

**SIR DAVID TRENCH
FUND FOR
RECREATION
ANNUAL REPORT
2021-2022**

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*Except the Sports Aid for the Disabled Fund, the Sports Aid Foundation Fund and the Arts Development Fund which did not have any grant approved in the years 2017-2018 to 2021-2022.

MEMBERS OF COMMITTEES 2021-2022

SIR DAVID TRENCH FUND COMMITTEE

<i>Chairman :</i>	Mr CHENG Ka-ho, MH, JP
<i>Members :</i>	Ms Agnes CHAN Hiu-ching Mr Marvel CHOW Ting-yu Ms Mandy LEUNG Man-yee Mr Dragon LI Sai-lung Ms LI Sze-man Mr Steve LO Chun-yin Mr Ajmal SAMUEL Ms Candy SHAM On-yee, MH Mr Jonathan TONG Chun-kit Mr Timothy WONG Cheuk-tim Mr Gary WONG Chi-him Representative of Hong Kong Council of Social Service Representative of Home Affairs Bureau Representative of Home Affairs Department Representative of Leisure and Cultural Services Department Representative of Social Welfare Department
<i>Secretary :</i>	Mr Kent CHOI Home Affairs Bureau

INVESTMENT ADVISORY COMMITTEE

<i>Chairman :</i>	Mr Ernest TSANG Kwong-wing
<i>Members :</i>	Mr Dominic CHAN Dao-ming Ms Rosita LEE Pui-shan (up to 31.10.2021) Ms LEUNG Po-hang (w.e.f. 1.11.2021) Mr John THANG Kai-chi Mr Plato YIP Kwong-to
<i>Secretary :</i>	Mr Jeff CHUNG The Treasury

**HONG KONG SPORTS INSTITUTE LIMITED
BOARD OF DIRECTORS**

Chairman : Dr LAM Tai-fai, SBS, JP

Vice-Chairmen : Mr CHEW Fook-aun
Mrs Jenny FUNG MA Kit-han, BBS, JP

Directors : Ms Amy CHAN Lim-chee, JP
Ms Eliza CHANG Lai-shan (w.e.f 1.4.2021)
Hon Vincent CHENG Wing-shun, MH, JP (w.e.f 1.4.2021)
Hon Kenneth FOK Kai-kong, JP
Mr Edmond HUNG Chor-ying (w.e.f 1.4.2021)
Ms Ida LEE Bik-sai, JP
Dr LEUNG Pak-yin, SBS, JP (w.e.f 1.4.2021)
Mr William TONG Wai-lun, BBS, MH, JP (w.e.f 1.4.2021)
Dr Michael TSE, JP
Mr Albert WONG Hak-keung
Mr Andy WONG Man-kit (w.e.f 1.4.2021)
Mr YEUNG Tak-keung, JP
Mr Franklin YU
Mr Richard YUEN Ming-fai, GBS, JP

Alternate Directors : Mr Paul CHENG Ching-wan
(as alternate director to Mr YEUNG Tak-keung, JP)
Mr Benjamin HUNG Tak-chuen
(as alternate director to Ms Ida LEE Bik-sai, JP)

Secretary : Ms Doris KWOK
(Non-Director)

**HONG KONG SPORTS INSTITUTE LIMITED
ELITE TRAINING AND ATHLETES AFFAIRS COMMITTEE**

Chairman : Mr CHEW Fook-aun (w.e.f 1.4.2021)

Members : Ms Amy CHAN Lim-chee, JP
Ms Eliza CHANG Lai-shan (w.e.f 1.4.2021)
Hon Vincent CHENG Wing-shun, MH, JP (w.e.f 1.4.2021)
Hon Kenneth FOK Kai-kong, JP
Mrs Jenny FUNG MA Kit-han, BBS, JP
Mr Edmond HUNG Chor-ying (w.e.f 1.4.2021)
Mr Benjamin HUNG Tak-chuen
Dr LEUNG Pak-yin, SBS, JP (w.e.f 1.4.2021)
Mr William TONG Wai-lun, BBS, MH, JP (w.e.f 1.4.2021)
Dr Michael TSE, JP
Mr Albert WONG Hak-keung
Mr YEUNG Tak-keung, JP
Mr Franklin YU

Alternate Members : Mr Paul CHENG Ching-wan
(as alternate member to Mr YEUNG Tak-keung, JP)
Mr Henry WONG Yau-kuen
(as alternate member to Mr Benjamin HUNG Tak-chuen)

TRUSTEE'S REPORT

MAIN FUND

In January 1970, a sum of \$3 million was donated for the promotion of recreational and related activities to commemorate the governorship of Sir David TRENCH and also as a token of appreciation of the work of the Civil Service and of the many public spirited citizens who served on advisory boards and committees. An ordinance to establish a fund for the purposes the donor had in mind was passed by the Legislative Council on 11 February 1970 (Chapter 1128 of the Laws of Hong Kong – Sir David Trench Fund for Recreation Ordinance). Section 6 of the Ordinance sets out special provisions relating to the manner in which the Fund may be applied. This section states that the original capital sum of \$3 million must not be used for the objects specified in section 5 without the prior approval of the Legislative Council. It follows that without this special approval, the Fund would not have been able to begin operation until income began to flow from the capital sum. To overcome this problem, the donor of the original capital sum of \$3 million very generously provided an additional \$0.2 million. In 1979, the then Governor directed that a grant of \$15 million should be made from the Lotteries Fund to the Sir David Trench Fund for Recreation to replenish the Fund's capital so as to ensure that sufficient income was generated to meet calls on the Fund. In April 1991, a sum of \$5 million was donated to the Fund by the Hong Kong Jockey Club (Charities) Ltd. This donation was regarded as an addition to the capital of the Fund and only the income generated from this donation could be used for payment of grants. Total capital injections to the Fund since its establishment now stand at \$23.2 million. For the purposes of this report and the annual accounts, the moneys of this Fund are referred to as the Main Fund so as to distinguish these moneys from those of the other Funds established under the aegis of the Sir David Trench Fund for Recreation as mentioned in paragraphs 2 to 6 below.

SPORTS AID FOR THE DISABLED FUND

2. In August 1985, the Finance Committee of the Legislative Council approved a donation of \$1.5 million to be made to the Sir David Trench Fund for Recreation to set up a fund for the promotion of sport for the disabled. The capital sum of this donation should be kept intact and the investment income accruing thereon should be used specifically for the purpose of promoting sport for the disabled. This Fund was named the Sports Aid for the Disabled Fund. In July 1992, a sum of \$5 million was donated towards the capital of the Fund by the Hong Kong Jockey Club (Charities) Ltd., bringing the total capital to \$6.5 million.

SPORTS AID FOUNDATION FUND

3. On 9 February 1987, approval was given under section 6 of the Ordinance to set up an independent fund called the Sports Aid Foundation Fund, to be administered under the aegis of the Sir David Trench Fund for Recreation, for the purpose of assisting financially needy sportsmen in their pursuit of excellence. Under this approval, the capital of this Fund has been used to generate recurrent income which is being applied specifically for the purpose of this Fund. In May and December 1987, two sums of \$5 million each were donated to the Fund by the Hong Kong Jockey Club (Charities) Ltd., making a total capital of \$10 million for the year 1987-1988. During the year 1988-1989, two additional sums were received bringing the capital of the Fund to \$15.577 million, one being the transfer to the Fund of the balance of \$0.577 million in the then Governor's Special Fund in October 1988, and the other being a donation of \$5 million from the Hong Kong Jockey Club (Charities) Ltd. received in March 1989. Since 1989-1990, two further sums totalling \$25 million were donated by the Hong Kong Jockey Club (Charities) Ltd. to the Fund, one for \$5 million received in July 1990 and the other for \$20 million received in July 1992, which brought the total capital to \$40.577 million.

ARTS DEVELOPMENT FUND

4. On 14 May 1993, the Finance Committee of the Legislative Council approved a grant of \$30 million to the Sir David Trench Fund for Recreation to enhance the development of arts in Hong Kong. For this purpose, approval was given under section 6 of the Ordinance to set up an independent fund, to be known as the Arts Development Fund, under the aegis of the Sir David Trench Fund for Recreation in May 1993. In January 2007, the Finance Committee of the Legislative Council approved an injection of \$20 million into the Fund, which brought the total capital to \$50 million. Both the capital of the Fund and any income generated therefrom may be expended specifically for the purpose of the Fund.

HONG KONG ATHLETES FUND

5. In August 1996, the Government announced the setting up of the Hong Kong Athletes Fund to help individual athletes to pursue excellence in their chosen sports and to provide them with the opportunity to develop alternative careers upon their retirement from competitive sport. On 23 January 1997, approval was given under section 5 of the Ordinance to incorporate the Fund into the Sir David Trench Fund for Recreation. For this purpose, the Government injected \$8 million, which together with donations totalling \$5.171 million from the community raised the capital of the Fund to \$13.171 million. Additional donations totalling \$0.077 million were received in 1997-1998 and brought the capital of the Fund to \$13.248 million. As directed by the Government, the capital sum of this Fund must be kept intact and only the investment income accruing thereon may be used for the purpose of the Fund. In March 2009, the Government injected a sum of \$5 million into the Fund, which brought the capital to \$18.248 million. The sum of \$5 million injected may be expended specifically for the special scheme for young athletes. In March 2012, a donation of \$4.9 million was injected into the Fund which may be expended specifically for athlete education. In March 2018, the Government injected \$4.5 million into the Fund, bringing the total capital to \$27.648 million. In September 2020, the Government further injected \$250 million into the Fund, bringing the total capital to \$277.648 million. The capital sum of this Fund which must be kept intact remains at \$13.248 million.

ARTS AND SPORT DEVELOPMENT FUND

6. On 31 January 1997, the Finance Committee of the Legislative Council approved a grant of \$300 million for the establishment of the Arts and Sport Development Fund. The purpose of this Fund was to provide funding mainly to the Hong Kong Arts Development Council and the Hong Kong Sports Development Board for the implementation of their respective five-year strategic plans for the development of arts and sport in Hong Kong. This Fund was subsequently set up in accordance with section 5 of the Ordinance on 8 March 1997 under the aegis of the Sir David Trench Fund for Recreation. In January 2007 and February 2009, the Finance Committee of the Legislative Council approved injections of \$80 million and \$150 million into the Fund respectively. In July 2010, the Finance Committee of the Legislative Council approved a further sum of \$3 billion to be injected into the Fund to support the long-term development of sport, culture and arts. In January 2019, the Finance Committee of the Legislative Council approved an injection of \$1 billion into the sports portion of the Fund, which brought the total capital to \$4.53 billion. Since January 2019, both the capital and any income generated therefrom may be expended specifically for the purpose of the Fund. In October 2021, the Finance Committee of the Legislative Council approved an injection of \$150 million into the sports portion of the Fund. In March 2022, the Hong Kong Jockey Club Charities Trust approved to donate \$150 million to the sports portion of the Fund.

OBJECTS OF THE SIR DAVID TRENCH FUND FOR RECREATION

7. Section 5 of the Ordinance requires the Trustee to apply the Fund in such manner as the Chief Executive may direct for the following objects:

- (a) the provision of, or assistance in the provision of facilities for recreational, sporting, cultural and social activities; and
- (b) such objects ancillary or incidental to the objects set out in paragraph (a) as the Chief Executive may consider appropriate.

COMMITTEES

8. In April 1970, the then Governor appointed the Sir David Trench Fund for Recreation Advisory Committee to assist him in determining the purposes for which the Fund should be applied. Subsequently in October 1976, this Advisory Committee was disbanded and the Council for Recreation and Sport took over the responsibilities of recommending how the income of the Fund should be utilised. In January 1983, a further committee, the Sir David Trench Fund Committee, was established which was directly responsible to the Council for Recreation and Sport for administering the Main Fund.

9. Following the establishment of the Sports Aid for the Disabled Fund in August 1985, the Sports Aid for the Disabled Committee was established in January 1986, which was directly responsible to the Council for Recreation and Sport for administering the Sports Aid for the Disabled Fund. Subsequently in November 1987, this committee was disbanded following the establishment of a Sports Aid Committee, which was directly responsible to the Council for Recreation and Sport for administering the two sports aid funds, namely, the Sports Aid for the Disabled Fund and the Sports Aid Foundation Fund.

10. The term of office of the Council for Recreation and Sport, with its committees including the Sir David Trench Fund Committee and the Sports Aid Committee, ended on 31 October 1989.

11. Since November 1989, the then Secretary for Broadcasting, Culture and Sport (the Secretary for Home Affairs with effect from 9 April 1998) has directly approved the allocation of funds by way of grants from the Main Fund. In January 1990, a new committee, the Sir David Trench Fund Committee, was established to advise him on the allocation of these funds. The membership of the Sir David Trench Fund Committee is detailed on page 2.

12. With regard to the Sports Aid for the Disabled Fund and the Sports Aid Foundation Fund, a Provisional Sports Development Board was established in November 1989 and was delegated the authority to approve and disburse funds from these two Funds. On 1 April 1990, the Hong Kong Sports Development Board was formally established and subsequently in April 1990 a Sports Aid Foundation Fund and Sports Aid for the Disabled Fund Committee was established under the Board to advise on the disbursement of grants from these two Funds. The Committee was renamed the Sports Aid Committee with effect from 6 January 1997, and its ambit has been extended since March 1997 to include the provision of advice to the Hong Kong Athletes Fund on the disbursement of grants. On 1 April 1998, the Committee was restructured and renamed the Sports Aid Sub-Committee. On 6 May 2003, the Sports Aid Sub-Committee was further renamed as the Athletes Support Sub-Committee. With the dissolution of the Hong Kong Sports Development Board on 1 October 2004, the Hong Kong Sports Institute Limited was established on the same day. The Elite Training and Athletes Affairs Committee was established under the Institute to approve and disburse grants from the three Funds with effect from 1 October 2004. The current memberships of the Board of Directors of the Hong Kong Sports Institute Limited and its Elite Training and Athletes Affairs Committee are detailed on pages 3 to 4.

13. Disbursements from the Arts Development Fund were approved by the Secretary for Home Affairs on the advice of the Sub-committee on the Arts Development Fund under the Advisory Committee on Arts Development. The term of office of the Sub-Committee ended on 31 October 2020.

14. Under subsection 1 of section 7 of the Ordinance, the Trustee may invest any moneys of the fund in such investments as the Chief Executive may direct, subject, in the case of investments which are not trust investments, to the prior approval of the Investment Advisory Committee. The membership of this Committee is detailed on page 2.

FINANCIAL STATEMENTS

15. The financial statements, which comprise the balance sheet as at 31 March 2022, the income and expenditure account, the statement of changes in equity and the statement of cash flows for the year then ended are at pages 15 to 37.

16. Under the Main Fund, there was a deficit of \$8.691 million for the year. Income from dividends and interest was \$3.001 million. Net realised and revaluation losses on investments in securities were \$2.888 million. Expenditure on grants was \$8.859 million. The accumulated surplus was \$110.733 million at 31 March 2022.

17. Under the Sports Aid for the Disabled Fund, there was a surplus of \$0.387 million for the year. Interest income was \$0.388 million. There was no grant payment during the year. The accumulated surplus was \$3.255 million at 31 March 2022.

18. Under the Sports Aid Foundation Fund, there was a surplus of \$2.393 million for the year. Interest income was \$2.394 million. There was no grant payment during the year. The accumulated surplus was \$12.427 million at 31 March 2022.

19. Under the Arts Development Fund, there was a surplus of \$0.001 million for the year. Interest income was \$0.001 million. There was no grant payment during the year. The accumulated deficit was \$49.700 million at 31 March 2022.

20. Under the Hong Kong Athletes Fund, there was a deficit of \$14.691 million for the year. Income from dividends and interest was \$4.426 million. Net realised and revaluation losses on investments in securities were \$6.355 million. Expenditure on grants was \$12.929 million. The accumulated deficit was \$6.394 million at 31 March 2022.

21. Under the Arts and Sport Development Fund, there was a deficit of \$358.196 million for the year. Income from dividends and interest was \$120.548 million. Net realised and revaluation losses on investments in securities were \$165.492 million. Expenditure on grants was \$342.155 million. The accumulated deficit was \$305.661 million at 31 March 2022.

GRANTS

22. Details of the expenditure on grants in 2021-2022 are shown in the Statement of Approved Grants in Schedule 1 on pages 38 to 44. A summary of approved grants over the years and outstanding commitments as at 31 March 2022 is provided in Schedule 2 on page 45.

INVESTMENTS

23. Investments as at 31 March 2022 are shown in Schedule 3 on page 51.

Ms Susanna CHEUNG

Director of Accounting Services

The Trustee of the Sir David Trench Fund for Recreation

24 June 2022

REPORT OF THE SECRETARY FOR HOME AFFAIRS ON THE SIR DAVID TRENCH FUND FOR RECREATION 2021-2022

SIR DAVID TRENCH FUND FOR RECREATION

The Sir David Trench Fund for Recreation (the Fund) is used, as the Chief Executive may direct, for provision of, or assistance in the provision of facilities for recreational, sporting, cultural and social activities. Grants from the Fund support projects aimed at the development of the individual and his or her identity and involvement in the life of the community of Hong Kong. In keeping with the donor's wishes, emphasis is placed on encouraging the purposeful use of leisure by young people.

2. The tasks of vetting applications for grants and making recommendations on all matters of a financial, procedural or policy related nature in respect of the Fund are undertaken by the Sir David Trench Fund (SDTF) Committee. The membership of the Committee is shown on page 2.

3. Applicants may apply for the grants under the categories of the Capital Works Project which aim at building new recreational facilities, the Non-Capital Works Project which cover the purchase of equipment, and the Special Project which support projects with a specific purpose determined by the SDTF Committee periodically. Eligible projects should -

- (a) involve direct organisation of physical education, sporting and cultural activities which encourage the purposeful use of leisure by young people;
- (b) be of long-term benefit and reach out to the widest possible cross-section of the community;
- (c) only utilise the grant to cover one-off expenditure and not recurrent commitments. The grants are expected to be spent within the specified period, and the project concerned must be self-financing thereafter; and
- (d) be assessed on the basis of the best use of the Fund. The SDTF Committee will consider both the scope and the amount of grant requested in each application and decide whether the project will be supported in full or in part.

4. Priority will be given to new applicants, in particular, those who have no access to regular funding sources.

5. Non-Capital Works Projects should achieve long-term benefits and encourage the purposeful use of leisure by young people. The Fund should be used for the purchase of durable equipment for use in recreational, sporting and cultural activities. In 2021-2022, a total of \$3,494,244 was awarded to the organisations and agencies listed on page 39.

6. Capital Works Projects should be specifically of the "brick and mortar" type and for the construction of new recreational facilities. In 2021-2022, a total of \$814,640 from the Fund helped to pay for the three capital works projects listed on page 40.

7. Special Projects should provide facilities or equipment in the furtherance of a specific purpose determined by the SDTF Committee. The purpose for the years 2020-2021 to 2022-2023 has been "Construction and improvement of sports facilities and procurement of sports equipment for promotion of sports development in Hong Kong". In 2021-2022, a total of \$16,504,313 was awarded to seven projects which were in compliance with the said purpose.

SPORTS AID FOUNDATION FUND

8. The Sports Aid Foundation Fund (SAFF) was set up on the advice of the then Council for Recreation and Sport in February 1987 with the aim of assisting financially needy athletes in their pursuit of excellence. The SAFF is intended to provide financial assistance in two areas, namely -

- (a) training expenses: equipment, special diets, coaching fees, travelling expenses, etc.; and
- (b) allowances to alleviate financial difficulties arising from loss of earnings as a result of participation in training and competitions.

9. The Elite Training and Athletes Affairs Committee of the Hong Kong Sports Institute Limited is responsible for advising on the disbursement of grants from the SAFF. Membership of the Committee is shown on page 4.

10. The current capital of the SAFF is \$40,577,000, of which \$40,000,000 was donated by the then Royal Hong Kong Jockey Club and the balance was from a Government grant. Only income generated from the capital of the SAFF may be disbursed.

SPORTS AID FOR THE DISABLED FUND

11. The Sports Aid for the Disabled Fund (SADF) was set up with a Government donation of \$1,500,000 in August 1985 to promote sport for disabled people. The then Royal Hong Kong Jockey Club donated \$5,000,000 to the SADF in July 1992, increasing the capital of the SADF to \$6,500,000.

12. The Elite Training and Athletes Affairs Committee of the Hong Kong Sports Institute Limited is responsible for advising on the disbursement of grants from the SADF. Membership of the Committee is shown on page 4.

13. In 2007-2008, the Hong Kong Sports Institute Limited implemented a new financial support scheme known as the Sports Aid for The Disabled Grant. Since then, no applications for grants from the SADF have been received. We are liaising with relevant organisations on initiatives to improve the promotion of sport for disabled people, using funding from the SADF.

ARTS AND SPORT DEVELOPMENT FUND

14. In January 1997, the Finance Committee of the Legislative Council (LegCo FC) approved the setting up of the Arts and Sport Development Fund (ASDF) as a sub-fund under the Sir David Trench Fund for Recreation to provide funding for the key initiatives of the Hong Kong Arts Development Council (HKADC) and the then Hong Kong Sports Development Board in their respective five-year strategic plans, and other projects that, in the Secretary for Home Affairs's opinion, will make significant contribution to the further development of the arts and sport in the community. A sum of \$300,000,000 was approved as a one-off injection into the ASDF. The amounts allocated for the arts and sport were \$160,000,000 and \$140,000,000 respectively. Any investment income generated is ploughed back into the ASDF. On 26 January 2007, LegCo FC approved an injection of \$80,000,000 into the ASDF, \$40,000,000 each for the arts and sports portions. On 20 February 2009, LegCo FC approved an injection of \$150,000,000 into the ASDF, \$60,000,000 and \$90,000,000 for the arts and sports portions respectively.

15. To promote further the development of arts and sport, LegCo FC approved on 2 July 2010 an injection of \$3 billion into the ASDF as seed money for generating an annual investment return to provide sustainable additional resources for subsidising the long-term development of sport, culture and the arts. On 4 January 2019, LegCo FC approved an injection of \$1 billion into the ASDF (Sports Portion) and that the use of ASDF is no longer limited to its investment returns. On 8 October 2021, LegCo FC approved another injection of \$150,000,000 into the ASDF (Sports Portion). This injection into the Sports Portion, together with the \$150,000,000 donation from the Hong Kong Jockey Club Charities Trust, constitutes an aggregate funding of \$300,000,000 for the Sports Science and Research Funding Scheme to enhance the competitiveness of elite athletes at international sports events.

16. Before the injection of funds to the ASDF in July 2010, the arts portion of ASDF primarily supported the arts projects of the HKADC. With the new injection, \$30,000,000 is earmarked per annum as an enhanced provision for HKADC to support schemes or projects under its purview, while another \$30,000,000 to be disbursed through the Arts Capacity Development Funding Scheme (ACDFS) to support large-scale and cross-year arts and cultural initiatives. The ACDFS seeks to enhance the capacity development of local artistic talents, and cultivate a supportive culture for the arts in the community by fostering a tripartite partnership involving the Government, arts groups and the private sector to promote arts and cultural development in Hong Kong. With effect from 2020-2021, the amount earmarked for ACDFS was raised to \$40,000,000 per annum. As for the sport portion of ASDF, the injection of funds has enabled us to increase support for Hong Kong athletes' preparation for and participation in major sports games, the hosting of major international sports events in Hong Kong, as well as other one-off initiatives to encourage the development and promotion of sport in Hong Kong. With the endorsement of the Sports Commission, we will also provide funding for new projects, including support for hosting more high standard sports events in Hong Kong, and promotion of the development of local football and other team sports.

17. In 2021-2022, a total of \$385,125,074 was allocated from the ASDF, of which \$76,752,726 was allocated to 27 arts projects and \$308,372,348 was allocated to 133 sports development projects.

HONG KONG ATHLETES FUND

18. On 9 August 1996, the Government announced the setting up of the Hong Kong Athletes Fund (HKAF) to which it would commit one dollar (up to a maximum of \$8,000,000) for every dollar contributed by the community. The broad aim of the HKAF is to provide grants for educational and other academic training to individual athletes to allow them to pursue excellence in their chosen sport and to provide them with the opportunity to develop alternative careers upon retirement from competitive sport.

19. On 12 November 1996, the Government agreed to donate \$8,000,000 to the HKAF. This sum together with public donations of \$5,248,000 brought the total capital of the HKAF to \$13,248,000 as at 31 March 2002. The capital is kept intact and the investment income accruing thereon is used to meet the objects of the HKAF. A sum of \$5,000,000 was approved in 2008-2009 as a one-off injection into the HKAF to reward young athletes who win medals at major international youth games with educational subsidies from the HKAF. In 2017-2018, a sum of \$4,500,000 was approved as a one-off injection into the HKAF to provide financial support for active and retired athletes to pursue further education. In 2020-2021, the Government injected again \$250,000,000 into the HKAF. One of the aims of the injection was to provide more cash incentives for eligible full-time athletes when they retire from sports.

20. The Elite Training and Athletes Affairs Committee of the Hong Kong Sports Institute Limited is responsible for advising on the disbursement of grants from the HKAF. Membership of the Committee is shown on page 4.

21. In January 2015, the Hong Kong Sports Institute launched the Elite Athletes Performance Recognition Scheme (EAPRS) to recognise athletes' dedication to sport and their achievements in representing Hong Kong in major games and competitions, under which eligible athletes will receive a one-off grant upon retirement from full-time sports training and competition, so that they can start a "second career".

22. In 2021-2022, a total of \$14,572,201 was allocated from the HKAF, which are individual grants to cover the Education Grant, the Sports Certificate Grant, the EAPRS and Youth Athletes Scholarship Awards for 70 athletes.

ARTS DEVELOPMENT FUND

23. The Arts Development Fund (ADF) was set up with a government contribution of \$30,000,000 in May 1993. The Secretary for Home Affairs is the authority for disbursing grants from the ADF. The ADF aims to enhance the development of the arts and culture in Hong Kong. Since the end of 2001, it has been deployed to support mainly cultural exchange projects.

24. The LegCo FC approved an injection of \$20,000,000 into the ADF on 26 January 2007. In view of the financial position of the ADF, between June 2016 and September 2018, approved projects of the ADF were supported by committing resources from the ASDF (Arts Portion) so as to sustain worthwhile outbound arts and cultural activities. Starting from October 2018, approved grants under the scope of the ADF have been funded under the operational expenses of the Home Affairs Bureau. Since 1 April 2020, HKADC has taken up the administration of the Arts Development Fund (Cultural Exchange Project), and processes applications from local arts groups and artists participating in outbound cultural exchange activities.

Jack CHAN Jick-chi
Acting Secretary for Home Affairs
24 June 2022

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 Sir David Trench Fund for Recreation set out on pages 15 to 37, which comprise the balance sheet as at 31 March 2022, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the Sir David Trench Fund for Recreation as at 31 March 2022, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with section 9(1) of the Sir David Trench Fund for Recreation Ordinance (Cap. 1128).

Basis for opinion

I conducted my audit in accordance with section 9(2) of the Sir David Trench Fund for Recreation 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 Sir David Trench Fund for Recreation 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.

Other information

The Director of Accounting Services and the Secretary for Home Affairs are responsible for the other information. The other information comprises all the information included in the Sir David Trench Fund for Recreation Annual Report 2021-2022, other than the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Director of Accounting Services' responsibilities for the financial statements

The Director of Accounting Services, as the Trustee of the Sir David Trench Fund for Recreation, is responsible for the preparation of the financial statements that give a true and fair view in accordance with section 9(1) of the Sir David Trench Fund for Recreation Ordinance and Hong Kong Financial Reporting Standards, and for such internal control as the Director of Accounting Services 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 Director of Accounting Services is responsible for assessing in conjunction with the Secretary for Home Affairs the Sir David Trench Fund for Recreation'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 Sir David Trench Fund for Recreation's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director of Accounting Services;
- conclude on the appropriateness of the Director of Accounting Services' 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 Sir David Trench Fund for Recreation'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 Sir David Trench Fund for Recreation to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ms Hildy Chan
Assistant Director of Audit
for Director of Audit

24 June 2022

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

BALANCE SHEET AS AT 31 MARCH 2022

		Note	2022 HK\$'000	2021 HK\$'000
MAIN FUND	ASSETS			
	Cash at bank		585	740
	Deposits with banks	3	39,342	34,800
	Investments in securities	4	67,123	79,294
	Placement with the Exchange Fund	5	28,000	27,333
	Interest and other receivables		279	479
	Total assets		135,329	142,646
	LIABILITIES			
	Payables and other liabilities	7	(1,396)	(22)
	Net assets		133,933	142,624
	Representing :			
	FUND BALANCE			
	Capital		23,200	23,200
	Accumulated surplus		110,733	119,424
			133,933	142,624
SPORTS AID FOR THE DISABLED FUND	ASSETS			
	Cash at bank		37	38
	Deposits with banks	3	1,691	1,583
	Placement with the Exchange Fund	5	8,000	7,658
	Interest receivable		27	89
	Total assets		9,755	9,368
	Representing :			
	FUND BALANCE			
	Capital		6,500	6,500
	Accumulated surplus		3,255	2,868
			9,755	9,368
SPORTS AID FOUNDATION FUND	ASSETS			
	Cash at bank		73	72
	Deposits with banks	3	2,761	2,166
	Placement with the Exchange Fund	5	50,000	47,805
	Interest receivable		170	568
	Total assets		53,004	50,611
	Representing :			
	FUND BALANCE			
	Capital		40,577	40,577
	Accumulated surplus		12,427	10,034
			53,004	50,611
ARTS DEVELOPMENT FUND	ASSETS			
	Cash at bank		54	55
	Deposits with banks	3	246	244
	Total assets		300	299
	Representing :			
	FUND BALANCE			
	Capital		50,000	50,000
	Accumulated deficit		(49,700)	(49,701)
			300	299

BALANCE SHEET — Continued

		Note	2022 HK\$'000	2021 HK\$'000
HONG KONG ATHLETES FUND	ASSETS			
	Cash at bank		176	185
	Deposits with banks	3	87,754	113,380
	Investments in securities	4	136,731	156,228
	Placement with the Exchange Fund	5	46,000	15,608
	Interest and other receivables		593	544
	Total assets		271,254	285,945
	Representing :			
	FUND BALANCE			
	Capital		277,648	277,648
ARTS AND SPORT DEVELOPMENT FUND	Accumulated (deficit)/surplus		(6,394)	8,297
			271,254	285,945
	ASSETS			
	Cash at bank		14,662	8,662
	Deposits with banks	3	694,808	723,247
	Investments in securities	4	2,058,476	2,429,532
	Placement with the Exchange Fund	5	1,589,756	1,404,474
	Interest and other receivables	6	172,575	22,350
	Total assets		4,530,277	4,588,265
	LIABILITIES			
	Payables and other liabilities	7	(5,938)	(5,730)
	Net assets		4,524,339	4,582,535
	Representing :			
	FUND BALANCE			
	Capital		4,830,000	4,530,000
	Accumulated (deficit)/surplus		(305,661)	52,535
			4,524,339	4,582,535
	TOTAL FUND BALANCE		4,992,585	5,071,382

The accompanying notes 1 to 16 form part of these financial statements.



The Treasury
Hong Kong

Ms Susanna CHEUNG

Director of Accounting Services

The Trustee of the Sir David Trench Fund for Recreation

24 June 2022

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

		Note	2022 HK\$'000	2021 HK\$'000
MAIN FUND	Income	9	199	25,884
	Expenditure	10	(8,890)	(13,490)
	(Deficit)/Surplus for the year		(8,691)	12,394
	Other comprehensive income		—	—
	Total comprehensive (loss)/income for the year		(8,691)	12,394
SPORTS AID FOR THE DISABLED FUND	Income	9	388	313
	Expenditure	10	(1)	(1)
	Surplus for the year		387	312
	Other comprehensive income		—	—
	Total comprehensive income for the year		387	312
SPORTS AID FOUNDATION FUND	Income	9	2,394	1,867
	Expenditure	10	(1)	(1)
	Surplus for the year		2,393	1,866
	Other comprehensive income		—	—
	Total comprehensive income for the year		2,393	1,866
ARTS DEVELOPMENT FUND	Income	9	1	3
	Expenditure	10	—	(1)
	Surplus for the year		1	2
	Other comprehensive income		—	—
	Total comprehensive income for the year		1	2
HONG KONG ATHLETES FUND	Income	9	(1,718)	29,602
	Expenditure	10	(12,973)	(16,017)
	(Deficit)/Surplus for the year		(14,691)	13,585
	Other comprehensive income		—	—
	Total comprehensive (loss)/income for the year		(14,691)	13,585
ARTS AND SPORT DEVELOPMENT FUND	Income	9	(11,938)	856,764
	Expenditure	10	(346,258)	(124,011)
	(Deficit)/Surplus for the year		(358,196)	732,753
	Other comprehensive income		—	—
	Total comprehensive (loss)/income for the year		(358,196)	732,753

The accompanying notes 1 to 16 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

		Capital HK\$'000	Accumulated surplus/(deficit) HK\$'000	Total HK\$'000
MAIN FUND	Balance at 1 April 2020	23,200	107,030	130,230
	Total comprehensive income for the year 2020-21		12,394	12,394
	Balance at 31 March 2021	<u>23,200</u>	<u>119,424</u>	<u>142,624</u>
	Total comprehensive loss for the year 2021-22		(8,691)	(8,691)
	Balance at 31 March 2022	<u>23,200</u>	<u>110,733</u>	<u>133,933</u>
SPORTS AID FOR THE DISABLED FUND	Balance at 1 April 2020	6,500	2,556	9,056
	Total comprehensive income for the year 2020-21		312	312
	Balance at 31 March 2021	<u>6,500</u>	<u>2,868</u>	<u>9,368</u>
	Total comprehensive income for the year 2021-22		387	387
	Balance at 31 March 2022	<u>6,500</u>	<u>3,255</u>	<u>9,755</u>
SPORTS AID FOUNDATION FUND	Balance at 1 April 2020	40,577	8,168	48,745
	Total comprehensive income for the year 2020-21		1,866	1,866
	Balance at 31 March 2021	<u>40,577</u>	<u>10,034</u>	<u>50,611</u>
	Total comprehensive income for the year 2021-22		2,393	2,393
	Balance at 31 March 2022	<u>40,577</u>	<u>12,427</u>	<u>53,004</u>

STATEMENT OF CHANGES IN EQUITY — Continued

		Capital HK\$'000	Accumulated surplus/(deficit) HK\$'000	Total HK\$'000
ARTS DEVELOPMENT FUND	Balance at 1 April 2020	50,000	(49,703)	297
	Total comprehensive income for the year 2020-21		2	2
	Balance at 31 March 2021	50,000	(49,701)	299
	Total comprehensive income for the year 2021-22		1	1
	Balance at 31 March 2022	50,000	(49,700)	300
HONG KONG ATHLETES FUND	Balance at 1 April 2020	27,648	(5,288)	22,360
	Government injection in 2020-21	250,000		250,000
	Total comprehensive income for the year 2020-21		13,585	13,585
	Balance at 31 March 2021	277,648	8,297	285,945
	Total comprehensive loss for the year 2021-22		(14,691)	(14,691)
	Balance at 31 March 2022	277,648	(6,394)	271,254
ARTS AND SPORT DEVELOPMENT FUND	Balance at 1 April 2020	4,530,000	(680,218)	3,849,782
	Total comprehensive income for the year 2020-21		732,753	732,753
	Balance at 31 March 2021	4,530,000	52,535	4,582,535
	Government injection and injection of donation in 2021-22	300,000		300,000
	Total comprehensive loss for the year 2021-22		(358,196)	(358,196)
	Balance at 31 March 2022	4,830,000	(305,661)	4,524,339

The accompanying notes 1 to 16 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

		Note	2022 HK\$'000	2021 HK\$'000
MAIN FUND	Net cash from/(used in) operating activities	11	7,245	(8,646)
	Cash and cash equivalents at beginning of year		1,940	10,586
	Cash and cash equivalents at end of year	12	<u>9,185</u>	<u>1,940</u>
SPORTS AID FOR THE DISABLED FUND	Net cash (used in)/from operating activities	11	(1)	1
	Cash and cash equivalents at beginning of year		38	37
	Cash and cash equivalents at end of year	12	<u>37</u>	<u>38</u>
SPORTS AID FOUNDATION FUND	Net cash from operating activities	11	1	—
	Cash and cash equivalents at beginning of year		72	72
	Cash and cash equivalents at end of year	12	<u>73</u>	<u>72</u>
ARTS DEVELOPMENT FUND	Net cash used in operating activities	11	(1)	(3)
	Cash and cash equivalents at beginning of year		55	58
	Cash and cash equivalents at end of year	12	<u>54</u>	<u>55</u>
HONG KONG ATHLETES FUND	Net cash used in operating activities	11	(9)	(249,978)
	Cash from financing activities – Government injection		—	250,000
	Cash and cash equivalents at beginning of year		185	163
	Cash and cash equivalents at end of year	12	<u>176</u>	<u>185</u>
ARTS AND SPORT DEVELOPMENT FUND	Net cash used in operating activities	11	(196,214)	(60,957)
	Cash from financing activities – Government injection		150,000	—
	Cash and cash equivalents at beginning of year		64,909	125,866
	Cash and cash equivalents at end of year	12	<u>18,695</u>	<u>64,909</u>

The accompanying notes 1 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. LEGISLATION

The Sir David Trench Fund for Recreation (the Fund) was established under the Sir David Trench Fund for Recreation Ordinance (Cap. 1128) which was passed by the Legislative Council on 11 February 1970. The principal activities of the Fund are the provision of, or assistance in the provision of facilities for recreational, sporting, cultural and social activities, and the investment of moneys of the Fund in approved investments. The Fund consists of the following six funds:

- (a) Main Fund;
- (b) Sports Aid for the Disabled Fund;
- (c) Sports Aid Foundation Fund;
- (d) Arts Development Fund;
- (e) Hong Kong Athletes Fund; and
- (f) Arts and Sport Development Fund.

The financial statements of the Fund are prepared in accordance with section 9 of the Ordinance.

2. SIGNIFICANT ACCOUNTING POLICIES

- (a) Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Fund is set out below.

- (b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost except that the investments in equity securities and derivative financial instruments are measured at fair value as explained in the accounting policies set out in Note 2(c).

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

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

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

(c) Financial assets and financial liabilities

(i) Initial recognition and measurement

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial instruments are recognised on trade date, the date on which the Fund commits to purchase or sell the instruments.

At initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of a financial asset or financial liability not measured at fair value through income and expenditure account, transaction costs that are directly attributable to the acquisition of the financial assets or the issue of the financial liabilities. Transaction costs of financial assets and financial liabilities measured at fair value through income and expenditure account are expensed immediately. An explanation of how the Fund determines the fair value of financial instruments is set out in Note 15.

(ii) Classification and subsequent measurement

Financial instruments measured at fair value through income and expenditure account

These comprise equity securities and derivative financial instruments. They are subsequently measured at fair value. Changes in fair value are recognised as revaluation gains or losses in the income and expenditure account in the period in which they arise.

Derivative financial instruments used by the Fund to manage its risks associated with foreign currency fluctuations do not qualify for hedge accounting. They are presented as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets measured at amortised cost

These comprise cash at bank, deposits with banks, placement with the Exchange Fund and interest and other receivables. 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(c)(v).

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 the expected 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 payables and other liabilities. They are subsequently measured at amortised cost using the effective interest method.

The Fund reclassifies a financial asset when and only when it changes its business model for managing the assets. A financial liability is not reclassified.

(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 when it expires.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

(v) 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. Financial assets measured at fair value through income and expenditure account are not subject to the expected credit loss assessment.

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

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

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Fund compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Fund considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Fund in full; or (ii) the financial asset is 90 days past due. The Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(d) Income recognition

Realised gains and losses on financial instruments are recognised in the income and expenditure account when the financial instruments are derecognised. Changes in fair value of financial instruments measured at fair value through income or expenditure account are recognised as revaluation gains or losses in the period in which they arise. Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised when the share price goes ex-dividend. Other income is recognised on an accrual basis.

(e) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars using the spot exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars using the closing exchange rates at the reporting date. Exchange gains or losses are recognised as net realised and revaluation gains or losses in the income and expenditure account.

(f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank and deposits with banks having a maturity of three months or less when placed.

3. DEPOSITS WITH BANKS

These are deposits placed with licensed banks in Hong Kong for investment under section 7(1) of the Sir David Trench Fund for Recreation Ordinance.

4. INVESTMENTS IN SECURITIES

These are investments made under section 7(1) of the Sir David Trench Fund for Recreation Ordinance:

	2022 HK\$'000	2021 HK\$'000
MAIN FUND		
Financial assets measured at fair value through income and expenditure account		
Hong Kong listed equity securities	30,374	37,089
Overseas listed equity securities	36,749	42,205
	<u>67,123</u>	<u>79,294</u>
 HONG KONG ATHLETES FUND		
Financial assets measured at fair value through income and expenditure account		
Hong Kong listed equity securities	61,783	77,056
Overseas listed equity securities	74,948	79,172
	<u>136,731</u>	<u>156,228</u>
 ARTS AND SPORT DEVELOPMENT FUND		
Financial assets measured at fair value through income and expenditure account		
Hong Kong listed equity securities	928,505	1,169,108
Overseas listed equity securities	1,129,971	1,260,424
	<u>2,058,476</u>	<u>2,429,532</u>

5. PLACEMENT WITH THE EXCHANGE FUND

These represent the principal sums placed with the Exchange Fund and interest credited but not yet withdrawn at the reporting date:

2022	Principal sum HK\$'000	Interest credited but not yet withdrawn HK\$'000	Total HK\$'000
MAIN FUND	28,000	—	28,000
SPORTS AID FOR THE DISABLED FUND	8,000	—	8,000
SPORTS AID FOUNDATION FUND	50,000	—	50,000
HONG KONG ATHLETES FUND	46,000	—	46,000
ARTS AND SPORT DEVELOPMENT FUND	1,451,000	138,756	1,589,756

<i>2021</i>	<i>Principal sum HK\$'000</i>	<i>Interest credited but not yet withdrawn HK\$'000</i>	<i>Total HK\$'000</i>
<i>MAIN FUND</i>	<i>23,200</i>	<i>4,133</i>	<i>27,333</i>
<i>SPORTS AID FOR THE DISABLED FUND</i>	<i>6,500</i>	<i>1,158</i>	<i>7,658</i>
<i>SPORTS AID FOUNDATION FUND</i>	<i>40,577</i>	<i>7,228</i>	<i>47,805</i>
<i>HONG KONG ATHLETES FUND</i>	<i>13,248</i>	<i>2,360</i>	<i>15,608</i>
<i>ARTS AND SPORT DEVELOPMENT FUND</i>	<i>1,250,000</i>	<i>154,474</i>	<i>1,404,474</i>

The term of the placement is six years from the date of placement, during which the principal sums cannot be withdrawn.

Interest on the placement is payable at a fixed rate determined every January. The rate is the average annual investment return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year Government Bond for the previous year subject to a minimum of zero percent, whichever is the higher. The interest rate has been fixed at 5.6% for the calendar year 2022 and at 4.7% for the calendar year 2021.

6. INTEREST AND OTHER RECEIVABLES

In August 2021, the Hong Kong Jockey Club Charities Trust agreed to donate HK\$150 million in funding to match the government grant of HK\$150 million, i.e. HK\$300 million in total, to inject into the Arts and Sport Development Fund, with the entire sum earmarked for the Sports Science and Research Funding Scheme to enhance the competitiveness of athletes and help them better prepare for major international sports events in the coming years. The government grant was received in 2021-2022. The donation of HK\$150 million was recorded as other receivables in 2021-2022 and received in April 2022.

7. PAYABLES AND OTHER LIABILITIES

These include payables for purchase of securities, accrued investment management and custodian fees and grants of which disbursement was being processed at the reporting date.

8. COMMITMENTS

These represent the unspent portion of the approved grants under the Fund:

	2022 HK\$'000	2021 HK\$'000
MAIN FUND	49,638	38,486
HONG KONG ATHLETES FUND	12,817	11,889
ARTS AND SPORT DEVELOPMENT FUND	548,961	236,235
	<u>611,416</u>	<u>286,610</u>

9. INCOME

	2022 HK\$'000	2021 HK\$'000
MAIN FUND		
Net realised and revaluation (losses)/gains on:		
- equity securities measured at fair value through income and expenditure account	(2,888)	22,868
- other assets	86	(4)
Dividend income	1,426	1,629
Interest income from placement with the Exchange Fund	1,361	1,049
Other interest income	214	342
	<u>199</u>	<u>25,884</u>
SPORTS AID FOR THE DISABLED FUND		
Net realised and revaluation gains on:		
- other assets	—	1
Interest income from placement with the Exchange Fund	382	294
Other interest income	6	18
	<u>388</u>	<u>313</u>
SPORTS AID FOUNDATION FUND		
Interest income from placement with the Exchange Fund	2,384	1,836
Other interest income	10	31
	<u>2,394</u>	<u>1,867</u>
ARTS DEVELOPMENT FUND		
Other interest income	<u>1</u>	<u>3</u>
HONG KONG ATHLETES FUND		
Refund of grants	21	—
Net realised and revaluation (losses)/gains on:		
- equity securities measured at fair value through income and expenditure account	(6,355)	26,123
- other assets	190	4
Dividend income	2,905	2,487
Interest income from placement with the Exchange Fund	879	599
Other interest income	642	389
	<u>(1,718)</u>	<u>29,602</u>

9. INCOME — Continued

	2022 HK\$'000	2021 HK\$'000
ARTS AND SPORT DEVELOPMENT FUND		
Refund of grants	30,117	26,559
Net realised and revaluation (losses)/gains on:		
- equity securities measured at fair value through income and expenditure account	(165,492)	720,417
- derivative financial instruments	23	(13)
- other assets	2,866	124
Dividend income	45,193	48,171
Interest income from placement with the Exchange Fund	70,441	53,928
Other interest income	4,914	7,578
	<u>(11,938)</u>	<u>856,764</u>

10. EXPENDITURE

	2022 HK\$'000	2021 HK\$'000
MAIN FUND		
Grants	8,859	13,475
Investment transaction costs	28	11
Bank charges	3	4
	<u>8,890</u>	<u>13,490</u>
SPORTS AID FOR THE DISABLED FUND		
Bank charges	<u>1</u>	<u>1</u>
SPORTS AID FOUNDATION FUND		
Bank charges	<u>1</u>	<u>1</u>
ARTS DEVELOPMENT FUND		
Bank charges	<u>—</u>	<u>1</u>
HONG KONG ATHLETES FUND		
Grants	12,929	15,997
Investment transaction costs	38	17
Bank charges	6	3
	<u>12,973</u>	<u>16,017</u>
ARTS AND SPORT DEVELOPMENT FUND		
Grants	342,155	120,668
Custodian fees	997	1,010
Investment management fees	1,839	1,503
Investment transaction costs	1,242	797
Bank charges	25	33
	<u>346,258</u>	<u>124,011</u>

11. RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH FROM/(USED IN) OPERATING ACTIVITIES

	2022 HK\$'000	2021 HK\$'000
MAIN FUND		
(Deficit)/Surplus for the year	(8,691)	12,394
Interest income	(1,575)	(1,391)
Dividend income	(1,426)	(1,629)
Decrease/(Increase) in investments in securities	12,171	(10,554)
Increase in placement with the Exchange Fund	(667)	(975)
Decrease/(Increase) in deposits with banks having a maturity of more than 3 months when placed	2,858	(8,782)
Increase/(Decrease) in payables and other liabilities	1,374	(781)
Interest received	1,751	1,390
Dividend received	1,450	1,682
Net cash from/(used in) operating activities	<u>7,245</u>	<u>(8,646)</u>
SPORTS AID FOR THE DISABLED FUND		
Surplus for the year	387	312
Interest income	(388)	(312)
Increase in placement with the Exchange Fund	(342)	(273)
Increase in deposits with banks having a maturity of more than 3 months when placed	(108)	(31)
Interest received	450	305
Net cash (used in)/from operating activities	<u>(1)</u>	<u>1</u>
SPORTS AID FOUNDATION FUND		
Surplus for the year	2,393	1,866
Interest income	(2,394)	(1,867)
Increase in placement with the Exchange Fund	(2,195)	(1,705)
Increase in deposits with banks having a maturity of more than 3 months when placed	(595)	(43)
Interest received	2,792	1,749
Net cash from operating activities	<u>1</u>	<u>—</u>
ARTS DEVELOPMENT FUND		
Surplus for the year	1	2
Interest income	(1)	(3)
Increase in deposits with banks having a maturity of more than 3 months when placed	(2)	(7)
Interest received	1	5
Net cash used in operating activities	<u>(1)</u>	<u>(3)</u>

11. RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH FROM/(USED IN) OPERATING ACTIVITIES — Continued

	2022 HK\$'000	2021 HK\$'000
HONG KONG ATHLETES FUND		
(Deficit)/Surplus for the year	(14,691)	13,585
Interest income	(1,521)	(988)
Dividend income	(2,905)	(2,487)
Decrease/(Increase) in investments in securities	19,497	(153,190)
Increase in placement with the Exchange Fund	(30,392)	(557)
Decrease/(Increase) in deposits with banks having a maturity of more than 3 months when placed	25,626	(109,422)
Interest received	1,430	857
Dividend received	2,947	2,224
Net cash used in operating activities	(9)	(249,978)
ARTS AND SPORT DEVELOPMENT FUND		
(Deficit)/Surplus for the year	(358,196)	732,753
Interest income	(75,355)	(61,506)
Dividend income	(45,193)	(48,171)
Decrease/(Increase) in investments in securities	371,056	(622,662)
Increase in placement with the Exchange Fund	(185,282)	(50,111)
Increase in deposits with banks having a maturity of more than 3 months when placed	(23,775)	(123,588)
Increase in payables and other liabilities	208	4,929
Interest received	74,273	59,983
Dividend received	46,050	47,416
Net cash used in operating activities	(196,214)	(60,957)

12. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2022 HK\$'000	2021 HK\$'000
MAIN FUND		
Cash at bank	585	740
Deposits with banks having a maturity of 3 months or less when placed	<u>8,600</u>	<u>1,200</u>
	<u>9,185</u>	<u>1,940</u>
SPORTS AID FOR THE DISABLED FUND		
Cash at bank	37	38
Deposits with banks having a maturity of 3 months or less when placed	<u>—</u>	<u>—</u>
	<u>37</u>	<u>38</u>
SPORTS AID FOUNDATION FUND		
Cash at bank	73	72
Deposits with banks having a maturity of 3 months or less when placed	<u>—</u>	<u>—</u>
	<u>73</u>	<u>72</u>
ARTS DEVELOPMENT FUND		
Cash at bank	54	55
Deposits with banks having a maturity of 3 months or less when placed	<u>—</u>	<u>—</u>
	<u>54</u>	<u>55</u>
HONG KONG ATHLETES FUND		
Cash at bank	176	185
Deposits with banks having a maturity of 3 months or less when placed	<u>—</u>	<u>—</u>
	<u>176</u>	<u>185</u>
ARTS AND SPORT DEVELOPMENT FUND		
Cash at bank	14,662	8,662
Deposits with banks having a maturity of 3 months or less when placed	<u>4,033</u>	<u>56,247</u>
	<u>18,695</u>	<u>64,909</u>
Reconciliation with the balance sheet:		
	2022 HK\$'000	2021 HK\$'000
MAIN FUND		
Amounts in the balance sheet:		
Cash at bank	585	740
Deposits with banks	<u>39,342</u>	<u>34,800</u>
	<u>39,927</u>	<u>35,540</u>
Less: Amounts having a maturity of more than 3 months when placed	<u>(30,742)</u>	<u>(33,600)</u>
Cash and cash equivalents in the statement of cash flows	<u>9,185</u>	<u>1,940</u>
SPORTS AID FOR THE DISABLED FUND		
Amounts in the balance sheet:		
Cash at bank	37	38
Deposits with banks	<u>1,691</u>	<u>1,583</u>
	<u>1,728</u>	<u>1,621</u>
Less: Amounts having a maturity of more than 3 months when placed	<u>(1,691)</u>	<u>(1,583)</u>
Cash and cash equivalents in the statement of cash flows	<u>37</u>	<u>38</u>

12. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

— *Continued*

	2022 HK\$'000	2021 HK\$'000
SPORTS AID FOUNDATION FUND		
Amounts in the balance sheet:		
Cash at bank	73	72
Deposits with banks	2,761	2,166
	<u>2,834</u>	<u>2,238</u>
Less: Amounts having a maturity of more than 3 months when placed	<u>(2,761)</u>	<u>(2,166)</u>
Cash and cash equivalents in the statement of cash flows	<u>73</u>	<u>72</u>
ARTS DEVELOPMENT FUND		
Amounts in the balance sheet:		
Cash at bank	54	55
Deposits with banks	246	244
	<u>300</u>	<u>299</u>
Less: Amounts having a maturity of more than 3 months when placed	<u>(246)</u>	<u>(244)</u>
Cash and cash equivalents in the statement of cash flows	<u>54</u>	<u>55</u>
HONG KONG ATHLETES FUND		
Amounts in the balance sheet:		
Cash at bank	176	185
Deposits with banks	87,754	113,380
	<u>87,930</u>	<u>113,565</u>
Less: Amounts having a maturity of more than 3 months when placed	<u>(87,754)</u>	<u>(113,380)</u>
Cash and cash equivalents in the statement of cash flows	<u>176</u>	<u>185</u>
ARTS AND SPORT DEVELOPMENT FUND		
Amounts in the balance sheet:		
Cash at bank	14,662	8,662
Deposits with banks	694,808	723,247
	<u>709,470</u>	<u>731,909</u>
Less: Amounts having a maturity of more than 3 months when placed	<u>(690,775)</u>	<u>(667,000)</u>
Cash and cash equivalents in the statement of cash flows	<u>18,695</u>	<u>64,909</u>

13. CAPITAL RISK MANAGEMENT

Injects from the Government and certain donations received were designated as capital of the Fund.

The following may be expended specifically for the purposes of the funds:

- (a) the capital of the Arts Development Fund;
- (b) the capital of the Hong Kong Athletes Fund injected after February 2009; and
- (c) the capital of the Arts and Sport Development Fund.

The entire capital of the Main Fund, the Sports Aid for the Disabled Fund, the Sports Aid Foundation Fund and the total capital of HK\$13.248 million injected into the Hong Kong Athletes Fund up to 28 February 2009 are required to be kept intact and only the investment income accruing thereon may be used for the purposes of these funds.

The capital of the Fund is managed prudently to generate income for the purposes of the Fund, and to maintain the capital requirements if necessary. The financial risks in the Fund's investment portfolios are monitored on a continuous basis to ensure that such risks are covered before funding is considered for the purposes of the Fund.

14. FINANCIAL RISK MANAGEMENT

(a) Investment management and control

The Director of Accounting Services, as the Trustee of the Fund, may invest any moneys of the Fund according to the recommendations or parameters set by the Investment Advisory Committee.

The Investment Advisory Committee is established under section 7(2) of the Sir David Trench Fund for Recreation Ordinance, whose members are appointed by the Chief Executive. The authority of appointment has been delegated by the Chief Executive to the Secretary for Home Affairs.

The investment objective is to generate revenue and/or to achieve long-term capital appreciation by investing in a diversified portfolio in order to sponsor recreational, sporting, cultural and social activities.

The investment management and control of the Fund are set out in a documented risk management and investment strategy and reviewed on a regular basis by the Investment Advisory Committee.

(b) Market risk

The Fund is exposed to market risk for its investment in financial instruments. Market risk comprises equity price risk, interest rate risk and currency risk.

(i) Equity price risk

Equity price risk is the risk of loss arising from changes in equity prices. The Fund's investments in equity securities are subject to the equity price risk inherent in all equity securities, i.e. the value of holdings may fall as well as rise. As at 31 March 2022, the equity securities were included in investments in securities as shown in Note 4. The risk is primarily addressed through diversification of investment portfolio in accordance with a documented risk management and investment strategy, and the Fund monitors the risk on a continuous basis.

Sensitivity analysis shows that if the market bid prices of the equity securities had increased/decreased by 10% with all other variables being held constant, the impact on the income for the year would have been as follows:

	2022 HK\$'000	2021 HK\$'000
MAIN FUND	± 6,712	± 7,929
HONG KONG ATHLETES FUND	± 13,673	± 15,623
ARTS AND SPORT DEVELOPMENT FUND	± 205,848	± 242,953

(ii) Interest rate risk

Interest rate risk refers to the risk of loss arising from changes in market interest rates. This can be further classified into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk is the risk that the fair value of financial instruments will fluctuate because of changes in market interest rates. The Fund's deposits with banks bear interest at fixed rates. Their fair value will fall when market interest rates increase. Since they are all stated at amortised cost, their carrying amounts and the Fund's income and accumulated funds will not be affected by changes in market interest rates.

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 has no exposure to cash flow interest rate risk because it has no holding of debt securities bearing interest at rates determined by reference to market interest rates.

(iii) Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to the changes in currency exchange rates. The Fund's investments denominated in currency other than Hong Kong dollar are exposed to currency risk. The Fund only makes investments denominated in Hong Kong dollar, US dollar, Renminbi and currencies of countries whose foreign currency long-term debt has a high credit rating. The Fund's exposure to currency risk is handled in accordance with a documented risk management and investment strategy, and the Fund monitors the risk on a continuous basis.

The following table summarises the net exposure to individual currencies based on the net assets, after taking into account the effect of forward currency contracts, at the reporting date:

	Currency	2022 HK\$'000	2021 HK\$'000
MAIN FUND	HK dollar	91,176	100,173
	US dollar	36,957	42,443
	Renminbi	5,800	8
		133,933	142,624
SPORTS AID FOR THE DISABLED FUND	HK dollar	9,752	9,365
	US dollar	3	3
		9,755	9,368
SPORTS AID FOUNDATION FUND	HK dollar	52,971	50,578
	US dollar	33	33
		53,004	50,611
ARTS DEVELOPMENT FUND	HK dollar	293	292
	US dollar	7	7
		300	299
HONG KONG ATHLETES FUND	HK dollar	184,079	206,405
	US dollar	75,266	79,534
	Renminbi	11,909	6
		271,254	285,945
ARTS AND SPORT DEVELOPMENT FUND	HK dollar	3,193,700	3,298,935
	US dollar	850,870	1,000,606
	Renminbi	188,007	31
	Euro	83,412	87,895
	Japanese yen	66,800	70,099
	Pound sterling	40,823	38,526
	Others	100,727	86,443
		4,524,339	4,582,535

Due to the linked exchange rate of the US dollar relative to the Hong Kong dollar, the Fund does not have significant exposure to currency risk for its US dollar-denominated assets.

The Main Fund, the Hong Kong Athletes Fund and the Arts and Sport Development Fund had investments denominated in currencies other than Hong Kong and US dollars at the reporting date. Sensitivity analysis shows that a 5% increase/decrease in the exchange rate of other currencies against the Hong Kong dollar, with all other variables being held constant, would increase/decrease the exchange gains/losses as included in revaluation gains/losses for the year by HK\$0.3 million for the Main Fund (2021: insignificant), HK\$0.6 million for the Hong Kong Athletes Fund (2021: insignificant) and HK\$24.0 million for the Arts and Sport Development Fund (2021: HK\$14.1 million).

(c) 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 Fund's credit risk is principally attributable to cash at bank, deposits with banks and placement with the Exchange Fund. The Fund selects issuer or counterparty with good credit standing, strong financial strength and sizeable capital. The Fund also limits the individual exposure, in accordance with a documented risk management and investment strategy, and monitors credit risk on a continuous basis. The credit risk on these financial instruments is assessed as not having increased significantly since initial recognition and the Fund determines the loss allowance required to be recognised based on 12-month expected credit losses. The Fund has estimated that 12-month expected credit losses on these financial instruments are immaterial and considers that no loss allowance is required.

The credit quality of cash at bank and deposits with banks, analysed by the ratings designated by Moody's or their equivalents, at the reporting date is shown below:

	2022 HK\$'000	2021 HK\$'000
MAIN FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	6,818	8,807
A1 to A3	<u>33,109</u>	<u>26,733</u>
	<u>39,927</u>	<u>35,540</u>
SPORTS AID FOR THE DISABLED FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	920	20
A1 to A3	<u>808</u>	<u>1,601</u>
	<u>1,728</u>	<u>1,621</u>
SPORTS AID FOUNDATION FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	2,812	50
A1 to A3	<u>22</u>	<u>2,188</u>
	<u>2,834</u>	<u>2,238</u>
ARTS DEVELOPMENT FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	181	32
A1 to A3	<u>119</u>	<u>267</u>
	<u>300</u>	<u>299</u>
HONG KONG ATHLETES FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	112	113
A1 to A3	<u>87,818</u>	<u>113,452</u>
	<u>87,930</u>	<u>113,565</u>
ARTS AND SPORT DEVELOPMENT FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	223,366	93,090
A1 to A3	<u>486,104</u>	<u>638,819</u>
	<u>709,470</u>	<u>731,909</u>

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

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not have sufficient funds available to meet its obligations associated with financial liabilities. The Fund monitors the liquidity requirements on a continuous basis and maintains a level of short term deposits and cash to pay grants as necessary. Hence, the Fund does not have significant exposure to liquidity risk.

(e) Other financial risk

The Fund is exposed to financial risk arising from change in the interest rate on the placement with the Exchange Fund which is determined every January (Note 5). Sensitivity analysis shows that if the interest rate had increased/decreased by 50 basis points with all other variables being held constant, the impact on the interest income on the placement for the year would have been as follows:

	2022 HK\$'000	<i>2021</i> <i>HK\$'000</i>
MAIN FUND	± 143	<i>± 137</i>
SPORTS AID FOR THE DISABLED FUND	± 40	<i>± 38</i>
SPORTS AID FOUNDATION FUND	± 250	<i>± 239</i>
HONG KONG ATHLETES FUND	± 91	<i>± 78</i>
ARTS AND SPORT DEVELOPMENT FUND	± 7,388	<i>± 7,022</i>

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of financial instruments classified under Level 1 is based on quoted market prices of these financial instruments at the reporting date, without any deduction for estimated future selling costs.

In the absence of quoted market prices, the fair value of the financial instruments classified under Level 2 is estimated using present value or other valuation techniques, using inputs based on market conditions existing at the reporting date. Specific valuation techniques and key inputs used to value these financial instruments include quoted market price or broker quotes for similar instruments.

(a) Financial instruments measured at fair value on a recurring basis

The following table shows the carrying value of financial instruments measured at fair value at the reporting date according to the fair value hierarchy:

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
MAIN FUND			
2022			
Assets			
Equity securities	<u>67,123</u>	<u>—</u>	<u>67,123</u>
2021			
Assets			
Equity securities	<u>79,294</u>	<u>—</u>	<u>79,294</u>
HONG KONG ATHLETES FUND			
2022			
Assets			
Equity securities	<u>136,731</u>	<u>—</u>	<u>136,731</u>
2021			
Assets			
Equity securities	<u>156,228</u>	<u>—</u>	<u>156,228</u>
ARTS AND SPORT DEVELOPMENT FUND			
2022			
Assets			
Equity securities	<u>2,058,476</u>	<u>—</u>	<u>2,058,476</u>
2021			
Assets			
Equity securities	<u>2,429,532</u>	<u>—</u>	<u>2,429,532</u>

No financial assets or liabilities were classified under Level 3. During the year, there were no transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

The three levels of the fair value hierarchy are:

Level 1 – fair values of financial instruments are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair values of financial instruments are determined with inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – fair values of financial instruments are determined with inputs that are not based on observable market data (unobservable inputs).

- (b) Financial instruments not measured at fair value on a recurring basis

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

16. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2022 and which have not been early adopted in these financial statements.

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

SCHEDULE 1

STATEMENT OF APPROVED GRANTS

(This statement does not include projects completed before 1 April 2021)

Description	Approved Commitment \$	Expenditure Less Refund during 2021/2022 \$	Total Expenditure up to 31.3.2022 \$	Unspent Balance (N=Not required) \$
MAIN FUND				
I. NON-CAPITAL WORKS PROJECTS				
(a) Projects approved in 2020-2021				
1 Hong Kong Playground Association -to purchase sports and recreational equipment	32,936	8,744	32,936	-
2 The Boys' and Girls' Association of Hong Kong -to purchase sports and recreational equipment	22,357	22,357	22,357	-
3 The Chinese Rhenish Church Hong Kong Synod -to purchase sports and recreational equipment	29,535	29,535	29,535	-
4 The Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment	118,473	107,932	118,463	- 10 N
5 Chinese YMCA of Hong Kong -to purchase sports and recreational equipment	47,080	47,064	47,064	- 16 N
6 Operation Dawn Limited -to purchase sports and recreational equipment	14,326	14,326	14,326	-
7 Christian Family Service Centre -to purchase sports and recreational equipment	19,122	15,370	15,370	- 3,752 N
8 Hong Kong Christian Service -to purchase sports and recreational equipment	3,100	3,100	3,100	-
9 Hong Kong ABWE Social Service -to purchase sports and recreational equipment	51,388	51,388	51,388	-
10 The Mental Health Association of Hong Kong -to purchase sports and recreational equipment	30,767	30,372	30,372	- 395 N
11 Hong Kong Sheng Kung Hui Welfare Council Limited -to purchase sports and recreational equipment	46,604	24,962	44,223	- 2,381 N
12 Hong Kong Army Cadets Association -to purchase sports and recreational equipment	89,612	89,612	89,612	-
13 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	967,278	109,025	928,591	- 38,687 N
14 Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	1,296,211	296,477	1,278,084	- 18,127 N
Total, Non-Capital Works Projects approved in 2020-2021	2,768,789	850,264	2,705,421	63,368

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

Description		Approved Commitment \$	Expenditure Less Refund during 2021/2022 \$	Total Expenditure up to 31.3.2022 \$	Unspent Balance (N=Not required) \$
(b) Projects approved in 2021-2022					
1	Wu Oi Christian Centre -to purchase sports and recreational equipment	9,205	-	-	9,205
2	Hong Kong Army Cadets Association -to purchase sports and recreational equipment	26,300	-	-	26,300
3	Women Service Association -to purchase sports and recreational equipment	1,580	1,580	1,580	-
4	Social Service Department of Hong Kong-Macao Conference of Seventh-day Adventists -to purchase sports and recreational equipment	16,875	-	-	16,875
5	Evangelical Lutheran Church Social Service - Hong Kong -to purchase sports and recreational equipment	17,000	-	-	17,000
6	The Yuen Yuen Institute -to purchase sports and recreational equipment	1,300	1,300	1,300	-
7	Hong Kong Children & Youth Service -to purchase sports and recreational equipment	24,004	-	-	24,004
8	The Mental Health Association of Hong Kong -to purchase sports and recreational equipment	18,164	-	-	18,164
9	Shatin Emmanuel Church -to purchase sports and recreational equipment	43,004	-	-	43,004
10	Stewards -to purchase sports and recreational equipment	31,543	-	-	31,543
11	Hong Kong Christian Service -to purchase sports and recreational equipment	7,800	-	-	7,800
12	The Free Methodist Church of HK - Social Service Division -to purchase sports and recreational equipment	50,581	-	-	50,581
13	Hong Kong Sheng Kung Hui Welfare Council Limited -to purchase sports and recreational equipment	36,381	15,072	15,072	20,818 491 N
14	Dawn Society -to purchase sports and recreational equipment	33,892	-	-	33,892
15	Methodist Epworth Village Community Centre, Social Welfare -to purchase sports and recreational equipment	32,684	-	-	32,684
16	The Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment	175,632	-	-	175,632
17	Hong Kong Rehabilitation Power -to purchase sports and recreational equipment	26,560	-	-	26,560
18	Operation Dawn Limited -to purchase sports and recreational equipment	4,588	-	-	4,588
19	Chinese YMCA of Hong Kong -to purchase sports and recreational equipment	176,640	-	-	176,640
20	Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	883,555	830,234	830,234	24,496 28,825 N
21	Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	1,329,793	560,163	560,163	766,026 3,604 N
22	Mutual Aid Committee, Owners Corporations and Other Residents' Organizations -to purchase sports and recreational equipment	547,163	465,602	465,602	14,889 66,672 N
Total, Non-Capital Works Projects approved in 2021-2022		3,494,244	1,873,951	1,873,951	1,620,293
Total, Non-Capital Works Projects		6,263,033	2,724,215	4,579,372	1,683,661

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

Description	Approved Commitment \$	Expenditure Less Refund during 2021/2022 \$	Total Expenditure up to 31.3.2022 \$	Unspent Balance (N=Not required) \$
II. CAPITAL WORKS PROJECTS				
(a) Projects approved in 2018-2019				
1 Chinese YMCA of Hong Kong - New Territories Centre -construction of a new challenge rope course	700,000	-	-	700,000
2 Hong Kong Youth Hostels Association - Bradbury Hall (Chek Keng) -construction of floating pontoon in Bradbury Hall (Chek Keng)	303,040	-	-	- 303,040 N
Total, Capital Works Projects approved in 2018-2019	1,003,040	-	-	1,003,040
(b) Projects approved in 2019-2020				
1 The Hong Kong Federation of Youth Groups -construction of a slipway	559,770	558,224	558,224	- 1,546 N
2 Hong Kong Playground Association -construction of rope course	553,600	553,600	553,600	-
Total, Capital Works Projects approved in 2019-2020	1,113,370	1,111,824	1,111,824	1,546
(c) Projects approved in 2020-2021				
1 Hong Kong Tennis Association - HKTA Tennis Centre -replacement of floodlights at tennis courts	105,600	105,600	105,600	-
2 Christian & Missionary Alliance Wah Kee Church - Christian & Missionary Alliance Wah Kee Neighbourhood Centre -construction of multi-purpose room and changing room	496,800	-	-	496,800
3 Hong Kong Army Cadets Association -installation of facilities for abseiling and crate climbing training	325,880	-	-	104,520 221,360 N
4 The Hong Kong Federation of Youth Groups - The Hong Kong Federation of Youth Groups Tsuen Wan Indoor Sports Centre -construction of climbing (bouldering) walls and adventure high wall	534,400	-	-	534,400
Total, Capital Works Projects approved in 2020-2021	1,462,680	105,600	105,600	1,357,080
(d) Projects approved in 2021-2022				
1 Kwun Tong Methodist Social Service - Ngau Tau Kok Youth Integrated Service Centre -construction of a climbing wall with safety mat in an activity room of the Centre	50,240	-	-	50,240
2 The Hong Kong Federation of Youth Groups Institute for Leadership Development Limited -construction of an adventure tower at the Institute	696,000	-	-	696,000
3 Tsuen Wan Kwai Ching District Women's Association - Tsuen Wan Kwai Ching District Women's Association Yuen Wai Man Comprehensive Service Centre -conversion of two rooms of the Centre into a multi-use recreational room	68,400	-	-	68,400
Total, Capital Works Projects approved in 2021-2022	814,640	-	-	814,640
Total, Capital Works Projects	4,393,730	1,217,424	1,217,424	3,176,306

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

Description		Approved Commitment \$	Expenditure Less Refund during 2021/2022 \$	Total Expenditure up to 31.3.2022 \$	Unspent Balance (N=Not required) \$
III. SPECIAL PROJECTS					
(a)	Projects approved in 2016-2017	9,840,200	-	4,100,347	3,000,000 2,739,853 N
(b)	Projects approved in 2018-2019	9,080,410	496,717	8,687,862	- 392,548 N
(c)	Projects approved in 2019-2020	15,384,980	2,827,227	6,072,937	8,463,594 848,449 N
(d)	Projects approved in 2020-2021	19,102,137	1,593,288	1,593,288	17,499,437 9,412 N
(e)	Projects approved in 2021-2022	16,504,313	-	-	16,504,313
Total, Special Projects		<u>69,912,040</u>	<u>4,917,232</u>	<u>20,454,434</u>	<u>49,457,606</u>
Total, MAIN FUND		<u>80,568,803</u>	<u>8,858,871</u>	<u>26,251,230</u>	<u>54,317,573</u>
		Outstanding commitment			49,638,405
		Balance not required (N)			4,679,168
		Total unspent balance			<u>54,317,573</u>

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

Description	Approved Commitment \$	Expenditure Less Refund during 2021/2022 \$	Total Expenditure up to 31.3.2022 \$	Unspent Balance (N=Not required) \$
HONG KONG ATHLETES FUND				
(a) Projects approved in 2015-2016				
1 Hong Kong Athletes Fund Grants -tuition fees for athletes	1,694,770	40,321	1,387,529	33,600 273,641 N
2 Hong Kong Athletes Fund Grants -Hong Kong 2009 East Asian Games Education Scheme	1,242,310	16,690	849,060	82,850 310,400 N
Total, Projects approved in 2015-2016	2,937,080	57,011	2,236,589	700,491
(b) Projects approved in 2016-2017				
1 Hong Kong Athletes Fund Grants -tuition fees for athletes	1,656,463	42,000	1,353,823	185,200 117,440 N
2 Hong Kong Athletes Fund Grants -Hong Kong 2009 East Asian Games Education Scheme	923,030	16,800	527,610	154,425 240,995 N
Total, Projects approved in 2016-2017	2,579,493	58,800	1,881,433	698,060
(c) Projects approved in 2017-2018				
Hong Kong Athletes Fund Grants -tuition fees for athletes	1,971,200	147,710	1,497,250	151,140 322,810 N
Total, Projects approved in 2017-2018	1,971,200	147,710	1,497,250	473,950
(d) Projects approved in 2018-2019				
Hong Kong Athletes Fund Grants -tuition fees for athletes	3,047,427	530,705	2,047,058	966,969 33,400 N
Total, Projects approved in 2018-2019	3,047,427	530,705	2,047,058	1,000,369
(e) Projects approved in 2019-2020				
Hong Kong Athletes Fund Grants -tuition fees for athletes	1,875,100	413,600	1,143,000	725,050 7,050 N
Total, Projects approved in 2019-2020	1,875,100	413,600	1,143,000	732,100
(f) Projects approved in 2020-2021				
Hong Kong Athletes Fund Grants -tuition fees for athletes	8,977,719	3,019,637	3,667,570	4,646,517 663,632 N
Total, Projects approved in 2020-2021	8,977,719	3,019,637	3,667,570	5,310,149
(g) Projects approved in 2021-2022				
1 Hong Kong Athletes Fund Grants -tuition fees for athletes	6,694,441	823,670	823,670	5,870,771
2 Hong Kong Athletes Fund Grants -Elite Athletes Performance Recognition Scheme	7,877,760	7,877,760	7,877,760	-
Total, Projects approved in 2021-2022	14,572,201	8,701,430	8,701,430	5,870,771
Total, HONG KONG ATHLETES FUND	35,960,220	12,928,893	21,174,330	14,785,890
		Outstanding commitment		12,816,522
		Balance not required (N)		1,969,368
		Total unspent balance		14,785,890

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

Description	Approved Commitment \$	Expenditure Less Refund during 2021/2022 \$	Total Expenditure up to 31.3.2022 \$	Unspent Balance (N=Not required) \$
ARTS AND SPORT DEVELOPMENT FUND				
(a) Projects approved in 2011-2012				
Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	26,105,000	1,271,385	25,632,221	- 472,779 N
Total, Projects approved in 2011-2012	26,105,000	1,271,385	25,632,221	472,779
(b) Projects approved in 2012-2013				
Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	29,440,000	400,000	27,940,955	- 1,499,045 N
Total, Projects approved in 2012-2013	29,440,000	400,000	27,940,955	1,499,045
(c) Projects approved in 2013-2014				
Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	33,860,000	1,350,000	30,222,450	2,250,000 1,387,550 N
Total, Projects approved in 2013-2014	33,860,000	1,350,000	30,222,450	3,637,550
(d) Projects approved in 2014-2015				
Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	38,251,000	200,000	38,030,700	- 220,300 N
Total, Projects approved in 2014-2015	38,251,000	200,000	38,030,700	220,300
(e) Projects approved in 2016-2017				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	26,317,200	244,214	25,142,152	- 1,175,048 N
2 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	29,700,000	-	29,450,598	58,382 191,020 N
Total, Projects approved in 2016-2017	56,017,200	244,214	54,592,750	1,424,450
(f) Projects approved in 2017-2018				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	35,742,250	1,629,116	32,728,199	1,533,600 1,480,451 N
2 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	29,363,000	1,282,360	26,435,944	2,659,800 267,256 N
Total, Projects approved in 2017-2018	65,105,250	2,911,476	59,164,143	5,941,107
(g) Projects approved in 2018-2019				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	27,796,125	1,079,667	21,326,767	4,679,000 1,790,358 N
2 Various Sports Organisations / Events -to support sport projects which will make a significant contribution to the further development of sport in the community	123,985,741	-	112,790,986	- 11,194,755 N
3 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	24,969,000	2,082,612	22,617,512	2,312,700 38,788 N
Total, Projects approved in 2018-2019	176,750,866	3,162,279	156,735,265	20,015,601

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

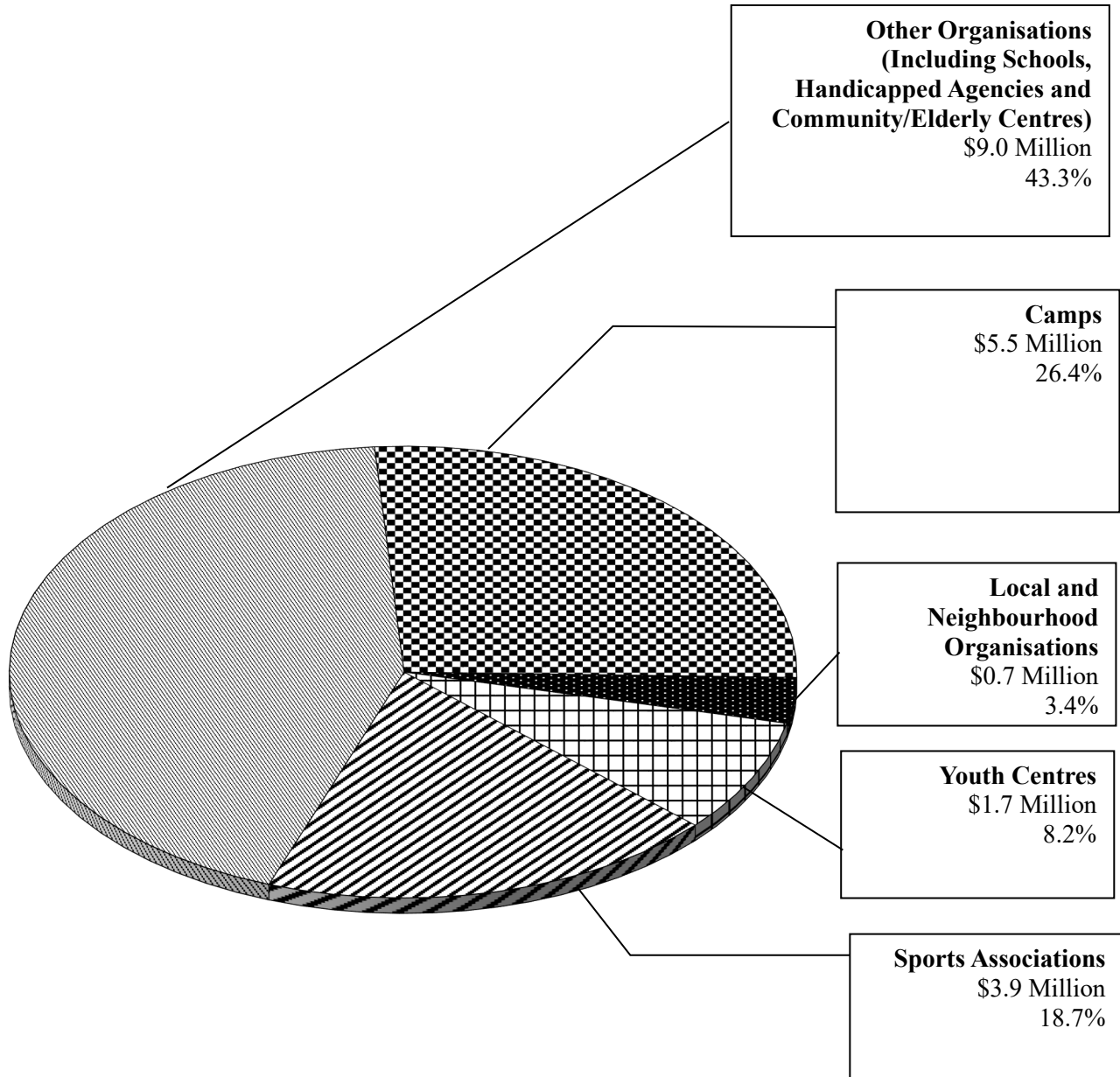
Description	Approved Commitment \$	Expenditure Less Refund during 2021/2022 \$	Total Expenditure up to 31.3.2022 \$	Unspent Balance (N=Not required) \$
(h) Projects approved in 2019-2020				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	34,893,613	1,537,474	24,559,280	7,979,333 2,355,000 N
2 Various Sports Organisations / Events -to support sport projects which will make a significant contribution to the further development of sport in the community	179,600,840	1,175,000	149,557,681	30,043,159
3 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	30,644,000	5,053,300	19,880,200	10,763,800
Total, Projects approved in 2019-2020	245,138,453	7,765,774	193,997,161	51,141,292
(i) Projects approved in 2020-2021				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	9,126,500	1,427,250	7,415,500	1,711,000
2 Various Sports Organisations / Events -to support sport projects which will make a significant contribution to the further development of sport in the community	91,155,831	16,186,649	73,868,588	17,287,243 0 N
3 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	38,468,000	14,754,100	18,649,000	19,819,000
Total, Projects approved in 2020-2021	138,750,331	32,367,999	99,933,088	38,817,243
(j) Projects approved in 2021-2022				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	31,374,726	17,112,363	17,112,363	14,262,363
2 Various Sports Organisations / Events -to support sport projects which will make a significant contribution to the further development of sport in the community	308,372,348	272,188,616	272,188,616	36,183,732
3 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	45,378,000	3,181,200	3,181,200	42,196,800
Total, Projects approved in 2021-2022	385,125,074	292,482,179	292,482,179	92,642,895
Other amount earmarked	355,221,000	-	-	355,221,000
Total, ARTS AND SPORT DEVELOPMENT FUND	1,549,764,174	342,155,306	978,730,912	571,033,262
		Outstanding commitment		548,960,912
		Balance not required (N)		22,072,350
		Total unspent balance		571,033,262
GRAND TOTAL	1,666,293,197	363,943,070	1,026,156,472	640,136,725
		Outstanding commitment		611,415,839
		Balance not required (N)		28,720,886
		Total unspent balance		640,136,725

SCHEDULE 2

SUMMARY OF APPROVED GRANTS AND OUTSTANDING COMMITMENTS AS AT 31 MARCH 2022

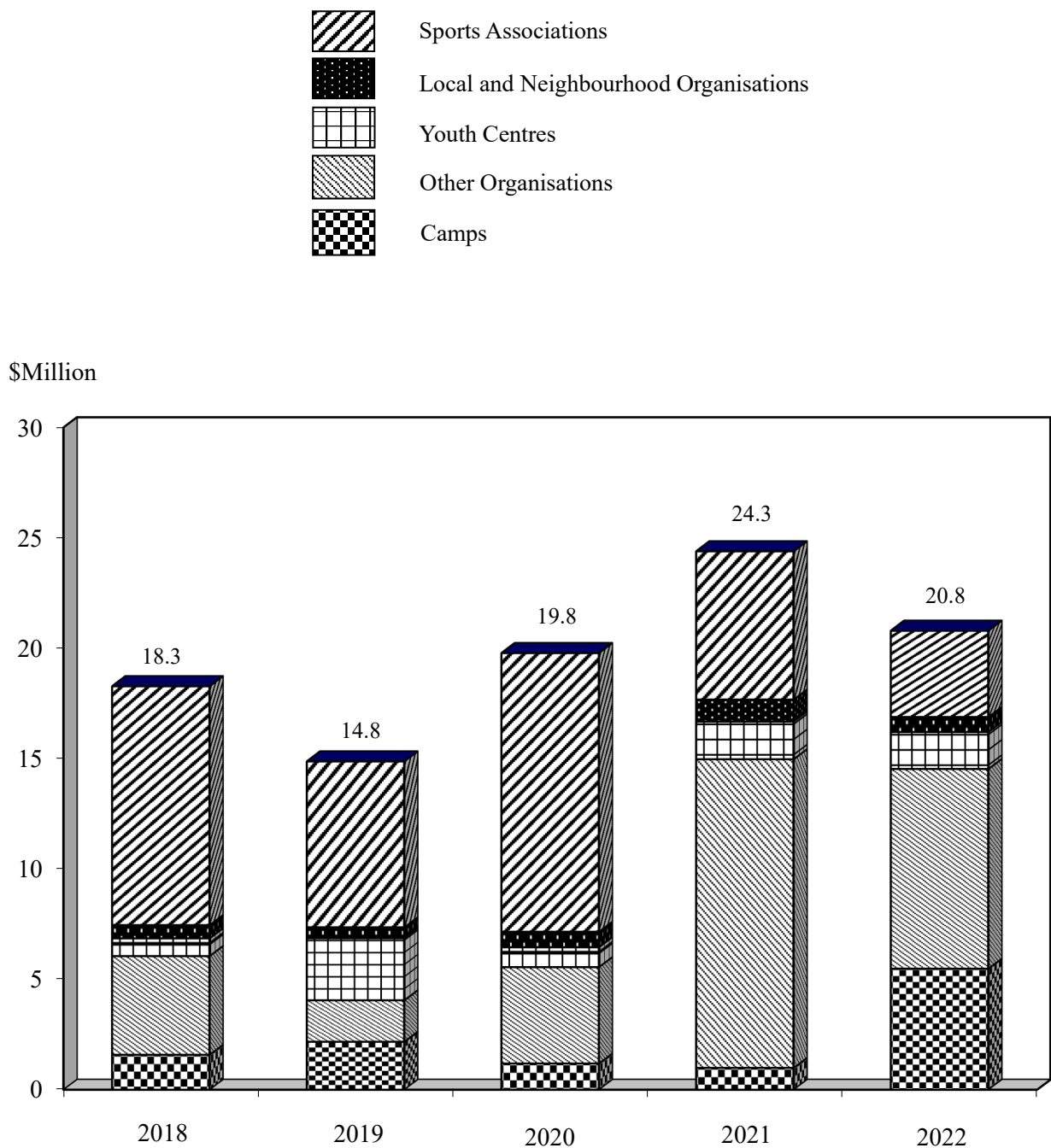
Fund	Grants approved		Outstanding commitments
	From 1.4.2021 to 31.3.2022	Cumulative to date	
	\$'000	\$'000	\$'000
MAIN FUND	20,813	387,619	49,638
SPORTS AID FOR THE DISABLED FUND	-	15,202	-
SPORTS AID FOUNDATION FUND	-	134,524	-
ARTS DEVELOPMENT FUND	-	66,256	-
HONG KONG ATHLETES FUND	14,572	75,471	12,817
ARTS AND SPORT DEVELOPMENT FUND	<u>385,125</u>	<u>3,084,098</u>	<u>548,961</u>
	<u><u>420,510</u></u>	<u><u>3,763,170</u></u>	<u><u>611,416</u></u>

**MAIN FUND
APPROVED GRANTS BY TYPES OF ORGANISATION
FOR THE YEAR ENDED 31 MARCH 2022**

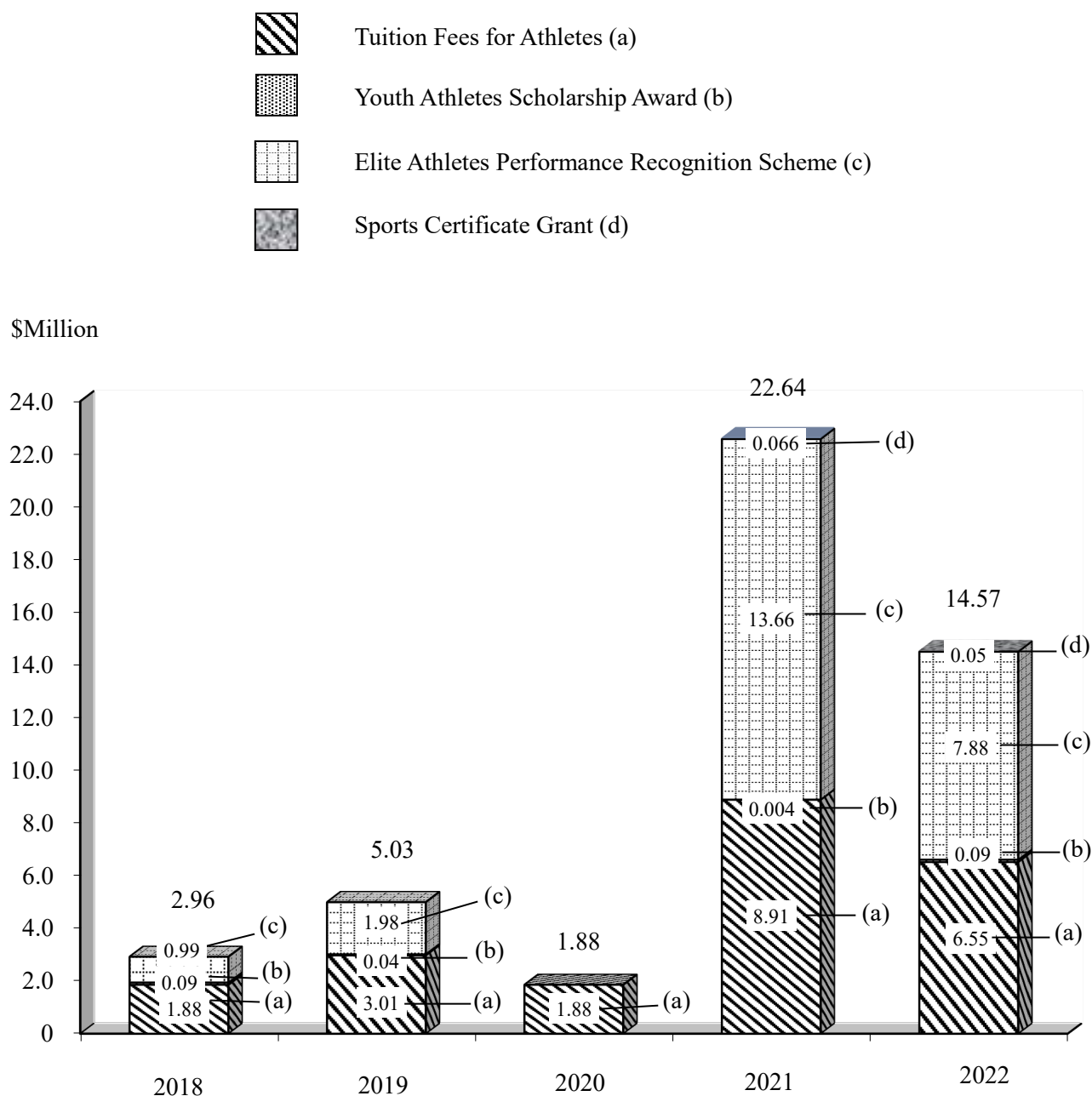


TOTAL APPROVED GRANTS \$20.8 Million

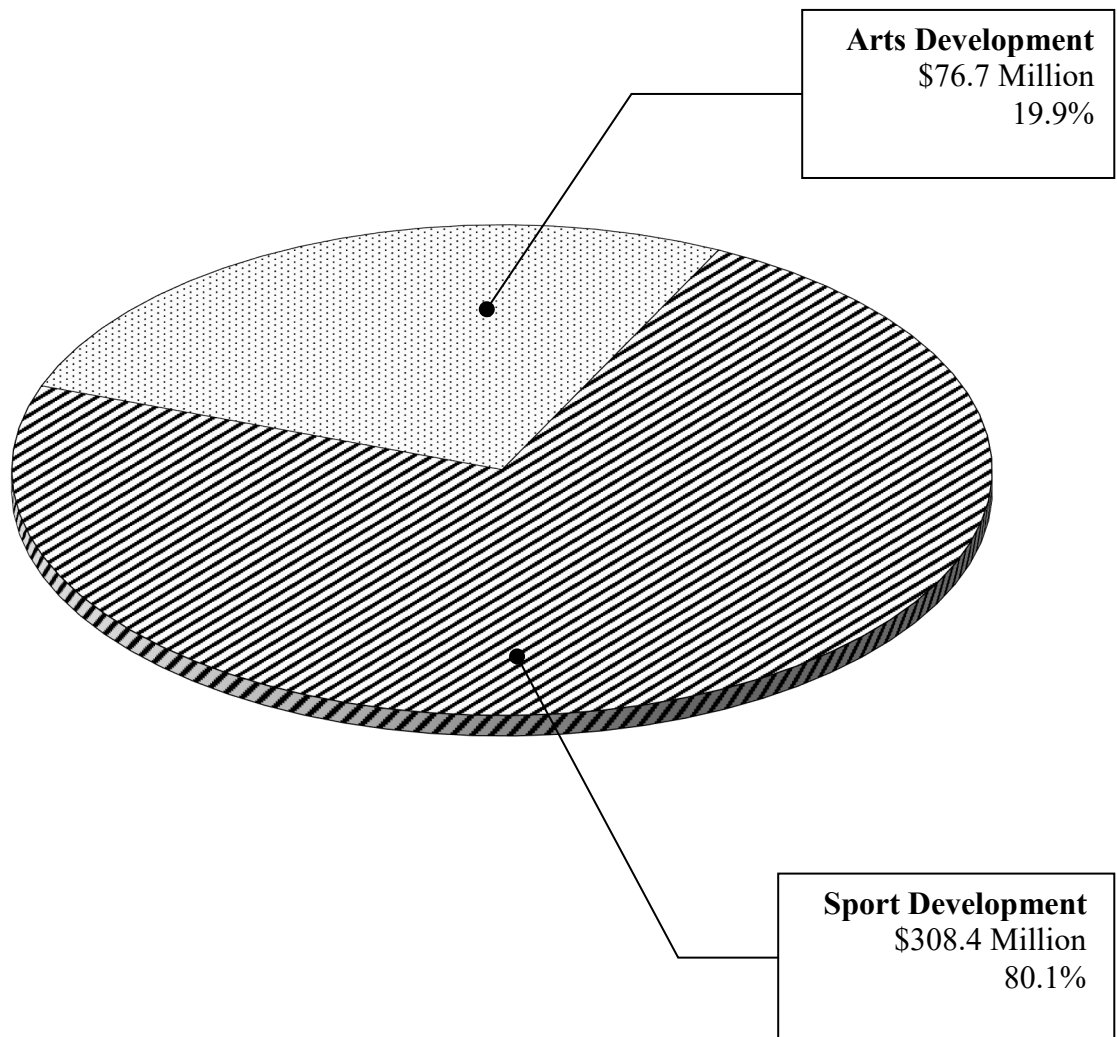
**MAIN FUND
APPROVED GRANTS FOR THE YEARS 2017-2018 TO 2021-2022**



HONG KONG ATHLETES FUND APPROVED GRANTS FOR THE YEARS 2017-2018 TO 2021-2022

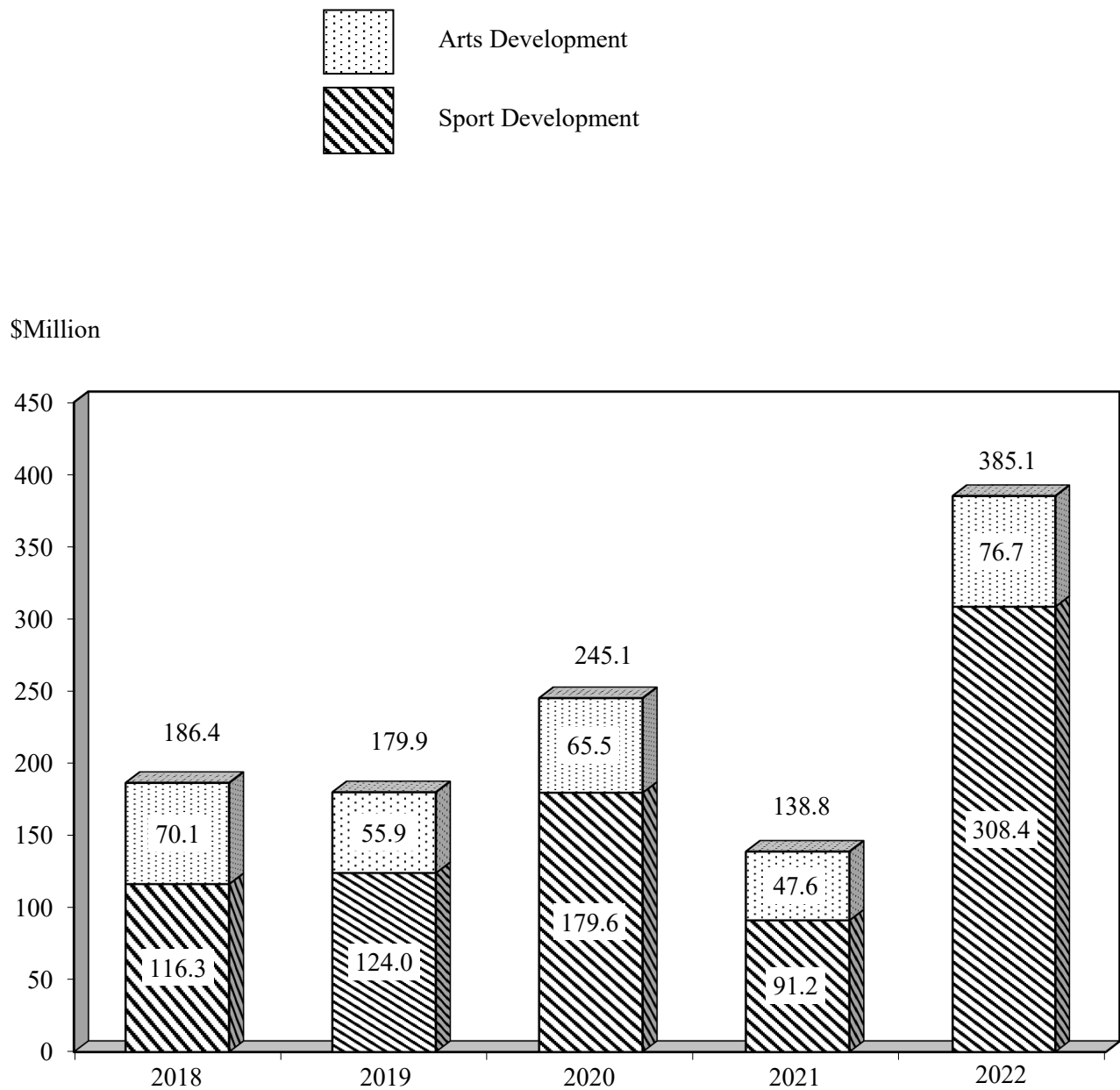


**ARTS AND SPORT DEVELOPMENT FUND
APPROVED GRANTS BY TYPES OF ACTIVITY
FOR THE YEAR ENDED 31 MARCH 2022**



TOTAL APPROVED GRANTS \$385.1 Million

**ARTS AND SPORT DEVELOPMENT FUND
APPROVED GRANTS FOR THE YEARS 2017-2018 TO 2021-2022**



SCHEDULE 3

STATEMENT OF INVESTMENTS AS AT 31 MARCH 2022

Securities	HK\$'000
MAIN FUND	
(a) Hong Kong Listed Equity Securities:	
Tracker Fund of Hong Kong	30,374
(b) Overseas Listed Equity Securities:	
SPDR S&P 500 Exchange Traded Fund	36,749
	<hr/>
Total, MAIN FUND	67,123
	<hr/> <hr/>
HONG KONG ATHLETES FUND	
(a) Hong Kong Listed Equity Securities:	
Tracker Fund of Hong Kong	61,783
(b) Overseas Listed Equity Securities:	
SPDR S&P 500 Exchange Traded Fund	74,948
	<hr/>
Total, HONG KONG ATHLETES FUND	136,731
	<hr/> <hr/>
ARTS AND SPORT DEVELOPMENT FUND	
(a) Hong Kong Listed Equity Securities:	
Tracker Fund of Hong Kong	198,058
Investment portfolio under the management of external investment manager	730,447
(b) Overseas Listed Equity Securities:	
SPDR S&P 500 Exchange Traded Fund	199,486
Investment portfolio under the management of external investment manager	930,485
	<hr/>
Total, ARTS AND SPORT DEVELOPMENT FUND	2,058,476
	<hr/> <hr/>