

**SIR DAVID TRENCH
FUND FOR
RECREATION
ANNUAL REPORT
2019-2020**

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*Except the Sports Aid for the Disabled Fund and the Sports Aid Foundation Fund which did not have any grant approved in the years 2015-16 to 2019-20.

MEMBERS OF COMMITTEES 2019-2020

SIR DAVID TRENCH FUND COMMITTEE

<i>Chairman :</i>	Mr CHENG Ka-ho, MH, JP
<i>Members :</i>	Ms Agnes CHAN Hiu-ching Ms Eliza CHANG Lai-shan Mr Marvel CHOW Ting-yu Mr Dragon LI Sai-lung Ms Fenella NG Gar-loc Mr Ajmal SAMUEL Ms Candy SHAM On-ye, MH Mr TAM Wai-yip (up to 2.11.2019) Mr Jonathan TONG Chun-kit Mr Gary WONG Chi-him Mr Kenneth YIU Wing-fai Representative of Hong Kong Council of Social Service Representative of Home Affairs Bureau Representative of Home Affairs Department Representative of Leisure and Cultural Services Department Representative of Social Welfare Department
<i>Secretary :</i>	Ms Winnie LEI (up to 1.7.2019) Mr Kent CHOI (w.e.f. 2.7.2019) Home Affairs Bureau

INVESTMENT ADVISORY COMMITTEE

<i>Chairman :</i>	Mr Ernest TSANG Kwong-wing
<i>Members :</i>	Ms Ivy AU YEUNG Lai-ling Mr Dominic CHAN Dao-ming Mrs Edith CHAN NGAN Man-ling, MH Ms Rosita LEE Pui-shan
<i>Secretary :</i>	Mr Jeff CHUNG The Treasury

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

- Chairman :* Dr LAM Tai-fai, SBS, JP
- Vice-Chairmen :* Mrs Jenny FUNG MA Kit-han, BBS, JP
Mr Michael LEE Tze-hau, JP
- Directors :* Ms Amy CHAN Lim-chee, JP
Mr CHEW Fook-aun
Mr Kenneth FOK Kai-kong, JP
Mr HUI Yung-chung, BBS, JP
Dr Karl KWOK Chi-leung, BBS, MH
Ms Ida LEE Bik-sai, JP
Hon MA Fung-kwok, SBS, JP
Ms Genevieve PONG Chung-yi
Mr Newman TSANG Yiu-man
Dr Michael TSE
Mr Albert WONG Hak-keung
Professor Anna WONG Wai-kwan
Mr YEUNG Tak-keung, JP
Mr Franklin YU (w.e.f. 1.4.2019)
Mr Richard YUEN Ming-fai, GBS, JP
- Alternate Directors :* Mr Paul CHENG Ching-wan
(as alternate director to Mr YEUNG Tak-keung, JP)
Ms Rebecca LOU Wai-yi
(as alternate director to Ms Ida LEE Bik-sai, JP up to 31.7.2019)
Mr Benjamin HUNG Tak-chuen
(as alternate director to Ms Ida LEE Bik-sai, JP w.e.f. 1.8.2019)
- Secretary :* Ms Doris KWOK
(Non-Director)

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

- Chairman :* Mr Michael LEE Tze-hau, JP
- Members :* Ms Amy CHAN Lim-chee, JP
Mr Paul CHENG Ching-wan
Mr Kenneth FOK Kai-kong, JP
Mrs Jenny FUNG MA Kit-han, BBS, JP
Dr Karl KWOK Chi-leung, BBS, MH
Ms Rebecca LOU Wai-yi (up to 31.7.2019)
Mr Benjamin HUNG Tak-chuen (w.e.f. 1.8.2019)
Hon MA Fung-kwok, SBS, JP (w.e.f. 1.4.2019)
Ms Genevieve PONG Chung-yi
Dr Michael TSE
Mr Albert WONG Hak-keung
Mr Franklin YU (w.e.f. 1.4.2019)

**SUB-COMMITTEE ON THE ARTS DEVELOPMENT FUND UNDER THE ADVISORY
COMMITTEE ON ARTS DEVELOPMENT**

Chairman : Ms Agnes TANG In-kwan, BBS

Members : Mr Arnold CHAN Kwan-yeung
Mr Chris IP Ngo-tung, JP
Ms Candice LEUNG Wai-yee
Professor LUI Yu-hon, MH
Professor Christopher PAK Tak-wan
Ms Helen SO Hiu-ming
Dr Royce YUEN Man-chun, JP
Representative of Home Affairs Bureau
Representative of Leisure and Cultural Services Department
Representative of Hong Kong Arts Development Council

Secretary : Ms Christine LOK
Home Affairs Bureau

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 an injection of \$20 million into the Fund, which brought the total capital to \$50 million. Both the capital of the Fund and any income generated therefrom may be expended specifically for the purpose of the Fund.

HONG KONG ATHLETES FUND

5. In August 1996, the Government announced the setting up of the Hong Kong Athletes Fund to help individual athletes to pursue excellence in their chosen sports and to provide them with the opportunity to develop alternative careers upon their retirement from competitive sport. On 23 January 1997, approval was given under section 5 of the Ordinance to incorporate the Fund into the Sir David Trench Fund for Recreation. For this purpose, the Government injected \$8 million, which together with donations totalling \$5.171 million from the community raised the capital of the Fund to \$13.171 million. Additional donations totalling \$0.077 million were received in 1997-98 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 capital to \$18.248 million. The sum of \$5 million injected may be expended specifically for the special scheme for young athletes. In March 2012, a donation of \$4.9 million was injected into the Fund which may be expended specifically for athlete education. In March 2018, the Government injected \$4.5 million into the Fund, bringing the total capital to \$27.648 million. The capital sum of this Fund which must be kept intact remains at \$13.248 million.

ARTS AND SPORT DEVELOPMENT FUND

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

OBJECTS OF THE SIR DAVID TRENCH FUND FOR RECREATION

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

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

COMMITTEES

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

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

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

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

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

13. Disbursements from the Arts Development Fund are approved by the Secretary for Home Affairs on the advice of the Sub-committee on the Arts Development Fund under the Advisory Committee on Arts Development. 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 2020, the income and expenditure account, the statement of changes in equity and the statement of cash flows for the year then ended are at pages 15 to 37.

16. Under the Main Fund, there was a deficit of \$22.428 million for the year. Income from dividends and interest was \$4.055 million. Net realised and revaluation losses on investments in securities were \$11.675 million. Expenditure on grants was \$14.379 million. The accumulated surplus was \$107.030 million at 31 March 2020.

17. Under the Sports Aid for the Disabled Fund, there was a surplus of \$0.252 million for the year. Interest income was \$0.267 million. There was no grant payment during the year. The accumulated surplus was \$2.556 million at 31 March 2020.

18. Under the Sports Aid Foundation Fund, there was a surplus of \$1.453 million for the year. Interest income was \$1.454 million. There was no grant payment during the year. The accumulated surplus was \$8.168 million at 31 March 2020.

19. Under the Arts Development Fund, there was a surplus of \$0.005 million for the year. Interest income was \$0.006 million. There was no grant payment during the year. The accumulated deficit was \$49.703 million at 31 March 2020.

20. Under the Hong Kong Athletes Fund, there was a deficit of \$1.844 million for the year. Income from dividends and interest was \$0.687 million. Net realised and revaluation losses on investments in securities were \$0.512 million. Expenditure on grants was \$1.972 million. The accumulated deficit was \$5.288 million at 31 March 2020.

21. Under the Arts and Sport Development Fund, there was a deficit of \$374.350 million for the year. Income from dividends and interest was \$112.981 million. Net realised and revaluation losses on investments in securities were \$301.863 million. Expenditure on grants was \$193.641 million. The accumulated deficit was \$680.218 million at 31 March 2020.

GRANTS

22. Details of the expenditure on grants in 2019-2020 are shown in the Statement of Approved Grants in Schedule 1 on pages 38 to 45. A summary of approved grants over the years and outstanding commitments as at 31 March 2020 is provided in Schedule 2 on page 46.

INVESTMENTS

23. Investments as at 31 March 2020 are shown in Schedule 3 on page 53.

Charlix WONG

Director of Accounting Services

The Trustee of the Sir David Trench Fund for Recreation

18 June 2020

REPORT OF THE SECRETARY FOR HOME AFFAIRS ON THE SIR DAVID TRENCH FUND FOR RECREATION 2019-2020

SIR DAVID TRENCH FUND FOR RECREATION

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

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

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

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

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

5. Non-Capital Works Projects should achieve long-term benefits and encourage the purposeful use of leisure by young people. The Fund should be used for the purchase of durable equipment for use in recreational, sporting and cultural activities. In 2019-2020, a total of \$3,271,174 was awarded to the organisations and agencies listed on page 39.

6. Capital Works Projects should be specifically of the "brick and mortar" type and for the construction of new recreational facilities. In 2019-2020, a total of \$1,113,370 from the Fund helped to pay for the two capital works projects listed on page 40.

7. Special Projects should provide facilities or equipment in the furtherance of a specific purpose determined by the SDTF Committee. The purpose for the years 2017-2018 to 2019-2020 has been "Construction and improvement of sports facilities and procurement of sports equipment for promotion of sports development in Hong Kong". In 2019-2020, a total of \$15,384,980 was awarded to ten 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.

SPORTS AID FOR THE DISABLED FUND

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

12. The Elite Training and Athletes Affairs Committee of the Hong Kong Sports Institute Limited is responsible for advising on the disbursement of grants from the SADF. Membership of the Committee is shown on page 3.

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

ARTS AND SPORT DEVELOPMENT FUND

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

15. To promote further the development of arts and sport, LegCo FC approved on 2 July 2010 an injection of \$3 billion into the ASDF as seed money for generating an annual investment return to provide sustainable additional resources for subsidising the long-term development of sport, culture and the arts. On 4 January 2019, LegCo FC approved an injection of \$1 billion into the ASDF (Sports Portion) and that the use of ASDF is no longer limited to its investment returns.

16. Before the injection of funds to the ASDF in July 2010, the arts portion of ASDF primarily supported the arts projects of the HKADC. With the new injection, 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 the Arts Capacity Development Funding Scheme (ACDFS). The ACDFS seeks to enhance the capacity development of local artistic talents by providing funding support to promising arts groups and art practitioners, and cultivate a supportive culture for the arts in the community by fostering a tripartite partnership involving the Government, arts groups and the private sector to promote arts and cultural development in Hong Kong. As for the sport portion of ASDF, the injection of funds has enabled us to increase support for Hong Kong athletes' preparation for and participation in major sports games, the hosting of major international sports events in Hong Kong, as well as other one-off initiatives to encourage the development and promotion of sport in Hong Kong. With the endorsement of the Sports Commission, we will also provide funding for new projects, including support for hosting more high standard sports events in Hong Kong, and promotion of the development of local football and other team sports.

17. In 2019-2020, a total of \$245,138,453 was allocated from the ASDF, of which \$65,537,613 was allocated to 29 arts projects and \$179,600,840 was allocated to 160 sports development projects.

HONG KONG ATHLETES FUND

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

19. On 12 November 1996, the Government agreed to donate \$8,000,000 to the HKAF. This sum together with public donations of \$5,248,000 brought the total capital of the HKAF to \$13,248,000 as at 31 March 2002. The capital is kept intact and the investment income accruing thereon is used to meet the objects of the HKAF. A sum of \$5,000,000 was approved in 2008-2009 as a one-off injection into the HKAF to reward young athletes who win medals at major international youth games with educational subsidies from the HKAF. In 2017-18, a sum of \$4,500,000 was approved as a one-off injection into the HKAF to provide financial support for active and retired athletes to pursue further education.

20. The Elite Training and Athletes Affairs Committee of the Hong Kong Sports Institute Limited is responsible for advising on the disbursement of grants from the HKAF. Membership of the Committee is shown on page 3.

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

22. In 2019-2020, a total of \$1,875,100 was allocated from the HKAF, which are individual grants to cover tuition fee for 14 athletes, ranging from \$41,050 to \$252,600.

ARTS DEVELOPMENT FUND

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

24. The LegCo FC approved an injection of \$20,000,000 into the ADF on 26 January 2007. In view of the financial position of the ADF, between June 2016 and September 2018, approved projects of the ADF were supported by committing resources from the ASDF (Arts Portion) so as to sustain worthwhile outbound arts and cultural activities. Starting from October 2018, approved grants under the scope of the ADF have been funded under the operational expenses of the Home Affairs Bureau.

Caspar Ying-wai TSUI
Secretary for Home Affairs
18 June 2020

REPORT OF THE DIRECTOR OF AUDIT



Audit Commission

The Government of the Hong Kong Special Administrative Region

Independent Auditor's Report To the Legislative Council

Opinion

I certify that I have audited the financial statements of the Sir David Trench Fund for Recreation set out on pages 15 to 37, which comprise the balance sheet as at 31 March 2020, and the income and expenditure account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the Sir David Trench Fund for Recreation as at 31 March 2020, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with section 9(1) of the Sir David Trench Fund for Recreation Ordinance (Cap. 1128).

Basis for opinion

I conducted my audit in accordance with section 9(2) of the Sir David Trench Fund for Recreation Ordinance and the Audit Commission auditing standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the Sir David Trench Fund for Recreation in accordance with those standards, and I have fulfilled my other ethical responsibilities in accordance with those standards. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Director of Accounting Services and the Secretary for Home Affairs are responsible for the other information. The other information comprises all the information included in the Sir David Trench Fund for Recreation Annual Report 2019-2020, other than the financial statements and my auditor's report thereon.

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

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

Director of Accounting Services' responsibilities for the financial statements

The Director of Accounting Services, as the Trustee of the Sir David Trench Fund for Recreation, is responsible for the preparation of the financial statements that give a true and fair view in accordance with section 9(1) of the Sir David Trench Fund for Recreation Ordinance and Hong Kong Financial Reporting Standards, and for such internal control as the Director of Accounting Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Accounting Services is responsible for assessing in conjunction with the Secretary for Home Affairs the Sir David Trench Fund for Recreation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sir David Trench Fund for Recreation's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director of Accounting Services;
- conclude on the appropriateness of the Director of Accounting Services' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sir David Trench Fund for Recreation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Sir David Trench Fund for Recreation to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Ms Hildy Chan
Assistant Director of Audit (Acting)
for Director of Audit

18 June 2020

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

BALANCE SHEET AS AT 31 MARCH 2020

		Note	2020 HK\$'000	2019 HK\$'000
MAIN FUND	ASSETS			
	Cash at bank		686	587
	Deposits with banks	3	34,718	44,017
	Investments in securities	4	68,740	82,053
	Placement with the Exchange Fund	6	26,358	25,615
	Interest and other receivables		531	664
	Total assets		131,033	152,936
	LIABILITIES			
	Payables and other liabilities	7	(803)	(278)
	Net assets		130,230	152,658
	Representing :			
	FUND BALANCE			
	Capital		23,200	23,200
	Accumulated surplus		107,030	129,458
			130,230	152,658
SPORTS AID FOR THE DISABLED FUND	ASSETS			
	Cash at bank		37	39
	Deposits with banks	3	1,552	1,530
	Placement with the Exchange Fund	6	7,385	7,177
	Interest receivable		82	58
	Total assets		9,056	8,804
	Representing :			
	FUND BALANCE			
	Capital		6,500	6,500
	Accumulated surplus		2,556	2,304
			9,056	8,804
SPORTS AID FOUNDATION FUND	ASSETS			
	Cash at bank		72	72
	Deposits with banks	3	2,123	2,071
	Placement with the Exchange Fund	6	46,100	44,800
	Interest receivable		450	349
	Total assets		48,745	47,292
	Representing :			
	FUND BALANCE			
	Capital		40,577	40,577
	Accumulated surplus		8,168	6,715
			48,745	47,292
ARTS DEVELOPMENT FUND	ASSETS			
	Cash at bank		58	61
	Deposits with banks	3	237	230
	Interest receivable		2	1
	Total assets		297	292
	Representing :			
	FUND BALANCE			
	Capital		50,000	50,000
	Accumulated deficit		(49,703)	(49,708)
			297	292

BALANCE SHEET — Continued

		Note	2020 HK\$'000	2019 HK\$'000
HONG KONG ATHLETES FUND	ASSETS			
	Cash at bank		163	186
	Deposits with banks	3	3,958	5,673
	Investments in securities	4	3,038	3,550
	Placement with the Exchange Fund	6	15,051	14,627
	Interest and other receivables		150	168
	Total assets		22,360	24,204
	Representing :			
	FUND BALANCE			
	Capital		27,648	27,648
ARTS AND SPORT DEVELOPMENT FUND	Accumulated deficit		(5,288)	(3,444)
			22,360	24,204
	ASSETS			
	Cash at bank		7,669	19,703
	Deposits with banks	3	661,609	900,967
	Investments in securities	4	1,806,870	1,985,093
	Placement with the Exchange Fund	6	1,354,363	1,318,023
	Interest and other receivables		20,072	14,575
	Total assets		3,850,583	4,238,361
	LIABILITIES			
	Derivative financial instruments	5	—	(35)
	Payables and other liabilities	7	(801)	(14,194)
	Total liabilities		(801)	(14,229)
	Net assets		3,849,782	4,224,132
	Representing :			
	FUND BALANCE			
	Capital		4,530,000	4,530,000
	Accumulated deficit		(680,218)	(305,868)
			3,849,782	4,224,132
TOTAL FUND BALANCE			4,060,470	4,457,382

The accompanying notes 1 to 17 form part of these financial statements.



The Treasury
Hong Kong

Charlix WONG

Director of Accounting Services

The Trustee of the Sir David Trench Fund for Recreation

18 June 2020

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

		Note	2020 HK\$'000	2019 HK\$'000
MAIN FUND	Income	9	(8,040)	5,840
	Expenditure	10	(14,388)	(13,224)
	Deficit for the year		(22,428)	(7,384)
	Other comprehensive income		—	—
	Total comprehensive loss for the year		(22,428)	(7,384)
SPORTS AID FOR THE DISABLED FUND	Income	9	253	328
	Expenditure	10	(1)	—
	Surplus for the year		252	328
	Other comprehensive income		—	—
	Total comprehensive income for the year		252	328
SPORTS AID FOUNDATION FUND	Income	9	1,454	1,849
	Expenditure	10	(1)	—
	Surplus for the year		1,453	1,849
	Other comprehensive income		—	—
	Total comprehensive income for the year		1,453	1,849
ARTS DEVELOPMENT FUND	Income	9	6	4
	Expenditure	10	(1)	(1)
	Surplus for the year		5	3
	Other comprehensive income		—	—
	Total comprehensive income for the year		5	3
HONG KONG ATHLETES FUND	Income	9	129	919
	Expenditure	10	(1,973)	(3,923)
	Deficit for the year		(1,844)	(3,004)
	Other comprehensive income		—	—
	Total comprehensive loss for the year		(1,844)	(3,004)
ARTS AND SPORT DEVELOPMENT FUND	Income	9	(177,823)	122,502
	Expenditure	10	(196,527)	(177,732)
	Deficit for the year		(374,350)	(55,230)
	Other comprehensive income		—	—
	Total comprehensive loss for the year		(374,350)	(55,230)

The accompanying notes 1 to 17 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

		Capital HK\$'000	Accumulated surplus/(deficit) HK\$'000	Total HK\$'000
MAIN FUND	Balance at 1 April 2018	23,200	136,842	160,042
	Total comprehensive loss for the year 2018-19		(7,384)	(7,384)
	Balance at 31 March 2019	23,200	129,458	152,658
	Total comprehensive loss for the year 2019-20		(22,428)	(22,428)
	Balance at 31 March 2020	23,200	107,030	130,230
SPORTS AID FOR THE DISABLED FUND	Balance at 1 April 2018	6,500	1,976	8,476
	Total comprehensive income for the year 2018-19		328	328
	Balance at 31 March 2019	6,500	2,304	8,804
	Total comprehensive income for the year 2019-20		252	252
	Balance at 31 March 2020	6,500	2,556	9,056
SPORTS AID FOUNDATION FUND	Balance at 1 April 2018	40,577	4,866	45,443
	Total comprehensive income for the year 2018-19		1,849	1,849
	Balance at 31 March 2019	40,577	6,715	47,292
	Total comprehensive income for the year 2019-20		1,453	1,453
	Balance at 31 March 2020	40,577	8,168	48,745

STATEMENT OF CHANGES IN EQUITY — Continued

		Capital HK\$'000	Accumulated surplus/(deficit) HK\$'000	Total HK\$'000
ARTS DEVELOPMENT FUND	Balance at 1 April 2018	50,000	(49,711)	289
	Total comprehensive income for the year 2018-19		3	3
	Balance at 31 March 2019	50,000	(49,708)	292
	Total comprehensive income for the year 2019-20		5	5
	Balance at 31 March 2020	50,000	(49,703)	297
HONG KONG ATHLETES FUND	Balance at 1 April 2018	27,648	(440)	27,208
	Total comprehensive loss for the year 2018-19		(3,004)	(3,004)
	Balance at 31 March 2019	27,648	(3,444)	24,204
	Total comprehensive loss for the year 2019-20		(1,844)	(1,844)
	Balance at 31 March 2020	27,648	(5,288)	22,360
ARTS AND SPORT DEVELOPMENT FUND	Balance at 1 April 2018	3,530,000	(250,638)	3,279,362
	Government injection in 2018-19	1,000,000		1,000,000
	Total comprehensive loss for the year 2018-19		(55,230)	(55,230)
	Balance at 31 March 2019	4,530,000	(305,868)	4,224,132
	Total comprehensive loss for the year 2019-20		(374,350)	(374,350)
	Balance at 31 March 2020	4,530,000	(680,218)	3,849,782

The accompanying notes 1 to 17 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

		Note	2020 HK\$'000	2019 HK\$'000
MAIN FUND	Net cash from operating activities	11	5,799	2,287
	Cash and cash equivalents at beginning of year		4,787	2,500
	Cash and cash equivalents at end of year	12	<u>10,586</u>	<u>4,787</u>
SPORTS AID FOR THE DISABLED FUND	Net cash used in operating activities	11	(2)	(2)
	Cash and cash equivalents at beginning of year		39	41
	Cash and cash equivalents at end of year	12	<u>37</u>	<u>39</u>
SPORTS AID FOUNDATION FUND	Net cash used in operating activities	11	—	(1)
	Cash and cash equivalents at beginning of year		72	73
	Cash and cash equivalents at end of year	12	<u>72</u>	<u>72</u>
ARTS DEVELOPMENT FUND	Net cash used in operating activities	11	(73)	(158)
	Cash and cash equivalents at beginning of year		131	289
	Cash and cash equivalents at end of year	12	<u>58</u>	<u>131</u>
HONG KONG ATHLETES FUND	Net cash (used in)/from operating activities	11	(23)	26
	Cash and cash equivalents at beginning of year		186	160
	Cash and cash equivalents at end of year	12	<u>163</u>	<u>186</u>
ARTS AND SPORT DEVELOPMENT FUND	Net cash used in operating activities	11	(383,202)	(552,095)
	Cash from financing activities – Government injection		—	1,000,000
	Cash and cash equivalents at beginning of year		509,068	61,163
	Cash and cash equivalents at end of year	12	<u>125,866</u>	<u>509,068</u>

The accompanying notes 1 to 17 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 HKFRSs, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Fund is set out below.

- (b) Basis of preparation of the financial statements

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

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

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

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

(c) Financial assets and financial liabilities

(i) Initial recognition and measurement

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

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

(ii) Classification and subsequent measurement

Financial instruments measured at fair value through income and expenditure account

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

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

Financial assets measured at amortised cost

These comprise cash at bank, deposits with banks, debt securities, placement with the Exchange Fund and interest and other receivables. They are held for the collection of contractual cash flows which represent solely payments of principal and interest. They are subsequently measured at amortised cost using the effective interest method. The measurement of loss allowances for these financial assets is based on the expected credit loss model as described in Note 2(c)(v).

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates the expected cash flows by considering all contractual terms of the financial instrument but does not consider the expected credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Financial liabilities measured at amortised cost

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

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

(iii) Derecognition

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

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

(iv) Offsetting

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

(v) Impairment of financial assets

For financial assets measured at amortised cost, the Fund measures the expected credit losses to determine the loss allowance required to be recognised. Financial assets measured at fair value through income and expenditure account are not subject to the expected credit loss assessment.

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

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

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

(d) Income recognition

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

(e) Translation of foreign currencies

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

(f) Cash and cash equivalents

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

3. DEPOSITS WITH BANKS

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

4. INVESTMENTS IN SECURITIES

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

	2020 HK\$'000	2019 HK\$'000
MAIN FUND		
Financial assets measured at fair value through income and expenditure account		
Hong Kong listed equity securities	34,784	42,895
Overseas listed equity securities	33,956	39,158
	<u>68,740</u>	<u>82,053</u>
 HONG KONG ATHLETES FUND		
Financial assets measured at fair value through income and expenditure account		
Hong Kong listed equity securities	1,440	1,775
Overseas listed equity securities	1,598	1,775
	<u>3,038</u>	<u>3,550</u>
 ARTS AND SPORT DEVELOPMENT FUND		
Financial assets measured at fair value through income and expenditure account		
Hong Kong listed equity securities	943,343	937,428
Overseas listed equity securities	863,527	966,087
Financial assets measured at amortised cost		
US dollar-denominated debt securities	—	81,578
	<u>1,806,870</u>	<u>1,985,093</u>

5. DERIVATIVE FINANCIAL INSTRUMENTS

	2020		2019	
ARTS AND SPORT DEVELOPMENT FUND				
	Assets	Liabilities	<i>Assets</i>	<i>Liabilities</i>
	HK\$'000	HK\$'000	<i>HK\$'000</i>	<i>HK\$'000</i>
Forward currency contracts at fair value	<u>—</u>	<u>—</u>	<u>—</u>	<u>35</u>

These forward currency contracts had a total notional amount of HK\$11.5 million as at 31 March 2019 and matured within one year therefrom. The notional amounts of these contracts indicate the volume of outstanding transactions and do not represent the amounts at risk.

6. PLACEMENT WITH THE EXCHANGE FUND

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

2020	Principal sum HK\$'000	Interest paid but not yet withdrawn HK\$'000	Total HK\$'000
MAIN FUND	23,200	3,158	26,358
SPORTS AID FOR THE DISABLED FUND	6,500	885	7,385
SPORTS AID FOUNDATION FUND	40,577	5,523	46,100
HONG KONG ATHLETES FUND	13,248	1,803	15,051
ARTS AND SPORT DEVELOPMENT FUND	1,250,000	104,363	1,354,363

<i>2019</i>	<i>Principal sum HK\$'000</i>	<i>Interest paid but not yet withdrawn HK\$'000</i>	<i>Total HK\$'000</i>
<i>MAIN FUND</i>	<i>23,200</i>	<i>2,415</i>	<i>25,615</i>
<i>SPORTS AID FOR THE DISABLED FUND</i>	<i>6,500</i>	<i>677</i>	<i>7,177</i>
<i>SPORTS AID FOUNDATION FUND</i>	<i>40,577</i>	<i>4,223</i>	<i>44,800</i>
<i>HONG KONG ATHLETES FUND</i>	<i>13,248</i>	<i>1,379</i>	<i>14,627</i>
<i>ARTS AND SPORT DEVELOPMENT FUND</i>	<i>1,250,000</i>	<i>68,023</i>	<i>1,318,023</i>

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

Interest on the placement is payable at a fixed rate determined every January. The rate is the average annual investment return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year Government Bond for the previous year subject to a minimum of zero percent, whichever is the higher. The interest rate has been fixed at 3.7% for the calendar year 2020 and at 2.9% for the calendar year 2019.

7. PAYABLES AND OTHER LIABILITIES

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

8. COMMITMENTS

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

	2020 HK\$'000	<i>2019 HK\$'000</i>
MAIN FUND	29,402	<i>26,834</i>
HONG KONG ATHLETES FUND	5,750	<i>6,239</i>
ARTS AND SPORT DEVELOPMENT FUND	250,738	<i>253,861</i>
	<u>285,890</u>	<i><u>286,934</u></i>

9. INCOME

	2020 HK\$'000	2019 HK\$'000
MAIN FUND		
Net realised and revaluation (losses)/gains on:		
- equity securities measured at fair value through income and expenditure account	(11,675)	1,421
- other assets	(420)	44
Dividend income	2,152	2,425
Interest income from placement with the Exchange Fund	802	1,032
Other interest income	1,101	918
	<u>(8,040)</u>	<u>5,840</u>
SPORTS AID FOR THE DISABLED FUND		
Net realised and revaluation losses on:		
- other assets	(14)	—
Interest income from placement with the Exchange Fund	225	289
Other interest income	42	39
	<u>253</u>	<u>328</u>
SPORTS AID FOUNDATION FUND		
Interest income from placement with the Exchange Fund	1,403	1,805
Other interest income	51	44
	<u>1,454</u>	<u>1,849</u>
ARTS DEVELOPMENT FUND		
Other interest income	6	4
	<u>6</u>	<u>4</u>
HONG KONG ATHLETES FUND		
Net realised and revaluation (losses)/gains on:		
- equity securities measured at fair value through income and expenditure account	(512)	58
- other assets	(46)	—
Dividend income	92	90
Interest income from placement with the Exchange Fund	458	589
Other interest income	137	182
	<u>129</u>	<u>919</u>
ARTS AND SPORT DEVELOPMENT FUND		
Refund of grants	17,015	16,432
Net realised and revaluation (losses)/gains on:		
- equity securities measured at fair value through income and expenditure account	(301,541)	6,932
- debt securities measured at amortised cost	(322)	17
- derivative financial instruments	(108)	(154)
- other assets	(5,848)	318
Dividend income	53,034	45,763
Interest income from debt securities	896	1,983
Interest income from placement with the Exchange Fund	41,257	41,371
Other interest income	17,794	9,840
	<u>(177,823)</u>	<u>122,502</u>

10. EXPENDITURE

	2020 HK\$'000	2019 HK\$'000
MAIN FUND		
Grants	14,379	13,166
Investment transaction costs	4	53
Bank charges	5	5
	<u>14,388</u>	<u>13,224</u>
SPORTS AID FOR THE DISABLED FUND		
Bank charges	<u>1</u>	<u>—</u>
SPORTS AID FOUNDATION FUND		
Bank charges	<u>1</u>	<u>—</u>
ARTS DEVELOPMENT FUND		
Grants	—	1
Bank charges	<u>1</u>	<u>—</u>
	<u>1</u>	<u>1</u>
HONG KONG ATHLETES FUND		
Grants	1,972	3,922
Bank charges	<u>1</u>	<u>1</u>
	<u>1,973</u>	<u>3,923</u>
ARTS AND SPORT DEVELOPMENT FUND		
Grants	193,641	174,968
Custodian fees	1,029	983
Investment management fees	1,293	1,028
Investment transaction costs	519	692
Bank charges	<u>45</u>	<u>61</u>
	<u>196,527</u>	<u>177,732</u>

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

	2020 HK\$'000	2019 HK\$'000
MAIN FUND		
Deficit for the year	(22,428)	(7,384)
Interest income	(1,903)	(1,950)
Dividend income	(2,152)	(2,425)
Decrease in investments in securities	13,313	21,455
Increase in placement with the Exchange Fund	(743)	(1,127)
Decrease/(Increase) in deposits with banks having a maturity of more than 3 months when placed	14,999	(10,866)
Increase in payables and other liabilities	525	250
Interest received	2,053	1,857
Dividend received	2,135	2,477
Net cash from operating activities	<u>5,799</u>	<u>2,287</u>
SPORTS AID FOR THE DISABLED FUND		
Surplus for the year	252	328
Interest income	(267)	(328)
Increase in placement with the Exchange Fund	(208)	(316)
Increase in deposits with banks having a maturity of more than 3 months when placed	(22)	(38)
Interest received	243	352
Net cash used in operating activities	<u>(2)</u>	<u>(2)</u>
SPORTS AID FOUNDATION FUND		
Surplus for the year	1,453	1,849
Interest income	(1,454)	(1,849)
Increase in placement with the Exchange Fund	(1,300)	(1,970)
Increase in deposits with banks having a maturity of more than 3 months when placed	(52)	(33)
Interest received	1,353	2,002
Net cash used in operating activities	<u>—</u>	<u>(1)</u>
ARTS DEVELOPMENT FUND		
Surplus for the year	5	3
Interest income	(6)	(4)
Increase in deposits with banks having a maturity of more than 3 months when placed	(77)	(160)
Interest received	5	3
Net cash used in operating activities	<u>(73)</u>	<u>(158)</u>

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

	2020 HK\$'000	2019 HK\$'000
HONG KONG ATHLETES FUND		
Deficit for the year	(1,844)	(3,004)
Interest income	(595)	(771)
Dividend income	(92)	(90)
Decrease/(Increase) in investments in securities	512	(57)
Increase in placement with the Exchange Fund	(424)	(643)
Decrease in deposits with banks having a maturity of more than 3 months when placed	1,715	3,723
Interest received	602	791
Dividend received	103	77
Net cash (used in)/from operating activities	(23)	26
ARTS AND SPORT DEVELOPMENT FUND		
Deficit for the year	(374,350)	(55,230)
Interest income	(59,947)	(53,194)
Dividend income	(53,034)	(45,763)
Decrease/(Increase) in investments in securities	178,223	(147,265)
Change in derivative financial instruments	(35)	30
Increase in placement with the Exchange Fund	(36,340)	(341,914)
Increase in deposits with banks having a maturity of more than 3 months when placed	(131,810)	(22,892)
(Decrease)/Increase in payables and other liabilities	(13,393)	12,548
Decrease/(Increase) in other receivables	38	(38)
Interest received	53,876	56,052
Dividend received	53,570	45,571
Net cash used in operating activities	(383,202)	(552,095)

12. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2020 HK\$'000	2019 HK\$'000
MAIN FUND		
Cash at bank	686	587
Deposits with banks having a maturity of 3 months or less when placed	9,900	4,200
	<u>10,586</u>	<u>4,787</u>
SPORTS AID FOR THE DISABLED FUND		
Cash at bank	37	39
Deposits with banks having a maturity of 3 months or less when placed	—	—
	<u>37</u>	<u>39</u>
SPORTS AID FOUNDATION FUND		
Cash at bank	72	72
Deposits with banks having a maturity of 3 months or less when placed	—	—
	<u>72</u>	<u>72</u>
ARTS DEVELOPMENT FUND		
Cash at bank	58	61
Deposits with banks having a maturity of 3 months or less when placed	—	70
	<u>58</u>	<u>131</u>
HONG KONG ATHLETES FUND		
Cash at bank	163	186
Deposits with banks having a maturity of 3 months or less when placed	—	—
	<u>163</u>	<u>186</u>
ARTS AND SPORT DEVELOPMENT FUND		
Cash at bank	7,669	19,703
Deposits with banks having a maturity of 3 months or less when placed	118,197	489,365
	<u>125,866</u>	<u>509,068</u>
Reconciliation with the balance sheet:		
	2020 HK\$'000	2019 HK\$'000
MAIN FUND		
Amounts in the balance sheet:		
Cash at bank	686	587
Deposits with banks	34,718	44,017
	<u>35,404</u>	<u>44,604</u>
Less: Amounts having a maturity of more than 3 months when placed	(24,818)	(39,817)
Cash and cash equivalents in the statement of cash flows	<u>10,586</u>	<u>4,787</u>
SPORTS AID FOR THE DISABLED FUND		
Amounts in the balance sheet:		
Cash at bank	37	39
Deposits with banks	1,552	1,530
	<u>1,589</u>	<u>1,569</u>
Less: Amounts having a maturity of more than 3 months when placed	(1,552)	(1,530)
Cash and cash equivalents in the statement of cash flows	<u>37</u>	<u>39</u>

12. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

— *Continued*

	2020 HK\$'000	2019 HK\$'000
SPORTS AID FOUNDATION FUND		
Amounts in the balance sheet:		
Cash at bank	72	72
Deposits with banks	<u>2,123</u>	<u>2,071</u>
	2,195	2,143
Less: Amounts having a maturity of more than 3 months when placed	<u>(2,123)</u>	<u>(2,071)</u>
Cash and cash equivalents in the statement of cash flows	<u>72</u>	<u>72</u>
ARTS DEVELOPMENT FUND		
Amounts in the balance sheet:		
Cash at bank	58	61
Deposits with banks	<u>237</u>	<u>230</u>
	295	291
Less: Amounts having a maturity of more than 3 months when placed	<u>(237)</u>	<u>(160)</u>
Cash and cash equivalents in the statement of cash flows	<u>58</u>	<u>131</u>
HONG KONG ATHLETES FUND		
Amounts in the balance sheet:		
Cash at bank	163	186
Deposits with banks	<u>3,958</u>	<u>5,673</u>
	4,121	5,859
Less: Amounts having a maturity of more than 3 months when placed	<u>(3,958)</u>	<u>(5,673)</u>
Cash and cash equivalents in the statement of cash flows	<u>163</u>	<u>186</u>
ARTS AND SPORT DEVELOPMENT FUND		
Amounts in the balance sheet:		
Cash at bank	7,669	19,703
Deposits with banks	<u>661,609</u>	<u>900,967</u>
	669,278	920,670
Less: Amounts having a maturity of more than 3 months when placed	<u>(543,412)</u>	<u>(411,602)</u>
Cash and cash equivalents in the statement of cash flows	<u>125,866</u>	<u>509,068</u>

13. CAPITAL RISK MANAGEMENT

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

The capital of the Arts Development Fund, the capital injection into the Hong Kong Athletes Fund of HK\$5 million in March 2009 for the special scheme for young athletes and HK\$4.5 million in March 2018, the capital of the Arts and Sport Development Fund and the injection of HK\$4.9 million donation into the Hong Kong Athletes Fund in March 2012 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 the Fund is managed prudently to generate income for the purposes of the Fund, and to maintain the capital requirements if necessary. The financial risks in the Fund's investment portfolios are monitored on a continuous basis to ensure that such risks are covered before funding is considered for the purposes of the Fund.

14. FINANCIAL RISK MANAGEMENT

(a) Investment management and control

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

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

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

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

(b) Market risk

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

(i) Equity price risk

Equity price risk is the risk of loss arising from changes in equity prices. The Fund's investments in equity securities are subject to the equity price risk inherent in all equity securities i.e. the value of holdings may fall as well as rise. As at 31 March 2020, the equity securities were included in investments in securities as shown in Note 4. The risk is primarily addressed through diversification of investment portfolio in accordance with a documented risk management and investment strategy, and the Fund monitors the equity price risk on a continuous basis.

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

	2020	2019
	HK\$'000	HK\$'000
MAIN FUND	± 6,874	± 8,205
HONG KONG ATHLETES FUND	± 304	± 355
ARTS AND SPORT DEVELOPMENT FUND	± 180,687	± 190,352

(ii) Interest rate risk

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

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

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund has no exposure to cash flow interest rate risk because it has no holding of debt securities bearing interest at rates determined by reference to market interest rates.

(iii) Currency risk

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

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

	Currency	2020 HK\$'000	2019 HK\$'000
MAIN FUND	HK dollar	71,059	74,904
	US dollar	59,164	77,746
	Renminbi	7	8
		130,230	152,658
SPORTS AID FOR THE DISABLED FUND	HK dollar	7,935	7,699
	US dollar	1,121	1,105
		9,056	8,804
SPORTS AID FOUNDATION FUND	HK dollar	48,713	47,259
	US dollar	32	33
		48,745	47,292
ARTS DEVELOPMENT FUND	HK dollar	290	285
	US dollar	7	7
		297	292
HONG KONG ATHLETES FUND	HK dollar	17,099	18,855
	US dollar	5,256	5,343
	Renminbi	5	6
		22,360	24,204
ARTS AND SPORT DEVELOPMENT FUND	HK dollar	2,489,594	2,776,067
	US dollar	1,170,559	1,223,500
	Euro	56,383	69,261
	Japanese yen	50,072	56,565
	Renminbi	28	31
	Pound sterling	27,432	37,013
	Others	55,714	61,695
		3,849,782	4,224,132

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

The Main Fund, the Hong Kong Athletes Fund and the Arts and Sport Development Fund had investments denominated in currencies other than Hong Kong and US dollars at the reporting date. As the balances for the Main Fund and the Hong Kong Athletes Fund were minimal, they do not have significant exposure to currency risk. It was estimated that, as at 31 March 2020, a 5% increase/decrease in the exchange rate of other currencies against the Hong Kong dollar, with all other variables held constant, would increase/decrease the exchange gains/losses as included in revaluation gains/losses for the year by HK\$9.5 million for the Arts and Sport Development Fund (2019: HK\$11.2 million).

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund's credit risk is principally attributable to cash at bank, deposits with banks, placement with the Exchange Fund and debt securities. 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, and monitors credit risk on a continuous basis. The credit risk on these financial instruments is assessed as not having increased significantly since initial recognition and the Fund determines the loss allowance required to be recognised based on 12-month expected credit losses. The Fund has estimated that 12-month expected credit losses on these financial instruments are immaterial and considers that no loss allowance is required.

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

	2020 HK\$'000	2019 HK\$'000
MAIN FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	106	5,777
A1 to A3	35,298	38,827
	<u>35,404</u>	<u>44,604</u>
SPORTS AID FOR THE DISABLED FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	578	1,120
A1 to A3	1,011	449
	<u>1,589</u>	<u>1,569</u>
SPORTS AID FOUNDATION FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	1,095	50
A1 to A3	1,100	2,093
	<u>2,195</u>	<u>2,143</u>
ARTS DEVELOPMENT FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	178	153
A1 to A3	117	138
	<u>295</u>	<u>291</u>
HONG KONG ATHLETES FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	99	202
A1 to A3	4,022	5,657
	<u>4,121</u>	<u>5,859</u>

Sir David Trench Fund For Recreation

	2020 HK\$'000	2019 HK\$'000
ARTS AND SPORT DEVELOPMENT FUND		
Cash at bank and deposits with banks, by credit rating		
Aa1 to Aa3	129,560	275,581
A1 to A3	539,718	645,089
	<u>669,278</u>	<u>920,670</u>
Debt securities, by credit rating		
Aa1 to Aa3	—	51,730
A1 to A3	—	29,848
	<u>—</u>	<u>81,578</u>
	<u>669,278</u>	<u>1,002,248</u>

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

(d) Liquidity risk

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

(e) Other financial risk

The Fund is exposed to financial risk arising from change in the interest rate on the placement with the Exchange Fund which is determined every January (Note 6). If the interest rate had increased/decreased by 50 basis points with all other variables held constant, the interest income on the placement for the year would have been as follows:

	2020 HK\$'000	2019 HK\$'000
MAIN FUND	± 132	± 128
SPORTS AID FOR THE DISABLED FUND	± 37	± 36
SPORTS AID FOUNDATION FUND	± 231	± 224
HONG KONG ATHLETES FUND	± 75	± 73
ARTS AND SPORT DEVELOPMENT FUND	± 6,786	± 5,135

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of financial instruments classified under Level 1 is based on quoted market prices of these financial instruments at the reporting date.

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

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

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

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
MAIN FUND			
2020			
Assets			
Equity securities	68,740	—	68,740
2019			
Assets			
Equity securities	82,053	—	82,053
HONG KONG ATHLETES FUND			
2020			
Assets			
Equity securities	3,038	—	3,038
2019			
Assets			
Equity securities	3,550	—	3,550
ARTS AND SPORT DEVELOPMENT FUND			
2020			
Assets			
Equity securities	1,806,870	—	1,806,870
Liabilities			
Derivative financial instruments	—	—	—
2019			
Assets			
Equity securities	1,903,515	—	1,903,515
Liabilities			
Derivative financial instruments	—	35	35

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

The three levels of the fair value hierarchy are:

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

Level 2 – fair values of financial instruments are determined 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).

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

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

16. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

17. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2020 and which have not been early adopted in these 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 financial statements.

SCHEDULE 1

STATEMENT OF APPROVED GRANTS

(This statement does not include projects completed before 1 April 2019)

Description	Approved Commitment \$	Expenditure Less Refund during 2019/2020 \$	Total Expenditure up to 31.3.2020 \$	Unspent Balance (N=Not required) \$
MAIN FUND				
I. NON-CAPITAL WORKS PROJECTS				
(a) Projects approved in 2017-2018				
Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	1,213,969	-	1,059,680	- 154,289 N
Total, Non-Capital Works Projects approved in 2017-2018	<u>1,213,969</u>	<u>-</u>	<u>1,059,680</u>	<u>154,289</u>
(b) Projects approved in 2018-2019				
1 Baptist Oi Kwan Social Service -to purchase sports and recreational equipment	48,140	45,520	45,520	- 2,620 N
2 Caritas - Hong Kong -to purchase sports and recreational equipment	3,850	3,850	3,850	-
3 Chinese YMCA of Hong Kong -to purchase sports and recreational equipment	62,458	15,291	51,877	- 10,581 N
4 Hong Kong Lutheran Social Service -to purchase sports and recreational equipment	36,087	21,489	34,918	- 1,169 N
5 Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	1,238,892	277,825	1,219,575	- 19,317 N
6 The Boys' and Girls' Clubs Association of Hong Kong -to purchase sports and recreational equipment	133,557	105,278	124,026	- 9,531 N
7 The Chinese Rhenish Church Hong Kong Synod -to purchase sports and recreational equipment	15,431	14,916	14,916	- 515 N
8 The Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment	58,953	52,101	52,101	- 6,852 N
9 The Mental Health Association of Hong Kong -to purchase sports and recreational equipment	39,334	39,325	39,325	- 9 N
10 Yan Oi Tong Limited -to purchase sports and recreational equipment	11,419	11,395	11,395	- 24 N
11 Yuen Long Town Hall -to purchase sports and recreational equipment	13,290	13,290	13,290	-
Total, Non-Capital Works Projects approved in 2018-2019	<u>1,661,411</u>	<u>600,280</u>	<u>1,610,793</u>	<u>50,618</u>

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

Description		Approved Commitment \$	Expenditure Less Refund during 2019/2020 \$	Total Expenditure up to 31.3.2020 \$	Unspent Balance (N=Not required) \$
(c) Projects approved in 2019-2020					
1	Wu Oi Christian Centre -to purchase sports and recreational equipment	2,393	2,393	2,393	-
2	Windward Association for The Handicapped -to purchase sports and recreational equipment	33,000	33,000	33,000	-
3	Hong Chi Association -to purchase sports and recreational equipment	55,300	-	-	55,300
4	Christian Family Service Centre -to purchase sports and recreational equipment	17,964	17,964	17,964	-
5	The Tsung Tsin Mission of Hong Kong Social Service -to purchase sports and recreational equipment	16,386	-	-	16,386
6	Christian Social Service Network of Providence -to purchase sports and recreational equipment	43,039	-	-	43,039
7	Kwun Tong Methodist Social Service -to purchase sports and recreational equipment	10,050	-	-	10,050
8	Fu Hong Society -to purchase sports and recreational equipment	16,200	-	-	16,200
9	Hong Kong Sheng Kung Hui Welfare Council Limited -to purchase sports and recreational equipment	20,980	-	-	20,980
10	Sai Kung District Community Centre Limited -to purchase sports and recreational equipment	88,047	-	-	88,047
11	Wai Ji Christian Service -to purchase sports and recreational equipment	36,634	-	-	36,634
12	Evangelical Lutheran Church Social Service - Hong Kong -to purchase sports and recreational equipment	11,490	-	-	- 11,490 N
13	Hong Kong West Point Baptist Church -to purchase sports and recreational equipment	8,380	-	-	8,380
14	The Hong Kong Federation of Youth Groups -to purchase sports and recreational equipment	41,428	-	-	41,428
15	Chinese YMCA of Hong Kong -to purchase sports and recreational equipment	104,767	49,800	49,800	54,887 80 N
16	Annual Lump Sum Allocation for Non-Capital Works Projects for Home Affairs Department -to purchase sports and recreational equipment	968,618	867,723	867,723	10,147 90,748 N
17	Annual Lump Sum Allocation for Non-Capital Works Projects for Leisure and Cultural Services Department -to purchase sports and recreational equipment	1,265,275	943,165	943,165	268,378 53,732 N
18	Mutual Aid Committee, Owners Corporations and Other Residents' Organisations -to purchase sports and recreational equipment	531,223	458,897	458,897	- 72,326 N
Total, Non-Capital Works Projects approved in 2019-2020		<u>3,271,174</u>	<u>2,372,942</u>	<u>2,372,942</u>	<u>898,232</u>
Total, Non-Capital Works Projects		<u>6,146,554</u>	<u>2,973,222</u>	<u>5,043,415</u>	<u>1,103,139</u>

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment \$</i>	<i>Expenditure Less Refund during 2019/2020 \$</i>	<i>Total Expenditure up to 31.3.2020 \$</i>	<i>Unspent Balance (N=Not required) \$</i>
II CAPITAL WORKS PROJECTS				
(a) Projects approved in 2015-2016				
Chinese YMCA of Hong Kong - Kowloon Centre -construction of indoor climbing wall	518,400	344,000	344,000	- 174,400 N
Total, Capital Works Projects approved in 2015-2016	518,400	344,000	344,000	174,400
(b) Projects approved in 2016-2017				
Chinese YMCA of Hong Kong - Lions - YMCA Junk Bay Youth Camp -conversion of archery ground into a multi-purpose court	690,000	-	680,200	- 9,800 N
Total, Capital Works Projects approved in 2016-2017	690,000	-	680,200	9,800
(c) Projects approved in 2017-2018				
1 Caritas - Hong Kong - Caritas Family Crisis Support Centre -installation of fitness and leisure equipment	112,900	50,780	50,780	- 62,120 N
2 Chinese YMCA of Hong Kong - Kowloon Centre -improvement works of multi-purpose room: replacement of flooring, installation of light panels and movable partitions	492,480	462,800	462,800	- 29,680 N
3 Hong Kong Tennis Association - HKTA Tennis Centre -conversion of a multi-purpose room into a mini-tennis court	37,510	37,510	37,510	-
4 The Hong Kong Federation of Youth Groups - Lamma Youth Group -installation of multi-purpose platforms with outdoor lighting	467,880	461,472	461,472	- 6,408 N
Total, Capital Works Projects approved in 2017-2018	1,110,770	1,012,562	1,012,562	98,208
(d) Projects approved in 2018-2019				
1 Action Sports Foundation Limited - ASF Sports Centre -construction of ancillary facilities in Action Sports Foundation Sports Centre	472,000	472,000	472,000	-
2 Chinese YMCA of Hong Kong - New Territories Centre -construction of a new challenge rope course	700,000	-	-	700,000
3 Hong Kong Youth Hostels Association - Bradbury Hall (Chek Keng) -construction of floating pontoon in Bradbury Hall (Chek Keng)	303,040	-	-	303,040
4 Hong Kong Young Women's Christian Association - Hong Kong YWCA Sydney Leong Holiday Lodge -improvement works of the multi-purpose court	624,480	-	-	624,480
5 Po Leung Kuk - Po Leung Kuk Jockey Club Tai Tong Holiday Camp -construction of an indoor adventure challenge tower	376,000	-	-	376,000
Total, Capital Works Projects approved in 2018-2019	2,475,520	472,000	472,000	2,003,520
(e) Projects approved in 2019-2020				
1 The Hong Kong Federation of Youth Groups -construction of a slipway	559,770	-	-	559,770
2 Hong Kong Playground Association -construction of rope course	553,600	-	-	553,600
Total, Capital Works Projects approved in 2019-2020	1,113,370	-	-	1,113,370
Total, Capital Works Projects	5,908,060	1,828,562	2,508,762	3,399,298

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>		<i>Approved Commitment</i> \$	<i>Expenditure Less Refund during 2019/2020</i> \$	<i>Total Expenditure up to 31.3.2020</i> \$	<i>Unspent Balance (N=Not required)</i> \$	
III. SPECIAL PROJECTS						
(a)	Projects approved in 2016-2017	9,840,200	412,100	4,100,347	3,000,000 2,739,853	N
(b)	Projects approved in 2017-2018	12,864,950	5,467,545	7,461,918	2,083,778 3,319,254	N
(c)	Projects approved in 2018-2019	9,080,410	3,697,410	3,697,410	5,147,000 236,000	N
(d)	Projects approved in 2019-2020	15,384,980	-	-	15,384,980	
Total, Special Projects		<u>47,170,540</u>	<u>9,577,055</u>	<u>15,259,675</u>	<u>31,910,865</u>	
Total, MAIN FUND		<u>59,225,154</u>	<u>14,378,839</u>	<u>22,811,852</u>	<u>36,413,302</u>	
		Outstanding commitment			29,402,504	
		Balance not required (N)			<u>7,010,798</u>	
		Total unspent balance			<u>36,413,302</u>	

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

Description	Approved Commitment \$	Expenditure Less Refund during 2019/2020 \$	Total Expenditure up to 31.3.2020 \$	Unspent Balance (N=Not required) \$
HONG KONG ATHLETES FUND				
(a) Projects approved in 2011-2012				
Hong Kong Athletes Fund Grants	783,860	11,840	783,860	-
-Hong Kong 2009 East Asian Games Education Scheme				
Total, Projects approved in 2011-2012	783,860	11,840	783,860	-
(b) Projects approved in 2012-2013				
Hong Kong Athletes Fund Grants	504,250	12,600	451,750	33,600
-Hong Kong 2009 East Asian Games Education Scheme				18,900 N
Total, Projects approved in 2012-2013	504,250	12,600	451,750	52,500
(c) Projects approved in 2013-2014				
Hong Kong Athletes Fund Grants	752,900	21,050	710,900	-
-tuition fees for athletes				42,000 N
Total, Projects approved in 2013-2014	752,900	21,050	710,900	42,000
(d) Projects approved in 2014-2015				
1 Hong Kong Athletes Fund Grants	1,335,353	63,050	1,209,103	-
-tuition fees for athletes				126,250 N
2 Hong Kong Athletes Fund Grants	1,191,320	50,200	1,119,448	-
-Hong Kong 2009 East Asian Games Education Scheme				71,872 N
Total, Projects approved in 2014-2015	2,526,673	113,250	2,328,551	198,122
(e) Projects approved in 2015-2016				
1 Hong Kong Athletes Fund Grants	1,694,770	213,817	1,210,316	316,454
-tuition fees for athletes				168,000 N
2 Hong Kong Athletes Fund Grants	1,242,310	58,900	815,570	133,040
-Hong Kong 2009 East Asian Games Education Scheme				293,700 N
Total, Projects approved in 2015-2016	2,937,080	272,717	2,025,886	911,194
(f) Projects approved in 2016-2017				
1 Hong Kong Athletes Fund Grants	1,656,463	243,842	1,161,460	427,663
-tuition fees for athletes				67,340 N
2 Hong Kong Athletes Fund Grants	923,030	33,600	470,810	211,225
-Hong Kong 2009 East Asian Games Education Scheme				240,995 N
Total, Projects approved in 2016-2017	2,579,493	277,442	1,632,270	947,223
(g) Projects approved in 2017-2018				
Hong Kong Athletes Fund Grants	1,971,200	374,910	1,102,840	868,360
-tuition fees for athletes				
Total, Projects approved in 2017-2018	1,971,200	374,910	1,102,840	868,360
(h) Projects approved in 2018-2019				
Hong Kong Athletes Fund Grants	3,047,427	653,545	928,012	2,119,415
-tuition fees for athletes				
Total, Projects approved in 2018-2019	3,047,427	653,545	928,012	2,119,415
(i) Projects approved in 2019-2020				
Hong Kong Athletes Fund Grants	1,875,100	234,600	234,600	1,640,500
-tuition fees for athletes				
Total, Projects approved in 2019-2020	1,875,100	234,600	234,600	1,640,500
Total, HONG KONG ATHLETES FUND	16,977,983	1,971,954	10,198,669	6,779,314
		Outstanding commitment		5,750,257
		Balance not required (N)		1,029,057
		Total unspent balance		6,779,314

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

<i>Description</i>	<i>Approved Commitment \$</i>	<i>Expenditure Less Refund during 2019/2020 \$</i>	<i>Total Expenditure up to 31.3.2020 \$</i>	<i>Unspent Balance (N=Not required) \$</i>
ARTS AND SPORT DEVELOPMENT FUND				
(a) Projects approved in 2010-2011				
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	102,620	17,510,458	- 587,542 N
Total, Projects approved in 2010-2011	<u>18,098,000</u>	<u>102,620</u>	<u>17,510,458</u>	<u>587,542</u>
(b) Projects approved in 2011-2012				
Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	26,105,000	-	24,360,836	1,500,000 244,164 N
Total, Projects approved in 2011-2012	<u>26,105,000</u>	<u>-</u>	<u>24,360,836</u>	<u>1,744,164</u>
(c) Projects approved in 2012-2013				
Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	29,440,000	-	27,540,955	400,000 1,499,045 N
Total, Projects approved in 2012-2013	<u>29,440,000</u>	<u>-</u>	<u>27,540,955</u>	<u>1,899,045</u>
(d) Projects approved in 2013-2014				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	34,116,600	148,447	32,459,737	- 1,656,863 N
2 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	33,860,000	-	28,872,450	3,600,000 1,387,550 N
Total, Projects approved in 2013-2014	<u>67,976,600</u>	<u>148,447</u>	<u>61,332,187</u>	<u>6,644,413</u>
(e) Projects approved in 2014-2015				
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	28,389,500	196,000	27,804,426	- 585,074 N
2 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	38,251,000	3,340,977	36,822,545	1,325,819 102,636 N
Total, Projects approved in 2014-2015	<u>66,640,500</u>	<u>3,536,977</u>	<u>64,626,971</u>	<u>2,013,529</u>

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

Description		Approved Commitment \$	Expenditure Less Refund during 2019/2020 \$	Total Expenditure up to 31.3.2020 \$	Unspent Balance (N=Not required) \$
(f) Projects approved in 2015-2016					
1	Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	31,124,000	1,068,381	29,521,281	428,519 1,174,200 N
2	Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	29,640,000	2,105,698	27,013,257	331,160 2,295,583 N
Total, Projects approved in 2015-2016		60,764,000	3,174,079	56,534,538	4,229,462
(g) Projects approved in 2016-2017					
1	Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	26,317,200	916,738	24,729,938	440,000 1,147,262 N
2	Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	29,700,000	2,435,990	28,515,703	1,068,969 115,328 N
Total, Projects approved in 2016-2017		56,017,200	3,352,728	53,245,641	2,771,559
(h) Projects approved in 2017-2018					
1	Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	35,742,250	864,183	27,029,808	8,305,525 406,917 N
2	Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	116,293,886	200,000	102,014,016	- 14,279,870 N
3	Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	29,363,000	6,800,416	20,435,616	8,927,384
4	Arts Development Fund Grants -subsidy for cultural exchange projects	4,984,080	263,985	4,604,425	14,300 365,355 N
Total, Projects approved in 2017-2018		186,383,216	8,128,584	154,083,865	32,299,351

STATEMENT OF APPROVED GRANTS - Continued

SCHEDULE 1

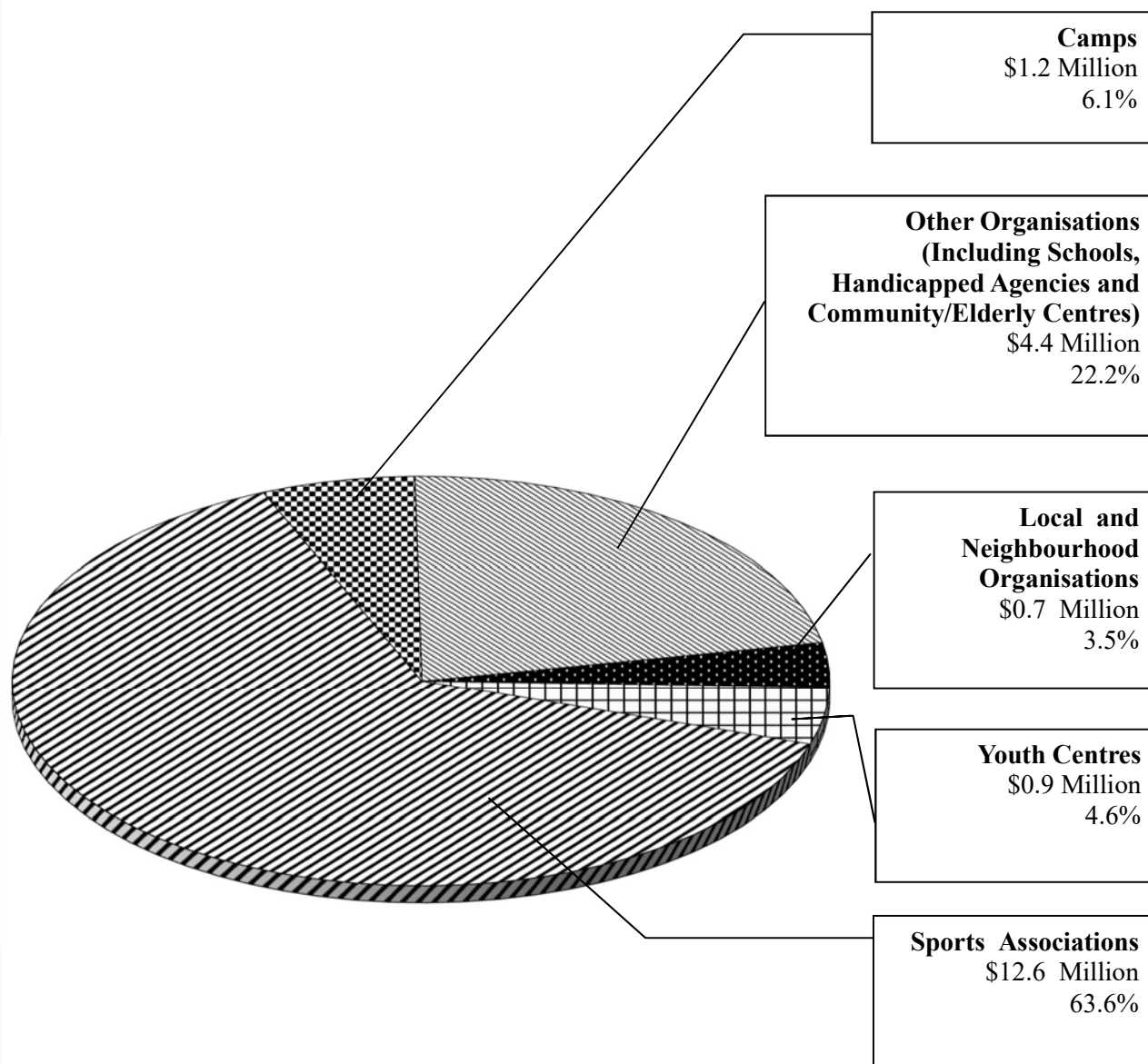
<i>Description</i>	<i>Approved Commitment \$</i>	<i>Expenditure Less Refund during 2019/2020 \$</i>	<i>Total Expenditure up to 31.3.2020 \$</i>	<i>Unspent Balance (N=Not required) \$</i>
(i) Projects approved in 2018-2019				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	27,796,125	1,612,500	18,085,563	9,710,562
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	123,985,741	5,007,864	109,260,411	14,725,330
3 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	24,969,000	11,880,000	14,997,100	9,971,900
4 Arts Development Fund Grants -subsidy for cultural exchange projects	3,101,400	782,026	2,439,446	252,600 409,354 N
Total, Projects approved in 2018-2019	<u>179,852,266</u>	<u>19,282,390</u>	<u>144,782,520</u>	<u>35,069,746</u>
(j) Projects approved in 2019-2020				
1 Hong Kong Arts Development Council -to provide financial support for Hong Kong Arts Development Council to implement projects initiated by Hong Kong Arts Development Council and other projects which will make significant contribution to the further development of the arts in the community	34,893,613	15,039,806	15,039,806	19,853,807
2 Various Sports Organisations -to support sport projects which will make a significant contribution to the further development of sport in the community	179,600,840	138,445,542	138,445,542	41,155,298
3 Arts Capacity Development Funding Scheme -to support larger scale and cross-year arts and cultural initiatives/ projects for enhancing capacity development for promising arts groups and arts practitioners as well as encouraging the community and private sector to sponsor the arts	30,644,000	2,429,600	2,429,600	28,214,400
Total, Projects approved in 2019-2020	<u>245,138,453</u>	<u>155,914,948</u>	<u>155,914,948</u>	<u>89,223,505</u>
Other amount earmarked	100,512,000	-	-	100,512,000
Total, ARTS AND SPORT DEVELOPMENT FUND	<u>1,036,927,235</u>	<u>193,640,773</u>	<u>759,932,919</u>	<u>276,994,316</u>
		Outstanding commitment		250,737,573
		Balance not required (N)		<u>26,256,743</u>
		Total unspent balance		<u>276,994,316</u>
GRAND TOTAL	<u>1,113,130,372</u>	<u>209,991,566</u>	<u>792,943,440</u>	<u>320,186,932</u>
		Outstanding commitment		285,890,334
		Balance not required (N)		<u>34,296,598</u>
		Total unspent balance		<u>320,186,932</u>

SCHEDULE 2

SUMMARY OF APPROVED GRANTS AND OUTSTANDING COMMITMENTS AS AT 31 MARCH 2020

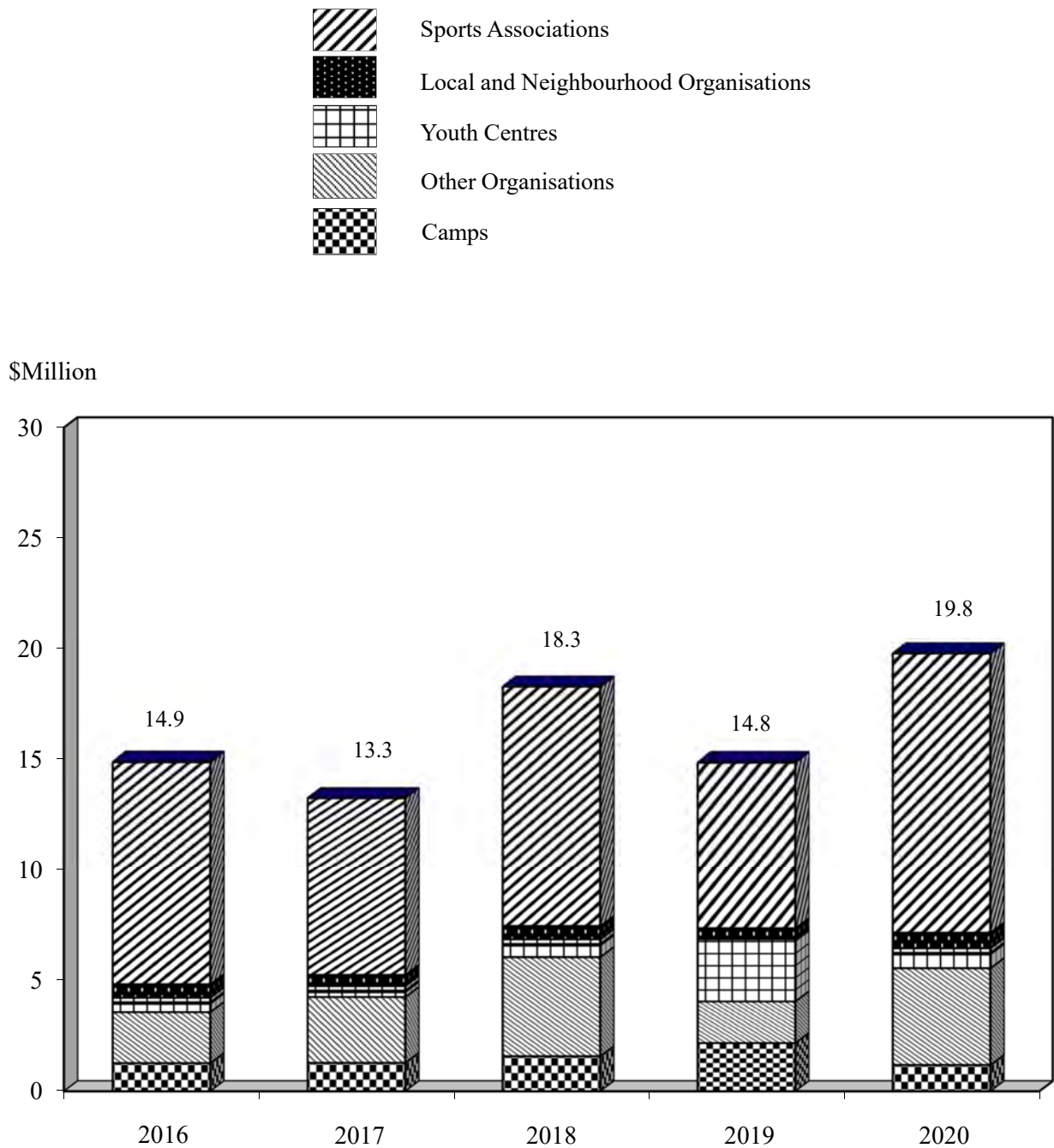
Fund	Grants approved		Outstanding commitments
	From 1.4.2019 to 31.3.2020	Cumulative to date	
	\$'000	\$'000	\$'000
MAIN FUND	19,770	342,508	29,402
SPORTS AID FOR THE DISABLED FUND	-	15,202	-
SPORTS AID FOUNDATION FUND	-	134,524	-
ARTS DEVELOPMENT FUND	-	66,256	-
HONG KONG ATHLETES FUND	1,875	38,258	5,750
ARTS AND SPORT DEVELOPMENT FUND	245,138	2,305,514	250,738
	<u>266,783</u>	<u>2,902,262</u>	<u>285,890</u>

**MAIN FUND
APPROVED GRANTS BY TYPES OF ORGANISATION
FOR THE YEAR ENDED 31 MARCH 2020**

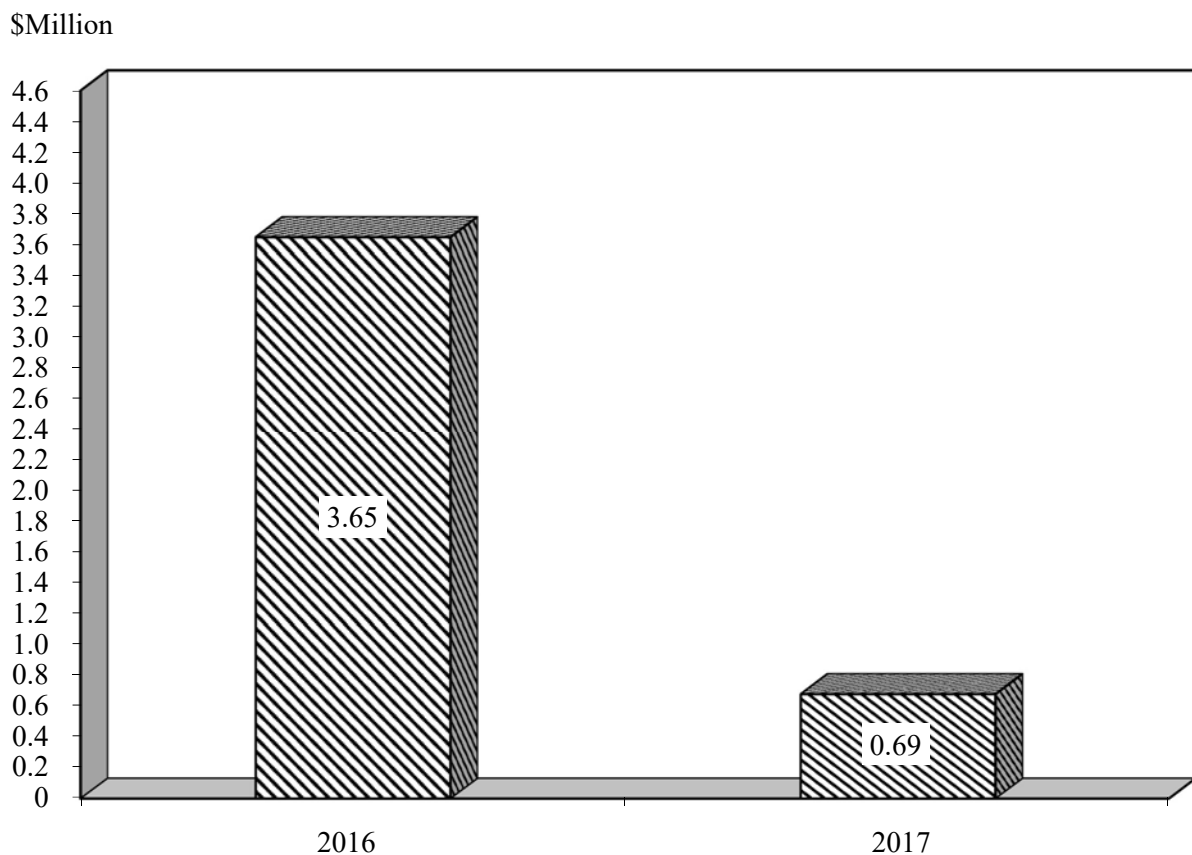


TOTAL APPROVED GRANTS \$19.8 Million

**MAIN FUND
APPROVED GRANTS FOR THE YEARS 2015-16 TO 2019-20**



**ARTS DEVELOPMENT FUND
APPROVED GRANTS FOR THE YEARS 2015-16 TO 2019-20***

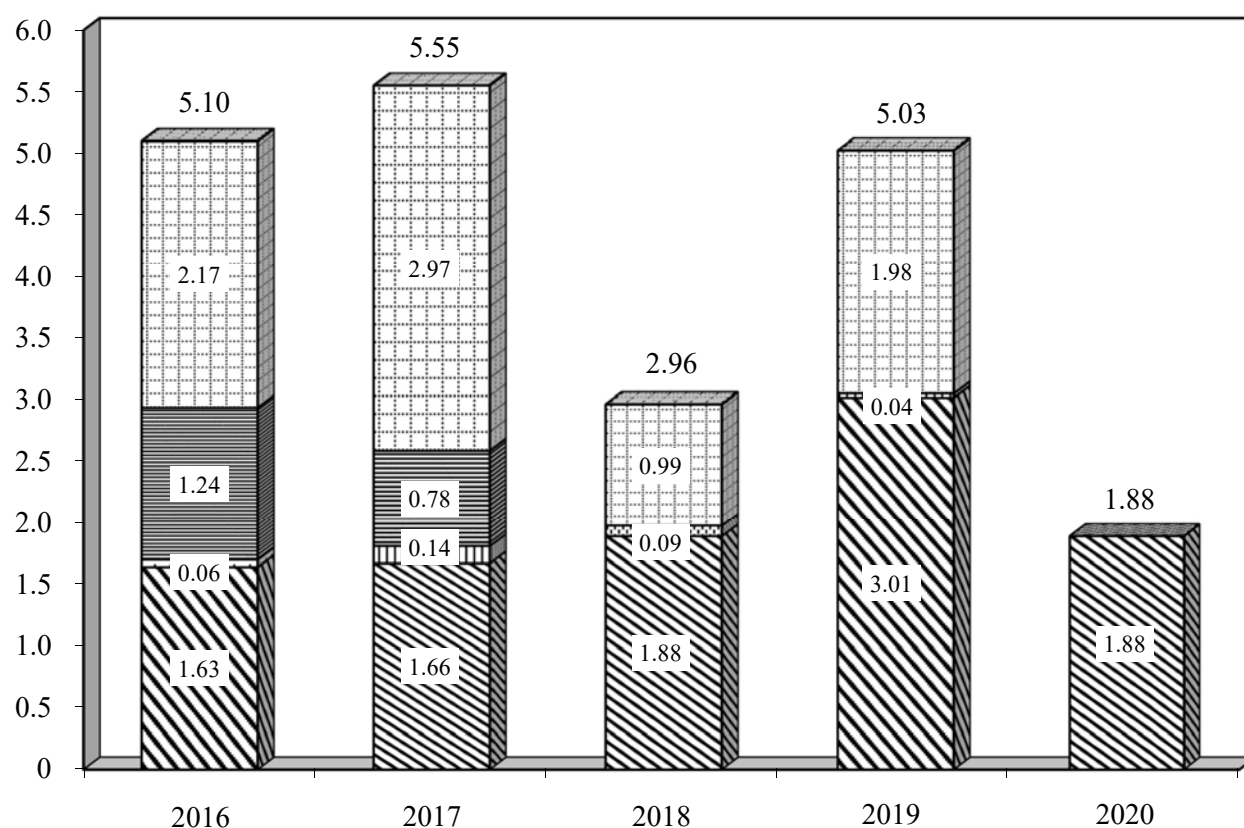


* In view of the financial position of the Arts Development Fund (ADF), between June 2016 and September 2018, approved projects of the ADF were supported by committing resources from the Arts and Sport Development Fund (Arts Portion) so as to sustain worthwhile outbound arts and cultural activities. Starting from October 2018, approved grants under the scope of the ADF have been funded under the operational expenses of the Home Affairs Bureau.

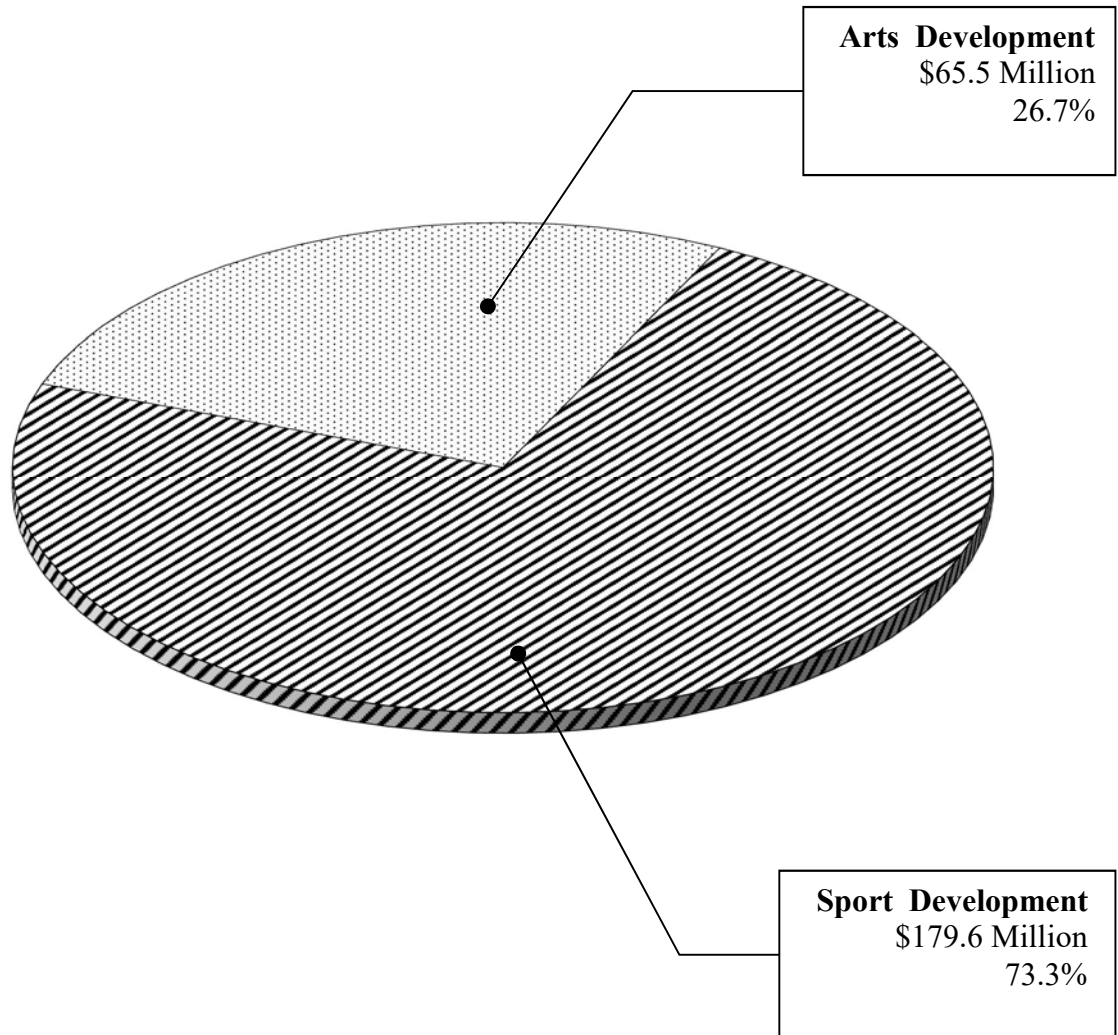
HONG KONG ATHLETES FUND APPROVED GRANTS FOR THE YEARS 2015-16 TO 2019-20



\$Million



**ARTS AND SPORT DEVELOPMENT FUND
APPROVED GRANTS BY TYPES OF ACTIVITY
FOR THE YEAR ENDED 31 MARCH 2020**



TOTAL APPROVED GRANTS \$245.1 Million

**ARTS AND SPORT DEVELOPMENT FUND
APPROVED GRANTS FOR THE YEARS 2015-16 TO 2019-20**



SCHEDULE 3

STATEMENT OF INVESTMENTS AS AT 31 MARCH 2020

Securities	HK\$'000
MAIN FUND	
(a) Hong Kong Listed Equity Securities:	
Tracker Fund of Hong Kong	34,784
(b) Overseas Equity Securities:	
Listed - SPDR S&P 500 Exchange Traded Fund	33,956
	<hr/>
Total, MAIN FUND	<u><u>68,740</u></u>
 HONG KONG ATHLETES FUND	
(a) Hong Kong Listed Equity Securities:	
Tracker Fund of Hong Kong	1,440
(b) Overseas Equity Securities:	
Listed - SPDR S&P 500 Exchange Traded Fund	1,598
	<hr/>
Total, HONG KONG ATHLETES FUND	<u><u>3,038</u></u>
 ARTS AND SPORT DEVELOPMENT FUND	
(a) Hong Kong Listed Equity Securities:	
Tracker Fund of Hong Kong	277,318
Listed - investment portfolio under the management of external investment manager	666,025
(b) Overseas Equity Securities:	
Listed - SPDR S&P 500 Exchange Traded Fund	323,581
Listed - investment portfolio under the management of external investment manager	539,946
	<hr/>
Total, ARTS AND SPORT DEVELOPMENT FUND	<u><u>1,806,870</u></u>