporting community green actions. Of the HK\$5 billion received, HK\$4.7 billion was placed with the Exchange Fund. The term of the placement is six years from the date of placement, during which the amount of original placement cannot be withdrawn. Interest on the placement is at a rate determined annually in January and payable annually in arrears on 31 December. The rate is the average annual rate of return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year government bond in the previous year subject to a minimum of zero percent, whichever is the higher. The interest rate has been fixed at 4.6% per annum for January to December 2018 and 2.9% per annum for January to December 2019.

Placement with the Exchange Fund is analysed as follows:

	<b>2019</b> <b>HK\$</b>	<b>2018</b> <b>HK\$</b>
Balance of the placement with the Exchange Fund		
Original placement with the Exchange Fund	4,700,000,000	4,700,000,000
Interest earned but not withdrawn at end of year	<u>1,085,637,468</u>	<u>869,443,086</u>
	5,785,637,468	5,569,443,086
Accrued Interest	<u>41,568,312</u>	<u>63,171,218</u>
Balance at end of year	<u><u>5,827,205,780</u></u>	<u><u>5,632,614,304</u></u>
Classified as:		
Non-current assets	4,700,000,000	4,700,000,000
Current assets	<u>1,127,205,780</u>	<u>932,614,304</u>
	<u><u>5,827,205,780</u></u>	<u><u>5,632,614,304</u></u>



The Fund has reached an in-principle agreement with the Hong Kong Monetary Authority on the extension of the existing placement, amounting to HK\$4.7 billion, for another six years upon its maturity in August 2019.

The interest earned but not yet withdrawn and the accrued interest stated above, amounting to HK\$1,127,205,780 (2018: HK\$932,614,304), were classified as current assets in the balance sheet.

#### 4. Cash and cash equivalents

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
Bank deposits with original maturities within three months	23,011,599	30,000,000
Cash at bank	1,427,090	261,084
	24,438,689	30,261,084
	24,438,689	30,261,084

#### 5. Financial risk management

The Fund's major financial instruments are placement with the Exchange Fund and bank deposits. The main risks associated with these financial instruments are set out below:

##### (a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum exposure to credit risk as at the reporting date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet.

The credit risk from bank deposits is limited because the Fund's bank deposits are placed with reputable licensed banks in Hong Kong. For the placement with the Exchange Fund, the credit risk is considered to be low. The credit quality of bank balances analysed by the ratings designated by Moody's or their equivalents at the reporting date is shown below:

	<b>2019</b>	<b>2018</b>
	<b>HK\$</b>	<b>HK\$</b>
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	22,466,083	85,262,311
A1 to A3	73,112,234	148,030,246
Baa1 to Baa3	-	25,000,000
	95,578,317	258,292,557
	95,578,317	258,292,557

As such, the credit risk on these financial instruments is assessed as not having increased significantly since initial recognition and the Fund determines the loss allowance required to be recognised based on 12-month expected credit losses. The Fund has estimated that 12-month expected credit losses on these financial instruments are immaterial and considers that no loss allowance is required.

(b) Interest rate risk

Interest rate risk is the risk of loss arising from changes in market interest rates. Since the Fund's fixed deposits bear interest at fixed rates, their fair values will fall when market interest rates increase. However, as they are all stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's surplus and equity.

The interest income of a financial instrument bearing interest at floating interest rates will fluctuate because of changes in market interest rates. The Fund is not exposed to material cash flow interest rate risk because interest income from financial instruments bearing interest at a floating rate is not significant.

(c) Liquidity risk

In the management of liquidity risk, the Fund maintains a level of cash and cash equivalents that is considered adequate to finance its operations and mitigate the effect of fluctuations in cash flows.

(d) Other financial risk

The Fund is exposed to financial risk arising from the placement with the Exchange Fund due to changes in the interest rate which is determined every January (note 3). It was estimated that, as at 31 March 2019, a 50 basis point (*2018: 50 basis point*) increase/decrease in the interest rates for 2018 and 2019, with all other variable held constant, would increase/decrease the surplus and equity by HK\$29 million (*2018: decrease/increase the deficit and increase/decrease the equity by HK\$28 million*).

## 6. Capital management

The capital of the Fund consists of the capital and the accumulated fund balance. The Fund's objectives when managing capital are:

- to comply with the Environment and Conservation Fund Ordinance; and
- to maintain a strong capital base for carrying out the purposes of the Fund as stated in note 1 above.

The Fund manages capital to ensure that its level is adequate to fund future grants and expenditure, taking into account projected cash flow requirements, future financial obligations and commitments.

**7. Commitments**

As at 31 March 2019, the commitments for approved grants, subject to the satisfactory progress or completion of the relevant projects, were HK\$450,298,637 (2018: HK\$487,172,074).

**8. Cost of administration of the Fund**

The cost of administration of the Fund, other than the salaries and fees paid under section 6(3) of the Environment and Conservation Fund Ordinance, has been borne by the Government of the Hong Kong Special Administrative Region in accordance with section 9(1) of the Environment and Conservation Fund Ordinance.

**9. Fair values of financial assets**

All financial assets are stated in the balance sheet at amounts equal to or not materially different from their fair values.

**10. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2019**

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been early adopted in the financial statements. The Fund is in the process of making an assessment of the impact expected of these amendments, new standards and interpretations in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Fund's financial performance and financial position.