

Environment and Conservation Fund

Trustee Report 2023-2024

For Presentation to the Legislative Council

on 20 November 2024

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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 2024.

### **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 and educational 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 Environment and Ecology 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 6.

7. The ECF Committee has set up the following vetting subcommittees, which comprises ECF Committee members and co-opted members, for its major funding schemes:

- (i) Research Projects Vetting Subcommittee – It is responsible for vetting applications under the environmental research, technology demonstration and conference projects funding scheme. The membership list is on page 7.
- (ii) Waste Reduction Projects Vetting Subcommittee – It is responsible for vetting applications under the community waste reduction projects funding scheme. The membership list is on page 8.
- (iii) Environmental Education and Community Action Projects Vetting Subcommittee – It is responsible for vetting applications under the environmental education and community action projects funding scheme. The membership list is on page 9.

Vetting subcommittees are responsible for vetting all applications and submitting funding recommendations to the ECF Committee for decision.

8. The ECF Committee has set up the 30th Anniversary Events Subcommittee in June 2023 to organise activities in connection with the promotion of the ECF during the 30th anniversary of the establishment of the ECF. The membership list is on page 10.

9. ECF Investment Committee has been set up to set policies for investment and monitor the investment of the ECF. The membership list is on page 11.

10. The Environment and Ecology Bureau collectively provides secretariat service required by the ECF Committee, its Research Projects Vetting Subcommittee, Waste Reduction Projects Vetting Subcommittee, Environmental Education and Community Action Projects Vetting Subcommittee and 30th Anniversary Events Subcommittee, and the ECF Investment Committee.

### **Criteria for vetting applications**

11. Applications from local non-profit making organisations and community groups are considered for funding support. Since 2014, application invitations 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 merits.

12. In general, an application to be considered for funding support should fulfill the following requirements:

- (i) 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;
- (ii) 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
- (iii) the project must be non-profit making in nature.

13. On top of the above basic requirements, there is a set of vetting criteria for each funding scheme, which were 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 assess applications based on the relevant vetting criteria, which also take into account the past performance of applicants in implementing ECF-funded projects, where appropriate, and select the best applications for full or partial funding support. Details of the 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 <https://www.ecf.gov.hk/en/>.

**Approved applications**

14. From 1 April 2023 to 31 March 2024, a total of 575 applications were vetted. The results are as follows:

(i)	applications approved	164
(ii)	applications not approved	360
(iii)	applications withdrawn / invalid applications	51
Total:		575

15. The total amount of approved grants for the 164 approved applications was about \$187 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 2023 to 31 March 2024, four environmental research, technology demonstration and conference projects were jointly funded by the WWGF with a grant of \$880,880.

16. During the financial year 2023-2024, the ECF Committee also granted about \$83.2 million to the Environmental Campaign Committee for organising environmental education projects and publicity campaigns.

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

**Accounts**

18. 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 2023 and 31 March 2024 are on pages 25 to 38.

TSE Chin-wan  
 Secretary for Environment and Ecology  
 The Trustee of the Environment and Conservation Fund  
 1 November 2024

**Environment and Conservation Fund Committee**

**Membership List**

**(1 April 2023 - 31 March 2024)**

Dr CHENG Kam-chung, Eric, SBS, MH, OStJ, JP (Chairman)

Professor FUNG Chi-hung, Jimmy

Ms HO Pui-suen, Judy (from 16 May 2023)

Dr IP Chung-man, Tony, MH

Ms KWOK May-han, Grace

Mr LAM Tsz-kai, Charles (from 16 May 2023)

Professor TAM Fung-yee, Nora, BBS, JP

Professor WONG Kit-lung, Simon, BBS, JP

Ir Professor WONG Sze-chun, BBS, JP

Secretary for Environment and Ecology, 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 2023 - 31 March 2024)**

Professor FUNG Chi-hung, Jimmy (Chairman)

Mr CHU Man-yin Arthur Newton

Dr KWOK Chung-yee, Fiona

Professor LEE Kwan-hon, Patrick

Dr LEUNG Chi-kin, Randolph

Mr LO Kwok-leung, Daniel

Dr PUN Chun-shing, Jason

Professor WONG Kam-bo

Ir WONG Siu-wai, Kenny

Representative from Agriculture, Fisheries and Conservation Department

Representative from Environmental Protection Department



**Environment and Conservation Fund Committee**

**Waste Reduction Projects Vetting Subcommittee**

**Membership List**

**(1 April 2023 - 31 March 2024)**

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

Mr CHAN Kin-yip

Ir Dr CHAN Wing-hong, Cary, MH, JP

Mr CHAU Cheuk-yin, Nathan, MH

Sr KAM Siu-lam, Angel

Mr LAM Tak-shing, MH

Mr Jhonny LEUNG Huang

Ms LIU Ling-ling, Samantha, MH

Mr TONG Chun-kit, Jonathan

Mr YAN Wai-kiu, Mickey, MH, JP

Representative from Environmental Protection Department

**Environment and Conservation Fund Committee**

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

**Membership List**

**(1 April 2023 - 31 March 2024)**

Dr IP Chung-man, Tony, MH (Chairman)

Mr CHAN Ka-lok, Jason

Mr CHU Wun-chiu

Ms LAU Wing-fung, Jen

Ms MAN Sze-wing, Jessica, MH

Mr SIN Kar-wah, Matthew

Ms SO Pui-man, Maria

Ms WONG Lai-mei, Josephine

Representative from Education Bureau

Representative from Environmental Protection Department

**Environment and Conservation Fund Committee**

**30th Anniversary Events Subcommittee**

**Membership List**

**(1 June 2023 - 31 March 2024)**

Ms KWOK May-han, Grace (Chairman)

Ir Dr CHAN Wing-hong, Cary, MH, JP

Dr IP Chung-man, Tony, MH

Ms LI Chun-chau, Jenny

Ms LIU Ling-ling, Samantha, MH

Representative from Environmental Protection Department

Secretary, Environment and Conservation Fund Committee

**Environment and Conservation Fund**

**Investment Committee**

**Membership List**

**(1 April 2023 - 31 March 2024)**

Permanent Secretary for Environment and Ecology (Environment) (Chairman)

Dr CHENG Kam-chung, Eric, SBS, MH, OStJ, JP

Mr CHAU Cheuk-yin, Nathan, MH

Ms TAM Hing-lui, Becky

Ms WONG Mei-chun, Phoebe

Mr WOO Chun-kuen, Douglas, BBS, JP

Commissioner for Climate Change, Environment and Ecology Bureau

**List of Approved Projects under  
the Environment and Conservation Fund  
(1 April 2023 - 31 March 2024)**

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

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
1.	City University of Hong Kong	Environment and Conservation Fund Eco-friendly High-performance Concrete with Multiple Performance Requirements by Utilizing Recycled Powder and Recycled Aggregate from C&D Waste	\$497,000.00 *
2.	City University of Hong Kong	Environment and Conservation Fund Real-time Estimation and Prediction of Indoor Bioaerosol Concentrations Using Artificial Intelligence and Computational Fluid Dynamics	\$499,900.00
3.	City University of Hong Kong	Environment and Conservation Fund 11st International Forum on Industrial Bioprocess - Advanced Bioprocessing Technologies for Biomass Conversion (ABTBC)	\$401,130.00
4.	City University of Hong Kong	Environment and Conservation Fund Development of Sustainable Green Structural Concrete via Effective Utilization of Waste Glass and Basalt Fiber	\$500,000.00 *
5.	City University of Hong Kong	Environment and Conservation Fund Recycling of End-of-life Silicon Photovoltaic Modules for Fast-charging Lithium-ion Batteries	\$500,000.00
6.	City University of Hong Kong	Environment and Conservation Fund Evaluate the Quality of Sediment and Water in Victoria Harbour Via the Measurement of Benthic Ecological Status	\$950,000.00
7.	City University of Hong Kong	Environment and Conservation Fund Development of A Micro-aerated Anaerobic Digestion (MAAD) Process to Enhance Biogas Production and Sulfide Suppression from Saline Sludge	\$700,000.00
8.	Hong Kong Baptist University	Environment and Conservation Fund Spatiotemporal Contamination Profiles, Sources, and Solubility-integrated Source-specific Health Risks of PM2.5-Bound Trace Metals in Two GBA Megacities	\$498,500.00

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
9.	Hong Kong Baptist University	Environment and Conservation Fund Unlocking the Protein Degradation Potential During Anaerobic Co-digestion of Food Waste and Livestock Manure: Insights from Microbial Communities	\$499,700.00
10.	Hong Kong Baptist University	Environment and Conservation Fund Initial Sampling of Terrestrial Nematodes in Hong Kong Country Parks and Streets to Assess Their Biodiversity and Potential As An Indicator for Soil Health	\$496,000.00
11.	Lingnan University	Environment and Conservation Fund Forgotten Habitat: Physical Environments and Biodiversity Patterns of Hong Kong Intertidal Boulder Fields	\$1,198,994.00
12.	Lingnan University	Environment and Conservation Fund Monitoring and Eradication of Invasive Crayfish Using Mark-recapture and eDNA Methods	\$900,000.00
13.	Parks and Trails Limited	Environment and Conservation Fund Developing Citizen Science-based Trail Assessment Protocols	\$264,760.00 *
14.	The Chinese University of Hong Kong	Environment and Conservation Fund Developing A Low-cost Sensor for Indoor Airborne Bacteria Monitoring in Hospitals and Elderly Homes	\$500,000.00
15.	The Chinese University of Hong Kong	Environment and Conservation Fund Developing A Digital Twin Empowered Approach for Horseshoe Crab Survey and Conservation with Drones and AI	\$499,600.00
16.	The Chinese University of Hong Kong	Environment and Conservation Fund Advancing Coral Breeding Strategies for Upscaling Restoration Efforts in Hong Kong	\$2,100,000.00
17.	The Chinese University of Hong Kong	Environment and Conservation Fund Designing Smart Floating Wetlands to Optimize Ecosystem Services for Hong Kong Urban Environment	\$500,000.00
18.	The Education University of Hong Kong	Environment and Conservation Fund Study of Microplastic Biofilm-facilitated Transfer and Enrichment of Aquatic Pathogens and Antibiotic Resistance in Hong Kong Waters, and Potential Mechanisms	\$497,600.00
19.	The Hong Kong Polytechnic University	Environment and Conservation Fund Developing A Photocatalytic System to Reduce Hong Kong's Carbon Footprint: Converting CO2 Emissions Into Useful Two-carbon Chemicals	\$500,000.00

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
20.	The Hong Kong Polytechnic University	Environment and Conservation Fund Textile-based Evaporative Air Grid to Enhance the Efficiency of Air Conditioners Utilizing Condensed Water	\$500,000.00
21.	The Hong Kong Polytechnic University	Environment and Conservation Fund Multifunctional Cooling Films for Energy-efficient Passive Cooling of Hong Kong's Next-generation Data Centre	\$498,600.00
22.	The Hong Kong Polytechnic University	Environment and Conservation Fund Autonomous Sandy Beach Refuse Collection System With Unmanned Ground and Aerial Vehicles	\$498,000.00
23.	The Hong Kong Polytechnic University	Environment and Conservation Fund Dynamic Monitor and Analysis of Street Air Quality in High-density Urban Environments in Hong Kong Utilizing Mobile Sensor Platform and Computer Vision-based Technology	\$499,600.00
24.	The Hong Kong Polytechnic University	Environment and Conservation Fund Turning Incinerated Sewage Sludge Ash Into Engineering Fill Using Microbial Induced Calcium Carbonate Precipitation Method Incorporating CO2 Sequestration	\$500,000.00
25.	The Hong Kong Polytechnic University	Environment and Conservation Fund Advance Our Understanding of the Environmental Impact of Tyre Wear Emission in A Changing Climate	\$900,000.00
26.	The Hong Kong Polytechnic University	Environment and Conservation Fund Development of Concrete Slurry Waste-derived Carbonation Coating to Improve the Durability of Concrete Structures	\$500,000.00 *
27.	The Hong Kong Polytechnic University	Environment and Conservation Fund Development of Phase Change Nano-emulsion Based Spectral Splitting PV/T System for the Full Solar Energy Usage	\$500,000.00
28.	The Hong Kong Polytechnic University	Environment and Conservation Fund Turning Sewage Sludge Into Green Hydrogen and E-fuel with Carbon-neutrality Goals in Hong Kong: Innovative Process Design, Optimization, Economic Viability and Environmental Sustainability Assessment	\$500,000.00
29.	The Hong Kong University of Science and Technology	Environment and Conservation Fund T2R2: Thermal Treatment for Resource Recovery	\$500,000.00

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
30.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Valorisation of Local Waste into Biochar-blended Fertiliser for Climate-smart Agriculture	\$1,400,000.00
31.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Year-round Observation of Particulate Organic and Inorganic Nitrates in Urban Hong Kong: Insights in NOx Transformation Pathway and the Influence Factors	\$489,800.00
32.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Study Characteristics of Volatile Organic Compounds in Hong Kong's Indoor Environments	\$498,000.00
33.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Development of A Localized Diagram Approach for Characterizing Ozone Formation Regimes and Assessing the Evolution of Ozone Pollution in Hong Kong	\$500,000.00
34.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Germicidal and Algicidal Hydrogels for Better Environment of Water Service Reservoirs	\$498,000.00
35.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Using DNA Metabarcoding to Reveal the Biodiversity and Spatiotemporal Dynamics of Harmful Algal Bloom Species in Hong Kong Coastal Waters	\$498,400.00
36.	The Hong Kong University of Science and Technology	Environment and Conservation Fund The 17th Deep-sea Biology Symposium	\$359,000.00
37.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Non-targeted Analysis and Suspect Screening Analysis of Ambient Volatile Organic Compounds (VOCs) Using Gas Chromatography Electron Ionization Time-of-flight Mass Spectrometry (GC-EI-ToF-MS)	\$481,600.00
38.	The University of Hong Kong	Environment and Conservation Fund CarbonGuard: A Blockchain-enabled IoT-BIM Platform for Automated Estimation, Reliable Monitoring, and Proactive Reduction of Carbon Emissions in Modular Integrated Construction (MiC)	\$500,000.00
39.	The University of Hong Kong	Environment and Conservation Fund Eco-engineered Low-carbon Concrete for Coastal Infrastructure Using Activated Marine Sediments and Recycled Oyster Shell	\$495,000.00



	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
40.	The University of Hong Kong	Environment and Conservation Fund Rewilding Hong Kong: Mapping the Hidden Biodiversity and Carbon Services of Forest Soils	\$900,000.00
41.	The University of Hong Kong	Environment and Conservation Fund Using Municipal Solid Waste Incineration Ash for Low-carbon Stabilization of Dredged Marine Deposits	\$500,000.00
42.	The University of Hong Kong	Environment and Conservation Fund Biodiversity at the Edge: Impacts and Magnitude of Edge Effects on Hong Kong Insects	\$1,193,834.00
43.	The University of Hong Kong	Environment and Conservation Fund A Low-cost Mobile Sensing Platform for Air Quality Monitoring at High Spatial Resolution in Hong Kong	\$500,000.00
44.	The University of Hong Kong	Environment and Conservation Fund An Integrated Closed-loop Technology for Direct Regeneration of Spent NCM Batteries Utilizing Ternary Molten Salt Coupled Thermomechanical Processing	\$1,600,000.00
<b>Subtotal (I) :</b>			<b>\$28,313,018.00</b>

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

### **Community Waste Reduction Projects**

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
45.	Action Health Limited	Environment and Conservation Fund The Way of Increasing & Reducing - North District Chapter	\$754,119.00
46.	Action Health Limited	Environment and Conservation Fund The Way of Increasing & Reducing - Yuen Long Chapter	\$754,119.00
47.	Association of Kowloon City's Friend	Environment and Conservation Fund Reduce and Recycle Project in Old Buildings	\$830,560.70
48.	Blue Sky Greenfield	Environment and Conservation Fund YL Countryside Food Waste Recycling Project	\$1,570,269.00
49.	Bo Charity Foundation Limited	Environment and Conservation Fund Saving and Delivering Food With Love Project	\$1,933,598.14
50.	Central & Western Mid-Levels Owners Association	Environment and Conservation Fund Fun and Enjoying Food Waste	\$3,085,533.60

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
51.	Centre Stage Squares Limited	Environment and Conservation Fund From Less to More - Intelligent Food Waste Recycling Project for Wan Chai District Three Nil Buildings and Old Buildings (Wan Chai East)	\$1,715,534.40
52.	Cheung Chau Island Women's Association Limited	Environment and Conservation Fund Food Recycland Food Waste Recycle	\$2,823,630.20
53.	Dashun Foundation	Environment and Conservation Fund Full Confidence of Food Waste Recycling Project for Sham Shui Po District Three Nil Buildings and Surrounding Old Buildings (Castle Peak Road)	\$1,474,150.60
54.	Dashun Foundation	Environment and Conservation Fund Full Confidence of Intelligent Food Waste Recycling Project for Sham Shui Po District Three Nil Buildings and Surrounding Old Buildings (Fuk Wa Street)	\$1,423,552.70
55.	Eco City Foundation Limited	Environment and Conservation Fund From Disposable to Reusable: Reusable Tableware "Reuse & Return" Program	\$1,708,229.80
56.	Education Social Enterprise Limited	Environment and Conservation Fund Plastic Free in Tai Po	\$754,119.00
57.	Endeavour Environmental Education Foundation Limited	Environment and Conservation Fund Pilot Project for Food Waste Recycling in Shopping Centre and University Through the Use of the Food TranSmarter	\$6,760,752.00
58.	Endeavour Environmental Education Foundation Limited	Environment and Conservation Fund Smart Foodwaste Recycling by Electric Vehicle in North District Phase II	\$5,379,978.00
59.	Environ Dragon Limited	Environment and Conservation Fund Save and Share, Reduce to Produce (Kowloon)	\$1,009,741.40
60.	Green Commune Education Charity Foundation Limited	Environment and Conservation Fund Plastic Free Frist	\$754,119.00
61.	Green Council	Environment and Conservation Fund Food Waste Recycling Pilot Trial for Shopping Malls & Hotels	\$7,846,482.50
62.	Hong Kong Association of Youth Development - Tsuen Wan District Branch	Environment and Conservation Fund Missing Link Series: Mitigating the Waste Charging - Divert Plastic Waste Out of the Landfills	\$4,718,312.80
63.	Hong Kong Education Association	Environment and Conservation Fund Smart Food Waste Recycling Project in Low-rise Estates	\$1,415,875.00
64.	Hong Kong Federation of Women's Centres Limited	Environment and Conservation Fund Food Share Project	\$459,566.30

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
65.	Hong Kong New Arrivals Services Foundation Limited	Environment and Conservation Fund Deep Green Waste Reduction Project	\$1,084,865.00
66.	Hong Kong New Arrivals Services Foundation Limited	Environment and Conservation Fund Green Life Waste Reduction Project	\$990,215.00
67.	Hong Kong Productivity Council	Environment and Conservation Fund Pilot Project for Food Waste Recycling in Different Sectors Through the Use of the Food TranSmarter	\$9,356,940.00
68.	Hong Kong Productivity Council	Environment and Conservation Fund Pilot Project for Food Waste Recycling in Different Sectors Through the Use of the Food TranSmarter (Phase 2)	\$7,896,062.50
69.	Hong Kong Waste Association Limited	Environment and Conservation Fund “Say No to Plastic Tableware” Campaign	\$1,904,702.50
70.	Hong Kong Women Workers’ Association	Environment and Conservation Fund “GOOD Cutlery Action”	\$874,513.60
71.	Hung Hom (Three Districts) Kaifong Association	Environment and Conservation Fund Food Waste Recycling Scheme in To Kwa Wan Three-nil Buildings	\$1,346,935.00
72.	Luen Heep Social Service Limited	Environment and Conservation Fund MSW Charging Support for North District	\$902,784.00
73.	Luen Heep Social Service Limited	Environment and Conservation Fund Smart Food Waste Collection in Tsat Sing Kong	\$915,940.20
74.	Lung Shing Residential Service Association	Environment and Conservation Fund Waste Reduction at Lung Shing (Three-nil Buildings/Shops/Ethnic Minorities)	\$1,020,103.50
75.	Meta Force Green Living Company Limited	Environment and Conservation Fund The Plastic-free Alliance Campaign	\$1,904,702.50
76.	Nam Cheong Community Care Society	Environment and Conservation Fund Nam Cheong Single Private Residential Building Community Waste Reduction Projects	\$912,596.00
77.	New Home Association Limited	Environment and Conservation Fund No Waste Save Our Place!	\$1,784,205.40
78.	OIWA Limited	Environment and Conservation Fund To Unearth the Treasure Kitchen Waste Recycle Scheme	\$2,972,644.00
79.	Pumen Foundation Limited	Environment and Conservation Fund Happy Food Waste Recycle	\$1,363,150.00
80.	Sham Ching Youth Association Limited	Environment and Conservation Fund Green Waste Reduction in Old Buildings	\$988,215.00
81.	Sharing and Giving Foundation Limited	Environment and Conservation Fund Community Material Sharing Program (Northern New Territories)	\$1,867,832.34

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
82.	Smart & Innovative Construction Foundation Limited	Environment and Conservation Fund Food Waste Reduction Movement in Tuen Mun Rural	\$1,694,532.50
83.	Smart & Innovative Construction Foundation Limited	Environment and Conservation Fund Good Bye Plastic Big Action	\$491,028.75
84.	Smilosophy Society	Environment and Conservation Fund Food Waste Recycle in Yau Ma Tei	\$1,963,331.60
85.	The Hong Kong Girl Guides Association (Training & Programme)	Environment and Conservation Fund Green Volunteers Programme	\$338,550.00
86.	To Kwa Wan Resident Service Organization	Environment and Conservation Fund Source Separation of Domestic Waste in Old Buildings	\$890,560.70
87.	West Kowloon Environmental Protection Association	Environment and Conservation Fund Treasure Car: Old Clothes, Toys, Accessories, and Books	\$595,320.00
88.	West Kowloon Parents Association	Environment and Conservation Fund Green Building Recycling Programme	\$814,447.50
89.	Yuen Yuen Care & Attention Home For The Aged	Environment and Conservation Fund Waste Reduce, Beautiful Environment	\$68,500.00
<b>Subtotal (II):</b>			<b>\$92,114,920.73</b>

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

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
90.	Cheerful Diligent Charitable Foundation Limited	Environment and Conservation Fund Captain Planet and the Planeteers Saving Coastals	\$9,400.00
91.	CNEC Lui Ming Choi Primary School	Environment and Conservation Fund The LMC Aquaponics Upgrade and Ecology Program	\$99,950.00
92.	Conservation E3 Foundation Limited	Environment and Conservation Fund Green Tots Green Taught: Discovering Low Carbon Living in Nature and Everyday Life	\$1,435,976.00
93.	Dashun Foundation	環境及自然保育基金資助 舜海岸鯉魚門海岸清潔活動^	\$9,400.00
94.	Dor Happy Club	Environment and Conservation Fund Kayak Shorelines Clean Up	\$10,000.00
95.	Fair Trade Hong Kong Foundation Limited	Environment and Conservation Fund Community-supported Regenerative Farming and Composting Programme for A Fair and Carbon Neutral Future	\$1,157,480.00
96.	Food Commons Foundation Limited	Environment and Conservation Fund “Food Waste Detective”	\$1,190,200.00

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
97.	Food For Good Limited	Environment and Conservation Fund Food Waste Recycling Education School Tour	\$636,000.00
98.	Food For Good Limited	Environment and Conservation Fund Green National Warriors	\$1,594,600.00
99.	GDCD Association Limited	環境及自然保育基金資助 淨灘行 動^	\$5,600.00
100.	GDCD Association Limited	Environment and Conservation Fund Let's Create A Clean Air Community Programme	\$1,127,322.50
101.	Green Come True (Hong Kong) Limited	Environment and Conservation Fund Smart Food Waste Recycling Promotion Program	\$7,301,710.00
102.	Green Education Foundation Limited	Environment and Conservation Fund Green Living from the Heart: An Intergenerational Journey with Secondary Students and Elderly Through Wood Upcycling Workshops	\$510,000.00
103.	Green Future Foundation Association Limited	Environment and Conservation Fund Xue Long Returns to the Antarctic Ocean, Safeguarding the Earth With Polar Scientific Research	\$2,375,750.00
104.	Green Living and Innovation Division (Carbon and Environmental Excellence), Hong Kong Productivity Council	Environment and Conservation Fund Restaurant Cooking Fume and Odour Control Action & Education Programme	\$2,179,780.00
105.	Green Power Limited	Environment and Conservation Fund Campus IAQ × STEM	\$1,418,722.00
106.	Hakkahome-LCW Limited	Environment and Conservation Fund Cleaning Lai Chi Wo Coastal Cleanup Activities	\$6,601.00
107.	Harbour Bay Society	Environment and Conservation Fund True Love of Harbour Bay 3.0	\$8,970.00
108.	HKALPS Limited	Environment and Conservation Fund Food to Food to "Farmily"	\$781,150.00
109.	Hong Kong Baptist University (School of Continuing Education)	Environment and Conservation Fund Nature Connection: First Steps Into Nature - Uncharted Worlds	\$1,999,745.00
110.	Hong Kong Community & Construction Association	Environment and Conservation Fund Energy Saving Challenger	\$788,490.00
111.	Hong Kong Institute of Utility Specialists	Environment and Conservation Fund Victoria Harbor Detective: Solving the Mystery of Water Quality	\$1,054,800.00
112.	Hong Kong PHAB Association	Environment and Conservation Fund Biodiversity of Barrier Free	\$234,190.00
113.	Hong Kong WeLoveU Foundation Limited	Environment and Conservation Fund	\$8,800.00

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
114.	Hong Kong Women Development Association Limited	Environment and Conservation Fund Low-carbon Love Ocean	\$1,219,250.00
115.	Hong Kong Youth Hostels Association	Environment and Conservation Fund Exploring Ecology at High Level at Tai Mo Shan (I)	\$422,230.00
116.	ICT-in-Physical Education Foundation Limited	Environment and Conservation Fund GREEN for FUN Save the Ocean 4.0	\$7,600.00
117.	Kwun Tong Resident Association	環境及自然保育基金資助 「物『蜜』交換」—社區舊物分享計劃^	\$2,936,875.00
118.	Life Encouraging Fund Limited	Environment and Conservation Fund E-sea Job 3.0	\$8,400.00
119.	Life Jungle Association Limited	Environment and Conservation Fund Coastal Cleanup 2024	\$9,650.00
120.	Life Jungle Association Limited	Environment and Conservation Fund Seagrass Exploration: Discovering the Green Wonders	\$211,428.00
121.	Life Jungle Association Limited	Environment and Conservation Fund Lamma Coastal Cleanup	\$9,968.00
122.	Local Community Agriculture Corporation Foundation Limited	Environment and Conservation Fund Cleaning Shoreline in Yi O Bay	\$9,982.00
123.	Love Coral Limited	Environment and Conservation Fund Ocean Cleanman Public the Marine Debris	\$458,695.00
124.	Ma Hang Chung Happy Club	環境及自然保育基金資助 攜守海岸^	\$9,895.00
125.	Nam Cheong North Residents Association	Environment and Conservation Fund Eat Without Waste Community Education Project	\$99,917.50
126.	Nam Cheong North Residents Association	Environment and Conservation Fund Go Green Building - Educational Project	\$99,980.00
127.	New Life Cycle Co., Limited	Environment and Conservation Fund Smart Food Waste Recycling Education Scheme in Public Rental Housing (PRH) Estates	\$1,900,510.00
128.	Ocean Guardian Union Limited	Environment and Conservation Fund Ocean Guardian Union Sam Mun Tsai Beach Cleaning	\$9,203.00
129.	Ocean Park Conservation Foundation, Hong Kong	Environment and Conservation Fund Citizen Education Programme for Local Marine Conservation	\$1,747,847.22
130.	Ocean Park Corporation Discovery & Education	Environment and Conservation Fund Ocean Park Seahorse Rangers	\$9,499,650.00
131.	Parks and Trails Limited	Environment and Conservation Fund Trail Ambassadors Education Project	\$255,250.00
132.	Plastic Oceans Limited	Environment and Conservation Fund The ECO Engineer: Understanding Filter Feeder Community Education Programme	\$510,916.00

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
133.	Po Leung Kuk Education Affairs Department	Environment and Conservation Fund PLK “Little Green Angels”	\$3,050,584.00
134.	Po Leung Kuk Lee Shau Kee Youth Oasis	Environment and Conservation Fund Oasis Clean Shorelines Action	\$10,000.00
135.	Po Leung Kuk Tin Ka Ping Millennium Primary School	Environment and Conservation Fund Earth Day	\$13,888.88
136.	Po Leung Kuk Youth Affairs Department	Environment and Conservation Fund Observational Study of Bizarre Life Ecologies Education Project	\$1,893,151.25
137.	Polar Museum Foundation Limited	環境及自然保育基金資助 山海無痕教育計劃^	\$9,840.00
138.	School of Life Sciences, The Chinese University of Hong Kong	Environment and Conservation Fund STEAM Education on Hong Kong Plant Conservation	\$917,400.00
139.	School of Life Sciences, The Chinese University of Hong Kong	Environment and Conservation Fund The In-school Coral Nursery Education Programme	\$2,092,000.00
140.	Sea Education Association Limited	Environment and Conservation Fund SUP Coastal Cleanup 2024	\$9,998.00
141.	Senmily HK Limited	Environment and Conservation Fund “Zero Carbon Easy Life” SEN Low Carbon Lifestyle Joint Reading Program	\$692,800.00
142.	Sha Kok Estate People’s Association	Environment and Conservation Fund Cling Together to Build A Green Community	\$415,720.00
143.	Share The Love Foundation Limited	Environment and Conservation Fund The Green Dynamics Positive Environmental Exploration Program	\$941,314.00
144.	Stone Houses Family Garden Company Limited	Environment and Conservation Fund Abandoned Treasure Market	\$137,250.00
145.	SUM YEE	Environment and Conservation Fund Love Ocean - Clean Shorelines	\$7,030.00
146.	SUM YEE	Environment and Conservation Fund Friends of Waste Reduction: The Education Program of Food Waste Separation	\$1,631,200.00
147.	Sun Teenage Network	Environment and Conservation Fund Sam Mun Tsai Parent-Child Coastal Clean-up and Environmental Education	\$6,110.00
148.	Surein Foundation	環境及自然保育基金資助 荔枝窩文化生態考察及近岸海洋保育^	\$10,000.00
149.	Technological and Higher Education Institute of Hong Kong	Environment and Conservation Fund Local Delicacy - Your Health Your Wealth!	\$378,650.00
150.	The Hong Kong Federation of Restaurants & Related Trades Limited	Environment and Conservation Fund Carbon Neutral Restaurant Programme	\$1,750,300.00

	<b>Recipient Organisation</b>	<b>Project Title</b>	<b>Approved Grant</b>
151.	The Hong Kong Federation of Youth Groups Tsuen Wan Youth S.P.O.T.	Environment and Conservation Fund Shoreline Defenders	\$10,000.00
152.	The Hong Kong Federation of Youth Groups Jockey Club Shaukiwan Youth S.P.O.T.	Environment and Conservation Fund Wellness · Ocean Cleaning Team	\$10,000.00
153.	The Hong Kong Federation of Youth Groups Youth Crime Prevention Centre Youth Support Scheme	Environment and Conservation Fund Green “Teen” Program	\$7,700.00
154.	The Kindrich Group Limited	Environment and Conservation Fund Empowering Women: Coastal Cleaning Campaign	\$9,400.00
155.	The Theatre Wonderland	Environment and Conservation Fund Towards Carbon Neutrality - Build Our “Zero Net Carbon” Homes	\$2,159,985.00
156.	Tin Shui Wai Women Association Limited	Environment and Conservation Fund Green Cleaning Initiative	\$216,210.00
157.	To Kwa Wan Resident Service Organization	Environment and Conservation Fund Decentralized Food Waste From Home Educational Program	\$100,000.00
158.	Voluntas Socius Limited	Environment and Conservation Fund Guardians of the Gulf	\$8,400.00
159.	West Kowloon Parents Association	Environment and Conservation Fund Zero Carbon School Programme	\$1,651,206.00
160.	Wishing Shine Charity Foundation Limited	Environment and Conservation Fund Wishing Shine Shorelines Cleaning Day	\$10,000.00
161.	World Wide Fund for Nature Hong Kong	Environment and Conservation Fund Turning the Tides - Underwater Surveys, Clean-ups and Beyond	\$2,244,155.56
162.	Y.T.M. Concern For Livelihood Association	Environment and Conservation Fund “Let’s Go Plastic-free @ Yau Tsim Mong”	\$967,120.00
163.	Youth Culture	環境及自然保育基金資助 美麗海岸 · 你我齊參與 <sup>^</sup>	\$8,530.00
164.	Yuen Chau Kok Inhabitants Association	Environment and Conservation Fund Training Scheme of Carbon Neutrality Ambassador	\$818,100.00
<b>Subtotal (III):</b>			<b>\$67,559,925.91</b>

<sup>^</sup> Project title in Chinese only.



**Environmental Education Projects Coordinated by the Environmental Campaign Committee**

	<b>Project Title</b>	<b>Approved Grant</b>
165.	Student Environmental Protection Ambassador Scheme	\$2,000,000.00
166.	Green Prefect Programme	\$200,000.00
167.	GreenLink - Environmental Education Support Programme	\$2,000,000.00
168.	Hong Kong Awards for Environmental Excellence	\$15,000,000.00
169.	Hong Kong Green Organisation Certification	\$9,200,000.00
170.	Carbon Neutrality Publicity Campaign	\$21,500,000.00
171.	Promotion Projects and Activities	\$8,600,000.00
172.	Provision of Free Environmental Campaign Committee Recycling Bins	\$2,700,000.00
173.	Manpower	\$19,500,000.00
174.	Social Media Management	\$2,200,000.00
175.	General Support	\$300,000.00
	<b>Subtotal (IV) :</b>	<b>\$83,200,000.00</b>
	<b>Total (I)+(II)+(III)+(IV) :</b>	<b>\$271,187,864.64</b>

# ***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 2024, 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 material accounting policy information.

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 2024, 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 Environment and Ecology for the financial statements***

The Secretary for Environment and Ecology 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 Environment and Ecology 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 Environment and Ecology 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 Environment and Ecology;
- conclude on the appropriateness of the Secretary for Environment and Ecology'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 the Secretary for Environment and Ecology 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.



Terry MOK  
Assistant Director of Audit  
for Director of Audit

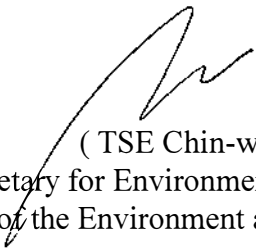
26 June 2024

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

**Environment and Conservation Fund**  
**Balance Sheet as at 31 March 2024**

	Note	2024 HK\$	2023 HK\$
<b>Non-current Assets</b>			
Placement with the Exchange Fund	3	4,700,000,000	4,700,000,000
<b>Current Assets</b>			
Placement with the Exchange Fund	3	1,519,780,308	1,522,381,324
Cash and cash equivalents	4	4,426,469	9,031,060
		<u>1,524,206,777</u>	<u>1,531,412,384</u>
<b>Current Liabilities</b>			
Deferred income	5	1,762,262	-
<b>Net Current Assets</b>			
		1,522,444,515	1,531,412,384
<b>Non-current Liabilities</b>			
Deferred income	5	81,793,658	81,888,688
<b>Net Assets</b>			
		<u>6,140,650,857</u>	<u>6,149,523,696</u>
<b>ACCUMULATED FUND</b>			
Capital	3	5,000,000,000	5,000,000,000
Accumulated surplus		<u>1,140,650,857</u>	<u>1,149,523,696</u>
		<u>6,140,650,857</u>	<u>6,149,523,696</u>

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

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

26 June 2024

**Environment and Conservation Fund**  
**Income and Expenditure Account for the year ended 31 March 2024**

	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>INCOME</b>		
Interest income	223,849,896	301,086,599
Refund of grants	2,393,676	1,797,955
Donation income	1,321,697	-
	<u>227,565,269</u>	<u>302,884,554</u>
<b>EXPENDITURE</b>		
Grants for environmental research and other projects	156,168,957	156,643,106
Grants to the Environmental Campaign Committee	80,269,151	40,811,039
	<u>236,438,108</u>	<u>197,454,145</u>
<b>(Deficit)/surplus for the year</b>	<b>(8,872,839)</b>	<b>105,430,409</b>
Other comprehensive income	-	-
	<u>-</u>	<u>-</u>
<b>Total comprehensive (loss)/income for the year</b>	<b><u>(8,872,839)</u></b>	<b><u>105,430,409</u></b>

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 2024**

	<b>Capital HK\$</b>	<b>Accumulated surplus HK\$</b>	<b>Total HK\$</b>
Balance at 1 April 2022	5,000,000,000	1,044,093,287	6,044,093,287
Total comprehensive income for 2022-23	-	105,430,409	105,430,409
Balance at 31 March 2023	5,000,000,000	1,149,523,696	6,149,523,696
Total comprehensive loss for 2023-24	-	(8,872,839)	(8,872,839)
Balance at 31 March 2024	5,000,000,000	1,140,650,857	6,140,650,857

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 2024**

	Note	2024 HK\$	2023 HK\$
<b>Cash flows from operating activities</b>			
Refund of grants		2,393,676	1,797,955
Grants for environmental research and other projects		(156,168,957)	(156,643,106)
Grants to the Environmental Campaign Committee		(80,269,151)	(40,811,039)
<b>Net cash used in operating activities</b>		<u>(234,044,432)</u>	<u>(195,656,190)</u>
<b>Cash flows from investing activities</b>			
Interest received from time deposits		439,841	87,782
Withdrawal of interest earned from placement with the Exchange Fund		<u>229,000,000</u>	<u>184,000,000</u>
<b>Net cash from investing activities</b>		<u>229,439,841</u>	<u>184,087,782</u>
<b>Net decrease in cash and cash equivalents</b>		(4,604,591)	(11,568,408)
<b>Cash and cash equivalents at beginning of year</b>		<u>9,031,060</u>	<u>20,599,468</u>
<b>Cash and cash equivalents at end of year</b>	4	<u>4,426,469</u>	<u>9,031,060</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. Material 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). Material accounting policies adopted by the Fund are 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 historical 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 and placement with the Exchange Fund. 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; or
- 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 approved by the Trustee and due for payment.

## (g) Cash and cash equivalents

Cash and cash equivalents include cash at bank, 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 3.7% per annum for January to December 2023 and 3.7% per annum for January to December 2024.

Placement with the Exchange Fund is analysed as follows:

	<b>2024</b> <b>HK\$</b>	<b>2023</b> <b>HK\$</b>
Balance of the placement with the Exchange Fund		
Original placement with the Exchange Fund	4,700,000,000	<i>4,700,000,000</i>
Interest earned but not withdrawn at end of year	<u>1,462,918,027</u>	<u><i>1,465,896,949</i></u>
	6,162,918,027	<i>6,165,896,949</i>
Accrued interest	<u>56,862,281</u>	<u><i>56,484,375</i></u>
Balance at end of year	<u><u>6,219,780,308</u></u>	<u><u><i>6,222,381,324</i></u></u>
Classified as:		
Non-current assets	4,700,000,000	<i>4,700,000,000</i>
Current assets	<u>1,519,780,308</u>	<u><i>1,522,381,324</i></u>
	<u><u>6,219,780,308</u></u>	<u><u><i>6,222,381,324</i></u></u>

The interest earned but not yet withdrawn and the accrued interest stated above, amounting to HK\$1,519,780,308 (2023: HK\$1,522,381,324), were classified as current assets in the balance sheet.

**4. Cash and cash equivalents**

	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
Cash at bank	4,426,469	9,031,060

**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 and its investment returns are deferred and recognised in the Income and Expenditure Account over the period necessary to match with the related costs.

	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
Deferred Income	83,555,920	81,888,688
Classified as:		
Current liabilities	1,762,262	-
Non-current liabilities	81,793,658	81,888,688
	<u>83,555,920</u>	<u>81,888,688</u>

**6. Financial risk management**

The Fund's major financial instruments are placement with the Exchange Fund, cash at bank 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 bank balances and time deposits are placed with reputable licensed banks in Hong Kong. For the placement with the Exchange Fund, the Fund's exposure to credit risk is considered to be limited. The credit quality of bank balances, analysed by the ratings designated by Moody's, at the reporting date is shown below.

	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
Cash at bank, by credit rating		
Aa1 to Aa3	<u>4,426,469</u>	<u>9,031,060</u>

While the financial assets measured at amortised cost are subject to the impairment requirements, the Fund has estimated that their expected credit losses are minimal and considers that no loss allowance is required.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 time deposits bear interest at fixed rates, their fair values will fall when market interest rates increase. However, as they are all stated at amortised cost, changes in market interest rates will not affect their carrying amounts and the Fund's deficit for the year.

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 in January each year (note 3). It was estimated that, as at 31 March 2024, a 50 basis point (2023: 50 basis point) increase/decrease in the interest rates for 2023 and 2024, with all other variables held constant, would decrease/increase the deficit of the Fund for the year by HK\$31 million (2023: increase/decrease the surplus of the Fund for the year by HK\$31 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 its projected cash flow requirements, future financial obligations and commitments.

**8. Commitments**

As at 31 March 2024, the commitments for approved grants, subject to the satisfactory compliance with certain conditions of the relevant projects, were HK\$430,117,885 (2023: HK\$449,079,348).

**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.