

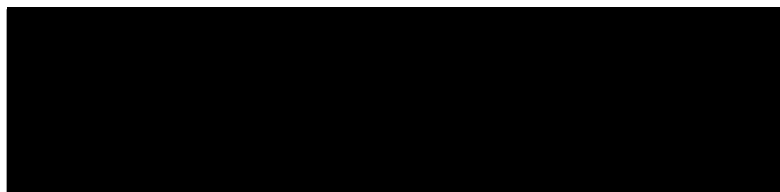
**THE EDUCATION UNIVERSITY OF HONG KONG
SUSTAINABLE FISHERIES DEVELOPMENT FUND
SAFE AND QUALITY FISH PRODUCTION:
DEVELOPMENT OF HIGH GRADE PELLETS USING FOOD WASTE FOR
THREE POPULAR MARINE FISH SPECIES (PROJECT NUMBER: SFDF-0023)**

ACCOUNTS

FOR THE PERIOD FROM 30 DECEMBER, 2018 TO 29 APRIL, 2020 (DATE OF COMPLETION)

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INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTOR OF FINANCE OF
THE EDUCATION UNIVERSITY OF HONG KONG (the "UNIVERSITY")

**SUSTAINABLE FISHERIES DEVELOPMENT FUND –SAFE AND QUALITY FISH PRODUCTION:
DEVELOPMENT OF HIGH GRADE PELLETS USING FOOD WASTE FOR THREE POPULAR MARINE
FISH SPECIES (PROJECT NUMBER: SFDF-0023) (the "Project")
FOR THE PERIOD FROM 30 DECEMBER, 2018 TO 29 APRIL, 2020 (DATE OF COMPLETION)**

Pursuant to the Agreement made between the Government of the Hong Kong Special Administrative Region ("HKSAR") and the University, and the Sustainable Fisheries Development Fund ("SFDF") - Application Guidelines in respect of the SFDF project under the SFDF dated February, 2019 ("Agreement"), we have undertaken a reasonable assurance engagement on the final accounts of the Project (Project number: SFDF – 0023) as set out on pages 3 to 9 which comprise the income and expenditure statement, balance sheet, cash flow statement for the period from 30 December, 2018 to 29 April, 2020 (date of completion), and notes to the accounts ("Project Accounts").

Director of Finance's Responsibilities

Pursuant to the Agreement, the Director of Finance is to comply with the requirements (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of SFDF, as specified in the following documents:

- (a) the Agreement in respect of the Project and the appendices thereto (which include the Project proposal);
- (b) the relevant "SFDF - Application Guidelines" referred to in the Agreement; and
- (c) all instructions and correspondences issued by the Director of Agriculture, Fisheries and Conservation ("DAFC") to the University in respect of the Project.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTOR OF FINANCE OF
THE EDUCATION UNIVERSITY OF HONG KONG (the "UNIVERSITY")

Auditor's Responsibility

Our responsibility is to express an opinion on the Project Accounts, based on our work performed and to report our opinion.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the HKICPA and with reference to the Notes for Auditors of Recipient Organisations issued in February, 2019 by the SFDF Secretariat (the "Notes"). We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

Our engagement includes performing the procedures set out in the Notes and examination, on a test basis, of evidence supporting the requirements (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of SFDF, as specified in the documents mentioned in the Director of Finance's Responsibilities section have been complied with, in all material respects. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

Based on the foregoing, in our opinion, the University has complied with, in all material respects, the requirements set by DAFC (including the requirements to keep proper books and records and to prepare proper Project Accounts), and all the terms and conditions of SFDF, as specified in the documents mentioned in the Director of Finance's Responsibilities section.

Intended Users and Purpose

This report is intended for filing with the Government of the HKSAR pursuant to the Agreement and is not intended to be, and should not be, distributed to or used by, anyone for any other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of our report.





Certified Public Accountants



Practising Certificate Number: 

Hong Kong, 18 November, 2020

THE EDUCATION UNIVERSITY OF HONG KONG
SUSTAINABLE FISHERIES DEVELOPMENT FUND
DEVELOPMENT OF HIGH GRADE PELLETS USING FOOD WASTE FOR
THREE POPULAR MARINE FISH SPECIES (PROJECT NUMBER: SFDF-0023)

INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD FROM 30 DECEMBER, 2018 TO 29 APRIL, 2020

	30 December, 2018 To 29 April, 2020 HK\$	30 December, 2017 To 29 December, 2018 HK\$
Income		
Funding from SFDF	4,227,294.00	845,459.00
Fish selling income	392,531.00	-
Interest income	84.82	17.42
Total Income	4,619,909.82	845,476.42
Expenditure		
Expenditure of Operation	1,685,056.55	1,660,240.16
Employees expenditures	1,442,930.95	1,191,485.66
Facility	79,946.70	59,959.98
Total Expenditure	3,207,934.20	2,911,685.80
Surplus/(Deficit) for the period	1,411,975.62	(2,066,209.38)

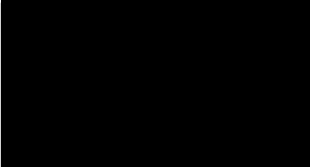
THE EDUCATION UNIVERSITY OF HONG KONG
SUSTAINABLE FISHERIES DEVELOPMENT FUND
DEVELOPMENT OF HIGH GRADE PELLETS USING FOOD WASTE FOR
THREE POPULAR MARINE FISH SPECIES (PROJECT NUMBER: SFDF-0023)

BALANCE SHEET

AS AT 29 APRIL, 2020

	Note	30 December, 2018 To 29 April, 2020 HK\$	30 December, 2017 To 29 December, 2018 HK\$
Non-current assets			
Recirculating aquaculture system	(3)	114,923.26	194,869.96
Current liabilities			
Amount due to the University	(4)	557,194.60	2,049,116.92
Net current liabilities		(557,194.60)	(2,049,116.92)
Total assets less current liabilities		(442,271.34)	(1,854,246.96)
Net liabilities		(442,271.34)	(1,854,246.96)
Reserves and funds			
Deferred capital fund	(5)	114,923.26	194,869.96
Accumulated deficit	(5)	(557,194.60)	(2,049,116.92)
Total reserves and funds		(442,271.34)	(1,854,246.96)

Approved and signed by the Project Leader and Director of Finance on behalf of The Education University of Hong Kong on 18 November, 2020.



Project Leader



Director of Finance

THE EDUCATION UNIVERSITY OF HONG KONG
SUSTAINABLE FISHERIES DEVELOPMENT FUND
DEVELOPMENT OF HIGH GRADE PELLETS USING FOOD WASTE FOR
THREE POPULAR MARINE FISH SPECIES (PROJECT NUMBER: SFDF-0023)

CASH FLOW STATEMENT

FOR THE PERIOD FROM 30 DECEMBER, 2018 TO 29 APRIL, 2020

	30 December, 2018 To 29 April, 2020 HK\$	30 December, 2017 To 29 December, 2018 HK\$
Operating activities		
Surplus/(Deficit) for the period	1,411,975.62	(2,066,209.38)
Adjustments for:		
Depreciation	79,946.70	59,959.98
Interest income	(84.82)	(17.42)
Operating surplus/(deficit) before changes in working capital	1,491,837.50	(2,006,266.82)
(Decrease)/increase in amount due to the University	(1,491,922.32)	2,006,249.40
Cash used in operations	(84.82)	(17.42)
Investing activities		
Interest received	84.82	17.42
Cash flow generated from investing activities	84.82	17.42
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	-	-

THE EDUCATION UNIVERSITY OF HONG KONG
SUSTAINABLE FISHERIES DEVELOPMENT FUND
DEVELOPMENT OF HIGH GRADE PELLETS USING FOOD WASTE FOR
THREE POPULAR MARINE FISH SPECIES (PROJECT NUMBER: SFDF-0023)

NOTES TO THE ACCOUNTS

FOR THE PERIOD FROM 30 DECEMBER, 2018 TO 29 APRIL, 2020

1. General information

Safe and Quality Fish Production: Development of High Grade Pellets Using Food Waste for Three Popular Marine Fish Species (Project Number: SFDF-0023) (the "Project") is a three years project commenced from 30 December, 2016 organized by the Education University of Hong Kong (the "University"). The Project is funded by the Sustainable Fisheries Development Fund (SFDF).

2. Significant accounting policies

Basis of preparation

The accounts have been prepared on a historical cost basis.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Project and when the revenue can be measured reliably, on the following basis:

Income from Sustainable Fisheries Development Fund is recognised on cash receipt basis.

Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Recirculating aquaculture system

Depreciation of Recirculating aquaculture system is calculated to write off the cost of item, less its estimated residual value, if any, using the straight-line method over its estimated useful life of 5 years. The asset's residual value and useful life is reviewed, and adjusted if appropriate, annually.

THE EDUCATION UNIVERSITY OF HONG KONG
SUSTAINABLE FISHERIES DEVELOPMENT FUND
DEVELOPMENT OF HIGH GRADE PELLETS USING FOOD WASTE FOR
THREE POPULAR MARINE FISH SPECIES (PROJECT NUMBER: SFDF-0023)

NOTES TO THE ACCOUNTS

FOR THE PERIOD FROM 30 DECEMBER, 2018 TO 29 APRIL, 2020

3. Recirculating aquaculture system

	HK\$
Cost	
At 30 December, 2018 and 29 April, 2020	299,800.00
<hr/>	
Accumulated depreciation	
At 30 December, 2018	104,930.04
Charge for the period	79,946.70
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At 29 April, 2020	184,876.74
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Net book value	
At 29 April, 2020	114,923.26
<hr/>	
At 29 December, 2018	194,869.96

4. Amount due to the University

The amount is unsecured and non-interest bearing.

5. Reserve and funds

	Deferred capital fund HK\$	Accumulated deficit HK\$	Total HK\$
At 30 December, 2018	194,869.96	(2,049,116.92)	(1,854,246.96)
Surplus/(Deficit) for the year	(79,946.70)	1,491,922.32	1,411,975.62
<hr/>			
At 29 April, 2020	114,923.26	(557,194.60)	(442,271.34)

THE EDUCATION UNIVERSITY OF HONG KONG
SUSTAINABLE FISHERIES DEVELOPMENT FUND
DEVELOPMENT OF HIGH GRADE PELLETS USING FOOD WASTE FOR
THREE POPULAR MARINE FISH SPECIES (PROJECT NUMBER: SFDF-0023)

NOTES TO THE ACCOUNTS

FOR THE PERIOD FROM 30 DECEMBER, 2018 TO 29 APRIL, 2020

6. Detailed Income and Expenditure Account

	Agreed budget total HK\$	Revised budget total HK\$	Current period actual HK\$	Accumulated Actual total HK\$	Revised budget total less actual total HK\$
Income					
Funding from SFDF	8,454,589.50	8,454,589.50	4,227,294.00	7,609,130.00	845,459.50
Fish selling	-	206,043.00	392,531.00	392,531.00	(186,488.00)
Interest Income	-	-	84.82	163.46	(163.46)
Total Income	<u>8,454,589.50</u>	<u>8,660,632.50</u>	<u>4,619,909.82</u>	<u>8,001,824.46</u>	<u>658,808.04</u>
Expenditure					
Expenditure of Operation					
Commercial fish feeds (control)	635,789.50	900,489.50	298,815.39	874,815.39	25,674.11
Food waste based fish feed production	393,635.00	301,135.00	-	300,981.20	153.80
Trash fish (control)	50,000.00	5,400.00	4,042.50	5,392.50	7.50
Fingerlings	400,000.00	859,000.00	-	859,000.00	-
Tanks for fish feeding trials (lab-scale)	60,000.00	34,600.00	-	34,573.08	26.92
Laboratory consumables (plastic ware, glassware)	270,000.00	76,600.00	36,822.26	76,201.82	398.18
Chemical reagents & standard reference materials (QA/QC)	450,000.00	130,500.00	34,676.40	129,428.26	1,071.74
Rental fee for lab-scale feeding trials (includes electricity & water supply fees)	100,000.00	239,200.00	-	239,111.20	88.80
Rental fee of mariculture rafts	240,240.00	330,091.70	148,150.00	328,330.00	1,761.70
Electricity supply fee for mariculture rafts	48,000.00	65,952.38	30,000.00	66,000.00	(47.62)
Water supply fee for mariculture rafts	24,000.00	32,976.19	15,000.00	33,000.00	(23.81)
Rental fee of a vessel (includes fuel & maintenance) for field-scale feeding trials	360,000.00	494,642.90	225,000.00	495,000.00	(357.10)
Meals (usual practice for fish farmers)	144,000.00	197,857.16	90,000.00	198,000.00	(142.84)
Third party to test fish & fish feeds for arsenic, antimony, cadmium, chromium, lead, mercury, tin, malachite green, antibiotics residues, Escherichia coli & Vibrio cholera based on Accredited Fish Farm Scheme (AFFS) of AFCD	90,000.00	-	-	-	-
Organizing symposium	11,000.00	2,000.00	1,960.00	1,960.00	40.00
Contingency expenses	194,000.00	9,888.00	260.00	9,785.60	102.40
Audit Fee	40,000.00	40,000.00	17,000.00	25,500.00	14,500.00
Test for Dioxin and dioxin-like PCBs in fish feed (Lab-scale feeding trial)	197,200.00	154,875.00	24,780.00	154,875.00	-
Test for Dioxin and dioxin-like PCBs in fish feed (Field-scale feeding trial)	299,200.00	272,580.00	272,580.00	272,580.00	-
Test for Dioxin and dioxin-like PCBs in fish meat (Field-scale feeding trial)	459,000.00	440,130.00	420,945.00	439,530.00	600.00
AFFS related test items for fish feed (Lab-scale feeding trial)	138,450.00	56,355.00	21,675.00	56,355.00	-
AFFS related test items for fish feed (Field-scale feeding trial)	207,675.00	43,350.00	43,350.00	43,350.00	-
	<u>4,812,189.50</u>	<u>4,687,622.83</u>	<u>1,685,056.55</u>	<u>4,643,769.05</u>	<u>43,853.78</u>

THE EDUCATION UNIVERSITY OF HONG KONG
SUSTAINABLE FISHERIES DEVELOPMENT FUND
DEVELOPMENT OF HIGH GRADE PELLETS USING FOOD WASTE FOR
THREE POPULAR MARINE FISH SPECIES (PROJECT NUMBER: SFDF-0023)

NOTES TO THE ACCOUNTS

FOR THE PERIOD FROM 30 DECEMBER, 2018 TO 29 APRIL, 2020

6. Detailed Income and Expenditure Account (continued)

	Agreed budget total HK\$	Revised budget total HK\$	Current period actual HK\$	Accumulated Actual total HK\$	Revised budget total less actual total HK\$
Employees expenditures					
Prof. Wong Ming-hung (Research Chair Professor)	68,400.00	68,400.00	-	22,800.00	45,600.00
Post-doctoral Fellow (Full-time)	1,339,200.00	891,200.00	452,680.78	881,099.65	10,100.35
Research Assistant (Full-time)	784,800.00	1,064,800.00	240,250.17	1,061,550.36	3,249.64
Farm manager/Technical staff (Full time)	480,000.00	659,523.87	300,000.00	660,000.00	(476.13)
Farm worker A (Full time)	360,000.00	494,642.90	225,000.00	495,000.00	(357.10)
Farm worker B (Full time)	360,000.00	494,642.90	225,000.00	495,000.00	(357.10)
	<u>3,392,400.00</u>	<u>3,673,209.67</u>	<u>1,442,930.95</u>	<u>3,615,450.01</u>	<u>57,759.66</u>
Facility					
Recirculating aquaculture system (lab-scale feeding trial)	250,000.00	299,800.00	79,946.70	184,876.74	114,923.26
	<u>250,000.00</u>	<u>299,800.00</u>	<u>79,946.70</u>	<u>184,876.74</u>	<u>114,923.26</u>
Total Expenditure	<u>8,454,589.50</u>	<u>8,660,632.50</u>	<u>3,207,934.20</u>	<u>8,444,095.80</u>	<u>216,536.70</u>
(Deficit)/Surplus for the period	<u>-</u>	<u>-</u>	<u>1,411,975.62</u>	<u>(442,271.34)</u>	<u>442,271.34</u>