

Environment and Conservation Fund

Trustee Report 2015-2016

For Presentation to the Legislative Council

on 9 November 2016

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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 2016.

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 2015-2016, 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 2015 to 31 March 2016, a total of 434 applications for funding support were received. The vetting results are as follows:

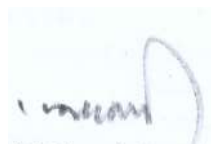
(a)	applications approved	192
(b)	applications being processed	63
(c)	applications rejected	151
(d)	applications withdrawn by applicants / invalid	28
Total:		434

19. The total amount of funds approved for the 192 applications was about \$180 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 2015 to 31 March 2016, eight research projects were jointly funded by the WWGF with a grant of \$5,662,994.

20. A list of the approved projects is on pages 13 to 26.

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 2015 and 31 March 2016 are on pages 27 to 38.



(WONG Kam-sing)

Secretary for the Environment

The Trustee of the Environment and Conservation Fund

25 October 2016

Environment and Conservation Fund Committee

Membership List

(1 April 2015 - 31 March 2016)

Dr Joseph LEE, GBS, JP (Chairman)

Ir Dr CHAN Fuk-cheung

Ms CHAN Sui-kuen, Agnes

Ir CHAN Wing-hong, Cary

Ms FUNG Dun-mi, Amy, MH

Dr KaChun HUI

Mr LAM Chiu-ying, SBS

Ms LI Chun-chau

Mr Douglas WOO

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 2015 - 31 March 2016)

Ir Dr CHAN Fuk-cheung (Chairman)

Ir CHAN Wing-hong, Cary

Mr LEE Tak-kong, Alfred, MH

Mr LEUNG Chun-yuen, Kendrew

Dr TSANG Chiu-wa, Daniel

Mr WONG Kin-wai

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 2015 - 31 March 2016)

Dr KaChun HUI (Chairman)

Miss HUI Chun-yu, Jane

Mr KWONG Chiu-ling, Victor

Mr LAM Chiu-ying, SBS

Professor Dennis YC LEUNG

Mr Victor C LI

Dr Lawrence LI Kwok-chang, JP

Ir Dr Anthony MA

Dr QIU Jianwen

Dr SHUM Ho-cheung, Anderson

Dr TSANG Chiu-wa, Daniel

Mr WONG Lok-tak, Luther, JP

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 2015 - 31 March 2016)

Ir Dr CHAN Fuk-cheung (Chairman)
Dr CHAN Chi-kau, Johnnie, BBS, JP
Mr CHAN Ho-lim, Joseph
Ms CHAN May-kuen, Sylvia
Ms CHEUK Fung-ting, Phyllis
Mr Wayne CHU
Mr FAN Jor-ching, Jor
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
Mr TAM Wai-kit, Alex
Mr WONG Tze-kang, Rico
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 2015 - 31 March 2016)

Ir CHAN Wing-hong, Cary (Chairman)

Dr LAW Winnie Wai-yi (Vice-chairman)

Ms HO Wai-ling

Ms IEONG In-leng, Yvonne

(up to 31 December 2015)

Ms LAM Chung-yan, Nancy

Mr Armstrong LEE

Mr LEE Yat-wah, Walter

Ms LI Chun-chau

Dr NG Cho-nam, SBS, JP

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 2015 - 31 March 2016)

Secretary for the Environment (Chairman)

Mr CHAN Ho-lim, Joseph

Mrs Edith CHAN NGAN Man-ling, MH

Mr CHIU Man-leong

Mr LAM Chiu-ying, SBS

Dr Joseph LEE, GBS, JP

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 2015 - 31 March 2016)**

Environmental Research, Technology Demonstration and Conference Projects

	Applicant	Project Title	Approved Amount
1.	City University of Hong Kong	Juvenile fish resources and nursery function of macroalgal beds in Hong Kong waters – a habitat-based study	\$500,000.00
2.	City University of Hong Kong	Improving spring-time air quality forecast capability in the PATH modelling system	\$482,000.00 *
3.	City University of Hong Kong	Characterization of the composition and seasonal dynamics of the microorganisms associated with PM2.5 and PM10 air pollutants in Hong Kong	\$499,900.00
4.	City University of Hong Kong	Development and demonstration of photocatalytic asphalt for removal of roadside air pollutants	\$499,680.00 *
5.	City University of Hong Kong	Development of a software platform for air ventilation assessment in urban areas	\$430,000.00
6.	City University of Hong Kong	Quantifying the regional and local contributions to particulate concentrations in deep street canyons	\$355,650.00
7.	City University of Hong Kong	Development of a mobile air sensor network in Hong Kong for sustainable air quality management and cost-effective traffic control	\$987,950.00
8.	City University of Hong Kong	Simulation of structural, spectroscopic, aggregation and adsorption properties of carbon black in PM2.5	\$500,000.00
9.	Green Council Limited	The 3rd Asia Carbon Footprint Network Conference	\$500,000.00
10.	Hong Kong Baptist University	Field experiments on coral bioerosion	\$500,000.00
11.	Hong Kong Baptist University	Impacts of alien herpetofauna on the local ecosystem in Hong Kong	\$367,480.00
12.	Hong Kong Baptist University	What makes an odorous air conditioning system in Hong Kong?	\$496,240.00 *
13.	Hong Kong Bird Watching Society	The Hong Kong bird atlas, with the engagement of citizen scientists	\$1,839,240.00
14.	The Chinese University of Hong Kong	Coral restoration in Tolo Harbour and Channel	\$499,920.00

15.	The Chinese University of Hong Kong	Genetic diversity and population structure of freshwater Caridina and Neocaridina shrimps in Hong Kong	\$1,651,200.00
16.	The Chinese University of Hong Kong	Development of a rapid screening protocol to identify shark fins from endangered species	\$986,696.00
17.	The Hong Kong Polytechnic University	Easy identification of dinoflagellates: Phase II - Immuno-assay for simple and rapid identification of toxic dinoflagellates	\$497,000.00
18.	The Hong Kong Polytechnic University	Mobile algal cells cleaning system for application in fresh water and marine environment	\$1,789,980.00
19.	The Hong Kong Polytechnic University	A new method for simultaneous plastic waste treatment and electricity generation using high performance direct waste solid oxide fuel cells (DW-SOFC)	\$500,000.00
20.	The Hong Kong Polytechnic University	Study on green retrofit of aged residential buildings in Hong Kong	\$492,620.00
21.	The Hong Kong Polytechnic University	Application of Quartz Crystal Micro-balance (QCM) for the measurements of acidic ultrafine particles in the atmosphere	\$1,318,432.80
22.	The Hong Kong Polytechnic University	Toward energy-positive sewage sludge management in Hong Kong: An eco-efficiency approach sing life cycle assessment (LCA) and data envelop analysis (DEA)	\$490,605.00
23.	The Hong Kong Polytechnic University	Feasibility of building warm mix asphalt pavements using synthetic zeolite derived from sewage sludge ash	\$1,060,240.00 *
24.	The Hong Kong Polytechnic University	Developing a High-Throughput Vegetable Waste Valorisation Technology to Produce High-Value Green Substitutes of Petroleum Derivatives	\$1,358,996.00
25.	The Hong Kong Polytechnic University	Development of advanced close-proximity (CPX) technology with suppressed background noise for tyre/road noise measurement in Hong Kong traffic	\$1,628,140.00 *
26.	The Hong Kong University of Science and Technology	Development of green process technologies to produce chitosan from seafood shell waste	\$493,552.00

27.	The Hong Kong University of Science and Technology	Marine invertebrate larvae in Hong Kong waters: Development of sampling and photo identification guides for larval decapods and stomatopods	\$499,850.00
28.	The University of Hong Kong	Distribution and ecological impacts of invasive ant species on arthropod communities in Hong Kong	\$499,820.00
29.	The University of Hong Kong	Novel fully solution-processed low-cost and stable solar cells promoting the use of low-carbon energy	\$499,054.00 *
30.	The University of Hong Kong	Encapsulation of next generation solar cells for high humidity environments	\$499,680.00 *
31.	The University of Hong Kong	Impact of suspended sediment, turbidity and streamflow conditions on river biodiversity in the Lai Chi Wo catchment in Hong Kong	\$1,315,600.00
32.	The University of Hong Kong	Study on the environmental benefits and obstacles of introducing auto bio-ethanol fuel in Hong Kong and development of implementation plan	\$497,960.00 *
33.	The University of Hong Kong	International Conference on Deriving Environmental Quality Standards for the Protection of Aquatic Ecosystems (EQSPA – 2016)	\$386,000.00
34.	The University of Hong Kong	Conserving Hong Kong's endemic and endangered flora: pollination ecology, seed dispersal, population genetics and conservation biology of <i>Thysanotus</i> species	\$472,000.00
Subtotal (I) :			\$25,395,485.80

* 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			
35.	Action Health Limited	Green Campaign in 2016	\$262,140.00
36.	Association for Help (HK) Limited	“Use Less, Waste Less” You Can!	\$195,750.00
37.	Bo Charity Foundation Ltd.	Love Food, Hate Waste	\$1,152,840.00
38.	Bravo Theatre	《Start From Me》 Sustainable Use of Resources. Use Less Waste Less Education Action	\$416,500.00
39.	Bravo Theatre	MayMay Food Wise Cooking Channel	\$583,400.00
40.	Business Environment Council Limited	BEC Biodiversity Ambassador Training Programme: Marine Biodiversity Conservation	\$435,070.00
41.	Catholic Messengers of Green Consciousness	Green Hearts and Skills for a Sustainable Future	\$422,730.00
42.	Conservation E3 Foundation Limited	Tree Adoption Program	\$884,894.00
43.	Department of Applied Social Sciences, City University of Hong Kong	GROW CityU (Green Roofs Over Walls)	\$44,100.00
44.	ECO Association Ltd	Blue Ocean Reporter (Pilot Scheme)	\$366,692.80
45.	Ecobus	Education cum Community Resources Re-allocation Scheme for Community Sharing of Shopping Bags	\$424,020.00
46.	Firefly Conservation Foundation Limited	Experiential Learning in Biological Diversity	\$290,295.00
47.	Firefly Conservation Foundation Limited	Hong Kong Insect Festival	\$332,808.00
48.	First Assembly of God Church Kindergarten	“Loving Angels” Planning Scheme for K3	\$12,027.00
49.	First Assembly of God Primary School and Kindergarten (Primary Section)	Green Learners in J Farm	\$14,394.00
50.	Footprint	Hong Kong Green Youth Ambassador Programme 2016	\$88,361.00
51.	Green Council Limited	Food Waste Lean and Green Label	\$2,765,667.00
52.	Green Monday Foundation Limited	Green LUCK Banquet – Community Education Program	\$1,152,800.00
53.	Ground & Round Theatre	Save Food, Save Woods!	\$358,000.00

	Applicant	Project Title	Approved Amount
54.	HKSKH Lady MacLehose Centre	USE IT RIGHT PROJECT II - Extension Retraining Practice	\$239,600.00
55.	Hong Kong Institute of Vocational Education (Sha Tin), Vocational Training Council	Kids' Greenway	\$3,618,989.00
56.	Hong Kong Women Development Association Limited	Tin Shui Wai Upcycling Community Project	\$296,840.00
57.	Hong Kong Women Professional & Entrepreneurs Association	FoodEver • WasteNever Programme	\$3,126,600.00
58.	Pentecostal Holiness Church Shaukiwan Assembly Ltd. Gilead Social Service Centre	筲箕人*	\$33,120.00
59.	Po Leung Kuk	Creative Green Life Project	\$1,592,546.00
60.	Po Leung Kuk	Visit Yan Oi Tong “EcoPark Plastic Resources Recycling Centre” and “EcoPark”	\$120,000.00
61.	Po Leung Kuk	“Eco-Deck” for the Elderly	\$1,037,100.00
62.	Po Leung Kuk Jockey Club Tai Tong Holiday Camp	Po Leung Kuk Green Camp Action (Tai Tong)	\$1,631,868.00
63.	Po Leung Kuk Pak Tam Chung Holiday Camp	Po Leung Kuk Green Camp Action (Pak Tam Chung)	\$1,465,518.00
64.	Shiu-Ying Hu Herbarium, School of Life Sciences, CUHK	Tai Po General Botanical Survey and Interactive Information Database - Public Education in Plant Conservation and Community Contribution	\$1,364,600.00
65.	Sik Sik Yuen	Establishment of the ‘Green Sik Sik Yuen’ Mobile App and Introductory Video	\$134,500.00
66.	Silence Limited	Environmental Conservation Ambassador Scheme for Hearing Impaired Persons (Sign Language)	\$172,385.00
67.	SKH Li Fook Hing Secondary School	Glass Journey	\$370,363.00
68.	Tai Po District Federation of Women	惜物市集@大埔*	\$42,980.00
69.	Technological and Higher Education Institute of Hong Kong	Urban Tree Conservation and Appreciation	\$308,228.00
70.	The Hong Kong Bird Watching Society	Discover the Urban Nature of Hong Kong cum City Sparrow Census	\$1,646,510.00

	Applicant	Project Title	Approved Amount
71.	The Hong Kong Federation of Youth Groups	Green Channel cum HKFYG GoGreen NGO Kickoff Ceremony	\$1,572,700.00
72.	The Hong Kong Institution of Engineers	“Your School, Dream Green” - Engineering a Green Campus Competition	\$236,500.00
73.	Tivoli Anglo-Chinese Kindergarten	Planting a LOHAS seed	\$32,080.00
74.	Tung Wah Group of Hospitals	Worship Culture Evolution Exhibition Centre	\$243,250.00
Subtotal (IIA):			\$29,488,765.80

* Title in Chinese only.

	Applicant	Project Title	Approved Amount
Minor Works / Demonstration Projects			
75.	Bradbury School	Bradbury School Sustainable Development Project	\$619,500.00
76.	C.C.C. Kei Wa Primary School (Kowloon Tong)	Sustainable Living, Living Sustainable	\$93,808.00
77.	Caritas Harold H.W. Lee Care and Attention Home	Harold Greening & Planting Community Project	\$40,400.00
78.	Caritas Resurrection School	Save energy and protect our environment	\$37,890.00
79.	Christian Alliance Louey Choy Kwan Lok Kindergarten	Food Waste Recycling Scheme: Happy Farm Education Programme	\$6,189.00
80.	Delia English Primary School & Kindergarten	Energy Saving Project - Delia English Primary School & Kindergarten	\$193,500.00
81.	Good Hope Primary School cum Kindergarten	Energy Saving @ Good Hope Primary School	\$20,250.00
82.	GT (Ellen Yeung) College - Mongkok Campus	G.T. – The Oasis School	\$86,372.50
83.	Hong Chi Lions Morninghill School	Environmental Life in Morninghill School	\$259,160.00
84.	Hong Kong Young Women's Christian Association	Generate Green World by Generations	\$31,000.00
85.	James Anglo-Chinese Kindergarten (Sham Shui Po)	Green Education, Replacement of Energy Saving Lighting & Organic Farming	\$99,080.00
86.	Kiangsu-Chekiang College (Shatin)	沙田蘇浙公學共創綠色未來*	\$305,000.00
87.	La Salle Primary School	La Salle Resources Saving Project	\$244,000.00
88.	Li Cheng Uk Government Primary School	Li Cheng Uk Sustainable Development Project	\$54,000.00
89.	Lick Hang Kindergarten	Protect Our Environment: I Can Do It!	\$93,520.00
90.	Ling Liang Church Sau Tak Primary School	Go Green Sau Tak	\$311,000.00
91.	Lok King Kindergarten	Energy Saving in Lok King	\$98,190.00
92.	Lutheran Philip House Ma Tau Wai Child Nursery School	We save energy, we love the earth	\$92,205.00
93.	Maryknoll Father's School	Maryknoll Father's School Green School Project	\$432,425.00
94.	Methodist Epworth Village Community Centre, Social Welfare - Siu Sai Wan Day Care Centre for the Elderly	Encourage Energy Saving for the Elderly Project	\$102,420.00

	Applicant	Project Title	Approved Amount
95.	Methodist Epworth Village Community Centre, Social Welfare - Social Welfare Epworth Integrated Youth Team	MEVC Energy Saving Program	\$193,800.00
96.	Peak School	Peak School Permaculture Project Phase 1 & 2	\$220,000.00
97.	PLK Siu Hon Sum Primary School	Energy Saving for Everyone	\$50,000.00
98.	Po Leung Kuk Chan Yat Primary School	Energy Saving in Chan Yat	\$70,000.00
99.	Po Leung Kuk Chee Jing Yin Primary School	Organic planting	\$8,402.00
100.	Po Leung Kuk Choi Koon Shum Kindergarten	節省電源環保工程*	\$66,374.00
101.	Po Leung Kuk Chong Kee Ting Primary School	The installation of room air conditioners with grade I energy efficiency label	\$27,360.00
102.	Po Leung Kuk Fiona Cheung Sum Yu Kindergarten	Po Leung Kuk Fiona Cheung Sum Yu Kindergarten – Energy Saving Project	\$94,730.00
103.	Po Leung Kuk Grandmont Primary School	Energy Saving Project	\$144,500.00
104.	Po Leung Kuk Jockey Club Tai Tong Holiday Camp	Purchase of Tai Tong Holiday Camp Golf Cart	\$80,000.00
105.	Po Leung Kuk Lau Chan Siu Po Kindergarten	Po Leung Kuk Lau Chan Siu Po Kindergarten – Energy Saving Project	\$110,520.00
106.	Po Leung Kuk Leung Chow Shun Kam Primary School	Replace air conditioner	\$47,300.00
107.	Po Leung Kuk Li Tsui Chung Sing Memorial Kindergarten	Po Leung Kuk Li Tsui Chung Sing Memorial Kindergarten – Energy Saving Project	\$44,500.00
108.	Po Leung Kuk Mrs. Chao King Lin Kindergarten	Cut Carbon & Saving Energy Project	\$54,900.00
109.	Po Leung Kuk Mrs. Fong Wong Kam Chuen Kindergarten	Po Leung Kuk Mrs. Fong Wong Kam Chuen Kindergarten – Energy Saving Project	\$55,693.00
110.	Po Leung Kuk Mrs. Vicwood K.T. Chong Kindergarten	Po Leung Kuk Mrs. Vicwood K.T. Chong Kindergarten – Energy Saving Project	\$62,612.00
111.	Po Leung Kuk Ng Tor Tai Kindergarten	Greening School – Organic Farming	\$5,000.00
112.	Po Leung Kuk Pak Tam Chung Holiday Camp	Purchase of Pak Tam Chung Holiday Camp Golf Cart	\$80,000.00
113.	Po Leung Kuk Riverain Primary School	3至6樓輔導教學室冷氣更換工程*	\$100,000.00

	Applicant	Project Title	Approved Amount
114.	Po Leung Kuk Tai So Shiu Wan Kindergarten	Go Green & Cut Carbon Project	\$82,880.00
115.	Po Leung Kuk Tang Bik Wan Memorial Kindergarten	Po Leung Kuk Tang Bik Wan Memorial Kindergarten – Energy Saving Project	\$91,641.00
116.	Po Leung Kuk Tin Ka Ping Kindergarten	Po Leung Kuk Tin Ka Ping Kindergarten – Energy Saving Project	\$100,000.00
117.	Po Leung Kuk Vicwood Chong Kee Ting Kindergarten	Po Leung Kuk Vicwood Chong Kee Ting Kindergarten - Energy Saving Project	\$98,900.00
118.	Po Leung Kuk Vicwood K.T. Chong No.2 Primary School	Replace 12 air-conditioners in the hall with Grade 1 Energy Label Room Cooler	\$99,600.00
119.	Po Leung Kuk Yick Kwai Fong Kindergarten	Save Energy, Save Environment	\$100,000.00
120.	Pui Shing Catholic Secondary School	Pui Shing Littler Farmer : Food Waste Processor and Organic Farming	\$101,000.00
121.	Pui Tak Canossian Primary School	A dynamic campus	\$288,960.00
122.	Q.E.S. Old Students' Association Primary School	The green campus of the new generation	\$495,920.00
123.	S.K.H. St. Joseph's Primary School	Eco-School & Sustainable Development Project	\$624,080.00
124.	SAHK Continuing Rehabilitation Centre	Energy Saving Starting at SAHK	\$198,330.00
125.	Shak Chung Shan Memorial Catholic Primary School	Science and Conservation Schooling Project	\$79,905.00
126.	Shatin Pui Ying College	Shatin Pui Ying College Environment & Conservation Project	\$624,940.00
127.	S.K.H. St. Peter's Primary School (No.70 and 88 Campus)	S.K.H. St. Peter's Primary School Green Living Project	\$215,960.00
128.	S.K.H. St. Thomas' Primary School	Green Campus - S.K.H. St. Thomas' Primary School	\$122,032.00
129.	St. Peter's Church Kindergarten	St. Peter's Church Kindergarten Energy Saving Project	\$49,050.00
130.	Ta Ku Ling Ling Ying Public School	Forest School of TKLLYPS	\$594,940.00
131.	The Church of Christ in China Kei Faat Kindergarten	"Green" in Kei Faat	\$75,300.00
132.	The Evangelica Lutheran Church of Hong Kong Social Service - Hong Kong	Project Green Life	\$440,420.00
133.	The HKMA David Li Kwok Po College	Green Roof Project	\$496,900.00

	Applicant	Project Title	Approved Amount
134.	The Neighbourhood Advice-Action Council - Shanghai Fraternity Association Care & Attention Home for the Elderly	HCA Energy Saving Project	\$194,100.00
135.	The Neighbourhood Advice-Action Council Fairyland	The Neighbourhood Advice-Action Council Fairyland Green Living Project	\$212,080.00
136.	Tin Shui Wai Government Primary School	Environmental Education of Green School Project	\$486,200.00
137.	Tsang Pik Shan Secondary School	TPSSS Green School Project	\$622,900.00
138.	Tung Wah Group of Hospitals	Worship Culture Evolution Exhibition Centre	\$106,000.00
139.	TWGHs S. C. Gaw Memorial College	TWGHs S. C. Gaw Memorial College Green School Project	\$299,260.00
140.	TWGHs Yiu Dak Chi Memorial Primary School	Low Carbon and Green Campus	\$176,000.00
141.	Yan Chai Hospital Ho Sik Nam Primary School	Y.C.H. Ho Sik Nam Primary School - Energy saving and renewable energy	\$140,950.00
142.	Yuen Long Town Hall Management Committee Limited	Energy Saving in Yuen Long	\$185,000.00
Subtotal (IIB):			\$12,138,848.50
Subtotal (IIA+IIB):			\$41,627,614.30

* Title in Chinese only.

Community Waste Reduction Projects

	Applicant	Project Title	Approved Amount
143.	121C Society For Recycling	Southern District Society For Recycling Project	\$1,537,556.00
144.	121C Society For Recycling	Causeway Bay and Wan Chai Society For Recycling Project	\$1,789,058.90
145.	Action Health Limited	North District Recycling Center (Phase II)	\$2,756,372.00
146.	Action Health Limited	Food Link Project (Phase II)	\$767,622.20
147.	Central & Western Mid-Levels Owners Association	Central & Western District Mid-Levels Resident for Recycling Project	\$5,439,550.40
148.	Cheung Chau Island Women's Association Limited	Food Recycle Land Education Centre	\$2,124,032.00
149.	CTU Education Foundation Limited	Food Grace - Food Recycling and Education Project (Yuen Long)	\$1,853,305.60
150.	Foodlink Foundation Limited	Foodlink Operations Sustainability Project Extension in Time and Area	\$1,540,560.00
151.	Friends of Tuen Mun	Green Glass More and More 2	\$1,942,080.00
152.	Greeners Action	Food Donation Project	\$1,714,948.80
153.	Hong Kong Association of Youth Development - Tsuen Wan District Branch	Missing Link - Polyfoam recycling scheme (Tsuen Wan District)	\$1,750,135.00
154.	Hong Kong Dumper Truck Drivers Association	Green Glass Green (3rd phase) Extension	\$6,252,012.00
155.	Hong Kong Young Women's Christian Association	Food Reduce, Re-use, Recycle Experiential Camp	\$562,528.00
156.	Ma On Shan Youth Association	Shatin Recycle Center	\$3,024,805.50
157.	North District Residents Association Limited	North District Community Waste Collection and Promotion Project (Phase 2)	\$2,750,135.00
158.	OIWA Limited	To Unearth the Treasure Kitchen Waste Recycle Scheme	\$2,823,654.00
159.	Shatin Inhabitants Association Limited	All Citizens In Glass Recycling (Phase III)	\$1,974,058.80
160.	Tai Kok Tsui Resources Centre Association	Tai Kok Tsui / Yau Tsim Mong Community Recycle & Educate Scheme	\$2,034,247.50
161.	The Boys' Brigade, Hong Kong	To Kwa Wan District Recycling Centre (Phase IV)	\$1,755,760.00
162.	The Boys' Brigade, Hong Kong	Tsuen Wan District Recycling Centre (Phase V)	\$1,858,360.00
163.	The Boys' Brigade, Hong Kong	Kwai Tsing District Recycling Centre (Phase IV)	\$1,927,912.00

164.	The Conservancy Association	Food Resources Recycling Centre (FRRC)	\$1,492,334.80
165.	Tseung Kwan O Kai Fong Joint Association Limited	Source Separation of Domestic Waste III	\$1,217,510.00
166.	World Green Organisation Limited	Community Waste Reduction - Glass Beverage Bottle Recycling	\$299,477.00
167.	Yan Oi Tong Limited	Plastic Resources Recycling Centre of Ecopark Phase II in Tuen Mun	\$8,000,000.00
168.	YMCA of Hong Kong	“Loving toys Loving earth” toys recycling and reduction program for community	\$1,519,948.00
Subtotal (III):			\$60,707,963.50

Programme on Source Separation of Waste

	Applicant	Housing Estate	Approved Amount
169.	Kiu Lok Service Management Company Limited*	The Masterpiece	\$11,730.00
170.	Lingnan University – Campus Development Unit	Lingnan University (Student Hostel Hall G & H)	\$5,343.75
171.	The Incorporated Owners of One Beacon Hill	One Beacon Hill (Block 6)	\$12,000.00
Subtotal (IV) :			\$29,073.75

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

On-site Meal Portioning Projects in Schools

	Applicant	Approved Amount
172.	Semple Memorial Secondary School	\$1,141,218.00
173.	Shek Lei Catholic Primary School	\$1,545,196.00
174.	SKH Li Ping Secondary School	\$1,299,606.00
175.	St. Francis' Canossian College	\$908,909.00
Subtotal (V) :		\$4,894,929.00

Food Waste Recycling Projects in Housing Estates

	Applicant	Housing Estate	Approved Amount
176.	Hong Lok Yuen Property Management Company Limited*	Hong Lok Yuen	\$216,600.00
177.	Kai Shing Management Services Limited*	Park Island	\$260,620.00
178.	MTR Corporation Limited*	Le Prestige, LOHAS Park	\$1,175,840.00
179.	Urban Property Management Limited*	Rhythm Garden	\$1,030,470.00
180.	Urban-Wellborn Property Management Limited*	Sereno Verde	\$291,597.00
181.	Woodland Crest Owners' Committee	Woodland Crest	\$172,737.33
Subtotal (VI) :			\$3,147,864.33

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

Projects considered by the Environment and Conservation Fund Committee

Nature Conservation Management Agreement Projects

	Applicant	Project Title	Approved Amount
182.	Environmental Association Limited	Management Agreement on the Private Land with High Conservation Value at Fung Yuen Valley Site of Special Scientific Interest in Tai Po, Hong Kong (2016-2019)	\$8,920,455.71
183.	Sai Kung District Community Centre	Rehabilitation Project for Sai Wan Area	\$9,457,730.00
Subtotal (VII) :			\$18,378,185.71

Engagement of the Electrical and Mechanical Services Trading Fund

	Project Title	Approved Amount
184.	For Buildings Energy Efficiency Funding Schemes [covering the period 2016 - 2017]	\$6,023,000.00
Subtotal (VIII) :		\$6,023,000.00

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

	Project Title	Approved Amount
185.	Community Engagement Programmes in Support of Policy Priority	\$2,000,000.00
186.	World Environment Day	\$700,000.00
187.	Hong Kong Green School Award	\$1,900,000.00
188.	Student Environmental Protection Ambassador Scheme	\$1,400,000.00
189.	Hong Kong Awards for Environmental Excellence	\$7,400,000.00
190.	Hong Kong Green Organisation Certification	\$7,600,000.00
	Project support to Environmental Campaign Committee	
191.	General support (including website enhancement and maintenance fee, auditing fee, etc.)	\$550,000.00
192.	Staff support for ECC programmes and Environmental Education and Community Action Projects Vetting Subcommittee Secretariat	\$8,437,800.00
	Subtotal (IX) :	\$29,987,800.00
	Total (I)+(II)+(III)+(IV)+(V)+(VI)+(VII)+(VIII)+(IX):	\$190,191,916.39

Report of the Director of Audit



Audit Commission
The Government of the Hong Kong Special Administrative Region

Independent Audit Report

To the Legislative Council

I certify that I have audited the financial statements of the Environment and Conservation Fund set out on pages 29 to 38, which comprise the balance sheet as at 31 March 2016, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Secretary for the Environment's Responsibility 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 section 8(1) of the Environment and Conservation Fund Ordinance (Cap. 450) and Hong Kong Financial Reporting Standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 8(2) of the Environment and Conservation Fund Ordinance and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

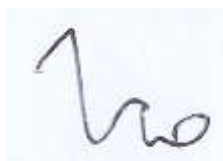
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the

Secretary for the Environment, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with section 8(1) of the Environment and Conservation Fund Ordinance.



TEO Wing-on
Principal Auditor
for Director of Audit

20 June 2016

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

Environment and Conservation Fund
Balance Sheet as at 31 March 2016

	Note	2016 HK\$	2015 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	587,704,120	338,671,460
Interest receivable		4,249,883	4,449,599
Bank deposits		681,294,748	872,523,261
Cash and cash equivalents	4	<u>37,667,356</u>	<u>57,222,012</u>
		<u>1,310,916,107</u>	<u>1,272,866,332</u>
		<u>6,010,916,107</u>	<u>5,972,866,332</u>
EQUITY			
Capital	3	5,000,000,000	5,000,000,000
Accumulated Fund		<u>1,010,916,107</u>	<u>972,866,332</u>
		<u>6,010,916,107</u>	<u>5,972,866,332</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 2016

Environment and Conservation Fund
Income and Expenditure Account for the year ended 31 March 2016

	2016 HK\$	2015 HK\$
INCOME		
Interest income	267,320,443	220,075,630
Refund of grants	1,541,864	1,362,800
	<u>268,862,307</u>	<u>221,438,430</u>
EXPENDITURE		
Grants for environmental research and other projects	196,064,755	185,999,677
Grants to the Environmental Campaign Committee	23,411,181	23,314,074
Exchange losses	11,336,596	69,659
	<u>230,812,532</u>	<u>209,383,410</u>
Surplus for the year	38,049,775	12,055,020
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>38,049,775</u></u>	<u><u>12,055,020</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 2016

	Capital HK\$	Accumulated Fund HK\$	Total HK\$
Balance at 1 April 2014	5,000,000,000	960,811,312	5,960,811,312
Total comprehensive income for 2014-15	<u>-</u>	<u>12,055,020</u>	<u>12,055,020</u>
Balance at 31 March 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	<u>5,000,000,000</u>	<u>1,010,916,107</u>	<u>6,010,916,107</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 2016

	2016 HK\$	2015 HK\$
Cash flows from operating activities		
Refund of grants	1,541,864	1,362,800
Grants to the Environmental Campaign Committee	(23,411,181)	(23,314,074)
Grants for environmental research and other projects	(196,064,755)	(185,999,677)
Net cash used in operating activities	<u>(217,934,072)</u>	<u>(207,950,951)</u>
Cash flows from investing activities		
Net decrease in bank deposits with original maturity over three months	179,891,917	229,060,031
Interest received	18,487,499	25,727,123
Net cash from investing activities	<u>198,379,416</u>	<u>254,787,154</u>
Net (decrease) / increase in cash and cash equivalents	(19,554,656)	46,836,203
Cash and cash equivalents at beginning of year	57,222,012	10,385,809
Cash and cash equivalents at end of year	<u><u>37,667,356</u></u>	<u><u>57,222,012</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) Revenue recognition

Interest income is recognised as it accrues using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period to the net carrying amount of the financial asset.

(e) 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.

(f) 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 5.5% per annum for January to December 2015 and 3.3% per annum for January to December 2016.

Placement with the Exchange Fund is analysed as follows:

	2016 HK\$	2015 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>544,672,016</u>	<u>271,253,096</u>
	5,244,672,016	4,971,253,096
Accrued Interest	<u>43,032,104</u>	<u>67,418,364</u>
Balance at end of year	<u><u>5,287,704,120</u></u>	<u><u>5,038,671,460</u></u>

Classified as:

Non-current assets	4,700,000,000	4,700,000,000
Current assets	<u>587,704,120</u>	<u>338,671,460</u>
	<u><u>5,287,704,120</u></u>	<u><u>5,038,671,460</u></u>

The interest earned but not yet withdrawn and the accrued interest stated above, amounted to HK\$587,704,120 (2015: HK\$338,671,460), was classified as current asset in the Balance Sheet.

4. Cash and cash equivalents

	2016 HK\$	2015 HK\$
Bank deposits with original maturity within three months	37,424,566	57,114,088
Cash at bank	<u>242,790</u>	<u>107,924</u>
	<u><u>37,667,356</u></u>	<u><u>57,222,012</u></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 costs, changes in market interest rates will not affect their carrying amounts and the Fund's surplus 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

(i) Exposure to currency risk

The Fund maintained financial assets denominated in Renminbi at a total of CNY206,902,196 (2015: CNY216,663,862) at the balance sheet date. Since no

foreign currency rate hedging is made by the Fund for Renminbi, the carrying amount of the financial assets in Renminbi represents the maximum exposure of the Fund to foreign currency risk.

(ii) Sensitivity analysis

It is estimated that as at the balance sheet date should the Renminbi strengthen/weaken by 5% (2015: 5%) against the Hong Kong dollar, with all other variables being held constant, the surplus of the Fund would increase/decrease by HK\$12 million (2015: HK\$14 million).

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the balance sheet date and for financial assets in existence at that date. The 5% (2015: 5%) strengthening/weakening in Renminbi represents the assessment by the Fund of a reasonably possible change in foreign exchange rate over the period until the end of next year.

(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 2016, a 50 basis point (2015: 50 basis point) increase/decrease in the interest rates for 2015 and 2016, with all other variable held constant, would increase/decrease the surplus and equity by HK\$26 million (2015: HK\$25 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 2016, the commitments for approved grants, subject to the satisfactory progress or completion of the relevant projects, were HK\$688,397,936 (2015: HK\$760,109,794).

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.