

Environment and Conservation Fund

Trustee Report 2019-2020

For Presentation to the Legislative Council

on 18 November 2020

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

This report covers the financial year ending 31 March 2020.

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 injections 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 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 8.

8. 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 and the Waste Management Subcommittee of the Advisory Council on the Environment as well as co-opted members. The membership list of the Waste Reduction Projects Vetting Subcommittee is on page 9.

9. 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 10.

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

11. During the financial year 2019-2020, the ECF Committee also considered the annual budget of ECC for implementing programmes for raising environmental awareness.

12. 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 11.

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

14. 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

15. Applications from local non-profit making organisations and community groups will be considered for funding support. In general, 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.

16. 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

17. From 1 April 2019 to 31 March 2020, a total of 387 applications were vetted, including 360 applications received during the aforesaid period and 27 applications rolled over from 2018-19. The vetting results are as follows:

(a)	applications approved	190
(b)	applications rejected	176
(c)	applications withdrawn by applicants / invalid	17
(d)	applications being processed and will be carried forward to 2020-21	4
Total:		387

18. The total amount of funds approved for the 190 applications was about \$253.70 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 2019 to 31 March 2020, three research projects were jointly funded by the WWGF with a grant of \$978,950.

19. A list of the approved projects is on pages 12 to 24.

Accounts

20. 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 2019 and 31 March 2020 are on pages 25 to 38.



(WONG Kam-sing)
Secretary for the Environment
The Trustee of the Environment and Conservation Fund
2 November 2020

Environment and Conservation Fund Committee

Membership List

(1 April 2019 - 31 March 2020)

Mr Douglas WOO, JP (Chairman)

Ir Dr CHAN Fuk-cheung, BBS

Ir Dr CHAN Wing-hong, Cary, JP

Dr KaChun HUI

Mr IP Chung-man, Tony

(from 10 February 2020 onwards)

Dr LAW Wai-yi, Winnie

(up to 19 January 2020)

Ms LI Chun-chau

Miss NG Yuen-ting, Yolanda, MH

Professor SUNG Jao-yiu, Joseph, SBS, JP

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

Research Projects Vetting Subcommittee

Membership List

(1 April 2019 - 31 March 2020)

Dr KaChun HUI (Chairman)

Mr CHEUNG Kwok-chuen, Simon

Dr Priscilla CHOY

Ms Jessica JOOK

Dr LAW Wai-yi, Winnie

(up to 19 January 2020)

Dr LEE Kwan-hon, Patrick

Professor LEUNG Yiu-cheong, Dennis

Dr MA Yiu-wa, Anthony

Dr NG Chi-yun, Jeanne

Professor QIU Jianwen

Professor WONG Kam-bo

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 2019 - 31 March 2020)

Ir Dr CHAN Fuk-cheung, BBS (Chairman)

Mr CHAN Ping-tak, Joseph

Ir Dr CHAN Wing-hong, Cary, JP

Ms CHEUNG Wing-suet, Wendy

Dr CHOW Cheuk-fai, Stephen

Mr Wayne CHU

Mr KWOK Ngok-chung, Dick

Mr LAU Yiu-shing, Jacky

Mr LO Cheuk-man

Mr WONG Kit-lung, Simon, JP

Mr YAN Wai-kiu, Mickey

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 2019 - 31 March 2020)

Dr LAW Wai-yi, Winnie (Chairman)	(up to 19 January 2020)
Mr IP Chung-man, Tony (Chairman)	(from 20 January 2020 onwards)
(Member)	(up to 19 January 2020)
Ms CHAN Chi-shan, Joanne	(up to 10 June 2019)
Mr CHAN Ka-lok, Jason	
Ms CHAN Suk-yee	
Mr CHOI Kim-wah, Cliff	
Ms LAM Chung-yan, Nancy	
Mr LEE Hon-cheung, Armstrong	
Ms LI Chun-chau	
Mr NGAI Wah-sing, Francis	(up to 2 September 2019)
Dr WONG Fook-yee	
Ir Dr YEUNG Kai-kin, Herbert	
Professor YIM Hung-lam, Steve	
Representative from Education Bureau	
Representative from Environmental Protection Department	

Environment and Conservation Fund

Investment Committee

Membership List

(1 April 2019 - 31 March 2020)

Secretary for the Environment (Chairman)

Mr CHAN Hung-ngam, Younker

Mr CHIU Man-leong

Ms HUI Chun-yu, Jane

Mrs IP YEUNG See-ming, Christine

Ms Jessica JOOK

Mr Douglas WOO, JP

Director of Environmental Protection

Deputy Director of Environmental Protection (1)

**List of Approved Projects under
the Environment and Conservation Fund
(1 April 2019 - 31 March 2020)**

Environmental Research, Technology Demonstration and Conference Projects

	Applicant	Project Title	Approved Amount
1.	City University of Hong Kong	A Biomicrofluidics for Monitoring Metabolic Activity in Anaerobic Co-digestion of Food Waste / Sewage Sludge	\$499,500.00
2.	City University of Hong Kong	To Fill Knowledge Gap in the Distribution of Juvenile Horseshoe Crabs in Hong Kong and Determine the Mortality and Growth of Laboratory-reared Juveniles after Being Released to the Wild	\$465,404.00
3.	City University of Hong Kong	Comprehensive Health Assessments and Disease Investigation in Endangered Sea Turtles Found in Hong Kong Waters	\$500,000.00
4.	City University of Hong Kong	A Spatial and Temporal Study of the Real-time Concentration of Bioaerosols and its Correlations with Chemical Air Pollutants in Hong Kong	\$499,900.00
5.	City University of Hong Kong	Study and Development of an Advanced Solid Desiccant Cooling System for Hong Kong Buildings	\$486,000.00
6.	Hong Kong Baptist University	Valorisation of Non-recyclable Paper Wastes by Hydrothermal Liquefaction	\$488,000.00
7.	Hong Kong Baptist University	A Study of Coral-eating Nudibranchs	\$1,060,000.00
8.	Lingnan University	Uncover the Underground – Distribution and Population Status of Endemic Blind Snakes and Bogadek’s Burrowing Lizards	\$482,400.00
9.	Technological and Higher Education Institute of Hong Kong, Vocational Training Council	Simultaneous Valorisation of Plastic Waste and Discarded Electric Vehicle Batteries via Co-hydrothermal Treatment for Energy Storage Applications	\$1,205,466.00

	Applicant	Project Title	Approved Amount
10.	The Chinese University of Hong Kong	Integrated Systematics and Conservation Genomics of <i>Platygyra</i> and <i>Porites</i> Corals in Hong Kong – Resolving Taxonomic Uncertainties and Promoting Coral Conservation	\$1,040,600.00
11.	The Hong Kong Polytechnic University	Reduction of Microplastics Contaminants by Enhanced Entrapment with Environmental Bacterial Biofilms	\$489,000.00
12.	The Hong Kong Polytechnic University	Regulatory Control and Policy Instruments for Emission Reduction of Construction Equipment in Hong Kong	\$989,000.00*
13.	The Hong Kong Polytechnic University	Smart and Sustainable Drainage Network in Hong Kong Using Artificial Intelligence and Machine Learning Techniques	\$1,943,000.00
14.	The Hong Kong Polytechnic University	Characterisation and Evaluation of the Feasibility of Miniaturised Gas Cleaning Devices as Control of Cooking Oil Fume from Different Styles of Restaurants in Hong Kong	\$1,961,000.00
15.	The Hong Kong Polytechnic University	The 5 th Asia Pacific Biochar Conference (APBC2020)	\$500,000.00
16.	The Hong Kong University of Science and Technology	Evaluation of the Impacts of Volatile Organic Compounds in Ambient Air on Ozone Formation in Hong Kong	\$1,881,340.00
17.	The Hong Kong University of Science and Technology	Mean and Extreme Turbulent Flow Patterns in Building Wakes, and their Effects on Air Ventilation and Air Pollutant Dispersion in the Built-up Area	\$486,400.00*
18.	The University of Hong Kong	Assessing the Impacts of Human Stressors on Freshwater Carbon Cycling – Implications on CO ₂ Emission and Biodiversity Conservation in Hong Kong	\$1,299,780.00
19.	The University of Hong Kong	Where the Bad Things are? Distribution Modelling of Exotic Insect Species and Identification of Hotspots of Invasions in Hong Kong	\$1,296,050.00
20.	The University of Hong Kong	Dietary DNA Metabarcoding on Bats – Implications for Conservation and Ecosystem Services Assessment of Bats	\$489,600.00

	Applicant	Project Title	Approved Amount
21.	The University of Hong Kong	Development of a Novel Photo bioelectrochemical Technology for Energy-neutral Biogas Polishing and Sulphur Recovery from Saline Sewage Treatment Works (STWs)	\$1,193,300.00
22.	The University of Hong Kong	Energy Rock Cavern Systems in Hong Kong – Feasibility Study through Thermo-hydro-mechanical Analysis	\$456,000.00
23.	The University of Hong Kong	Single-ion Conducting Network Polymers as the Viable Electrolytes for Lithium Metal Battery – A Key Technology toward High Capacity Battery	\$499,500.00
24.	The University of Hong Kong	Monitoring the Amount and Composition of Macro- and Microplastic in a Biodiversity Reservoir – The Mangrove Forests of Hong Kong	\$1,695,200.00
25.	The University of Hong Kong	Feasibility Study of Using 2 nd Generation Biodiesel (HVO) as Motor Fuel in Hong Kong	\$1,145,000.00
26.	The University of Hong Kong	Baseline Evaluation of Hong Kong’s Rocky Shore Biodiversity	\$2,657,800.00
27.	The University of Hong Kong	The Forgotten Ecosystem – An Assessment of the Marine Biodiversity Associated with Remnant Oyster Habitats in Hong Kong	\$1,823,700.00
28.	The University of Hong Kong	Reducing Construction Waste in Hong Kong through Adopting Innovative Modular Integrated Construction (MiC)	\$482,500.00*
29.	The University of Hong Kong	Evaluating Multi-scale Performance of Attenuation Ponds on Storm Water Runoff Management in Subtropical Climate	\$471,000.00
30.	The University of Hong Kong	Assessment of Microplastics Distribution in Hong Kong Using Innovative Imaging Technology	\$495,400.00
31.	The University of Hong Kong	Big Data-based “AI Inspector” for Gauging Inert Contents at the Off-site Construction Waste Sorting Facilities in Hong Kong	\$485,000.00
		Subtotal (I) :	\$29,466,840.00

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

Community Waste Reduction Projects

	Applicant	Project Title	Approved Amount
32.	121C Society for Recycling	ECF – Southern District Society for Recycling Project	\$2,614,624.50
33.	121C Society for Recycling	ECF – Causeway Bay and Wan Chai District Society for Recycling Project	\$2,961,807.74
34.	Action Health Limited	ECF Yuen Long Community Recycling Centre	\$2,769,077.71
35.	Action Health Limited	ECF North District Recycling Centre (Phase IV)	\$2,631,372.50
36.	Action Health Limited	ECF Food Link in North District (Phase II)	\$3,261,380.80
37.	Bo Charity Foundation Limited	ECF Food Angel City Food Rescue Programme	\$3,610,896.00
38.	Bo Charity Foundation Limited	ECF Food Angel Food Rescue and Education Workshop	\$2,465,092.00
39.	Bo Charity Foundation Limited	ECF Food Angel Food Rescue and Sharing Action	\$3,836,404.00
40.	Cheung Chau Island Women’s Association Limited	ECF – Food RecycleLand Exhibition Centre	\$2,733,316.00
41.	Cheung Sha Wan Kai Fong Welfare Association Limited	ECF Sham Shui Po Community Waste Recovery Scheme	\$3,337,719.87
42.	Community Leap Limited	ECF “Low Waste, Low Carbon Footprint, Local Network – Food Grace Food Recycling and Education Scheme” (Taipo – 2 nd Phase)	\$3,090,981.60
43.	Community Leap Limited	ECF “Low Waste, Low Carbon Footprint, Local Network – Food Grace Food Recycling and Education Scheme” (Shek Lei)	\$2,754,712.00
44.	Community Leap Limited	ECF “Low Waste, Low Carbon Footprint, Local Network – Food Grace Food Recycling and Education Scheme” (Yuen Long – 2 nd Phase)	\$2,873,953.80
45.	Food For Good Limited	ECF Save and Share, Reduce to Produce (Kowloon)	\$838,032.80
46.	Foodlink Foundation Limited	ECF Foodlink Operations Sustainability Project Extension in Time and Area	\$2,307,208.20
47.	Green Toysland Limited	ECF Toys For Love	\$617,232.00

	Applicant	Project Title	Approved Amount
48.	Greeners Action	ECF Food Donation Project (Cheung Sha Wan)	\$1,968,927.00
49.	Hong Kong Association of Youth Development – Tsuen Wan District Branch	ECF Missing Link – Polyfoam Recycling Scheme	\$5,066,373.60
50.	Hong Kong Productivity Council	ECF Source Separation Programme of Food Waste for the Food & Beverage (F&B) Trade	\$2,774,543.00
51.	New Opportunity Company Limited	ECF Tuen Mun Environmental Center	\$2,625,102.50
52.	North District Residents Association Limited	ECF North District Community Waste Collection and Promotion Project (Phase 6)	\$2,662,518.88
53.	OIWA Limited	ECF – Assemble Green Platform	\$3,230,412.00
54.	OIWA Limited	ECF To Unearth the Treasure Kitchen Waste Recycle Scheme	\$3,616,812.00
55.	People Service Centre Limited	ECF “Food Friend Action” – Yau Tsim Mong Project	\$2,858,907.00
56.	People Service Centre Limited	ECF “Food Friend Action” – Sham Shui Po Project	\$2,528,270.50
57.	People Service Centre Limited	ECF “Food Friend Action” – Wong Tai Sin Project	\$2,613,310.50
58.	People Service Centre Limited	ECF “Food Friend Action” – Kowloon City Project	\$2,694,446.50
59.	The Boys’ Brigade, Hong Kong	ECF To Kwa Wan District Recycling Centre (Phase VIII)	\$2,458,704.00
60.	The Boys’ Brigade, Hong Kong	ECF Tsuen Wan District Recycling Centre (Phase IX)	\$2,458,704.00
61.	The Boys’ Brigade, Hong Kong	ECF Kwai Tsing Collection Vehicle Services Plan	\$2,405,910.67
62.	The Boys’ Brigade, Hong Kong	ECF Hung Hom District Recycling Centre (Phase V)	\$2,302,212.00
63.	The Conservancy Association	ECF Food Resources Recycling Centre (FRRC)	\$1,858,112.60
-	Central & Western Mid-Levels Owners Association	ECF Central & Western Mid-Levels Owners Association for Recycling Projects*	\$1,663,256.00
-	East Kowloon District Residents’ Committee Limited	ECF Wong Tai Sin Community Waste Recovery Project (Phase 4)*	\$827,144.00
-	Environmental Association Limited	ECF – Ways for Plastic Recycling*	\$533,981.00

	Applicant	Project Title	Approved Amount
-	Fong Chung Social Service Centre Limited	ECF Source Separation of Waste Programme for Commercial Buildings and Restaurants in Central & Western District*	\$1,371,243.00
-	Ma On Shan Youth Association	ECF – Shatin Recycle Centre*	\$735,325.00
-	Tai Kok Tsui Resources Centre Association	ECF Yau Tsim Mong Community Recycle & Educate Scheme*	\$901,273.00
-	Tseung Kwan O Kai Fong Joint Association Limited	ECF Source Separation of Domestic Waste VI*	\$536,715.00
		Subtotal (II):	\$93,396,015.27

* Extension of approved project (Not a new project application).

Food Waste Recycling Projects in Housing Estates

	Applicant	Housing Estate	Approved Amount
64.	Kai Shing Management Services Limited*	Yoho Midtown	\$1,460,616.00
		Subtotal (III) :	\$1,460,616.00

* 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

	Applicant	Project Name	Approved Amount
65.	121C Society for Recycling	環保基金 香港仔中心模擬徵費項目*	\$1,070,252.00
66.	121C Society for Recycling	環保基金 乾濕垃圾分離之景賜篇*	\$636,215.56
67.	121C Society for Recycling	環保基金 乾濕垃圾分離之康明苑篇*	\$1,162,254.00
68.	Association of Tsuen Wan Development	ECF Tsuen Waste Reduction, Education and Censorship Pilot Project	\$1,199,408.00
69.	Central & Western Mid-Levels Owners Association	環保基金 乾濕垃圾分離之唐樓篇*	\$681,437.78

	Applicant	Project Name	Approved Amount
70.	Christian Family Service Centre	ECF Green in Estates	\$1,045,956.44
71.	Christian Family Service Centre	ECF Tseung Kwan O South Residential Estates Waste Charging Trial Scheme	\$1,210,787.11
72.	Christian Joyful Spirit Life Development Centre Limited	環保基金 荃灣中心二期廢物收費社區計劃*	\$959,736.44
73.	Community Leap Limited	ECF Reduce Waste in Our Community	\$920,744.80
74.	Community Leap Limited	ECF Reduce Waste in Our Community (Tin Ma Court)	\$927,850.80
75.	Community Leap Limited	ECF Reduce Waste in Our Community – Hilton Plaza	\$890,791.60
76.	Community Leap Limited	ECF Reduce Waste in Our Community – The Concord Building	\$801,470.80
77.	Conservation E3 Foundation Limited	ECF Recycle and Earn	\$766,968.00
78.	Food For Good Limited	ECF Municipal Solid Waste Charging Waste Reduction at Housing Estate	\$819,857.00
79.	Food For Good Limited	ECF Municipal Solid Waste Charging, Waste Reduction at Schools	\$872,849.60
80.	Friends of Tuen Mun Ltd.	ECF Reduce Waste Together (Elegance Gardens)	\$890,091.60
81.	Friends of Tuen Mun Ltd.	ECF Reduce Waste Together (Handsome Court)	\$850,534.67
82.	Green Commune Education Charity Foundation Limited	ECF Municipal Solid Waste Charging Pilot Project “It’s LOVE. It’s GREEN”	\$620,081.78
83.	Green Council Limited	ECF Trend Plaza	\$715,124.00
84.	Green Projects	環保基金 乾濕垃圾分離之寧養台篇*	\$1,147,337.78
85.	Green Projects	環保基金 乾濕垃圾分離之天后篇*	\$669,104.44
86.	Green Recycle	ECF Reduce Waste and Encourage Recycling in Rhythm Garden	\$989,867.60
87.	Green Sense HK Limited	ECF Yuet Chui Court	\$439,765.56
88.	Greeners Action	ECF Community Involvement Projects for MSW Charging – Southorn Garden	\$707,722.20

	Applicant	Project Name	Approved Amount
89.	Greeners Action	ECF Community Involvement Projects for MSW Charging – Metropolis Plaza	\$915,008.60
90.	Greeners Action	ECF Community Involvement Projects for MSW Charging – Millennium City III	\$526,246.60
91.	Hong Kong Lutheran Social Service	ECF Lutheran Waste Reduction	\$693,615.20
92.	Hong Kong Productivity Council	ECF Municipal Solid Waste Charging Trial Programme – Organization of Waste Management Campaign for Commercial Buildings in Hong Kong	\$887,940.00
93.	Hong Kong Productivity Council	ECF Municipal Solid Waste Charging Pilot Trial for Villages in Rural Areas	\$969,391.67
94.	Hong Kong Wastes and Recyclables Operators Network	ECF Municipal Solid Waste Charging Trial Scheme for Commercial Buildings	\$473,425.00
95.	Labour Education and Service Network Limited	ECF Act to Reduce and Recycle for our Homes – Mongkok	\$931,294.67
96.	Lap Sing Education Charity Funding Ltd.	ECF Save More for Ma Tin, Dump Less in Landfill	\$904,380.00
97.	Reconnect Limited	ECF Captain Big Waster	\$963,654.00
98.	Richmond Welbiz Limited	ECF Waste Reduce@Orchards	\$39,817.80
99.	Sham Ching Youth Association Limited	ECF Go Green Lai Chi Kok	\$1,007,172.00
100.	Shatin Women Society	環保基金 恆安村一藉都市固體廢物收費致減廢的社區參與項目*	\$1,104,602.22
101.	Support Kennedy	ECF Waste Reduction, Let's Do it and Build a Better Community	\$398,008.60
102.	Support Kennedy	ECF Going Green, ON FAT Can Make it!	\$396,708.60
103.	Technological and Higher Education Institute of Hong Kong	ECF Rou“TEEN” Waste Reduction Start from Home & School	\$1,524,566.67
104.	The Boys' Brigade, Hong Kong	ECF Pilot Scheme on the Charging for Municipal Solid Waste – Bayview Garden	\$821,348.00
105.	The Boys' Brigade, Hong Kong	ECF Pilot Scheme on the Charging for Municipal Solid Waste – Ching Tai Court	\$835,532.00
106.	The Owners' Committee of Sky Tower	ECF Sky Tower “Household Solid Waste Charging Pilot Scheme”	\$194,962.00

	Applicant	Project Name	Approved Amount
107.	Tsuen Wan Community Service and Recreation Society	ECF Reduce Waste and Encourage Recycling in Belvedere Square (Commercial)	\$855,601.60
108.	Tsuen Wan Community Service and Recreation Society	ECF Reduce Waste and Encourage Recycling (Industrial Buildings)	\$793,979.60
109.	Tung Wah Group of Hospitals	ECF Tung Wah Group of Hospitals – Promotion, Education and Trial Programme for Municipal Solid Waste Charging	\$245,971.60
110.	TWKT	ECF Tsuen Wan Waste Reduction and Education Pilot Project	\$848,958.00
111.	United Social Service Centre Ltd.	環保基金 東區廢物收費社區教育計劃*	\$1,091,587.11
112.	Victoria City Social Service Centre Limited	ECF Waste Reduction in Southern District 2	\$1,085,586.00
113.	Wisdom Regeneration	ECF Waste Out! Clean Recycle and Better Community	\$439,125.20
114.	Wisdom Regeneration	ECF Queen’s Go Green	\$857,539.60
Subtotal (IV):			\$40,802,231.90

* Title in Chinese only.

Environmental Education and Community Action Projects

	Applicant	Project Title	Approved Amount
115.	Agent of Change Foundation Limited	ECF “Never Too Late” VR Education Programme on Climate Change	\$435,506.24
116.	Anxinbao Icare For The Elderly	ECF Happy Together on a Green Journey	\$30,329.00
117.	Beginner Studio Limited	ECF What They Are Before	\$7,300.00
118.	Caritas Institute of Community Education – Hung Hom	ECF – Biodiversity Education in Kindergartens	\$516,346.00
119.	Catholic Diocese of Hong Kong Diocesan Working Committee for “Following Thy Way”	ENVIRONMENT AND CONSERVATION FUND Nature As Teacher	\$57,450.00
120.	Catholic Mission School	ECF – Sustainable Campus for HK	\$90,000.00

	Applicant	Project Title	Approved Amount
121.	CCC Chun Kwong Primary School	ECF	\$8,530.00
122.	Ching Chung Hau Po Woon Primary School	ECF – Environmental Protection Hero	\$90,000.00
123.	Christian and Missionary Alliance Pentecostal Church Neighbourhood Centre	ECF Green Life Together	\$218,924.00
124.	Clean Waterways Initiative	ECF Clean Waterways Initiative	\$400,398.18
125.	Community Leap Limited	ECF Reducing Food Waste in Kwai Tsing	\$1,011,300.00
126.	Community Leap Limited	ECF Waste Reduction and Upcycling Education Program	\$479,500.00
127.	Conservation E3 Foundation Limited	ECF – Forest Adventures Kindergarten	\$1,305,650.00
128.	Creative Kindergarten (Tsing Yi)	ECF – “Fly Butterflies, Smile Kids” Nature-themed Educational Project	\$42,320.00
129.	Drama Wonderland	環保基金 氣候變化《減廢奇兵》之「廢」用全免*	\$935,500.00
130.	Earth Rescue Team	ECF – HAPPY EARTH NEWS	\$575,345.00
131.	Environmental Association Limited	ECF – Environmental Outdoor Class for Kindergartens	\$1,266,220.00
132.	Environmental Association Limited	ECF Fung Shui Wood Knowledge and Education Resources Development through Citizen Science	\$844,126.67
133.	Environmental Association Limited	ECF – Coastal Conservation (Chapter Mangroves)	\$1,251,280.00
134.	Evangelical Lutheran Church Social Service – Hong Kong	ECF Project of “Ecological study” & “Shared ecological map” in Ma On Shan	\$402,787.00
135.	Firefly Conservation Foundation Limited	ECF: Kindergarten Drama Story – Firefly Come Back Home	\$363,990.00
136.	Firefly Conservation Foundation Limited	ECF: Unlock Insect World – Insect Biodiversity Exhibition	\$371,750.00
137.	Food Commons Foundation	ECF – Food Wise Ambassador Incubation Program	\$418,300.43
138.	Green Living Education Foundation Limited	ECF Eat Low Carbon	\$317,450.03
139.	Green Power	ECF “Exploring Ecology in City” Environmental Educational Programme for Kindergartens	\$1,269,400.00
140.	Green Sense HK Limited	ECF “See the World of Nature” – Nature Tutor Training Programme for Kindergartens	\$454,077.00

	Applicant	Project Title	Approved Amount
141.	Green Sense HK Limited	ECF Clean Up for Clear Ocean	\$9,700.00
142.	Greeners Action	ECF Umbrella Bags Reduction Project	\$935,671.11
143.	HKTAYYI Chan Lui Chung Tak Memorial School	ECF – Happy Green School	\$25,000.00
144.	Hong Kong Association of Youth Development – Shatin District Branch	環保基金「Ir 救地球」氣候大使計劃*	\$103,300.00
145.	Hong Kong Society of Herpetology Foundation Limited	ECF – Herpetofauna Neighbours. Urban Biodiversity and Exotic Species Monitoring Programme	\$1,433,490.00
146.	Hong Kong Women Development Association Limited	ECF – “R” Coast Cleaning Programme 2 – PROTECT OUR OCEAN	\$1,027,300.00
147.	IEEE Hong Kong Section & IEEE CE/OES HK Joint Chapter	ECF MATE & IEEE CE/OES HK Joint Chapter Underwater Robotics Workshop and Competition	\$449,661.00
148.	JBC Social Service Centre Limited	ECF – Family + Love Shorelines	\$8,615.00
149.	Ju Ching Chu Secondary School (Tuen Mun)	ECF Treasures Around Us – Biodiversity	\$265,450.00
150.	Land Education Foundation Limited	ECF Mui Wo Farm to Table Agricultural Community Project (2 nd Phase)	\$1,423,288.89
151.	Life Encouraging Fund Limited	ECF E-sea Job	\$9,825.00
152.	Liu Po Shan Memorial College	ECF – Green Energy Environmental Protection Programme	\$50,000.00
153.	Love Coral Limited	ECF Ocean Cleanman Ambassadors	\$362,700.00
154.	Ocean Park Conservation Foundation, Hong Kong	ECF STEAM Juvenile Horseshoe Crab Rearing Programme	\$1,092,000.00
155.	OIWA Limited	ECF Education Programme on Clean Shorelines in South Lantau	\$1,561,652.00
156.	Plastic Oceans Limited	ECF: A Story for A Beach – Eco-filming Learning Project	\$664,520.00
157.	Plastic Oceans Limited	ECF Cleanup Rangers@Starfish Bay	\$5,318.50
158.	Pok Oi Hospital Wai Yin Association Youth City	E.C.F. – Environment Protection Program	\$17,650.00
159.	Pun U Association Wah Yan Primary School	ECF – Cycling on the Green Road	\$47,300.00
160.	Redress Limited	ECF Circular Fashion Education Programme	\$293,700.00

	Applicant	Project Title	Approved Amount
161.	Sacred Heart Canossian School	ECF – Cycling Power System	\$50,000.00
162.	School of Continuing Education, Hong Kong Baptist University	ECF Nature Connection: First Steps into Nature – Environmental Education Programme for Kindergarten Teachers and Children	\$1,481,887.00
163.	School of Everyday Life	ECF Project: Plastic-free Alliance	\$812,380.00
164.	St. Francis Assisi's Caritas School	ECF – Go Green: Grow Great Gardens	\$50,000.00
165.	STFA Yung Yau College	ECF – “Ride for the Blue Sky”	\$50,000.00
166.	Tai Po District Federation of Women	環保基金「環保鬥一番」減廢及循環再用教育計劃*	\$32,100.00
167.	The Boys' & Girls' Clubs Association of Hong Kong – Jockey Club Sau Mau Ping Children and Youth Integrated Services Centre	ECF – Clean Shorelines Small Scale Projects	\$2,575.00
168.	The Hong Kong Federation of Youth Groups Jockey Club Ping Shek Youth S.P.O.T.	ECF Green Evolution	\$32,727.00
169.	The Hong Kong Girl Guides Association	ECF Save the Ocean	\$9,000.00
170.	The Jane Goodall Institute (Hong Kong)	ECF The Big Cleanup – Community-based Action Programme on Coastal Cleaning	\$1,048,900.00
171.	The Mushroom Initiative Limited	ECF Finding Hope in Climate Change: Steps to Store Carbon in SOIL	\$1,433,537.12
172.	School of Biological Sciences of the University of Hong Kong	ECF The HONG KONG BIODIVERSITY MUSEUM: Collection Update and Opening to the Public	\$965,333.33
173.	Tin Shui Wai Women Association Limited	ECF EECA Toys Reuse Project	\$45,300.00
174.	Tung Wah Group of Hospitals Lee Ching Dea Memorial College	ECF – Campus Greenery at LCDMC	\$50,000.00
175.	TWGHs Yau Tze Tin Memorial College	ECF – Green and Healthy Lifestyle Program	\$50,000.00
176.	World Wide Fund for Nature Hong Kong	ECF Hong Kong Inter-School City Nature Challenge 2019, 2020 & City Nature Challenge 2020	\$1,796,777.78

	Applicant	Project Title	Approved Amount
177.	Yan Oi Tong Madam Lau Wong Fat Primary School	ECF – GO! YOT Power Rangers!	\$100,250.00
178.	Yaumati Catholic Primary School	ECF – “Green” and “Games” in YCPS	\$64,500.00
Subtotal (V):			\$31,025,188.28

* Title in Chinese only.

Projects considered by the Environment and Conservation Fund Committee

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

	Project Title	Approved Amount
179.	Hong Kong Green School Award	\$2,500,000.00
180.	Student Environmental Protection Ambassador Scheme	\$1,900,000.00
181.	Environmental Education Programme for Kindergarten	\$2,200,000.00
182.	Hong Kong Awards for Environmental Excellence	\$9,200,000.00
183.	Hong Kong Green Organisation Certification	\$8,900,000.00
184.	World Environment Day	\$2,500,000.00
185.	Publicity Programmes in Support of Environment Bureau / Environmental Protection Department Policy Priorities	\$9,000,000.00
186.	Provision of Free Environmental Campaign Committee Recycling Bins	\$2,000,000.00
187.	Environmental Campaign Committee Promotion and Initiatives	\$4,800,000.00
188.	Reusable Tableware Lending Programme	\$500,000.00
Project Support to Environmental Campaign Committee		
189.	General support (including website and social media fanpages maintenance fee, auditing fee, etc.)	\$700,000.00
190.	Staff for Environmental Campaign Committee programmes and Environmental Education and Community Action Projects Vetting Subcommittee Secretariat	\$13,335,580.00
Subtotal (VI) :		\$57,535,580.00
Total (I)+(II)+(III)+(IV)+(V)+(VI):		\$253,686,471.45

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 28 to 38, which comprise the balance sheet as at 31 March 2020, 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 2020, 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 the 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

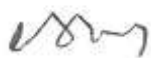
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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.



S.M. CHOI
Principal Auditor
for Director of Audit

26 June 2020

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

**Environment and Conservation Fund
Balance Sheet as at 31 March 2020**

	Note	2020 HK\$	2019 HK\$
Non-current Assets			
Placement with the Exchange Fund	3	4,700,000,000	4,700,000,000
Current Assets			
Placement with the Exchange Fund	3	1,026,457,297	1,127,205,780
Interest receivable		900,186	111,114
Bank deposits		143,426,256	71,139,628
Cash and cash equivalents	4	29,089,007	24,438,689
		1,199,872,746	1,222,895,211
		5,899,872,746	5,922,895,211
EQUITY			
Capital	3	5,000,000,000	5,000,000,000
Accumulated Fund		899,872,746	922,895,211
		5,899,872,746	5,922,895,211

The accompanying notes 1 to 9 form part of these financial statements.



(WONG Kam-sing)

Secretary for the Environment

The Trustee of the Environment and Conservation Fund

26 June 2020

Environment and Conservation Fund
Income and Expenditure Account for the year ended 31 March 2020

	2020	2019
	HK\$	HK\$
INCOME		
Interest income	180,187,761	237,454,366
Refund of grants	2,572,107	1,476,575
	182,759,868	238,930,941
EXPENDITURE		
Grants for environmental research and other projects	160,008,788	167,830,094
Grants to the Environmental Campaign Committee	45,773,545	41,057,413
	205,782,333	208,887,507
(Deficit)/surplus for the year	(23,022,465)	30,043,434
Other comprehensive income	-	-
Total comprehensive (loss)/income for the year	(23,022,465)	30,043,434

The accompanying notes 1 to 9 form part of these financial statements.

Environment and Conservation Fund
Statement of Changes in Equity for the year ended 31 March 2020

	Capital	Accumulated	Total
	HK\$	Fund	HK\$
	HK\$	HK\$	HK\$
Balance at 1 April 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
Total comprehensive loss for 2019-20	-	(23,022,465)	(23,022,465)
Balance at 31 March 2020	5,000,000,000	899,872,746	5,899,872,746

The accompanying notes 1 to 9 form part of these financial statements.

Environment and Conservation Fund
Statement of Cash Flows for the year ended 31 March 2020

	Note	2020 HK\$	2019 HK\$
Cash flows from operating activities			
Refund of grants		2,572,107	1,476,575
Grants to the Environmental Campaign Committee		(45,773,545)	(41,057,413)
Grants for environmental research and other projects		(160,008,788)	(167,830,094)
Net cash used in operating activities		(203,210,226)	(207,410,932)
Cash flows from investing activities			
Net (increase)/decrease in bank deposits with original maturity over three months		(72,286,628)	156,891,845
Interest received from bank deposits		3,177,120	4,696,692
Withdrawal of interest earned from placement with the Exchange Fund		276,970,052	40,000,000
Net cash from investing activities		207,860,544	201,588,537
Net increase/(decrease) in cash and cash equivalent		4,650,318	(5,822,395)
Cash and cash equivalents at beginning of year		24,438,689	30,261,084
Cash and cash equivalents at end of year	4	29,089,007	24,438,689

The accompanying notes 1 to 9 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).

(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 judgements, 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 judgements 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 judgements 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) Impact of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs which are effective for the current accounting period. There have been no changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

The Fund has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. The Fund is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial adoption. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Fund's results of operations and financial position.

(d) Financial assets

(i) Initial recognition and subsequent measurement

The Fund's financial assets 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 recognised on the date the Fund becomes a party to the contractual provisions of the financial instrument, and are initially stated at fair value plus directly attributable transaction costs. They are subsequently measured at amortised cost, net of loss allowance, if any (note 2(d)(iii)).

(ii) 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.

(iii) Impairment of financial assets

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.

For a financial asset with lifetime expected credit losses recognised in the previous reporting period, if its credit quality improves and reverses the previously assessed significant increase in credit risk, then the loss allowance reverts from lifetime expected credit losses to 12-month expected credit losses.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(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. Upon its maturity, this placement was extended for another six years commencing on 1 August 2019. 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 2.9% per annum for January to December 2019 and 3.7% per annum for January to December 2020.

Placement with the Exchange Fund is analysed as follows:

	2020 HK\$	2019 HK\$
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	974,257,231	1,085,637,468
	<u>5,674,257,231</u>	<u>5,785,637,468</u>
Accrued Interest	52,200,066	41,568,312
Balance at end of year	<u><u>5,726,457,297</u></u>	<u><u>5,827,205,780</u></u>
Classified as:		
Non-current assets	4,700,000,000	4,700,000,000
Current assets	1,026,457,297	1,127,205,780
	<u><u>5,726,457,297</u></u>	<u><u>5,827,205,780</u></u>

The interest earned but not yet withdrawn and the accrued interest stated above, amounting to HK\$1,026,457,297 (2019: HK\$1,127,205,780), were classified as current assets in the balance sheet.

4. Cash and cash equivalents

	2020	2019
	HK\$	HK\$
Bank deposits with original maturities within three months	27,093,632	23,011,599
Cash at bank	1,995,375	1,427,090
	29,089,007	24,438,689

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 Fund's maximum exposure to credit risk 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:

	2020	2019
	HK\$	HK\$
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	23,995,375	22,466,083
A1 to A3	148,519,888	73,112,234
	172,515,263	95,578,317

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 deficit and equity.

The future cash flows 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

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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 2020, a 50 basis point (2019: 50 basis point) increase/decrease in the interest rates for 2019 and 2020, with all other variable held constant, would decrease/increase the deficit and increase/decrease the equity by HK\$28 million (2019: increase/decrease the surplus and equity by HK\$29 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 2020, the commitments for approved grants, subject to the satisfactory compliance with certain conditions of the relevant projects, were HK\$426,610,162 (2019: HK\$450,298,637).

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.