

**SIR DAVID TRENCH
FUND FOR
RECREATION
TRUSTEE'S REPORT
2010-2011**

**ACCOUNTS, TRUSTEE'S REPORT, AND REPORT OF
THE SECRETARY FOR HOME AFFAIRS
FOR
2010 – 2011**

When dollars are quoted in this report, they are, unless otherwise stated, Hong Kong dollars.

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MEMBERS OF COMMITTEES 2010-2011

SIR DAVID TRENCH FUND COMMITTEE 2010-2011

Chairman : Mr Wilfred NG Sau-kei, SBS, MH, JP

Members : Mr CHU Siu-lun, Ivan (w.e.f. 9.1.2011)
Mr Edmond CHUNG Kong-mo, JP (up to 8.1.2011)
Mr John FAN Kam-ping, BBS, JP
Mr GENG Chun-ya
Miss Lisa LAU Man-man, MH, JP
Mr LEE Kar-yan, Douglas (w.e.f. 9.1.2011)
Ms LO Yin-bing, Susana, MH (w.e.f. 9.1.2011)
Mr William TONG Wai-lun, MH (up to 8.1.2011)
Miss Agnes TSANG Kwan-yuk
Ms Monin UNG (up to 8.1.2011)
Mr Sam WONG Tak-sum
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

Secretary : Mr Andy LIU
Home Affairs Bureau

INVESTMENT ADVISORY COMMITTEE 2010-2011

Chairman : Mr TSANG-chung, Jacob

Members : Mr Lawrence CHEUNG Wai-kou, MH, JP
Mr Irons SZE
Mr TSANG Kwong-wing, Ernest

Secretary : Mr Andrew CHAN
Treasury

**HONG KONG SPORTS INSTITUTE LIMITED
BOARD OF DIRECTORS 2010-2011**

Chairman : Dr Eric LI Ka-cheung, GBS, JP

Vice-Chairman : Dr Tommy TAM Hok-lam, JP
Mr TANG Kwai-nang, BBS, JP

Directors : Dr Julian CHANG Wai, MH
Dr Kenneth CHU Ting-kin
Professor Frank FU Hoo-kin, MH, JP
Mr Karl KWOK Chi-leung
Dr James LAM
Dr HON LAM Tai-fai, BBS, JP
Ms Vivien LAU Chiang-chu, JP
Mr Matthias LI Sing-chung
Mr Martin LIAO Cheung-kong, JP
Ms Winnie NG
Mr Carlson TONG Ka-shing, JP
Mr Johnny WOO Wai-man, BBS
Mr Thomas J WU
Ms Lisa YIP Sau-wah, JP
Mr Jonathan McKINLEY
Mr Bobby CHENG Kam-wing, JP

Alternate Directors : Mr Benjamin MOK Kwan-yu
(as alternate director to Mr Jonathan McKINLEY)
Ms Olivia CHAN Yeuk-oi
(as alternate director to Mr Bobby CHENG Kam-wing, JP)

Secretary : Ms Doris KWOK
(*Non-Director*)

**HONG KONG SPORTS INSTITUTE LIMITED
ELITE TRAINING AND ATHLETES AFFAIRS COMMITTEE 2010-2011**

Chairman : Mr TANG Kwai-nang, BBS, JP

Members : Dr Julian CHANG Wai, MH
Mr Karl KWOK Chi-leung
Dr James LAM
Dr HON LAM Tai-fai, BBS, JP
Ms Vivien LAU Chiang-chu, JP
Dr Tommy TAM Hok-lam, JP
Mr Johnny WOO Wai-man, BBS
Mr Thomas J WU
Mr Benjamin MOK Kwan-yu
Ms Olivia CHAN Yeuk-oi

HONG KONG ARTS DEVELOPMENT COUNCIL 2010-2011

- Chairman :* Mr MA Fung-kwok, SBS, JP (up to 31.12.2010)
Mr Wilfred WONG Ying-wai, SBS, JP (w.e.f. 1.1.2011)
- Vice-Chairman :* Mr Maurice LEE Wai-man, JP (up to 31.12.2010)
Ms Lina YAN Hau-yee, MH, JP (w.e.f. 1.1.2011)
- Members :* Mr William AU Weng-hei, BBS, JP
Professor Stephen CHAN Ching-kiu (up to 31.12.2010)
Dr Eric CHENG Kam-chung, MH, JP
Dr Jonathan CHOI Koon-shum, BBS, JP (up to 31.12.2010)
Ms CHOI Tsz-kwan (w.e.f. 1.1.2011)
Mr CHOY Yick-wai (w.e.f. 1.1.2011)
Mr Christopher CHUNG Shu-kun, BBS, MH, JP
Ms Barbara FEI, BBS
Mr James Mathew FONG (w.e.f. 1.1.2011)
Mr HO Ho-chuen
Mr HUNG Keung (w.e.f. 1.1.2011)
Mr Leon KO Sai-tseung (w.e.f. 1.1.2011)
Mr HON Man-po (up to 31.12.2010)
Mr KAN Tai-keung, SBS (up to 31.12.2010)
Mr KO Tin-lung
Mr Perry LAM (w.e.f. 1.1.2011)
Mr LEE Kam-yin, MH
Mr Alan LO Yeung-kit (w.e.f. 1.1.2011)
Professor Eva MAN Kit-wah
Mr Fredric MAO Chun-fai, BBS (up to 31.12.2010)
Ms Emily MOK Fung-yee, MH, JP
Mr NG Kang-fai
Ms Nikki NG Mien-hua (w.e.f. 1.1.2011)
Mr PUN Siu-fai (up to 31.12.2010)
Mr TO Kei-fung
Dr WONG So-lan (up to 31.12.2010)
Ms Lina YAN Hau-yee, MH, JP (appointed as Vice-Chairman w.e.f. 1.1.2011)
Ms YAO Jue (up to 31.12.2010)
Mr YUEN Siu-fai
Secretary for Home Affairs or his representative
Permanent Secretary for Education or his representative
Director of Leisure and Cultural Services or his representative
- Secretary :* Mr Louis YU (up to 18.6.2010)
(Chief Executive, Hong Kong Arts Development Council)
- Ms Josephine WAI (w.e.f. 7.6.2010 up to 14.10.2010)
(Acting Chief Executive, Hong Kong Arts Development Council)
- Mr CHOW Yung-ping (w.e.f. 15.10.2010)
(Chief Executive, Hong Kong Arts Development Council)

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 1987-88. During the year 1988-89, 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 1989-90, 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 a further sum of \$20 million to be injected 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 1997-98 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 total capital to \$18.248 million. The sum of \$5 million injected may be expended specifically for the special scheme for young athletes. Hence 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 is 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, the Finance Committee of the Legislative Council approved a further sum of \$80 million to be injected into the Fund. In February 2009, the Finance Committee of the Legislative Council approved another sum of \$150 million to be injected into the Fund, which brought the total capital to \$530 million. Both the capital and any income generated therefrom may be expended specifically for the purpose of the Fund. In July 2010, the Finance Committee of the Legislative Council approved a further sum of \$3 billion to be injected into the Fund. The \$3 billion injection, which should be kept intact in the long run, brought the total capital to \$3.53 billion.

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 utilized. 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 Hong Kong Sports Institute Limited and the Elite Training and Athletes Affairs Committee are detailed on page 3.

13. Disbursements from the Arts Development Fund are approved by the then Secretary for Broadcasting, Culture and Sport (and by the Secretary for Home Affairs with effect from 9 April 1998) on the advice of the Hong Kong Arts Development Council. The Hong Kong Arts Development Council was set up on 15 April 1994 initially as a non-statutory body. It became a statutory body on 1 June 1995 and its current membership is detailed on page 4.

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 2011, 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 14 to 37.

16. Under the Main Fund, income exceeded expenditure by \$5.922 million. Income from dividends and interest was \$3.426 million and net revaluation gains on investments in securities were \$9.794 million. Expenditure on grants was \$7.522 million. The accumulated surplus was \$133.794 million at 31 March 2011.

17. Under the Sports Aid for the Disabled Fund, income exceeded expenditure by \$0.095 million. Interest income was \$0.082 million and net revaluation gains on investments in securities were \$0.014 million. There was no grant payment during the year. The accumulated surplus was \$1.020 million at 31 March 2011.

18. Under the Sports Aid Foundation Fund, income exceeded expenditure by \$2.937 million. Income from dividends and interest was \$1.621 million and net revaluation gains on investments in securities were \$1.091 million. There was no grant payment during the year. The accumulated surplus was \$21.029 million at 31 March 2011.

19. Under the Arts Development Fund, expenditure exceeded income by \$1.679 million. Interest income was \$0.235 million. Expenditure on grants was \$1.813 million and net revaluation losses on investment in securities were \$0.109 million. The accumulated deficit was \$33.158 million at 31 March 2011.

20. Under the Hong Kong Athletes Fund, income exceeded expenditure by \$1.195 million. Income from dividends and interest was \$0.689 million and net revaluation gains on investments in securities were \$0.964 million. Expenditure on grants was \$0.471 million. The accumulated surplus was \$8.549 million at 31 March 2011.

21. Under the Arts and Sport Development Fund, income exceeded expenditure by \$103.706 million. Income from dividends and interest was \$26.384 million and net revaluation gains on investments in securities were \$117.108 million. Expenditure on grants was \$48.523 million. The accumulated deficit was \$265.026 million at 31 March 2011.

GRANTS

22. Details of the expenditure on grants in 2010-2011 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 2011 is shown in Schedule 2 on page 45.

INVESTMENTS

23. Investments as at 31 March 2011 are shown in Schedule 3 on pages 46 to 47.

CHARTS

24. Charts relating to approved grants are on pages 48 to 55.

Mrs Lesley Y C WONG
Director of Accounting Services
The Trustee of the Sir David Trench Fund for Recreation

4 July 2011

**REPORT OF THE SECRETARY FOR HOME AFFAIRS
ON THE SIR DAVID TRENCH FUND FOR RECREATION 2010-2011**

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 Projects which aim at building new recreational facilities, the Non-Capital Works Projects which cover the purchase of equipment, and the Special Projects 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. Capital Works Projects should be specifically of the "brick and mortar" type and for the construction of new recreational facilities. In 2010-2011, a total of \$2,000,000 from the Fund helped to pay for the six capital works projects listed on page 40.

6. 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 2010-2011, a total of \$2,301,177 was awarded to the organisations and agencies listed on pages 38 to 39.

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 2009-2010 to 2011-2012 has been "Construction of New Sports Facilities, Improvement of Existing Sports Facilities and Purchase of Sports Equipment for enhancement of training in elite sport and developing sport at the community level". In 2010-2011, a total of \$11,027,632 was awarded to nine 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 3.

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.

11. In 2007-2008, the Hong Kong Sports Institute Limited implemented a new financial support scheme known as the Elite Training Grant. Since then, no applications for grants from the SAFF have been received. We are considering the possibility of dissolving the SAFF and re-allocating the relevant resources to the Fund.

SPORTS AID FOR THE DISABLED FUND

12. 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.

13. 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 3.

14. 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 considering the possibility of dissolving the SADF and re-allocating the relevant resources to the Fund.

ARTS AND SPORT DEVELOPMENT FUND

15. In January 1997, the Finance Committee of the Legislative Council 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 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, the Finance Committee of the Legislative Council approved an injection of \$80,000,000 into the ASDF, \$40,000,000 for the arts and another \$40,000,000 for sport. On 20 February 2009, the Finance Committee approved an injection of \$150,000,000 into the ASDF, \$60,000,000 for the arts and \$90,000,000 for sport.

16. To promote further the development of the arts and sport, the Finance Committee of the Legislative Council 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.

17. Before the injection of funds to the ASDF in July 2010, the arts portion of ASDF primarily supported the arts projects of the Hong Kong Art Development Council (HKADC). With the new injection, it is estimated that an annual provision of \$60,000,000 would be available for disbursement in the arts category. Of the \$60,000,000, \$30,000,000 is earmarked as an enhanced provision for HKADC to support schemes or projects under its purview, and the other \$30,000,000 will be disbursed under a new funding scheme entitled the Arts Capacity Development Fund (ACDF). The ACDF seeks to enhance the capacity development of local artistic

talents by providing funding support to promising artists and small to medium-sized arts groups, and cultivate a supportive culture for the arts in the community through a matching grant element. 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.

18. In 2010-2011, a total of \$46,024,026 was allocated from the ASDF, of which \$18,098,000 was allocated to eight arts projects and \$27,926,026 was allocated to 19 sports development projects.

HONG KONG ATHLETES FUND

19. 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.

20. 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 implement a new scheme to reward young athletes who win medals at major international youth games with educational subsidies from the HKAF.

21. 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 3.

22. In 2010-2011, a total of \$936,900 was allocated from the HKAF, with individual grants ranging from \$42,100 to \$150,000 approved to cover the tuition fees and subsistence allowance of ten athletes. A total of \$25,600 was also disbursed as educational subsidies to young athletes who won medals at major international youth games.

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 Finance Committee of the Legislative Council approved an injection of \$20,000,000 into the ADF on 26 January 2007. In 2010-2011, a total of \$3,406,838 was approved for 36 cultural exchange projects.

TSANG Tak-sing
Secretary for Home Affairs
4 July 2011

REPORT OF THE DIRECTOR OF AUDIT



Audit Commission

The Government of the Hong Kong Special Administrative Region

Independent Audit Report

To the Legislative Council

I certify that I have audited the financial statements of the Sir David Trench Fund for Recreation set out on pages 14 to 37, which comprise the balance sheet as at 31 March 2011, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Director of Accounting Services' Responsibility 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 financial statements that give a true and fair view in accordance with section 9(1) of the Sir David Trench Fund for Recreation Ordinance (Cap. 1128) 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with section 9(2) of the Sir David Trench Fund for Recreation Ordinance and the Audit Commission auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement

of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director of Accounting Services, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Sir David Trench Fund for Recreation as at 31 March 2011, 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.

LAU Sun-wo
Assistant Director of Audit
for Director of Audit

4 July 2011

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

BALANCE SHEET AS AT 31 MARCH 2011

		Note	2011 HK\$'000	2010 HK\$'000
MAIN FUND	ASSETS			
	Cash at bank		298	1,011
	Deposits with banks	3	31,961	23,500
	Investments in securities	4	127,318	128,668
	Interest receivable		88	106
	Total assets		159,665	153,285
	LIABILITIES			
	Payables and other liabilities	5	(2,671)	(2,213)
	Net assets		156,994	151,072
	Representing : FUND BALANCE			
Capital		23,200	23,200	
Accumulated surplus		133,794	127,872	
		156,994	151,072	
SPORTS AID FOR THE DISABLED FUND	ASSETS			
	Cash at bank		104	75
	Deposits with banks	3	6,552	6,500
	Investments in securities	4	847	834
	Interest receivable		17	16
	Total assets		7,520	7,425
	Representing : FUND BALANCE			
	Capital		6,500	6,500
	Accumulated surplus		1,020	925
			7,520	7,425
SPORTS AID FOUNDATION FUND	ASSETS			
	Cash at bank		55	650
	Deposits with banks	3	16,436	12,530
	Investments in securities	4	44,801	45,179
	Interest receivable		314	310
	Total assets		61,606	58,669
	Representing : FUND BALANCE			
	Capital		40,577	40,577
	Accumulated surplus		21,029	18,092
			61,606	58,669

Sir David Trench Fund For Recreation

BALANCE SHEET - Continued

		Note	2011 HK\$'000	2010 HK\$'000
ARTS DEVELOPMENT FUND	ASSETS			
	Cash at bank		126	764
	Deposits with banks	3	11,695	12,861
	Investments in securities	4	5,058	5,167
	Interest receivable		25	41
	Total assets		16,904	18,833
	LIABILITIES			
	Payables and other liabilities	5	(62)	(312)
	Net assets		16,842	18,521
	Representing :			
FUND BALANCE				
Capital		50,000	50,000	
Accumulated deficit		(33,158)	(31,479)	
		16,842	18,521	
HONG KONG ATHLETES FUND	ASSETS			
	Cash at bank		96	370
	Deposits with banks	3	7,418	7,000
	Investments in securities	4	19,144	18,096
	Interest receivable		140	137
	Total assets		26,798	25,603
	LIABILITIES			
	Payables and other liabilities	5	(1)	(1)
	Net assets		26,797	25,602
	Representing :			
FUND BALANCE				
Capital		18,248	18,248	
Accumulated surplus		8,549	7,354	
		26,797	25,602	
ARTS AND SPORT DEVELOPMENT FUND	ASSETS			
	Cash at bank		40,576	647
	Deposits with banks	3	1,205,139	122,600
	Investments in securities	4	2,015,527	39,745
	Interest receivable		3,958	456
	Total assets		3,265,200	163,448
	LIABILITIES			
	Payables and other liabilities	5	(226)	(2,180)
	Net assets		3,264,974	161,268
	Representing :			
FUND BALANCE				
Capital		3,530,000	530,000	
Accumulated deficit		(265,026)	(368,732)	
		3,264,974	161,268	
TOTAL FUND BALANCE:			3,534,733	422,557

The accompanying notes 1 to 14 form part of these financial statements.



The Treasury
Hong Kong

4 July 2011

Mrs Lesley Y C WONG
Director of Accounting Services
The Trustee of the Sir David Trench Fund for Recreation

Sir David Trench Fund For Recreation

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

		Note	2011 HK\$'000	2010 HK\$'000
MAIN FUND	Income	7	13,521	38,460
	Expenditure	8	(7,599)	(17,059)
	Surplus for the year		<u>5,922</u>	<u>21,401</u>
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u><u>5,922</u></u>	<u><u>21,401</u></u>
SPORTS AID FOR THE DISABLED FUND	Income	7	96	125
	Expenditure	8	(1)	(4)
	Surplus for the year		<u>95</u>	<u>121</u>
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u><u>95</u></u>	<u><u>121</u></u>
SPORTS AID FOUNDATION FUND	Income	7	2,951	7,739
	Expenditure	8	(14)	(206)
	Surplus for the year		<u>2,937</u>	<u>7,533</u>
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u><u>2,937</u></u>	<u><u>7,533</u></u>
ARTS DEVELOPMENT FUND	Income	7	245	303
	Expenditure	8	(1,924)	(1,383)
	Deficit for the year		<u>(1,679)</u>	<u>(1,080)</u>
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u><u>(1,679)</u></u>	<u><u>(1,080)</u></u>
HONG KONG ATHLETES FUND	Income	7	1,674	3,944
	Expenditure	8	(479)	(1,201)
	Surplus for the year		<u>1,195</u>	<u>2,743</u>
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u><u>1,195</u></u>	<u><u>2,743</u></u>
ARTS AND SPORT DEVELOPMENT FUND	Income	7	154,128	7,840
	Expenditure	8	(50,422)	(63,742)
	Surplus/(Deficit) for the year		<u>103,706</u>	<u>(55,902)</u>
	Other comprehensive income		—	—
	Total comprehensive income for the year		<u><u>103,706</u></u>	<u><u>(55,902)</u></u>

The accompanying notes 1 to 14 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011**

		Capital HK\$'000	Accumulated surplus/(deficit) HK\$'000	Total HK\$'000
MAIN FUND	Balance at 1 April 2009	23,200	106,471	129,671
	Total comprehensive income for the year 2009-10		21,401	21,401
	Balance at 31 March 2010	<u>23,200</u>	<u>127,872</u>	<u>151,072</u>
	Total comprehensive income for the year 2010-11		5,922	5,922
	Balance at 31 March 2011	<u>23,200</u>	<u>133,794</u>	<u>156,994</u>
SPORTS AID FOR THE DISABLED FUND	Balance at 1 April 2009	6,500	804	7,304
	Total comprehensive income for the year 2009-10		121	121
	Balance at 31 March 2010	<u>6,500</u>	<u>925</u>	<u>7,425</u>
	Total comprehensive income for the year 2010-11		95	95
	Balance at 31 March 2011	<u>6,500</u>	<u>1,020</u>	<u>7,520</u>
SPORTS AID FOUNDATION FUND	Balance at 1 April 2009	40,577	10,559	51,136
	Total comprehensive income for the year 2009-10		7,533	7,533
	Balance at 31 March 2010	<u>40,577</u>	<u>18,092</u>	<u>58,669</u>
	Total comprehensive income for the year 2010-11		2,937	2,937
	Balance at 31 March 2011	<u>40,577</u>	<u>21,029</u>	<u>61,606</u>

Sir David Trench Fund For Recreation

STATEMENT OF CHANGES IN EQUITY - Continued

		Capital HK\$'000	Accumulated surplus/(deficit) HK\$'000	Total HK\$'000
ARTS DEVELOPMENT FUND	Balance at 1 April 2009	50,000	(30,399)	19,601
	Total comprehensive income for the year 2009-10		(1,080)	(1,080)
	Balance at 31 March 2010	<u>50,000</u>	<u>(31,479)</u>	<u>18,521</u>
	Total comprehensive income for the year 2010-11		(1,679)	(1,679)
	Balance at 31 March 2011	<u><u>50,000</u></u>	<u><u>(33,158)</u></u>	<u><u>16,842</u></u>
HONG KONG ATHLETES FUND	Balance at 1 April 2009	18,248	4,611	22,859
	Total comprehensive income for the year 2009-10		2,743	2,743
	Balance at 31 March 2010	<u>18,248</u>	<u>7,354</u>	<u>25,602</u>
	Total comprehensive income for the year 2010-11		1,195	1,195
	Balance at 31 March 2011	<u><u>18,248</u></u>	<u><u>8,549</u></u>	<u><u>26,797</u></u>
ARTS AND SPORT DEVELOPMENT FUND	Balance at 1 April 2009	530,000	(312,830)	217,170
	Total comprehensive income for the year 2009-10		(55,902)	(55,902)
	Balance at 31 March 2010	<u>530,000</u>	<u>(368,732)</u>	<u>161,268</u>
	Government injection in 2010-11	3,000,000		3,000,000
	Total comprehensive income for the year 2010-11		103,706	103,706
	Balance at 31 March 2011	<u><u>3,530,000</u></u>	<u><u>(265,026)</u></u>	<u><u>3,264,974</u></u>

The accompanying notes 1 to 14 form part of these financial statements.

Sir David Trench Fund For Recreation

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011**

		Note	2011 HK\$'000	2010 HK\$'000
MAIN FUND	Net cash from / (used in) operating activities	9	14,748	(8,134)
	Cash and cash equivalents at beginning of year		17,511	25,645
	Cash and cash equivalents at end of year	10	<u>32,259</u>	<u>17,511</u>
SPORTS AID FOR THE DISABLED FUND	Net cash from operating activities	9	81	1,333
	Cash and cash equivalents at beginning of year		6,575	5,242
	Cash and cash equivalents at end of year	10	<u>6,656</u>	<u>6,575</u>
SPORTS AID FOUNDATION FUND	Net cash from operating activities	9	3,311	7,514
	Cash and cash equivalents at beginning of year		13,180	5,666
	Cash and cash equivalents at end of year	10	<u>16,491</u>	<u>13,180</u>
ARTS DEVELOPMENT FUND	Net cash from / (used in) operating activities	9	9,857	(15,698)
	Cash and cash equivalents at beginning of year		1,964	17,662
	Cash and cash equivalents at end of year	10	<u>11,821</u>	<u>1,964</u>
HONG KONG ATHLETES FUND	Net cash from / (used in) operating activities	9	144	(9,039)
	Cash and cash equivalents at beginning of year		7,370	16,409
	Cash and cash equivalents at end of year	10	<u>7,514</u>	<u>7,370</u>
ARTS AND SPORT DEVELOPMENT FUND	Net cash used in operating activities	9	(1,822,832)	(174,777)
	Cash from financing activities – Government injection		3,000,000	—
	Cash and cash equivalents at beginning of year		18,547	193,324
	Cash and cash equivalents at end of year	10	<u>1,195,715</u>	<u>18,547</u>

The accompanying notes 1 to 14 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 all applicable Hong Kong Financial Reporting Standards (HKFRSs), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, 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 securities are stated at their fair values as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on 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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next year.

(c) Investments in securities

In accordance with HKAS 39, all investments in securities (investments) are classified as "financial assets at fair value" based on the fact that the investments are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management and investment strategy.

Investments primarily consist of equity and debt securities and are initially recognised at fair value, which normally will be equal to the transaction prices, excluding transaction costs which are expensed as incurred. They are subsequently re-measured at fair value. Purchases and sales of investments are recognised using trade date accounting.

When investments are sold, the Fund uses the weighted average method to determine realised gains and losses to be recognised in the income and expenditure account.

Changes in the fair value of investments are recognised as revaluation gains or losses in the income and expenditure account.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Fund has no intention of trading, other than those that the Fund, upon initial recognition, designates as at fair value. This category includes cash at bank and deposits with banks.

Loans and receivables are carried at amortised cost using the effective interest method.

(e) Income recognition

Interest income from debt securities is recognised on a time-proportion 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.

The effective interest method is a method of calculating the amortised cost of an investment and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the investment or, when appropriate, a shorter period to the net carrying amount of the investment.

(f) 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 rate at the balance sheet date. Exchange gains or losses arising are included in the income and expenditure account.

(g) 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 with a maturity of three months or less from the date of placement.

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:

	2011 HK\$'000	2010 HK\$'000
MAIN FUND		
Hong Kong listed equity securities	55,041	54,000
Overseas equity securities	48,933	42,933
US dollar-denominated debt securities	23,344	31,735
	<u>127,318</u>	<u>128,668</u>
 SPORTS AID FOR THE DISABLED FUND		
US dollar-denominated debt securities	<u>847</u>	<u>834</u>
 SPORTS AID FOUNDATION FUND		
Hong Kong listed equity securities	13,122	13,310
US dollar-denominated debt securities	31,679	31,869
	<u>44,801</u>	<u>45,179</u>
 ARTS DEVELOPMENT FUND		
US dollar-denominated debt securities	<u>5,058</u>	<u>5,167</u>
 HONG KONG ATHLETES FUND		
Hong Kong listed equity securities	5,106	4,612
Overseas equity securities	4,229	3,710
US dollar-denominated debt securities	9,809	9,774
	<u>19,144</u>	<u>18,096</u>
 ARTS AND SPORT DEVELOPMENT FUND		
Hong Kong listed equity securities	637,082	—
Overseas equity securities	765,308	—
Hong Kong dollar-denominated debt securities	79,264	—
US dollar-denominated debt securities	533,873	39,745
	<u>2,015,527</u>	<u>39,745</u>

5. PAYABLES AND OTHER LIABILITIES

These include accrued investment management and custodian fees and grants of which disbursement was being processed at the balance sheet date.

6. COMMITMENTS

These represent the unspent portion of the approved grants under the Fund and investment commitments:

	2011 HK\$'000	2010 HK\$'000
MAIN FUND	28,220	22,276
SPORTS AID FOR THE DISABLED FUND	965	965
SPORTS AID FOUNDATION FUND	8,100	8,100
ARTS DEVELOPMENT FUND	1,965	642
HONG KONG ATHLETES FUND	1,513	1,295
ARTS AND SPORT DEVELOPMENT FUND	87,144	65,670
	<u>127,907</u>	<u>98,948</u>

7. INCOME

	2011 HK\$'000	2010 HK\$'000
MAIN FUND		
Net gains on disposal of investments in securities	287	—
Net revaluation gains on investments in securities	9,794	34,770
Dividend income	2,401	2,259
Interest income from debt securities	825	1,382
Other interest income	200	44
Net realised and revaluation gains on other assets	14	5
	<u>13,521</u>	<u>38,460</u>
SPORTS AID FOR THE DISABLED FUND		
Net revaluation gains on investments in securities	14	56
Interest income from debt securities	42	51
Other interest income	40	18
	<u>96</u>	<u>125</u>
SPORTS AID FOUNDATION FUND		
Net gains on disposal of investments in securities	238	—
Net revaluation gains on investments in securities	1,091	6,097
Dividend income	360	335
Interest income from debt securities	1,164	1,291
Other interest income	97	13
Net realised and revaluation gains on other assets	1	3
	<u>2,951</u>	<u>7,739</u>
ARTS DEVELOPMENT FUND		
Net revaluation gains on investments in securities	—	128
Interest income from debt securities	137	109
Other interest income	98	55
Net realised and revaluation gains on other assets	10	11
	<u>245</u>	<u>303</u>

7. INCOME — Continued

	2011 HK\$'000	2010 HK\$'000
HONG KONG ATHLETES FUND		
Refund of grants	20	—
Net revaluation gains on investments in securities	964	3,380
Dividend income	214	194
Interest income from debt securities	419	355
Other interest income	56	14
Net realised and revaluation gains on other assets	1	1
	<u>1,674</u>	<u>3,944</u>
ARTS AND SPORT DEVELOPMENT FUND		
Refund of grants	7,555	5,363
Net revaluation gains on investments in securities	117,108	985
Dividend income	13,240	—
Interest income from debt securities	2,193	829
Other interest income	10,951	582
Net realised and revaluation gains on other assets	3,081	81
	<u>154,128</u>	<u>7,840</u>

8. EXPENDITURE

	2011 HK\$'000	2010 HK\$'000
MAIN FUND		
Grants	7,522	16,811
Bank charges	9	10
Investment management fees	51	45
Investment transaction costs	17	—
Net losses on disposal of investments in securities	—	193
	<u>7,599</u>	<u>17,059</u>
SPORTS AID FOR THE DISABLED FUND		
Bank charges	1	1
Net losses on disposal of investments in securities	—	3
	<u>1</u>	<u>4</u>
SPORTS AID FOUNDATION FUND		
Bank charges	8	7
Investment transaction costs	6	—
Net losses on disposal of investments in securities	—	199
	<u>14</u>	<u>206</u>
ARTS DEVELOPMENT FUND		
Grants	1,813	1,380
Bank charges	2	1
Net losses on disposal of investments in securities	—	2
Net revaluation losses on investments in securities	109	—
	<u>1,924</u>	<u>1,383</u>

8. EXPENDITURE — Continued

	2011 HK\$'000	2010 HK\$'000
HONG KONG ATHLETES FUND		
Grants	471	1,181
Bank charges	3	1
Investment management fees	5	4
Net losses on disposal of investments in securities	—	15
	<u>479</u>	<u>1,201</u>
ARTS AND SPORT DEVELOPMENT FUND		
Grants	48,523	63,689
Bank charges	10	5
Investment management fees	525	—
Investment transaction costs	1,364	—
Net losses on disposal of investments in securities	—	48
	<u>50,422</u>	<u>63,742</u>

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

	2011 HK\$'000	2010 HK\$'000
MAIN FUND		
Surplus for the year	5,922	21,401
Interest income from debt securities	(825)	(1,382)
Other interest income	(200)	(44)
Dividend income	(2,401)	(2,259)
Net (gains)/losses on disposal of investments in securities	(287)	193
Net revaluation gains on investments in securities	(9,794)	(34,770)
Decrease/(Increase) in deposits with banks with original maturity beyond 3 months	7,000	(7,000)
Purchase of securities	(1,033)	(23,859)
Proceeds from disposal of securities	12,495	33,000
Increase in payables and other liabilities	458	2,183
Interest received	1,012	1,930
Dividend received	2,401	2,473
Net cash from/(used in) operating activities	<u>14,748</u>	<u>(8,134)</u>
SPORTS AID FOR THE DISABLED FUND		
Surplus for the year	95	121
Interest income from debt securities	(42)	(51)
Other interest income	(40)	(18)
Net losses on disposal of investments in securities	—	3
Net revaluation gains on investments in securities	(14)	(56)
Purchase of securities	—	(779)
Proceeds from disposal of securities	—	2,000
Interest received	82	113
Net cash from operating activities	<u>81</u>	<u>1,333</u>

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

	2011 HK\$'000	2010 HK\$'000
SPORTS AID FOUNDATION FUND		
Surplus for the year	2,937	7,533
Interest income from debt securities	(1,164)	(1,291)
Other interest income	(97)	(13)
Dividend income	(360)	(335)
Net (gains)/losses on disposal of investments in securities	(238)	199
Net revaluation gains on investments in securities	(1,091)	(6,097)
Purchase of securities	—	(30,527)
Proceeds from disposal of securities	1,696	36,000
Interest received	1,268	1,710
Dividend received	360	335
Net cash from operating activities	3,311	7,514
ARTS DEVELOPMENT FUND		
Deficit for the year	(1,679)	(1,080)
Interest income from debt securities	(137)	(109)
Other interest income	(98)	(55)
Net losses on disposal of investments in securities	—	2
Net revaluation losses/(gains) on investments in securities	109	(128)
Decrease/(Increase) in deposits with banks with original maturity beyond 3 months	11,661	(11,661)
Purchase of securities	—	(5,039)
Proceeds from disposal of securities	—	2,663
Decrease in payables and other liabilities	(250)	(445)
Interest received	251	154
Net cash from/(used in) operating activities	9,857	(15,698)
HONG KONG ATHLETES FUND		
Surplus for the year	1,195	2,743
Interest income from debt securities	(419)	(355)
Other interest income	(56)	(14)
Dividend income	(214)	(194)
Net losses on disposal of investments in securities	—	15
Net revaluation gains on investments in securities	(964)	(3,380)
Purchase of securities	(89)	(9,308)
Proceeds from disposal of securities	—	1,000
Interest received	477	241
Dividend received	214	213
Net cash from/(used in) operating activities	144	(9,039)
ARTS AND SPORT DEVELOPMENT FUND		
Surplus/(Deficit) for the year	103,706	(55,902)
Interest income from debt securities	(2,193)	(829)
Other interest income	(10,951)	(582)
Dividend income	(13,240)	—
Net losses on disposal of investments in securities	—	48
Net revaluation gains on investments in securities	(117,108)	(985)
Decrease/(Increase) in deposits with banks with original maturity beyond 3 months	54,700	(104,700)
Purchase of securities	(1,860,592)	(38,760)
Proceeds from disposal of securities	—	23,213
(Decrease)/Increase in payables and other liabilities	(1,954)	2,180
Interest received	11,560	1,540
Dividend received	13,240	—
Net cash used in operating activities	(1,822,832)	(174,777)

10. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2011 HK\$'000	2010 HK\$'000
MAIN FUND		
Cash at bank	298	1,011
Deposits with banks	<u>31,961</u>	<u>16,500</u>
	<u>32,259</u>	<u>17,511</u>
SPORTS AID FOR THE DISABLED FUND		
Cash at bank	104	75
Deposits with banks	<u>6,552</u>	<u>6,500</u>
	<u>6,656</u>	<u>6,575</u>
SPORTS AID FOUNDATION FUND		
Cash at bank	55	650
Deposits with banks	<u>16,436</u>	<u>12,530</u>
	<u>16,491</u>	<u>13,180</u>
ARTS DEVELOPMENT FUND		
Cash at bank	126	764
Deposits with banks	<u>11,695</u>	<u>1,200</u>
	<u>11,821</u>	<u>1,964</u>
HONG KONG ATHLETES FUND		
Cash at bank	96	370
Deposits with banks	<u>7,418</u>	<u>7,000</u>
	<u>7,514</u>	<u>7,370</u>
ARTS AND SPORT DEVELOPMENT FUND		
Cash at bank	40,576	647
Deposits with banks	<u>1,155,139</u>	<u>17,900</u>
	<u>1,195,715</u>	<u>18,547</u>

Reconciliation with the balance sheet:

	2011 HK\$'000	2010 HK\$'000
MAIN FUND		
Amounts in the balance sheet:		
Cash at bank	298	1,011
Deposits with banks	<u>31,961</u>	<u>23,500</u>
	<u>32,259</u>	<u>24,511</u>
Less: Amounts with original maturity beyond 3 months	—	<u>(7,000)</u>
Cash and cash equivalents in the statement of cash flows	<u>32,259</u>	<u>17,511</u>

10. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

— *Continued*

	2011	<i>2010</i>
	HK\$'000	<i>HK\$'000</i>
ARTS DEVELOPMENT FUND		
Amounts in the balance sheet:		
Cash at bank	126	764
Deposits with banks	<u>11,695</u>	<u>12,861</u>
	11,821	<i>13,625</i>
Less: Amounts with original maturity beyond 3 months	<u>—</u>	<u>(11,661)</u>
Cash and cash equivalents in the statement of cash flows	<u>11,821</u>	<u><i>1,964</i></u>
ARTS AND SPORT DEVELOPMENT FUND		
Amounts in the balance sheet:		
Cash at bank	40,576	647
Deposits with banks	<u>1,205,139</u>	<u>122,600</u>
	1,245,715	<i>123,247</i>
Less: Amounts with original maturity beyond 3 months	<u>(50,000)</u>	<u>(104,700)</u>
Cash and cash equivalents in the statement of cash flows	<u>1,195,715</u>	<u><i>18,547</i></u>

11. CAPITAL RISK MANAGEMENT

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

The capital of the Arts Development Fund, the capital injection of HK\$5 million into the Hong Kong Athletes Fund in March 2009 for the special scheme for young athletes and the total capital of HK\$530 million injected into the Arts and Sport Development Fund up to 31 March 2010 may be expended specifically for the purposes of these funds. 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 HK\$3 billion injected into the Arts and Sport Development Fund in July 2010 is required to be kept intact in the long run.

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.

12. FINANCIAL RISK MANAGEMENT

(a) Investment management and control

The Director of Accounting Services, as the trustee of the Fund, has the authority to invest any moneys of the Fund according to the recommendations or parameters set out 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

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. At 31 March 2011, the equity securities are 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 equity price risk on a continuous basis.

If the market bid prices of the equity securities had increased / decreased by 5% with all other variables held constant, the impact on the income for the year would have been as follows:-

	2011 Effect on Income for Changes of 5% in Prices HK\$'000	<i>2010</i> <i>Effect on</i> <i>Income for</i> <i>Changes of</i> <i>5% in Prices</i> <i>HK\$'000</i>
MAIN FUND	± 5,199	<i>± 4,847</i>
SPORTS AID FOUNDATION FUND	± 656	<i>± 665</i>
HONG KONG ATHLETES FUND	± 467	<i>± 416</i>
ARTS AND SPORT DEVELOPMENT FUND	± 70,120	—

(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 value of financial instruments will fluctuate because of changes in market interest rates. Since the Fund's debt securities and its deposits with banks bear interest at fixed rates, their fair values will fall when market interest rates increase. Investments in debt securities are made in accordance with a documented risk management and investment strategy, and the Fund monitors the fair value interest rate risk on a continuous basis. As regards deposits with banks, 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 there is no holding of debt securities bearing interest at rates determined by reference to market interest rates.

The table below sets out the Fund's exposure to interest rate risk, based on the major interest bearing assets stated at carrying amounts at the balance sheet date and categorised by the earlier of contractual repricing dates or maturity dates for each group of assets.

Sir David Trench Fund For Recreation

	Repricing Period			Total HK\$'000
	Up to 3 months HK\$'000	Over 3 months to 1 year HK\$'000	Over 1 year to 5 years HK\$'000	
MAIN FUND				
2011				
Deposits with banks	31,961	—	—	31,961
Debt securities	—	23,344	—	23,344
	31,961	23,344	—	55,305
2010				
Deposits with banks	16,500	7,000	—	23,500
Debt securities	—	7,888	23,847	31,735
	16,500	14,888	23,847	55,235
SPORTS AID FOR THE DISABLED FUND				
2011				
Deposits with banks	6,552	—	—	6,552
Debt securities	—	—	847	847
	6,552	—	847	7,399
2010				
Deposits with banks	6,500	—	—	6,500
Debt securities	—	—	834	834
	6,500	—	834	7,334
SPORTS AID FOUNDATION FUND				
2011				
Deposits with banks	16,436	—	—	16,436
Debt securities	—	18,130	13,549	31,679
	16,436	18,130	13,549	48,115
2010				
Deposits with banks	12,530	—	—	12,530
Debt securities	—	—	31,869	31,869
	12,530	—	31,869	44,399

Sir David Trench Fund For Recreation

	Repricing Period			Total HK\$'000
	Up to 3 months HK\$'000	Over 3 months to 1 year HK\$'000	Over 1 year to 5 years HK\$'000	
ARTS DEVELOPMENT FUND				
2011				
Deposits with banks	11,695	—	—	11,695
Debt securities	—	5,058	—	5,058
	11,695	5,058	—	16,753
2010				
Deposits with banks	7,200	5,661	—	12,861
Debt securities	—	—	5,167	5,167
	7,200	5,661	5,167	18,028
HONG KONG ATHLETES FUND				
2011				
Deposits with banks	7,418	—	—	7,418
Debt securities	—	3,035	6,774	9,809
	7,418	3,035	6,774	17,227
2010				
Deposits with banks	7,000	—	—	7,000
Debt securities	—	—	9,774	9,774
	7,000	—	9,774	16,774
ARTS AND SPORT DEVELOPMENT FUND				
2011				
Deposits with banks	1,205,139	—	—	1,205,139
Debt securities	—	38,907	574,230	613,137
	1,205,139	38,907	574,230	1,818,276
2010				
Deposits with banks	79,201	43,399	—	122,600
Debt securities	—	—	39,745	39,745
	79,201	43,399	39,745	162,345

The table below sets out the Fund's exposure to the fair value interest rate risk. If the interest rates had been 100 basis points (b.p.) lower / higher with all other variables held constant, the impact on the income for the year would have been as follows:

Sir David Trench Fund For Recreation

	2011 Effect on Income for Changes in Interest Rates of 100 b.p. HK\$'000	<i>2010</i> <i>Effect on Income</i> <i>for Changes in</i> <i>Interest Rates of</i> <i>100 b.p.</i> <i>HK\$'000</i>
MAIN FUND	±89	<i>±359</i>
SPORTS AID FOR THE DISABLED FUND	±27	<i>±34</i>
SPORTS AID FOUNDATION FUND	±509	<i>±788</i>
ARTS DEVELOPMENT FUND	±19	<i>±70</i>
HONG KONG ATHLETES FUND	±231	<i>±310</i>
ARTS AND SPORT DEVELOPMENT FUND	±16,137	<i>±539</i>

(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 foreign exchange rates. The Fund's investments denominated in currencies other than Hong Kong dollar are exposed to currency risk. The Fund only makes investments denominated in Hong Kong dollar, US dollar and Renminbi. The exposure to currencies other than Hong Kong dollar is handled in accordance with a documented risk management and investment strategy, and the Fund monitors the currency risk on a continuous basis.

The following table summarises the net exposure to individual currencies at the balance sheet date:

	Currency	2011 HK\$'000	<i>2010</i> <i>HK\$'000</i>
MAIN FUND	HK dollars	75,361	<i>75,611</i>
	US dollars	81,633	<i>75,461</i>
		156,994	<i>151,072</i>
SPORTS AID FOR THE DISABLED FUND	HK dollars	6,584	<i>6,544</i>
	US dollars	936	<i>881</i>
		7,520	<i>7,425</i>
SPORTS AID FOUNDATION FUND	HK dollars	27,834	<i>25,890</i>
	US dollars	33,772	<i>32,779</i>
		61,606	<i>58,669</i>
ARTS DEVELOPMENT FUND	HK dollars	5,803	<i>7,572</i>
	US dollars	11,039	<i>10,949</i>
		16,842	<i>18,521</i>
HONG KONG ATHLETES FUND	HK dollars	11,918	<i>11,699</i>
	US dollars	14,879	<i>13,903</i>
		26,797	<i>25,602</i>
ARTS AND SPORT DEVELOPMENT FUND	HK dollars	1,649,122	<i>77,601</i>
	US dollars	1,303,396	<i>83,667</i>
	Renminbi	312,456	<i>—</i>
		3,264,974	<i>161,268</i>

As the exchange rate of Hong Kong dollars is pegged to the US dollars, foreign currency risk between Hong Kong dollars and US dollars is limited. Therefore, the Fund does not have significant exposures to currency risk for its US dollar-denominated assets.

The Arts and Sport Development Fund had bank deposits denominated in Renminbi at the balance sheet date. It was estimated that, as at 31 March 2011, a 500 b.p. increase/decrease in the exchange rate of the Renminbi against the Hong Kong dollar, with all other variables held constant, would increase/decrease the exchange gains as included in revaluation gains for the year by HK\$15.6 million (2010: Nil).

(c) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due. The Fund's financial assets which are potentially subject to credit risk consist principally of debt securities and bank balances. The credit risk associated with interest receivable is minimal. The Fund selects issuer or counterparty with good credit standing, strong financial strength and sizable capital. The Fund also limits the individual exposure, in accordance with a documented risk management and investment strategy. Hence, the Fund does not have significant exposures to credit risk and monitoring is done on a continuous basis.

The table below sets out the Fund's maximum exposure to the credit risk at the balance sheet date without taking account of collateral held or other credit enhancements, if any:

	2011	<i>2010</i>
	HK\$'000	<i>HK\$'000</i>
MAIN FUND		
Cash at bank	298	<i>1,011</i>
Deposits with banks	31,961	<i>23,500</i>
Debt securities	23,344	<i>31,735</i>
Interest receivable	88	<i>106</i>
	<u>55,691</u>	<i><u>56,352</u></i>
SPORTS AID FOR THE DISABLED FUND		
Cash at bank	104	<i>75</i>
Deposits with banks	6,552	<i>6,500</i>
Debt securities	847	<i>834</i>
Interest receivable	17	<i>16</i>
	<u>7,520</u>	<i><u>7,425</u></i>
SPORTS AID FOUNDATION FUND		
Cash at bank	55	<i>650</i>
Deposits with banks	16,436	<i>12,530</i>
Debt securities	31,679	<i>31,869</i>
Interest receivable	314	<i>310</i>
	<u>48,484</u>	<i><u>45,359</u></i>
ARTS DEVELOPMENT FUND		
Cash at bank	126	<i>764</i>
Deposits with banks	11,695	<i>12,861</i>
Debt securities	5,058	<i>5,167</i>
Interest receivable	25	<i>41</i>
	<u>16,904</u>	<i><u>18,833</u></i>
HONG KONG ATHLETES FUND		
Cash at bank	96	<i>370</i>
Deposits with banks	7,418	<i>7,000</i>
Debt securities	9,809	<i>9,774</i>
Interest receivable	140	<i>137</i>
	<u>17,463</u>	<i><u>17,281</u></i>

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	2011 HK\$'000	2010 HK\$'000
ARTS AND SPORT DEVELOPMENT FUND		
Cash at bank	40,576	647
Deposits with banks	1,205,139	122,600
Debt securities	613,137	39,745
Interest receivable	3,958	456
	<u>1,862,810</u>	<u>163,448</u>

To minimise credit risks, only credit ratings provided by recognised credit rating agencies are considered. The credit quality of major financial assets, analysed by the ratings designated by Moody's or their equivalents, at the balance sheet date is shown below:

	2011 HK\$'000	2010 HK\$'000
MAIN FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	9,414	13,511
A1 to A3	22,845	11,000
	<u>32,259</u>	<u>24,511</u>
Debt securities, by credit rating		
Aa1 to Aa3	23,344	23,847
A1 to A3	—	7,888
	<u>23,344</u>	<u>31,735</u>
	<u>55,603</u>	<u>56,246</u>
SPORTS AID FOR THE DISABLED FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	104	3,725
A1 to A3	6,552	2,850
	<u>6,656</u>	<u>6,575</u>
Debt securities, by credit rating		
A1 to A3	847	834
	<u>7,503</u>	<u>7,409</u>
SPORTS AID FOUNDATION FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	55	13,180
A1 to A3	16,436	—
	<u>16,491</u>	<u>13,180</u>
Debt securities, by credit rating		
Aa1 to Aa3	18,130	18,521
A1 to A3	13,549	13,348
	<u>31,679</u>	<u>31,869</u>
	<u>48,170</u>	<u>45,049</u>
ARTS DEVELOPMENT FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	126	6,764
A1 to A3	11,695	6,861
	<u>11,821</u>	<u>13,625</u>
Debt securities, by credit rating		
Aa1 to Aa3	5,058	5,167
	<u>16,879</u>	<u>18,792</u>

Sir David Trench Fund For Recreation

	2011 HK\$'000	2010 HK\$'000
HONG KONG ATHLETES FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	96	1,370
A1 to A3	<u>7,418</u>	<u>6,000</u>
	<u>7,514</u>	<u>7,370</u>
Debt securities, by credit rating		
Aa1 to Aa3	3,035	3,100
A1 to A3	<u>6,774</u>	<u>6,674</u>
	<u>9,809</u>	<u>9,774</u>
	<u>17,323</u>	<u>17,144</u>
ARTS AND SPORT DEVELOPMENT FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	659,203	58,341
A1 to A3	<u>586,512</u>	<u>64,906</u>
	<u>1,245,715</u>	<u>123,247</u>
Debt securities, by credit rating		
Aa1 to Aa3	241,526	39,745
A1 to A3	<u>371,611</u>	—
	<u>613,137</u>	<u>39,745</u>
	<u>1,858,852</u>	<u>162,992</u>

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not have sufficient funds available to meet its obligations as they fall due. 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 exposures to liquidity risk.

13. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair value of financial instruments traded in active markets is based on quoted markets prices at the balance sheet date. In the absence of such quoted market prices, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. The fair values of unlisted investment funds are estimated by investment managers. These fair values approximate the net asset values of the investments. Depending on the redemption and liquidity features of the investments, the fair values may not necessarily represent the amounts that can be ultimately realised by the Fund.

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

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
MAIN FUND			
As at 31 March 2011			
Financial assets designated at fair value	<u>55,041</u>	<u>72,277</u>	<u>127,318</u>
As at 31 March 2010			
Financial assets designated at fair value	<u>61,888</u>	<u>66,780</u>	<u>128,668</u>

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	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
SPORTS AID FOR THE DISABLED FUND			
As at 31 March 2011			
Financial assets designated at fair value	847	–	847
As at 31 March 2010			
Financial assets designated at fair value	834	–	834
SPORTS AID FOUNDATION FUND			
As at 31 March 2011			
Financial assets designated at fair value	26,671	18,130	44,801
As at 31 March 2010			
Financial assets designated at fair value	26,658	18,521	45,179
ARTS DEVELOPMENT FUND			
As at 31 March 2011			
Financial assets designated at fair value	–	5,058	5,058
As at 31 March 2010			
Financial assets designated at fair value	–	5,167	5,167
HONG KONG ATHLETES FUND			
As at 31 March 2011			
Financial assets designated at fair value	11,881	7,263	19,144
As at 31 March 2010			
Financial assets designated at fair value	11,286	6,810	18,096
ARTS AND SPORT DEVELOPMENT FUND			
As at 31 March 2011			
Financial assets designated at fair value	891,778	1,123,749	2,015,527
As at 31 March 2010			
Financial assets designated at fair value	–	39,745	39,745

No financial assets were classified under Level 3.

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 involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (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).

14. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2011

Up to the date of issue of the financial statements, the Hong Kong Institute of Certified Public Accountants has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2011 and which have not been early adopted in the financial statements. The Fund is in the process of making an assessment of the impact expected 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 Fund's financial performance and financial position.

The following developments may result in new or amended disclosures in future financial statements:

	Effective for accounting periods beginning on or after
HKFRS 9 – Financial Instruments	1 January 2013
HKFRS 13 – Fair Value Measurement	1 January 2013

SCHEDULE 1

STATEMENT OF APPROVED GRANTS

(This statement does not include projects completed before 1 April 2010)

<i>Description</i>	<i>Approved Commitment</i> \$	Expenditure Less Refund during 2010/2011 \$	<i>Total Expenditure up to 31.3.2011</i> \$	<i>Unspent Balance (N=Not required)</i> \$
MAIN FUND				
I. NON-CAPITAL WORKS PROJECTS				
(a) Projects approved in 2007-2008				
1 Higher Valued Sports Equipment for Sports Development -to promote sports development	2,684,884	175,935	2,655,627	29,257 N
Total, Non-Capital Works Projects approved in 2007-2008	<u>2,684,884</u>	<u>175,935</u>	<u>2,655,627</u>	<u>29,257</u>
(b) Projects approved in 2008-2009				
1 Higher Valued Sports Equipment for Sports Development -to promote sports development	8,951,594	-13,073	7,112,698	1,299,610 539,286 N
2 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	399,014	-	368,622	6,738 23,654 N
3 The Child Development Centre -to purchase sports equipment	8,000	1,850	1,850	6,150 N
Total, Non-Capital Works Projects approved in 2008-2009	<u>9,358,608</u>	<u>-11,223</u>	<u>7,483,170</u>	<u>1,875,438</u>
(c) Projects approved in 2009-2010				
1 Chinese Young Men's Christian Association of Hong Kong -to purchase sports and recreational equipment	64,215	60,149	60,149	4,066 N
2 Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment	75,117	7,795	73,599	1,518 N
3 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	449,117	93,920	429,672	19,445 N
4 Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	799,986	263,387	776,636	23,350 N
5 The Spastics Association of Hong Kong -to purchase sports and recreational equipment	1,692	1,368	1,368	324 N
Total, Non-Capital Works Projects approved in 2009-2010	<u>1,390,127</u>	<u>426,619</u>	<u>1,341,424</u>	<u>48,703</u>
(d) Projects approved in 2010-2011				
1 Caritas - Hong Kong -to purchase sports and recreational equipment	37,772	7,448	7,448	30,324
2 Chinese Young Men's Christian Association of Hong Kong -to purchase sports and recreational equipment	2,531	-	-	2,531
3 Evangelical Lutheran Church Social Service - Hong Kong -to purchase sports and recreational equipment	13,887	13,887	13,887	-
4 Haven of Hope Christian Service -to purchase sports and recreational equipment	6,967	-	-	6,967
5 Hong Chi Association -to purchase sports and recreational equipment	30,233	-	-	30,233
6 Hong Kong Adventure Corps Ltd -to purchase sports and recreational equipment	37,670	-	-	37,670

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

Description	Approved	Expenditure	Total	Unspent
	Commitment	Less Refund during 2010/2011	Expenditure up to 31.3.2011	Balance (N=Not required)
	\$	\$	\$	\$
7 Hong Kong Children & Youth Services -to purchase sports and recreational equipment	32,745	-	-	32,745
8 Hong Kong Lutheran Social Service Lutheran Church - Hong Kong Synod -to purchase sports and recreational equipment	17,044	-	-	17,044
9 Hong Kong Playground Association -to purchase sports and recreational equipment	27,645	6,009	6,009	21,632 4 N
10 Hong Kong Sea Cadet Corp -to purchase sports and recreational equipment	39,246	39,246	39,246	-
11 Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	583,046	463,030	463,030	118,597 1,419 N
12 Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	899,950	571,169	571,169	327,741 1,040 N
13 Mutual Aid Committee, Owners Corporations and Other Residents' Organizations -to purchase sports and recreational equipment	432,037	386,768	386,768	45,269 N
14 Scout Association of Hong Kong, The Friends of Scouting -to purchase sports and recreational equipment	11,007	-	-	11,007
15 Stewards Limited -to purchase sports and recreational equipment	2,551	2,551	2,551	-
16 The Association of Evangelical Free Churches of Hong Kong -to purchase sports and recreational equipment	3,915	3,915	3,915	-
17 The Boys' Brigade, Hong Kong Limited -to purchase sports and recreational equipment	47,670	-	-	47,670
18 The Free Methodist Church of Hong Kong -to purchase sports and recreational equipment	5,488	-	-	5,488
19 The Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment	35,125	3,264	3,264	31,861
20 Yan Oi Tong Limited -to purchase sports and recreational equipment	34,648	-	-	34,648
Total, Non-Capital Works Projects approved in 2010-2011	<u>2,301,177</u>	<u>1,497,287</u>	<u>1,497,287</u>	<u>803,890</u>
Total, Non-Capital Works Projects	<u>15,734,796</u>	<u>2,088,618</u>	<u>12,977,508</u>	<u>2,757,288</u>

II. CAPITAL WORKS PROJECTS

(a) Projects approved in 2006-2007

1 The Hong Kong Award for Young People - Water Sports Centre - construction of tent building site and BBQ site	174,300	-	-	174,300 N
Total, Capital Works Projects approved in 2006-2007	<u>174,300</u>	<u>-</u>	<u>-</u>	<u>174,300</u>

(b) Projects approved in 2008-2009

1 Christian & Missionary Alliance Church Union of Hong Kong - Suen Douh Camp - construction of a basketball court	409,776	-	-	409,776 N
2 Hong Kong, China Rowing Association - Sha Tin Rowing Centre - provision of a regatta finish facility	398,730	-	-	398,730 N
3 The Mother Superior of the Congregation of Our Lady of Charity of the Good Shepherd of Angers at HK - Marycove Centre - provision of a recreational zone	304,000	304,000	304,000	-
Total, Capital Works Projects approved in 2008-2009	<u>1,112,506</u>	<u>304,000</u>	<u>304,000</u>	<u>808,506</u>

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment</i> \$	Expenditure Less Refund during 2010/2011 \$	<i>Total Expenditure up to 31.3.2011</i> \$	<i>Unspent Balance (N=Not required)</i> \$
(c) Projects approved in 2009-2010				
1 South China Athletic Association - setting up an indoor shooting range with international standard	500,000	500,000	500,000	-
2 Hong Kong Youth Hostels Association - Pak Sha O Youth Hostel (Sai Kung) - installation of recreational facilities	70,400	56,000	56,000	14,400 N
3 Baptist Convention of Hong Kong - Hong Kong Baptist Assembly - construction of a challenge tower and rope course	424,000	-	-	424,000
4 Wong Tai Sin District Arts Council - conversion of an activity room to a dancing room	214,285	201,072	201,072	13,213 N
5 Chun Tok School - provision of fixed fitness equipment	61,870	-	-	61,870 N
Total, Capital Works Projects approved in 2009-2010	<u>1,270,555</u>	<u>757,072</u>	<u>757,072</u>	<u>513,483</u>
(d) Projects approved in 2010-2011				
1 Chinese YMCA of Hong Kong - Lions YMCA Junk Bay Youth Camp - construction of an outdoor artificial climbing wall	328,000	-	-	328,000
2 Hong Chi Association - Hong Chi Morningjoy School, Yuen Long - construction of climbing wall	35,920	-	-	35,920
3 Hong Kong Little League Limited - construction of the HKLL Lion Rock baseball training and sports ground	500,000	-	-	500,000
4 Po Leung Kuk - Steven Lo Kit Sing Pak Tam Chung Holiday Camp - construction of a challenging course complex	500,000	-	-	500,000
5 Scout Association of Hong Kong - Tung Tsz Scout Centre - conversion of an outdoor playground into basket and mini-football courts	326,224	-	-	326,224
6 The Hong Kong Award for Young People - Duke of Edinburgh Training Camp - construction of an abseiling tower and installation of safety matting for low beam	309,856	-	-	309,856
Total, Capital Works Projects approved in 2010-2011	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Total, Capital Works Projects	<u>4,557,361</u>	<u>1,061,072</u>	<u>1,061,072</u>	<u>3,496,289</u>
III. SPECIAL PROJECTS				
(a) Projects approved in 2009-2010	19,559,555	4,371,782	6,055,112	12,705,440 799,003 N
(b) Projects approved in 2010-2011	11,027,632	-	-	11,027,632
Total, Special Projects	<u>30,587,187</u>	<u>4,371,782</u>	<u>6,055,112</u>	<u>24,532,075</u>
Total, MAIN FUND	<u>50,879,344</u>	<u>7,521,472</u>	<u>20,093,692</u>	<u>30,785,652</u>
		Outstanding commitment		28,219,578
		Balance not required (N)		<u>2,566,074</u>
		Total unspent balance		<u><u>30,785,652</u></u>

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment</i> \$	Expenditure Less Refund during 2010/2011 \$	<i>Total Expenditure up to 31.3.2011</i> \$	<i>Unspent Balance (N=Not required)</i> \$
SPORTS AID FOR THE DISABLED FUND				
(a) Projects approved in 2006-2007				
1 Sports Aid for the Disabled Fund Grants -training and competition expenses for athletes	1,165,000	-	200,000	965,000
Total, Projects approved in 2006-2007	<u>1,165,000</u>	<u>-</u>	<u>200,000</u>	<u>965,000</u>
Total, SPORTS AID FOR THE DISABLED FUND	<u>1,165,000</u>	<u>-</u>	<u>200,000</u>	<u>965,000</u>
			Outstanding commitment	965,000
			Balance not required (N)	<u>-</u>
			Total unspent balance	<u>965,000</u>
SPORTS AID FOUNDATION FUND				
(a) Projects approved in 2006-2007				
1 Sports Aid Foundation Fund Grants -training and competition expenses for athletes	9,300,000	-	1,200,000	8,100,000
Total, Projects approved in 2006-2007	<u>9,300,000</u>	<u>-</u>	<u>1,200,000</u>	<u>8,100,000</u>
Total, SPORTS AID FOUNDATION FUND	<u>9,300,000</u>	<u>-</u>	<u>1,200,000</u>	<u>8,100,000</u>
			Outstanding commitment	8,100,000
			Balance not required (N)	<u>-</u>
			Total unspent balance	<u>8,100,000</u>
ARTS DEVELOPMENT FUND				
(a) Projects approved in 2007-2008				
1 Arts Development Fund Grants -subsidy for cultural exchange projects	6,301,405	-	5,180,156	77,000 1,044,249 N
Total, Projects approved in 2007-2008	<u>6,301,405</u>	<u>-</u>	<u>5,180,156</u>	<u>1,121,249</u>
(b) Projects approved in 2008-2009				
1 Arts Development Fund Grants -subsidy for cultural exchange projects	2,685,665	-	2,155,787	178,228 351,650 N
Total, Projects approved in 2008-2009	<u>2,685,665</u>	<u>-</u>	<u>2,155,787</u>	<u>529,878</u>
(c) Projects approved in 2009-2010				
1 Arts Development Fund Grants -subsidy for cultural exchange projects	2,064,622	366,903	1,502,560	562,062 N
Total, Projects approved in 2009-2010	<u>2,064,622</u>	<u>366,903</u>	<u>1,502,560</u>	<u>562,062</u>
(d) Projects approved in 2010-2011				
1 Arts Development Fund Grants -subsidy for cultural exchange projects	3,406,838	1,446,281	1,446,281	1,709,590 250,967 N
Total, Projects approved in 2010-2011	<u>3,406,838</u>	<u>1,446,281</u>	<u>1,446,281</u>	<u>1,960,557</u>
Total, ARTS DEVELOPMENT FUND	<u>14,458,530</u>	<u>1,813,184</u>	<u>10,284,784</u>	<u>4,173,746</u>
			Outstanding commitment	1,964,818
			Balance not required (N)	<u>2,208,928</u>
			Total unspent balance	<u>4,173,746</u>

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment</i> \$	Expenditure Less Refund during 2010/2011 \$	<i>Total Expenditure up to 31.3.2011</i> \$	<i>Unspent Balance (N=Not required)</i> \$
HONG KONG ATHLETES FUND				
(a) Projects approved in 2005-2006				
1 Hong Kong Athletes Fund Grants -tuition fees for athletes	1,441,500	4,300	1,081,475	360,025 N
Total, Projects approved in 2005-2006	<u>1,441,500</u>	<u>4,300</u>	<u>1,081,475</u>	<u>360,025</u>
(b) Projects approved in 2006-2007				
1 Hong Kong Athletes Fund Grants -tuition fees for athletes	480,000	-	340,000	140,000 N
Total, Projects approved in 2006-2007	<u>480,000</u>	<u>-</u>	<u>340,000</u>	<u>140,000</u>
Projects approved in 2007-2008				
(c) 1 Hong Kong Athletes Fund Grants -tuition fees for athletes	437,900	16,775	287,524	110,376 40,000 N
Total, Projects approved in 2007-2008	<u>437,900</u>	<u>16,775</u>	<u>287,524</u>	<u>150,376</u>
Projects approved in 2008-2009				
(d) 1 Hong Kong Athletes Fund Grants -tuition fees for athletes	1,162,000	172,450	848,730	313,270
Total, Projects approved in 2008-2009	<u>1,162,000</u>	<u>172,450</u>	<u>848,730</u>	<u>313,270</u>
Projects approved in 2009-2010				
(e) 1 Hong Kong Athletes Fund Grants -tuition fees for athletes	1,289,390	100,585	732,605	304,185 252,600 N
Total, Projects approved in 2009-2010	<u>1,289,390</u>	<u>100,585</u>	<u>732,605</u>	<u>556,785</u>
Projects approved in 2010-2011				
(f) 1 Hong Kong Athletes Fund Grants -tuition fees for athletes	962,500	177,220	177,220	785,280
Total, Projects approved in 2010-2011	<u>962,500</u>	<u>177,220</u>	<u>177,220</u>	<u>785,280</u>
Total, HONG KONG ATHLETES FUND	<u>5,773,290</u>	<u>471,330</u>	<u>3,467,554</u>	<u>2,305,736</u>
			Outstanding commitment	1,513,111
			Balance not required (N)	<u>792,625</u>
			Total unspent balance	<u>2,305,736</u>
ARTS AND SPORT DEVELOPMENT FUND				
(a) Projects approved in 2002-2003				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement its three year strategic plan and for other projects which are not included in the plan but will make a significant contribution to the further development of arts in the community.	6,760,000	-	5,391,537	1,368,463
Total, Projects approved in 2002-2003	<u>6,760,000</u>	<u>-</u>	<u>5,391,537</u>	<u>1,368,463</u>
(b) Projects approved in 2003-2004				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement its three year strategic plan and for other projects which are not included in the plan but will make a significant contribution to the further development of arts in the community.	14,536,000	-	12,128,131	2,407,869
Total, Projects approved in 2003-2004	<u>14,536,000</u>	<u>-</u>	<u>12,128,131</u>	<u>2,407,869</u>

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment</i> \$	Expenditure Less Refund during 2010/2011 \$	<i>Total Expenditure up to 31.3.2011</i> \$	<i>Unspent Balance (N=Not required)</i> \$
(c) Projects approved in 2004-2005				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement its three year strategic plan and for other projects which are not included in the plan but will make a significant contribution to the further development of arts in the community.	24,108,000	-	14,917,632	9,190,368 N
Total, Projects approved in 2004-2005	<u>24,108,000</u>	<u>-</u>	<u>14,917,632</u>	<u>9,190,368</u>
(d) Projects approved in 2005-2006				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement its three year strategic plan and for other projects which are not included in the plan but will make a significant contribution to the further development of arts in the community.	16,205,050	-	13,698,724	2,506,326
Total, Projects approved in 2005-2006	<u>16,205,050</u>	<u>-</u>	<u>13,698,724</u>	<u>2,506,326</u>
(e) Projects approved in 2006-2007				
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.	13,121,263	-	12,619,942	501,321
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	34,009,165	-	25,367,936	8,641,229
Total, Projects approved in 2006-2007	<u>47,130,428</u>	<u>-</u>	<u>37,987,878</u>	<u>9,142,550</u>
(f) Projects approved in 2007-2008				
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.	19,552,500	1,342,727	15,649,468	3,903,032
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	28,269,305	-	21,432,906	6,836,399 N
Total, Projects approved in 2007-2008	<u>47,821,805</u>	<u>1,342,727</u>	<u>37,082,374</u>	<u>10,739,431</u>
(g) Projects approved in 2008-2009				
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.	20,785,000	1,022,850	14,625,350	6,159,650
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	34,094,292	731,339	31,971,318	2,122,974
Total, Projects approved in 2008-2009	<u>54,879,292</u>	<u>1,754,189</u>	<u>46,596,668</u>	<u>8,282,624</u>
(h) Projects approved in 2009-2010				
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.	27,149,700	1,407,000	16,996,200	10,153,500

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment</i> \$	Expenditure Less Refund during 2010/2011 \$	<i>Total Expenditure up to 31.3.2011</i> \$	<i>Unspent Balance (N=Not required)</i> \$
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	46,976,030	6,000,000	45,601,235	1,374,795
Total, Projects approved in 2009-2010	<u>74,125,730</u>	<u>7,407,000</u>	<u>62,597,435</u>	<u>11,528,295</u>
(i) Projects approved in 2010-2011				
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.	18,098,000	12,115,500	12,115,500	5,982,500
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	27,926,026	25,903,877	25,903,877	2,022,149
Total, Projects approved in 2010-2011	<u>46,024,026</u>	<u>38,019,377</u>	<u>38,019,377</u>	<u>8,004,649</u>
Total, ARTS AND SPORT DEVELOPMENT FUND	<u>331,590,331</u>	<u>48,523,294</u>	<u>268,419,756</u>	<u>63,170,575</u>
				Outstanding commitment 47,143,808
				Balance not required (N) 16,026,767
				Total unspent balance 63,170,575
GRAND TOTAL	<u>413,166,495</u>	<u>58,329,280</u>	<u>303,665,786</u>	<u>109,500,709</u>
				Outstanding commitment 87,906,315
				Balance not required (N) 21,594,394
				Total unspent balance 109,500,709

SCHEDULE 2

SUMMARY OF APPROVED GRANTS AND OUTSTANDING COMMITMENTS AS AT 31 MARCH 2011

<u>Fund</u>	<u>Grants approved</u>		<u>Outstanding commitments</u>
	<u>From 1.4.2010 to 31.3.2011</u>	<u>Cumulative to date</u>	
	\$'000	\$'000	\$'000
MAIN FUND	15,329	222,606	28,220
SPORTS AID FOR THE DISABLED FUND	-	15,202	965
SPORTS AID FOUNDATION FUND	-	111,524	8,100
ARTS DEVELOPMENT FUND	3,407	49,234	1,965
HONG KONG ATHLETES FUND	963	11,345	1,513
ARTS AND SPORT DEVELOPMENT FUND	<u>46,024</u>	<u>650,069</u>	<u>47,144</u>
	<u>65,723</u>	<u>1,059,980</u>	<u>87,907</u>

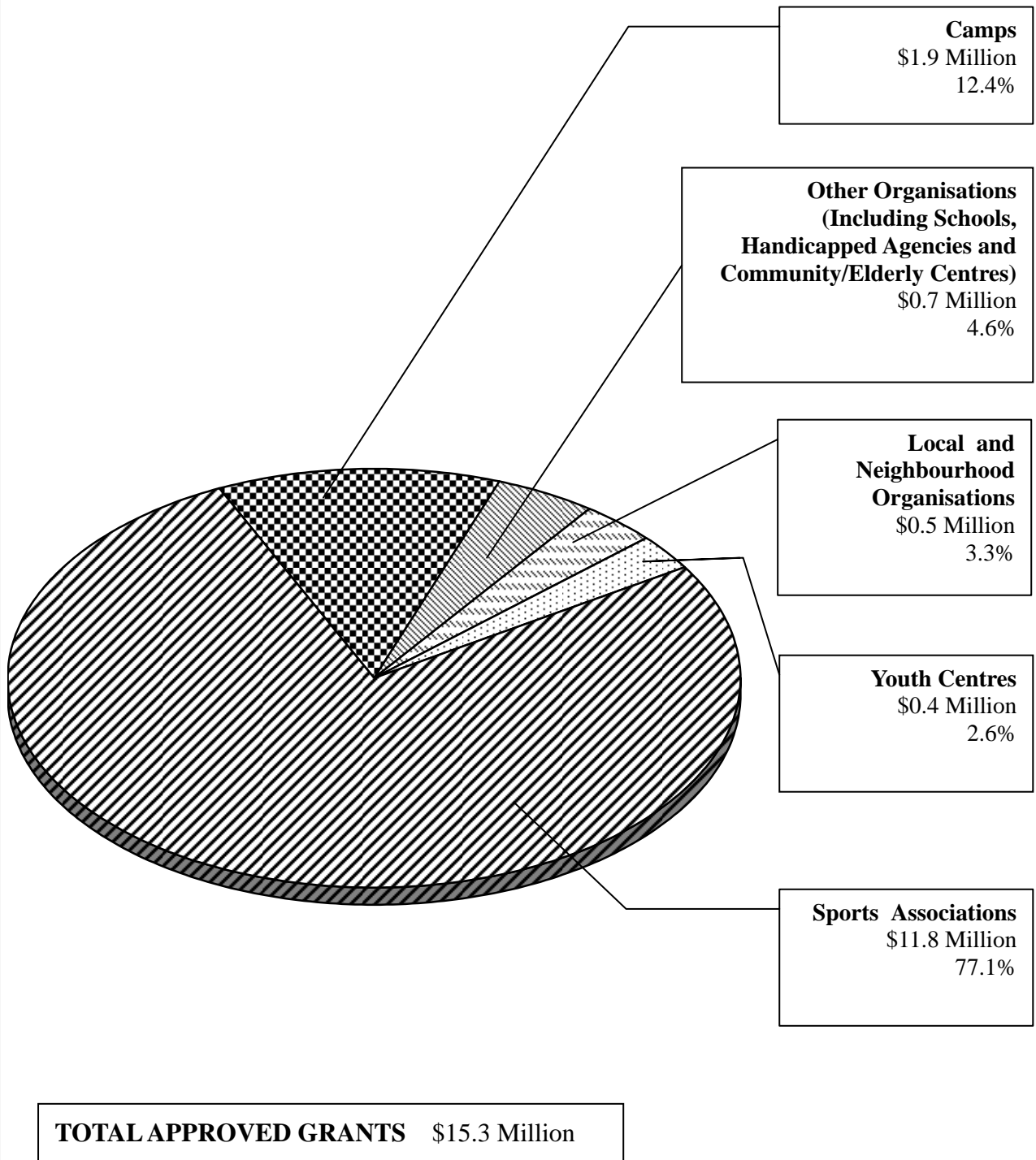
SCHEDULE 3

STATEMENT OF INVESTMENTS AS AT 31 MARCH 2011

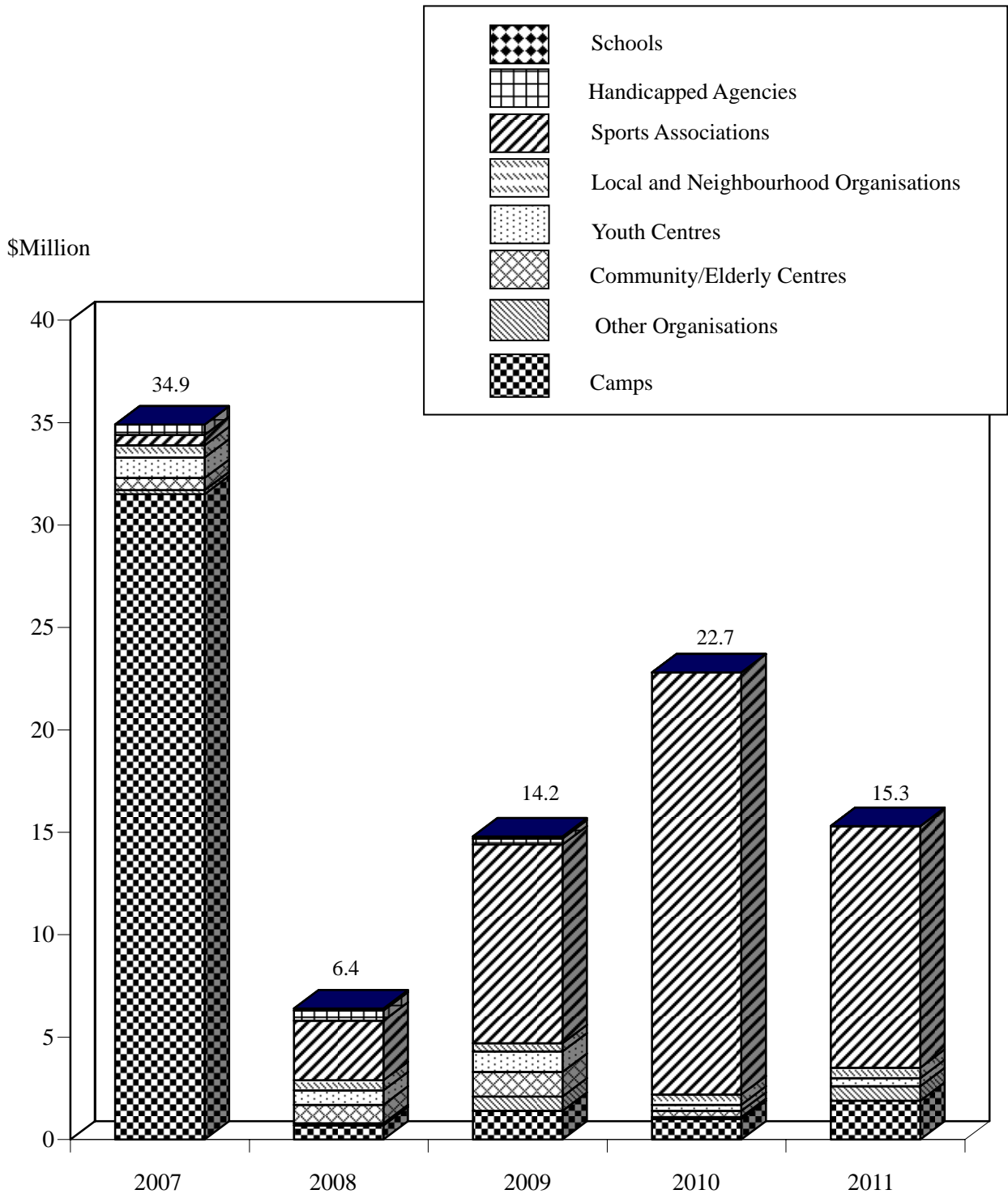
Securities	Coupon Rate	Maturity Date	Market Value \$
MAIN FUND			
(a) Hong Kong Listed Equity Securities:			
Tracker Fund of Hong Kong			55,040,625
(b) Overseas Equity Securities:			
MSCI World Index Non-Lending Qualified Purchasers Common Trust Fund			48,933,225
(c) US Dollar-denominated Debt Securities:			
Calyon	2.70%	19.8.2011	23,344,015
Total, MAIN FUND			<u>127,317,865</u>
SPORTS AID FOR THE DISABLED FUND			
(a) US Dollar-denominated Debt Securities:			
Standard Chartered PLC	5.50%	18.11.2014	846,816
Total, SPORTS AID FOR THE DISABLED FUND			<u>846,816</u>
SPORTS AID FOUNDATION FUND			
(a) Hong Kong Listed Equity Securities:			
Tracker Fund of Hong Kong			13,121,875
(b) US Dollar-denominated Debt Securities:			
Calyon	2.70%	19.8.2011	18,130,519
Standard Chartered PLC	5.50%	18.11.2014	13,549,049
			31,679,568
Total, SPORTS AID FOUNDATION FUND			<u>44,801,443</u>
ARTS DEVELOPMENT FUND			
(a) US Dollar-denominated Debt Securities:			
Calyon	2.70%	19.8.2011	5,057,870
Total, ARTS DEVELOPMENT FUND			<u>5,057,870</u>

Securities	Coupon Rate	Maturity Date	Market Value \$
HONG KONG ATHLETES FUND			
(a) Hong Kong Listed Equity Securities:			
Tracker Fund of Hong Kong			5,106,250
(b) Overseas Equity Securities:			
MSCI World Index Non-Lending Qualified Purchasers Common Trust Fund			4,228,330
(c) US Dollar-denominated Debt Securities:			
Calyon	2.70%	19.8.2011	3,034,722
Standard Chartered PLC	5.50%	18.11.2014	6,774,525
			9,809,247
Total, HONG KONG ATHLETES FUND			19,143,827
ARTS AND SPORT DEVELOPMENT FUND			
(a) Hong Kong Listed Equity Securities:			
Tracker Fund of Hong Kong			637,081,875
(b) Overseas Equity Securities:			
MSCI World Index Non-Lending Qualified Purchasers Common Trust Fund			765,308,398
(c) HK Dollar-denominated Debt Securities:			
BNP Paribas	2.08%	18.2.2014	39,844,000
Sun Hung Kai Properties (Capital Market) Ltd	3.10%	24.7.2014	13,414,700
Sun Hung Kai Properties (Capital Market) Ltd	3.37%	20.8.2014	26,005,000
			79,263,700
(d) US Dollar-denominated Debt Securities:			
Bank of China Ltd., HK Branch	2.10%	3.3.2014	77,393,360
Bank of East Asia Ltd	2.30%	3.3.2014	77,393,360
Bank of Tokyo-Mitsubishi UFJ Ltd	2.25%	24.2.2014	46,435,550
BNP Paribas	2.40%	18.2.2014	38,848,356
Calyon	2.70%	19.8.2011	38,906,692
Export-Import Bank of Korea	8.125%	21.1.2014	26,690,209
Hong Kong Land Finance Cayman Island Co Ltd	5.50%	28.4.2014	21,107,970
Hong Kong Mortgage Corporation Ltd	3.50%	4.8.2014	47,854,096
Hutchison Whampoa International (03/33) Ltd	6.25%	24.1.2014	38,606,867
Korea Development Bank	8.00%	23.1.2014	44,364,285
National Australia Bank Ltd	1.70%	10.12.2013	29,636,831
Wing Lung Bank Ltd	2.22%	10.3.2014	46,635,294
			533,872,870
Total, ARTS AND SPORT DEVELOPMENT FUND			2,015,526,843

**MAIN FUND
APPROVED GRANTS BY TYPES OF ORGANISATION
FOR THE YEAR ENDED 31 MARCH 2011**

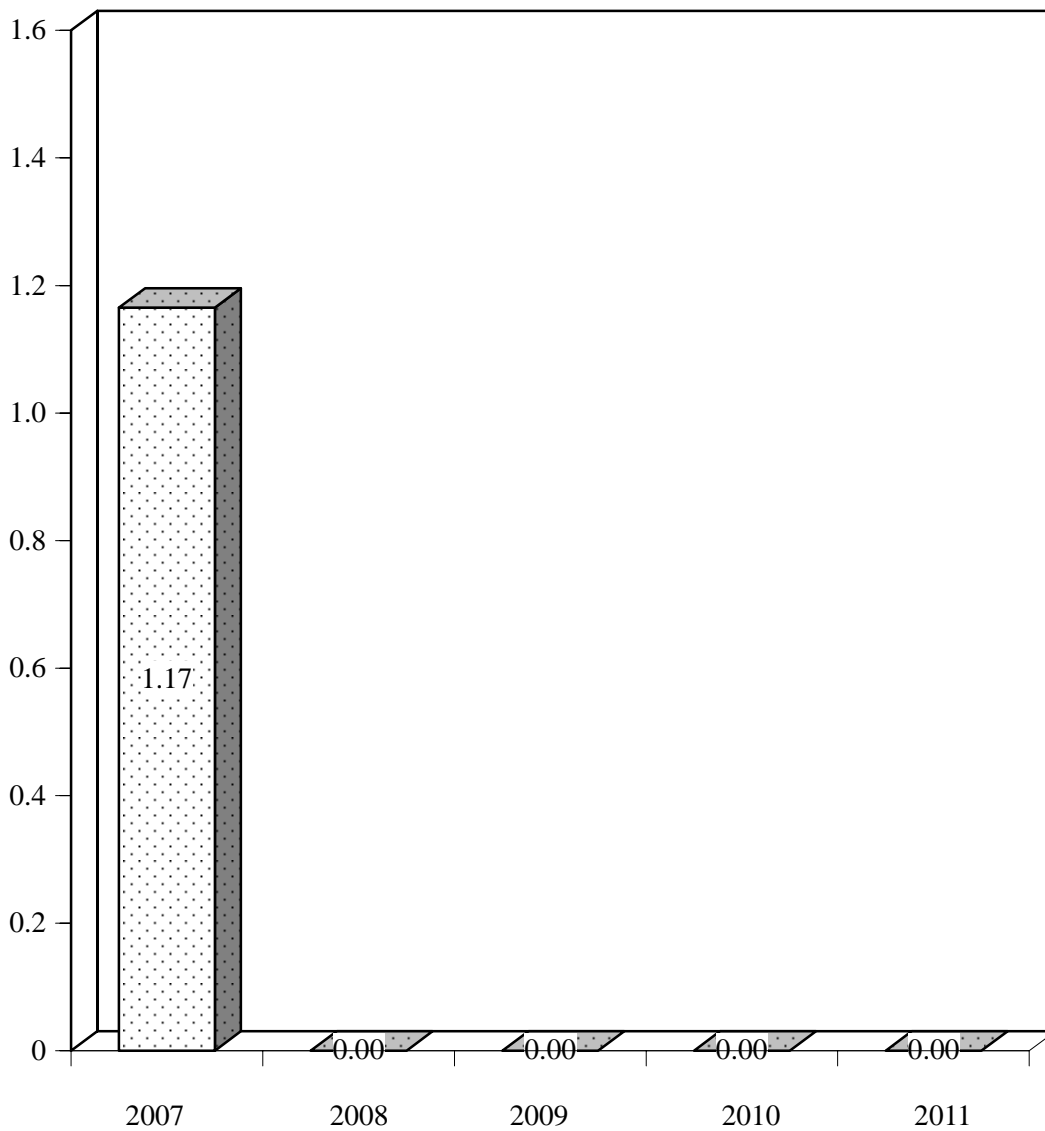


**MAIN FUND
APPROVED GRANTS FOR THE YEARS ENDED 31 MARCH 2007 TO 2011**



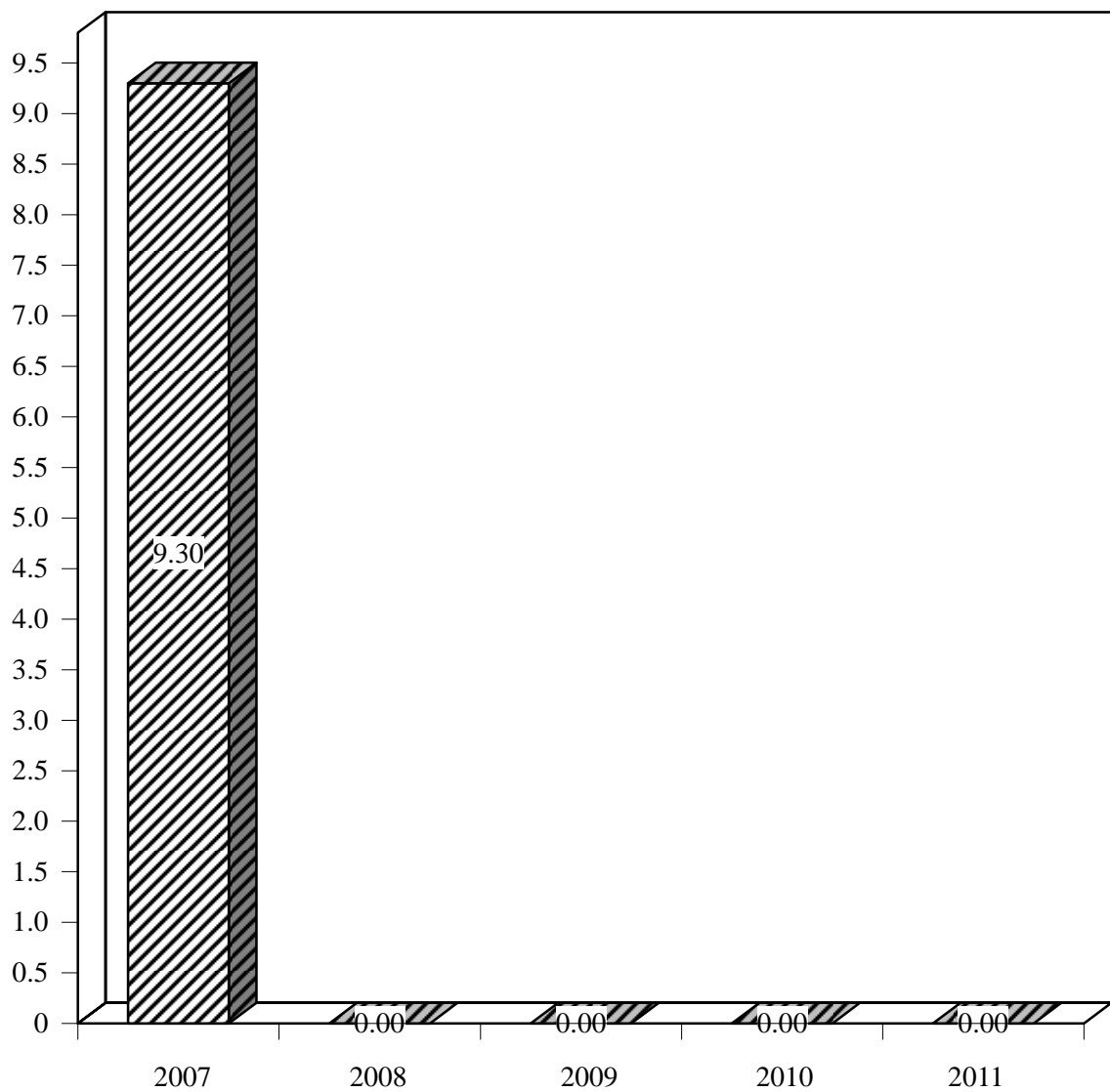
**SPORTS AID FOR THE DISABLED FUND
APPROVED GRANTS FOR THE YEARS ENDED 31 MARCH 2007 TO 2011**

\$Million



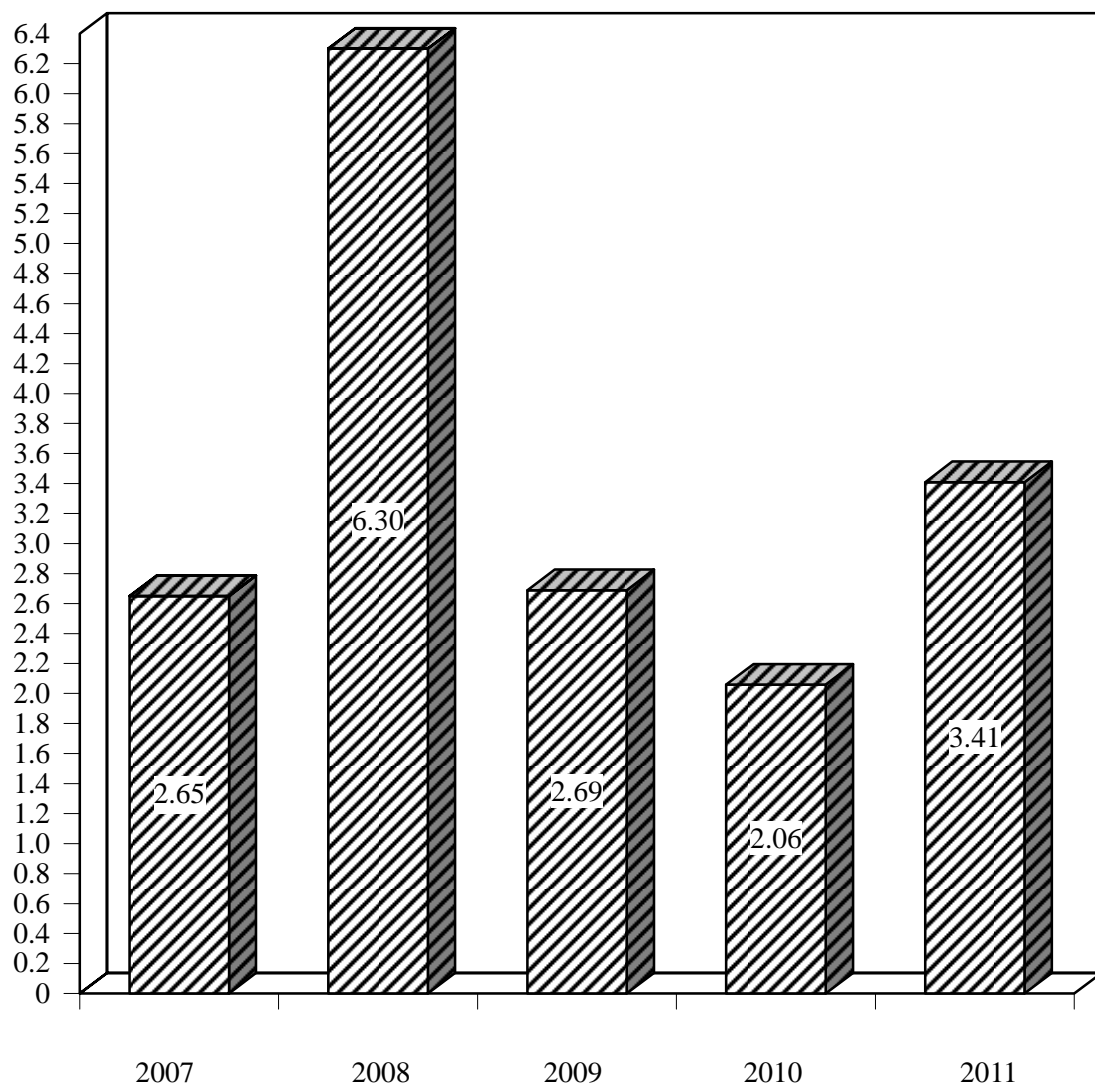
**SPORTS AID FOUNDATION FUND
APPROVED GRANTS FOR THE YEARS ENDED 31 MARCH 2007 TO 2011**

\$Million

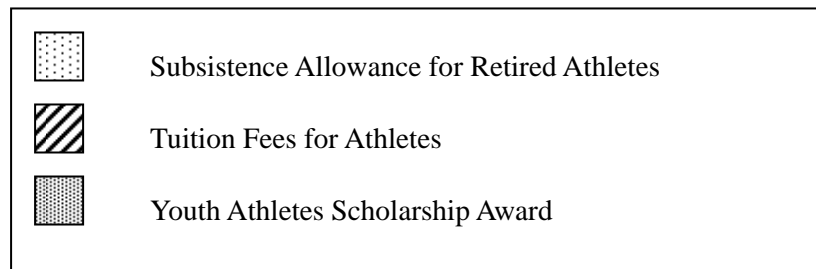


**ARTS DEVELOPMENT FUND
APPROVED GRANTS FOR THE YEARS ENDED 31 MARCH 2007 TO 2011**

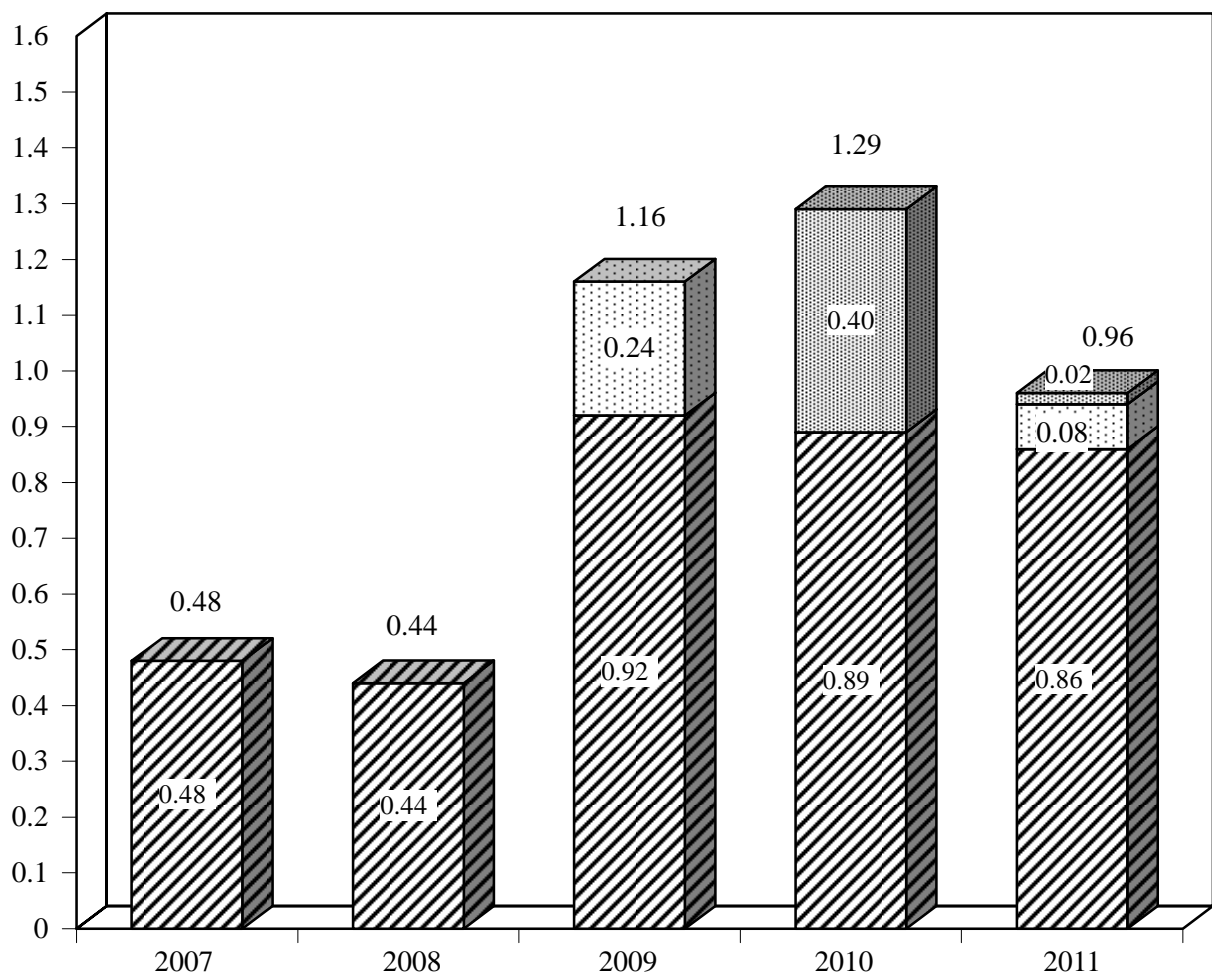
\$Million



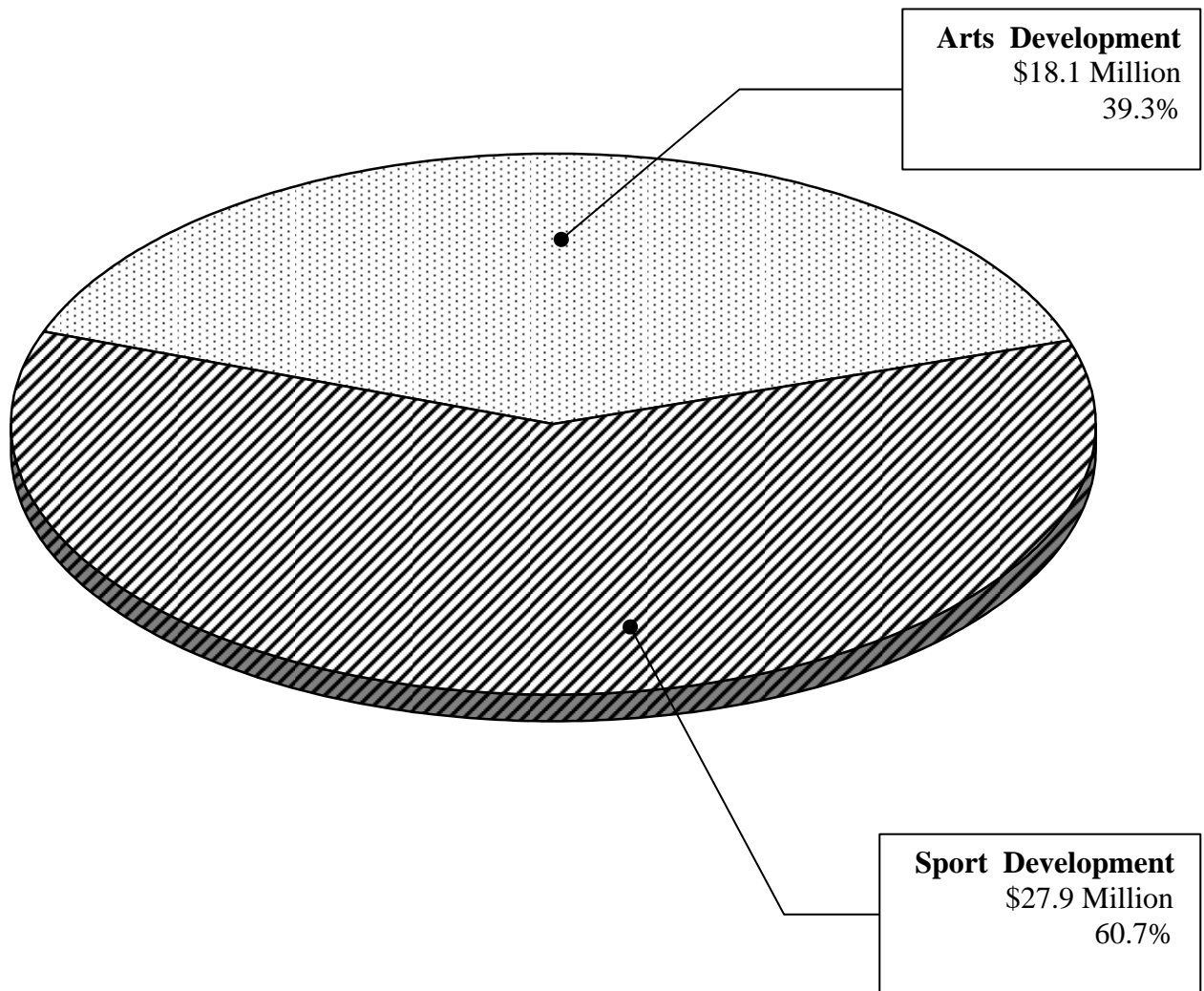
**HONG KONG ATHLETES FUND
APPROVED GRANTS FOR THE YEARS ENDED 31 MARCH 2007 TO 2011**



\$Million



**ARTS AND SPORT DEVELOPMENT FUND
APPROVED GRANTS BY TYPES OF ACTIVITY
FOR THE YEAR ENDED 31 MARCH 2011**



TOTAL APPROVED GRANTS \$46.0 Million

**ARTS AND SPORT DEVELOPMENT FUND
APPROVED GRANTS FOR THE YEARS ENDED 31 MARCH 2007 TO 2011**

