

Environment and Conservation Fund

Trustee Report 2016-2017

For Presentation to the Legislative Council

on 15 November 2017

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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 2017.

Environment and Conservation Fund

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

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

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

Trustee

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

ECF Committee and vetting of applications

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

membership list is on page 7.

7. The ECF Committee has established an Energy Conservation Projects Vetting Subcommittee to consider energy conservation project proposals under the three-year Buildings Energy Efficiency Funding Schemes which was ended on 7 April 2012 and the three-year funding scheme for Energy Conservation Projects for Non-government Organisations which was ended on 31 October 2012. The Subcommittee comprises ECF Committee members and other co-opted members. The membership list of the Energy Conservation Projects Vetting Subcommittee is on page 8.

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

9. The ECF Committee has also established a Waste Reduction Projects Vetting Subcommittee to vet community waste reduction project proposals, applications for the Programme on Source Separation of Waste, On-site Meal Portioning Projects in Schools, Food Waste Recycling Projects in Housing Estates and Community Involvement Projects for Waste Reduction through Quantity-based Municipal Solid Waste Charging. The Subcommittee comprises members of the ECF Committee, members of the Environmental Campaign Committee (ECC), members of the Waste Management Subcommittee of the Advisory Council on the Environment and co-opted members. The membership list of the Waste Reduction Projects Vetting Subcommittee is on page 10.

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

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

by the ECF Committee.

12. During the financial year 2016-2017, the ECF Committee also considered the annual budget of ECC for implementing programmes for raising environmental awareness.

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

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

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

Criteria for vetting applications

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

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

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

Approved applications

18. From 1 April 2016 to 31 March 2017, a total of 465 applications for funding support were received. The vetting results are as follows:

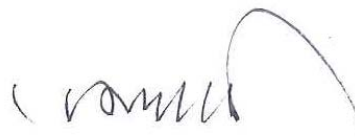
(a)	applications approved	214
(b)	applications being processed	17
(c)	applications rejected	210
(d)	applications withdrawn by applicants / invalid	24
<hr/> Total:		465

19. The total amount of funds approved for the 214 applications was about \$240 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 2016 to 31 March 2017, three research projects were jointly funded by the WWGF with a grant of \$2,494,930.

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

Accounts

21. The auditor's report, the balance sheet, income and expenditure account, statement of changes in equity and statement of cash flows for the period between 1 April 2016 and 31 March 2017 are on pages 28 to 40.



(WONG Kam-sing)
Secretary for the Environment
The Trustee of the Environment and Conservation Fund
13 October 2017

Environment and Conservation Fund Committee

Membership List

(1 April 2016 - 31 March 2017)

Dr Joseph LEE, GBS, JP (Chairman)	(up to 15 October 2016)
Mr Douglas WOO, JP (Chairman)	(from 16 October 2016 onwards)
(Member)	(up to 15 October 2016)
Ir Dr CHAN Fuk-cheung	
Ms CHAN Sui-kuen, Agnes	(up to 15 October 2016)
Ir CHAN Wing-hong, Cary	
Ms FUNG Dun-mi, Amy, MH	
Dr KaChun HUI	
Mr LAM Chiu-ying, SBS	
Ms LI Chun-chau	
Miss NG Yuen-ting, Yolanda, MH	(from 16 October 2016 onwards)
Ms WONG Wai-man, Rosana	(from 16 October 2016 onwards)
Secretary for the Environment, or his representative	
Permanent Secretary for Education, or his representative	
Director of Agriculture, Fisheries and Conservation, or his representative	
Director of Environmental Protection, or his representative	

Environment and Conservation Fund Committee

Energy Conservation Projects Vetting Subcommittee

Membership List

(1 April 2016 - 31 March 2017)

Ir Dr CHAN Fuk-cheung (Chairman)

Ir CHAN Wing-hong, Cary (up to 15 October 2016)

Mr LEE Tak-kong, Alfred, MH

Mr LEUNG Chun-yuen, Kendrew

Miss NG Yuen-ting, Yolanda, MH (from 16 October 2016 onwards)

Dr TSANG Chiu-wa, Daniel

Mr WONG Kin-wai

Ms WONG Wai-man, Rosana (from 16 October 2016 onwards)

Representative of the Secretary for the Environment

Representative of the Director of Environmental Protection

Environment and Conservation Fund Committee

Research Projects Vetting Subcommittee

Membership List

(1 April 2016 - 31 March 2017)

Dr KaChun HUI (Chairman)
Ir CHAN Wing-hong, Cary (from 16 October 2016 onwards)
Mr CHEUNG Kwok-chuen, Simon (from 16 October 2016 onwards)
Miss HUI Chun-yu, Jane
Ms Jessica JOOK (from 16 October 2016 onwards)
Mr KWONG Chiu-ling, Victor
Mr LAM Chiu-ying, SBS (up to 15 October 2016)
Professor Dennis YC LEUNG
Dr Lawrence LI Kwok-chang, JP
Mr Victor C LI
Ir Dr Anthony MA
Dr QIU Jianwen
Dr SHUM Ho-cheung, Anderson (up to 15 October 2016)
Dr TSANG Chiu-wa, Daniel
Mr WONG Lok-tak, Luther, JP (up to 15 October 2016)
Ir Steve SF WONG
Representative of the Secretary for the Environment
Representative of the Director of Environmental Protection
Representative of the Director of Agriculture, Fisheries and Conservation

Environment and Conservation Fund Committee

Waste Reduction Projects Vetting Subcommittee

Membership List

(1 April 2016 - 31 March 2017)

Ir Dr CHAN Fuk-cheung (Chairman)

Dr CHAN Chi-kau, Johnnie, BBS, JP

Mr CHAN Ho-lim, Joseph

Ms CHAN May-kuen, Sylvia (up to 15 October 2016)

Mr CHAN Ping-tak, Joseph (from 16 October 2016 onwards)

Ms CHEUK Fung-ting, Phyllis (up to 15 October 2016)

Dr CHOW Cheuk-fai, Stephen (from 16 October 2016 onwards)

Mr Wayne CHU

Mr FAN Jor-ching, Jor (up to 15 October 2016)

Ms FUNG Dun-mi, Amy, MH

Mr LAU Sun-tao, Gary

Mr LAU Yiu-shing, Jacky

Mr LOCK Kwok-on, Anthony

Mr POON Yuen-fong, Sanford (up to 15 October 2016)

Mr TAM Wai-kit, Alex (up to 15 October 2016)

Mr WONG Kit-lung, Simon, JP (from 16 October 2016 onwards)

Mr WONG Tze-kang, Rico

Mr Philip YU (from 16 October 2016 onwards)

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 2016 - 31 March 2017)

Ir CHAN Wing-hong, Cary (Chairman)	(up to 31 December 2016)
Dr LAW Winnie Wai-yi (Chairman)	(from 1 January 2017 onwards)
(Vice-chairman)	(up to 31 December 2016)
Mr CHOI Kim-wah, Cliff	(from 1 January 2017 onwards)
Ms HO Wai-ling	
Mr IP Chung-man, Tony	(from 1 January 2017 onwards)
Ms LAM Chung-yan, Nancy	
Mr Armstrong LEE	
Mr LEE Yat-wah, Walter	
Ms LI Chun-chau	
Dr NG Cho-nam, SBS, JP	(up to 31 December 2016)
Dr WONG Fook-yee	(from 1 January 2017 onwards)
Ir Dr YEUNG Kai-kin, Herbert	
Dr Shelley ZHOU	
Representative from Education Bureau	
Representative from Environmental Protection Department	

Environment and Conservation Fund

Investment Committee

Membership List

(1 April 2016 - 31 March 2017)

Secretary for the Environment (Chairman)

Mr CHAN Ho-lim, Joseph

Mrs Edith CHAN NGAN Man-ling, MH

(up to 15 October 2016)

Mr CHIU Man-leong

Miss HUI Chun-yu, Jane

(from 16 October 2016 onwards)

Ms Jessica JOOK

(from 16 October 2016 onwards)

Mr LAM Chiu-ying, SBS

Dr Joseph LEE, GBS, JP

(up to 15 October 2016)

Mr YIP Kwong-to, Plato

Director of Environmental Protection

Deputy Director of Environmental Protection (1)

**Projects Approved under
the Environment and Conservation Fund
(1 April 2016 - 31 March 2017)**

Environmental Research, Technology Demonstration and Conference Projects

	Applicant	Project Title	Approved Amount
1.	City University of Hong Kong	Formation of secondary particulate matter (PM) from on-road vehicle emissions in Hong Kong	\$1,483,800.00
2.	City University of Hong Kong	Surface engineering of silicon for sustainable solar-driven hydrogen production	\$499,100.00
3.	City University of Hong Kong	Development of a new multiphase high energy-efficiency PM vernier machine for electric vehicle	\$470,000.00
4.	Hong Kong Baptist University	In-situ regulation of hydrogen sulfide and methane production from Anaerobic digester	\$499,620.00
5.	Hong Kong Baptist University	Asia-Pacific Conference on Biotechnology for Waste Conversion (BioWC 2016)	\$400,000.00
6.	Hong Kong Baptist University	Selection of wetland plants for wastewater treatment of persistent toxic substances by constructed wetlands in Hong Kong	\$496,690.00
7.	Technological and Higher Education Institute of Hong Kong	From waste to treasure: recycling valuable metals from spent lithium-ion batteries for regenerating high-capacity electrode materials with micro-/nanostructures	\$454,300.00 *
8.	The Chinese University of Hong Kong	Genomic analysis of coral associated bacteria in Hong Kong waters	\$998,673.00
9.	The Chinese University of Hong Kong	Novel plasmonic electrochromic windows for sustainable use of energy	\$496,240.00 *
10.	The Education University of Hong Kong	Study of emerging waterborne contaminants in Hong Kong coral communities	\$498,000.00

	Applicant	Project Title	Approved Amount
11.	The Hong Kong Polytechnic University	Development of an novel energy-efficient nitrogen removal technology: a techno-economic assessment of treating food waste digestate	\$1,452,082.83
12.	The Hong Kong Polytechnic University	Development of a novel way to maximize the use of waste glass in precast alkali activated cement mortar/concrete	\$1,080,920.00
13.	The Hong Kong Polytechnic University	The 2nd International Conference on Biological Waste as Resource 2017 (BWR2017)	\$499,700.00
14.	The Hong Kong Polytechnic University	Development of a UV-based remote sensing technology for sulphur dioxide detection and monitoring from ship emissions	\$1,995,800.00
15.	The Hong Kong Polytechnic University	Development of a wind-field simulation platform to assess installation sites of wind turbines in highly urbanized areas of Hong Kong	\$1,062,660.00
16.	The Hong Kong University of Science and Technology	A biological approach to the H ₂ S malodor problem	\$498,000.00
17.	The University of Hong Kong	Recycling tyre waste as a useful geo-material to enhance sustainability	\$1,127,600.00
18.	The University of Hong Kong	Thermophilic co-digestion of food waste and sewage sludge for biogas production and energy recovery	\$1,544,390.00 *
19.	The University of Hong Kong	MarineGEO-Hong Kong: Towards an understanding of marine biodiversity and ecosystem function	\$3,215,636.00
20.	The University of Hong Kong	Conservation action plan for Eurasian otter (<i>Lutra lutra</i>) in Hong Kong: assessment of threats and resource requirements	\$498,240.00
21.	The University of Hong Kong	Hong Kong mangroves: where are they now?	\$2,394,740.00
22.	The University of Hong Kong	2nd Interdisciplinary Symposium on Ocean Acidification and Climate Change (2nd ISOACC)	\$247,200.00

	Applicant	Project Title	Approved Amount
23.	The University of Hong Kong	Assessing the marine biodiversity and ecology of Tolo Harbour and Channel, with particular reference to coastal marine environments of Ting Kok and Shuen Wan Hoi - Phase II	\$4,233,490.00
24.	The University of Hong Kong	Research Project for Reviewing the Performance of the Environment and Conservation Fund	\$999,720.00
		Subtotal (I) :	\$27,146,601.83

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

Environmental Education and Community Action Projects (including Minor Works / Demonstration Projects)

	Applicant	Project Title	Approved Amount
General Projects			
25.	Art Home	ECF CR Union	\$467,250.00
26.	Association of Hong Kong Visual Arts and Culture Education Ltd	ECF 2016-2017 Hong Kong Ecocinema Festival (Innovative Eco-arts, Waste Reduction, Clean Recycling and Nature Conservation)	\$896,990.00
27.	Bo Charity Foundation Limited	Smart Kids. Eat Smart. Food for Fun	\$585,320.00
28.	Bravo Theatre	ECF 《Live Your Life. Love Your Planet》 Experimental Education · Action Upgraded	\$595,100.00
29.	Business Environment Council Limited	ECF BEC Low-carbon School - Eco Expo Asia 2016	\$440,275.00
30.	CTU Education Foundation Limited	ECF "Professional Green Domestic Helper Certificate" Community Education Scheme cum Seminar of Household Leftovers	\$660,805.00
31.	Earth Rescue Team	Meet Our Green Neighbours	\$493,812.00
32.	ECO Association Ltd	Blue Ocean Reporter 2017	\$980,078.00
33.	Engineering Discipline, Hong Kong Institute of Vocational Education, Vocational Training Council	Joint-Secondary-School Energy Saving Promotion Plan	\$130,000.00
34.	Environmental Science Programs, The Hong Kong University of Science and Technology	Biodiversity of High Ecological Value Habitats in Hong Kong - Intertidal Mudflats	\$448,650.00
35.	Firefly Conservation Foundation Limited	ECF Public Education Program of Waste Reduction and Conservation	\$311,800.00
36.	Footprint	Hong Kong Green Youth Ambassador Programme 2017	\$100,160.00
37.	Free Methodist Church Tuen Mun Children and Youth Integrated Services Centre	Environment and Conservation Fund - "Mission GREEN"	\$29,340.00
38.	GIA Theatre	ECF ~ Green Drama School Tour <Who Stole Our Rainbow?>	\$207,100.00
39.	Greeners Action	ECF Food Wise Hong Kong Campaign: Zero Food Waste in Campus	\$1,460,834.00
40.	Ground & Round Theatre	ECF - 'Clean HK! Clean !'	\$390,950.00

	Applicant	Project Title	Approved Amount
41.	Ground & Round Theatre	ECF - 《Let's R》	\$210,500.00
42.	HeroesToo Foundation Limited	ECF EcoPledge: 3R Warriors	\$293,573.00
43.	Hong Kong Islands District Association	ECF - Environmental Art Program for Islands District & Tsuen Wan 2016-17 - Green Drama	\$482,660.00
44.	Hong Kong Society of Herpetology Foundation Limited	ECF - Raising Public Awareness on Conservation of Herpetofauna - Start from Schools	\$432,245.00
45.	Junior Chamber International Hong Kong Jayceettes	SDG Junior Ambassador Programme 2017	\$41,150.00
46.	Land Education Foundation Limited	ECF - Sustainable Ecological Restoration in Rural Village	\$316,555.00
47.	Life Encouraging Fund Limited	ECF Solar Term Happy Fun	\$306,840.00
48.	Outdoor Wildlife Learning Hong Kong Limited	Hong Kong Forest Conservation Ambassador Scheme	\$444,661.00
49.	Pok Oi Hospital Board of Directors	ECF - Employee Environmental Awareness Programme	\$98,040.00
50.	Pok Oi Hospital Board of Directors	ECF - Community Green Leadership Training Programme	\$600,710.00
51.	Pok Oi Hospital Wai Yin Association Youth City	ECF - Environment Protection Program	\$7,140.00
52.	Produce Green Foundation	ECF Conservation and Promotion of Landraces Project	\$483,789.00
53.	School of Everyday Life Limited	Food Civilians	\$539,630.00
54.	Sik Sik Yuen	Green Temple Grand Opening and Environmental Talks	\$45,200.00
55.	Technological and Higher Education Institute of Hong Kong	Learning Tree Diversity Programme and Tree Conservation Youth Ambassador Training Workshop	\$502,261.00
56.	Technological and Higher Education Institute of Hong Kong	Greening for Biodiver“city” Hong Kong	\$199,750.00
57.	Technological and Higher Education Institute of Hong Kong	The iFood Campaign	\$374,952.00
58.	The Conservancy Association	Biodiversity in Community	\$624,250.00
59.	The Green Earth Limited	"Be a Green Event!" - Outdoor Events Green Education Programme	\$1,707,815.00
60.	The Hong Kong Bird Watching Society	ECF "Nature Education Diversity in Schools"	\$786,800.00
61.	The Hong Kong Bird Watching Society	The Sound Map of the Biodiversity of Hong Kong	\$1,675,221.00

	Applicant	Project Title	Approved Amount
62.	The Mental Health Association of Hong Kong - Lei Cheng Uk House	Green Art Hipster	\$33,130.00
63.	The Theatre Wonderland	ECF: Save the Earth: No Plastics, No Food Waste (School and Outreach Tour Performances and Workshop)	\$1,201,160.00
64.	The Warehouse Teenage Club Limited	ECF: Repair and Evolve - Community Green Project	\$49,700.00
65.	TWGHs Wong Cho Tong Social Service Building	TWGHs Wong Cho Tong Social Service Building - iGreen Month 2016	\$12,710.00
66.	United Labour Chi Hong Association Limited	ECF - Big Combat of Plastics Waste Reduction and Recycling	\$195,340.00
67.	World Wide Fund for Nature Hong Kong	ECF Sea Without Litter	\$1,463,500.00
68.	World Wide Fund for Nature Hong Kong	ECF Discovery of Ocean Drifter	\$1,511,750.00
69.	Yan Chai Hospital	Mission on Protecting 'Woods'	\$133,140.00
70.	Yan Oi Tong Rainbow Community Integrated Development Centre	Reduce Textiles Discarded by Our HANDS	\$1,035,240.00
71.	Yuen Long Church (Church of Christ in China) Chow Sung Chu Oi Youth Centre	"Environment and Conservation Fund" - Green Action • Save the Earth Project	\$17,089.00
72.	藝民集*	ECF - Lohasian - An Online Map of Sustainable Living	\$298,550.00
Subtotal (IIA):			\$24,323,515.00

* Title in Chinese only.

	Applicant	Project Title	Approved Amount
Minor Works / Demonstration Projects			
73.	Assembly of God Leung Sing Tak Primary School	Environmental Education Project	\$94,500.00
74.	Baptist Lui Ming Choi Primary School	LMC Sustainable Green Journey	\$453,000.00
75.	Baptist Rainbow Primary School	環保校園轉轉轉*	\$50,000.00
76.	Buddhist Fat Ho Memorial College	Mindful Walk	\$328,500.00
77.	Buddhist To Chi Fat She Yeung Yat Lam Memorial School	YYL On-grid Solar Power Demonstrative & Educational Platform	\$192,500.00
78.	Carmel Alison Lam Primary School	Energy Recycling in CALPS	\$250,400.00
79.	Catholic Ming Yuen Secondary School	Ming Yuen Green School Programme	\$178,000.00
80.	CCC Wanchai Church Kei To Primary School (Kowloon City)	GREEN KEI TO	\$263,000.00
81.	Chan's Creative School (Hong Kong Island)	Green and Saving Energy	\$498,220.00
82.	Chi Hong Primary School	Green life in Chi Hong	\$393,378.00
83.	CNEC Lee I Yao Memorial Secondary School	Environmental Education and green life in school Project	\$102,640.00
84.	ELCHK Grace Court	LOHAS in Grace Court	\$441,200.00
85.	HKALPS Limited	Green KT: Urban Community Farm in Kwun Tong	\$404,000.00
86.	HKFEW Wong Cho Bau School	Zero Carbon and Biodiversity School Project	\$495,200.00
87.	HKKKWA Sun Fong Chung Primary School	Sun Fong Chung Primary School Green School Project	\$497,200.00
88.	Hong Kong Eng Clansman Association Wu Si Chong Memorial School	Green with Fun	\$459,000.00
89.	Kennedy School	Kennedy 'Regeneration' Roof Garden	\$260,000.00
90.	Kowloon Women's Welfare Club Li Ping Memorial School	Eco Tramp	\$274,200.00
91.	Lok Sin Tong Lau Tak Primary School	Go Go Green at Lau Tak	\$477,800.00
92.	Lok Sin Tong Leung Chik Wai Memorial School	Demo Lab of Environmental Technology	\$494,400.00
93.	Lok Sin Tong Leung Kau Kui Primary School	Less Karbon Kingdom	\$264,500.00

	Applicant	Project Title	Approved Amount
94.	Ma On Shan St. Joseph's Primary School	Environmental Education of Green School Project	\$90,000.00
95.	Ping Shek Estate Catholic Primary School	New Generations of Low Carbon Living	\$337,200.00
96.	Po Leung Kuk Lo Kit Sing (1983) College	Energy Saving with T5 Fluorescent Tubes	\$200,000.00
97.	Precious Blood Primary School (South Horizons)	Riding in the Wonderland	\$131,000.00
98.	S.K.H. Holy Cross Primary School	Holy Cross Green School Project	\$55,000.00
99.	Shap Pat Heung Rural Committee Kung Yik She Primary School	Bicycle Generator	\$50,000.00
100.	Sik Sik Yuen	Foodwaste Reduction and Recycling Program in Elderly Centre	\$129,100.00
101.	Sik Sik Yuen	Ecological Pond in Goodwish Garden	\$1,696,000.00
102.	Sik Sik Yuen	Green Roof of NDW Complex Building	\$314,000.00
103.	Tai Po Sam Yuk Secondary School	Cycling Power and Green School Project	\$466,400.00
104.	Tak Oi Secondary School	Tak Oi Green Lane and Organic Farm	\$93,600.00
105.	Tsuen Wan Trade Association Primary School	Green Circles Project	\$50,000.00
106.	TWGHs Fong Shu Fook Tong Kindergarten	T5 Fluorescent lamps	\$99,899.00
107.	TWGHs Ko Teck Kin Memorial Kindergarten	Energy Saving	\$5,460.00
108.	TWGHs Kwan Fong Kai Chi School	Bicycle Generator	\$49,000.00
109.	TWGHs LEO Tung-hai LEE Primary School	Concerted Efforts for Energy Saving	\$128,000.00
110.	TWGHs Lions Club of Metropolitan Hong Kong Kindergarten	Energy Saving Items	\$40,000.00
111.	TWGHs Liu Yan Tak Memorial Kindergarten	Upgrading strip lighting to a more energy efficient model	\$11,850.00
112.	TWGHs Lui Fung Faung Memorial Kindergarten	To Move Towards a Green Organization	\$78,900.00
113.	TWGHs Lui Yun Choy Memorial College	Green Earth Program	\$33,000.00
114.	TWGHs Tin Wan Kindergarten	Conserve energy, we can do it!	\$77,000.00
115.	TWGHs Tsui Tsin Tong Kindergarten	Reduce carbon create a better future	\$69,771.00

	Applicant	Project Title	Approved Amount
116.	TWGHs Wong Chu Wai Fun Kindergarten	Programme for TWGHs to move towards a Green Organization	\$85,950.00
117.	TWGHs Wong See Sum Kindergarten	Energy Saving Waste Reduction - replace T8 fluorescent tubes with T5 fluoresecent tubes	\$48,810.00
118.	TWGHs Wong Wu Lai Ming Kindergarten	Energy Saving	\$7,440.00
119.	TWGHs Yow Kam Yuen College	To replace old room coolers with Grade 1 Energy Label Room coolers	\$78,800.00
120.	TWGHs Chow Yin Sum Primary School	Energy Saving Project	\$100,000.00
121.	Yan Chai Hospital Choi Hin To Primary School	Y.C.H. Choi Hin To Primary School - Green Space Improvement Project	\$107,600.00
122.	Yan Chai Hospital Lan Chi Pat Memorial Secondary School	Action for Environmental Protection	\$29,600.00
123.	Yan Chai Hospital Mrs. Kwok Yuk Cheung Care & Attention Home	Green Home - Environmental Protection Scheme	\$66,920.00
124.	Yan Chai Hospital Wing Lung Kindergarten / Child Care Centre	Yan Chai Hospital Fong Kong Wing Lung Kindergarten / Child Care Centre - Air-conditioner Energy Saving Plan	\$75,880.00
125.	Yan Chai Hospital Wong Wha San Secondary School	Yan Chai Hospital Wong Wha San Secondary School Energy Saving Project	\$147,050.00
126.	Yuen Long Po Kok Primary School	"Go Home with Vegetables" Sustainable Ecosystem Learning Center	\$120,710.00
Subtotal (IIB):			\$11,945,578.00
Subtotal (IIA+IIB):			\$36,269,093.00

*Title in Chinese only.

Community Waste Reduction Projects

	Applicant	Project Title	Approved Amount
127.	121C Society For Recycling	"ECF" - Southern District Society For Recycling Project	\$1,764,726.00
128.	121C Society For Recycling	"ECF" - Causeway Bay and Wan Chai District Society For Recycling Project	\$1,889,788.00
129.	2Gather Network	Glass Recycling for a Greener Tomorrow	\$5,118,062.00
130.	Action Health Limited	"ECF" - Food Link Project (Phase III)	\$843,136.20
131.	Action Health Limited	"ECF" - Food Share Project	\$501,996.00
132.	Cheung Sha Wan Kai Fong Welfare Association Limited	Sham Sui Po Community Waste Recovery Scheme	\$4,008,779.33
133.	CTU Education Foundation Limited	Food Grace - Food Recycling and Education Project (Taipo)	\$2,193,335.20
134.	East Kowloon District Residents' Committee Limited	Wong Tai Sin Community Waste Recovery Project (Phase 3)	\$3,832,702.86
135.	Fong Chung Social Service Centre Limited	「環保基金」- 中西區商廈商舖及酒店廢膠回收*	\$4,145,214.00
136.	Foodlink Foundation Limited	Foodlink Operations Sustainability Project Extension in Time and Area	\$1,618,260.60
137.	New Life Psychiatric Rehabilitation Association	Food Waste Recycle - GREEN & FUN	\$530,718.40
138.	New Life Psychiatric Rehabilitation Association	"ECF" - Food Sharing Project	\$1,643,875.00
139.	New Opportunity Company Limited	Tuen Mun Environmental Center	\$3,832,480.00
140.	New Opportunity Company Limited	"ECF" - Yuen Long Environmental Education Centre	\$2,119,323.00
141.	North District Residents Association Limited	"ECF" - North District Community Waste Collection and Promotion Project (Phase 3)	\$2,263,951.00
142.	People Service Centre Limited	"Food Friend Action" - Sham Shui Po Project	\$2,152,136.00
143.	People Service Centre Limited	"Food Friend Action" - Wong Tai Sin Project	\$2,396,138.80
144.	People Service Centre Limited	"Food Friend Action" - Tuen Mun Project	\$1,658,408.00
145.	The Boys' Brigade, Hong Kong	To Kwa Wan District Recycling Centre (Phase V)	\$2,204,496.00
146.	The Boys' Brigade, Hong Kong	Tsuen Wan District Recycling Centre (Phase VI)	\$2,154,296.00
147.	The Boys' Brigade, Hong Kong	Kwai Tsing District Recycling Centre (Phase V)	\$2,154,296.00

	Applicant	Project Title	Approved Amount
148.	The Boys' Brigade, Hong Kong	Hung Hom District Waste Recovery Scheme	\$2,179,978.50
149.	Tseung Kwan O Kai Fong Joint Association Limited	"ECF" - Source Separation of Domestic Waste IV	\$1,255,520.00
150.	Tung Wah Group of Hospitals Jockey Club Rehabilitation Complex	"ECF" - A Project to Reduce Food Waste	\$330,000.00
151.	United Labour Chi Hong Association Limited	Ho Man Tin, North To Kwa Wan and Kowloon City Household Waste Recovery Scheme	\$4,723,134.90
152.	World Green Organisation	Community Waste Reduction - Glass Beverage Bottle Recycling	\$6,946,920.00
Subtotal (III):			\$64,461,671.79

* Title in Chinese only.

On-site Meal Portioning Projects in Schools

	Applicant	Approved Amount
153.	Chinese YMCA College	\$1,655,224.00
154.	Chinese YMCA Primary School	\$1,598,754.00
155.	Confucian Tai Shing Primary School	\$1,337,545.00
156.	ELCHK Lutheran Academy	\$1,641,581.00
157.	Hing Tak School	\$1,458,565.00
158.	Hong Kong Baptist University Affiliated School Wong Kam Fai Secondary and Primary School (Primary School Section)	\$1,716,623.00
159.	Law Ting Pong Secondary School	\$1,513,040.00
160.	SKH Tsoi Kung Po Secondary School	\$1,776,055.00
161.	TWGHs C.Y. Ma Memorial College	\$1,332,337.00
162.	TWGHs Chang Ming Thien College	\$1,403,775.00
163.	TWGHs Kwan Fong Kai Chi School	\$1,019,013.00
164.	TWGHs Kwok Yat Wai College	\$1,524,517.00
Subtotal (IV) :		\$17,977,029.00

Food Waste Recycling Projects in Housing Estates

	Applicant	Housing Estate	Approved Amount
165.	Goodwell Property Management Limited*	Laguna Verde	\$102,275.25
166.	Hong Yip Service Company Ltd.*	The Parcville	\$281,960.30
167.	Island South Property Management Limited*	Residence Bel-Air	\$1,223,652.00
168.	Royal Elite Service Company Limited*	Manhattan Hill	\$295,228.00
169.	Sino Estates Management Limited*	Pacific Palisades	\$292,523.40
Subtotal (V) :			\$2,195,638.95

* Note: The residential organisations of the estates have authorised their property management companies to submit the applications and implement the projects on their behalf.

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

	Applicant	Project Name	Approved Amount
170.	121C Society For Recycling	Pilot Scheme on The Charging for Municipal Solid Waste - Central and Western District	\$1,648,772.00
171.	Business Environment Council Limited	Business Environment Council Waste Reporting & Reduction in Office Buildings Programme	\$1,314,802.35
172.	CarbonCare InnoLab Limited	"ECF" - Multi-stakeholder Engagement for MSW Charging Preparation	\$1,584,743.08
173.	Christian Family Service Centre	"ECF" - Christian Family Service Centre Trial Scheme	\$892,347.00
174.	Community Leap Limited	Reduce Waste in Our Community	\$912,320.70
175.	Environmental Association Ltd.	"ECF" - Rural Waste Trial	\$455,960.00
176.	Environmental Innovation Council Limited	"ECF" - "LOVE ° HOME" Waste Reduction "DESIGNATED GARBAGE BAG" Pilot Scheme	\$1,405,144.40
177.	Green Council Limited	"ECF" - City One Shatin (Shatin) and Manning House (Central)	\$1,045,853.33
178.	Green Council Limited	"ECF" - Lei Tung Estate (Ap Lei Chau)	\$904,991.11
179.	Greeners Action	"ECF" - New Tech Plaza	\$1,034,767.80

	Applicant	Project Name	Approved Amount
180.	HKCTU Workers' Support Recycling Centre Limited	"ECF" - Experiencing Waste Charging in Community	\$937,839.60
181.	Hong Kong Productivity Council	"ECF" - Formulation and Trial of Feasible Charging Mechanisms for the Implementation of Municipal Solid Waste Charging in Shopping Complex, Commercial Building and Hotel in Hong Kong	\$1,680,324.00
182.	Mutual Caring Association Limited	「環保基金」 - 垃圾徵費你要知 (彩雲) *	\$1,316,987.20
183.	New Life Psychiatric Rehabilitation Association	"ECF" - Waste Reduction Get, Set, Go!	\$365,995.60
184.	OIWA Limited	"From Trash to Treasure" Community Reduce Waste Experience Project	\$627,818.00
185.	OIWA Limited	"ECF" - "Use Wisely, Pay Less" Community Reduce Waste Experience Project	\$600,808.00
186.	Sereno Verde Owner Committee	Municipal Solid Waste Charging Trial Project	\$213,804.00
187.	Sham Ching Youth Association Limited	Shamshuipo District Community Involvement Projects for Waste Reduction Through Quantity-based Municipal Solid Waste Charging	\$782,208.00
188.	Sik Sik Yuen	Wong Tai Sin Temple Waste Recycling Project	\$806,636.36
189.	Technological and Higher Education Institute of Hong Kong	"ECF" - Development of an Accurate and Versatile Mechanism of Solid Waste Quantity Monitoring and Tackling System	\$977,577.78
190.	The Chinese University of Hong Kong	"Waste Wise Waste Less @ CUHK - Trial Operation of Internal Waste Charging and Auditing for CUHK"	\$722,365.11
191.	The Green Earth Limited	"ECF" - Municipal Solid Waste Charging Scheme in Woodland Crest	\$822,303.17
192.	The Hong Kong Federation of Youth Groups	Wastewise in Camp : Environmental Experiential Project	\$440,620.00
193.	The Incorporated Owners of Baguio Villa, Hong Kong	"ECF" - Let's Go Clean Recycling!	\$353,467.00

	Applicant	Project Name	Approved Amount
194.	The Incorporated Owners of Cayman Rise	模擬垃圾膠袋收費計劃項目*	\$229,984.00
195.	The Incorporated Owners' of Ming Nga Court (Block A,B,C)	"ECF" - Ming Nga Court	\$1,342,317.60
196.	Tung Wah Group of Hospitals	"ECF" - Tung Wah Group of Hospitals Services Units	\$1,252,128.00
197.	United Social Service Centre Ltd	「環保基金」 - 廢物收費社區教育計劃*	\$1,380,340.00
198.	World Green Organisation	Shopping Malls	\$1,431,828.00
199.	World Green Organisation	Secondary Schools	\$1,473,958.00
200.	World Green Organisation	"ECF" - Mixed Commercial Buildings	\$1,907,312.50
201.	World Green Organisation	"ECF" - Wet Market	\$1,524,467.50
202.	Yan Chai Hospital Board	Loving the Home - Waste Reduction Scheme	\$605,225.63
		Subtotal (VI) :	\$32,996,016.82

*Title in Chinese only.

Projects considered by the Environment and Conservation Fund Committee

Nature Conservation Management Agreement Projects

	Applicant	Project Title	Approved Amount
203.	Hong Kong Bird Watching Society	Fishpond Conservation Scheme in Ramsar Site 2017-19	\$7,034,532.00
204.	Hong Kong Bird Watching Society	Hong Kong Got Fishpond - Eco-fishpond Management Agreement Scheme 2017-2019	\$7,659,992.00
205.	The Conservancy Association	Nature and Human in Harmony - Nature Conservation Management for Long Valley 2017-2019	\$8,377,033.52
206.	Hong Kong Countryside Foundation	Management Agreement Scheme at Lai Chi Wo Enclave 2017-2019	\$7,426,304.00
		Subtotal (VII) :	\$30,497,861.52

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

	Project Title	Approved Amount
207.	Hong Kong Green School Award	\$1,800,000.00
208.	Student Environmental Protection Ambassador Scheme	\$1,400,000.00
209.	Hong Kong Awards for Environmental Excellence	\$7,550,000.00
210.	Hong Kong Green Organisation Certification	\$7,450,000.00
211.	World Environment Day	\$800,000.00
212.	Publicity Programmes in Support of Policy Priorities	\$2,500,000.00
	Project support to Environmental Campaign Committee	
213.	General support (including website enhancement and maintenance fee, auditing fee, etc.)	\$550,000.00
214.	Staff support for ECC programmes and Environmental Education and Community Action Projects Vetting Subcommittee Secretariat	\$8,826,840.00
Subtotal (VIII) :		\$30,876,840.00
Total (I)+(II)+(III)+(IV)+(V)+(VI)+(VII)+(VIII):		\$242,420,752.91

Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Independent Audit's Report To the Legislative Council

Opinion

I certify that I have audited the financial statements of the Environment and Conservation Fund set out on pages 31 to 40, which comprise the balance sheet as at 31 March 2017, 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 2017, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with section 8(1) of the Environment and Conservation Fund Ordinance (Cap. 450).

Basis for opinion

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

Responsibilities of the Secretary for the Environment for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit Commission auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit Commission auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Environment and Conservation Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary for the Environment;
- conclude on the appropriateness of the Secretary for the Environment's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Environment and Conservation Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Environment and Conservation Fund to cease to continue as a going concern; and

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



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

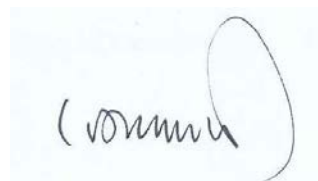
28 June 2017

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

Environment and Conservation Fund
Balance Sheet as at 31 March 2017

	Note	2017 HK\$	2016 HK\$
Non-current Assets			
Placement with the Exchange Fund	3	<u>4,700,000,000</u>	<u>4,700,000,000</u>
Current Assets			
Placement with the Exchange Fund	3	755,150,906	587,704,120
Interest receivable		3,463,188	4,249,883
Bank deposits		453,038,682	681,294,748
Cash and cash equivalents	4	<u>35,242,943</u>	<u>37,667,356</u>
		<u>1,246,895,719</u>	<u>1,310,916,107</u>
		<u>5,946,895,719</u>	<u>6,010,916,107</u>
EQUITY			
Capital	3	5,000,000,000	5,000,000,000
Accumulated Fund		<u>946,895,719</u>	<u>1,010,916,107</u>
		<u>5,946,895,719</u>	<u>6,010,916,107</u>

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



(WONG Kam-sing)

Secretary for the Environment

The Trustee of the Environment and Conservation Fund



June 2017

Environment and Conservation Fund
Income and Expenditure Account for the year ended 31 March 2017

	2017 HK\$	2016 HK\$
INCOME		
Interest income	178,122,454	267,320,443
Refund of grants	608,518	1,541,864
	<u>178,730,972</u>	<u>268,862,307</u>
EXPENDITURE		
Grants for environmental research and other projects	206,449,758	196,064,755
Grants to the Environmental Campaign Committee	26,036,903	23,411,181
Exchange losses	10,264,699	11,336,596
	<u>242,751,360</u>	<u>230,812,532</u>
(Deficit)/surplus for the year	(64,020,388)	38,049,775
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the year	<u><u>(64,020,388)</u></u>	<u><u>38,049,775</u></u>

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

Environment and Conservation Fund
Statement of Changes in Equity for the year ended 31 March 2017

	Capital HK\$	Accumulated Fund HK\$	Total HK\$
Balance at 1 April 2015	5,000,000,000	972,866,332	5,972,866,332
Total comprehensive income for 2015-16	<u>-</u>	<u>38,049,775</u>	<u>38,049,775</u>
Balance at 31 March 2016	5,000,000,000	1,010,916,107	6,010,916,107
Total comprehensive loss for 2016-17	<u>-</u>	<u>(64,020,388)</u>	<u>(64,020,388)</u>
Balance at 31 March 2017	<u>5,000,000,000</u>	<u>946,895,719</u>	<u>5,946,895,719</u>

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

Environment and Conservation Fund
Statement of Cash Flows for the year ended 31 March 2017

	2017 HK\$	2016 HK\$
Cash flows from operating activities		
Refund of grants	608,518	1,541,864
Grants to the Environmental Campaign Committee	(26,036,903)	(23,411,181)
Grants for environmental research and other projects	(206,449,758)	(196,064,755)
Net cash used in operating activities	<u>(231,878,143)</u>	<u>(217,934,072)</u>
Cash flows from investing activities		
Net decrease in bank deposits with original maturity over three months	217,991,367	179,891,917
Interest received	11,462,363	18,487,499
Net cash from investing activities	<u>229,453,730</u>	<u>198,379,416</u>
Net decrease in cash and cash equivalents	(2,424,413)	(19,554,656)
Cash and cash equivalents at beginning of year	37,667,356	57,222,012
Cash and cash equivalents at end of year	<u><u>35,242,943</u></u>	<u><u>37,667,356</u></u>

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

Environment and Conservation Fund

Notes to the Financial Statements

1. General

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

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

2. Significant accounting policies

(a) Statement of compliance

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

(b) Basis for preparation

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

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

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

There are no critical accounting judgments involved in the application of the Fund's accounting policies. There are neither key assumptions concerning the future nor other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Adoption of new/revised HKFRSs

The Fund has adopted all new/revised HKFRSs which are effective and relevant to the Fund for the current accounting period.

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

(d) Financial assets

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

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Fund has transferred substantially all the risks and rewards of ownership of the asset.

(e) Revenue recognition

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

(f) Grants

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

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

(g) Foreign currency translation

Hong Kong dollar is the currency of the primary economic environment in which the Fund operates. Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income and expenditure account.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are

subject to an insignificant risk of changes in value, having been within three months of maturity when 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. Interest on the placement is at a rate determined annually in January and payable annually in arrears on 31 December. Prior to 1 January 2016, the rate was 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 Exchange Fund Notes in the previous year subject to a minimum of zero percent, whichever is the higher. With effect from 1 January 2016, the above formula for determining the rate has been revised by replacing the "three-year Exchange Fund Notes" with "three-year government bond" due to the cessation of the issuance of Exchange Fund Notes with tenor of three years or more starting from January 2015. The interest rate has been fixed at 3.3% per annum for January to December 2016 and 2.8% per annum for January to December 2017.

Placement with the Exchange Fund is analysed as follows:

	2017 HK\$	2016 HK\$
Balance of the placement with the Exchange Fund		
Original placement with the Exchange Fund	4,700,000,000	4,700,000,000
Interest earned but not withdrawn at end of year	<u>717,746,193</u>	<u>544,672,016</u>
	5,417,746,193	5,244,672,016
Accrued Interest	<u>37,404,713</u>	<u>43,032,104</u>
Balance at end of year	<u><u>5,455,150,906</u></u>	<u><u>5,287,704,120</u></u>
Classified as:		
Non-current assets	4,700,000,000	4,700,000,000
Current assets	<u>755,150,906</u>	<u>587,704,120</u>
	<u><u>5,455,150,906</u></u>	<u><u>5,287,704,120</u></u>

The interest earned but not yet withdrawn and the accrued interest stated above, amounting to HK\$755,150,906 (2016: HK\$587,704,120), was classified as current asset in the Balance Sheet.

4. Cash and cash equivalents

	2017 HK\$	2016 HK\$
Bank deposits with original maturity within three months	35,008,079	37,424,566
Cash at bank	<u>234,864</u>	<u>242,790</u>
	<u>35,242,943</u>	<u>37,667,356</u>

5. Financial risk management

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

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The credit risk from bank deposits is limited because the Fund's bank deposits are placed with reputable licensed banks in Hong Kong. For the placement with the Exchange Fund, the credit risk is considered to be low.

The maximum exposure to credit risk as at the balance sheet date in relation to each class of financial assets is the carrying amount of those assets as stated in the balance sheet.

(b) Interest rate risk

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

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

(c) Foreign currency risk

The Fund did not maintain financial assets in foreign currency at the balance sheet date (2016: CNY206,902,196). Since no foreign currency rate hedging was made by the Fund for Renminbi-denominated financial assets during the year, the carrying amount of the financial assets in Renminbi represented the maximum exposure of the Fund to foreign currency risk.

(d) Liquidity risk

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

(e) 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 2017, a 50 basis point (2016: 50 basis point) increase/decrease in the interest rates for 2016 and 2017, with all other variable held constant, would decrease/increase the deficit and increase/decrease the equity by HK\$27million (2016: would increase/decrease the surplus and equity by HK\$26 million).

6. Capital management

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

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

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

7. Commitments

As at 31 March 2017, the commitments for approved grants, subject to the satisfactory progress or completion of the relevant projects, were HK\$645,286,410 (2016: HK\$688,397,936).

8. Cost of administration of the Fund

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

9. Fair values of financial assets

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