



Report of the Director of Audit
on the Accounts of the Government of
the Hong Kong Special Administrative Region
for the year ended 31 March 2022

October 2022

REPORT
OF
THE DIRECTOR OF AUDIT
ON THE ACCOUNTS OF THE GOVERNMENT OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION
FOR THE YEAR ENDED
31 MARCH 2022



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28 October 2022

The President of the Legislative Council,
Legislative Council Complex,
Hong Kong.

Sir,

In accordance with section 12(1) of the Audit Ordinance (Cap. 122), I have the honour to submit the Report on my examination and audit of the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022, and on matters relating to the performance of my duties and the exercise of my powers under the Ordinance, together with a copy of the following statements duly certified by me:

- the Statement of Assets and Liabilities of the Government and the Statement of Receipts and Payments by the Government; and
- the Statement of Assets and Liabilities of each fund, and the Statement of Receipts and Payments by each fund, other than the Lotteries Fund, established in accordance with section 29 of the Public Finance Ordinance (Cap. 2).

Yours faithfully,

Prof. LAM Chi Yuen Nelson

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Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

General Revenue Account

Independent Auditor's Report To the President of the Legislative Council

Opinion

I certify that I have examined and audited the financial statements of the General Revenue Account set out on pages 10 to 23, which comprise the statement of assets and liabilities as at 31 March 2022, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the General Revenue Account are prepared, in all material respects, in accordance with the Public Finance Ordinance (Cap. 2) and section 11(1) of the Audit Ordinance (Cap. 122).

Basis for opinion

I conducted my audit in accordance with section 12(1) of the Audit 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 have fulfilled the independence and 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 is responsible for the other information. The other information comprises all the information included in the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022 published by the Treasury, 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

In accordance with section 16(1) of the Public Finance Ordinance, the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

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 General Revenue Account's internal control; and

- evaluate the appropriateness of accounting policies used by the Director of Accounting Services and the reasonableness of accounting estimates and related disclosures.

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

Prof. LAM Chi Yuen Nelson
Director of Audit

26 October 2022

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

General Revenue Account

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Assets			
Investments with the Exchange Fund	3	400,826,644	480,984,754
Deposits with banks	4	547,906	588,729
Cash and bank balances	5	3,177,226	2,972,862
Advances	6	3,637,283	4,083,163
Suspense Accounts	7	88,590	48,900
		408,277,649	488,678,408
Liabilities			
Deposits	8	(23,632,431)	(23,881,280)
Suspense Accounts	7	(58,219)	(68,591)
		(23,690,650)	(23,949,871)
		384,586,999	464,728,537
Representing:			
General Revenue Balance			
Balance at beginning of year		464,728,537	668,103,866
Deficit for the year		(80,141,538)	(203,375,329)
Balance at end of year	9, 10	384,586,999	464,728,537

Notes 1 to 13 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



General Revenue Account

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Cash and bank balances at beginning of year		2,972,862	3,206,426
Revenue	11	528,243,491	547,133,688
Expenditure	12	(608,385,029)	(750,509,017)
Deficit for the year		(80,141,538)	(203,375,329)
Other cash movements	13	80,345,902	203,141,765
Cash and bank balances at end of year		3,177,226	2,972,862

Notes 1 to 13 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



General Revenue Account

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars, unless otherwise stated)

1. Purpose and Legislation

- (i) The Public Finance Ordinance (Cap. 2) provides for the control and management of the public finances of Hong Kong and for incidental and connected purposes. The General Revenue Account records moneys raised or received for the purposes of the Government (except where provided otherwise in other Ordinances) and appropriations of expenditure in accordance with the Appropriation Ordinance and the Supplementary Appropriation Ordinance.
- (ii) The Statement of Assets and Liabilities and the Statement of Receipts and Payments of the General Revenue Account constitute the statement of the assets and liabilities and the annual statement of the receipts and payments of the Government as specified in section 11(1)(a) and (b) of the Audit Ordinance (Cap. 122). These Statements exclude the assets and liabilities and the receipts and payments of the Funds established under section 29 of the Public Finance Ordinance, viz Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund, Lotteries Fund and Bond Fund, for which separate financial statements are prepared.

2. Accounting Policies

- (i) The General Revenue Account is kept on a cash basis. Transactions are recorded when moneys are received or paid. The Statement of Assets and Liabilities does not include fixed assets, loans, investments other than those made under section 26 of the Public Finance Ordinance, and debtors and creditors other than those covered by sections 20, 21, 22, 23, 24, 27 and 30 of the Public Finance Ordinance.
- (ii) For the purposes of these financial statements, a contingent liability is defined as:
 - (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government; or
 - (b) a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.
- (iii) Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Foreign currency balances are translated into Hong Kong dollars at weighted average cost.

3. Investments with the Exchange Fund

- (i) These are investments and deposits held under section 26 of the Public Finance Ordinance:

	2022 \$'000	2021 \$'000
Investments (Notes (ii) to (iv) below)	400,819,822	480,979,710
Deposits	6,822	5,044
	<u>400,826,644</u>	<u>480,984,754</u>

General Revenue Account

3. Investments with the Exchange Fund (Continued)

- (ii) The investments represent the cost of investments together with the investment income received in the year being reported.
- (iii) Pursuant to the Financial Secretary's decision announced in the 2016-17 Budget, as from 1 July 2016, a top-up allocation of \$4.8 billion was made from the General Revenue Account to the Future Fund. The Future Fund was established on 1 January 2016 as a notional savings account within the fiscal reserves. Together with the top-up allocation, it was placed with the Exchange Fund for securing higher investment returns over a ten-year investment period in accordance with an arrangement entered into with the Hong Kong Monetary Authority in December 2015. Investment return on the Future Fund placement is determined annually based on a composite rate (17.8% and 12.3% for the calendar years 2021 and 2020 respectively) computed on a weighted average basis with reference to the agreed rate under the Investment Portfolio (Note (iv) below) and the annual rate of return linked with the performance of the Long-Term Growth Portfolio. The Future Fund, together with investment return not received and compounded on an annual basis, is retained within the Exchange Fund until 31 December 2025 or upon decision of the Financial Secretary for withdrawal, whichever is the earlier. In respect of the General Revenue Account portion of \$4.8 billion, such accumulated investment return not received as revenue amounted to \$3.89 billion as at 31 December 2021 (2020: \$2.53 billion), including the investment return for the calendar year 2021 of \$1.36 billion (2020: \$0.83 billion). As announced in the 2021-22 Budget Speech, the accumulated investment return on the Future Fund would be brought back to the Government's accounts and recorded as investment income on a progressive basis starting from 2021-22. During the financial year 2021-22, no amount of the accumulated investment return on the Future Fund attributable to the General Revenue Account was brought back and recorded as investment income.
- (iv) The part of the fiscal reserves outside the Future Fund (Note (iii) above) is referred to as Operating and Capital Reserves. Investment income on the Operating and Capital Reserves placement with the Exchange Fund is calculated, in accordance with an arrangement entered into with the Hong Kong Monetary Authority in 2007, on the basis of 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 (replacing the three-year Exchange Fund Notes with effect from 1 January 2016) for the previous year subject to a minimum of zero percent, whichever is the higher. The rate of return for the calendar year 2021 was 4.7% (2020: 3.7%). The annual investment income is receivable on 31 December each year.

4. Deposits with Banks

These are Hong Kong dollar and foreign currency deposits placed with licensed banks in Hong Kong for investment under section 26 of the Public Finance Ordinance:

	2022 \$'000	2021 \$'000
Hong Kong dollar	60,201	70,584
Foreign currency	487,705	518,145
	<u>547,906</u>	<u>588,729</u>

5. Cash and Bank Balances

These balances cover cash in hand, in transit, with banks and agents, and with public officers for operating standing or special imprest accounts as provided under section 22 of the Public Finance Ordinance.

General Revenue Account

6. Advances

Advances are paid under the authority of warrants issued under section 20 of the Public Finance Ordinance for a variety of reasons and are either recoverable or chargeable to expenditure upon authority being given:

	2022	2021
	\$'000	\$'000
Advances to Government officers	1,335,372	1,965,218
Expenditure on Vietnamese migrants (Note (i) below)	1,161,991	1,161,991
Payments on behalf of non-departmental public bodies, trading funds and non-statutory corporations wholly-owned by Government	523,040	403,100
Others	616,880	552,854
	<u>3,637,283</u>	<u>4,083,163</u>

- (i) The sum of \$1,161.991 million is the outstanding balance of expenditure on Vietnamese migrants recoverable from the United Nations High Commissioner for Refugees (UNHCR). In January 1998, the High Commissioner for Refugees informed the Government of the Hong Kong Special Administrative Region (HKSAR) that in the absence of further funding prospects, the repayment of \$3.865 million in February 1998 was the last reimbursement that the UNHCR could realistically foresee. If the UNHCR defaults on repayment of the outstanding advances, the Government of the HKSAR will not be able to enforce repayment through legal means as the UNHCR is immune from suit under the International Organizations and Diplomatic Privileges Ordinance (Cap. 190). Consequently, the full recovery of the amount due is doubtful.

During the financial year 2021-22, the Government of the HKSAR continued to pursue the repayment of the outstanding advances from the UNHCR and to urge it to make renewed efforts to look for donations with a view to settling the amount. So far, the Government of the HKSAR has not received any further repayments.

Efforts to press the UNHCR for early settlement of the outstanding advances will continue. The Government of the HKSAR takes note of the Public Accounts Committee's suggestion to the Panel on Security in March 2020 that the Government of the HKSAR should re-consider writing off the outstanding payment, and will carefully consider the suggestion.

7. Suspense Accounts

These Suspense Accounts are established under Resolutions passed by the Legislative Council under section 30 of the Public Finance Ordinance:

	2022	2021
	\$'000	\$'000
Assets:		
Correctional Services Industries (Note (i) below)	28,825	43,188
Government Logistics Department — Unallocated Stores (Note (i) below)	59,231	5,188
The Financial Secretary Incorporated (Note (ii) below)	534	524
	<u>88,590</u>	<u>48,900</u>
Liabilities:		
The Special Coin (Note (iii) below)	(58,219)	(68,591)
Net balance	<u>30,371</u>	<u>(19,691)</u>

- (i) The balances on the Correctional Services Industries Suspense Account and the Government Logistics Department — Unallocated Stores Suspense Account represent the cost of stocks in hand.

General Revenue Account

7. Suspense Accounts *(Continued)*

- (ii) The balance on The Financial Secretary Incorporated Suspense Account represents the net amount arising from dealing with the regrant or renewal of Government Leases and managing the properties comprised therein.
- (iii) The balance on The Special Coin Suspense Account represents the unutilised balance of net proceeds arising from issuing and dealing with special and commemorative coins.

8. Deposits

These are moneys received from time to time from individuals or organisations under sections 23 and 24 of the Public Finance Ordinance for a variety of reasons and are in due course either repayable or transferable to General Revenue:

	2022 \$'000	2021 \$'000
Tax reserve certificates	14,526,711	14,915,700
Water deposits	2,010,073	1,970,235
Tenancy deposits	1,838,155	1,831,991
Legal aid deposits	1,109,586	1,118,906
Tax overpayments	961,729	1,038,327
Private works	419,307	406,556
Others	2,766,870	2,599,565
	23,632,431	23,881,280

9. Contingent Liabilities

As at 31 March 2022, the Government had the following contingent liabilities:

- (i) guarantees provided under the SME Financing Guarantee Scheme — 100% Guarantee Product amounting to \$75,915 million (2021: \$45,413 million);
- (ii) guarantee to the Hong Kong Export Credit Insurance Corporation for liabilities under contracts of insurance amounting to \$40,316 million (2021: \$37,468 million);
- (iii) guarantees provided under the SME Financing Guarantee Scheme — Special Concessionary Measures amounting to \$30,988 million (2021: \$27,546 million);
- (iv) guarantees provided under the SME Financing Guarantee Scheme — 90% Guarantee Product amounting to \$9,277 million (2021: \$5,312 million);
- (v) legal claims, disputes and proceedings amounting to \$3,703 million (2021: \$4,019 million);
- (vi) guarantees provided under the SME Loan Guarantee Scheme amounting to \$2,399 million (2021: \$3,141 million); and
- (vii) guarantees provided under the Special Loan Guarantee Scheme amounting to \$214 million (2021: \$230 million).

General Revenue Account

10. Commitments

The balances of non-recurrent and capital funding approvals that were unspent were as follows:

	2022	2021
	\$'000	\$'000
Non-recurrent expenditure	125,340,315	120,361,952
Plant, vehicles and equipment	13,657,420	13,396,416
Capital subventions	3,103,634	1,902,187
Capital works	269,026	301,096
	<u>142,370,395</u>	<u>135,961,651</u>

11. Revenue

Analysis of total revenue by Head:

Head	2022				2021
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
1 Duties	12,129,149	12,467,324	338,175	2.8	11,851,956
2 General Rates	19,099,000	19,255,931	156,931	0.8	19,043,683
3 Internal Revenue					
Profits tax	126,650,000	167,335,572	40,685,572	32.1	135,539,666
Salaries tax	64,390,000	75,570,184	11,180,184	17.4	75,027,324
Stamp duties	92,000,000	99,677,267	7,677,267	8.3	89,044,620
Other internal revenue	32,453,626	35,932,206	3,478,580	10.7	31,235,884
	315,493,626	378,515,229	63,021,603	20.0	330,847,494
4 Motor Vehicle Taxes	6,369,000	6,166,841	(202,159)	(3.2)	6,594,409
5 Fines, Forfeitures and Penalties	1,788,846	2,594,077	805,231	45.0	4,771,540
6 Royalties and Concessions	3,567,699	5,794,638	2,226,939	62.4	3,529,402
7 Properties and Investments					
Income from Investments with the Exchange Fund (Note (i) below)	-	25,099,306	-	-	41,689,275
Others	-	22,976,994	-	-	24,622,393
	56,009,912	48,076,300	(7,933,612)	(14.2)	66,311,668
9 Loans, Reimbursements, Contributions and Other Receipts	40,285,838	40,619,080	333,242	0.8	90,224,793
10 Utilities	3,298,115	3,199,687	(98,428)	(3.0)	3,496,168
11 Fees and Charges	12,639,115	11,554,384	(1,084,731)	(8.6)	10,462,575
Total	<u>470,680,300</u>	<u>528,243,491</u>	<u>57,563,191</u>	12.2	<u>547,133,688</u>

General Revenue Account

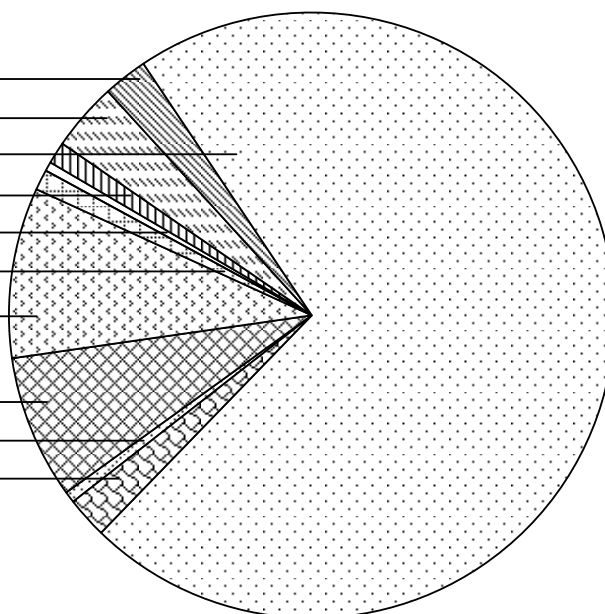
11. Revenue (Continued)

- (i) Pursuant to the Financial Secretary's directives, the investment incomes of the General Revenue Account for the calendar years 2014 and 2015 totalling \$40.99 billion (comprising \$14.84 billion for 2014 and \$26.15 billion for 2015), along with the investment incomes on other parts of the fiscal reserves for the two years, were set aside and retained within the Exchange Fund for the Housing Reserve, and not received in the respective financial years 2014-15 and 2015-16. The Housing Reserve was established in December 2014. As explained in the 2015-16 Budget Speech, the Housing Reserve is to provide financial resources to meet the ten-year public housing supply target. The investment income retained within the Exchange Fund earns the same rate of investment return as stipulated in Note 3(iv). The accumulated investment return was \$8.18 billion up to 31 December 2021 (2020: \$7.78 billion), including the investment return for the calendar year 2021 amounting to \$0.4 billion (2020: \$0.98 billion). As announced in the 2019-20 Budget Speech, the Housing Reserve would be brought back to the Government's accounts and recorded as investment income over four financial years from 2019-20 to 2022-23. At the same time, \$82.37 billion (the balance of the Housing Reserve as at 31 December 2018 which included \$46.44 billion from the General Revenue Account) was earmarked for public housing development.

During the financial year 2021-22, \$6 billion (2021: \$21.98 billion) was brought back from the Housing Reserve to the General Revenue Account and recorded as investment income. As at 31 March 2022, there was no investment income and accumulated investment return (i.e. up to calendar year 2021) not received and recorded by the General Revenue Account and retained for the Housing Reserve (2021: \$5.6 billion).

Analysis of Revenue for the year ended 31 March 2022

Duties	\$12.5 Billion	2%
General Rates	\$19.2 Billion	3%
Internal Revenue	\$378.5 Billion	72%
Motor Vehicle Taxes	\$6.2 Billion	1%
Fines, Forfeitures and Penalties	\$2.6 Billion	1%
Royalties and Concessions	\$5.8 Billion	1%
Properties and Investments	\$48.1 Billion	9%
Loans, Reimbursements, Contributions and Other Receipts (Including Transfers from Funds)	\$40.6 Billion	8%
Utilities	\$3.2 Billion	1%
Fees and Charges	\$11.5 Billion	2%



Total Revenue
\$528.2 Billion

General Revenue Account

12. Expenditure

Analysis of total expenditure by Head:

Head	2022				2021
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
21 Chief Executive's Office	124,663	121,016	(3,647)	(2.9)	115,213
22 Agriculture, Fisheries and Conservation Department	2,093,017	1,885,884	(207,133)	(9.9)	1,879,469
25 Architectural Services Department	2,608,848	2,605,037	(3,811)	(0.1)	2,611,833
24 Audit Commission	196,158	184,867	(11,291)	(5.8)	189,490
23 Auxiliary Medical Service	114,108	105,467	(8,641)	(7.6)	91,340
82 Buildings Department	1,879,178	1,875,098	(4,080)	(0.2)	1,824,275
26 Census and Statistics Department	1,254,862	1,000,826	(254,036)	(20.2)	829,441
27 Civil Aid Service	142,672	136,783	(5,889)	(4.1)	100,540
28 Civil Aviation Department	1,307,509	1,219,690	(87,819)	(6.7)	1,172,079
33 Civil Engineering and Development Department	2,998,108	2,832,065	(166,043)	(5.5)	3,074,330
30 Correctional Services Department	4,702,741	4,739,953	37,212	0.8	4,439,290
31 Customs and Excise Department	5,398,913	5,172,885	(226,028)	(4.2)	4,810,920
37 Department of Health	23,495,554	20,409,173	(3,086,381)	(13.1)	13,478,605
92 Department of Justice	2,506,334	1,873,389	(632,945)	(25.3)	1,915,284
39 Drainage Services Department	3,208,450	3,223,911	15,461	0.5	3,130,881
42 Electrical and Mechanical Services Department	1,591,370	1,535,939	(55,431)	(3.5)	1,305,483
44 Environmental Protection Department	8,135,418	7,479,474	(655,944)	(8.1)	6,523,617
45 Fire Services Department	7,906,871	7,655,939	(250,932)	(3.2)	7,321,373
49 Food and Environmental Hygiene Department	9,857,897	9,796,476	(61,421)	(0.6)	9,395,900
46 General Expenses of the Civil Service	4,754,428	4,288,486	(465,942)	(9.8)	3,848,534
166 Government Flying Service	654,444	524,306	(130,138)	(19.9)	549,732
48 Government Laboratory	573,035	567,182	(5,853)	(1.0)	562,474
59 Government Logistics Department	601,430	600,840	(590)	(0.1)	573,812

General Revenue Account

12. Expenditure (Continued)

Head	2022				2021
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
51 Government Property Agency	2,684,525	2,493,562	(190,963)	(7.1)	2,360,209
143 Government Secretariat: Civil Service Bureau	822,450	723,584	(98,866)	(12.0)	648,151
152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	10,063,174	10,353,054	289,880	2.9	11,188,085
55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Creative Industries Branch)	757,485	649,159	(108,326)	(14.3)	461,444
144 Government Secretariat: Constitutional and Mainland Affairs Bureau	830,914	781,172	(49,742)	(6.0)	778,408
138 Government Secretariat: Development Bureau (Planning and Lands Branch)	1,785,473	1,362,865	(422,608)	(23.7)	1,194,224
159 Government Secretariat: Development Bureau (Works Branch)	862,533	797,686	(64,847)	(7.5)	813,035
156 Government Secretariat: Education Bureau	76,087,870	73,507,833	(2,580,037)	(3.4)	74,963,628
137 Government Secretariat: Environment Bureau	1,871,573	1,796,034	(75,539)	(4.0)	5,755,763
148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)	2,289,972	1,116,238	(1,173,734)	(51.3)	9,020,092
147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)	41,312,393	35,144,100	(6,168,293)	(14.9)	69,029,544
139 Government Secretariat: Food and Health Bureau (Food Branch)	200,624	194,603	(6,021)	(3.0)	170,218
140 Government Secretariat: Food and Health Bureau (Health Branch)	84,923,077	86,529,525	1,606,448	1.9	80,082,546

General Revenue Account

12. Expenditure (Continued)

Head	2022				2021
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
53 Government Secretariat: Home Affairs Bureau	2,573,004	2,321,271	(251,733)	(9.8)	2,331,938
135 Government Secretariat: Innovation and Technology Bureau	838,403	720,314	(118,089)	(14.1)	526,684
155 Government Secretariat: Innovation and Technology Commission	867,523	781,195	(86,328)	(10.0)	767,809
141 Government Secretariat: Labour and Welfare Bureau	1,008,144	962,734	(45,410)	(4.5)	3,464,538
47 Government Secretariat: Office of the Government Chief Information Officer	1,313,765	1,208,506	(105,259)	(8.0)	894,408
142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary	7,704,171	34,579,999	26,875,828	348.8	133,263,915
96 Government Secretariat: Overseas Economic and Trade Offices	594,468	371,724	(222,744)	(37.5)	326,850
151 Government Secretariat: Security Bureau	1,213,370	1,078,167	(135,203)	(11.1)	927,370
158 Government Secretariat: Transport and Housing Bureau (Transport Branch)	540,860	470,125	(70,735)	(13.1)	386,678
60 Highways Department	4,290,631	4,114,519	(176,112)	(4.1)	3,892,110
63 Home Affairs Department	3,368,257	2,858,033	(510,224)	(15.1)	2,940,277
168 Hong Kong Observatory	406,706	393,811	(12,895)	(3.2)	408,418
122 Hong Kong Police Force	25,063,236	23,330,171	(1,733,065)	(6.9)	23,406,758
62 Housing Department	5,028,678	2,619,582	(2,409,096)	(47.9)	1,906,249
70 Immigration Department	6,700,547	6,473,705	(226,842)	(3.4)	6,136,657
72 Independent Commission Against Corruption	1,243,289	1,236,888	(6,401)	(0.5)	1,208,654
121 Independent Police Complaints Council	100,529	100,529	-	-	100,929
74 Information Services Department	670,654	669,813	(841)	(0.1)	681,425
76 Inland Revenue Department	1,822,297	1,758,525	(63,772)	(3.5)	1,756,260
78 Intellectual Property Department	217,122	212,753	(4,369)	(2.0)	195,360

General Revenue Account

12. Expenditure (Continued)

Head	2022				2021
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
79 Invest Hong Kong	184,569	170,551	(14,018)	(7.6)	160,997
174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	45,175	41,903	(3,272)	(7.2)	47,972
80 Judiciary	2,325,679	2,223,626	(102,053)	(4.4)	2,118,153
90 Labour Department	2,728,631	2,274,723	(453,908)	(16.6)	1,982,016
91 Lands Department	3,254,803	3,225,348	(29,455)	(0.9)	3,224,697
94 Legal Aid Department	1,673,728	1,397,092	(276,636)	(16.5)	1,313,589
112 Legislative Council Commission	1,013,671	917,117	(96,554)	(9.5)	972,040
95 Leisure and Cultural Services Department	11,099,852	10,494,793	(605,059)	(5.5)	9,959,337
100 Marine Department	1,867,177	1,715,419	(151,758)	(8.1)	1,635,077
106 Miscellaneous Services	8,117,446	153,247	(7,964,199)	(98.1)	558,523
180 Office for Film, Newspaper and Article Administration	53,908	51,412	(2,496)	(4.6)	48,622
114 Office of The Ombudsman	128,035	128,035	-	-	127,856
116 Official Receiver's Office	232,586	224,769	(7,817)	(3.4)	226,319
120 Pensions	47,312,570	43,653,345	(3,659,225)	(7.7)	42,689,433
118 Planning Department	841,814	803,196	(38,618)	(4.6)	775,733
136 Public Service Commission Secretariat	31,775	30,566	(1,209)	(3.8)	31,848
160 Radio Television Hong Kong	995,162	1,003,039	7,877	0.8	1,040,974
162 Rating and Valuation Department	636,664	596,218	(40,446)	(6.4)	606,989
163 Registration and Electoral Office	2,492,456	1,294,750	(1,197,706)	(48.1)	730,665
169 Secretariat, Commissioner on Interception of Communications and Surveillance	27,414	25,150	(2,264)	(8.3)	23,097
170 Social Welfare Department	104,270,635	95,638,427	(8,632,208)	(8.3)	90,520,215
181 Trade and Industry Department	1,512,345	1,339,473	(172,872)	(11.4)	1,328,129
186 Transport Department	12,943,547	8,920,916	(4,022,631)	(31.1)	6,306,159

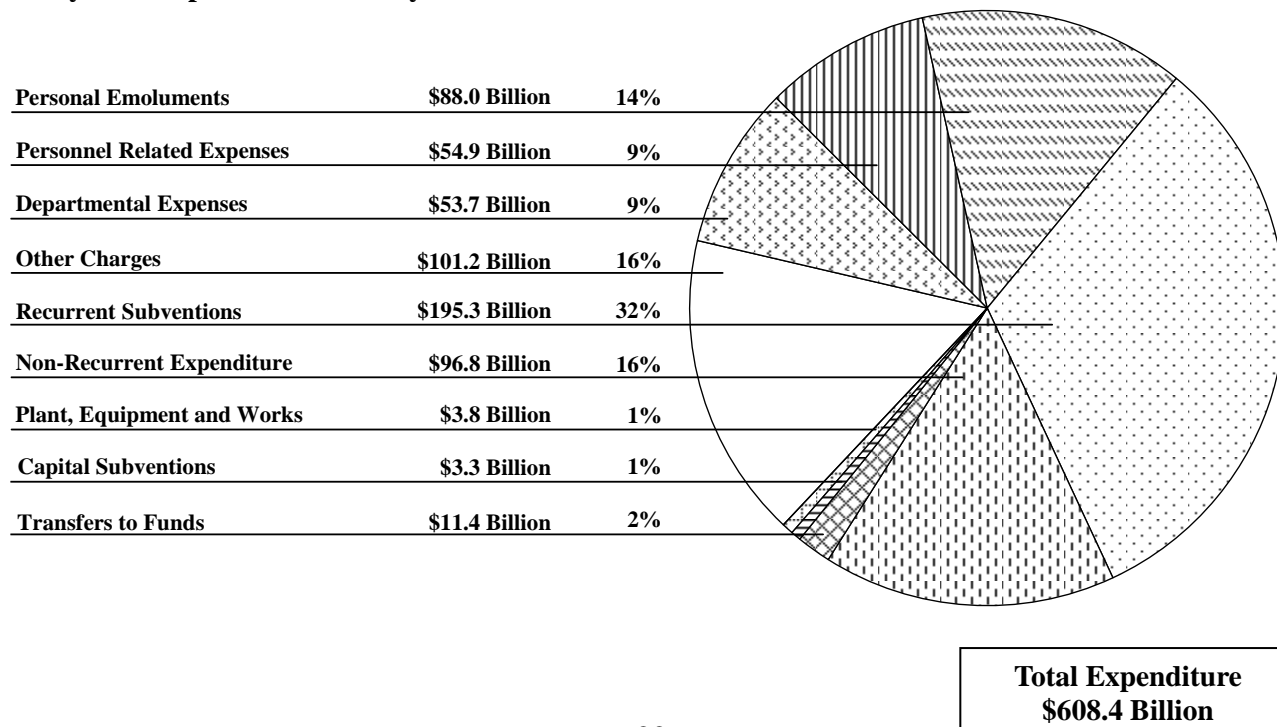
General Revenue Account

12. Expenditure (Continued)

Head	2022				2021
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
188 Treasury	545,882	510,720	(35,162)	(6.4)	499,628
190 University Grants Committee	23,041,528	22,423,078	(618,450)	(2.7)	22,508,375
194 Water Supplies Department	9,236,600	9,113,603	(122,997)	(1.3)	9,156,681
173 Working Family and Student Financial Assistance Agency	7,513,994	7,104,048	(409,946)	(5.5)	6,705,894
	<u>620,291,371</u>	<u>597,021,029</u>	<u>(23,270,342)</u>	<u>(3.8)</u>	<u>717,031,567</u>
184 Transfers to Funds	5,089,000	11,364,000	6,275,000	123.3	25,477,450
Non-recurrent appropriation to a special fund to meet the expenditure for safeguarding national security (Note (i) below)	-	-	-	-	8,000,000
Total	<u><u>625,380,371</u></u>	<u><u>608,385,029</u></u>	<u><u>(16,995,342)</u></u>	<u><u>(2.7)</u></u>	<u><u>750,509,017</u></u>

- (i) The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region provides that the Financial Secretary of the Hong Kong Special Administrative Region shall, upon approval of the Chief Executive, appropriate from the general revenue a special fund to meet the expenditure for safeguarding national security and approve the establishment of relevant posts, which are not subject to any restrictions in the relevant provisions of the laws in force in the Region. This \$8 billion provision is the above-mentioned special fund for meeting the expenditure for safeguarding national security in the coming years.

Analysis of Expenditure for the year ended 31 March 2022



General Revenue Account

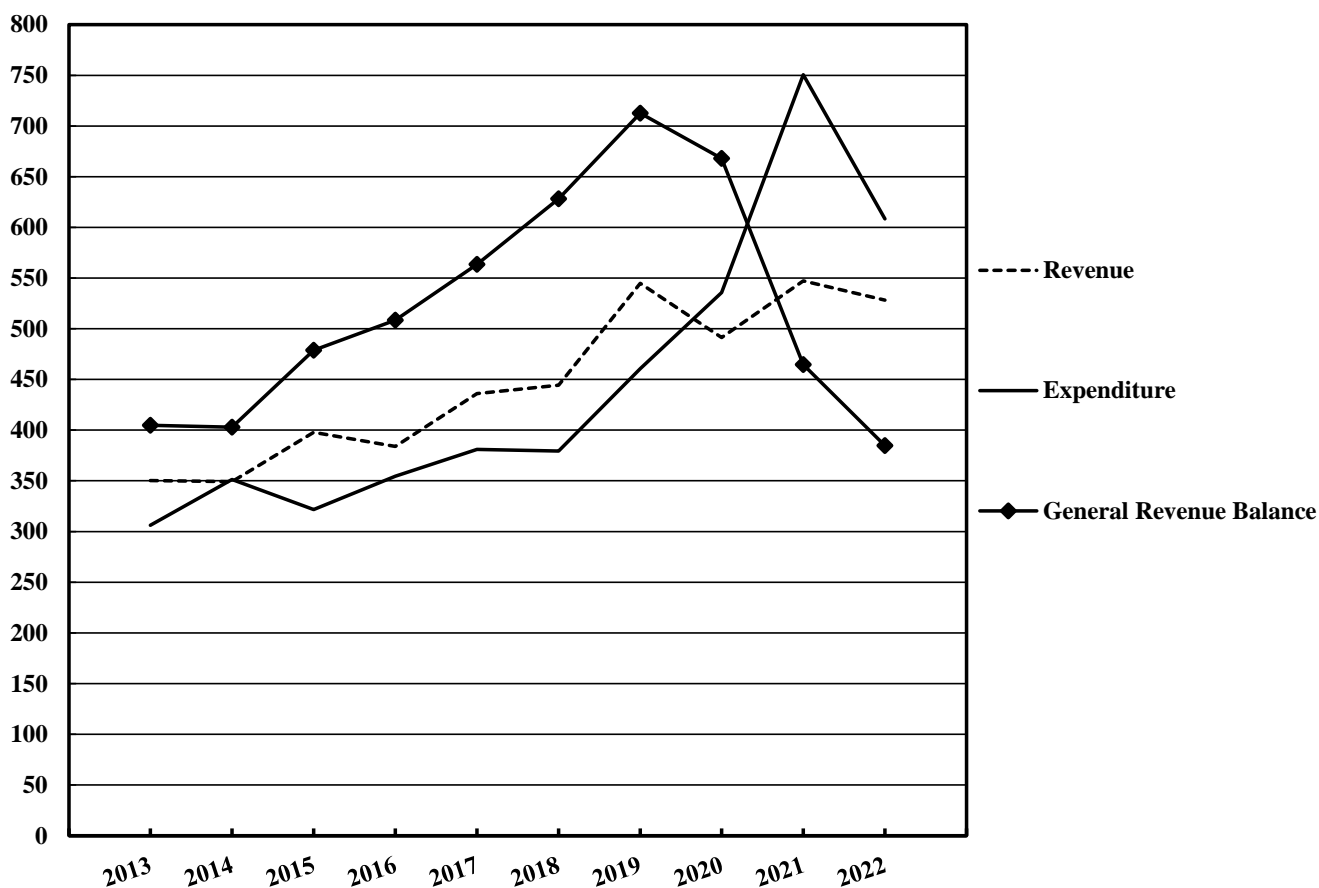
13. Other Cash Movements

These are cash movements arising from changes in other assets and liabilities:

	2022 \$'000	2021 \$'000
Reduction/(Increase) in Assets		
Investments with the Exchange Fund	80,158,110	202,626,892
Deposits with banks	40,823	(38,941)
Advances	445,880	585,669
Suspense Accounts	(39,690)	73,468
	80,605,123	203,247,088
Reduction in Liabilities		
Deposits	(248,849)	(104,438)
Suspense Accounts	(10,372)	(885)
	(259,221)	(105,323)
	80,345,902	203,141,765

Revenue, Expenditure and General Revenue Balance for the years ended 31 March 2013 to 2022

\$Billion



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Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Capital Works Reserve Fund

Independent Auditor's Report To the President of the Legislative Council

Opinion

I certify that I have examined and audited the financial statements of the Capital Works Reserve Fund set out on pages 28 to 37, which comprise the statement of assets and liabilities as at 31 March 2022, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Capital Works Reserve Fund are prepared, in all material respects, in accordance with the Public Finance Ordinance (Cap. 2) and section 11(1) of the Audit Ordinance (Cap. 122).

Basis for opinion

I conducted my audit in accordance with section 12(1) of the Audit 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 have fulfilled the independence and 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 is responsible for the other information. The other information comprises all the information included in the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022 published by the Treasury, 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

In accordance with section 16(1) of the Public Finance Ordinance, the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

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 Capital Works Reserve Fund's internal control; and

- evaluate the appropriateness of accounting policies used by the Director of Accounting Services and the reasonableness of accounting estimates and related disclosures.

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

Prof. LAM Chi Yuen Nelson
Director of Audit

26 October 2022

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

Capital Works Reserve Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Assets			
Investments with the Exchange Fund	3	195,487,986	132,226,088
Cash and bank balances		1,776	6,945
		195,489,762	132,233,033
Liabilities			
Deposits	4	(1,701,423)	(1,548,476)
		193,788,339	130,684,557
Representing:			
Fund Balance			
Balance at beginning of year		130,684,557	176,833,355
Surplus/(Deficit) for the year		63,103,782	(46,148,798)
Balance at end of year	5, 6, 7	193,788,339	130,684,557

Notes 1 to 10 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Capital Works Reserve Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Cash and bank balances at beginning of year		6,945	1,713
Receipts	8	182,646,295	115,023,103
Payments	5, 9	(119,542,513)	(161,171,901)
Surplus/(Deficit) for the year		63,103,782	(46,148,798)
Other cash movements	10	(63,108,951)	46,154,030
Cash and bank balances at end of year		1,776	6,945

Notes 1 to 10 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Capital Works Reserve Fund

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars, unless otherwise stated)

1. Purpose and Legislation

The Capital Works Reserve Fund was set up to finance public works programmes, acquisitions of land, capital subventions and major systems and equipment items. It was initially established on 1 April 1982 by a Resolution of the Legislative Council passed on 20 January 1982 and subsequently deemed to have been established under section 29(3) of the Public Finance Ordinance (Cap. 2). Since 1 January 1998, it has been reconstituted under another Resolution passed on 17 December 1997 (hereinafter referred to as the Resolution).

2. Accounting Policies

- (i) The accounts of the Capital Works Reserve Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid. The Statement of Assets and Liabilities of the Fund excludes fixed assets, loans, investments other than those made under paragraph (d)(iii) of the Resolution, and debtors and creditors other than those deposits referred to in Note 4.
- (ii) For the purposes of these financial statements, a contingent liability is defined as:
 - (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government; or
 - (b) a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.
- (iii) Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates.

3. Investments with the Exchange Fund

- (i) These are investments and deposits held under paragraph (d)(iii) of the Resolution:

	2022	2021
	\$'000	\$'000
Investments (Notes (ii) and (iii) below)	195,437,986	132,176,088
Deposits	50,000	50,000
	<u>195,487,986</u>	<u>132,226,088</u>

- (ii) The investments represent the cost of investments together with the investment income received in the year being reported.
- (iii) The investment income is calculated, in accordance with an arrangement entered into with the Hong Kong Monetary Authority in 2007, on the basis of 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 (replacing the three-year Exchange Fund Notes with effect from 1 January 2016) for the previous year subject to a minimum of zero percent, whichever is the higher. The rate of return for the calendar year 2021 was 4.7% (2020: 3.7%). The annual investment income is receivable on 31 December each year.

Capital Works Reserve Fund

4. Deposits

These are moneys received from time to time from individuals or organisations for a variety of reasons and are in due course either repayable or transferable for credit to the Fund:

	2022 \$'000	2021 \$'000
Contract retention money	1,524,353	1,386,320
Others	177,070	162,156
	<u>1,701,423</u>	<u>1,548,476</u>

5. Fund Balance

The Fund Balance includes receipts from sums borrowed for the purposes of the Capital Works Reserve Fund under the Loans Ordinance (Cap. 61) that are required to be credited to the Fund under paragraph (b)(v) of the Resolution. Repayments of the principal in relation to the outstanding liabilities in respect of sums borrowed are included in payments charged to the Fund under paragraph (d)(ii) of the Resolution.

Following a resolution passed under section 3(1) of the Loans Ordinance, the Government issued Green Bonds of US\$1 billion in May 2019, US\$2.5 billion in February 2021, US\$1 billion in November 2021, EUR1.75 billion in November 2021 and RMB5 billion in November 2021 under the Government Green Bond Programme to provide funding for green projects. The outstanding liabilities, not included in the Statement of Assets and Liabilities, in respect of sums borrowed are as follows:

	2022 \$'000	2021 \$'000
Green Bonds (Notes (i) and (ii) below)	<u>56,680,000</u>	<u>27,216,000</u>

- (i) The Green Bonds were denominated in United States dollars (US\$4.5 billion will mature between May 2024 and February 2051), Euros (EUR1.75 billion will mature between November 2026 and November 2041) and Renminbi (RMB5 billion will mature between November 2024 and November 2026). During the financial year, payments of interest on the Green Bonds amounted to \$442 million (2021: \$194 million) and there was no repayment of principal (2021: Nil).
- (ii) The outstanding Green Bonds are translated into Hong Kong dollars at the exchange rate ruling at the reporting date.

6. Contingent Liabilities

As at 31 March 2022, the amount of contingent liabilities arising from legal claims, disputes and proceedings was \$11,598 million (2021: \$2,327 million).

Capital Works Reserve Fund

7. Commitments

The balances of the approved project estimates that were unspent were as follows:

Head	2022	2021
	\$'000	\$'000
Land acquisition		
701 Land acquisition	20,228,518	20,833,140
Sub-total	20,228,518	20,833,140
Capital works – Public Works Programme		
702 Port and airport development	78,810	79,983
703 Buildings	194,598,497	157,759,150
704 Drainage	59,943,707	61,448,313
705 Civil engineering	101,557,028	56,312,772
706 Highways	80,821,061	88,212,830
707 New towns and urban area development	128,588,625	141,152,535
709 Waterworks	29,284,328	26,549,772
711 Housing	23,786,406	23,381,856
Sub-total	618,658,462	554,897,211
Capital subventions		
708 (part) Capital subventions	50,226,461	50,936,292
Sub-total	50,226,461	50,936,292
Systems and equipment		
708 (part) Major systems and equipment	7,946,426	8,410,359
710 Computerisation	12,561,818	11,645,981
Sub-total	20,508,244	20,056,340
	709,621,685	646,722,983

Capital Works Reserve Fund

8. Receipts

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Land premium			
Sales by public auction and tender	-	91,649,562	53,615,877
Private treaty grants	-	6,864,956	2,263,478
Modification of existing leases, exchanges and extensions	-	44,239,769	32,541,912
Fees received in respect of short term waivers	-	289,571	291,768
	97,600,000	143,043,858	88,713,035
Investment income			
Investments with the Exchange Fund (Note (i) below)	-	10,395,496	6,969,167
Others	-	1,209	1,243
	9,854,000	10,396,705	6,970,410
Other receipts			
Donations and contributions	6,760	2,018	-
Others	-	79,499	36,072
	6,760	81,517	36,072
Proceeds received from issuance of bonds			
Green Bonds	35,100,000	29,124,215	19,303,586
	142,560,760	182,646,295	115,023,103

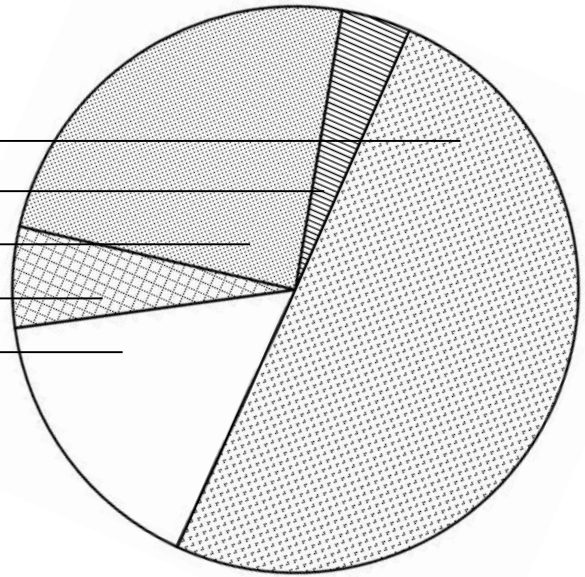
- (i) Pursuant to the Financial Secretary's directives, the investment incomes of the Fund for the calendar years 2014 and 2015 totalling \$6.86 billion (comprising \$2.88 billion for 2014 and \$3.98 billion for 2015), along with the investment incomes on other parts of the fiscal reserves for the two years, were set aside and retained within the Exchange Fund for the Housing Reserve, and not received in the respective financial years 2014-15 and 2015-16. The Housing Reserve was established in December 2014. As explained in the 2015-16 Budget Speech, the Housing Reserve is to provide financial resources to meet the ten-year public housing supply target. The investment income retained within the Exchange Fund earns the same rate of investment return as stipulated in Note 3(iii). The accumulated investment return was \$1.85 billion up to 31 December 2021 (2020: \$1.46 billion), including the investment return for the calendar year 2021 amounting to \$0.39 billion (2020: \$0.30 billion). As announced in the 2019-20 Budget Speech, the Housing Reserve would be brought back to the Government's accounts and recorded as investment income over four financial years from 2019-20 to 2022-23. At the same time, \$82.37 billion (the balance of the Housing Reserve as at 31 December 2018 which included \$7.79 billion from the Fund) was earmarked for public housing development.

During the financial year 2021-22, \$2.59 billion (2021: Nil) was brought back from the Housing Reserve to the Fund and recorded as investment income. As at 31 March 2022, the investment incomes and the accumulated investment return (i.e. up to calendar year 2021) not received and recorded by the Fund and retained for the Housing Reserve totalled \$6.12 billion (2021: \$8.32 billion).

Capital Works Reserve Fund

Analysis of Receipts for the year ended 31 March 2022

Sales by public auction and tender	\$91.6 Billion	50%
Private treaty grants and fees received in respect of short term waivers	\$7.2 Billion	4%
Modification of existing leases, exchanges and extensions	\$44.2 Billion	24%
Investment income and other receipts	\$10.5 Billion	6%
Proceeds received from issuance of Green Bonds	\$29.1 Billion	16%



Total Receipts
\$182.6 Billion

Capital Works Reserve Fund

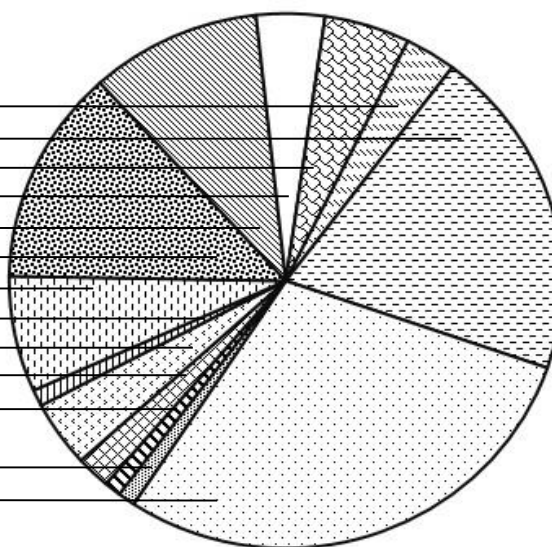
9. Payments

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Land acquisition	10,091,435	3,988,301	3,888,348
Public Works Programme			
Port and airport development	500	1,173	978
Buildings	28,308,030	24,216,709	20,079,855
Drainage	5,090,958	5,712,669	4,135,047
Civil engineering	6,070,083	5,108,794	5,472,903
Highways	9,104,996	11,736,529	13,764,644
New towns and urban area development	12,335,369	15,529,953	13,633,287
Waterworks	5,689,972	5,305,392	4,239,208
Housing	1,958,539	1,665,798	1,485,898
	68,558,447	69,277,017	62,811,820
Capital subventions and major systems and equipment			
Capital subventions	9,133,766	7,779,570	7,233,289
Major systems and equipment	1,272,400	661,315	453,909
	10,406,166	8,440,885	7,687,198
Computerisation	2,866,392	2,345,086	2,478,973
Government bonds and notes			
Repayment	-	-	-
Interest and other expenses	503,900	455,267	194,034
	503,900	455,267	194,034
Transfer to General Revenue	35,000,000	35,000,000	84,000,000
Other payments			
Refund of overpayment of land premium	-	35,957	111,528
	<u>127,426,340</u>	<u>119,542,513</u>	<u>161,171,901</u>

Capital Works Reserve Fund

Analysis of Payments for the year ended 31 March 2022 *

Land acquisition	\$4.0 Billion	3%
Buildings	\$24.2 Billion	20%
Drainage	\$5.7 Billion	5%
Civil engineering	\$5.1 Billion	4%
Highways	\$11.7 Billion	10%
New towns and urban area development	\$15.5 Billion	13%
Capital subventions	\$7.8 Billion	7%
Major systems and equipment	\$0.7 Billion	1%
Waterworks	\$5.3 Billion	4%
Computerisation	\$2.3 Billion	2%
Housing	\$1.7 Billion	1%
Interest and other expenses on government bonds and notes	\$0.5 Billion	1%
Transfer to General Revenue	\$35.0 Billion	29%



**Total Payments
\$119.5 Billion**

* Actual payments on “Port and airport development” and “Refund of overpayment of land premium” are not shown as they are less than \$0.1 billion each.

10. Other Cash Movements

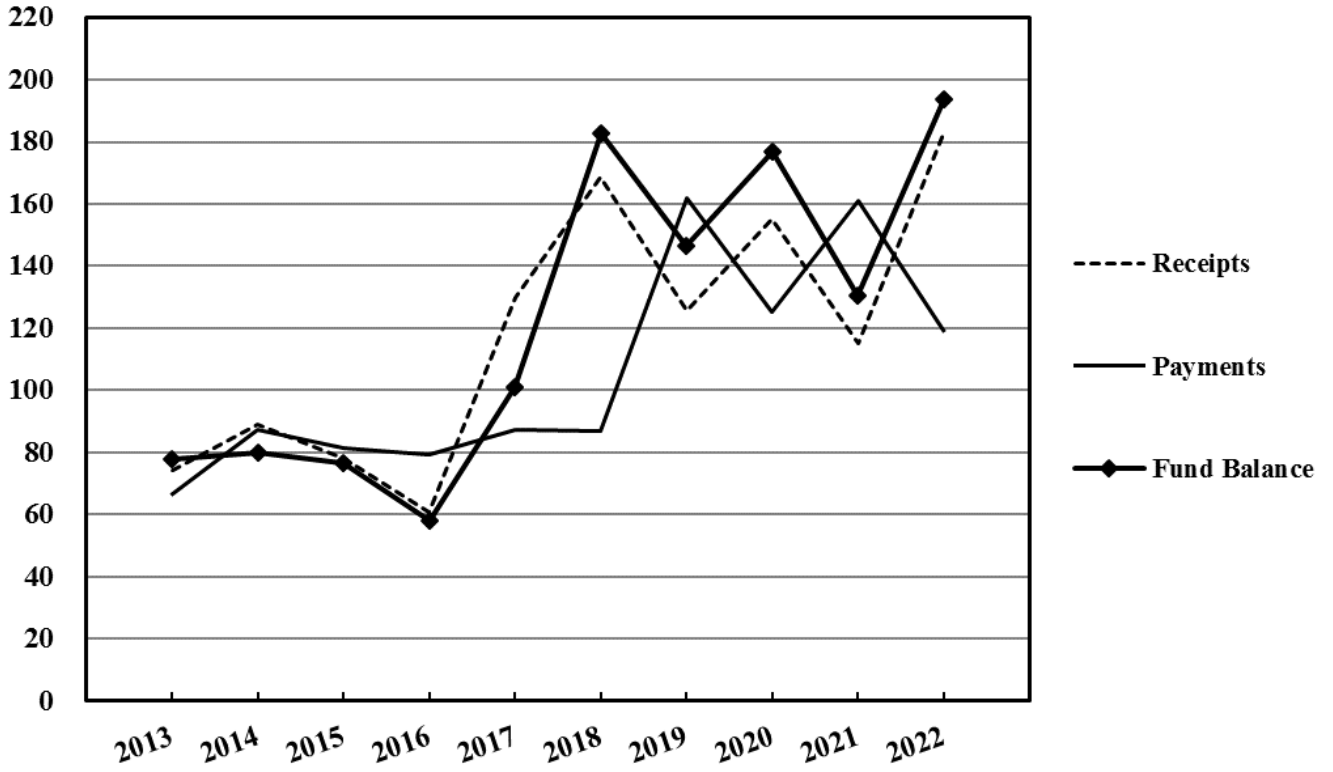
These are cash movements arising from changes in other assets and liabilities:

	2022 \$'000	2021 \$'000
(Increase)/Reduction in Assets		
Investments with the Exchange Fund	(63,261,898)	46,427,222
Increase/(Reduction) in Liabilities		
Deposits	152,947	(273,192)
	<u>(63,108,951)</u>	<u>46,154,030</u>

Capital Works Reserve Fund

Receipts, Payments and Fund Balance for the years ended 31 March 2013 to 2022

\$Billion



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Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Capital Investment Fund

Independent Auditor's Report To the President of the Legislative Council

Opinion

I certify that I have examined and audited the financial statements of the Capital Investment Fund set out on pages 42 to 48, which comprise the statement of assets and liabilities as at 31 March 2022, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Capital Investment Fund are prepared, in all material respects, in accordance with the Public Finance Ordinance (Cap. 2) and section 11(1) of the Audit Ordinance (Cap. 122).

Basis for opinion

I conducted my audit in accordance with section 12(1) of the Audit 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 have fulfilled the independence and 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 is responsible for the other information. The other information comprises all the information included in the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022 published by the Treasury, 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

In accordance with section 16(1) of the Public Finance Ordinance, the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

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 Capital Investment Fund's internal control; and

- evaluate the appropriateness of accounting policies used by the Director of Accounting Services and the reasonableness of accounting estimates and related disclosures.

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

Prof. LAM Chi Yuen Nelson
Director of Audit

26 October 2022

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

Capital Investment Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Assets			
Investments	3		
Equity holdings		152,738,156	153,970,874
Other investments		647,657,994	626,292,408
		800,396,150	780,263,282
Loans Outstanding	4	1,382,864	1,467,386
		801,779,014	781,730,668
Current Assets			
Investments with the Exchange Fund	5	21,360,314	21,793,114
Cash and bank balances		1	1
		21,360,315	21,793,115
		823,139,329	803,523,783
Representing:			
Total Fund Balance			
Applied Fund	6	801,779,014	781,730,668
Available Fund	7		
Balance at beginning of year		21,793,115	3,360,003
(Deficit)/Surplus for the year		(432,800)	18,433,112
Balance at end of year		21,360,315	21,793,115
	8, 9	823,139,329	803,523,783

Notes 1 to 12 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Capital Investment Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Cash and bank balances at beginning of year		1	1
Receipts	10	1,171,532	21,026,854
Payments	11	(1,604,332)	(2,593,742)
(Deficit)/Surplus for the year		(432,800)	18,433,112
Other cash movements	12	432,800	(18,433,112)
Cash and bank balances at end of year		1	1

Notes 1 to 12 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Capital Investment Fund

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars, unless otherwise stated)

1. Purpose and Legislation

The Capital Investment Fund finances investments in and loans to public sector bodies which are not part of the Government structure and such other bodies as the Finance Committee may specify. It was established with effect from 1 April 1990 by a Resolution passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on 14 March 1990. Amendments to this Resolution were passed by the Legislative Council on 6 November 1991 (The Resolution as amended is hereinafter referred to as the Resolution).

2. Accounting Policies

- (i) Subject to (ii) below, the accounts of the Capital Investment Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid.
- (ii) The Statement of Assets and Liabilities is structured to include investments acquired and loans made by way of cash, waived land premium, donated works or other similar transactions.
- (iii) For the purposes of these financial statements, a contingent liability is defined as:
 - (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government; or
 - (b) a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

3. Investments (at cost/original valuation)

	2022			2021		
	Equity Holdings \$'000	Other Investments \$'000	Total \$'000	Equity Holdings \$'000	Other Investments \$'000	Total \$'000
Balance at beginning of year	153,970,874	626,292,408	780,263,282	151,377,132	588,512,179	739,889,311
Additions						
Cash acquisitions	823,532	780,800	1,604,332	2,593,742	-	2,593,742
Non-cash acquisitions	-	20,584,786	20,584,786	-	37,780,229	37,780,229
	823,532	21,365,586	22,189,118	2,593,742	37,780,229	40,373,971
Deductions						
Cash disposal/refund	(56,250)	-	(56,250)	-	-	-
Non-cash disposal/refund	(2,000,000)	-	(2,000,000)	-	-	-
	(2,056,250)	-	(2,056,250)	-	-	-
Balance at end of year	152,738,156	647,657,994	800,396,150	153,970,874	626,292,408	780,263,282

Capital Investment Fund

4. Loans Outstanding

	2022 \$'000	2021 \$'000
Balance at beginning of year	1,467,386	1,557,376
Additions		
Capitalised interest	17,155	10,575
Deductions		
Loan repayments	(101,677)	(100,565)
Balance at end of year	<u><u>1,382,864</u></u>	<u><u>1,467,386</u></u>

5. Investments with the Exchange Fund

- (i) These are investments made under paragraph 7 of the Resolution.
- (ii) The investments represent the cost of investments together with the investment income received in the year being reported.
- (iii) The investment income is calculated, in accordance with an arrangement entered into with the Hong Kong Monetary Authority in 2007, on the basis of 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 (replacing the three-year Exchange Fund Notes with effect from 1 January 2016) for the previous year subject to a minimum of zero percent, whichever is the higher. The rate of return for the calendar year 2021 was 4.7% (2020: 3.7%). The annual investment income is receivable on 31 December each year.

6. Applied Fund

This represents the sum of investments acquired and outstanding loans made from the Fund under paragraph 5 of the Resolution.

7. Available Fund

This represents funds available for acquiring investments or making loans under paragraph 5 of the Resolution.

8. Contingent Liabilities

As at 31 March 2022, the Government had the following contingent liabilities:

- (i) subscription to callable shares in the Asian Development Bank amounting to \$5,946 million (2021: \$6,054 million);
- (ii) subscription to callable shares in the Asian Infrastructure Investment Bank amounting to \$4,800 million (2021: \$4,800 million) with commitment approved; and
- (iii) guarantees provided under a commercial loan of the Hong Kong Science and Technology Parks Corporation amounting to \$920 million (2021: \$947 million).

Capital Investment Fund

9. Commitments

The approved investments and loans that were unpaid were as follows:

	2022 \$'000	2021 \$'000
Investments (Note (i) below)	38,373,363	31,532,395
Loans	1,650,000	1,650,000
	<u>40,023,363</u>	<u>33,182,395</u>

- (i) These included an approved commitment of \$4,800 million (2021: \$4,800 million) for the subscription to callable shares in the Asian Infrastructure Investment Bank (Note 8(ii)).

10. Receipts

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Dividends, interest and other receipts from investments/loans	606,423	43,502	599,017
Loan repayments	101,677	101,677	100,565
Investment income			
Investments with the Exchange Fund (Note (i) below)	995,000	970,103	192,272
Proceeds from disposal/refund of capital investments (Note (ii) below)	-	56,250	-
Transfer from General Revenue	-	-	20,135,000
	<u>1,703,100</u>	<u>1,171,532</u>	<u>21,026,854</u>

- (i) Pursuant to the Financial Secretary's directives, the investment incomes of the Fund for the calendar years 2014 and 2015 totalling \$177 million (comprising \$79 million for 2014 and \$98 million for 2015), along with the investment incomes on other parts of the fiscal reserves for the two years, were set aside and retained within the Exchange Fund for the Housing Reserve, and not received in the respective financial years 2014-15 and 2015-16. The Housing Reserve was established in December 2014. As explained in the 2015-16 Budget Speech, the Housing Reserve is to provide financial resources to meet the ten-year public housing supply target. The investment income retained within the Exchange Fund earns the same rate of investment return as stipulated in Note 5(iii). The accumulated investment return was \$48 million up to 31 December 2021 (2020: \$38 million), including the investment return for the calendar year 2021 amounting to \$10 million (2020: \$8 million). As announced in the 2019-20 Budget Speech, the Housing Reserve would be brought back to the Government's accounts and recorded as investment income over four financial years from 2019-20 to 2022-23. At the same time, \$82.37 billion (the balance of the Housing Reserve as at 31 December 2018 which included \$201 million from the Fund) was earmarked for public housing development.

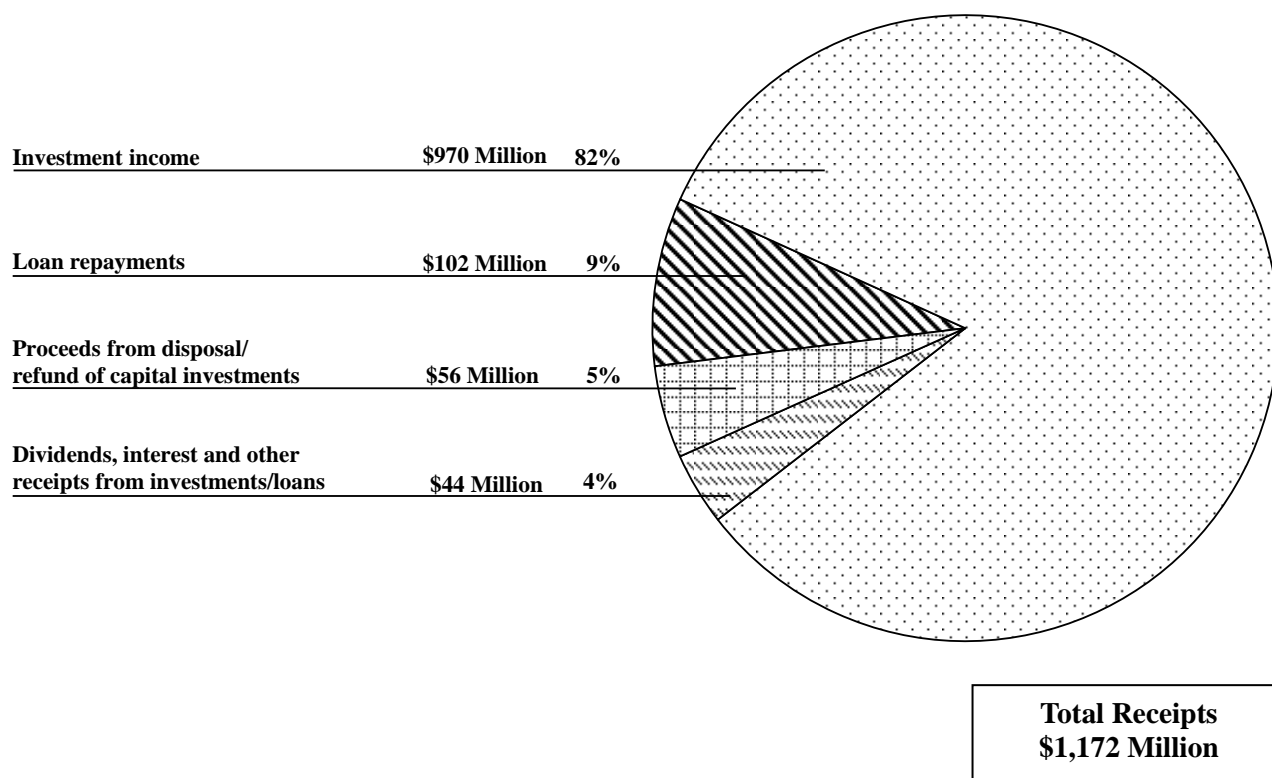
During the financial year 2021-22, \$67 million (2021: Nil) was brought back from the Housing Reserve to the Fund and recorded as investment income. As at 31 March 2022, the investment incomes and the accumulated investment return (i.e. up to calendar year 2021) not received and recorded by the Fund and retained for the Housing Reserve totalled \$158 million (2021: \$215 million).

Capital Investment Fund

10. Receipts (Continued)

- (ii) These include proceed from refund of capital investment from New Hong Kong Tunnel Company Limited.

Analysis of Receipts for the year ended 31 March 2022



11. Payments

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Acquisition of investments			
Equity holdings	2,330,710	823,532	2,593,742
Other investments	-	780,800	-
	2,330,710	1,604,332	2,593,742
Loan payments	323,000	-	-
	2,653,710	1,604,332	2,593,742

Capital Investment Fund

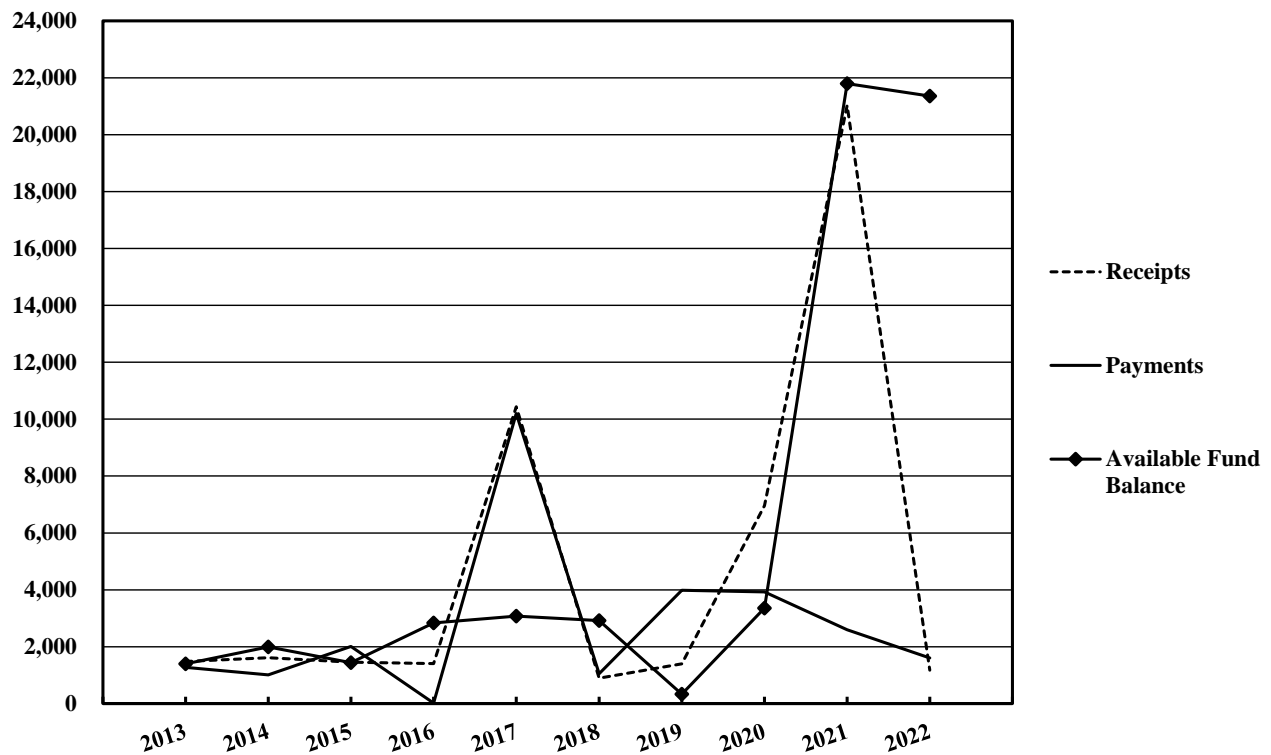
12. Other Cash Movements

These are cash movements arising from changes in other assets and liabilities:

	2022 \$'000	2021 \$'000
Reduction/(Increase) in Assets		
Investments with the Exchange Fund	<u>432,800</u>	<u>(18,433,112)</u>

Receipts, Payments and Available Fund Balance for the years ended 31 March 2013 to 2022

\$Million



Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Civil Service Pension Reserve Fund

Independent Auditor's Report

To the President of the Legislative Council

Opinion

I certify that I have examined and audited the financial statements of the Civil Service Pension Reserve Fund set out on pages 52 to 56, which comprise the statement of assets and liabilities as at 31 March 2022, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Civil Service Pension Reserve Fund are prepared, in all material respects, in accordance with the Public Finance Ordinance (Cap. 2) and section 11(1) of the Audit Ordinance (Cap. 122).

Basis for opinion

I conducted my audit in accordance with section 12(1) of the Audit 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 have fulfilled the independence and 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 is responsible for the other information. The other information comprises all the information included in the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022 published by the Treasury, 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

In accordance with section 16(1) of the Public Finance Ordinance, the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

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 Civil Service Pension Reserve Fund's internal control; and

- evaluate the appropriateness of accounting policies used by the Director of Accounting Services.

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

Prof. LAM Chi Yuen Nelson
Director of Audit

26 October 2022

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

Civil Service Pension Reserve Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Assets			
Investments with the Exchange Fund	3	<u>48,813,399</u>	<u>42,769,902</u>
Representing:			
Fund Balance			
Balance at beginning of year		42,769,902	39,426,465
Surplus for the year		<u>6,043,497</u>	<u>3,343,437</u>
Balance at end of year		<u>48,813,399</u>	<u>42,769,902</u>

Notes 1 to 5 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Civil Service Pension Reserve Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Cash and bank balances at beginning of year		-	-
Receipts	4	6,043,497	3,343,437
Payments		-	-
Surplus for the year		6,043,497	3,343,437
Other cash movements	5	(6,043,497)	(3,343,437)
Cash and bank balances at end of year		-	-

Notes 1 to 5 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Civil Service Pension Reserve Fund

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars, unless otherwise stated)

1. Purpose and Legislation

The Civil Service Pension Reserve Fund is intended to meet payment of civil service pensions in the most unlikely event that the Government cannot meet such liabilities from the General Revenue. It was established with effect from 27 January 1995 by a Resolution (hereinafter referred to as the Resolution) passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on 25 January 1995.

2. Accounting Policy

The accounts of the Civil Service Pension Reserve Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid.

3. Investments with the Exchange Fund

- (i) These are investments made under paragraph (f) of the Resolution.
- (ii) The investments represent the cost of investments together with the investment income received in the year being reported.
- (iii) The investment income is calculated, in accordance with an arrangement entered into with the Hong Kong Monetary Authority in 2007, on the basis of 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 (replacing the three-year Exchange Fund Notes with effect from 1 January 2016) for the previous year subject to a minimum of zero percent, whichever is the higher. The rate of return for the calendar year 2021 was 4.7% (2020: 3.7%). The annual investment income is receivable on 31 December each year.

4. Receipts

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income			
Investments with the Exchange Fund (Note (i) below)	3,035,000	3,022,497	1,503,437
Transfer from General Revenue	3,021,000	3,021,000	1,840,000
	<u>6,056,000</u>	<u>6,043,497</u>	<u>3,343,437</u>

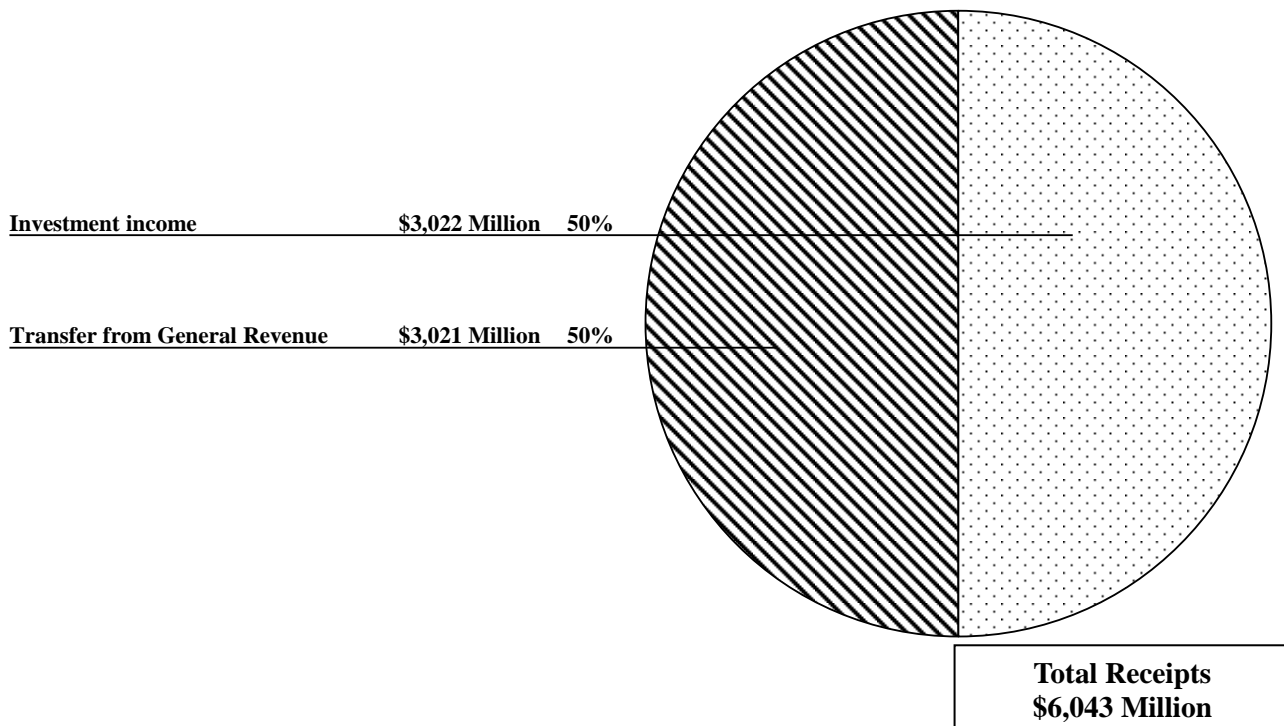
Civil Service Pension Reserve Fund

4. Receipts (Continued)

- (i) Pursuant to the Financial Secretary's directives, the investment incomes of the Fund for the calendar years 2014 and 2015 totalling \$2.46 billion (comprising \$0.97 billion for 2014 and \$1.49 billion for 2015), along with the investment incomes on other parts of the fiscal reserves for the two years, were set aside and retained within the Exchange Fund for the Housing Reserve, and not received in the respective financial years 2014-15 and 2015-16. The Housing Reserve was established in December 2014. As explained in the 2015-16 Budget Speech, the Housing Reserve is to provide financial resources to meet the ten-year public housing supply target. The investment income retained within the Exchange Fund earns the same rate of investment return as stipulated in Note 3(iii). The accumulated investment return was \$0.66 billion up to 31 December 2021 (2020: \$0.52 billion), including the investment return for the calendar year 2021 amounting to \$0.14 billion (2020: \$0.11 billion). As announced in the 2019-20 Budget Speech, the Housing Reserve would be brought back to the Government's accounts and recorded as investment income over four financial years from 2019-20 to 2022-23. At the same time, \$82.37 billion (the balance of the Housing Reserve as at 31 December 2018 which included \$2.79 billion from the Fund) was earmarked for public housing development.

During the financial year 2021-22, \$0.93 billion (2021: Nil) was brought back from the Housing Reserve to the Fund and recorded as investment income. As at 31 March 2022, the investment incomes and the accumulated investment return (i.e. up to calendar year 2021) not received and recorded by the Fund and retained for the Housing Reserve totalled \$2.19 billion (2021: \$2.98 billion).

Analysis of Receipts for the year ended 31 March 2022



Civil Service Pension Reserve Fund

5. Other Cash Movements

These are cash movements arising from changes in other assets and liabilities:

	2022 \$'000	2021 \$'000
Increase in Assets		
Investments with the Exchange Fund	<u>6,043,497</u>	<u>3,343,437</u>

Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Disaster Relief Fund

Independent Auditor's Report To the President of the Legislative Council

Opinion

I certify that I have examined and audited the financial statements of the Disaster Relief Fund set out on pages 60 to 65, which comprise the statement of assets and liabilities as at 31 March 2022, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Disaster Relief Fund are prepared, in all material respects, in accordance with the Public Finance Ordinance (Cap. 2) and section 11(1) of the Audit Ordinance (Cap. 122).

Basis for opinion

I conducted my audit in accordance with section 12(1) of the Audit 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 have fulfilled the independence and 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 is responsible for the other information. The other information comprises all the information included in the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022 published by the Treasury, 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

In accordance with section 16(1) of the Public Finance Ordinance, the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

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 Disaster Relief Fund's internal control; and

- evaluate the appropriateness of accounting policies used by the Director of Accounting Services.

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

Prof. LAM Chi Yuen Nelson
Director of Audit

26 October 2022

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

Disaster Relief Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Assets			
Investments with the Exchange Fund	3	<u>71,782</u>	<u>27,480</u>
Representing:			
Fund Balance			
Balance at beginning of year		27,480	36,331
Surplus/(Deficit) for the year		<u>44,302</u>	<u>(8,851)</u>
Balance at end of year		<u>71,782</u>	<u>27,480</u>

Notes 1 to 6 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Disaster Relief Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Cash and bank balances at beginning of year		-	-
Receipts	4	73,511	63,623
Payments	5	(29,209)	(72,474)
Surplus/(Deficit) for the year		44,302	(8,851)
Other cash movements	6	(44,302)	8,851
Cash and bank balances at end of year		-	-

Notes 1 to 6 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Disaster Relief Fund

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars, unless otherwise stated)

1. Purpose and Legislation

The Disaster Relief Fund provides a ready mechanism for Hong Kong to respond swiftly to international appeals for humanitarian aid in relief of disasters that occur outside Hong Kong. It was established with effect from 1 December 1993 by a Resolution (hereinafter referred to as the Resolution) passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on the same date.

2. Accounting Policy

The accounts of the Disaster Relief Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid.

3. Investments with the Exchange Fund

- (i) These are investments made under paragraph (i) of the Resolution.
- (ii) The investments represent the cost of investments together with the investment income received in the year being reported.
- (iii) The investment income is calculated, in accordance with an arrangement entered into with the Hong Kong Monetary Authority in 2007, on the basis of 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 (replacing the three-year Exchange Fund Notes with effect from 1 January 2016) for the previous year subject to a minimum of zero percent, whichever is the higher. The rate of return for the calendar year 2021 was 4.7% (2020: 3.7%). The annual investment income is receivable on 31 December each year.

4. Receipts

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income			
Investments with the Exchange Fund (Note (i) below)	5,000	4,490	2,176
Transfer from General Revenue	68,000	68,000	59,000
Refund of grants	-	1,021	2,447
	<u>73,000</u>	<u>73,511</u>	<u>63,623</u>

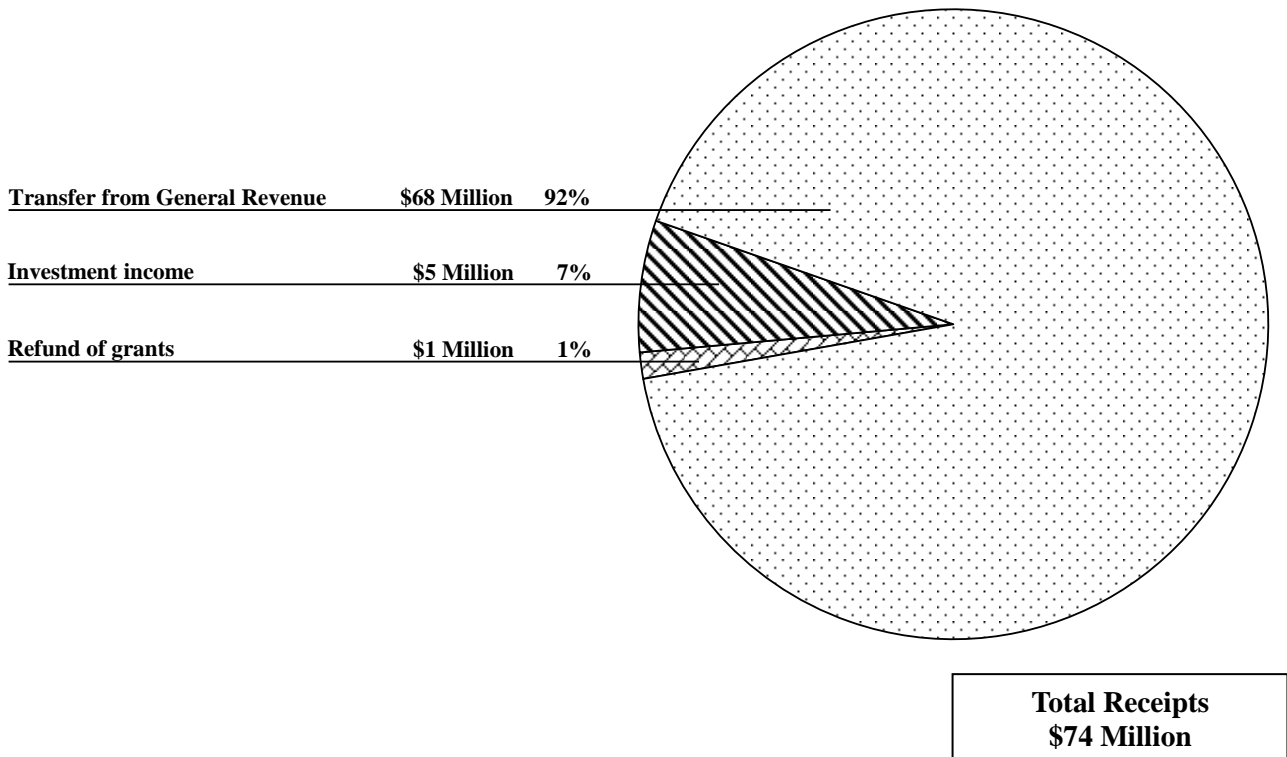
Disaster Relief Fund

4. Receipts (Continued)

- (i) Pursuant to the Financial Secretary's directives, the investment incomes of the Fund for the calendar years 2014 and 2015 totalling \$2.32 million (comprising \$1.06 million for 2014 and \$1.26 million for 2015), along with the investment incomes on other parts of the fiscal reserves for the two years, were set aside and retained within the Exchange Fund for the Housing Reserve, and not received in the respective financial years 2014-15 and 2015-16. The Housing Reserve was established in December 2014. As explained in the 2015-16 Budget Speech, the Housing Reserve is to provide financial resources to meet the ten-year public housing supply target. The investment income retained within the Exchange Fund earns the same rate of investment return as stipulated in Note 3(iii). The accumulated investment return was \$0.63 million up to 31 December 2021 (2020: \$0.5 million), including the investment return for the calendar year 2021 amounting to \$0.13 million (2020: \$0.1 million). As announced in the 2019-20 Budget Speech, the Housing Reserve would be brought back to the Government's accounts and recorded as investment income over four financial years from 2019-20 to 2022-23. At the same time, \$82.37 billion (the balance of the Housing Reserve as at 31 December 2018 which included \$2.64 million from the Fund) was earmarked for public housing development.

During the financial year 2021-22, \$1 million (2021: Nil) was brought back from the Housing Reserve to the Fund and recorded as investment income. As at 31 March 2022, the investment incomes and the accumulated investment return (i.e. up to calendar year 2021) not received and recorded by the Fund and retained for the Housing Reserve totalled \$1.95 million (2021: \$2.82 million).

Analysis of Receipts for the year ended 31 March 2022

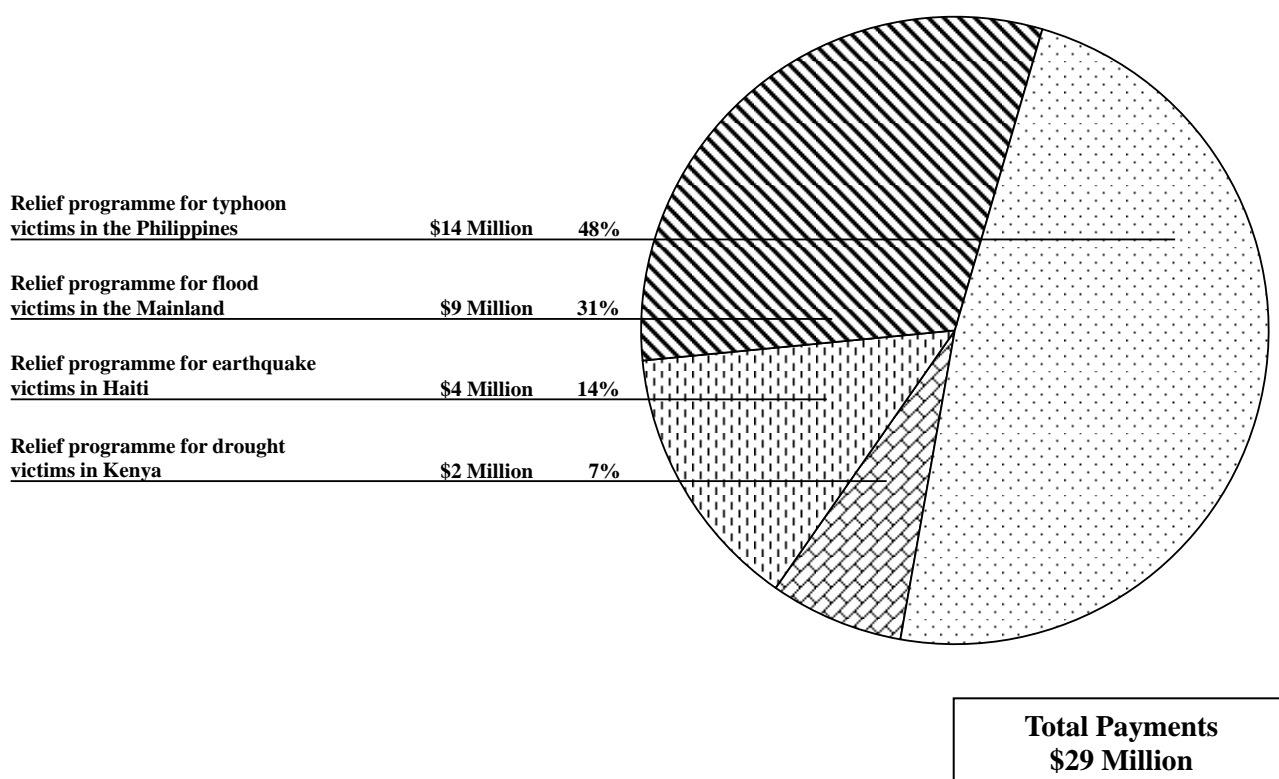


Disaster Relief Fund

5. Payments

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Relief programmes for			
typhoon victims in the Philippines	-	14,133	10,225
flood victims in the Mainland	-	8,519	12,707
earthquake victims in Haiti	-	4,347	-
drought victims in Kenya	-	2,210	-
cyclone victims in India	-	-	25,593
cyclone victims in Bangladesh	-	-	9,274
flood victims in Bangladesh	-	-	9,045
flood victims in Vietnam	-	-	5,630
	-	29,209	72,474

Analysis of Payments for the year ended 31 March 2022



Disaster Relief Fund

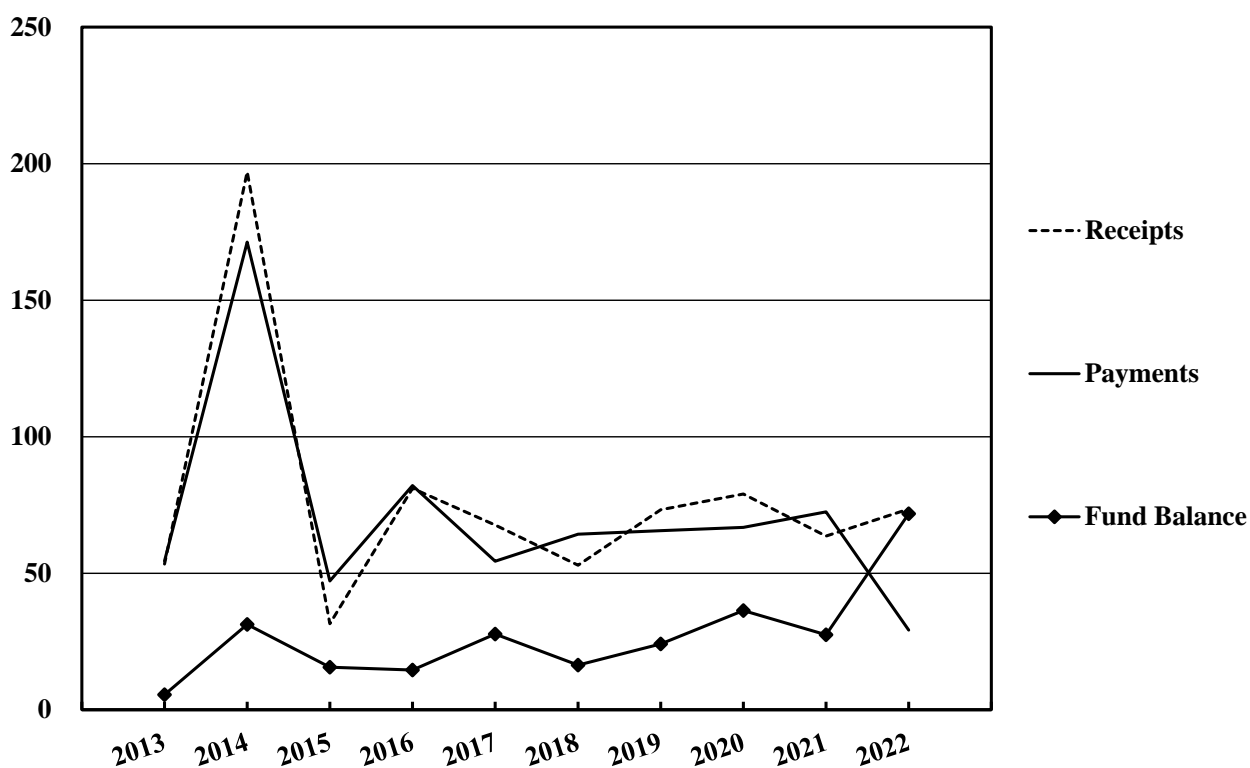
6. Other Cash Movements

These are cash movements arising from changes in other assets and liabilities:

	2022 \$'000	2021 \$'000
(Increase)/Reduction in Assets		
Investments with the Exchange Fund	<u>(44,302)</u>	<u>8,851</u>

Receipts, Payments and Fund Balance for the years ended 31 March 2013 to 2022

\$Million



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Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Innovation and Technology Fund

Independent Auditor's Report

To the President of the Legislative Council

Opinion

I certify that I have examined and audited the financial statements of the Innovation and Technology Fund set out on pages 70 to 75, which comprise the statement of assets and liabilities as at 31 March 2022, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Innovation and Technology Fund are prepared, in all material respects, in accordance with the Public Finance Ordinance (Cap. 2) and section 11(1) of the Audit Ordinance (Cap. 122).

Basis for opinion

I conducted my audit in accordance with section 12(1) of the Audit 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 have fulfilled the independence and 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 is responsible for the other information. The other information comprises all the information included in the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022 published by the Treasury, 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

In accordance with section 16(1) of the Public Finance Ordinance, the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

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 Innovation and Technology Fund's internal control; and

- evaluate the appropriateness of accounting policies used by the Director of Accounting Services.

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

Prof. LAM Chi Yuen Nelson
Director of Audit

26 October 2022

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

Innovation and Technology Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Assets			
Investments with the Exchange Fund	3	25,819,214	23,002,186
Cash and bank balances		1	706
		<u>25,819,215</u>	<u>23,002,892</u>
Representing:			
Fund Balance			
Balance at beginning of year		23,002,892	24,833,071
Surplus/(Deficit) for the year		2,816,323	(1,830,179)
Balance at end of year	4	<u>25,819,215</u>	<u>23,002,892</u>

Notes 1 to 7 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Innovation and Technology Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Cash and bank balances at beginning of year		706	1
Receipts	5	6,463,758	2,966,288
Payments	6	(3,647,435)	(4,796,467)
Surplus/(Deficit) for the year		2,816,323	(1,830,179)
Other cash movements	7	(2,817,028)	1,830,884
Cash and bank balances at end of year		1	706

Notes 1 to 7 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Innovation and Technology Fund

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars, unless otherwise stated)

1. Purpose and Legislation

The Innovation and Technology Fund finances projects that contribute to innovation and technology upgrading in the manufacturing and service industries, as well as those that contribute to the upgrading and development of the manufacturing and service industries. It was established with effect from 30 June 1999 by a Resolution (hereinafter referred to as the Resolution) passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on the same date.

2. Accounting Policy

The accounts of the Innovation and Technology Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid.

3. Investments with the Exchange Fund

- (i) These are investments made under paragraph 6 of the Resolution.
- (ii) The investments represent the cost of investments together with the investment income received in the year being reported.
- (iii) The investment income is calculated, in accordance with an arrangement entered into with the Hong Kong Monetary Authority in 2007, on the basis of 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 (replacing the three-year Exchange Fund Notes with effect from 1 January 2016) for the previous year subject to a minimum of zero percent, whichever is the higher. The rate of return for the calendar year 2021 was 4.7% (2020: 3.7%). The annual investment income is receivable on 31 December each year.

4. Commitments

The approved grants that were unpaid were as follows:

	2022 \$'000	2021 \$'000
Grants	<u>15,361,416</u>	<u>17,114,669</u>

Innovation and Technology Fund

5. Receipts

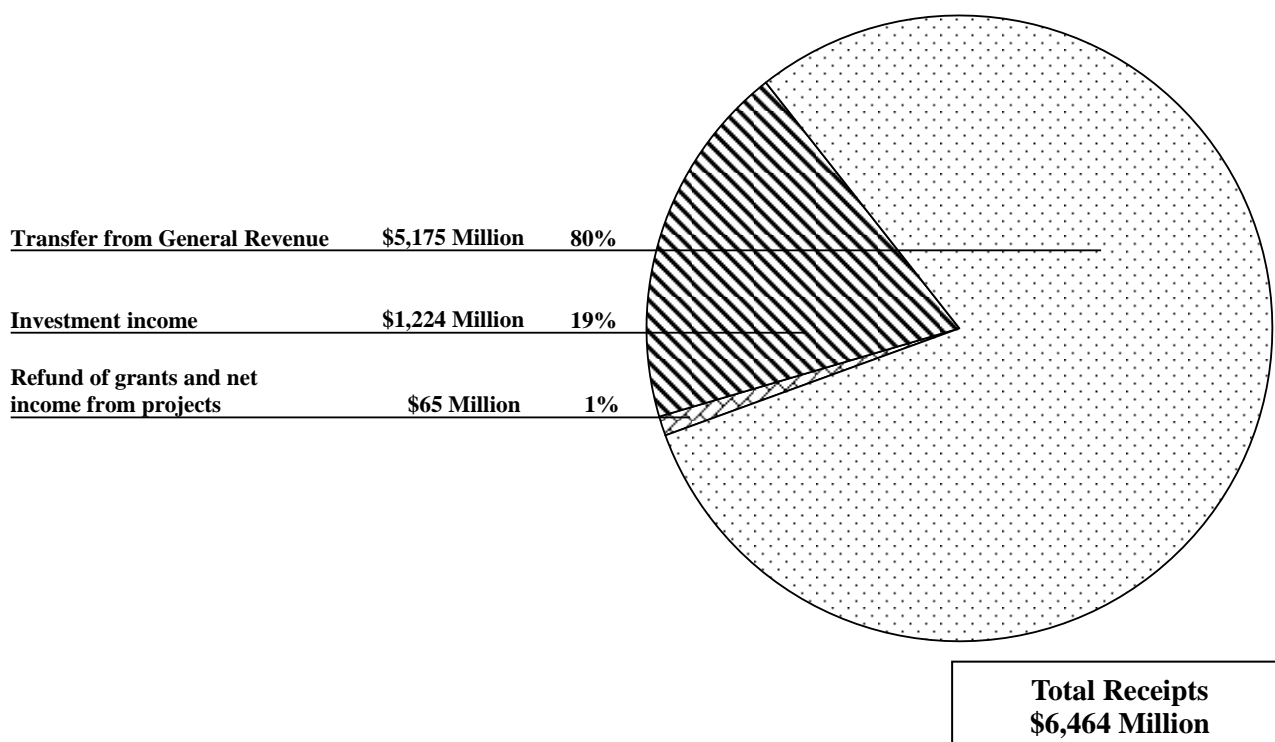
	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income			
Investments with the Exchange Fund (Note (i) below)	-	1,217,687	915,599
Others	-	6,559	5,372
	1,027,000	1,224,246	920,971
Net income from projects	72	94	268
Refund of grants	-	64,418	45,049
Transfer from General Revenue	-	5,175,000	2,000,000
	<u>1,027,072</u>	<u>6,463,758</u>	<u>2,966,288</u>

- (i) Pursuant to the Financial Secretary's directives, the investment incomes of the Fund for the calendar years 2014 and 2015 totalling \$97 million (comprising \$57 million for 2014 and \$40 million for 2015), along with the investment incomes on other parts of the fiscal reserves for the two years, were set aside and retained within the Exchange Fund for the Housing Reserve, and not received in the respective financial years 2014-15 and 2015-16. The Housing Reserve was established in December 2014. As explained in the 2015-16 Budget Speech, the Housing Reserve is to provide financial resources to meet the ten-year public housing supply target. The investment income retained within the Exchange Fund earns the same rate of investment return as stipulated in Note 3(iii). The accumulated investment return was \$26 million up to 31 December 2021 (2020: \$21 million), including the investment return for the calendar year 2021 amounting to \$5 million (2020: \$4 million). As announced in the 2019-20 Budget Speech, the Housing Reserve would be brought back to the Government's accounts and recorded as investment income over four financial years from 2019-20 to 2022-23. At the same time, \$82.37 billion (the balance of the Housing Reserve as at 31 December 2018 which included \$111 million from the Fund) was earmarked for public housing development.

During the financial year 2021-22, \$37 million (2021: Nil) was brought back from the Housing Reserve to the Fund and recorded as investment income. As at 31 March 2022, the investment incomes and the accumulated investment return (i.e. up to calendar year 2021) not received and recorded by the Fund and retained for the Housing Reserve totalled \$86 million (2021: \$118 million).

Innovation and Technology Fund

Analysis of Receipts for the year ended 31 March 2022



6. Payments

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Grants	5,062,104	3,647,435	4,796,467

7. Other Cash Movements

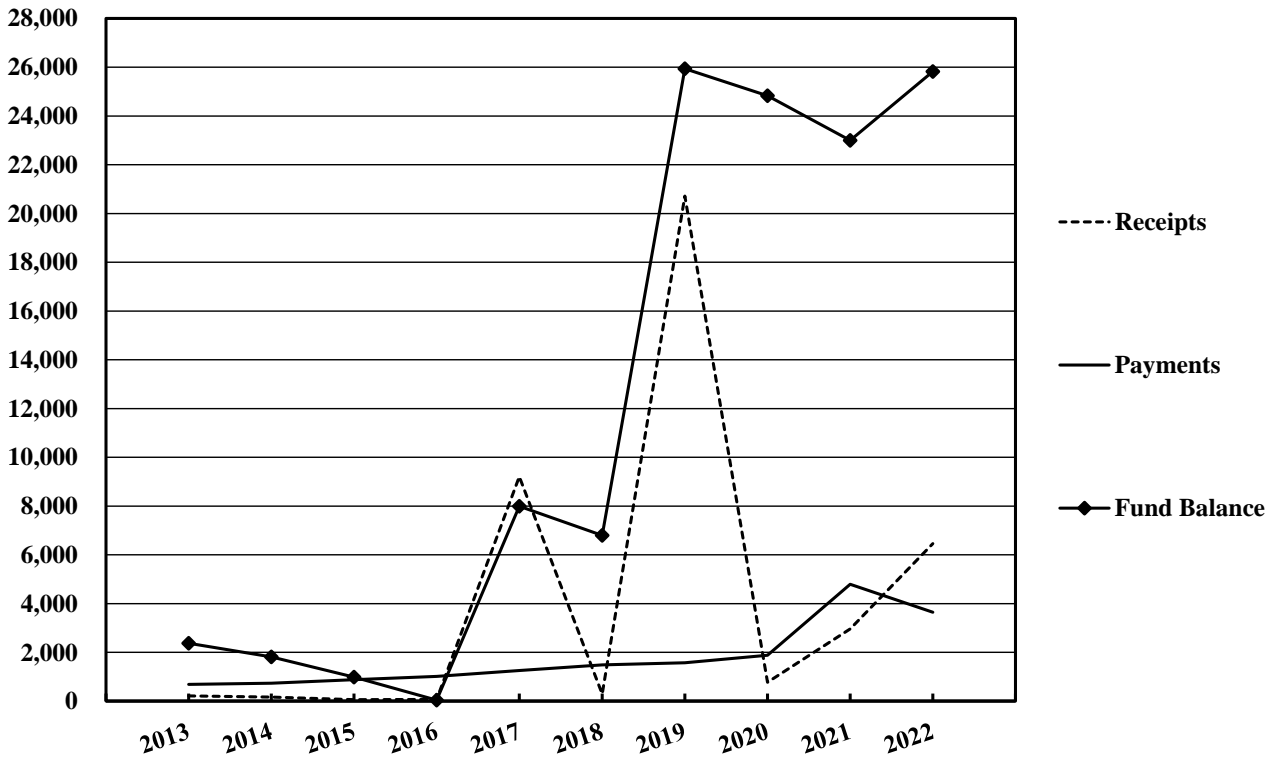
These are cash movements arising from changes in other assets and liabilities:

	2022 \$'000	2021 \$'000
(Increase)/Reduction in Assets		
Investments with the Exchange Fund	(2,817,028)	1,830,884

Innovation and Technology Fund

Receipts, Payments and Fund Balance for the years ended 31 March 2013 to 2022

\$Million



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Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Land Fund

Independent Auditor's Report To the President of the Legislative Council

Opinion

I certify that I have examined and audited the financial statements of the Land Fund set out on pages 80 to 84, which comprise the statement of assets and liabilities as at 31 March 2022, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Land Fund are prepared, in all material respects, in accordance with the Public Finance Ordinance (Cap. 2) and section 11(1) of the Audit Ordinance (Cap. 122).

Basis for opinion

I conducted my audit in accordance with section 12(1) of the Audit 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 have fulfilled the independence and 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 is responsible for the other information. The other information comprises all the information included in the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022 published by the Treasury, 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

In accordance with section 16(1) of the Public Finance Ordinance, the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

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 Land Fund's internal control; and

- evaluate the appropriateness of accounting policies used by the Director of Accounting Services.

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

Prof. LAM Chi Yuen Nelson
Director of Audit

26 October 2022

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

Land Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Assets			
Investments with the Exchange Fund	3	237,867,269	200,190,794
Other investments	4	19,500,000	19,500,000
		<u>257,367,269</u>	<u>219,690,794</u>
Representing:			
Fund Balance			
Balance at beginning of year		219,690,794	219,729,659
Surplus/(Deficit) for the year		37,676,475	(38,865)
Balance at end of year	5	<u>257,367,269</u>	<u>219,690,794</u>

Notes 1 to 8 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Land Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Cash and bank balances at beginning of year		-	-
Receipts	6	37,677,000	-
Payments	7	(525)	(38,865)
Surplus/(Deficit) for the year		37,676,475	(38,865)
Other cash movements	8	(37,676,475)	38,865
Cash and bank balances at end of year		-	-

Notes 1 to 8 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Land Fund

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars, unless otherwise stated)

1. Purpose and Legislation

The Land Fund was set up with effect from 1 July 1997 by a Resolution (hereinafter referred to as the Resolution) passed by the then Provisional Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) in July 1997. The Hong Kong Monetary Authority has been directed by the Financial Secretary to manage the investment of the Fund's assets. From 1 July 1997 to 31 October 1998, the assets of the Fund were managed as a separate portfolio. From 1 November 1998 to 31 December 2015, the assets of the Fund were merged into the Exchange Fund and invested in the same way as the other fiscal reserves placed with the Exchange Fund. With effect from 1 January 2016, the assets of the Fund have been held as a notional savings account within the fiscal reserves called the Future Fund for placement with the Exchange Fund for securing higher investment returns over a ten-year investment period (Note 3(iv)). In 2020-21, part of the Future Fund was allocated for investment in Cathay Pacific Airways Limited (Note 4).

2. Accounting Policy

The accounts of the Land Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid. The Statement of Assets and Liabilities includes investments made under the Resolution.

3. Investments with the Exchange Fund

- (i) These are investments made under paragraph 7 of the Resolution.
- (ii) The investments represent the cost of investments together with the investment income received in the year being reported.
- (iii) Between 1 April 2007 and 31 December 2015, the investment income was calculated, in accordance with an arrangement entered into with the Hong Kong Monetary Authority in 2007, on the basis of 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 Exchange Fund Notes (replaced by three-year government bond with effect from 1 January 2016) for the previous year subject to a minimum of zero percent, whichever was the higher.
- (iv) With effect from 1 January 2016, the assets of the Land Fund have been held as a notional savings account within the fiscal reserves called the Future Fund. The Future Fund balance (other than the part mentioned in Note 4) is placed with the Exchange Fund for securing higher investment returns over a ten-year investment period in accordance with an arrangement entered into with the Hong Kong Monetary Authority in December 2015. Investment return on the Future Fund placement with the Exchange Fund is determined annually based on a composite rate (17.8% and 12.3% for the calendar years 2021 and 2020 respectively) computed on a weighted average basis with reference to the agreed rate under the Investment Portfolio (Note (iii) above) and the annual rate of return linked with the performance of the Long-Term Growth Portfolio. The Future Fund, together with investment return not received and compounded on an annual basis, is retained within the Exchange Fund until 31 December 2025 or upon decision of the Financial Secretary for withdrawal, whichever is the earlier. In respect of the Land Fund portion of \$237.87 billion (2020: \$200.19 billion), such accumulated investment return not received as revenue amounted to \$165.36 billion as at 31 December 2021 (2020: \$108.16 billion), including the investment return for the calendar year 2021 of \$57.2 billion (2020: \$36.32 billion). As announced in the 2021-22 Budget Speech, the accumulated investment return on the Future Fund would be brought back to the Government's accounts and recorded as investment income on a progressive basis starting from 2021-22. During the financial year 2021-22, \$25 billion (2021: Nil), being part of the accumulated investment return of \$165.36 billion on the Future Fund attributable to the Land Fund was brought back and recorded as investment income of the Land Fund. Such amount was placed with the Exchange Fund as the principal balance of the Future Fund and subject to the same term as the outstanding tenure of the Future Fund.

Land Fund

4. Other investments

In June 2020, in a bid to uphold Hong Kong's status as an international aviation hub, the Financial Secretary exercised his authority under the Resolution to allocate \$27.3 billion of the Land Fund (via the Future Fund) to invest in Cathay Pacific Airways Limited. On 12 August 2020, \$19.5 billion was drawn from the assets of the Land Fund placed with the Exchange Fund for the investment in Cathay Pacific Airways Limited. The investment would remain as a part of the Future Fund (Note 3(iv)). The investment is held by Aviation 2020 Limited, a dedicated company wholly-owned by the Financial Secretary Incorporated as established under the Financial Secretary Incorporation Ordinance (Cap. 1015).

	2022 \$'000	2021 \$'000
Aviation 2020 Limited	<u>19,500,000</u>	<u>19,500,000</u>

- (i) The investment represents the cost of investment.
- (ii) The investment represents \$19.5 billion of preference shares with detachable warrants of Cathay Pacific Airways Limited.

5. Commitments

The approved investment that was unpaid was as follows:

	2022 \$'000	2021 \$'000
Aviation 2020 Limited	<u>7,800,000</u>	<u>7,800,000</u>

- (i) The commitment represents the amount earmarked for a bridge loan to Cathay Pacific Airways Limited for drawdown in accordance with a facility agreement.

6. Receipts

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income			
Investments with the Exchange Fund (Note (i) below)	37,679,000	37,677,000	-
	<u>37,679,000</u>	<u>37,677,000</u>	<u>-</u>

Land Fund

6. Receipts (Continued)

- (i) Pursuant to the Financial Secretary's directives, the investment incomes of the Land Fund for the calendar years 2014 and 2015 totalling \$19.99 billion (comprising \$7.91 billion for 2014 and \$12.08 billion for 2015), along with the investment incomes on other parts of the fiscal reserves for the two years, were set aside and retained within the Exchange Fund for the Housing Reserve, and not received in the respective financial years 2014-15 and 2015-16. The Housing Reserve was established in December 2014. As explained in the 2015-16 Budget Speech, the Housing Reserve is to provide financial resources to meet the ten-year public housing supply target. The investment income retained within the Exchange Fund earns the same rate of investment return as stipulated in Note 3(iii). The accumulated investment return was \$5.37 billion up to 31 December 2021 (2020: \$4.23 billion), including the investment return for the calendar year 2021 amounting to \$1.14 billion (2020: \$0.87 billion). As announced in the 2019-20 Budget Speech, the Housing Reserve would be brought back to the Government's accounts and recorded as investment income over four financial years from 2019-20 to 2022-23. The rate of investment return for the calendar year 2021 was 4.7% (2020: 3.7%). At the same time, \$82.37 billion (the balance of the Housing Reserve as at 31 December 2018 which included \$22.7 billion from the Fund) was earmarked for public housing development.

During the financial year 2021-22, \$12.68 billion (2021: Nil) was brought back from the Housing Reserve to the Fund and recorded as investment income. Such amount was placed with the Exchange Fund as the principal balance of the Future Fund (Note 3(iv)) and subject to the same term as the outstanding tenure of the Future Fund. As at 31 March 2022, the investment incomes and the accumulated investment return (i.e. up to calendar year 2021) not received and recorded by the Fund and retained for the Housing Reserve totalled \$12.68 billion (2021: \$24.22 billion).

7. Payments

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Operating expenses	1,500	525	38,865

8. Other Cash Movements

These are cash movements arising from changes in other assets and liabilities:

	2022 \$'000	2021 \$'000
(Increase)/Reduction in Assets		
Investments with the Exchange Fund	(37,676,475)	19,538,865
Other investments	-	(19,500,000)
	(37,676,475)	38,865

Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Loan Fund

Independent Auditor's Report To the President of the Legislative Council

Opinion

I certify that I have examined and audited the financial statements of the Loan Fund set out on pages 88 to 95, which comprise the statement of assets and liabilities as at 31 March 2022, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Loan Fund are prepared, in all material respects, in accordance with the Public Finance Ordinance (Cap. 2) and section 11(1) of the Audit Ordinance (Cap. 122).

Basis for opinion

I conducted my audit in accordance with section 12(1) of the Audit 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 have fulfilled the independence and 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 is responsible for the other information. The other information comprises all the information included in the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022 published by the Treasury, 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

In accordance with section 16(1) of the Public Finance Ordinance, the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

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 Loan Fund's internal control; and

- evaluate the appropriateness of accounting policies used by the Director of Accounting Services.

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

Prof. LAM Chi Yuen Nelson
Director of Audit

26 October 2022

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

Loan Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Assets			
Loans Outstanding	3		
Housing loans		4,020,626	3,743,230
Education loans		22,359,857	19,795,981
Other loans		10,577,546	10,597,269
		36,958,029	34,136,480
Net Current Assets			
Current Assets			
Investments with the Exchange Fund	4	3,969,552	4,359,129
Cash and bank balances		2,320	2,201
		3,971,872	4,361,330
Current Liabilities			
Deposits	5	(140,488)	(105,876)
		3,831,384	4,255,454
		40,789,413	38,391,934
Representing:			
Total Fund Balance			
Applied Fund	6	36,958,029	34,136,480
Available Fund			
Balance at beginning of year		4,255,454	4,644,941
Deficit for the year		(424,070)	(389,487)
Balance at end of year		3,831,384	4,255,454
	8	40,789,413	38,391,934

Notes 1 to 11 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Loan Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Cash and bank balances at beginning of year		2,201	12,300
Receipts	9	2,985,136	2,347,361
Payments	10	(3,409,206)	(2,736,848)
Deficit for the year		(424,070)	(389,487)
Other cash movements	11	424,189	379,388
Cash and bank balances at end of year		2,320	2,201

Notes 1 to 11 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Loan Fund

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars, unless otherwise stated)

1. Purpose and Legislation

The Loan Fund finances loans and advances for schemes of developments in Hong Kong and loans to students under schemes approved by the Finance Committee. It was established with effect from 1 April 1990 by a Resolution (hereinafter referred to as the Resolution) passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on 14 March 1990.

2. Accounting Policies

- (i) Subject to (ii) below, the accounts of the Loan Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid.
- (ii) The Statement of Assets and Liabilities is structured to show the overall financial position of the Fund including the total outstanding loans.

3. Loans Outstanding

	2022			2021		
	Housing Loans \$'000	Education Loans \$'000	Other Loans \$'000	Housing Loans \$'000	Education Loans \$'000	Other Loans \$'000
Balance at beginning of year	3,743,230	19,795,981	10,597,269	3,420,503	17,949,149	10,516,414
Additions						
Loan payments	358,065	2,937,938	113,203	385,671	2,254,988	96,189
Capitalised interest	34	22	127,195	31	436	222,661
	358,099	2,937,960	240,398	385,702	2,255,424	318,850
Deductions						
Loan repayments	(80,703)	(368,559)	(251,176)	(62,975)	(407,893)	(217,925)
Loans written off	-	(5,525)	(8,945)	-	(699)	(20,070)
	(80,703)	(374,084)	(260,121)	(62,975)	(408,592)	(237,995)
Balance at end of year	4,020,626	22,359,857	10,577,546	3,743,230	19,795,981	10,597,269

Loan Fund

4. Investments with the Exchange Fund

(i) These are investments and deposits held under paragraph 8 of the Resolution:

	2022 \$'000	2021 \$'000
Investments (Notes (ii) and (iii) below)	3,966,389	4,355,881
Deposits	3,163	3,248
	<u>3,969,552</u>	<u>4,359,129</u>

(ii) The investments represent the cost of investments together with the investment income received in the year being reported.

(iii) The investment income is calculated, in accordance with an arrangement entered into with the Hong Kong Monetary Authority in 2007, on the basis of 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 (replacing the three-year Exchange Fund Notes with effect from 1 January 2016) for the previous year subject to a minimum of zero percent, whichever is the higher. The rate of return for the calendar year 2021 was 4.7% (2020: 3.7%). The annual investment income is receivable on 31 December each year.

5. Deposits

These are moneys received from time to time from individuals or organisations for a variety of reasons and are in due course either repayable or transferable for credit to the Fund:

	2022 \$'000	2021 \$'000
Students	140,358	105,759
Others	130	117
	<u>140,488</u>	<u>105,876</u>

6. Applied Fund

This represents the outstanding loans made from the Fund under paragraph 6 of the Resolution.

7. Available Fund

This represents funds available for making loans under paragraph 6 of the Resolution.

8. Commitments

The commitments under loan schemes operating on revolving and non-revolving bases were as follows:

	2022 \$'000	2021 \$'000
Approved loans under loan schemes operating on non-revolving basis that were unpaid	1,317,481	2,441,201
Balance of approved loans operating on revolving basis available for granting of new loans	10,438,540	10,699,992
	<u>11,756,021</u>	<u>13,141,193</u>

Loan Fund

9. Receipts

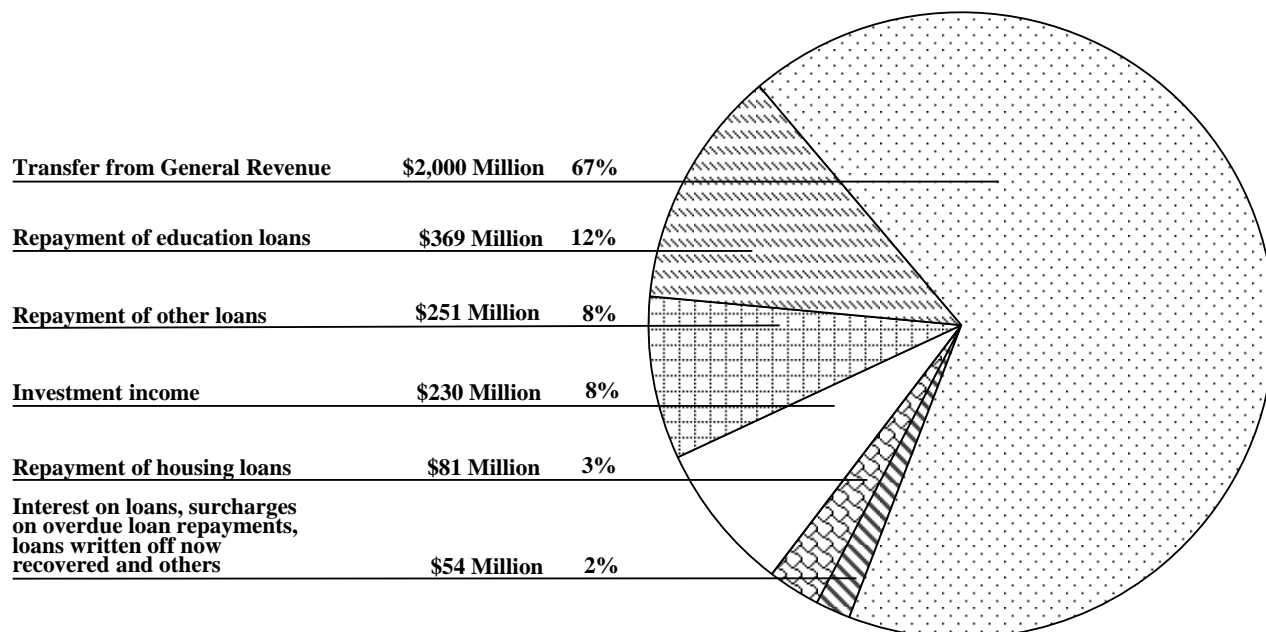
	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Loan repayments			
Housing loans	124,020	80,703	62,975
Education loans	148,409	368,559	407,893
Other loans	934,000	251,176	217,925
	1,206,429	700,438	688,793
Interest on loans	239,284	51,122	52,370
Investment income			
Investments with the Exchange Fund (Note (i) below)	-	230,465	159,140
Others	-	1	18
	195,000	230,466	159,158
Surcharges on overdue loan repayments	4,251	3,071	3,559
Loans written off now recovered	-	1	-
Others	-	38	31
Transfer from General Revenue	2,000,000	2,000,000	1,443,450
	<u>3,644,964</u>	<u>2,985,136</u>	<u>2,347,361</u>

- (i) Pursuant to the Financial Secretary's directives, the investment incomes of the Fund for the calendar years 2014 and 2015 totalling \$168 million (comprising \$52 million for 2014 and \$116 million for 2015), along with the investment incomes on other parts of the fiscal reserves for the two years, were set aside and retained within the Exchange Fund for the Housing Reserve, and not received in the respective financial years 2014-15 and 2015-16. The Housing Reserve was established in December 2014. As explained in the 2015-16 Budget Speech, the Housing Reserve is to provide financial resources to meet the ten-year public housing supply target. The investment income retained within the Exchange Fund earns the same rate of investment return as stipulated in Note 4(iii). The accumulated investment return was \$44 million up to 31 December 2021 (2020: \$35 million), including the investment return for the calendar year 2021 amounting to \$9 million (2020: \$7 million). As announced in the 2019-20 Budget Speech, the Housing Reserve would be brought back to the Government's accounts and recorded as investment income over four financial years from 2019-20 to 2022-23. At the same time, \$82.37 billion (the balance of the Housing Reserve as at 31 December 2018 which included \$190 million from the Fund) was earmarked for public housing development.

During the financial year 2021-22, \$63 million (2021: Nil) was brought back from the Housing Reserve to the Fund and recorded as investment income. As at 31 March 2022, the investment incomes and the accumulated investment return (i.e. up to calendar year 2021) not received and recorded by the Fund and retained for the Housing Reserve totalled \$149 million (2021: \$203 million).

Loan Fund

Analysis of Receipts for the year ended 31 March 2022



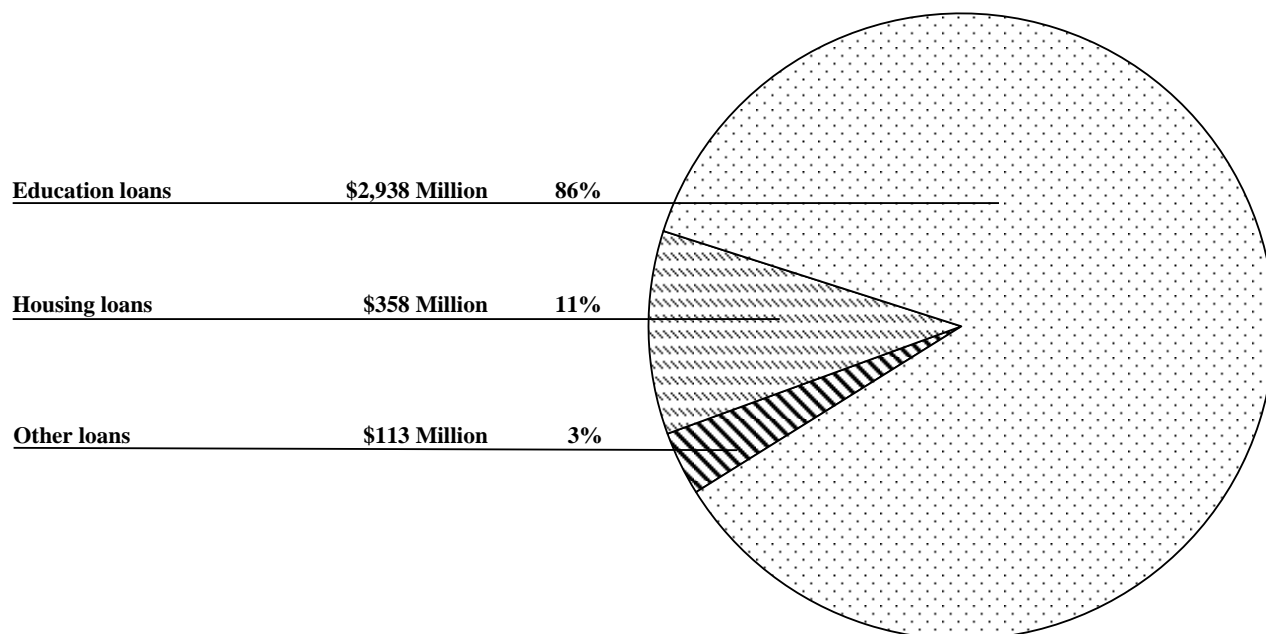
Total Receipts
\$2,985 Million

10. Payments

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Loan payments			
Housing loans	636,200	358,065	385,671
Education loans	1,974,163	2,937,938	2,254,988
Other loans	208,145	113,203	96,189
	<u>2,818,508</u>	<u>3,409,206</u>	<u>2,736,848</u>

Loan Fund

Analysis of Payments for the year ended 31 March 2022



Total Payments
\$3,409 Million

11. Other Cash Movements

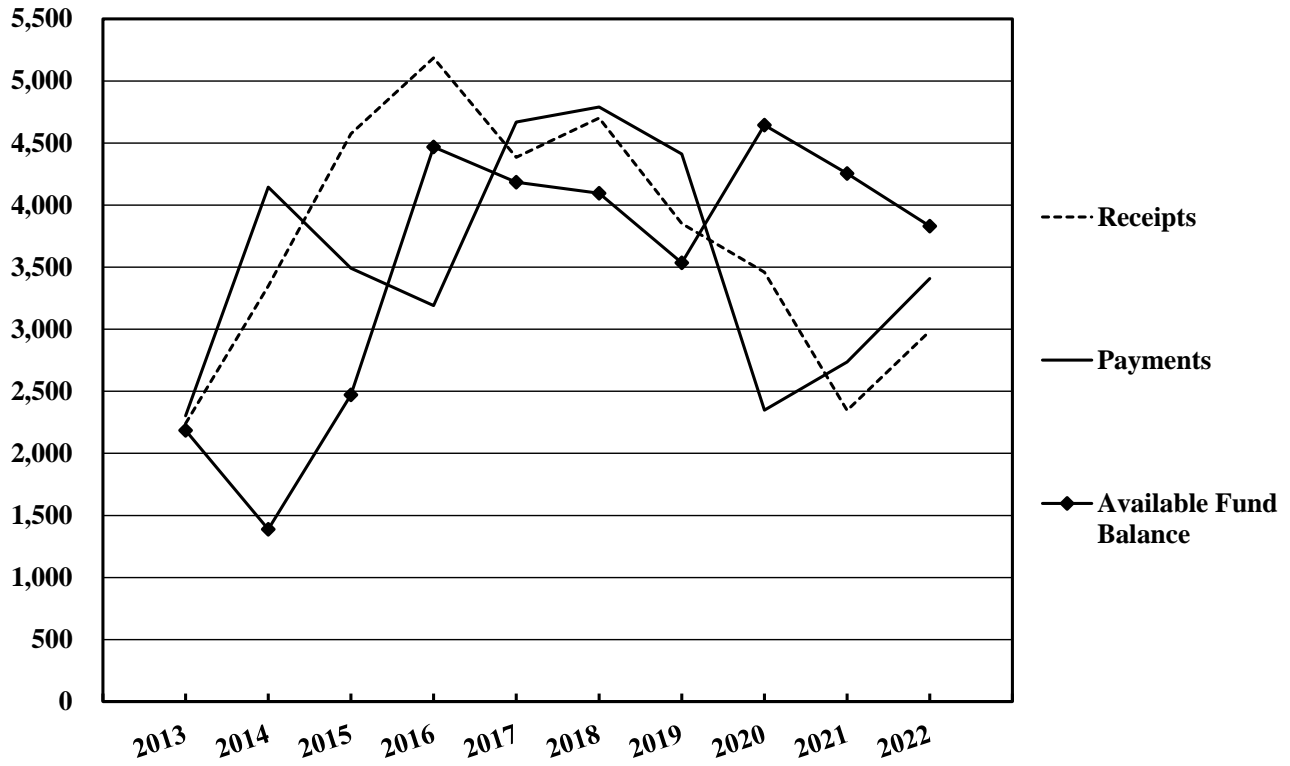
These are cash movements arising from changes in other assets and liabilities:

	2022 \$'000	2021 \$'000
Reduction in Assets		
Investments with the Exchange Fund	389,577	305,706
Increase in Liabilities		
Deposits	34,612	73,682
	<u>424,189</u>	<u>379,388</u>

Loan Fund

Receipts, Payments and Available Fund Balance for the years ended 31 March 2013 to 2022

\$Million



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Report of the Director of Audit



Audit Commission

The Government of the Hong Kong Special Administrative Region

Bond Fund

Independent Auditor's Report To the President of the Legislative Council

Opinion

I certify that I have examined and audited the financial statements of the Bond Fund set out on pages 100 to 107, which comprise the statement of assets and liabilities as at 31 March 2022, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Bond Fund are prepared, in all material respects, in accordance with the Public Finance Ordinance (Cap. 2) and section 11(1) of the Audit Ordinance (Cap. 122).

Basis for opinion

I conducted my audit in accordance with section 12(1) of the Audit 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 have fulfilled the independence and 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 is responsible for the other information. The other information comprises all the information included in the Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2022 published by the Treasury, 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

In accordance with section 16(1) of the Public Finance Ordinance, the Director of Accounting Services is responsible for the compilation and supervision of the accounts of the Government of the Hong Kong Special Administrative Region, for the management of accounting operations and procedures, and for ensuring that all regulations, directions or instructions made or given under the Public Finance Ordinance relating thereto and in respect of the safe custody of public moneys and its accounting are complied with.

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 Bond Fund's internal control; and

- evaluate the appropriateness of accounting policies used by the Director of Accounting Services.

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

Prof. LAM Chi Yuen Nelson
Director of Audit

26 October 2022

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

Bond Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Assets			
Investments with the Exchange Fund	3	210,025,996	152,849,221
Liabilities			
Deposits	4	(276)	(1,686)
		<u>210,025,720</u>	<u>152,847,535</u>
Representing:			
Fund Balance			
Balance at beginning of year		152,847,535	121,057,150
Surplus for the year		57,178,185	31,790,385
Balance at end of year	5, 6	<u>210,025,720</u>	<u>152,847,535</u>

Notes 1 to 9 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Bond Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
Cash and bank balances at beginning of year		-	-
Receipts	7	78,328,749	53,922,034
Payments	8	(21,150,564)	(22,131,649)
Surplus for the year		57,178,185	31,790,385
Other cash movements	9	(57,178,185)	(31,790,385)
Cash and bank balances at end of year		-	-

Notes 1 to 9 form part of these financial statements.

Ms Susanna CHEUNG
Director of Accounting Services
26 August 2022



Bond Fund

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars, unless otherwise stated)

1. Purpose and Legislation

The Bond Fund was established with effect from 10 July 2009 by a Resolution (hereinafter referred to as the Resolution) passed by the Legislative Council under section 29(1) of the Public Finance Ordinance (Cap. 2) on 8 July 2009. Sums raised under the Government Bond Programme are credited to the Bond Fund. The Hong Kong Monetary Authority has been directed by the Financial Secretary to, inter alia, assist in managing the investment concerning the Bond Fund.

2. Accounting Policies

- (i) The accounts of the Bond Fund are kept on a cash basis. Transactions are recorded when moneys are received or paid. The Statement of Assets and Liabilities of the Fund excludes outstanding liabilities in respect of sums borrowed under paragraph (c)(i) of the Resolution referred to in Note 5 below, and debtors and creditors other than those deposits referred to in Note 4 below.
- (ii) Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates.

3. Investments with the Exchange Fund

- (i) These are investments made under paragraph (e)(ii) of the Resolution.
- (ii) The investments represent the cost of investments together with the investment income received in the year being reported. The investment income is calculated, in accordance with a Memorandum of Understanding entered into with the Hong Kong Monetary Authority in 2014, on the basis of 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 rate of return for the calendar year 2021 was 4.7% (2020: 3.7%). The annual investment income is receivable on 31 December each year.

4. Deposits

This represents the accrued interest received from successful bidders on reopened government bonds and is to be paid as part of bond interest on the next interest payment date of the bonds:

	2022	2021
	\$'000	\$'000
Accrued interest received from successful bidders	<u>276</u>	<u>1,686</u>

5. Fund Balance

The Fund Balance includes receipts from sums borrowed for the purposes of the Bond Fund under the Loans Ordinance (Cap. 61) that are required to be credited to the Fund under paragraph (c)(i) of the Resolution. Repayments of the principal in relation to the outstanding liabilities in respect of sums borrowed are included in payments charged to the Fund under paragraphs (e)(i) and (ea)(i) of the Resolution. The liabilities totalling \$179.2 billion as at 31 March 2022 comprising the outstanding bonds with nominal value of \$171.37 billion and alternative bonds with nominal value of US\$1 billion (equivalent to \$7.83 billion as at 31 March 2022) are not included in the Statement of Assets and Liabilities (Note 6).

Bond Fund

6. Bonds Outstanding

In accordance with a resolution passed under section 3 of the Loans Ordinance in July 2021, the Government is authorized to borrow from any person from time to time for the purposes of the Bond Fund such sums not exceeding in total \$300 billion or equivalent, being the maximum amount of all borrowings made under paragraph (a) of this resolution that may be outstanding by way of principal at any time. The outstanding liabilities in respect of the sums borrowed under the Government Bond Programme are as follows:

	2022 \$'000	2021 \$'000
Bonds		
Balance at beginning of year	119,157,000	83,212,820
Issuance of bonds under		
Tender to institutional investors	20,000,000	18,400,000
Subscription to retail investors	50,000,000	30,000,000
	70,000,000	48,400,000
Repayment of bonds issued under		
Tender to institutional investors	(14,500,000)	(9,500,000)
Subscription to retail investors	(3,285,520)	(2,955,820)
	(17,785,520)	(12,455,820)
Balance at end of year	171,371,480	119,157,000
Alternative bonds (Note (i) below)		
Balance at beginning of year	7,776,000	15,508,500
Repayment of bonds	-	(7,753,000)
Foreign currency translation difference	51,500	20,500
	7,827,500	7,776,000
Balance at end of year (Note (ii) below)	179,198,980	126,933,000
Total outstanding bonds		

- (i) Alternative bonds are denominated in United States dollars.
- (ii) The outstanding alternative bonds are translated into Hong Kong dollars at the exchange rate ruling at the reporting date.

Bond Fund

6. Bonds Outstanding (Continued)

(iii) The maturities of the outstanding bonds are as follows:

	2022 \$'000	2021 \$'000
Bonds		
Within one year (Note (iv) below)	31,708,940	17,430,100
After one year but within two years (Note (v) below)	33,808,360	29,751,950
After two years but within five years (Note (vi) below)	78,254,180	51,874,950
After five years	27,600,000	20,100,000
	171,371,480	119,157,000
Alternative bonds (Notes (i) and (ii) above)		
After two years but within five years	7,827,500	-
After five years	-	7,776,000
	7,827,500	7,776,000
Total outstanding bonds	179,198,980	126,933,000

(iv) The outstanding bonds included Silver Bonds with nominal value of \$2.91 billion (2021: \$2.93 billion) which might be redeemed before maturity upon request from bond holders.

(v) The outstanding bonds included Silver Bonds with nominal value of \$14.81 billion (2021: \$2.95 billion) which might be redeemed before maturity upon request from bond holders.

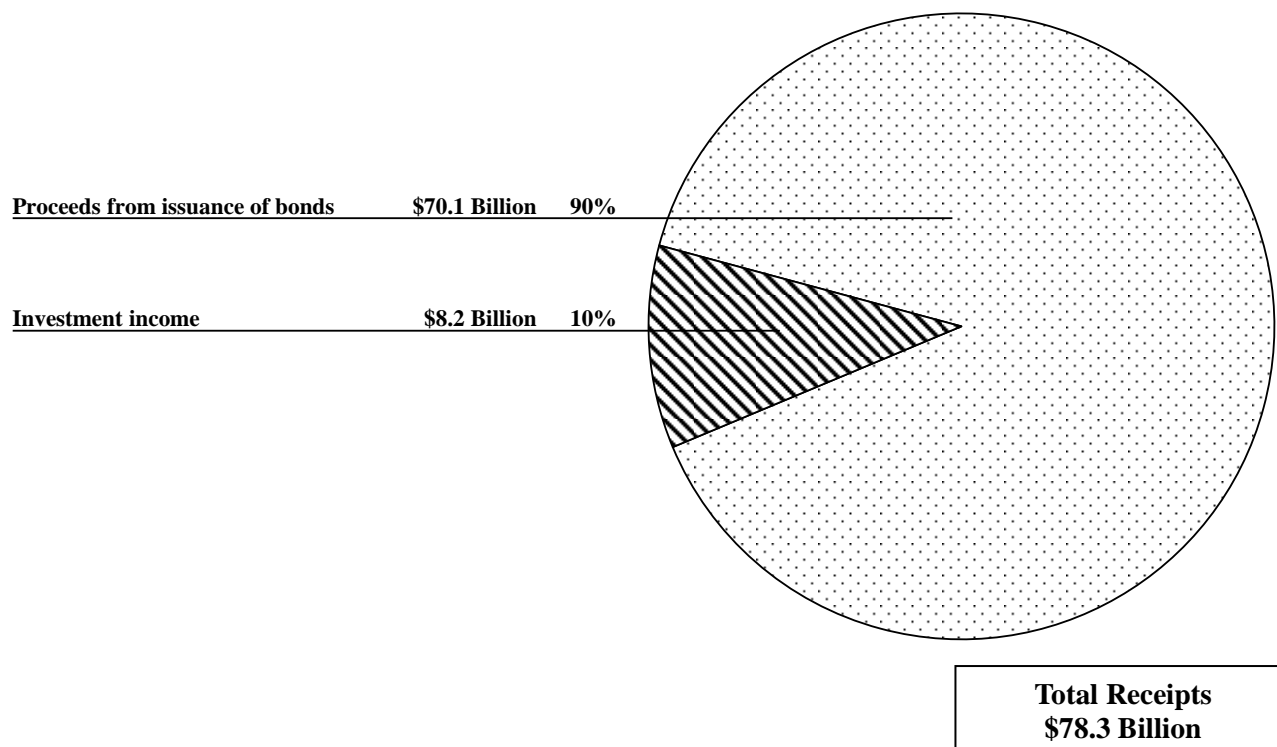
(vi) The outstanding bonds included Silver Bonds with nominal value of \$29.85 billion (2021: \$14.97 billion) which might be redeemed before maturity upon request from bond holders.

7. Receipts

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Proceeds from bonds issued under			
Tender or subscription	72,800,000	70,101,503	49,340,969
Bond swap facility	1,000,000	-	-
	73,800,000	70,101,503	49,340,969
Investment income			
Investments with the Exchange Fund	-	8,227,073	4,580,796
Others	-	173	269
	5,797,000	8,227,246	4,581,065
	79,597,000	78,328,749	53,922,034

Bond Fund

Analysis of Receipts for the year ended 31 March 2022

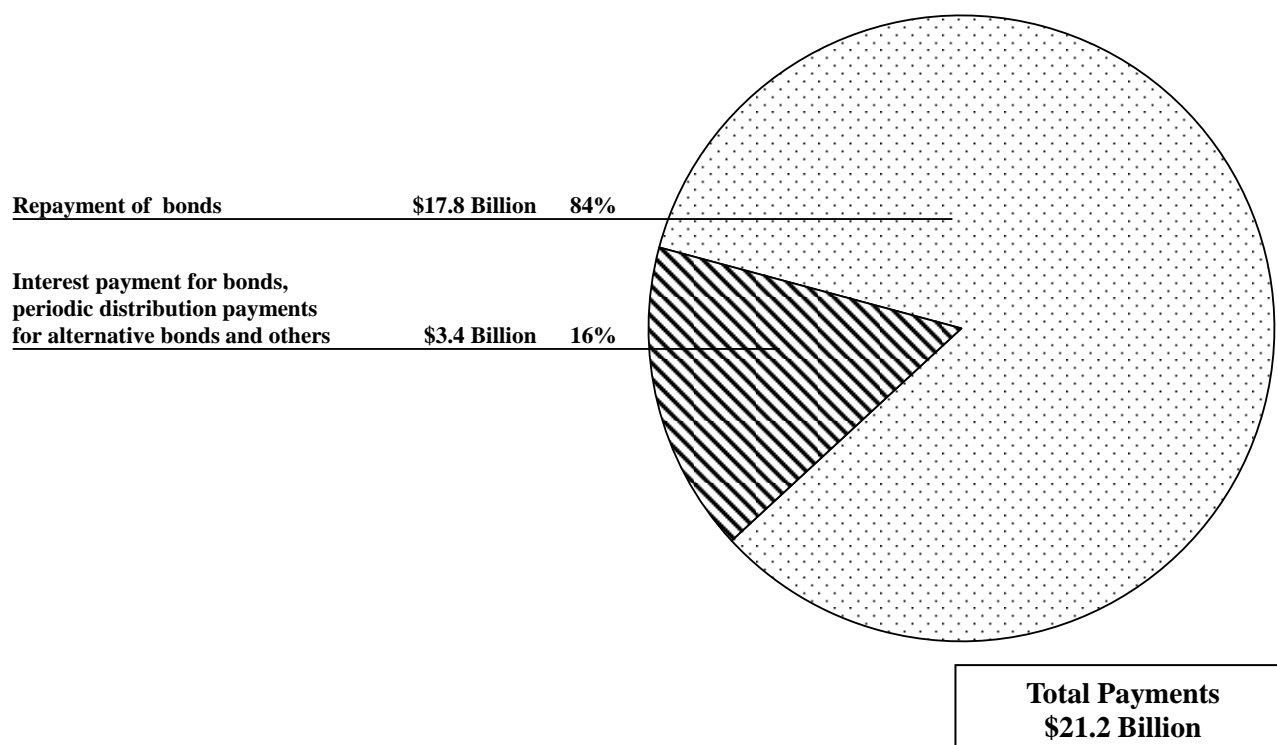


8. Payments

	2022		2021
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Repayment of bonds issued under			
Tender or subscription	18,132,580	17,785,520	12,455,820
Bond swap facility	1,000,000	-	-
	19,132,580	17,785,520	12,455,820
Repayment of alternative bonds	-	-	7,753,000
Interest payment for bonds	3,429,511	3,022,549	1,545,815
Periodic distribution payments for alternative bonds	244,296	244,067	316,207
Others	100,057	98,428	60,807
	<u>22,906,444</u>	<u>21,150,564</u>	<u>22,131,649</u>

Bond Fund

Analysis of Payments for the year ended 31 March 2022



9. Other Cash Movements

These are cash movements arising from changes in other assets and liabilities:

	2022 \$'000	2021 \$'000
Increase in Assets		
Investments with the Exchange Fund	57,176,775	31,789,461
Reduction in Liabilities		
Deposits	1,410	924
	<u>57,178,185</u>	<u>31,790,385</u>

Bond Fund

Receipts, Payments and Fund Balance for the years ended 31 March 2013 to 2022

\$Billion

