

Environment and Conservation Fund

Trustee Report 2021-2022

For Presentation to the Legislative Council

on 16 November 2022

CONTENTS

Report by the Trustee Covering the Period 1 April 2021 to 31 March 2022	2 - 6
Membership List of the Environment and Conservation Fund Committee	7
Membership List of the Research Projects Vetting Subcommittee	8
Membership List of the Waste Reduction Projects Vetting Subcommittee	9
Membership List of the Environmental Education and Community Action Projects Vetting Subcommittee	10
Membership List of the Investment Committee	11
List of Approved Projects	12 - 24
Report of the Director of Audit	25 - 27
Balance Sheet	28
Income and Expenditure Account	29
Statement of Changes in Equity	30
Statement of Cash Flows	31
Notes to the Financial Statements	32 - 38

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

This report covers the financial year ending 31 March 2022.

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. With an initial capital injection of \$50 million 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 Government 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. This seed money was placed with the Hong Kong Monetary Authority for earning 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 (on and after 1 July 2007 but before 1 July 2022) / the Secretary for Environment and Ecology (on and after 1 July 2022) 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 ECF Committee members and 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 relevant Subcommittees will have to be endorsed by the ECF Committee.

11. During the financial year 2021-2022, 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 Government 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 2021 to 31 March 2022, a total of 581 applications were received. The results are as follows:

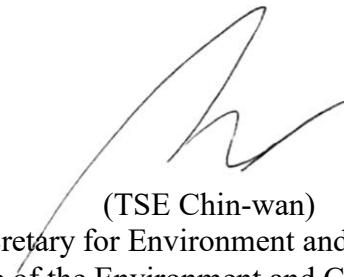
(a)	applications approved	201
(b)	applications carried forward to 2022-23	121
(c)	applications rejected	240
(d)	applications withdrawn by applicants / invalid	19
		Total: 581

18. The total amount of funds approved for the 201 applications was about \$250.4 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 2021 to 31 March 2022, four research projects were jointly funded by the WWGF with a grant of \$969,765.00.

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

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 2021 and 31 March 2022 are on pages 25 to 38.



(TSE Chin-wan)
Secretary for Environment and Ecology
The Trustee of the Environment and Conservation Fund
1 November 2022

Environment and Conservation Fund Committee

Membership List

(1 April 2021 - 31 March 2022)

Mr Douglas WOO, BBS, JP (Chairman)

Professor FUNG Chi-hung, Jimmy

Mr IP Chung-man, Tony

Ms KWOK May-han, Grace

Miss NG Yuen-ting, Yolanda, MH

Professor TAM Fung-yee, Nora, BBS, JP

Mr WONG Kit-lung, Simon, BBS, JP

Ir Professor WONG Sze-chun, BBS, 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 2021 - 31 March 2022)

Professor FUNG Chi-hung, Jimmy (Chairman)

Mr CHEUNG Kwok-chuen, Simon

Dr CHOY Wai-fun, Priscilla (up to 30 June 2021)

Ms Jessica JOOK

Dr KWOK Chung-yee, Fiona

Dr LEE Kwan-hon, Patrick

Dr LEUNG Chi-kin, Randolph

Dr NG Chi-yun, Jeanne

Mr Simon NG

Dr PUN Chun-shing, Jason

Professor WONG Kam-bo

Ir WONG Siu-wai, Kenny

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 2021 - 31 March 2022)

Ir Professor WONG Sze-chun, BBS, JP (Chairman)

Mr CHAN Ping-tak, Joseph

Ir Dr CHAN Wing-hong, Cary, JP

Ms CHEUNG Wing-suet, Wendy

Dr CHOW Cheuk-fai, Stephen

Sr KAM Siu-lam, Angel

Mr Jhonny LEUNG Huang

Mr LO Cheuk-man, Kayson

Mr WONG Kit-lung, Simon, BBS, JP

Mr YAN Wai-kiu, Mickey

Mr YIP Man-pan, Terry

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 2021 - 31 March 2022)

Mr IP Chung-man, Tony (Chairman)

Mr CHAN Ka-lok, Jason

Ms CHAN Suk-yee

Mr CHOI Kim-wah, Cliff

Ms Kay LIU (up to 30 April 2021)

Mr NGAN Man-yu, Frankie

Mr SIN Kar-wah, Matthew

Dr WONG Fook-yee

Ms Josephine WONG

Professor YIM Hung-lam, Steve (up to 12 July 2021)

Representative from Education Bureau

Representative from Environmental Protection Department

Environment and Conservation Fund

Investment Committee

Membership List

(1 April 2021 - 31 March 2022)

Secretary for the Environment (Chairman)

Ms HUI Chun-yu, Jane

Ms Jessica JOOK

Ms TAM Hing-lui

Ms WONG Mei-chun, Phoebe

Mr Douglas WOO, BBS, JP

Director of Environmental Protection

Deputy Director of Environmental Protection (1)

**List of Approved Projects under
the Environment and Conservation Fund
(1 April 2021 - 31 March 2022)**

Environmental Research, Technology Demonstration and Conference Projects

	Recipient Organisation	Project Title	Approved Grant
1.	City University of Hong Kong	Black Soldier Fly 2022: From Basic Science to Applications - An international conference	\$224,900.00
2.	City University of Hong Kong	Mercy release or extermination? A study of the unregulated mercy release of wildlife in Hong Kong	\$396,000.00
3.	City University of Hong Kong	Development of a new nanocrystalline alloy WPT4 high energy-efficiency wireless charger for electric vehicle	\$478,000.00
4.	City University of Hong Kong	Development of stable and cost-effective photocatalysts for the removal of nitrogen oxides in air	\$500,000.00
5.	City University of Hong Kong	Comprehensive risk assessment on indo-pacific finless porpoises exposed to plastic chemical additives using physiologically based toxicokinetic modelling and suspect screening	\$498,000.00
6.	City University of Hong Kong	Identification and removal of small microplastics from wastewater treatment plants in Hong Kong	\$498,000.00
7.	City University of Hong Kong	Development of intelligent energy storage station using second-life electric vehicle batteries	\$715,520.00
8.	City University of Hong Kong	Study on the ecology and biodiversity of soft shore in Hoi Ha Wan Marine Park	\$972,200.00
9.	City University of Hong Kong	Graphene oxide moisture condenser for high efficiency dehumidifiers	\$500,000.00
10.	Hong Kong Baptist University	Evaluation of the recycled plastics-containing designated garbage bags under the municipal solid waste charging scheme for food-contact applications	\$459,000.00
11.	Hong Kong Baptist University	Flood prevention standards in Hong Kong under climate change - Non-stationarity and joint behavior of rainfall and sea level	\$712,000.00
12.	Hong Kong Baptist University	International Conference on Solid Waste 2023	\$303,400.00

	Recipient Organisation	Project Title	Approved Grant
13.	Hong Kong Baptist University	Investigation on removal of the microplastics in food waste digestate for safer organic fertilisers	\$499,200.00
14.	Hong Kong Institute of Vocational Education (Sha Tin), Vocational Training Council	Feasibility of using nanopore sequencing technology to detect and identify CITES-listed shark species	\$321,500.00
15.	Technological and Higher Education Institute of Hong Kong, Vocational Training Council	Does the “Right Tree, Right Place” principle increase carbon sequestration of urban trees?	\$380,444.00
16.	The Chinese University of Hong Kong	Restoration of degraded Hong Kong coral habitats using multiple active coral restoration approaches	\$1,276,500.00
17.	The Chinese University of Hong Kong	Establishing ecological redundancy baseline for Hong Kong mangroves	\$1,302,050.00
18.	The Chinese University of Hong Kong	Optimization of a multiscale regional coupled land-atmosphere model for better ozone pollution forecast in Hong Kong and Greater Bay Area	\$499,000.00
19.	The Chinese University of Hong Kong	Invasive species of Hong Kong - Understanding the current distribution, spread, and ecological impacts	\$492,400.00
20.	The Hong Kong Polytechnic University	Engineering a microbial biosensor for monitoring microplastics pollution	\$499,000.00
21.	The Hong Kong Polytechnic University	Development of novel photocatalytic technology for solar-driven simultaneous hydrogen production and pollutant degradation from wastewater	\$500,000.00
22.	The Hong Kong Polytechnic University	Green conversion of microalgal biomass into high value products	\$498,000.00
23.	The Hong Kong Polytechnic University	Optimal design of high performance textile-based solar steam generator by tunable capillary evaporation	\$485,300.00
24.	The Hong Kong Polytechnic University	Innovative bifacial solar photovoltaic - From theoretical model to its practical application in Hong Kong	\$494,000.00
25.	The Hong Kong Polytechnic University	World Meteorological Organization (WMO) - Global Atmosphere Watch (GAW) VOC Expert Workshop	\$500,000.00
26.	The Hong Kong Polytechnic University	Study of high purity oxygen aeration for biological polishing of chemical enhanced primary treated sewage effluent and cellulase production from sludge	\$1,999,800.00

	Recipient Organisation	Project Title	Approved Grant
27.	The Hong Kong Polytechnic University	Recycling yard waste into new-generation biochar adsorbents for CO ₂ and VOCs removal	\$1,179,557.00
28.	The Hong Kong Polytechnic University	A multi-source remote sensing based technique for monitoring oil spills	\$1,920,520.00
29.	The Hong Kong Polytechnic University	Intelligent monitoring and diagnosis platform for second-life battery energy storage systems based on artificial intelligence and internet of things technologies	\$499,000.00*
30.	The Hong Kong Polytechnic University	Developing high power electric vehicle (EV) chargers using waste graphite and separators derived from end-of-life EV batteries	\$464,400.00*
31.	The Hong Kong Polytechnic University	Climate-resilient planning and design for coastal stormwater drainage systems	\$490,600.00
32.	The Hong Kong Polytechnic University	GPS-assisted smart robot with self-exploration ability for litter pick-up and sorting on curved hillsides	\$499,400.00
33.	The Hong Kong University of Science and Technology	Diversity of phytoplankton species in Hong Kong coastal waters	\$492,000.00
34.	The Hong Kong University of Science and Technology	The development of a high-density roadside sensor network to apportion vehicle fleet emission contribution to roadside NO ₂ pollutants	\$960,000.00
35.	The University of Hong Kong	Structure-conformal and mechanically robust batteries for miniaturized mobile machineries	\$497,520.00
36.	The University of Hong Kong	Building demolition waste management through smart BIM in Hong Kong	\$478,130.00*
37.	The University of Hong Kong	Towards sustainable and negative carbon footprint deep cement mixing for reclamation in Hong Kong	\$500,000.00
38.	The University of Hong Kong	Photocatalytic degradation of microplastics	\$1,306,072.00
39.	The University of Hong Kong	Photoluminescent carbon dots converted from biomass for VOCs sensing	\$498,000.00*
40.	The University of Hong Kong	Clean photocatalytic re-solutioning of precious elements from eWaste and re-use as single-atom catalysts	\$1,281,360.00
41.	The University of Hong Kong	Establishing the diversity and status of Hong Kong's wasps	\$1,526,040.00
42.	The University of Hong Kong	Assessment of the population status of the endangered Hong Kong cascade frog (<i>Amolops hongkongensis</i>)	\$794,080.00

	Recipient Organisation	Project Title	Approved Grant
43.	The University of Hong Kong	Feasibility study of using microbially stabilised dredged marine clay as fill materials for sustainable land reclamation in Hong Kong	\$500,000.00
Subtotal (I) :			\$29,890,893.00

* 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.	Action Health Limited	ECF Community Recycling Project in Shataukok Seashore & Rural Area	\$1,792,988.80
45.	Action Health Limited	ECF North District Food Collection Centre (Phase II)	\$2,829,728.00
46.	Bo Charity Foundation Limited	ECF Food Angel City Food Rescue Programme	\$2,205,442.00
47.	Bo Charity Foundation Limited	ECF Food Angel Food Rescue and Education Workshop	\$1,648,800.00
48.	Caritas - Hong Kong	ECF GO Green Domestic Helper · “Green Outreach Volunteer Programme”	\$525,892.00
49.	Central & Western Mid-Levels Owners Association	ECF Fun and Enjoy Food Waste	\$5,772,154.00
50.	Cheung Chau Island Women’s Association Limited	ECF Food RecycLand Exhibition Center	\$2,691,084.00
51.	Community Leap Limited	ECF Food Grace Recycling (Yuen Long) & Food Cherishing Shopping Mall Award Scheme	\$1,993,128.08
52.	Community Leap Limited	ECF Food Grace Recycling (Kwai Tsing) & Food Cherishing Estate Award Scheme	\$1,915,877.48
53.	Community Leap Limited	ECF Food Grace Recycling (Tai Po) & Food Cherishing Minimalism Education Scheme	\$1,970,035.90
54.	Endeavour Environmental Education Foundation Limited	ECF Village Smart Food Waste Recycling Trial Program Phase II	\$4,011,545.00
55.	Food For Good Limited	ECF Save and Share, Reduce to Produce (Kowloon)	\$1,024,395.65
56.	Foodlink Foundation Limited	ECF Foodlink Operations Sustainability Project Extension in Time and Area	\$2,505,566.51
57.	Grassroots Cultural Hub Limited	ECF MK Easy Collect Food Waste	\$1,190,198.25

	Recipient Organisation	Project Title	Approved Grant
58.	Green Council	ECF Collection of Food Waste from Eateries to Get the Community Well Prepared for the Implementation of Municipal Solid Waste Charging	\$4,983,371.94
59.	Green Council	ECF Residential Food Waste Recycling Pilot Trial - Metro City Phase 1	\$4,526,963.53
60.	Green Toysland Limited	ECF Toys For Love 3 (continuous project)	\$607,010.00
61.	Greeners Action	ECF Food Donation Project (Cheung Sha Wan)	\$996,796.00
62.	Greeners Action	ECF Lai See Reuse and Recycle Program Phase 2	\$394,062.22
63.	Hong Kong Productivity Council	ECF Source Separation and Collection of Food Waste for the Food & Beverage Trade (F&B)	\$7,925,222.00
64.	OIWA Limited	ECF To Unearth the Treasure Kitchen Waste Recycle Scheme	\$3,826,548.00
65.	People Service Centre Limited	ECF "Food Friend Action" - Sham Shui Po Project	\$1,609,978.40
66.	People Service Centre Limited	ECF "Food Friend Action" - Wong Tai Sin Project	\$1,894,863.20
67.	People Service Centre Limited	ECF "Food Friend Action" - Kowloon City Project	\$1,701,471.80
68.	The Conservancy Association	ECF Food Resources Recycling Centre (FRRC)	\$1,082,041.00
69.	The Kowloon City Youths Association	ECF Red Come Again	\$86,308.00
70.	Wegeneration Limited	ECF Community Recycling Vehicle Program and Educational Campaign for Waste Reduction and Recycling in Villages and Country Parks in Sai Kung	\$1,409,868.00
71.	World Wide Fund for Nature Hong Kong	ECF Choose to Reuse: Closing the Loop on Takeaway Packaging	\$2,995,704.03
Subtotal (II):			\$66,117,043.79

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

	Recipient Organisation	Project Title	Approved Grant
72.	Association For Tsuen Wan Development	ECF Tsuen Wan Waste Reduction, Education and Censorship Pilot Project	\$1,277,435.60
73.	Cheung Sha Wan Kai Fong Welfare Association Ltd	ECF GREEN ACTION 2.0	\$1,229,528.89
74.	Christian Joyful Spirit Life Development Centre Limited	ECF Reducing Waste in Tsuen Wan (Phase II)	\$1,101,308.44
75.	Community & Construction Association	ECF Green in Po Lam	\$1,166,772.00
76.	Community & Construction Association	ECF Green in Po Lam (2)	\$956,109.78
77.	Community & Construction Association	ECF Green in Shek Kip Mei	\$1,278,864.40
78.	Community & Construction Association	ECF Green in Sai Kung	\$1,091,598.00
79.	Community Engagement Workshop Limited	ECF Clever Waste Reduction in Mong Kok	\$759,517.47
80.	Community Leap Limited	ECF Reduce Waste in Our Community (Locwood Court Kingswood Villas)	\$954,839.67
81.	Community Leap Limited	ECF Reduce Waste in Our Community (Park Central)	\$1,026,601.00
82.	Community Leap Limited	ECF Reduce Waste in Our Community (Finery Park)	\$910,680.67
83.	Community Leap Limited	ECF Reduce Waste in Our Community (Lei King Wan)	\$938,290.00
84.	Conservation E3 Foundation Limited	ECF Reduce and Recycle (Fo Tan Industrial Centre)	\$592,394.00
85.	Conservation E3 Foundation Limited	ECF Reduce and Recycle (The Harbourside)	\$728,569.17
86.	Conservation E3 Foundation Limited	ECF Reduce and Recycle (Vanta Industrial Centre)	\$591,776.00
87.	Dramagic Cultural Arts Foundation Limited	ECF Solid Waste Charging Testing in Mayfair Gardens	\$967,322.22
88.	Evangelical Lutheran Church Social Service - Hong Kong	ECF Waste Separation Projects to Pave the Path for Municipal Solid Waste Charging on Ma On Shan Village	\$764,304.00
89.	Food For Good Limited	ECF Municipal Solid Waste Charging, Waste Reduction at Housing Estate (Floriant Rise)	\$885,794.22
90.	Food For Good Limited	ECF Municipal Solid Waste Charging, Waste Reduction at Schools (Kindergarten)	\$1,341,952.50

	Recipient Organisation	Project Title	Approved Grant
91.	Food For Good Limited	ECF Municipal Solid Waste Charging, Waste Reduction at Commercial Buildings	\$1,039,470.08
92.	Food For Good Limited	ECF Municipal Solid Waste Charging, Waste Reduction at The Nate	\$495,498.22
93.	Friends of Tai Kok Tsui	ECF Municipal Solid Waste in Tai Kok Tsui	\$890,410.44
94.	Friends of Yaumatei and Tsimshatsui Society	ECF Waste Reduction in Kam Wah Building	\$822,732.67
95.	Grassroots Cultural Hub Limited	ECF Waste Reduction for Older Buildings in Mong Kok	\$630,212.22
96.	Grassroots Cultural Hub Limited	ECF Municipal Solid Waste Charging for Single Blocks in Mong Kok	\$639,101.11
97.	Grassroots Cultural Hub Limited	ECF Municipal Solid Waste Charging in Older Buildings in Mong Kok	\$634,656.67
98.	Green Council	ECF +WOO Phase 1	\$785,752.00
99.	Green Council	ECF Island Residence	\$532,905.78
100.	Green Recycle	ECF Reduce Waste and Encourage Recycling in Sheung Chui Court	\$836,618.38
101.	Green Recycle	ECF Reduce Waste and Encourage Recycling in Luk Yeung Sun Chuen	\$993,835.80
102.	Green Recycle	ECF Reduce Waste and Encourage Recycling in Solaria	\$746,490.96
103.	Green Recycle	ECF Reduce Waste and Encourage Recycling in The Horizon	\$746,490.96
104.	Green Recycle	ECF Reduce Waste and Encourage Recycling in One Kai Tak (I)	\$696,761.51
105.	Green Sense HK Limited	ECF Less Waste at Dynasty Heights	\$398,152.22
106.	Greeners Action	ECF MSW Charging Trial Scheme - The Wings IIIB	\$612,460.44
107.	Greeners Action	ECF MSW Charging Trial Scheme - One Kai Tak (II)	\$938,555.60
108.	Greeners Action	ECF MSW Charging Trial Scheme - Millennium City 2	\$472,310.80
109.	Hong Kong Education Association	ECF Smart Recycling - Classify and Value Pilot Scheme in School	\$534,578.00
110.	Hong Kong Institute of Property Managers	ECF GREEN ON PIONEER	\$1,186,640.00
111.	Hong Kong New Arrivals Services Foundation Limited	ECF GREEN PLAN	\$1,119,716.00
112.	Kowloon East Community Care Society	ECF Solid Waste Charging You Need to Know (Tsz Lok & Ngau Tau Kok)	\$1,103,643.20

	Recipient Organisation	Project Title	Approved Grant
113.	LPG Volunteer Association	ECF Teen Teen Go Green@Campus	\$968,067.50
114.	Life of Enoch Foundation Ltd	ECF MSW Charging Trial Scheme - V city	\$808,564.00
115.	Luen Wo Hui Residents Association	ECF Reduce Waste in Ying Pun Tsuen	\$555,092.67
116.	Luen Wo Hui Residents Association	ECF Reduce Waste in Commune Modern	\$548,426.00
117.	Ma On Shan Community Services Association	ECF Reduce Waste in Kam Fung Court	\$976,869.78
118.	Ma Tau Wai Chun Seen Mei Resident's Association	ECF Ma Tau Wai Waste Reduction Community Involvement Scheme	\$706,806.60
119.	Mong Kok Yin Ngai Societies	ECF Mong Kok District Involvement Projects for Waste Reduction	\$751,515.20
120.	North District Juvenile Association Limited	ECF Go Green - Tai Ping	\$925,772.60
121.	North District Residents Association Limited	ECF Reduce Waste in Sheung Shui Town Centre	\$909,098.89
122.	Pangaia Solutions Limited	ECF Zero-waste to Landfill for the F&B Industry: Creating Circular Systems through Education, Practice & Partnerships	\$1,074,813.60
123.	Power of Cooperation and Development Co. Limited	ECF Pilot Scheme on the Charging for MSW - San Wai Court	\$1,009,991.11
124.	Shatin Women Society	ECF Kam On Court - Waste Separation Projects to Pave the Path for Municipal Solid Waste Charging	\$1,051,792.44
125.	TWKT	ECF Tsuen Wan Waste Reduction and Education Pilot Project	\$864,150.67
126.	Tai Kok Tsui Residence Association	ECF Tai Kok Tsui Society for Municipal Solid Waste Recycling Project	\$914,517.11
127.	The Youth Converge	ECF Reduce Waste in Taikoo	\$893,871.33
128.	To Kwa Wan Resident Service Organization	ECF To Kwa Wan "Waste Levy" Community Involvement Project	\$742,375.60
129.	Tsuen Wan Kwai Ching District Women's Association	ECF Education Scheme for Waste Reduction and Recycling@Hoi Bun	\$978,478.67
130.	Tung Wah Group of Hospitals	ECF Tung Wah Group of Hospitals Shuen Wan Complex for the Elderly	\$433,484.60
131.	Wai Wan Association	ECF Hung Hom "Waste Levy" Community Involvement Project	\$806,926.00

	Recipient Organisation	Project Title	Approved Grant
132.	Wegeneration Limited	ECF Waste Separation Project to Pave the Path for Municipal Solid Waste Charging - Sai Kung Villages	\$770,897.00
133.	West Kowloon Parents Association	ECF Sham Shui Po “Waste Levy” Community Involvement Project	\$1,208,948.80
134.	Wisdom Regeneration Company Limited	ECF Reduce Waste, Money Save	\$918,875.22
135.	Wisdom Regeneration Company Limited	ECF Keep Your Community Green, Waste Reduce	\$940,864.22
136.	Wisdom Regeneration Company Limited	ECF Waste Reduce and Stay Green	\$950,586.44
137.	Wong Tai Sin Bright Orchid Women’s Association Ltd	ECF Chill Green in Eden Gate	\$248,584.00
138.	Wong Tai Sin Bright Orchid Women’s Association Ltd	ECF Chill Green in Canossa Primary School (San Po Kong)	\$407,210.33
139.	Wong Tai Sin Bright Orchid Women’s Association Ltd	ECF Chill Green in Tropicana Gardens	\$854,228.00
140.	Wong Tai Sin Bright Orchid Women’s Association Ltd	ECF Chill Green in Evergreen Towers	\$535,990.67
141.	Wong Tai Sin Bright Orchid Women’s Association Ltd	ECF Chill Green in Grandeur Garden	\$855,920.89
142.	Y.T.M. Concern For Livelihood Association	ECF Reduce Waste in Jordan (Po Lok Mansion & Wai On Building Block A)	\$825,299.11
143.	Yau Ma Tei Concern For Resident Rights Association	ECF Reduce Waste in Man Wah Building	\$896,267.11
144.	Yuen Chau Kok Inhabitants Association	ECF Municipal Solid Waste Charging in Village, Reducing Waste Disposal to be Economical	\$627,949.72
145.	Yuen Chau Kok Inhabitants Association	ECF Project of Municipal Solid Waste Charging in Village, the More Reducing, the More Getting	\$633,315.28
146.	Yuen Long Youth Federation Limited	ECF Tin Chung Court “Use Less, Waste Less” Campaign	\$970,805.40
147.	United Social Service Centre Ltd	ECF Community Involvement for Municipal Solid Waste Charging - Community Education Project - Yau Tsim Mong District	\$1,074,656.44
Subtotal (III):			\$64,061,664.09

On-site Meal Portioning Project in Schools

	Recipient Organisation	Approved Grant
148.	W F Joseph Lee Primary School	\$1,999,839.05
Subtotal (IV):		\$1,999,839.05

Environmental Education and Community Action Projects

	Recipient Organisation	Project Title	Approved Grant
149.	AquaMeridian Conservation and Education Foundation Limited	ECF Outlying Island Small Restaurant Gully Trap Filtration Promotion & Installation	\$86,850.00
150.	AquaMeridian Conservation and Education Foundation Limited	ECF Southern Islands Ocean Literacy Educational Cleanup	\$9,015.00
151.	AquaMeridian Conservation and Education Foundation Limited	ECF Hungry Ghost Shoreline Cleanup	\$9,375.00
152.	AquaMeridian Conservation and Education Foundation Limited	ECF Foreign Domestic Helper Cultural Awareness & Cleanup Day	\$1,990.00
153.	Artists Cooperation Limited	ECF - Fashion at No Cost	\$454,110.00
154.	CNEX Foundation Limited	ECF: Green Doc Podcast & Screening	\$265,517.00
155.	Centre Stage Squarer Limited	環保基金 海岸清潔人人樂^	\$6,890.00
156.	Chin Ching Association	ECF Protect and Clean Shorelines	\$8,366.00
157.	Community & Construction Association	ECF Protect Victoria Harbour Movement	\$3,952,460.00
158.	Community Development Alliance	ECF Green Life Enrichment in Hung Shui Kiu Community	\$99,950.00
159.	Community Leap Limited	ECF Green Consumerism Community	\$523,294.44
160.	Culture Power Charity Foundation Limited	ECF Beach Clean Up Challenge (Lung Kwu Tan)	\$9,000.00
161.	Gip Percussion Ensemble	ECF - 'Perfection' Musical	\$50,000.00

	Recipient Organisation	Project Title	Approved Grant
162.	Green Power	ECF "Blue Sky x STEM" Challenge	\$1,039,220.00
163.	HOBBYHK Community Services Association	ECF A Beginner's Manual to Zero-Waste Shopping	\$100,000.00
164.	Hong Kong Marine Conservation Association	ECF Marathon Coastal Clean-up	\$24,260.00
165.	Hong Kong Society of Herpetology Foundation Limited	ECF: Find Them All! Amphibian and Reptile Biodiversity Map Programme	\$1,251,733.33
166.	Hong Kong Women Development Association Limited	ECF - An Outbreak of Our Love Ocean Programme	\$891,916.66
167.	ICT-In-Physical Education Foundation Limited	ECF GREEN for FUN Save the Ocean V2.0	\$4,800.00
168.	Kowloon City District Resident Association	ECF Green Warrior	\$8,880.00
169.	Kowloon City Youths Association	ECF Ocean Guard@Hong Kong	\$7,463.00
170.	Lingnan Entrepreneurship Initiative and Science Unit, Lingnan University	ECF - Hong Kong Ocean Environmental Pioneer Academy	\$1,256,080.00
171.	Local Community Agriculture Corporation Foundation Limited	ECF Cleaning Shoreline in Yi O Bay	\$7,088.00
172.	Ma Tau Wai Chun Seen Mei Resident's Association	ECF "Green Life Declaration" Community Engagement Project	\$103,277.00
173.	New Home Association Limited	ECF: Green Home: Eighteen Ways to Reduce Carbon and Waste	\$1,335,666.60
174.	Outdoor Wildlife Learning Hong Kong Limited	ECF Insect Pollination Ecology Education Programme	\$1,521,515.31
175.	Sea Education Association Limited	ECF Intertidal Safari - An Online Eco Tour-guide for Everyone on Hong Kong Intertidal Excursion	\$100,000.00
176.	Sea Education Association Limited	ECF - SUP Coastal Cleanups 2021	\$9,990.00
177.	Sea Education Association Limited	ECF - Community & Canoeing Coastal Cleanups 2021	\$8,875.00
178.	Sun Teenage Network	環保基金 三門仔沙灘清潔日^	\$9,735.40
179.	TWGHs Sun Hoi Directors' College	ECF Water Conservation@Sun Hoi	\$99,000.00

	Recipient Organisation	Project Title	Approved Grant
180.	The Hong Kong Federation of Youth Groups - Youth Crime Prevention Centre Youth Support Scheme	ECF LOVE All About Coastal Hero	\$4,240.00
181.	Tin Shui Wai Women Association Limited	ECF Green Upcycling Project	\$94,268.00
182.	Tseung Kwan O Wai Yin Association	ECF Guarding Our Harbour	\$9,000.00
183.	United Christian College (Kowloon East)	ECF - Snorkeling Eco-tourism and Clean Shorelines	\$5,198.00
184.	Vision Sai Kung	ECF Green Vision Startup	\$95,950.00
185.	Wegeneration Limited	ECF Know Our Corals, Love Our Ocean: Public Education Program on Coral and Marine Biodiversity	\$609,392.00
186.	West Kowloon Parents Association	ECF "Green Life Starts Here" Community Activities Series	\$355,350.00
187.	Wonderful Green Limited	ECF Wonderful Green Castle Peak Road Shoreline Cleanup	\$5,735.00
188.	Wong Tai Sin Bright Orchid Women's Association Ltd	ECF - Chill Green Roving Exhibition	\$345,070.99
189.	Yau Tsim Mong Youths Society	ECF Coastal Cleanup Day	\$8,080.00
190.	Youth Chain Limited	ECF Green Win in Eastern	\$44,918.00
191.	Youth Park	ECF Guarding Our Harbour	\$8,900.00
Subtotal (V):			\$14,842,419.73

^ Project 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
192.	Student Environmental Protection Ambassador Scheme	\$2,000,000.00
193.	Green Prefect Programme	\$200,000.00
194.	Hong Kong Awards for Environmental Excellence	\$13,200,000.00

	Project Title	Approved Grant
195.	Hong Kong Green Organisation Certification	\$7,900,000.00
196.	Publicity Programmes in Support of Environment Bureau / Environmental Protection Department Policy Priorities	\$8,000,000.00
197.	Provision of Free Environmental Campaign Committee Recycling Bins	\$2,000,000.00
198.	Environmental Campaign Committee Promotion and Initiatives	\$10,000,000.00
199.	Waste Reduction and Recycling Campaign	\$12,000,000.00
200.	Reusable Tableware Lending Programme	\$350,000.00
201.	Administration and General Support (including manpower expenditure, website and social media fanpages maintenance fee, auditing fee, etc.)	\$17,850,000.00
	Subtotal (VI) :	\$73,500,000.00
	Total (I)+(II)+(III)+(IV)+(V)+(VI) :	\$250,411,859.66

Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Independent Auditor'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 4 to 14, which comprise the balance sheet as at 31 March 2022, 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 2022, 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



S. M. CHOI
Principal Auditor
for Director of Audit

22 June 2022

Audit Commission
6th Floor, High Block
Queensway Government Offices
66 Queensway
Hong Kong

**Environment and Conservation Fund
Balance Sheet as at 31 March 2022**

	Note	2022 HK\$	2021 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	1,398,491,501	1,150,281,507
Interest receivable		2,318	154,028
Time deposits with original maturities over three months		-	132,000,000
Cash and cash equivalents	4	20,599,468	24,824,799
		1,419,093,287	1,307,260,334
Non-current Liabilities			
Deferred income	5	75,000,000	75,000,000
Net Assets		6,044,093,287	5,932,260,334
ACCUMULATED FUND			
Capital	3	5,000,000,000	5,000,000,000
Accumulated surplus		1,044,093,287	932,260,334
		6,044,093,287	5,932,260,334

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

22 June 2022

Environment and Conservation Fund
Income and Expenditure Account for the year ended 31 March 2022

	2022	2021
	HK\$	HK\$
INCOME		
Interest income	288,470,802	225,392,252
Refund of grants	1,121,074	1,661,655
	289,591,876	227,053,907
EXPENDITURE		
Grants for environmental research and other projects	132,328,625	152,027,956
Grants to the Environmental Campaign Committee	45,430,298	42,638,363
	177,758,923	194,666,319
Surplus for the year	111,832,953	32,387,588
Other comprehensive income	-	-
	111,832,953	32,387,588
Total comprehensive income for the year	111,832,953	32,387,588

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 2022

	Capital HK\$	Accumulated surplus HK\$	Total HK\$
Balance at 1 April 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
Total comprehensive income for 2021-22	-	111,832,953	111,832,953
Balance at 31 March 2022	5,000,000,000	1,044,093,287	6,044,093,287

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 2022

	Note	2022 HK\$	2021 HK\$
Cash flows from operating activities			
Refund of grants		1,121,074	1,661,655
Increase in deferred income		-	75,000,000
Grants to the Environmental Campaign Committee		(45,430,298)	(42,638,363)
Grants for environmental research and other projects		(132,328,625)	(152,027,956)
Net cash used in operating activities		<u>(176,637,849)</u>	<u>(118,004,664)</u>
Cash flows from investing activities			
Net decrease in time deposits with original maturities over three months		132,000,000	11,426,256
Interest received from time deposits		412,518	2,314,200
Withdrawal of interest earned from placement with the Exchange Fund		40,000,000	100,000,000
Net cash from investing activities		<u>172,412,518</u>	<u>113,740,456</u>
Net decrease in cash and cash equivalents		(4,225,331)	(4,264,208)
Cash and cash equivalents at beginning of year		24,824,799	29,089,007
Cash and cash equivalents at end of year	4	<u>20,599,468</u>	<u>24,824,799</u>

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 or available for early adoption for the current accounting period of the Fund. 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 financial statements.

(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 financial assets measured at amortised cost, 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 instruments.

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 assessment, 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 banks, deposits with banks and 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 4.7% per annum for January to December 2021 and 5.6% per annum for January to December 2022.

Placement with the Exchange Fund is analysed as follows:

	2022	2021
	HK\$	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	1,315,071,986	1,083,251,442
	<u>6,015,071,986</u>	<u>5,783,251,442</u>
Accrued interest	83,419,515	67,030,065
Balance at end of year	<u><u>6,098,491,501</u></u>	<u><u>5,850,281,507</u></u>
Classified as:		
Non-current assets	4,700,000,000	4,700,000,000
Current assets	1,398,491,501	1,150,281,507
	<u><u>6,098,491,501</u></u>	<u><u>5,850,281,507</u></u>

The interest earned but not yet withdrawn and the accrued interest stated above, amounting to HK\$1,398,491,501 (2021: HK\$1,150,281,507), were classified as current assets in the balance sheet.

4. Cash and cash equivalents

	2022	2021
	HK\$	HK\$
Time deposits with original maturities within three months	17,500,000	22,000,000
Cash at bank	3,099,468	2,824,799
	20,599,468	24,824,799

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 in 2021 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 maximum exposure to credit risk of the financial assets of the Fund at the reporting date is equal to their carrying amounts.

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, at the reporting date is shown below:

	2022	2021
	HK\$	HK\$
Cash at bank and time deposits, by credit rating		
Aa1 to Aa3	3,099,468	55,824,799
A1 to A3	17,500,000	101,000,000
	20,599,468	156,824,799

While the financial assets measured at amortised cost are subject to the impairment requirements, the Fund has estimated that their expected credit losses 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. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of 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.

Cash flow interest rate risk is the risk that future cash flows of a financial instrument 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) 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 2022, a 50 basis point (2021: 50 basis point) increase/decrease in the interest rates for 2021 and 2022, with all other variables held constant, would increase/decrease the surplus of the Fund for the year and the accumulated surplus by HK\$30 million (2021: HK\$29 million).

7. Capital management

The capital structure 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 2022, the commitments for approved grants, subject to the satisfactory compliance with certain conditions of the relevant projects, were HK\$388,592,034 (2021: HK\$395,946,785).

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.