

Environment and Conservation Fund

Trustee Report 2020-2021

For Presentation to the Legislative Council

on 13 October 2021

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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 2021.

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, the Waste Reduction Projects Vetting Subcommittee or the EE&CA Projects Vetting Subcommittee will have to be endorsed by the ECF Committee.

11. During the financial year 2020-2021, the ECF Committee also considered the annual budget of the 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 2020 to 31 March 2021, a total of 536 applications were vetted, including 532 applications received during the aforesaid period and 4 applications rolled over from 2019-2020. The vetting results are as follows:

(a)	applications approved	215
(b)	applications rejected	286
(c)	applications withdrawn by applicants / invalid	35
		<hr/>
		Total: 536

18. The total amount of funds approved for the 215 applications was about \$241.90 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 2020 to 31 March 2021, three research projects were jointly funded by the WWGF with a grant of \$1,090,273.80.

19. A list of the approved projects is on pages 12 to 25.

Accounts

20. The report of the Director of Audit, the balance sheet, income and expenditure account, statement of changes in equity and statement of cash flows for the period between 1 April 2020 and 31 March 2021 are on pages 26 to 39.



(WONG Kam-sing)
Secretary for the Environment
The Trustee of the Environment and Conservation Fund
16 September 2021

Environment and Conservation Fund Committee

Membership List

(1 April 2020 - 31 March 2021)

Mr Douglas WOO, JP (Chairman)	
Ir Dr CHAN Fuk-cheung, BBS	(up to 15 October 2020)
Ir Dr CHAN Wing-hong, Cary, JP	(up to 15 October 2020)
Professor FUNG Chi-hung, Jimmy	(from 16 October 2020)
Dr KaChun HUI	(up to 15 October 2020)
Mr IP Chung-man, Tony	
Ms KWOK May-han, Grace	(from 16 October 2020)
Ms LI Chun-chau	(up to 15 October 2020)
Miss NG Yuen-ting, Yolanda, MH	
Professor SUNG Jao-yiu, Joseph, SBS, JP	(up to 31 December 2020)
Professor TAM Fung-yee, Nora, BBS, JP	(from 16 October 2020)
Mr WONG Kit-lung, Simon, JP	(from 1 January 2021)
Ir Professor WONG Sze-chun, BBS, JP	(from 16 October 2020)
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 2020 - 31 March 2021)

Dr KaChun HUI (Chairman)	(up to 15 October 2020)
Professor FUNG Chi-hung, Jimmy (Chairman)	(from 16 October 2020)
Mr CHEUNG Kwok-chuen, Simon	
Dr Priscilla CHOY	
Ms Jessica JOOK	
Dr KWOK Chung-ye, Fiona	(from 16 October 2020)
Dr LEE Kwan-hon, Patrick	
Dr LEUNG Chi-kin, Randolph	(from 16 October 2020)
Professor LEUNG Yiu-cheong, Dennis	(up to 15 October 2020)
Dr MA Yiu-wa, Anthony	(up to 15 October 2020)
Dr NG Chi-yun, Jeanne	
Mr Simon NG	(from 16 October 2020)
Dr PUN Chun-shing, Jason	(from 16 October 2020)
Professor QIU Jianwen	(up to 15 October 2020)
Professor WONG Kam-bo	
Professor WONG Siu-fai, Steve	(up to 15 October 2020)
Ir WONG Siu-wai, Kenny	(from 16 October 2020)
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 2020 - 31 March 2021)

Ir Dr CHAN Fuk-cheung, BBS (Chairman)	(up to 15 October 2020)
Ir Professor WONG Sze-chun, BBS, JP (Chairman)	(from 16 October 2020)
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	(up to 15 October 2020)
Sr KAM Siu-lam, Angel	(from 16 October 2020)
Mr KWOK Ngok-chung, Dick	(up to 15 October 2020)
Mr LAU Yiu-shing, Jacky	(up to 15 October 2020)
Mr Jhonny LEUNG Huang	(from 16 October 2020)
Mr LO Cheuk-man, Kayson	
Mr WONG Kit-lung, Simon, JP	
Mr YAN Wai-kiu, Mickey	
Mr YIP Man-pan, Terry	(from 16 October 2020)
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 2020 - 31 March 2021)

Mr IP Chung-man, Tony (Chairman)
Mr CHAN Ka-lok, Jason
Ms CHAN Suk-yee
Mr CHOI Kim-wah, Cliff
Ms LAM Chung-yan, Nancy (up to 31 December 2020)
Mr LEE Hon-cheung, Armstrong (up to 31 December 2020)
Ms LI Chun-chau (up to 31 December 2020)
Ms Kay LIU (from 1 January 2021)
Mr NGAN Man-yu, Frankie (from 1 January 2021)
Mr SIN Kar-wah, Matthew (from 1 January 2021)
Dr WONG Fook-yee
Ms Josephine WONG (from 1 January 2021)
Ir Dr YEUNG Kai-kin, Herbert (up to 31 December 2020)
Professor YIM Hung-lam, Steve
Representative from Education Bureau
Representative from Environmental Protection Department

Environment and Conservation Fund

Investment Committee

Membership List

(1 April 2020 - 31 March 2021)

Secretary for the Environment (Chairman)

Mr CHAN Hung-ngam, Younker (up to 15 October 2020)

Mr CHIU Man-leong (up to 15 October 2020)

Ms HUI Chun-yu, Jane

Mrs IP YEUNG See-ming, Christine (up to 15 October 2020)

Ms Jessica JOOK

Ms TAM Hing-lui (from 16 October 2020)

Ms WONG Mei-chun, Phoebe (from 16 October 2020)

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 2020 - 31 March 2021)**

Environmental Research, Technology Demonstration and Conference Projects

	Recipient Organisation	Project Title	Approved Grant
1.	City University of Hong Kong	Investigation of nanobubble flotation to remove micro/nano plastic from Sewage Treatment Works (STWs) in Hong Kong	\$500,000.00
2.	City University of Hong Kong	Application of machine learning techniques in predicting primary and secondary organic aerosols	\$497,180.00
3.	City University of Hong Kong	Revealing benthic habitats and sessile epibenthic biodiversity in Victoria Harbour - A preliminary study	\$699,713.00
4.	City University of Hong Kong	Surface engineering of large-size 3D porous micro-nanostructures for synergistic solar-driven seawater evaporation and hydrogen production	\$499,640.00
5.	City University of Hong Kong	Electrocatalytic degradation of refractory organics in active landfill leachate to enhance the sequencing batch reactor (SBR) denitrification process	\$497,000.00
6.	City University of Hong Kong	Enhancing marine biodiversity on the artificial seawall of the Integrated Waste Management Facility (IWMF) with innovative and environmentally friendly eco-engineered fixtures	\$1,200,000.00
7.	City University of Hong Kong	Characterisation of the spatial and seasonal distributions of ambient ammonia and its relationship with PM _{2.5} pollution in Hong Kong	\$499,000.00
8.	City University of Hong Kong	The Second International Conference on Biodiversity, Ecology and Conservation of Marine Ecosystems (BECOME-2022)	\$500,000.00
9.	City University of Hong Kong	Data Art for Climate Action (DACA), international hybrid conference	\$103,790.00
10.	City University of Hong Kong	The 4th International Forum on Asian Water Environment Technology (IFAWET-4)	\$458,500.00

	Recipient Organisation	Project Title	Approved Grant
11.	Hong Kong Baptist University	Comparative study on subcritical hydrothermal treatment as pre- and post- treatment of anaerobic digestion - Opportunities for the improvement of food waste treatment technology in Hong Kong	\$497,200.00
12.	Hong Kong Baptist University	Liquefaction of organic construction waste	\$478,100.00
13.	Hong Kong Baptist University	Evaluation of the toxicity of the microplastics in fish and shellfish of Hong Kong to human health using various human cell models	\$496,000.00
14.	Lingnan University	Territory-wide environmental DNA (eDNA) survey on distribution and status of invasive freshwater fish and crayfish	\$500,000.00
15.	Lingnan University	Assessing the efficacy of ecological enhancements in Hong Kong's river channels for mitigating the fragmentation of freshwater animal communities	\$998,000.00
16.	Technological and Higher Education Institute of Hong Kong, Vocational Training Council	Wood waste derived anti-bacterial and biodegradable nano-fibers for filtration applications	\$499,555.60*
17.	Technological and Higher Education Institute of Hong Kong, Vocational Training Council	Unlocking the paradox of dumping black gold - A conjoint analysis of yard waste management preferences, strategies and facility siting in Hong Kong	\$678,888.00
18.	The Chinese University of Hong Kong	Spatial and temporal variations of oxygenated volatile organic compounds (OVOCs) and their ozone formation potential (OFP) in Hong Kong	\$976,500.00
19.	The Chinese University of Hong Kong	IUCN Mangrove Specialist Group Symposium 2021 cum Red Listing Workshop	\$446,500.00
20.	The Chinese University of Hong Kong	Study on coral reef crustaceans - Identifying the biodiversity hotspot and promoting marine conservation	\$1,191,800.00
21.	The Education University of Hong Kong	Identification, characterisation, and process modification for enhancing removal efficiency of microplastics in sewage treatment works with different designs in Hong Kong	\$1,000,000.00

	Recipient Organisation	Project Title	Approved Grant
22.	The Green Earth Limited	Light pollution spatial impact assessment in Hong Kong - Quantifying lights trespass by measurement, simulation and mitigation measures analysis	\$1,699,300.00
23.	The Hong Kong Polytechnic University	Development of efficient and robust photocatalysts for hydrogen production technology for reducing fossil fuel consumption and emissions	\$500,000.00
24.	The Hong Kong Polytechnic University	Cumulative effects of microplastics and harmful microalgal growth on marine ecology and seafood safety in Hong Kong	\$481,600.00
25.	The Hong Kong Polytechnic University	Biomass-waste-derived carbon as advanced anodes for Na- and K- ion batteries	\$496,400.00
26.	The Hong Kong Polytechnic University	Soundscape forecast as a tool to improve noise impact assessments in the urban planning of Hong Kong	\$500,000.00
27.	The Hong Kong Polytechnic University	Development of high performance acoustic windows using hybrid control techniques for existing building retrofit	\$1,198,400.00*
28.	The Hong Kong Polytechnic University	Hydrothermal carbonisation for recycling organic waste into biochar for soil improvement in Hong Kong	\$1,216,383.00
29.	The Hong Kong Polytechnic University	Lightweight multifunctional noise barriers/noise enclosures incorporating smart fibre-reinforced polymer (FRP) composites	\$1,100,000.00
30.	The Hong Kong Polytechnic University	Transparent wood for energy saving applications: coated wood glass - From fabrication to technology demonstration	\$850,000.00
31.	The Hong Kong Polytechnic University	Detection of methane fugitive emissions from landfills using drone based hyperspectral remote sensing	\$499,200.00
32.	The Hong Kong Polytechnic University	Development of tyre/road noise sound power measurement technology in Hong Kong traffic based on close-proximity method	\$1,198,600.00
33.	The Hong Kong University of Science and Technology	Solar-harvesting transparent smart window for building applications	\$482,592.00*
34.	The Hong Kong University of Science and Technology	Development and application of temporal source apportionment technique for PM _{2.5} and O ₃ in the Greater Bay Area	\$488,000.00

	Recipient Organisation	Project Title	Approved Grant
35.	The Hong Kong University of Science and Technology	Investigation of local and transboundary contributions to ozone formation and pollution episodes in Hong Kong	\$1,200,000.00
36.	The Hong Kong University of Science and Technology	Engineering cyanobacteria from Hong Kong waters to produce biofuel - A key technology towards renewable energy and carbon reduction	\$900,000.00
37.	The Open University of Hong Kong	Monitoring of the impact of the upgrade project of the Yuen Long Wastewater Treatment Works on the antibiotics concentration and the microbial community in the Shan Pui River and the Mai Po Nature Reserve (Phase 1 - Baseline establishment)	\$500,000.00
38.	The Open University of Hong Kong	Monitoring the seasonal distribution and levels of microplastics in Mai Po Natural Reserve	\$499,067.00
39.	The University of Hong Kong	The ants of Hong Kong - A comprehensive revision and molecular database	\$964,660.00
40.	The University of Hong Kong	Hybrid grouper impact: an analysis of dietary DNA metabarcoding	\$497,300.00
41.	The University of Hong Kong	Advanced machine vision guided aquatic surface vehicles for refuse monitoring and capturing in watercourses	\$496,000.00
42.	The University of Hong Kong	Design of sustainable drainage systems (SuDS) in hilly areas of Hong Kong	\$496,000.00
43.	The University of Hong Kong	Feasibility study of using dredged marine deposits stabilised with coal fly ash as fill materials for geotechnical projects in Hong Kong	\$490,000.00
		Subtotal (I) :	\$29,970,868.60

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

Community Waste Reduction Projects

	Recipient Organisation	Project Title	Approved Grant
44.	A total of 50 participating schools	ECF Pilot Scheme for Provision of Necessary Equipment for 'Plastic-free' School Lunch	\$4,500,000.00
45.	Action Health Limited	ECF North District Food Collection Centre	\$3,714,104.20
46.	Bo Charity Foundation Ltd.	ECF Food Angel Food Rescue and Sharing Action	\$4,364,048.00
47.	Endeavour Environmental Education Foundation Limited	ECF Village Smart Food-cum-Wood Waste Recycling Trial Program	\$834,690.00
48.	Food Commons Foundation Limited	ECF - Food Commons@Shatin	\$2,065,636.63
49.	Food For Good Limited	ECF - Save and Share, Reduce to Produce (Kowloon)	\$1,077,672.43
50.	Food For Good Limited	ECF - Save and Share, Reduce to Produce (New Territories West)	\$1,992,938.90
51.	Foodlink Foundation Limited	ECF Foodlink Operations Sustainability Project Extension in Time and Area	\$2,474,668.31
52.	Green Toysland Limited	ECF Toys For Love (Continuous Project)	\$637,260.00
53.	Greeners Action	ECF Lai See Reuse and Recycle Program	\$452,406.00
54.	Hong Kong Association of Youth Development - Tsuen Wan District Branch	ECF Missing Link - Polyfoam Recycling Scheme (Strategy Extension - Recycle Link for PE, PP, PS Plastics)	\$6,544,064.00
55.	Hong Kong Federation of Women's Centres Limited	ECF Food Share Project	\$1,071,772.00
56.	New Life Psychiatric Rehabilitation Association	ECF Coffee Parade	\$1,209,266.40
57.	New Life Psychiatric Rehabilitation Association	ECF Food Sharing Project (Wong Tai Sin)	\$1,986,021.60
58.	New Life Psychiatric Rehabilitation Association	ECF Food Sharing Project	\$1,989,824.00
59.	OIWA Limited	ECF Assemble Green Platform	\$3,376,274.00
60.	People Service Centre Limited	ECF "Food Friend Action" - Tuen Mun Project	\$2,854,277.20
61.	People Service Centre Limited	ECF "Food Friend Action" - Yau Tsim Mong Project	\$2,833,730.00
62.	Senior Buddy Charity Farm Limited	ECF Waste to Food Scheme	\$10,000.00
Subtotal (II):			\$43,988,653.67

Food Waste Recycling Projects in Housing Estates

	Recipient Organisation	Housing Estate	Approved Grant
63.	Royal Elite Service Company Limited [^]	Peak One	\$226,630.00
Subtotal (III) :			\$226,630.00

[^] The residents' organisation of the estate has authorised its property management company to submit the application and implement the project on its behalf.

On-site Meal Portioning Projects in Schools

	Recipient Organisation	Approved Grant
64.	Buddhist Chi King Primary School	\$1,982,996.74
65.	CCC Kei To Secondary School	\$1,704,797.26
66.	HKFYG Lee Shau Kee College	\$1,922,046.75
67.	Pok Oi Hospital Chan Kai Memorial College	\$1,931,412.80
Subtotal (IV) :		\$7,541,253.55

Waste Separation Projects to Pave the Path for Municipal Solid Waste Charging

	Recipient Organisation	Project Title	Approved Grant
68.	Action Health Limited	ECF Pilot Scheme on the Charging for MSW - Yuen Long District	\$918,662.22
69.	Action Health Limited	ECF Pilot Scheme on the Charging for MSW - North District	\$1,356,835.56
70.	Association For Tsuen Wan Development	ECF Tsuen Wan Waste Reduction, Education and Censorship Pilot Project	\$970,005.60
71.	Cheung Sha Wan Kai Fong Welfare Association Limited	ECF Green Action on Waste Reduction	\$1,339,413.33
72.	Christian Joyful Spirit Life Development Centre Limited	ECF Reducing Waste in Tsuen Wan	\$1,097,308.44
73.	Community & Construction Association	ECF Green in Cheung Sha Wan	\$1,257,835.56
74.	Community Leap Limited	ECF Reduce Waste in Our Community (Discovery Bay)	\$990,602.78

	Recipient Organisation	Project Title	Approved Grant
75.	Community Leap Limited	ECF Reduce Waste in Our Community (The Leighton Hill)	\$864,003.22
76.	Community Leap Limited	ECF Reduce Waste in Our Community (Garden Vista)	\$930,986.56
77.	Community Leap Limited	ECF Reduce Waste in Our Community (Sea Crest Villa Phase 1)	\$934,808.22
78.	Conservation E3 Foundation Limited	ECF Reduce & Recycle (Peninsula East)	\$525,535.11
79.	Food For Good Limited	ECF Municipal Solid Waste Charging Waste Reduction at Schools (Primary Schools)	\$1,318,971.11
80.	Food For Good Limited	ECF Municipal Solid Waste Charging, Waste Reduction at University	\$1,122,038.60
81.	Food For Good Limited	ECF Municipal Solid Waste Charging, Waste Reduction at Housing Estate	\$897,364.89
82.	Friends of Tuen Mun Limited	ECF Reduce Waste Together (The Rainbow Garden)	\$920,060.40
83.	Friends of Tuen Mun Limited	ECF Reduce Waste Together (Hong Lai Garden)	\$907,340.40
84.	Grassroots Cultural Hub Limited	ECF Recycle and Reduce Waste for Mongkok	\$844,132.78
85.	Grassroots Cultural Hub Limited	ECF Recycle and Reduce Waste for Mongkok	\$785,484.80
86.	Green Commune Education Charity Foundation Limited	ECF Waste Reduction at Source, Go Green in the Community	\$666,663.78
87.	Green Council	ECF Kai Shing Management Services Limited - apm/Millennium City 5	\$1,246,552.00
88.	Green Council	ECF The Bank of East Asia - Municipal Solid Waste Charging Trial and Education Scheme	\$789,144.44
89.	Green Council	ECF D•PARK	\$664,596.44
90.	Green Recycle	ECF Reduce Waste and Encourage Recycling in Bo Shek Mansion	\$990,644.67
91.	Greeners Action	ECF MSW Charging Trial Scheme - V Walk (shopping mall from G/F to 2/F)	\$785,830.67
92.	Greeners Action	ECF MSW Charging Trial Scheme - Landmark North (shopping mall from 2/F to 5/F)	\$727,390.67
93.	Greeners Action	ECF MSW Charging Trial Scheme - Mountain Shore	\$1,019,669.33
94.	Greeners Action	ECF MSW Charging Trial Scheme - Imperial Cullinan	\$917,161.78
95.	Hong Kong Productivity Council	ECF Municipal Solid Waste Charging Pilot Trial for Rural Village Estates with Property Management Companies	\$856,670.00

	Recipient Organisation	Project Title	Approved Grant
96.	Hong Kong Productivity Council	ECF Municipal Solid Waste (MSW) Charging Pilot Trial for Student Dormitory in Hong Kong University of Science and Technology	\$840,433.00
97.	Hong Kong Wastes and Recyclables Operators Network	ECF Waste Charging Scheme in Hong Kong Science and Technology Parks	\$915,578.00
98.	North District Residents Association Limited	ECF Reduce Waste in Sheung Shui Centre	\$919,178.22
99.	Power of Cooperation and Development Co. Limited	ECF Trial of Waste Charging Scheme@Prime View Garden	\$983,780.00
100.	Shatin Women Society	ECF Kam Hay Court - Waste Separation Projects to Pave the Path for Municipal Solid Waste Charging	\$1,039,598.00
101.	Support Kennedy	ECF Waste Reduction at Source to Save the Earth	\$298,241.20
102.	Support Kennedy	ECF Waste Reduction at Source & Dump Less	\$295,561.20
103.	The Incorporated Owners of Oscar By The Sea	ECF Oscar By The Sea - Project for Waste Reduction Through Quantity-based Municipal Solid Waste Charging	\$605,200.00
104.	Tsuen Wan Community Service and Recreation Society	ECF Reduce Waste and Encourage Recycling in Allway Gardens (Commercial)	\$913,320.22
105.	Tung Wah Group of Hospitals	ECF Tung Wah Group of Hospitals Municipal Solid Waste Charging Trial Programme	\$1,047,962.00
106.	TWKT	ECF Tsuen Wan Waste Reduction and Education Pilot Project	\$852,895.11
107.	United Social Service Centre Limited	ECF Community Involvement for Municipal Solid Waste Charging - Community Education Project - Sham Shui Po District	\$1,088,552.89
108.	Wisdom Regeneration Company Limited	ECF Move! Waste Separation Now	\$945,931.10
109.	Wisdom Regeneration Company Limited	ECF Waste Separation in Single Block Building	\$903,798.70
110.	Wisdom Regeneration Company Limited	ECF Knowing Waste Separation in Community	\$898,442.10
111.	World Green Organisation	ECF Residential Building: Yoho Midtown	\$695,206.67
112.	World Green Organisation	ECF Shopping Mall: Metropolis Plaza	\$495,602.22
Subtotal (V):			\$40,384,993.99

Environmental Education and Community Action Projects

	Recipient Organisation	Project Title	Approved Grant
113.	A total of 58 participating schools	ECF Pilot Programme on the Provision of Small Food Waste Composter at School (Phase Two)	\$1,700,000.00
114.	Artists Cooperation Limited	ECF Book of Sand	\$37,305.50
115.	Blessing Thai Service Centre	ECF - Reborn of Our Kowloon City	\$751,340.00
116.	Centre for Water Technology and Policy, The University of Hong Kong	ECF Student Ambassador Scheme for the Smart Water Auditing Project	\$392,486.22
117.	Civic Exchange	ECF Civic Exchange Young Environment Ambassadors	\$467,350.00
118.	Coastal Conservation Hong Kong	ECF Coastal Conservation Action and Education Programme	\$947,404.20
119.	Community Co-Learning Limited	ECF Community Shoreline Co-Cleaning Project	\$9,070.00
120.	Community Engagement Workshop Limited	ECF Recycle Player Training Programme	\$39,900.00
121.	Conservation E3 Foundation Limited	ECF - To Build Plastic-free Shorelines	\$572,250.00
122.	Culture Power Charity Foundation Limited	ECF Leave No Trace - Community Clean Up and Conservation Education on Sustainable Living	\$786,800.00
123.	DADs Network Limited	ECF Veg & Fruit, Feel So Good	\$790,000.00
124.	Department of Infectious Diseases and Public Health, City University of Hong Kong	ECF - Digital Marine Guardians: Saving Our Ocean Giants	\$808,274.00
125.	Dream Paradise	環保基金 小手護海洋#	\$9,865.00
126.	Earth Rescue Team	ECF Survival with the Out-Fittest, Animal Self-defense RPG Game	\$949,860.00
127.	Earth System Science Programme, The Chinese University of Hong Kong	ECF: From the Science of Rotation to Danger of Stronger Typhoons during Climate Change	\$30,152.50
128.	Eco Institute (Hong Kong) Limited	ECF Ocean Treasure	\$325,219.24
129.	Ecobus	ECF Trail and Coastline Guardians' Platform: Long-term Citizen Science Monitoring Plan and Debris Cleanup	\$591,566.67
130.	Ecobus	ECF Environmental Citizen Scientist Campaign: Monitor Our Own Environment	\$885,843.87

	Recipient Organisation	Project Title	Approved Grant
131.	EcoDrive Hong Kong Limited	ECF Reduce Plastic Footprint in the Community	\$450,900.00
132.	Enactus China Limited	ECF Circular Economy Education & Incubation	\$256,235.00
133.	Fair Trade Hong Kong Foundation	ECF - A Sustainable and Fair Future through the Gaps	\$1,095,278.00
134.	Friends of Hoi Lai Society	ECF Everyone Is Responsible for Coastal Cleaning	\$4,740.00
135.	Friends of Sai Kung	ECF Tetrapak Recycling Project	\$83,420.26
136.	Friends Of Yaumatei And Tsimshatsui Society	ECF Let's Act 'Green'	\$250,722.00
137.	Green Come True (Hong Kong) Limited	ECF "KNOW"cal Recycling Environmental Education Board Game	\$612,873.33
138.	Green Sense HK Limited	ECF - Green Online Shopping	\$617,724.76
139.	Green Sense HK Limited	ECF Clean Up for Clear Ocean 2021	\$9,999.20
140.	Greeners Action	ECF No More Plastic Action	\$916,061.33
141.	Harbour Bay Society	環保基金 淨愛港灣大行動#	\$6,820.00
142.	HHCKLA Buddhist Chan Shi Wan Primary School	ECF Let's Go Green in Shi Wan Family	\$50,000.00
143.	Hong Kong Children Charity Foundation Company Limited	ECF Coastal Cleanup	\$310,320.00
144.	Hong Kong Institute of Vocational Education (Sha Tin), Vocational Training Council	ECF - Kids' Greenway-Outdoor Environmental Educational Programme for Preschool Students	\$2,267,489.60
145.	Hong Kong Marine Conservation Association	ECF Marathon Coastal Clean-up	\$64,980.00
146.	Hong Kong Marine Conservation Association	ECF Marathon Coastal Clean-up	\$72,780.00
147.	Hong Kong Youth Counselling Association	ECF Green Life 14 Days, Thousands of Green Actions	\$100,000.00
148.	Hong Kong Youth Professional Training Association Limited	ECF Action "Clean"	\$9,988.00
149.	ICT-In-Physical Education Foundation	ECF GREEN for FUN Save the OCEAN	\$6,878.00
150.	Institute for Youth Sustainability Leadership, The Hang Seng University of Hong Kong	ECF Community Eco-citizens - Together We Share, We Learn, We Enjoy	\$470,271.00

	Recipient Organisation	Project Title	Approved Grant
151.	Jinan University Hong Kong Students Association	ECF Move Up Shoreline Cleanup	\$7,055.00
152.	Jockey Club Museum of Climate Change, The Chinese University of Hong Kong	ECF Mobilizing Community Climate Action by Future Museum Curators	\$1,090,864.00
153.	Junior Chamber International Bauhinia (Hong Kong) Limited	ECF Sustainable Fashion: The Story Behind My Dress	\$50,000.00
154.	Kowloon City District United Youth Network	ECF SHORELINE CLEANUP@HK	\$5,615.00
155.	Kowloon City Youths Association	ECF KCYOUTHS@SHORELINE CLEANUP	\$5,405.00
156.	Life Encouraging Fund Limited	ECF E-sea Job 2.0	\$6,680.00
157.	Life Garden Ltd.	ECF Exploring Biodiversity in Organic Farm for Kids	\$100,000.00
158.	Life Jungle Association Limited	ECF Ocean Conservation - Lamma Island 2021	\$104,255.50
159.	Lutheran School for the Deaf	ECF Ocean Blue	\$6,378.00
160.	Lutheran School for the Deaf	ECF “We Can Make the Temperature Drop by One Degree”	\$239,890.00
161.	Ma Tau Wai Chun Seen Mei Resident’s Association	ECF Cleanup Tai Po Ting Kok	\$6,670.00
162.	New Home Association New Territories West Service Centre	ECF - Environmentally Friendly & Healthy Life · Start From Home	\$424,100.00
163.	Ocean Park Conservation Foundation, Hong Kong	ECF: Key to Better Conservation for Nature Freshwater Turtles Education Programme	\$1,827,090.00
164.	Ocean3C Limited	ECF Blue Ambassador Programme: Promoting Ocean Literacy in HK School Communities	\$527,739.92
165.	One Heart Hong Kong Union	ECF	\$8,255.00
166.	One Heart Hong Kong Union	ECF	\$7,580.00
167.	Our Hands Green Association Limited	ECF: Renewable Energy Veggie - An Application of Renewable Energy in Farming and Reuse of Disposed Rechargeable Battery in School	\$47,930.00
168.	Outdoor Wildlife Learning Hong Kong Limited	ECF Hong Kong Spider Survey - Ecological Education Programme	\$1,131,360.00

	Recipient Organisation	Project Title	Approved Grant
169.	Outdoor Wildlife Learning Hong Kong Limited	ECF Free Ocean Action Plan	\$892,930.02
170.	Po Leung Kuk Education Affairs Department	ECF - Live Our Green · Simple · Life	\$1,701,328.00
171.	Po Leung Kuk Fung Ching Memorial Primary School	ECF Delight of Life	\$50,000.00
172.	Po Leung Kuk Jockey Club Pak Tam Chung Holiday Camp	ECF Discovering the Biodiversity in Pak Tam Chung	\$375,350.00
173.	Redress Limited	ECF Circular Fashion Resource for Students	\$1,737,500.00
174.	Reef Check Foundation	ECF Coral Reef Biodiversity Citizen Scientist Training Programme	\$324,600.00
175.	Rooftop Republic Foundation Limited	ECF Decentralized Food Waste and Compost Educational Program	\$100,000.00
176.	School of Everyday Life	ECF Edible Ecology	\$879,965.00
177.	School of Life Sciences, The Chinese University of Hong Kong	ECF: From Chinese Literature to Plants and Ecological Conservation	\$1,243,978.00
178.	Sham Shui Po Neighbourhood Cares Association	ECF The Excellent Habit “Bring Your Own Cutlery”	\$91,000.00
179.	Student Affairs Office, The Hang Seng University of Hong Kong	ECF Promoting Sustainability in Siu Lik Yuen	\$35,550.00
180.	Tai Kok Tsui Residence Association	ECF Eco-friendly Lifestyle Short Video Competition Series	\$28,550.00
181.	The Association On The Promotion of Racial Harmony	ECF Ocean Guard	\$6,845.00
182.	The Boys’ Brigade, Hong Kong	ECF - Ma Wan Clean Shorelines	\$237,960.00
183.	The Free Methodist Church Tuen Mun Children and Youth Integrated Services Centre	ECF - Change Now! Take Action!	\$43,855.00
184.	The Hong Kong Award for Young People	ECF Kayaking Tour cum Shoreline Cleanups	\$9,992.00
185.	The Hong Kong Federation of Youth Groups Jockey Club Tin Yuet Youth S.P.O.T.	ECF - Green Blossoms Action@Tin Shui Wai	\$100,175.00
186.	The Jane Goodall Institute Hong Kong	ECF Shoreline Cleanup KOL Training Program	\$1,220,120.00

	Recipient Organisation	Project Title	Approved Grant
187.	The Resident Association of Hok Yuen Laguna Verde	ECF Shoreline Cleanup Operations	\$7,690.00
188.	The Theatre Wonderland	ECF: Biodiversity ~ Protecting Ecosystem, Plus ONE Plus YOU	\$1,147,610.00
189.	The University of Hong Kong - Lung Fu Shan Environmental Education Centre	ECF Lung Fu Shan's Kids Are Coming to Town	\$916,492.50
190.	Tung Wah Group of Hospitals Ma Tso Lung Upcycling Lab	ECF Tung Wah Group of Hospitals Upcycling Lab - "Everything Starts with Our Heart"	\$405,490.00
191.	United Labour Chi Hong Association Limited	ECF Chi Hong Beach Cleanup	\$9,020.00
192.	Unlimited Energy	ECF Upcycle! Add Value!	\$47,580.00
193.	Wai Wan Association	ECF Cleanup Tai Po Sam Mun Tsai	\$6,720.00
194.	West Kowloon Parents Association	ECF - Environmental Education - Toys Recycling and Reusing Series	\$243,190.00
195.	Wild Child Nature Adventure Club	ECF Ocean Conservation	\$100,000.00
196.	Wong Tai Sin Bright Orchid Women's Association Ltd.	ECF - Leave No Trash in Nature	\$419,421.00
197.	World Green Organisation	ECF Project: "Green School Energy Index" Online Portal and Engagement Activities for Secondary Schools and the General Public on Climate Change	\$1,272,630.00
198.	World Wide Fund for Nature Hong Kong	ECF Dive into Oceans Conservation	\$1,154,210.95
199.	Yin Lai Women Association	ECF Green Living Coast	\$8,925.00
200.	Young Men's Traveller Association	ECF Bring the Rubbish (Lung Ha Wan)	\$3,980.00
201.	Young Men's Traveller Association	ECF Bring the Rubbish (Sheung Sze Wan)	\$3,755.00
202.	Young Men's Traveller Association	ECF Bring the Rubbish (Po Toi O)	\$3,755.00
Subtotal (VI):			\$38,179,202.57

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 Grant
203.	Hong Kong Green School Award	\$500,000.00
204.	Student Environmental Protection Ambassador Scheme	\$1,900,000.00
205.	Green Prefect Programme	\$200,000.00
206.	Hong Kong Awards for Environmental Excellence	\$13,200,000.00
207.	Hong Kong Green Organisation Certification	\$8,900,000.00
208.	Green Community Promotion Activities	\$5,000,000.00
209.	Publicity Programmes in Support of Environment Bureau / Environmental Protection Department Policy Priorities	\$9,000,000.00
210.	Provision of Free Environmental Campaign Committee Recycling Bins	\$2,000,000.00
211.	Environmental Campaign Committee Promotion and Initiatives	\$4,800,000.00
212.	Waste Reduction and Recycling Campaign	\$18,000,000.00
213.	Reusable Tableware Lending Programme	\$500,000.00
	Project Support to Environmental Campaign Committee	
214.	General support (including website and social media fanpages maintenance fee, auditing fee, etc.)	\$900,000.00
215.	Staff for Environmental Campaign Committee programmes and Environmental Education and Community Action Projects Vetting Subcommittee Secretariat	\$16,708,560.00
	Subtotal (VII) :	\$81,608,560.00
	Total (I)+(II)+(III)+(IV)+(V)+(VI)+(VII) :	\$241,900,162.38

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 29 to 39, which comprise the balance sheet as at 31 March 2021, 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 2021, 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

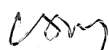
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

29 June 2021

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

**Environment and Conservation Fund
Balance Sheet as at 31 March 2021**

	Note	2021 HK\$	2020 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	1,150,281,507	1,026,457,297
Interest receivable		154,028	900,186
Time deposits with original maturities over three months		132,000,000	143,426,256
Cash and cash equivalents	4	24,824,799	29,089,007
		1,307,260,334	1,199,872,746
Non-current Liabilities			
Deferred income	5	75,000,000	-
Net Assets		5,932,260,334	5,899,872,746
ACCUMULATED FUND			
Capital	3	5,000,000,000	5,000,000,000
Accumulated surplus		932,260,334	899,872,746
		5,932,260,334	5,899,872,746

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

29 June 2021

Environment and Conservation Fund
Income and Expenditure Account for the year ended 31 March 2021

	2021	2020
	HK\$	HK\$
INCOME		
Interest income	225,392,252	180,187,761
Refund of grants	1,661,655	2,572,107
	<u>227,053,907</u>	<u>182,759,868</u>
EXPENDITURE		
Grants for environmental research and other projects	152,027,956	160,008,788
Grants to the Environmental Campaign Committee	42,638,363	45,773,545
	<u>194,666,319</u>	<u>205,782,333</u>
Surplus/(deficit) for the year	32,387,588	(23,022,465)
Other comprehensive income	-	-
	<u>32,387,588</u>	<u>(23,022,465)</u>
Total comprehensive income/(loss) for the year	<u>32,387,588</u>	<u>(23,022,465)</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 2021

	Capital HK\$	Accumulated surplus HK\$	Total HK\$
Balance at 1 April 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
Total comprehensive income for 2020-21	-	32,387,588	32,387,588
Balance at 31 March 2021	5,000,000,000	932,260,334	5,932,260,334

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 2021

	Note	2021 HK\$	2020 HK\$
Cash flows from operating activities			
Refund of grants		1,661,655	2,572,107
Increase in deferred income		75,000,000	-
Grants to the Environmental Campaign Committee		(42,638,363)	(45,773,545)
Grants for environmental research and other projects		(152,027,956)	(160,008,788)
Net cash used in operating activities		(118,004,664)	(203,210,226)
Cash flows from investing activities			
Net decrease/(increase) in time deposits with original maturities over three months		11,426,256	(72,286,628)
Interest received from time deposits		2,314,200	3,177,120
Withdrawal of interest earned from placement with the Exchange Fund		100,000,000	276,970,052
Net cash from investing activities		113,740,456	207,860,544
Net (decrease)/increase in cash and cash equivalents		(4,264,208)	4,650,318
Cash and cash equivalents at beginning of year		29,089,007	24,438,689
Cash and cash equivalents at end of year	4	24,824,799	29,089,007

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), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). A summary of the significant accounting policies adopted by the Fund is set out below.

(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 certain new or revised HKFRSs which are first 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, time 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 using the effective interest method. The measurement of loss allowances for these financial assets is based on the expected credit loss model as described in note 2(d)(iii).

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows by considering all contractual terms of the financial instrument but does not consider the expected credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(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, time 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.

Donation is recognised once the amount is received and approval for acceptance is obtained. Donations for specific purposes are initially recognised as deferred income and are recognised in the Income and Expenditure Account over the period necessary to match with the related costs.

(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, deposits with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, having been within three months of maturity when placed or acquired.

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 3.7% per annum for January to December 2020 and 4.7% per annum for January to December 2021.

Placement with the Exchange Fund is analysed as follows:

	2021 HK\$	2020 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	<u>1,083,251,442</u>	<u>974,257,231</u>
	5,783,251,442	5,674,257,231
Accrued interest	<u>67,030,065</u>	<u>52,200,066</u>
Balance at end of year	<u><u>5,850,281,507</u></u>	<u><u>5,726,457,297</u></u>
Classified as:		
Non-current assets	4,700,000,000	4,700,000,000
Current assets	<u>1,150,281,507</u>	<u>1,026,457,297</u>
	<u><u>5,850,281,507</u></u>	<u><u>5,726,457,297</u></u>

The interest earned but not yet withdrawn and the accrued interest stated above, amounting to HK\$1,150,281,507 (2020: HK\$1,026,457,297), were classified as current assets in the balance sheet.

4. Cash and cash equivalents

	2021	2020
	HK\$	HK\$
Time deposits with original maturities within three months	22,000,000	27,093,632
Cash at bank	2,824,799	1,995,375
	24,824,799	29,089,007

5. Deferred Income

With an agreement signed between the Trustee of the Fund and a company dated 26 January 2021, the company made a donation of HK\$75 million (2020: nil) to the Fund for conservation purposes. The donation is deferred and recognised in the Income and Expenditure Account over the period necessary to match with the related costs.

6. Financial risk management

The Fund's major financial instruments are placement with the Exchange Fund and time deposits. The major 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 time 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:

	2021	2020
	HK\$	HK\$
Cash at bank and time deposits with banks, by credit rating		
Aa1 to Aa3	55,824,799	23,995,375
A1 to A3	101,000,000	148,519,888
	156,824,799	172,515,263

While the financial assets measured at amortised cost are subject to the impairment requirements, the Fund has estimated that their expected credit losses on these financial assets 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 bank 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 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 2021, a 50 basis point (2020: 50 basis point) increase/decrease in the interest rates for 2020 and 2021, with all other variables held constant, would increase/decrease the surplus and equity by HK\$29 million (2020: decrease/increase the deficit and increase/decrease the equity by HK\$28 million).

7. Capital management

The capital of the Fund consists of capital and accumulated surplus. 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.

8. Commitments

As at 31 March 2021, the commitments for approved grants, subject to the satisfactory compliance with certain conditions of the relevant projects, were HK\$395,946,785 (2020: HK\$426,610,162).

9. 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.

10. 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.