Environment and Conservation Fund

Trustee Report 2025-2026

For Presentation to the Legislative Council

on 11 November 2026

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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 2026.

Environment and Conservation Fund

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

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

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

Trustee

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

ECF Committee and vetting of applications

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

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

(i) Research and Development Projects Vetting Subcommittee – It is responsible for vetting applications under the research and development projects funding scheme. The membership list is on page 7.

(ii) Practice and Action Projects Vetting Subcommittee – It is responsible for vetting applications under the practice and action projects funding scheme. The membership list is on page 8.

(iii) Publicity and Education Projects Vetting Subcommittee – It is responsible for vetting applications under the publicity and education projects funding scheme. The membership list is on page 9.

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

8. The ECF Investment Committee has been set up to set policies for investment and monitor the investment of the ECF. The membership list is on page 10.

9. The Environment and Ecology Bureau collectively provides secretariat support required by the ECF Committee, its Research and Development Projects Vetting Subcommittee, Practice and Action Projects Vetting Subcommittee and Publicity and Education Projects Vetting Subcommittee, and the ECF Investment Committee.

Criteria for vetting applications

10. Applications from local non-profit making organisations and community groups are considered for funding support. Since 2014, application invitations under each funding scheme would be called at scheduled intervals, so that the received applications could be considered on a competition basis on account of their merits.

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

(i) the project must help enhance the overall environmental quality of Hong Kong, raise environmental awareness of the local community, promote public participation in green and low-carbon living, and assist the Government in protecting the environment through their actions;

(ii) the benefits of the project must accrue to the local community as a whole, and not just to individuals, a private organisation or a group; and

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

12. On top of the above basic requirements, there is a set of vetting criteria for each funding scheme, which were developed on the basis of the nature of projects involved, as well as the outcomes and deliverables expected to be derived from these projects. The vetting subcommittees assess applications based on the relevant vetting criteria, which also take into account the past performance of applicants in implementing ECF-funded projects, where appropriate, and select the best applications for full or partial funding support. Details of the vetting criteria are set out in the Guide to Application for the respective funding schemes, which are public documents available at the ECF website at https://www.ecf.gov.hk/en.

Approved applications

13. From 1 April 2025 to 31 March 2026, a total of 960 applications were vetted. The results are as follows:

(i)	applications approved	134
(ii)	applications not approved	756
(iii)	invalid applications	70
	Total:	960

14. The total amount of approved grants for the 134 approved applications was about $265 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 2025 to 31 March 2026, one research and development project was jointly funded by the WWGF with a grant of $328,220.

15. During the financial year 2025-2026, the ECF Committee also granted about $91.67 million to the Environmental Campaign Committee for organising environmental education projects and publicity campaigns.

16. A list of the approved projects is on pages 11 to 22.

Accounts

17. The report of the Director of Audit, the balance sheet, income and expenditure account, statement of changes in equity and statement of cash flows for the period between 1 April 2025 and 31 March 2026 are on pages 23 to 37.

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

27 October 2026

Environment and Conservation Fund Committee

Membership List

(1 April 2025 - 31 March 2026)

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

Ms CHAN Yuen-sau, Kelly, JP

Ms HO Pui-suen, Judy

Dr IP Chung-man, Tony, MH

Ms KWOK May-han, Grace

Mr LAM Tsz-kai, Charles

Dr LEUNG Sai-man, Sigmund, BBS, JP

Professor TAM Fung-yee, Nora, BBS, JP

Ir Professor WONG Sze-chun, BBS, JP

Secretary for Environment and Ecology, or his representative

Permanent Secretary for Education, or his representative

Director of Agriculture, Fisheries and Conservation, or his representative

Director of Environmental Protection, or his representative

Environment and Conservation Fund Committee

Research and Development Projects Vetting Subcommittee

Membership List

(1 April 2025 - 31 March 2026)

Dr LEUNG Sai-man, Sigmund, BBS, JP (Chairman)

Mr CHEUNG Ki-tang, Jack, MH

Ms CHOW Ming, Alice

Mr CHU Man-yin Arthur Newton

Mr CHUK Hau-chung, Howard

Mr HUNG Wing-yip, Howard, MH

Dr KWOK Chung-yee, Fiona

Dr LEUNG Chi-kin, Randolph

Mr LO Kwok-leung, Daniel

Professor TAM Fung-yee, Nora, BBS, JP

Ir WONG Siu-wai, Kenny

Ir YEE Kwong-fai

Representative from Agriculture, Fisheries and Conservation Department

Representative from Environmental Protection Department

Environment and Conservation Fund Committee

Practice and Action Projects Vetting Subcommittee

Membership List

(1 April 2025 - 31 March 2026)

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

Mr CHAN Kin-yip

Ms CHAN Yuen-sau, Kelly, JP

Mr CHAU Cheuk-yin, Nathan, MH

Mr CHEUNG Lap-yan, Ian

Ms HO Pui-suen, Judy

Sr KAM Siu-lam, Angel

Mr LAM Tak-shing, MH

Dr LEUNG Sai-man, Sigmund, BBS, JP

Ms LIU Ling-ling, Samantha, MH

Ir LOK Ka-ming, Kenny

Mr WU Ka-ming, Ryan

Representative from Environmental Protection Department

Environment and Conservation Fund Committee

Publicity and Education Projects Vetting Subcommittee

Membership List

(1 April 2025 - 31 March 2026)

Dr IP Chung-man, Tony, MH (Chairman)	
Ms CHAN Chau-yuk, Cheryl	(from 16 September 2025)
Mr CHU Wun-chiu, Henry	
Mr HO Tik-shun	(from 16 September 2025)
Ms KWOK May-han, Grace	
Ms LAU Wing-fung, Jen	
Dr LEUNG Sai-man, Sigmund, BBS, JP	
Ms MAN Sze-wing, Jessica, MH	(from 16 September 2025)
Dr PUN Chun-shing, Jason	
Mr QUAN Wing-yeung, Marwick	
Ms WONG Lai-mei, Josephine	
Representative from Education Bureau	
Representative from Environmental Protection Department	

Environment and Conservation Fund

Investment Committee

Membership List

(1 April 2025 - 31 March 2026)

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

Ms CHAN Yuen-sau, Kelly, JP

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

Mr SIU Tin-hung, Terence

Ms WONG Mei-chun, Phoebe

Commissioner for Climate Change, Environment and Ecology Bureau

List of Approved Projects under the Environment and Conservation Fund (1 April 2025 - 31 March 2026)

Research and Development Projects

	Recipient Organisation	Project Title	Approved Grant
1.	City University of Hong Kong	Environment and Conservation Fund Advancement of Micro-aerated Anaerobic Digestion (MAAD) Technology for Saline Sludge Treatment toward Enhanced Energy-environment Synergies	$815,000.00
2.	City University of Hong Kong	Environment and Conservation Fund AI-driven Forecasting of Hong Kong Coastal Water Quality Using High-frequency Buoy Observations	$584,000.00
3.	City University of Hong Kong	Environment and Conservation Fund AI-driven Urban Wildlife Monitoring: A Cloud-edge Platform for Feral Pigeon Management in Hong Kong	$499,600.00
4.	City University of Hong Kong	Environment and Conservation Fund AI-enabled Digital Twin for Robust Sewer Condition Assessment and Environmentally-informed Rehabilitation	$500,000.00
5.	City University of Hong Kong	Environment and Conservation Fund Enhanced Valorisation of Recycled C&D Fines in Developing Smart Cement-based Repair Materials via Magneto-rheology Control	$500,000.00
6.	City University of Hong Kong	Environment and Conservation Fund Self-powered Piezoelectric Metamaterial Barriers for Road Traffic Noise: Active Control and Energy Harvesting	$558,000.00
7.	City University of Hong Kong	Environment and Conservation Fund Toxicity Assessment and Risk Modelling of E-waste Pollutants Liquid Crystal Monomers on Chinese White Dolphin Using Tissue-specific Cell Lines	$450,000.00
8.	Hong Kong Baptist University	Environment and Conservation Fund Development of Joule-heating Catalytic Technology for Hydrogen Production from Low-value Mixed Domestic Waste Plastics and Wastewater	$599,700.00

	Recipient Organisation	Project Title	Approved Grant
9.	Hong Kong Baptist University	Environment and Conservation Fund Integrated Satellite and Mobile-based Monitoring with WRF-Chem Inversion for Greenhouse Gas Emission Estimation in Hong Kong	$404,000.00
10.	Hong Kong Baptist University	Environment and Conservation Fund Putrescible Waste-derived Building Thermal Management Film	$500,000.00
11.	Hong Kong Baptist University	Environment and Conservation Fund Selective Biodegradation of Plastics with Low Recycling Value by Insects	$500,000.00
12.	Hong Kong Metropolitan University	Environment and Conservation Fund Development of a Zero-energy-consuming Hydrogel-based Coating for Indoor Thermal Comfort and Air Quality Enhancement	$495,000.00
13.	Hong Kong Metropolitan University	Environment and Conservation Fund Integrating Flow Image Cytometry and Artificial Intelligence for Quantitative Analysis of Bloom-causing Microalgae to Monitor the Health Status of Coastal Waters in Hong Kong	$479,930.00
14.	Institute of Sustainability and Technology Limited	Environment and Conservation Fund One Earth Summit	$500,000.00
15.	Lingnan University	Environment and Conservation Fund A Nature-based Approach to Managing Hiking Impacts and Enhancing Trail Resilience	$593,200.00
16.	Lingnan University	Environment and Conservation Fund AI-driven Land Use Regression for Air Quality Impact Assessment: A Predictive Framework for Modelling Emissions in Hong Kong	$571,180.00
17.	Lingnan University	Environment and Conservation Fund Applying Wildlife Forensic Methods to Understand the Illegal Seahorse Trade	$365,000.00
18.	The Chinese University of Hong Kong	Environment and Conservation Fund AI-augmented Unmanned Aerial System Driven Horseshoe Crab Conservation for Marine Protected Area Planning and Public Education	$1,325,000.00
19.	The Chinese University of Hong Kong	Environment and Conservation Fund ESPA-HK2050: Assessing Ecosystem Services Provision and Accessibility of Hong Kong's Blue-green Spaces towards 2050	$371,000.00
20.	The Chinese University of Hong Kong	Environment and Conservation Fund Turning Waste Glass into Radiative Cooling Paint for Low-carbon Cooling in Industrial Buildings in Hong Kong and the Greater Bay Area	$500,000.00

	Recipient Organisation	Project Title	Approved Grant
21.	The Hong Kong Polytechnic University	Environment and Conservation Fund 3D-printed Artificial Reefs from Oyster Shell Waste for Coral Restoration: Technology Demonstration and Community Education	$1,593,200.00
22.	The Hong Kong Polytechnic University	Environment and Conservation Fund AI-powered Sky Scans: Revolutionising Hong Kong's Greenhouse Gas Monitoring with GNSS-RO	$348,000.00
23.	The Hong Kong Polytechnic University	Environment and Conservation Fund Commons-based Smart Ecological Stewardship in Mirs Bay: Integrating Technology, Eco-cultural Tourism, and Community Governance	$594,400.00
24.	The Hong Kong Polytechnic University	Environment and Conservation Fund Dual-phase VOC Reduction of Waste Tyre Modified Low-carbon High-performance Asphalt Pavements through Reactive Extrusion	$1,316,000.00
25.	The Hong Kong Polytechnic University	Environment and Conservation Fund EVChargeMap: An Integrated Geospatial Database of Public and Private EV Chargers in Hong Kong	$500,000.00
26.	The Hong Kong Polytechnic University	Environment and Conservation Fund Next-generation ChaoJi Chargers and AI-driven Intelligent Infrastructure Siting Strategy for Electric Vehicles	$1,000,000.00
27.	The Hong Kong Polytechnic University	Environment and Conservation Fund Reconfiguring Saline Wastewater Treatment to Remove Phosphorus and Nitrogen via Innovative Pathways	$500,000.00
28.	The Hong Kong Polytechnic University	Environment and Conservation Fund Unravelling City-wide Vertical Aerosol and Particulate Matter, a Remote Sensing Study in Hong Kong	$600,000.00
29.	The Hong Kong University of Science and Technology	Environment and Conservation Fund 13th Aquatic Virus Workshop (AVW13)	$199,112.00
30.	The Hong Kong University of Science and Technology	Environment and Conservation Fund 3rd International Conference on Thermal Treatment and Resource Recovery (T^2R^2)	$250,000.00
31.	The Hong Kong University of Science and Technology	Environment and Conservation Fund A Spatially Interpretable Learning Framework for Compression, Assimilation and Reconstruction of Typhoon-induced Coastal Hazards in Hong Kong	$500,000.00

	Recipient Organisation	Project Title	Approved Grant
32.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Bridge-integrated Real-time Monitoring and Data Analysis Protocols for Vessel Fuel Sulphur Content in Hong Kong Waters	$490,000.00
33.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Comparative Assessment and Valuation of Ecosystem Services Generated from Recreation and Conservation in Coastal Wetland Habitats	$500,000.00
34.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Coral Reef Monitoring and Alerting System: Employing AI for Coral Reef Video Analysis	$886,000.00
35.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Development of a Proof-of-concept Protocol of the Small Unmanned Aircraft (SUA) with Sniffing Sensor System for 0.1% FSC Measurement of Ship Emissions	$490,000.00
36.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Environmental Noise Characterisation and Regulatory Suggestions for Hong Kong's Low-altitude Economy	$2,148,800.00
37.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Holistic Acoustic Design and AI-powered Simulation for Optimal Residential Noise Reduction	$500,000.00
38.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Investigating Atmospheric Oxygenated Volatile Organic Compounds in Hong Kong and GBA: Source, Formation and Environmental Impacts	$1,258,000.00
39.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Investigating the Influence of Local Soil Conditions and Microbial Communities on Water Main Corrosion: Development of Corrosion-resistant Ceramic Epoxy Coatings	$598,000.00
40.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Tackling the Challenges of Carbon Reduction and Extreme Weather in High-density Cities - A Holistic Design Framework for Façade Integrated Photovoltaics and Vertical Greenery Systems in Commercial Districts	$656,440.00 *

	Recipient Organisation	Project Title	Approved Grant
41.	The Hong Kong University of Science and Technology	Environment and Conservation Fund Urban Flora Guard: Bio-inspired Multifunctional Sensor Arrays and Digital Twin Integration for Comprehensive Urban Plant Health Monitoring	$600,000.00
42.	The University of Hong Kong	Environment and Conservation Fund AIRSORT: A Lightweight AI System for Composition Recognition to Facilitate Construction Waste Separation at Source	$845,738.00
43.	The University of Hong Kong	Environment and Conservation Fund Designing an Integrated Ground-air Monitoring System for Urban Greenhouse Gases and Air Pollutant Emissions Using Coordinated UAV and Taxi Scheduling	$506,000.00
44.	The University of Hong Kong	Environment and Conservation Fund Investigating Mammalian Diets in Hong Kong via DNA Metabarcoding of Fecal Samples	$599,500.00
45.	The University of Hong Kong	Environment and Conservation Fund sANTinel - A Citizen Science Project to Monitor New and Ongoing Ant Invasions, and Evaluate the Value of Citizen Science to Inform on Biological Invasion Threats	$1,355,597.50
46.	The University of Hong Kong	Environment and Conservation Fund Unveiling Near-road Ultrafine Particle Pollution in Hong Kong through Machine Learning and Computer Vision for Identifying Exposure Hotspots and Major Emitters	$500,000.00
		Subtotal (I) :	**$30,445,397.50**

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

Practice and Action Projects

	Recipient Organisation	Project Title	Approved Grant
47.	121C Society For Recycling Limited	Environment and Conservation Fund Operation of GREEN@ABERDEEN	$9,934,900.00
48.	121C Society For Recycling Limited	Environment and Conservation Fund Operation of GREEN@SAI YING PUN	$9,965,500.00
49.	Association of Kowloon City's Friend	Environment and Conservation Fund Operation of GREEN@WALLED CITY	$8,847,525.00

	Recipient Organisation	Project Title	Approved Grant
50.	Buddhist Compassion Relief Tzu-Chi Foundation Hong Kong Limited	Environment and Conservation Fund Operation of GREEN@QUARRY BAY	$9,936,500.00
51.	BUNC Art Foundation Limited	Environment and Conservation Fund Saving Coastal Guardians	$7,000.00
52.	Caritas Chan Chun Ha Field Studies Centre	Environment and Conservation Fund Cheung Chau Youth Carbon-reduction Pioneers	$26,975.00
53.	Cheung Chau Island Women's Association Limited	Environment and Conservation Fund Food Recycland Food Waste Recycle	$2,614,740.00
54.	Christian Family Service Centre	Environment and Conservation Fund Operation of GREEN@CHEUNG SHA WAN	$7,582,940.00
55.	Community Shared Care Association Limited	Environment and Conservation Fund Sai Kung Blue Ocean Initiative: Coastal Cleanup and Nature Conservation Guided Tour	$8,100.00
56.	East Kowloon District Residents' Committee Limited	Environment and Conservation Fund Operation of GREEN@SAN PO KONG	$9,821,608.00
57.	Eco Foundation Limited	Environment and Conservation Fund Operation of GREEN@HUNG HOM	$7,619,962.00
58.	EcoWisdom Limited	Environment and Conservation Fund Clean the Coast: Hok Tsui Beach Rescue & Eco-walk	$6,550.00
59.	Endeavour Environmental Education Foundation Limited	Environment and Conservation Fund Pilot Project for Food Waste Recycling in New Territories Villages	$3,770,547.00
60.	Environ Dragon Limited	Environment and Conservation Fund Save and Share, Reduce to Produce (Kowloon East)	$749,148.00
61.	Environmental Association Limited	Environment and Conservation Fund Operation of GREEN@TAI PO MARKET	$9,857,800.00
62.	Fragrant Village Creative Limited	Environment and Conservation Fund Beach Cleanup Art Initiative - Kat O Pilot Project	$7,825.00
63.	GF Great Fruit Charity Limited	Environment and Conservation Fund Cleanup Campaign at Whitehead	$8,880.00
64.	Green Council	Environment and Conservation Fund Food Waste Recycling Pilot Trial for Shopping Malls	$3,298,002.00
65.	Hong Kong Children Foundation Limited	Environment and Conservation Fund Shorelines Cleanup Day	$8,400.00
66.	Hong Kong Education, Science And Culture Foundation Limited	Environment and Conservation Fund Community Coastal Cleanup	$8,400.00
67.	Hong Kong Federation of Women's Centres Limited	Environment and Conservation Fund Food Share Project	$367,190.40

	Recipient Organisation	Project Title	Approved Grant
68.	Hong Kong Islamic Youth Association	Environment and Conservation Fund Khaleafa: Reviving Stewardship for Urban Biodiversity	$52,673.00
69.	Hong Kong Productivity Council (AquaTech and Research)	Environment and Conservation Fund Pilot Project: Novel AI-enhanced Decentralised Food Waste Pre-treatment Using "Food AI Genie"	$1,029,532.00
70.	Hong Kong Productivity Council (Green Living and Innovation)	Environment and Conservation Fund Pilot Project for Food Waste Recycling in Different Sectors through the Use of the Food TranSmarter	$3,714,832.00
71.	Jinan Volunteers Corps	Environment and Conservation Fund "Hand-in-Hand" Kayak & Clean-Up	$5,800.00
72.	Kowloon City District Celebrations Association Limited	Environment and Conservation Fund Operation of GREEN@TO KWA WAN	$8,002,059.00
73.	Kowloon Federation of Associations Kwun Tong District Committee Social Services Centre Limited	Environment and Conservation Fund Operation of GREEN@YUE MAN SQUARE	$7,679,900.00
74.	Kwong Yuen Volunteers' Group	Environment and Conservation Fund Coastal Cleanup & Waste Reduction at Source Educational Campaign	$8,600.00
75.	Legendary Education Foundation Limited	Environment and Conservation Fund "Legendary Coast": Lei Yue Mun Environmental Education and Beach Cleanup Project	$9,240.00
76.	Life Jungle Association Limited	Environment and Conservation Fund Lamma Island Shoreline Cleanup and Marine Debris Education Action	$5,590.00
77.	Lions Club of Tsuen Wan Charity Foundation Limited	Environment and Conservation Fund Coastal Protection Project	$8,400.00
78.	Love Together Services Limited	Environment and Conservation Fund Love Together Services Clean Shorelines Activity 2026	$9,800.00
79.	Ma On Shan Community Services Association	Environment and Conservation Fund Eco Sha Tin - BottleBack Futures	$1,605,140.80
80.	New Territories West Power Social Service Limited	Environment and Conservation Fund Operation of GREEN@SAN HUI	$9,060,050.00
81.	North District Residents Association Limited	Environment and Conservation Fund Operation of GREEN@FANLING	$9,955,000.00
82.	North District Residents Association Limited	Environment and Conservation Fund Operation of GREEN@SHEK WU HUI	$9,785,900.00
83.	Ocean Guardian Union Limited	Environment and Conservation Fund OGU Ma Shi Chau Tombolo Beach Cleanup	$9,900.00

	Recipient Organisation	Project Title	Approved Grant
84.	Ocean Guardian Union Limited	Environment and Conservation Fund OGU Ma Shi Chau Tombolo Seabed Cleaning	$31,255.00
85.	OIWA Limited	Environment and Conservation Fund Operation of GREEN@MUI WO	$9,917,710.00
86.	OIWA Limited	Environment and Conservation Fund To Unearth the Treasure Kitchen Waste Recycle Scheme	$2,196,152.40
87.	Pumen Foundation Limited	Environment and Conservation Fund Happy Food Waste Recycle 2.0 (Continuation Project)	$1,130,352.00
88.	Pumen Foundation Limited	Environment and Conservation Fund Operation of GREEN@YUEN LONG HUI	$8,911,890.00
89.	Rotaract Club of Hong Kong Financial Centre	Environment and Conservation Fund HKFC Beach Cleaning Squad 2025-2026	$8,750.00
90.	SeaYou Foundation Limited	Environment and Conservation Fund SeaYouHK Beach Clean-up & Mindful Education	$3,875.00
91.	Surein Foundation	Environment and Conservation Fund South Lantau Marine Park and Rural Conservation Guided Tour	$9,000.00
92.	The Association of the Hong Kong Central and Western District Limited	Environment and Conservation Fund Operation of GREEN@SHEUNG WAN	$9,584,295.00
93.	The Hong Kong Federation of Youth Groups - Sustainability Unit	Environment and Conservation Fund Drink with Green Sense N.T. Community Project	$1,673,739.70
94.	The Hong Kong Federation of Youth Groups - Jockey Club Wang Tau Hom Youth S.P.O.T.	Environment and Conservation Fund Sea Ultra Protection	$10,000.00
95.	The Original Youth Limited	Environment and Conservation Fund Pure Hearts Together, Clean Hands Together	$8,700.00
96.	The University of Hong Kong	Environment and Conservation Fund Reviving Hong Kong's Blue Heritage: Community-driven Marine Biodiversity Restoration	$828,520.00
97.	Tsuen Wan Development Association Limited	Environment and Conservation Fund Operation of GREEN@TSING YI	$9,432,598.00
98.	Tsuen Wan Kwai Ching District Women's Association (Charitable Fund) Limited	Environment and Conservation Fund Operation of GREEN@LO TAK COURT	$8,740,925.00
99.	Tung Wah Group of Hospitals	Environment and Conservation Fund Operation of GREEN@TIN HAU	$9,020,150.00

	Recipient Organisation	Project Title	Approved Grant
100.	Yau Tsim Mong Love & Care Charity Foundation Limited	Environment and Conservation Fund Operation of GREEN@TAI KOK TSUI	$7,951,670.00
101.	Youth Chain Limited	Environment and Conservation Fund Together for Clean Beaches and Coastal Conservation	$2,980.00
102.	Youth Kwun Tong Limited	Environment and Conservation Fund Protect the Sea Campaign: I Love 'Victoria' Harbour!	$6,100.00
		Subtotal (II):	**$204,859,571.30**

Publicity and Education Projects

	Recipient Organisation	Project Title	Approved Grant
103.	Association for Tsuen Wan Development	Environment and Conservation Fund Keep Our Shores Clean: Results & Celebration Festival	$38,392.00
104.	Caritas - Hong Kong	Environment and Conservation Fund Green Migrant Domestic Workers • Green Project	$1,475,521.00
105.	Caritas Parents Resource Centre	Environment and Conservation Fund Green for the Future	$14,600.00
106.	Community & Construction Association	Environment and Conservation Fund Connecting with Trees and Ecosystems Education Programme	$709,208.00
107.	Environmental Association Limited	Environment and Conservation Fund Conveys the Idea of Rebirth - from Discarded Land to a Thriving Ecosystem	$658,997.78
108.	Green Come True (Hong Kong) Limited	Environment and Conservation Fund Community GREEN GOAL Project	$2,720,669.60
109.	HakkaHome-LCW Limited	Environment and Conservation Fund Green Legacy: Sha Tau Kok Zero-waste Sharing Experiment 1.0	$114,650.00
110.	HKEducation Research Limited	Environment and Conservation Fund Harmonious Interaction between People and Coastal Environment	$320,050.00
111.	Hong Kong Children and Youth Services (Little Starfish - On-site Pre-school Rehabilitation Services)	Environment and Conservation Fund Little Starfish Big Dream	$78,650.00
112.	Hong Kong Community & Construction Association Charitable Foundation Limited	Environment and Conservation Fund Energy Future Lab	$581,100.00

	Recipient Organisation	Project Title	Approved Grant
113.	Hong Kong Federation of Women's Centres Limited	Environment and Conservation Fund Urban Biodiversity Community Education Programme	$852,214.00
114.	Hong Kong Institute of Utility Specialists	Environment and Conservation Fund Underwater Adventure Education Programme	$690,900.00
115.	Hong Kong Lutheran Social Service, LC-HKS	Environment and Conservation Fund Smart Eco Guide	$86,601.04
116.	Hong Kong Women Development Association Limited	Environment and Conservation Fund Low-Carbon in Future	$695,750.00
117.	Kowloon Federation of Associations Kwun Tong District Committee Social Services Centre Limited	Environment and Conservation Fund Green Kwun Tong - Create a Low-carbon Life Together	$860,500.00
118.	Lingnan University	Environment and Conservation Fund "Sea" through Cetacean: STEAM Student Ambassador Programme & Cetacean Conservation Exhibition	$1,733,940.00
119.	Little Life Warrior Society Limited	Environment and Conservation Fund Little Eco Warrior	$114,857.50
120.	Love-Link Charitable Fund Limited	Environment and Conservation Fund Waste Reduction in Community	$93,031.25
121.	Lutheran Luen Wo Market - House of Urban and Rural Living Limited	Environment and Conservation Fund The Wizard of Market - A New Vision for Carbon Reduction	$95,000.00
122.	Ocean Culture (HK) Company Limited	Environment and Conservation Fund Little Coral Rescue Team 2	$120,212.00
123.	Ocean Park Conservation Foundation, Hong Kong	Environment and Conservation Fund Ocean Guardians Publicity and Education Initiative	$1,945,300.00
124.	Ocean Park Corporation - Discovery and Education	Environment and Conservation Fund × Ocean Park: Waste Reduction Education Programme for Early Childhood	$9,261,964.00
125.	SAHK Ko Fook Iu Memorial School	Environment and Conservation Fund "Zero Carbon Table" - Parent-child Co-learning Program on Campus Organic Farming and Low-carbon Diet	$147,714.29
126.	The Boys' & Girls' Clubs Association of Hong Kong - Community Creativity Learning Centre	Environment and Conservation Fund Community Ecological Education Centre	$553,600.00
127.	The Chinese University of Hong Kong - Jockey Club Museum of Climate Change	Environment and Conservation Fund Youth Navigators: Low Carbon Community Action	$799,166.67
128.	The Chinese University of Hong Kong	Environment and Conservation Fund The In-school Coral Nursery Education Programme	$1,018,040.00

	Recipient Organisation	Project Title	Approved Grant
129.	The Hong Kong Management Association K S Lo College	Environment and Conservation Fund Upcycling Education Programme	$27,790.00
130.	The University of Hong Kong	Environment and Conservation Fund Exploring Marine Biodiversity: Empowering Youth Ambassadors for Ocean Stewardship	$662,640.00
131.	UNESCO Hong Kong Association	Environment and Conservation Fund "Connect Net Zero Schools with Innovation" Project	$848,880.00
132.	West Kowloon Parents Association	Environment and Conservation Fund Green Twist the Community Education Programme	$1,222,130.00
133.	World Vision Hong Kong	Environment and Conservation Fund 'Let's Chill with Low Carbon' From Farm to Table Education Project	$355,416.00
134.	World Wide Fund for Nature Hong Kong	Environment and Conservation Fund Sea the Changes	$1,018,961.11
		Subtotal (III):	**$29,916,446.24**

Environmental Education Projects Coordinated by the Environmental Campaign Committee

	Project Title	Approved Grant
135.	Student Environmental Protection Ambassador Scheme	$2,600,000.00
136.	Green Prefect Programme	$400,000.00
137.	GreenLink - Environmental Education Support Programme	$2,000,000.00
138.	Hong Kong Awards for Environmental Excellence	$10,500,000.00
139.	Hong Kong Green Organisation Certification	$4,500,000.00
140.	Reusable Tableware Lending Program for Large-scale Events	$150,000.00
141.	Operations and Promotional Activities of kNOw Carbon House	$3,100,000.00
142.	Outreach Activities and Environmental Campaign Committee Souvenirs	$1,500,000.00
143.	Carbon Neutrality Publicity Campaign 2.1	$6,100,000.00
144.	Other Special Publicity Programmes	$1,100,000.00
145.	Environmental Protection Department - Promotion Programme on Source Separation of Waste	$1,500,000.00
146.	Environmental Protection Department - Pilot Scheme on Food Waste Smart Recycling Bins in Private Housing Estates (Phase I)	$5,650,000.00

	Project Title	Approved Grant
147.	Environmental Protection Department - Pilot Scheme on Food Waste Smart Recycling Bins in Private Housing Estates (Phase II)	$12,270,000.00
148.	Electrical and Mechanical Services Department - "Energy Efficiency and Conservation" Publicity Campaign	$7,150,000.00
149.	Agriculture, Fisheries and Conservation Department - "Nature's Gift" Publicity Campaign	$1,600,000.00
150.	Environment and Ecology Bureau - "National Ecology Day" Publicity Campaign	$2,050,000.00
151.	Environmental Protection Department - Eco Expo Asia "Environmental Campaign Committee Pavilion"	$2,000,000.00
152.	Environmental Protection Department - Environmental Campaign Committee 35th Anniversary Publicity Campaign : "Beautiful China, Beautiful Hong Kong" 2.0	$4,800,000.00
153.	Manpower	$20,000,000.00
154.	Social Media Management and Maintenance	$2,500,000.00
155.	General Support	$200,000.00
	Subtotal (IV) :	**$91,670,000.00**
	Total (I)+(II)+(III)+(IV) :	**$356,891,415.04**

Report of the Director of Audit

Audit Commission
The Government of the Hong Kong Special Administrative Region

Independent Auditor's Report
To the Legislative Council

Opinion

I certify that I have audited the financial statements of the Environment and Conservation Fund set out on pages 4 to 15, which comprise the balance sheet as at 31 March 2026, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In my opinion, the financial statements give a true and fair view of the financial position of the Environment and Conservation Fund as at 31 March 2026, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance with section 8(1) of the Environment and Conservation Fund Ordinance (Cap. 450).

Basis for opinion

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

Responsibilities of the Secretary for Environment and Ecology for the financial statements

The Secretary for Environment and Ecology is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards

as issued by the HKICPA and section 8(1) of the Environment and Conservation Fund Ordinance, and for such internal control as the Secretary for Environment and Ecology determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

— identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Environment and Conservation Fund's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary for Environment and Ecology;

— conclude on the appropriateness of the Secretary for Environment and Ecology's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

may cast significant doubt on the Environment and Conservation Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Environment and Conservation Fund to cease to continue as a going concern; and

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

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



Ms Elaine Chang
Principal Auditor
for Director of Audit

23 June 2026

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

Environment and Conservation Fund
Balance Sheet as at 31 March 2026

	Note	**2026 HK$**	2025 HK$
Current Assets			
Placement with the Exchange Fund	3	**6,239,810,684**	6,196,944,108
Interest receivable		**174,040**	-
Time deposits with original maturities over three months		**11,000,000**	-
Cash and cash equivalents	4	**40,581,860**	7,285,845
		6,291,566,584	6,204,229,953
Current Liabilities			
Accounts payable		**10,279,607**	-
Deferred income	5	**440,565**	1,762,262
		10,720,172	1,762,262
Net Current Assets		**6,280,846,412**	6,202,467,691
Non-current Liabilities			
Deferred income	5	**86,556,339**	83,217,656
Net Assets		**6,194,290,073**	6,119,250,035
ACCUMULATED FUND			
Capital	3	**5,000,000,000**	5,000,000,000
Accumulated surplus		**1,194,290,073**	1,119,250,035
		6,194,290,073	6,119,250,035

The accompanying notes 1 to 11 form part of these financial statements.

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

23 June 2026

Environment and Conservation Fund
Income and Expenditure Account for the year ended 31 March 2026

	Note	**2026**	2025
		HK$	HK$
INCOME			
Interest income	6	**271,580,841**	232,083,787
Refund of grants		**378,318**	836,438
Donation income		**1,762,262**	1,762,262
		273,721,421	234,682,487
EXPENDITURE			
Grants for environmental research and other projects		**125,914,848**	165,557,372
Grants to the Environmental Campaign Committee		**72,766,535**	90,525,937
		198,681,383	256,083,309
Surplus/(Deficit) for the year		**75,040,038**	(21,400,822)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**75,040,038**	(21,400,822)

The accompanying notes 1 to 11 form part of these financial statements.

Environment and Conservation Fund
Statement of Changes in Equity for the year ended 31 March 2026

	Capital HK$	Accumulated surplus HK$	Total HK$
Balance at 1 April 2024	5,000,000,000	1,140,650,857	6,140,650,857
Total comprehensive loss for 2024-25	-	(21,400,822)	(21,400,822)
Balance at 31 March 2025 and 1 April 2025	5,000,000,000	1,119,250,035	6,119,250,035
Total comprehensive income for 2025-26	-	75,040,038	75,040,038
Balance at 31 March 2026	**5,000,000,000**	**1,194,290,073**	**6,194,290,073**

The accompanying notes 1 to 11 form part of these financial statements.

Environment and Conservation Fund
Statement of Cash Flows for the year ended 31 March 2026

	Note	**2026** **HK$**	2025 HK$
Cash flows from operating activities			
Refund of grants		**378,318**	836,438
Increase in accounts payable		**10,279,607**	-
Grants for environmental research and other projects		**(125,914,848)**	(165,557,372)
Grants to the Environmental Campaign Committee		**(72,766,535)**	(90,525,937)
Net cash used in operating activities		**(188,023,458)**	(255,246,871)
Cash flows from investing activities			
Interest received from bank deposits		**987,086**	106,247
Increase in time deposits with original maturities over three months		**(11,000,000)**	-
Withdrawal of interest earned from placement with the Exchange Fund		**231,332,387**	258,000,000
Net cash from investing activities		**221,319,473**	258,106,247
Net increase in cash and cash equivalents		**33,296,015**	2,859,376
Cash and cash equivalents at beginning of year		**7,285,845**	4,426,469
Cash and cash equivalents at end of year	4	**40,581,860**	7,285,845

The accompanying notes 1 to 11 form part of these financial statements.

Environment and Conservation Fund
Notes to the Financial Statements

1. General

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

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

2. Material accounting policies

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with section 8(1) of the Environment and Conservation Fund Ordinance and all applicable HKFRS Accounting Standards, which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). Material accounting policies adopted by the Fund are set out below.

(b) Basis of preparation of the financial statements

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

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

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

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

(c) Impact of new and revised HKFRS Accounting Standards

The HKICPA has issued certain new or revised HKFRS Accounting Standards which are first effective or available for early adoption for the current accounting period of the Fund. There have been no changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

The Fund has not early adopted any amendments, new standards and interpretations which are not yet effective for the current accounting period. These include the following which may be relevant to the Fund.

	Effective for accounting periods beginning on or after
HKFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027

The Fund is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial adoption. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

(d) Financial assets and financial liabilities

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised on the date the Fund becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial assets or the issue of the financial liabilities.

(ii) Classification and subsequent measurement

Financial assets measured at amortised cost

The Fund's financial assets comprise placement with the Exchange Fund, interest receivable, time deposits and cash and cash equivalents. They are held for the collection of contractual cash flows which represent solely payments of principal and interest. They are subsequently measured at amortised cost using the effective interest method. The measurement of loss allowances for these financial assets is based on the expected credit loss model as described in note 2(d)(iv).

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows by considering all contractual terms of the financial instrument but does not consider the expected credit

losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Financial liabilities measured at amortised cost

These comprise accounts payable. They are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership have been transferred.

A financial liability is derecognised when the obligation specified in the contract is discharged, is cancelled or expires.

(iv) Impairment of financial assets

For financial assets measured at amortised cost, the Fund measures the expected credit losses to determine the loss allowance required to be recognised.

Expected credit losses are a probability-weighted estimate of credit losses. They are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Fund expects to receive, discounted at the effective interest rate. They are measured on either of the following bases:

- 12-month expected credit losses (for financial instruments for which there has not been a significant increase in credit risk since initial recognition): these are losses that are expected to result from possible default events within the 12 months after the reporting date; or

- lifetime expected credit losses (for financial instruments for which there has been a significant increase in credit risk since initial recognition): these are losses that are expected to result from all possible default events over the expected life of the financial instruments.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Fund compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Fund considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Fund in full; or (ii) the financial asset is 90 days past due. The Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For a financial asset with lifetime expected credit losses recognised in the previous reporting period, if its credit quality improves and reverses the

previously assessed significant increase in credit risk, then the loss allowance reverts from lifetime expected credit losses to 12-month expected credit losses.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(e) Revenue recognition

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

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

(f) Grants

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

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

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and time deposits with original maturities within three months.

3. Placement with the Exchange Fund

	2026 **HK$**	2025 HK$
Principal	**4,700,000,000**	4,700,000,000
Interest received and not yet withdrawn	**1,466,822,538**	1,430,142,485
	6,166,822,538	6,130,142,485
Interest receivable	**72,988,146**	66,801,623
	6,239,810,684	6,196,944,108
Classified as:		
Current assets	**6,239,810,684**	6,196,944,108

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 principal sum cannot be withdrawn. Upon maturity of the placement in July 2025, the Fund renewed the placement with a principal sum of HK$4.7 billion for another six years.

As announced by the Financial Secretary in his 2026-27 Budget Speech in February 2026, the unspent balance of the Fund would be brought back to the Government's accounts in 2026-27. The Fund expects to early terminate the placement with the Exchange Fund in 2026-27.

Interest on the placement is at a rate determined annually in January and payable annually in arrears on 31 December. The rate is the average annual rate of return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year government bond in the previous year subject to a minimum of zero percent, whichever is the higher. The interest rate has been fixed at 4.8% and 4.4% per annum for the calendar year 2026 and 2025 respectively.

4. Cash and cash equivalents

	2026 HK$	2025 HK$
Time deposits with original maturities within three months	**23,000,000**	-
Cash at bank	**17,581,860**	7,285,845
	40,581,860	7,285,845

5. Deferred income

With an agreement signed between the Trustee of the Fund and a company dated 26 January 2021, the company made a donation of HK$75 million in 2021 to the Fund for conservation purposes. The donation and its investment returns are deferred and recognised in the Income and Expenditure Account over the period necessary to match with the related costs.

	2026 HK$	2025 HK$
Deferred income	**86,996,904**	84,979,918
Classified as:		
Current liabilities	**440,565**	1,762,262
Non-current liabilities	**86,556,339**	83,217,656
	86,996,904	84,979,918

6. Interest income

	2026 HK$	2025 HK$
Interest income on placement with the Exchange Fund	**270,419,715**	231,977,540
Interest income on bank deposits	**1,161,126**	106,247
	271,580,841	232,083,787

7. Financial risk management

The Fund's financial instruments include placement with the Exchange Fund, interest receivable, time deposits with original maturities over three months, cash and cash equivalents and accounts payable. The major risks associated with these financial instruments are set out below.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum exposure to credit risk of the financial assets of the Fund at the reporting date is equal to their carrying amounts.

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

	2026 HK$	2025 HK$
Time deposits and cash and cash equivalents, by credit rating		
Aa1 to Aa3	**27,581,860**	7,285,845
A1 to A3	**24,000,000**	-
	51,581,860	7,285,845

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Since the Fund's time deposits bear interest at fixed rates, their fair values will fall when market interest rates increase. However, as they are all stated at amortised cost, changes in

market interest rates will not affect their carrying amounts and the Fund's surplus/deficit for the year.

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

(c) Other financial risk

The Fund is exposed to financial risk arising from the placement with the Exchange Fund due to changes in the interest rate which is determined in January each year (note 3). As at 31 March 2026, it is estimated that an increase/decrease of 50 basis point (2025: 50 basis point) in the interest rate, with all other variables held constant, would have increased/decreased the surplus for the year by HK$31 million (2025: decreased/increased the deficit for the year by HK$31 million).

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

In the management of liquidity risk, the Fund maintains a level of cash and cash equivalents that is considered adequate to finance its operations and mitigate the effects of fluctuations in cash flows. Hence, the Fund does not have significant exposures to liquidity risk.

As at 31 March 2026, the remaining contractual maturities of all financial liabilities, based on contractual undiscounted cash flows and the earliest date on which the Fund can be required to pay, were one month or less (2025: nil).

8. Capital management

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

(a) to comply with the Environment and Conservation Fund Ordinance; and

(b) to maintain a strong capital base for carrying out the purposes of the Fund as stated in note 1 above.

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

9. Commitments

As at 31 March 2026, the commitments for approved grants, subject to the satisfactory compliance with certain conditions of the relevant projects, were HK$466,003,884 (2025: HK$345,875,754).

10. 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, was borne by the Government of the Hong Kong Special Administrative Region in accordance with section 9(1) of the Environment and Conservation Fund Ordinance.

11. Fair values of financial assets and financial liabilities

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