



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 2025

September 2025

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 2025



審計署署長
香港
金鐘道六十六號
金鐘道政府合署高座
六樓

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

圖文傳真 Facsimile : 2583 9063

電話 Telephone : 2867 3390

12 September 2025

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 2025, 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

CONTENTS

ACCOUNTS OF THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION FOR THE YEAR ENDED 31 MARCH 2025

	Page
General Revenue Account	
— Report of the Director of Audit	7
— Statement of Assets and Liabilities as at 31 March 2025	10
— Statement of Receipts and Payments for the year ended 31 March 2025	11
Capital Works Reserve Fund	
— Report of the Director of Audit	25
— Statement of Assets and Liabilities as at 31 March 2025	28
— Statement of Receipts and Payments for the year ended 31 March 2025	29
Capital Investment Fund	
— Report of the Director of Audit	39
— Statement of Assets and Liabilities as at 31 March 2025	42
— Statement of Receipts and Payments for the year ended 31 March 2025	43
Civil Service Pension Reserve Fund	
— Report of the Director of Audit	49
— Statement of Assets and Liabilities as at 31 March 2025	52
— Statement of Receipts and Payments for the year ended 31 March 2025	53
Disaster Relief Fund	
— Report of the Director of Audit	55
— Statement of Assets and Liabilities as at 31 March 2025	58
— Statement of Receipts and Payments for the year ended 31 March 2025	59

Innovation and Technology Fund

— Report of the Director of Audit	65
— Statement of Assets and Liabilities as at 31 March 2025	68
— Statement of Receipts and Payments for the year ended 31 March 2025	69

Land Fund

— Report of the Director of Audit	73
— Statement of Assets and Liabilities as at 31 March 2025	76
— Statement of Receipts and Payments for the year ended 31 March 2025	77

Loan Fund

— Report of the Director of Audit	83
— Statement of Assets and Liabilities as at 31 March 2025	86
— Statement of Receipts and Payments for the year ended 31 March 2025	87

Bond Fund

— Report of the Director of Audit	93
— Statement of Assets and Liabilities as at 31 March 2025	96
— Statement of Receipts and Payments for the year ended 31 March 2025	97

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 24, which comprise the statement of assets and liabilities as at 31 March 2025, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2025 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

11 September 2025

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 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Assets			
Investments with the Exchange Fund	3	173,702,401	154,322,056
Deposits with banks	4	462,374	485,070
Cash and bank balances	5	4,023,172	4,767,088
Advances	6	6,115,209	5,788,778
Suspense Accounts	7	56,423	74,639
		184,359,579	165,437,631
Liabilities			
Deposits	8	(24,700,860)	(23,473,134)
Suspense Accounts	7	(40,923)	(40,520)
		(24,741,783)	(23,513,654)
		159,617,796	141,923,977
Representing:			
General Revenue Balance			
Balance at beginning of year		141,923,977	249,555,146
Surplus/(Deficit) for the year		17,693,819	(107,631,169)
Balance at end of year	9, 10	159,617,796	141,923,977

Notes 1 to 13 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



General Revenue Account

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Cash and bank balances at beginning of year		4,767,088	3,466,182
Revenue	11	622,693,122	506,246,329
Expenditure	12	(604,999,303)	(613,877,498)
Surplus/(Deficit) for the year		17,693,819	(107,631,169)
Other cash movements	13	(18,437,735)	108,932,075
Cash and bank balances at end of year		4,023,172	4,767,088

Notes 1 to 13 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



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:

	2025 \$'000	2024 \$'000
Investments (Notes (ii) to (iv) below)	173,697,597	154,317,924
Deposits	4,804	4,132
	<u>173,702,401</u>	<u>154,322,056</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. In October 2022, the arrangement was extended for a further five-year period. Investment return on the Future Fund placement with the Exchange Fund is determined annually based on a composite rate (3.9% and 4.8% for the calendar years 2024 and 2023 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 2030 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 \$4.47 billion as at 31 December 2024 (2023: \$4.08 billion), including the investment return for the calendar year 2024 of \$0.39 billion (2023: \$0.39 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 2024-25, 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 (2024: Nil).
- (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 2024 was 3.7% (2023: 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:

	2025 \$'000	2024 \$'000
Hong Kong dollar	43,070	42,569
Foreign currency	419,304	442,501
	<u>462,374</u>	<u>485,070</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:

	2025 \$'000	2024 \$'000
Advances to Government officers	3,422,186	3,317,085
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	461,412	418,959
Others	1,069,620	890,743
	<u>6,115,209</u>	<u>5,788,778</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 2024-25, 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:

	2025 \$'000	2024 \$'000
Assets:		
Correctional Services Industries (Note (i) below)	34,575	41,924
Government Logistics Department — Unallocated Stores (Note (i) below)	21,314	32,181
The Financial Secretary Incorporated (Note (ii) below)	534	534
	<u>56,423</u>	<u>74,639</u>
Liabilities:		
The Special Coin (Note (iii) below)	(40,923)	(40,520)
Net balance	<u>15,500</u>	<u>34,119</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:

	2025 \$'000	2024 \$'000
Tax reserve certificates	14,936,939	13,795,055
Water deposits	2,100,541	2,073,008
Tenancy deposits	1,348,929	1,347,627
Tax overpayments	1,104,210	1,125,796
Legal aid deposits	918,704	913,306
Private works	383,822	410,199
Others	3,907,715	3,808,143
	<u>24,700,860</u>	<u>23,473,134</u>

9. Contingent Liabilities

As at 31 March 2025, the Government had the following contingent liabilities:

- (i) guarantees provided under the SME Financing Guarantee Scheme — 100% Guarantee Product amounting to \$79,433 million *(2024: \$98,664 million)*;
- (ii) guarantee to the Hong Kong Export Credit Insurance Corporation for liabilities under contracts of insurance amounting to \$54,623 million *(2024: \$46,211 million)*;
- (iii) guarantees provided under the SME Financing Guarantee Scheme — Special Concessionary Measures amounting to \$33,195 million *(2024: \$33,697 million)*;
- (iv) guarantees provided under the SME Financing Guarantee Scheme — 90% Guarantee Product amounting to \$13,973 million *(2024: \$12,040 million)*;
- (v) legal claims, disputes and proceedings amounting to \$3,781 million *(2024: \$3,631 million)*;
- (vi) guarantees provided under the SME Loan Guarantee Scheme amounting to \$418 million *(2024: \$981 million)*;
- (vii) guarantees provided under Dedicated 100% Loan Guarantee Scheme for Travel Sector amounting to \$203 million *(2024: \$204 million)*;
- (viii) guarantees provided under the Special Loan Guarantee Scheme amounting to \$58 million *(2024: \$150 million)*; and
- (ix) guarantees provided under Dedicated 100% Loan Guarantee Scheme for Battery Electric Taxis amounting to \$32 million *(2024: Nil)*.

General Revenue Account

10. Commitments

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

	2025	2024
	\$'000	\$'000
Non-recurrent expenditure	132,350,715	105,630,011
Plant, vehicles and equipment	16,638,651	15,166,485
Capital subventions	3,020,688	2,881,821
Capital works	386,310	256,509
	152,396,364	123,934,826

11. Revenue

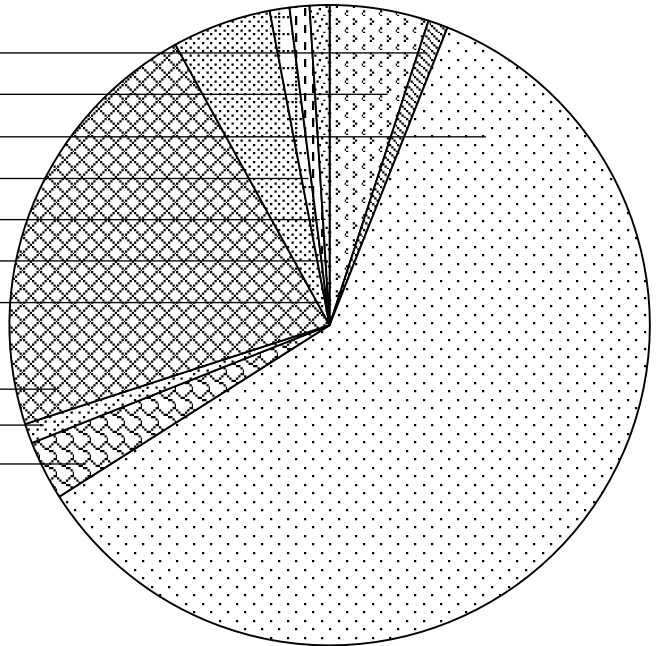
Analysis of total revenue by Head:

Head	2025				2024
	Original	Actual	Over/(Under)	Variance	Actual
	Estimate				
	\$'000	\$'000	\$'000	%	\$'000
1 Duties	12,750,025	7,330,571	(5,419,454)	(42.5)	10,898,626
2 General Rates	32,393,000	32,723,501	330,501	1.0	28,210,686
3 Internal Revenue					
Profits tax	180,169,000	177,687,849	(2,481,151)	(1.4)	170,497,687
Salaries tax	87,619,000	88,878,791	1,259,791	1.4	79,869,791
Stamp duties	71,000,000	63,880,244	(7,119,756)	(10.0)	49,111,726
Other internal revenue	43,257,231	43,007,971	(249,260)	(0.6)	41,648,962
	382,045,231	373,454,855	(8,590,376)	(2.2)	341,128,166
4 Motor Vehicle Taxes	8,032,410	4,744,736	(3,287,674)	(40.9)	5,898,499
5 Fines, Forfeitures and Penalties	1,864,214	2,011,426	147,212	7.9	1,964,579
6 Royalties and Concessions	5,139,571	4,681,631	(457,940)	(8.9)	4,356,708
7 Properties and Investments					
Income from Investments with the Exchange Fund	-	4,927,873	-	-	5,994,738
Others	-	30,402,965	-	-	26,947,019
	37,666,155	35,330,838	(2,335,317)	(6.2)	32,941,757
9 Loans, Reimbursements, Contributions and Other Receipts	108,578,666	140,417,384	31,838,718	29.3	61,543,385
10 Utilities	4,091,205	4,123,563	32,358	0.8	3,372,409
11 Fees and Charges	20,190,083	17,874,617	(2,315,466)	(11.5)	15,931,514
Total	612,750,560	622,693,122	9,942,562	1.6	506,246,329

General Revenue Account

Analysis of Revenue for the year ended 31 March 2025

Duties	\$7.3 Billion	1%
General Rates	\$32.7 Billion	5%
Internal Revenue	\$373.5 Billion	60%
Motor Vehicle Taxes	\$4.8 Billion	1%
Fines, Forfeitures and Penalties	\$2.0 Billion	1%
Royalties and Concessions	\$4.7 Billion	1%
Properties and Investments	\$35.3 Billion	5%
Loans, Reimbursements, Contributions and Other Receipts (Including Transfers from Funds)	\$140.4 Billion	22%
Utilities	\$4.1 Billion	1%
Fees and Charges	\$17.9 Billion	3%



**Total Revenue
\$622.7 Billion**

General Revenue Account

12. Expenditure

Analysis of total expenditure by Head:

Head	2025				2024
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
21 Chief Executive's Office	142,468	146,831	4,363	3.1	137,559
22 Agriculture, Fisheries and Conservation Department	2,235,881	2,082,884	(152,997)	(6.8)	1,996,579
25 Architectural Services Department	2,785,579	2,829,291	43,712	1.6	2,707,187
24 Audit Commission	210,035	203,085	(6,950)	(3.3)	198,097
23 Auxiliary Medical Service	117,865	113,219	(4,646)	(3.9)	103,499
82 Buildings Department	2,110,132	2,128,139	18,007	0.9	2,003,683
26 Census and Statistics Department	865,889	821,629	(44,260)	(5.1)	749,333
27 Civil Aid Service	153,393	153,841	448	0.3	144,459
28 Civil Aviation Department	1,456,747	1,425,939	(30,808)	(2.1)	1,321,846
33 Civil Engineering and Development Department	3,760,438	3,506,272	(254,166)	(6.8)	3,306,227
30 Correctional Services Department	5,409,817	5,403,828	(5,989)	(0.1)	5,248,868
31 Customs and Excise Department	6,057,951	5,892,697	(165,254)	(2.7)	5,726,736
37 Department of Health	15,208,455	13,668,123	(1,540,332)	(10.1)	13,133,816
92 Department of Justice	2,454,424	2,007,766	(446,658)	(18.2)	1,869,481
39 Drainage Services Department	3,662,335	3,662,307	(28)	-	3,647,813
42 Electrical and Mechanical Services Department	1,932,588	1,866,264	(66,324)	(3.4)	1,753,476
44 Environmental Protection Department	9,715,054	9,095,412	(619,642)	(6.4)	8,251,949
45 Fire Services Department	9,491,831	9,401,062	(90,769)	(1.0)	8,865,901
49 Food and Environmental Hygiene Department	11,264,319	11,121,517	(142,802)	(1.3)	10,688,774
46 General Expenses of the Civil Service	5,781,876	5,236,889	(544,987)	(9.4)	5,101,477
166 Government Flying Service	626,213	618,745	(7,468)	(1.2)	573,905
48 Government Laboratory	630,489	631,008	519	0.1	607,148
59 Government Logistics Department	695,829	678,375	(17,454)	(2.5)	720,095

General Revenue Account

12. Expenditure (Continued)

Head	2025				2024
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
51 Government Property Agency	2,789,359	2,633,106	(156,253)	(5.6)	2,555,577
143 Government Secretariat: Civil Service Bureau	911,494	833,991	(77,503)	(8.5)	792,843
152 Government Secretariat: Commerce and Economic Development Bureau	7,069,086	14,530,049	7,460,963	105.5	5,044,689
144 Government Secretariat: Constitutional and Mainland Affairs Bureau	883,026	837,134	(45,892)	(5.2)	833,790
132 Government Secretariat: Culture, Sports and Tourism Bureau	5,789,840	5,581,627	(208,213)	(3.6)	4,853,751
138 Government Secretariat: Development Bureau (Planning and Lands Branch)	1,737,575	1,538,150	(199,425)	(11.5)	1,606,025
159 Government Secretariat: Development Bureau (Works Branch)	1,458,543	1,189,271	(269,272)	(18.5)	1,130,954
* 47 Government Secretariat: Digital Policy Office	2,996,714	3,012,828	16,114	0.5	1,959,042
156 Government Secretariat: Education Bureau	79,565,350	79,162,642	(402,708)	(0.5)	80,372,579
137 Government Secretariat: Environment and Ecology Bureau (Environment Branch)	2,307,696	2,172,776	(134,920)	(5.8)	2,102,518
139 Government Secretariat: Environment and Ecology Bureau (Food Branch)	200,107	194,258	(5,849)	(2.9)	200,307
148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)	981,495	1,126,830	145,335	14.8	500,918
147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)	1,298,418	1,338,487	40,069	3.1	35,406,682
140 Government Secretariat: Health Bureau	99,862,308	101,060,529	1,198,221	1.2	96,013,062

General Revenue Account

12. Expenditure (Continued)

Head	2025				2024
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
53 Government Secretariat: Home and Youth Affairs Bureau	1,254,564	1,132,853	(121,711)	(9.7)	986,840
62 Government Secretariat: Housing Bureau	3,947,066	3,186,163	(760,903)	(19.3)	5,838,713
155 Government Secretariat: Innovation and Technology Commission	917,257	874,636	(42,621)	(4.6)	820,600
135 Government Secretariat: Innovation, Technology and Industry Bureau	660,263	314,608	(345,655)	(52.4)	564,524
141 Government Secretariat: Labour and Welfare Bureau	2,044,284	1,820,337	(223,947)	(11.0)	1,174,665
142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary	1,275,051	1,184,599	(90,452)	(7.1)	1,119,224
96 Government Secretariat: Overseas Economic and Trade Offices	601,537	452,455	(149,082)	(24.8)	413,884
151 Government Secretariat: Security Bureau	1,464,019	1,462,659	(1,360)	(0.1)	1,292,363
158 Government Secretariat: Transport and Logistics Bureau	456,517	451,013	(5,504)	(1.2)	387,132
60 Highways Department	4,541,419	4,364,087	(177,332)	(3.9)	4,324,139
63 Home Affairs Department	3,657,702	3,650,054	(7,648)	(0.2)	3,044,104
168 Hong Kong Observatory	463,853	462,084	(1,769)	(0.4)	444,781
122 Hong Kong Police Force	27,812,933	26,563,750	(1,249,183)	(4.5)	25,630,807
70 Immigration Department	7,272,467	7,374,651	102,184	1.4	7,055,166
72 Independent Commission Against Corruption	1,389,294	1,392,908	3,614	0.3	1,336,719
121 Independent Police Complaints Council	93,297	95,453	2,156	2.3	94,208
74 Information Services Department	661,609	655,552	(6,057)	(0.9)	645,914
76 Inland Revenue Department	2,039,819	2,072,190	32,371	1.6	1,916,242
78 Intellectual Property Department	266,816	269,212	2,396	0.9	252,660

General Revenue Account

12. Expenditure (Continued)

Head	2025				2024
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
79 Invest Hong Kong	306,518	305,559	(959)	(0.3)	285,308
174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	48,500	40,461	(8,039)	(16.6)	46,662
80 Judiciary	2,636,083	2,610,877	(25,206)	(1.0)	2,453,262
90 Labour Department	2,952,187	2,787,708	(164,479)	(5.6)	2,544,749
91 Lands Department	3,397,425	3,467,553	70,128	2.1	3,358,318
94 Legal Aid Department	1,657,403	1,439,122	(218,281)	(13.2)	1,451,542
112 Legislative Council Commission	1,147,255	1,133,498	(13,757)	(1.2)	1,067,050
95 Leisure and Cultural Services Department	12,131,400	11,919,807	(211,593)	(1.7)	11,694,572
100 Marine Department	1,897,390	1,895,884	(1,506)	(0.1)	1,777,404
106 Miscellaneous Services	7,275,789	71,104	(7,204,685)	(99.0)	95,286
180 Office for Film, Newspaper and Article Administration	60,569	58,719	(1,850)	(3.1)	55,706
114 Office of The Ombudsman	133,191	136,644	3,453	2.6	134,307
116 Official Receiver's Office	236,183	234,900	(1,283)	(0.5)	229,053
120 Pensions	50,170,880	49,962,028	(208,852)	(0.4)	47,837,892
118 Planning Department	903,819	899,782	(4,037)	(0.4)	858,869
136 Public Service Commission Secretariat	38,272	37,124	(1,148)	(3.0)	37,949
160 Radio Television Hong Kong	1,261,660	1,260,316	(1,344)	(0.1)	1,195,787
162 Rating and Valuation Department	782,171	735,351	(46,820)	(6.0)	698,538
163 Registration and Electoral Office	800,741	663,370	(137,371)	(17.2)	1,228,288
169 Secretariat, Commissioner on Interception of Communications and Surveillance	25,693	24,509	(1,184)	(4.6)	23,105
170 Social Welfare Department	120,135,527	112,680,271	(7,455,256)	(6.2)	106,706,528
181 Trade and Industry Department	2,375,370	2,937,927	562,557	23.7	2,218,264

General Revenue Account

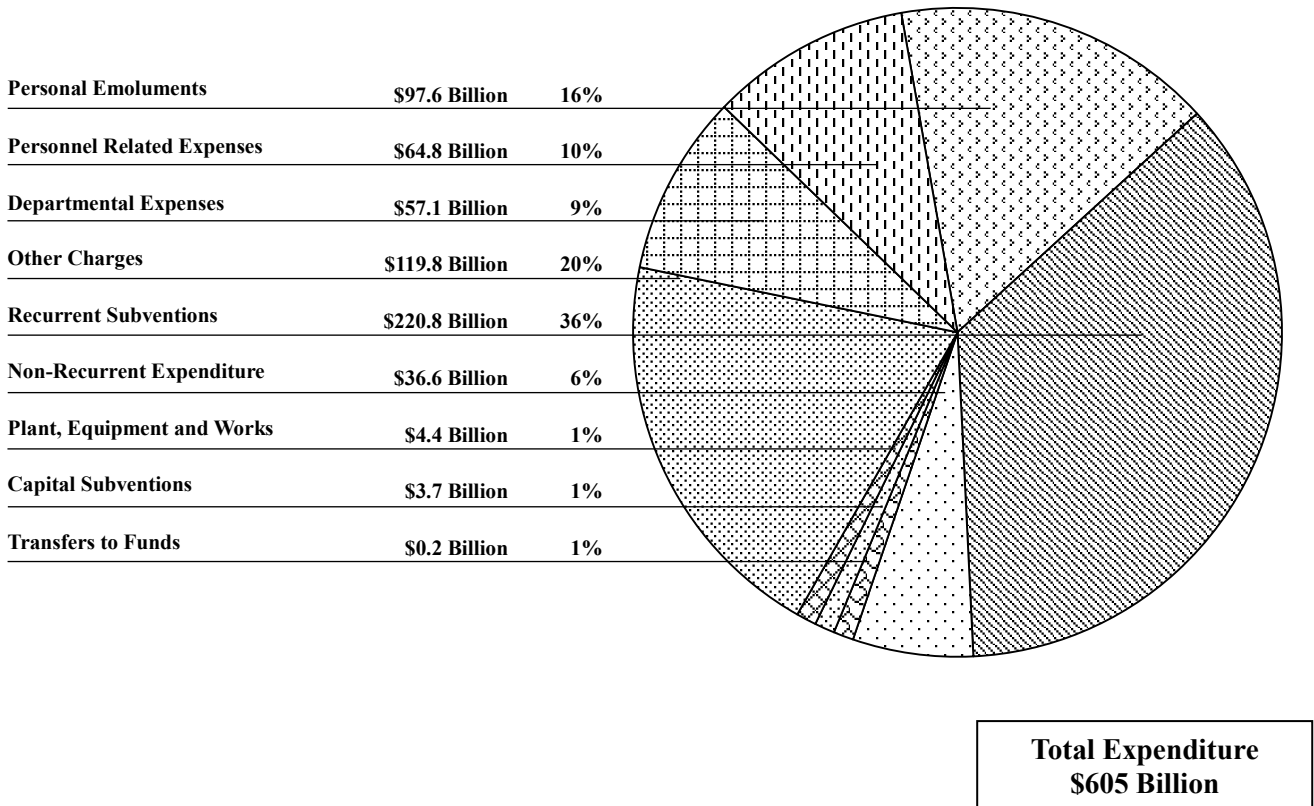
12. Expenditure (Continued)

Head	2025				2024
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
186 Transport Department	15,051,775	12,110,232	(2,941,543)	(19.5)	12,662,248
188 Treasury	554,776	543,062	(11,714)	(2.1)	579,880
190 University Grants Committee	23,986,771	24,475,910	489,139	2.0	23,528,825
194 Water Supplies Department	10,146,510	10,145,897	(613)	-	9,855,860
173 Working Family and Student Financial Assistance Agency	7,816,281	6,570,623	(1,245,658)	(15.9)	6,545,916
	<u>623,370,525</u>	<u>604,834,303</u>	<u>(18,536,222)</u>	<u>(3.0)</u>	<u>608,744,498</u>
184 Transfers to Funds	185,000	165,000	(20,000)	(10.8)	5,133,000
Total	<u><u>623,555,525</u></u>	<u><u>604,999,303</u></u>	<u><u>(18,556,222)</u></u>	<u><u>(3.0)</u></u>	<u><u>613,877,498</u></u>

* With effect from 25 July 2024, Head 47 "Government Secretariat: Office of the Government Chief Information Officer" has been renamed as "Government Secretariat: Digital Policy Office".

General Revenue Account

Analysis of Expenditure for the year ended 31 March 2025



13. Other Cash Movements

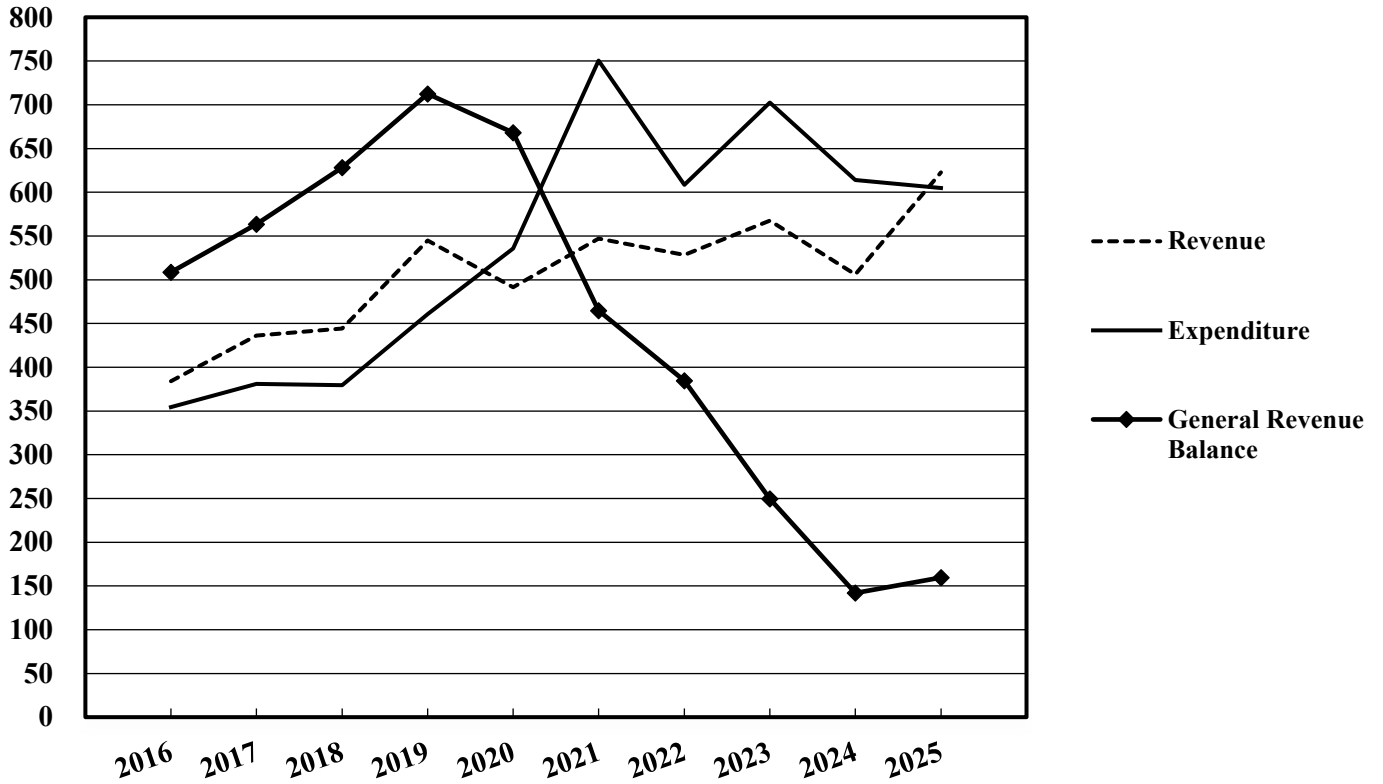
These are cash movements arising from changes in other assets and liabilities:

	2025 \$'000	2024 \$'000
(Increase)/Reduction in Assets		
Investments with the Exchange Fund	(19,380,345)	109,919,528
Deposits with banks	22,696	25,152
Advances	(326,431)	(867,976)
Suspense Accounts	18,216	57,887
	(19,665,864)	109,134,591
Increase/(Reduction) in Liabilities		
Deposits	1,227,726	(200,138)
Suspense Accounts	403	(2,378)
	1,228,129	(202,516)
	(18,437,735)	108,932,075

General Revenue Account

Revenue, Expenditure and General Revenue Balance for the years ended 31 March 2016 to 2025

\$Billion



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 38, which comprise the statement of assets and liabilities as at 31 March 2025, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2025 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

11 September 2025

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 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Assets			
Investments with the Exchange Fund	3	96,463,999	100,839,526
Cash and bank balances		1	1
		96,464,000	100,839,527
Liabilities			
Deposits	4	(2,863,878)	(2,648,633)
		93,600,122	98,190,894
Representing:			
Fund Balance			
Balance at beginning of year		98,190,894	149,505,627
Deficit for the year		(4,590,772)	(51,314,733)
Balance at end of year	5, 6, 7	93,600,122	98,190,894

Notes 1 to 10 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



Capital Works Reserve Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Cash and bank balances at beginning of year		1	3,426
Receipts	8	147,364,047	98,927,348
Payments	5, 9	(151,954,819)	(150,242,081)
Deficit for the year		(4,590,772)	(51,314,733)
Other cash movements	10	4,590,772	51,311,308
Cash and bank balances at end of year		1	1

Notes 1 to 10 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



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:

	2025 \$'000	2024 \$'000
Investments (Notes (ii) and (iii) below)	96,413,995	100,789,520
Deposits	50,004	50,006
	<u>96,463,999</u>	<u>100,839,526</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 2024 was 3.7% (2023: 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:

	2025	2024
	\$'000	\$'000
Contract retention money	2,009,057	1,912,205
Others	854,821	736,428
	<u>2,863,878</u>	<u>2,648,633</u>

5. Fund Balance

- (i) 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.
- (ii) Following a resolution passed under section 3(1) of the Loans Ordinance, the Government issued:
- (a) The Green Bonds of US\$1 billion in May 2019; US\$2.5 billion in February 2021; US\$1 billion, EUR1.75 billion and RMB5 billion in November 2021; HK\$20 billion in May 2022; US\$3 billion, EUR1.25 billion and RMB10 billion in January 2023; HK\$0.8 billion in February 2023; US\$2.25 billion, EUR1.5 billion and RMB15 billion in June 2023; HK\$20 billion in October 2023; US\$0.2 billion, EUR0.08 billion, RMB1.5 billion and HK\$2 billion in February 2024; US\$1 billion, EUR0.75 billion and RMB10 billion in July 2024 under the Government Sustainable Bond Programme to provide funding for sustainable projects of the Government;
- (b) The Infrastructure Bonds of RMB1 billion and HK\$5.5 billion in October 2024; RMB2.5 billion and HK\$1.5 billion in November 2024; RMB2.5 billion and HK\$21.2 billion in December 2024; RMB1.5 billion and HK\$2 billion in January 2025; RMB2.5 billion and HK\$3.5 billion in February 2025; RMB3.5 billion and HK\$2 billion in March 2025 under the Infrastructure Bond Programme to provide funding for infrastructure projects of the Government; and
- (c) The Silver Bonds of HK\$55 billion in October 2024 under the Infrastructure Bond Programme to provide funding for infrastructure projects of the Government.
- (iii) The outstanding liabilities, not included in the Statement of Assets and Liabilities, in respect of sums borrowed are as follows:

	2025	2024
	\$'000	\$'000
Government Bonds		
Green Bonds (Notes (iii)(a) and (iii)(d) below)	194,375,295	192,528,875
Infrastructure Bonds (Notes (iii)(b) and (iii)(d) below)	50,177,375	-
Silver Bonds (Notes (iii)(c) below)	54,791,670	-
	<u>299,344,340</u>	<u>192,528,875</u>

Capital Works Reserve Fund

5. Fund Balance *(Continued)*

- (a) The Green Bonds were denominated in United States dollars (US\$9.95 billion will mature between January 2026 and January 2053), Euros (EUR4.58 billion will mature between February 2026 and November 2041), Renminbi (RMB34 billion will mature between June 2025 and July 2054) and Hong Kong dollars (HK\$42 billion will mature between May 2025 and October 2026). During the financial year, payments of interest on the Green Bonds amounted to \$6,123 million (2024: \$3,767 million) and there was repayment of principal with nominal value of HK\$21,785 million (2024: HK\$800 million).
- (b) The Infrastructure Bonds were denominated in Renminbi (RMB13.5 billion will mature between December 2025 and November 2034) and Hong Kong dollars (HK\$35.73 billion will mature between November 2025 and March 2045). During the financial year, payments of interest on the Infrastructure Bonds amounted to \$15 million (2024: Nil).
- (c) The Silver Bonds were denominated in Hong Kong dollars (HK\$54.79 billion will mature in October 2027 and which may be redeemed before maturity upon request from bond holders). During the financial year, payments of interest on the Silver Bonds amounted to \$2 million (2024: Nil) and there was repayment of principal with nominal value of HK\$208 million (2024: Nil).
- (d) The outstanding Government Bonds are translated into Hong Kong dollars at the exchange rate ruling at the reporting date.

6. Contingent Liabilities

As at 31 March 2025, the amount of contingent liabilities arising from legal claims, disputes and proceedings was \$3,275 million (2024: \$9,725 million).

Capital Works Reserve Fund

7. Commitments

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

Head		2025	2024
		\$'000	\$'000
Land acquisition			
701	Land acquisition	91,745,215	131,181,580
	Sub-total	91,745,215	131,181,580
Capital works – Public Works Programme			
702	Port and airport development	11,700	78,299
703	Buildings	220,804,413	241,604,521
704	Drainage	63,275,104	61,388,997
705	Civil engineering	93,827,729	96,799,222
706	Highways	55,613,395	66,176,009
707	New towns and urban area development	183,735,886	106,113,882
709	Waterworks	25,612,418	26,539,524
711	Housing	44,631,568	50,052,171
	Sub-total	687,512,213	648,752,625
Capital subventions			
708 (part)	Capital subventions	69,291,986	67,754,635
	Sub-total	69,291,986	67,754,635
Systems and equipment			
708 (part)	Major systems and equipment	6,166,069	6,834,281
710	Computerisation	16,143,352	14,733,362
	Sub-total	22,309,421	21,567,643
		870,858,835	869,256,483

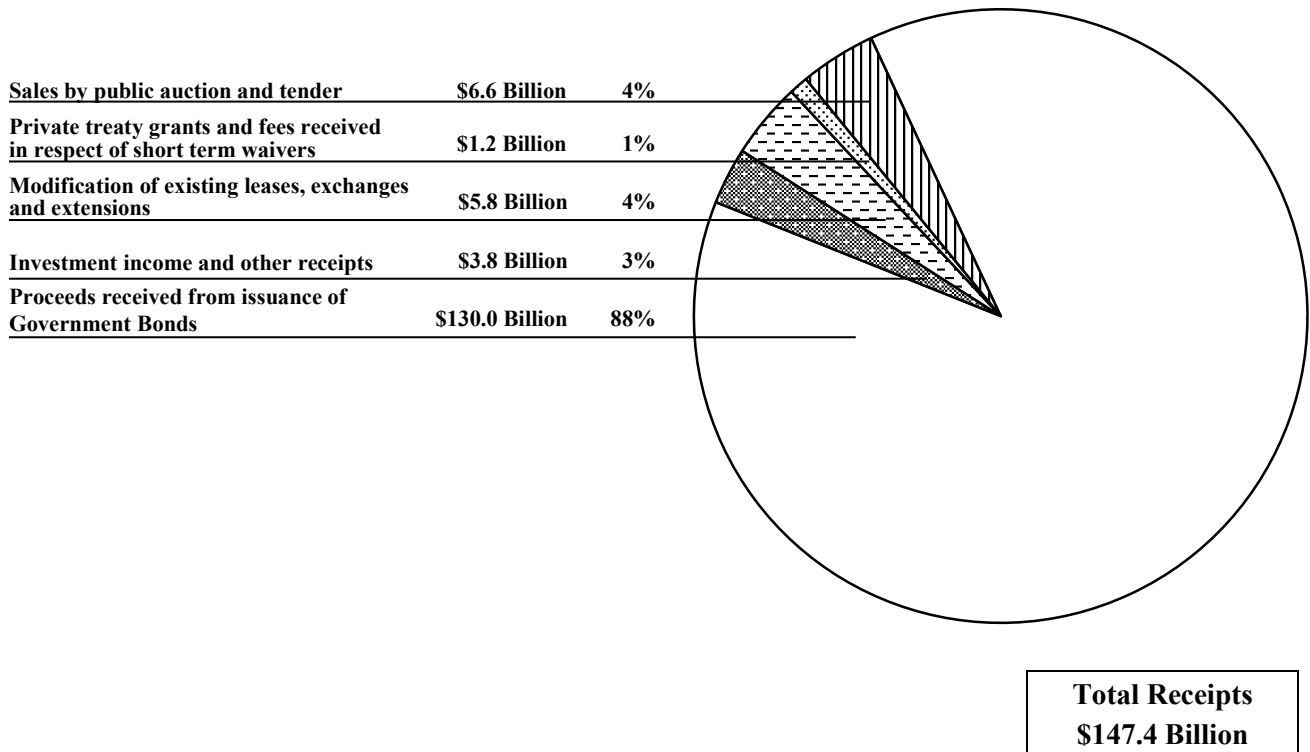
Capital Works Reserve Fund

8. Receipts

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Land premium			
Sales by public auction and tender	-	6,629,628	7,273,888
Private treaty grants	-	257,964	133,781
Modification of existing leases, exchanges and extensions	-	5,834,885	11,560,144
Fees received in respect of short term waivers	-	879,271	612,946
	33,000,000	13,601,748	19,580,759
Investment income			
Investments with the Exchange Fund	-	3,599,621	6,686,917
Others	-	40,327	23,176
	4,296,000	3,639,948	6,710,093
Other receipts			
Donations and contributions	7,956	-	13,740
Others	-	86,327	132,869
	7,956	86,327	146,609
Proceeds received from issuance of Government Bonds	120,000,000	130,036,024	72,489,887
	<u>157,303,956</u>	<u>147,364,047</u>	<u>98,927,348</u>

Capital Works Reserve Fund

Analysis of Receipts for the year ended 31 March 2025



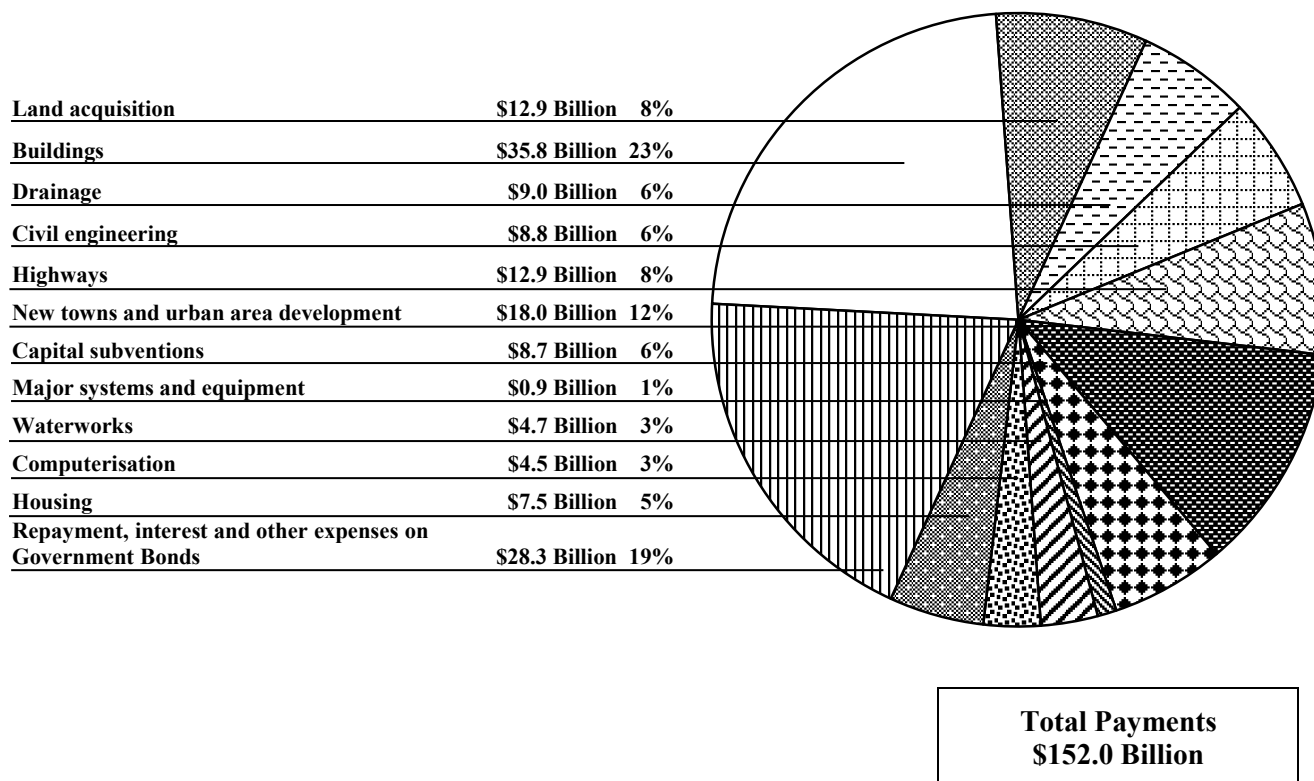
Capital Works Reserve Fund

9. Payments

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Land acquisition	24,866,290	12,890,158	5,545,000
Public Works Programme			
Port and airport development	136	-	-
Buildings	31,877,940	35,767,296	28,429,924
Drainage	7,862,003	8,989,574	7,455,392
Civil engineering	7,873,812	8,774,963	7,058,148
Highways	7,972,740	12,933,628	9,981,248
New towns and urban area development	15,401,313	17,966,142	17,196,881
Waterworks	4,377,961	4,692,807	4,820,864
Housing	5,068,794	7,494,962	3,224,369
	80,434,699	96,619,372	78,166,826
Capital subventions and major systems and equipment			
Capital subventions	9,716,304	8,709,691	7,674,545
Major systems and equipment	1,560,823	902,536	782,640
	11,277,127	9,612,227	8,457,185
Computerisation	4,558,340	4,557,372	3,440,813
Government Bonds			
Repayment	24,217,000	21,992,988	800,000
Interest and other expenses	9,017,000	6,271,518	3,804,006
	33,234,000	28,264,506	4,604,006
Transfer to General Revenue	-	-	50,000,000
Other payments			
Refund of overpayment of land premium	-	11,184	28,251
	<u>154,370,456</u>	<u>151,954,819</u>	<u>150,242,081</u>

Capital Works Reserve Fund

Analysis of Payments for the year ended 31 March 2025 *



* Payments on "Refund of overpayment of land premium" is not shown as it is less than \$0.1 billion.

10. Other Cash Movements

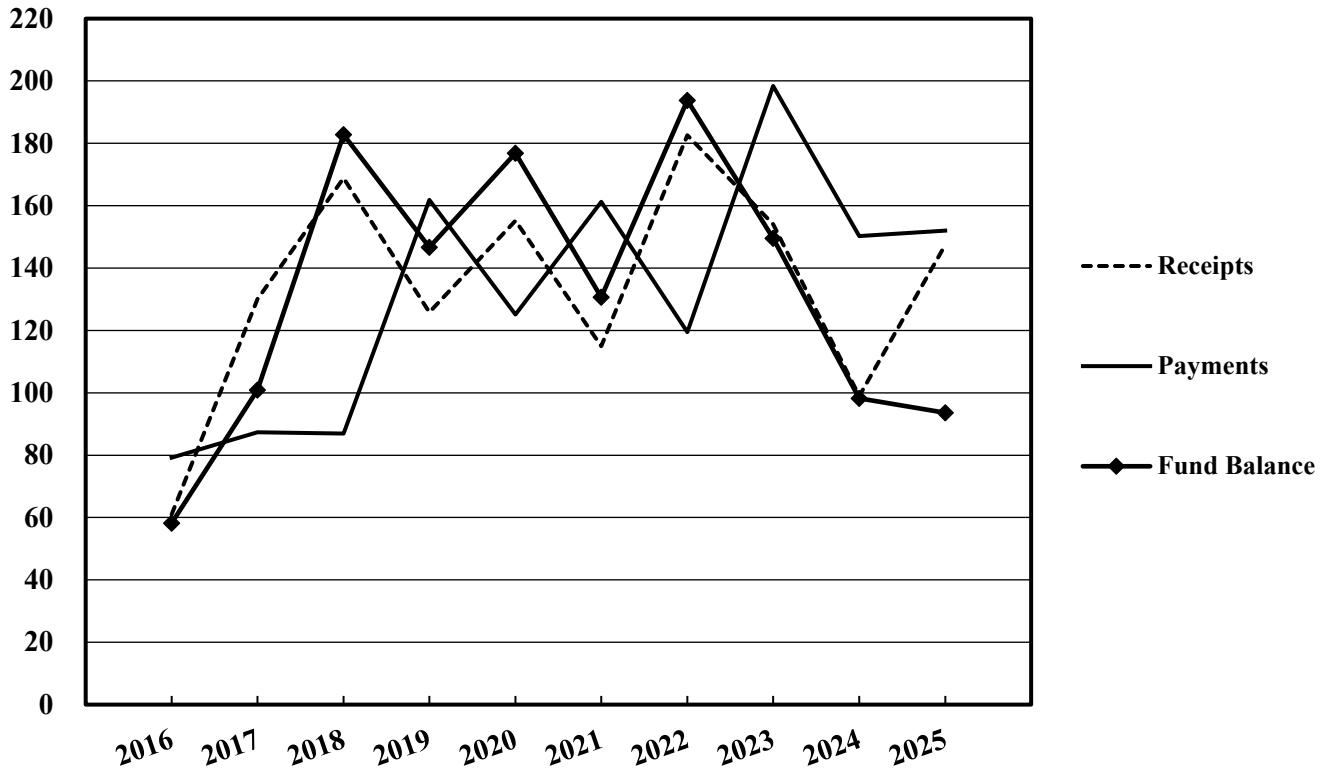
These are cash movements arising from changes in other assets and liabilities:

	2025 \$'000	2024 \$'000
Reduction in Assets		
Investments with the Exchange Fund	4,375,527	50,560,905
Increase in Liabilities		
Deposits	215,245	750,403
	4,590,772	51,311,308

Capital Works Reserve Fund

Receipts, Payments and Fund Balance for the years ended 31 March 2016 to 2025

\$Billion



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 47, which comprise the statement of assets and liabilities as at 31 March 2025, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2025 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

11 September 2025

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 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Assets			
Investments	3		
Equity holdings		164,324,656	158,958,156
Other investments		722,283,307	700,381,662
		886,607,963	859,339,818
Loans Outstanding	4	2,366,013	3,036,356
		888,973,976	862,376,174
Current Assets			
Investments with the Exchange Fund	5	13,049,134	16,457,720
Cash and bank balances		-	1
		13,049,134	16,457,721
		902,023,110	878,833,895
Representing:			
Total Fund Balance			
Applied Fund	6	888,973,976	862,376,174
Available Fund	7		
Balance at beginning of year		16,457,721	18,038,721
Deficit for the year		(3,408,587)	(1,581,000)
Balance at end of year		13,049,134	16,457,721
	8, 9	902,023,110	878,833,895

Notes 1 to 12 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



Capital Investment Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Cash and bank balances at beginning of year		1	-
Receipts	10	1,957,913	1,150,000
Payments	11	(5,366,500)	(2,731,000)
Deficit for the year		(3,408,587)	(1,581,000)
Other cash movements	12	3,408,586	1,581,001
Cash and bank balances at end of year		-	1

Notes 1 to 12 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



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)

	2025			2024		
	Equity Holdings \$'000	Other Investments \$'000	Total \$'000	Equity Holdings \$'000	Other Investments \$'000	Total \$'000
Balance at beginning of year	158,958,156	700,381,662	859,339,818	157,782,156	685,831,418	843,613,574
Additions						
Cash acquisitions	5,366,500	-	5,366,500	1,176,000	-	1,176,000
Non-cash acquisitions	-	21,901,645	21,901,645	-	14,550,244	14,550,244
	5,366,500	21,901,645	27,268,145	1,176,000	14,550,244	15,726,244
Balance at end of year	164,324,656	722,283,307	886,607,963	158,958,156	700,381,662	859,339,818

Capital Investment Fund

4. Loans Outstanding

	2025 \$'000	2024 \$'000
Balance at beginning of year	3,036,356	1,424,435
Additions		
Loan payments	-	1,555,000
Capitalised interest	30,918	56,921
	30,918	1,611,921
Deductions		
Loan repayments	(701,261)	-
Balance at end of year	2,366,013	3,036,356

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 2024 was 3.7% (2023: 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 2025, the Government had the following contingent liabilities:

- (i) subscription to callable shares in the Asian Development Bank amounting to \$5,662 million (2024: \$5,689 million); and
- (ii) subscription to callable shares in the Asian Infrastructure Investment Bank amounting to \$4,800 million (2024: \$4,800 million) with commitment approved.

The Government was relieved of its obligations as the guarantor under a commercial loan of the Hong Kong Science and Technology Parks Corporation (2024: \$866 million).

Capital Investment Fund

9. Commitments

The approved investments that were unpaid were as follows:

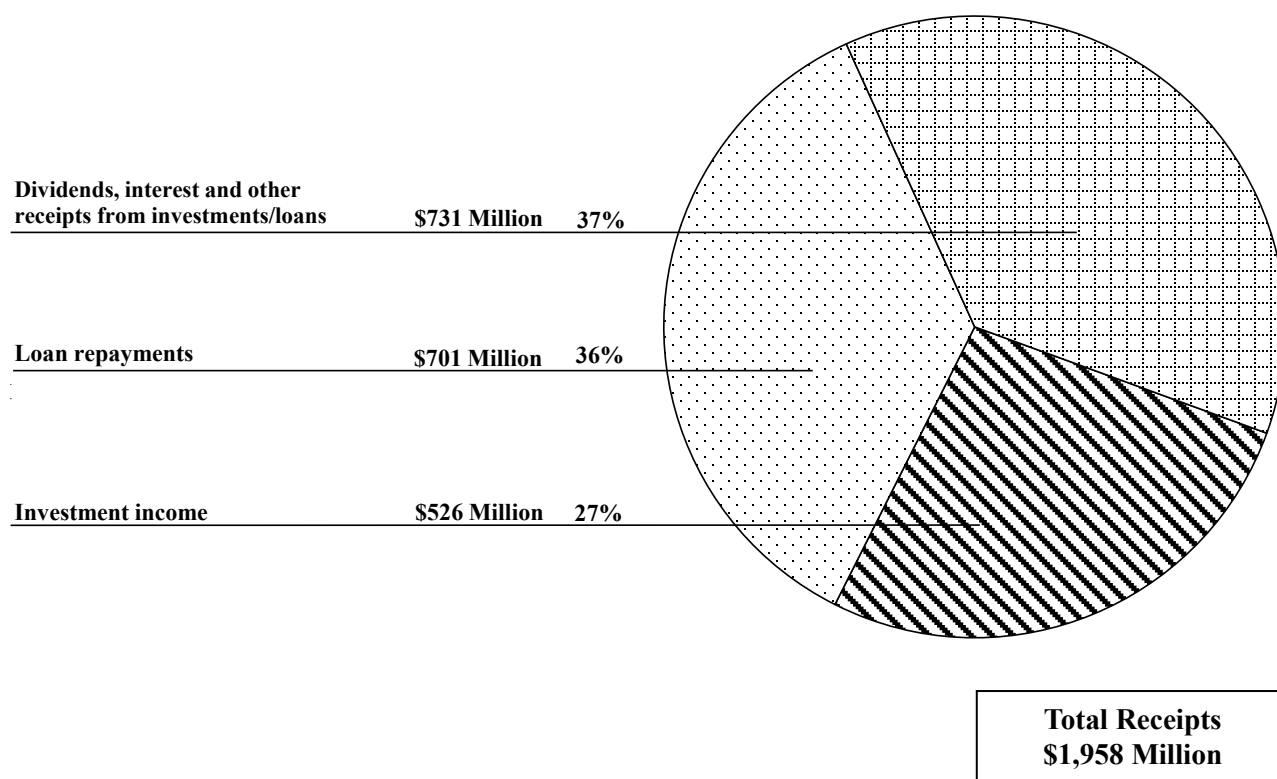
	2025 \$'000	2024 \$'000
Investments (Note (i) below)	<u>26,780,000</u>	<u>32,146,500</u>

(i) These included an approved commitment of \$4,800 million (2024: \$4,800 million) for the subscription to callable shares in the Asian Infrastructure Investment Bank (Note 8(ii)).

10. Receipts

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Dividends, interest and other receipts from investments/loans	898,000	731,227	479,278
Loan repayments	-	701,261	-
Investment income			
Investments with the Exchange Fund	-	525,412	670,722
Others	-	13	-
	558,000	525,425	670,722
	<u>1,456,000</u>	<u>1,957,913</u>	<u>1,150,000</u>

Analysis of Receipts for the year ended 31 March 2025



Capital Investment Fund

11. Payments

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Acquisition of investments			
Equity holdings	5,450,500	5,366,500	1,176,000
Loan payments	-	-	1,555,000
	<u>5,450,500</u>	<u>5,366,500</u>	<u>2,731,000</u>

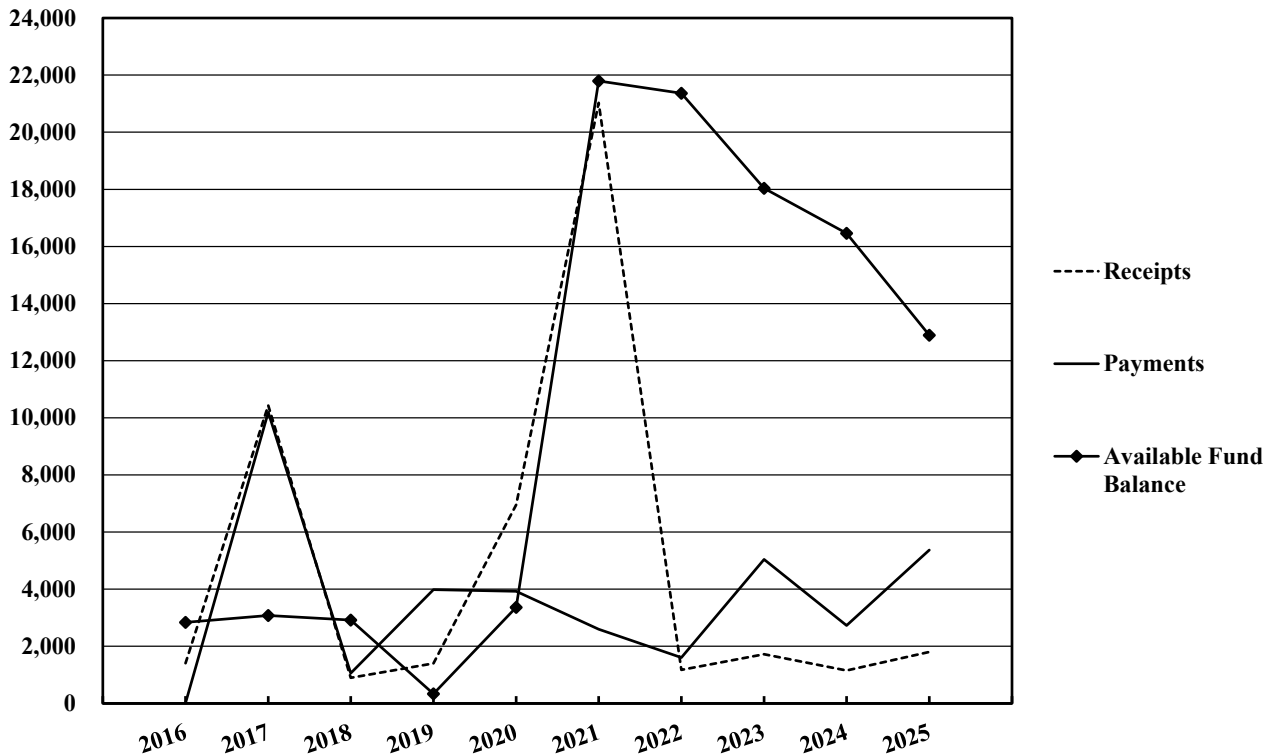
12. Other Cash Movements

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

	2025 \$'000	2024 \$'000
Reduction in Assets		
Investments with the Exchange Fund	<u>3,408,586</u>	<u>1,581,001</u>

Receipts, Payments and Available Fund Balance for the years ended 31 March 2016 to 2025

\$Million



This page is intentionally left blank.

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 54, which comprise the statement of assets and liabilities as at 31 March 2025, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2025 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

11 September 2025

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 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Assets			
Investments with the Exchange Fund	3	<u>57,929,055</u>	<u>55,856,695</u>
Representing:			
Fund Balance			
Balance at beginning of year		55,856,695	53,863,737
Surplus for the year		<u>2,072,360</u>	<u>1,992,958</u>
Balance at end of year		<u>57,929,055</u>	<u>55,856,695</u>

Notes 1 to 5 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



Civil Service Pension Reserve Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Cash and bank balances at beginning of year		-	-
Receipts	4	2,072,360	1,992,958
Payments		-	-
Surplus for the year		2,072,360	1,992,958
Other cash movements	5	(2,072,360)	(1,992,958)
Cash and bank balances at end of year		-	-

Notes 1 to 5 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



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 2024 was 3.7% (2023: 3.7%). The annual investment income is receivable on 31 December each year.

4. Receipts

	<u>2025</u>	<u>2024</u>	
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income			
Investments with the Exchange Fund	2,067,000	2,072,360	1,992,958

5. Other Cash Movements

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

	2025 \$'000	2024 \$'000
Increase in Assets		
Investments with the Exchange Fund	2,072,360	1,992,958

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 58 to 63, which comprise the statement of assets and liabilities as at 31 March 2025, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2025 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

11 September 2025

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 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Assets			
Investments with the Exchange Fund	3	<u>126,666</u>	<u>34,510</u>
Representing:			
Fund Balance			
Balance at beginning of year		34,510	37,076
Surplus/(Deficit) for the year		<u>92,156</u>	<u>(2,566)</u>
Balance at end of year		<u>126,666</u>	<u>34,510</u>

Notes 1 to 6 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



Disaster Relief Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Cash and bank balances at beginning of year		-	-
Receipts	4	177,145	136,285
Payments	5	(84,989)	(138,851)
Surplus/(Deficit) for the year		92,156	(2,566)
Other cash movements	6	(92,156)	2,566
Cash and bank balances at end of year		-	-

Notes 1 to 6 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



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

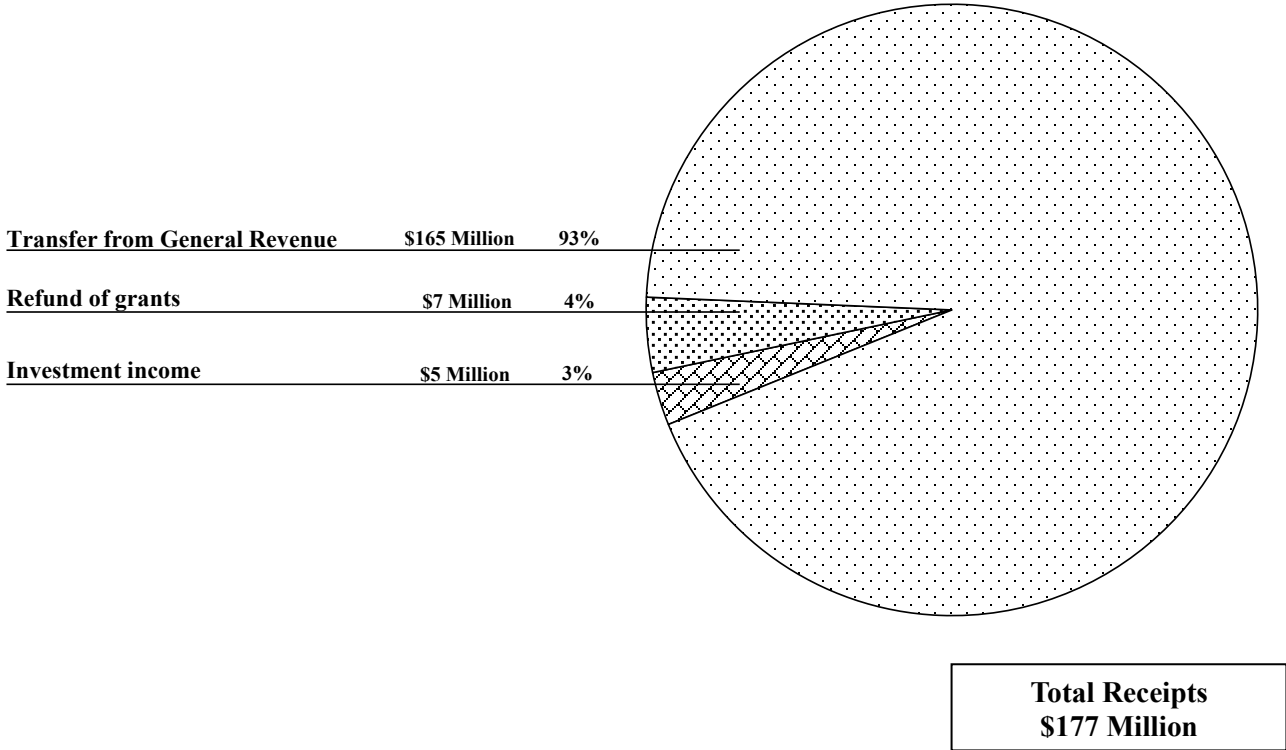
- (i) These are investments made under paragraph (i) of the Resolution.
- (ii) The investments represent the cost of investments together with the investment income received in the year being reported.
- (iii) The investment income is calculated, in accordance with an arrangement entered into with the 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 2024 was 3.7% (2023: 3.7%). The annual investment income is receivable on 31 December each year.

4. Receipts

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income			
Investments with the Exchange Fund	-	4,818	2,793
Others	-	1	-
	6,000	4,819	2,793
Transfer from General Revenue	185,000	165,000	133,000
Refund of grants	-	7,326	492
	191,000	177,145	136,285

Disaster Relief Fund

Analysis of Receipts for the year ended 31 March 2025



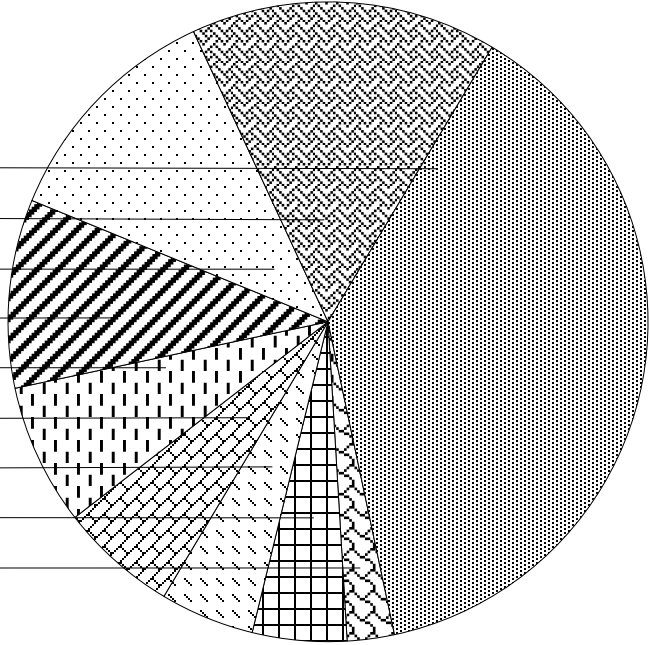
5. Payments

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Relief programmes for			
flood victims in the Mainland	-	32,130	73,011
cyclone victims in Bangladesh	-	13,252	-
flood victims in Nepal	-	9,886	-
typhoon victims in Vietnam	-	8,152	-
earthquake victims in the Mainland	-	6,107	23,662
flood victims in Myanmar	-	5,507	-
flood victims in Kenya	-	4,378	-
flood victims in Brazil	-	3,905	-
earthquake victims in Nepal	-	1,672	5,190
earthquake victims in Afghanistan	-	-	9,883
cyclone victims in Malawi	-	-	9,764
earthquake victims in Türkiye	-	-	5,032
flood victims in India	-	-	4,692
typhoon victims in the Philippines	-	-	4,670
cyclone victims in Myanmar	-	-	2,947
	-	84,989	138,851

Disaster Relief Fund

Analysis of Payments for the year ended 31 March 2025

Relief programme for flood victims in the Mainland	\$32 Million	38%
Relief programme for cyclone victims in Bangladesh	\$13 Million	15%
Relief programme for flood victims in Nepal	\$10 Million	12%
Relief programme for typhoon victims in Vietnam	\$8 Million	10%
Relief programme for earthquake victims in the Mainland	\$6 Million	7%
Relief programme for flood victims in Myanmar	\$5 Million	6%
Relief programme for flood victims in Kenya	\$4 Million	5%
Relief programme for flood victims in Brazil	\$4 Million	5%
Relief programme for earthquake victims in Nepal	\$2 Million	2%



**Total Payments
\$84 Million**

6. Other Cash Movements

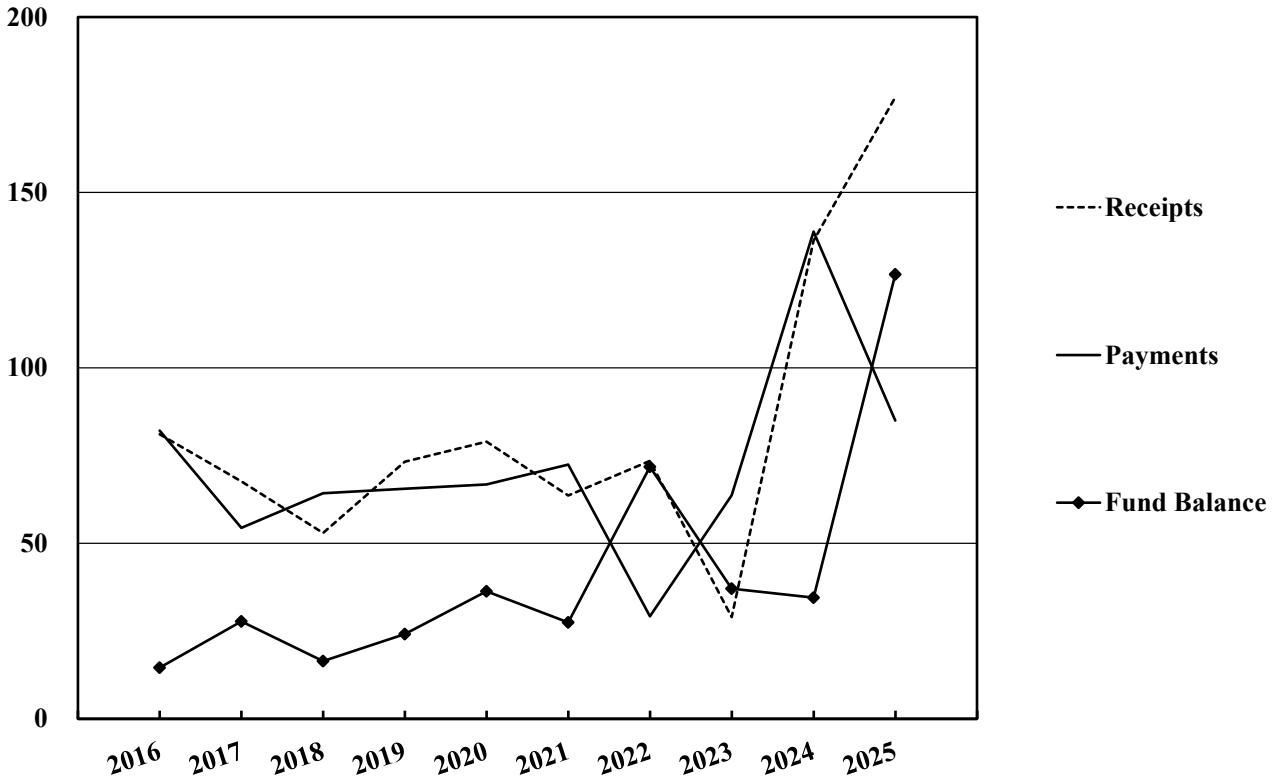
These are cash movements arising from changes in other assets and liabilities:

	2025 \$'000	2024 \$'000
(Increase)/Reduction in Assets		
Investments with the Exchange Fund	<u>(92,156)</u>	<u>2,566</u>

Disaster Relief Fund

Receipts, Payments and Fund Balance for the years ended 31 March 2016 to 2025

\$Million



This page is intentionally left blank.

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 68 to 72, which comprise the statement of assets and liabilities as at 31 March 2025, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2025 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

11 September 2025

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 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Assets			
Investments with the Exchange Fund	3	20,248,650	27,888,740
Cash and bank balances		1	1,169
		<u>20,248,651</u>	<u>27,889,909</u>
Representing:			
Fund Balance			
Balance at beginning of year		27,889,909	27,659,355
(Deficit)/Surplus for the year		(7,641,258)	230,554
Balance at end of year	4	<u>20,248,651</u>	<u>27,889,909</u>

Notes 1 to 7 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



Innovation and Technology Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Cash and bank balances at beginning of year		1,169	32
Receipts	5	1,044,699	6,134,397
Payments	6	(8,685,957)	(5,903,843)
(Deficit)/Surplus for the year		(7,641,258)	230,554
Other cash movements	7	7,640,090	(229,417)
Cash and bank balances at end of year		1	1,169

Notes 1 to 7 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



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 2024 was 3.7% (2023: 3.7%). The annual investment income is receivable on 31 December each year.

4. Commitments

The approved grants that were unpaid were as follows:

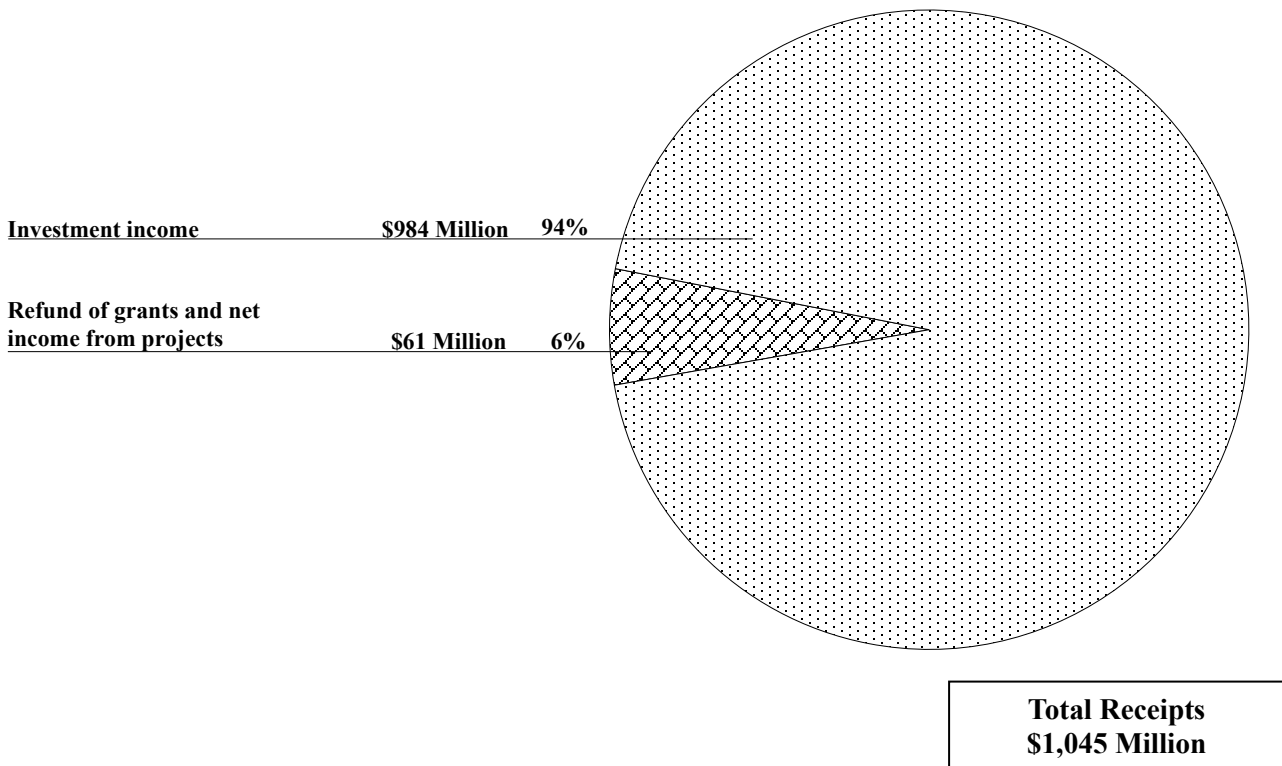
	2025 \$'000	2024 \$'000
Grants	<u>39,073,481</u>	<u>24,961,988</u>

5. Receipts

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income			
Investments with the Exchange Fund	-	971,615	1,058,312
Others	-	12,747	6,438
	919,000	984,362	1,064,750
Net income from projects	77	145	537
Refund of grants	-	60,192	69,110
Transfer from General Revenue	-	-	5,000,000
	<u>919,077</u>	<u>1,044,699</u>	<u>6,134,397</u>

Innovation and Technology Fund

Analysis of Receipts for the year ended 31 March 2025



6. Payments

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Grants	11,081,225	8,685,957	5,903,843

7. Other Cash Movements

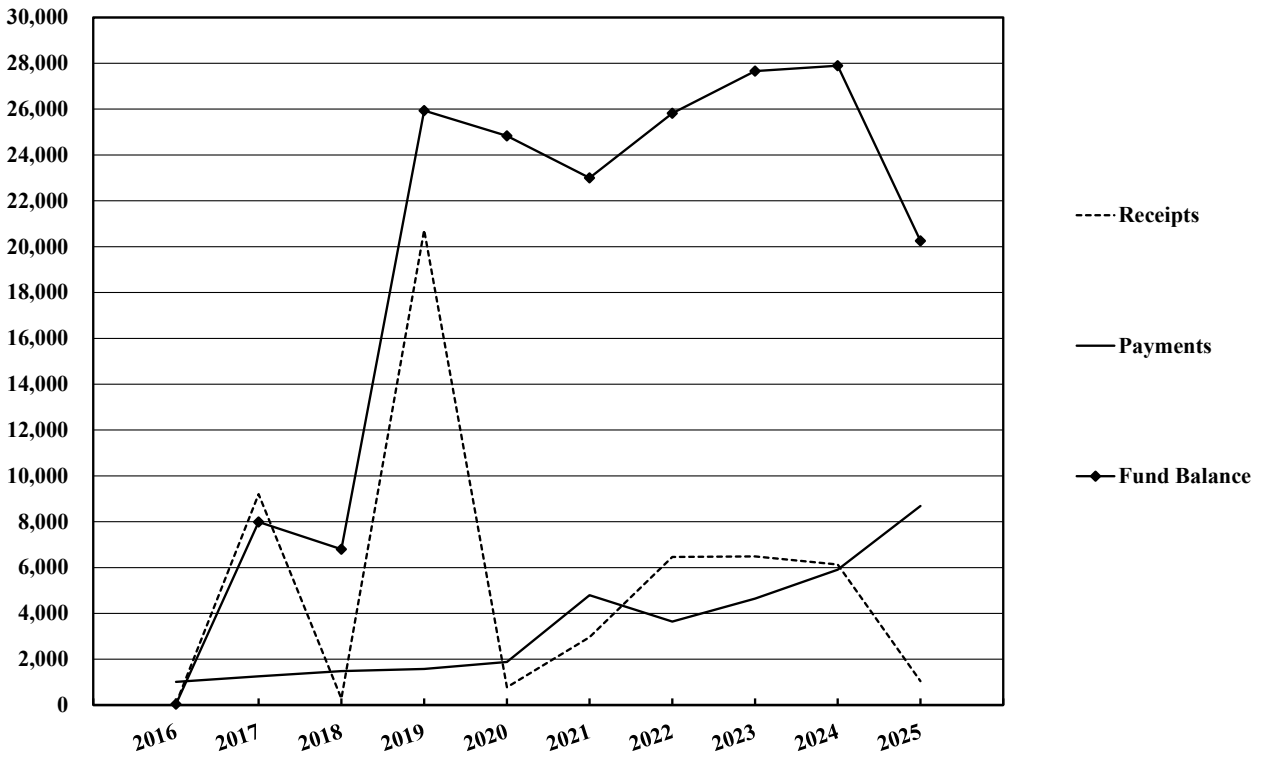
These are cash movements arising from changes in other assets and liabilities:

	2025 \$'000	2024 \$'000
Reduction/(Increase) in Assets		
Investments with the Exchange Fund	7,640,090	(229,417)

Innovation and Technology Fund

Receipts, Payments and Fund Balance for the years ended 31 March 2016 to 2025

\$Million



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 76 to 81, which comprise the statement of assets and liabilities as at 31 March 2025, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2025 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

11 September 2025

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

Land Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Assets			
Investments with the Exchange Fund	3	268,981,992	350,971,728
Other investments	4	11,786,082	13,985,379
		<u>280,768,074</u>	<u>364,957,107</u>
Representing:			
Fund Balance			
Balance at beginning of year		364,957,107	305,733,715
(Deficit)/Surplus for the year		(84,189,033)	59,223,392
Balance at end of year	5	<u>280,768,074</u>	<u>364,957,107</u>

Notes 1 to 8 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



Land Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Cash and bank balances at beginning of year		-	-
Receipts	6	32,825,372	59,229,355
Payments	7	(117,014,405)	(5,963)
(Deficit)/Surplus for the year		(84,189,033)	59,223,392
Other cash movements	8	84,189,033	(59,223,392)
Cash and bank balances at end of year		-	-

Notes 1 to 8 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



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. In October 2022, the investment period was further extended for five years (Note 3(iv)). Since 2020-21, part of the Future Fund has been allocated for other investments (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. In October 2022, the arrangement was extended for a further five-year period. Investment return on the Future Fund placement with the Exchange Fund is determined annually based on a composite rate (3.9% and 4.8% for the calendar years 2024 and 2023 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 2030 or upon decision of the Financial Secretary for withdrawal, whichever is the earlier. In respect of the Land Fund portion of \$268.98 billion as at 31 March 2025 (2024: \$350.97 billion), such accumulated investment return not received as revenue amounted to \$72.91 billion as at 31 December 2024 (2023: \$114.15 billion), including the investment return for the calendar year 2024 of \$15.76 billion (2023: \$17.61 billion).

Land Fund

3. Investments with the Exchange Fund *(Continued)*

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 2024-25, \$31 billion (2024: \$57 billion), being part of the accumulated investment return of \$72.91 billion on the Future Fund attributable to the Land Fund was brought back and recorded as investment income of the Land Fund. As at 31 March 2025, the total accumulated investment return brought back to the Land Fund was \$148 billion. 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.

- (v) On 22 May 2024, the Legislative Council resolved to add a new paragraph 8 to the Resolution so that the Financial Secretary may from time to time transfer from the Land Fund to the general revenue any amount of the accumulated investment return brought back from the Future Fund. For the financial year 2024-25, \$117 billion (2024: Nil) was transferred from the Land Fund to the general revenue.

4. Other Investments

- (i) 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, comprising preference shares with detachable warrants. 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). Cathay Pacific Airways Limited redeemed half of the preference shares that were held by Aviation 2020 Limited on 4 December 2023 and redeemed the remaining half on 31 July 2024. Each redemption was executed at the principal amount of \$9.75 billion. On 13 September 2024, Cathay Pacific Airways Limited repurchased all of the warrants at a total consideration of \$1.5 billion, which was recorded as receipts of the Land Fund.
- (ii) The Financial Secretary announced in the 2020-21 Budget Speech that part of the Future Fund, with an initial allocation of \$22 billion, would be used to establish the Hong Kong Growth Portfolio (HKGP) to make strategic investments in projects with a Hong Kong nexus. The objectives of HKGP are to reinforce Hong Kong's status as a financial, commercial and innovation centre, as well as raising Hong Kong's productivity and competitiveness in the long run, while seeking reasonable risk-adjusted returns. In the 2022-23 Budget Speech, the Financial Secretary announced an increase in funding allocated to HKGP to set up the Strategic Tech Fund (STF) and the Greater Bay Area Investment Fund (GBAIF), with an allocation of \$5 billion for each fund.

In the 2022 Policy Address, the Chief Executive announced the establishment of the Co-Investment Fund (CIF), with an allocation of \$30 billion, for attracting enterprises to set up operations in Hong Kong and investing in their business.

The investments are held by dedicated companies and managed by Hong Kong Investment Corporation Limited (HKIC). HKIC and the dedicated companies are wholly-owned by The Financial Secretary Incorporated via Hong Kong Investment Corporation Holdings Limited. Any undrawn balance of Future Fund placement with the Exchange Fund for the account of the Land Fund earmarked for HKGP, STF, GBAIF and CIF was held for the benefit of Hong Kong Investment Corporation Holdings Limited with effect from 1 January 2024.

Land Fund

4. Other Investments (Continued)

(iii) In October 2023, the Financial Secretary exercised his authority under the Resolution to draw \$1,263 million from the assets of the Land Fund placed with the Exchange Fund for investment in Hong Kong Cyberport Management Company Limited in the form of an interest-bearing term loan facility to finance its development of the Artificial Intelligence Supercomputing Centre in Hong Kong.

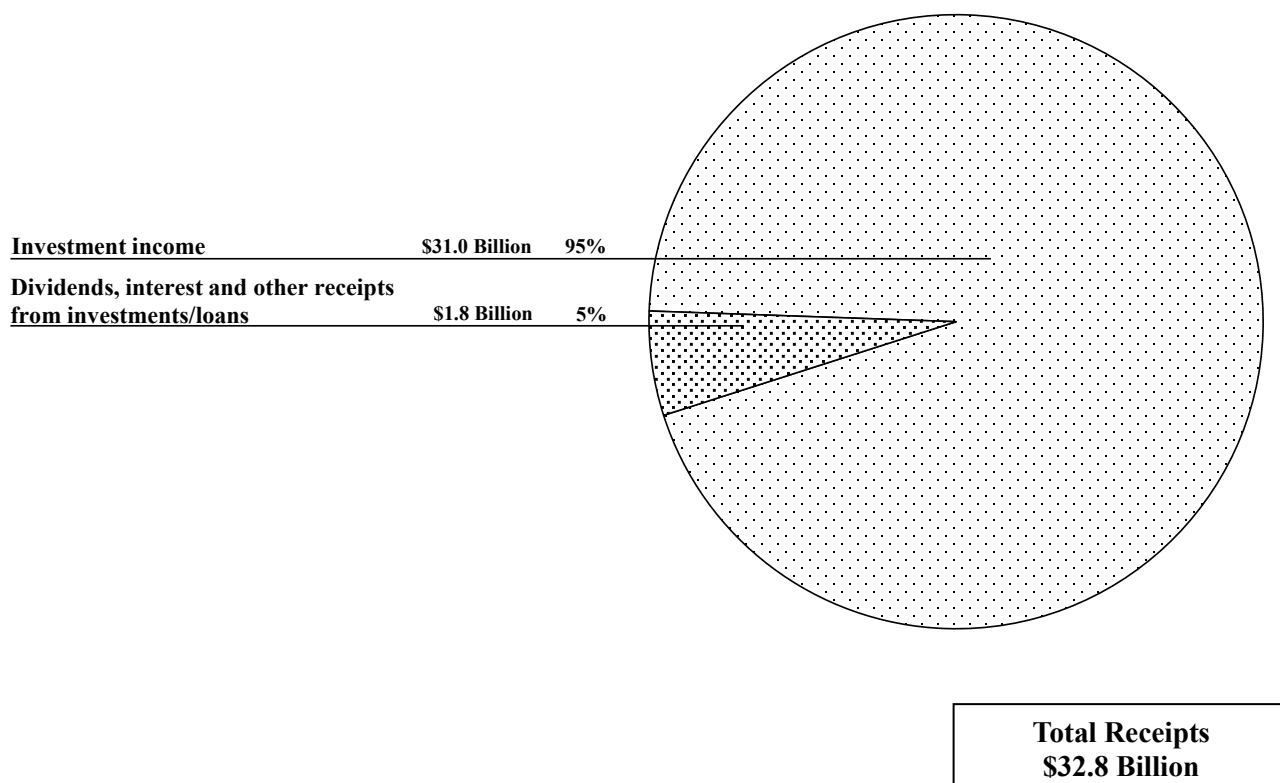
5. Commitments

As at 31 March 2025, the approved investments that were unpaid amounted to \$21.8 billion (2024: \$21.3 billion).

6. Receipts

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income			
Investments with the Exchange Fund	75,000,000	31,000,000	57,000,000
Dividends, interest and other receipts from investments/loans	227,055	1,825,372	2,229,355
	<u>75,227,055</u>	<u>32,825,372</u>	<u>59,229,355</u>

Analysis of Receipts for the year ended 31 March 2025



Land Fund

7. Payments

	<u>2025</u>		<u>2024</u>
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Operating expenses	508	14,405	5,963
Transfer to General Revenue	100,000,000	117,000,000	-
	<u>100,000,508</u>	<u>117,014,405</u>	<u>5,963</u>

8. Other Cash Movements

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

	2025 \$'000	2024 \$'000
Reduction/(Increase) in Assets		
Investments with the Exchange Fund	81,989,736	(65,830,128)
Other investments	2,199,297	6,606,736
	<u>84,189,033</u>	<u>(59,223,392)</u>

This page is intentionally left blank.

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 86 to 92, which comprise the statement of assets and liabilities as at 31 March 2025, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2025 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

11 September 2025

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

Loan Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Assets			
Loans Outstanding	3		
Housing loans		1,403,179	1,355,178
Education loans		26,317,013	25,248,942
Other loans		10,540,238	10,543,997
		38,260,430	37,148,117
Net Current Assets			
Current Assets			
Investments with the Exchange Fund	4	5,412,312	6,202,705
Cash and bank balances		4,188	1,296
		5,416,500	6,204,001
Current Liabilities			
Deposits	5	(178,024)	(176,561)
		5,238,476	6,027,440
		43,498,906	43,175,557
Representing:			
Total Fund Balance			
Applied Fund	6	38,260,430	37,148,117
Available Fund	7		
Balance at beginning of year		6,027,440	7,251,069
Deficit for the year		(788,964)	(1,223,629)
Balance at end of year		5,238,476	6,027,440
	8	43,498,906	43,175,557

Notes 1 to 11 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



Loan Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Cash and bank balances at beginning of year		1,296	1,282
Receipts	9	1,684,975	1,013,455
Payments	10	(2,473,939)	(2,237,084)
Deficit for the year		(788,964)	(1,223,629)
Other cash movements	11	791,856	1,223,643
Cash and bank balances at end of year		4,188	1,296

Notes 1 to 11 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



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

	2025			2024		
	Housing Loans \$'000	Education Loans \$'000	Other Loans \$'000	Housing Loans \$'000	Education Loans \$'000	Other Loans \$'000
Balance at beginning of year	1,355,178	25,248,942	10,543,997	1,279,808	23,791,256	10,511,460
Additions						
Loan payments	192,397	2,091,327	190,172	189,944	1,846,641	200,499
	-	16	-	-	4	-
	192,397	2,091,343	190,172	189,944	1,846,645	200,499
Deductions						
Loan repayments	(144,396)	(1,021,445)	(193,710)	(114,574)	(386,809)	(165,652)
Loans written off	-	(1,827)	(221)	-	(2,150)	(2,310)
	(144,396)	(1,023,272)	(193,931)	(114,574)	(388,959)	(167,962)
Balance at end of year	1,403,179	26,317,013	10,540,238	1,355,178	25,248,942	10,543,997

Loan Fund

4. Investments with the Exchange Fund

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

	2025	2024
	\$'000	\$'000
Investments (Notes (ii) and (iii) below)	5,409,313	6,199,595
Deposits	2,999	3,110
	<u>5,412,312</u>	<u>6,202,705</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 2024 was 3.7% (2023: 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:

	2025	2024
	\$'000	\$'000
Students	177,925	176,471
Others	99	90
	<u>178,024</u>	<u>176,561</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:

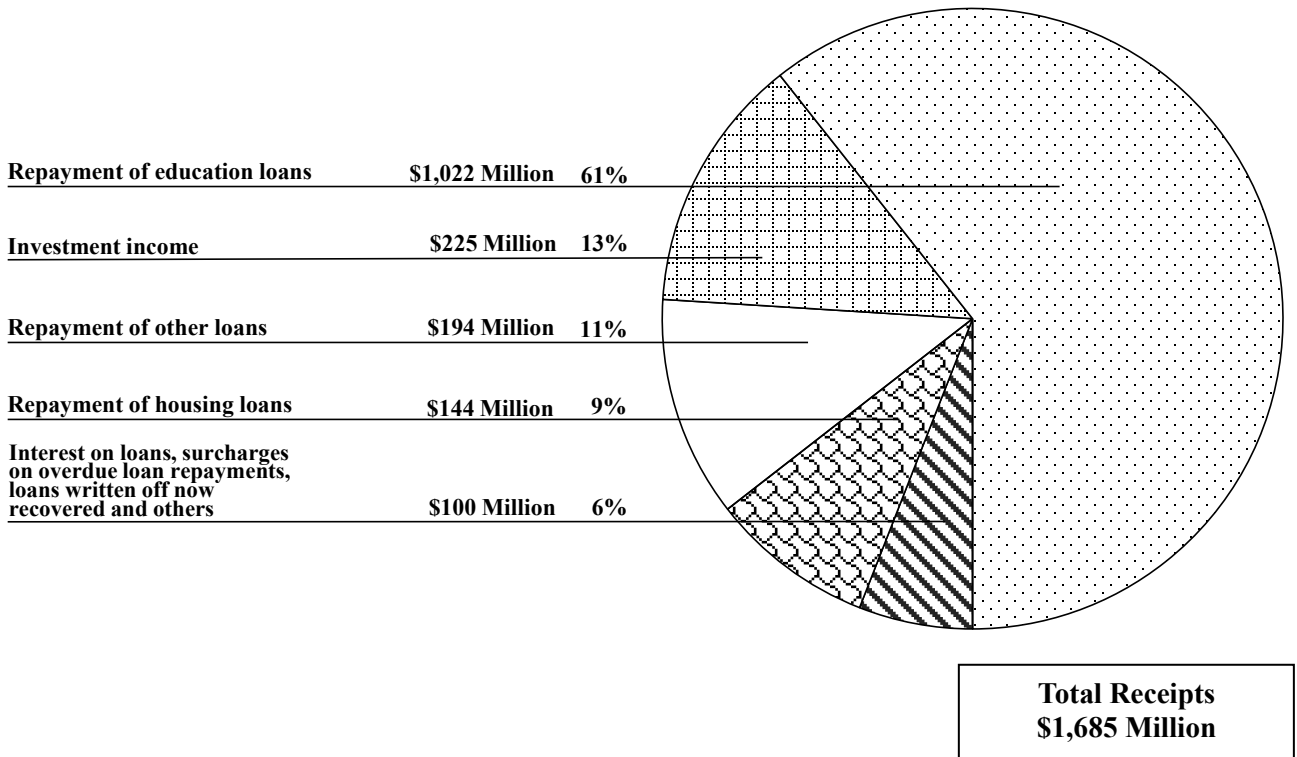
	2025	2024
	\$'000	\$'000
Approved loans under loan schemes operating on non-revolving basis that were unpaid	1,317,481	1,317,481
Balance of approved loans operating on revolving basis available for granting of new loans	10,159,872	10,212,381
	<u>11,477,353</u>	<u>11,529,862</u>

Loan Fund

9. Receipts

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Loan repayments			
Housing loans	148,220	144,396	114,574
Education loans	636,582	1,021,445	386,809
Other loans	244,228	193,710	165,652
	1,029,030	1,359,551	667,035
Interest on loans	94,713	94,086	76,234
Investment income			
Investments with the Exchange Fund	-	224,816	266,056
Others	-	81	64
	200,000	224,897	266,120
Surcharges on overdue loan repayments	3,278	6,381	3,995
Loans written off now recovered	-	7	-
Others	-	53	71
	1,327,021	1,684,975	1,013,455

Analysis of Receipts for the year ended 31 March 2025

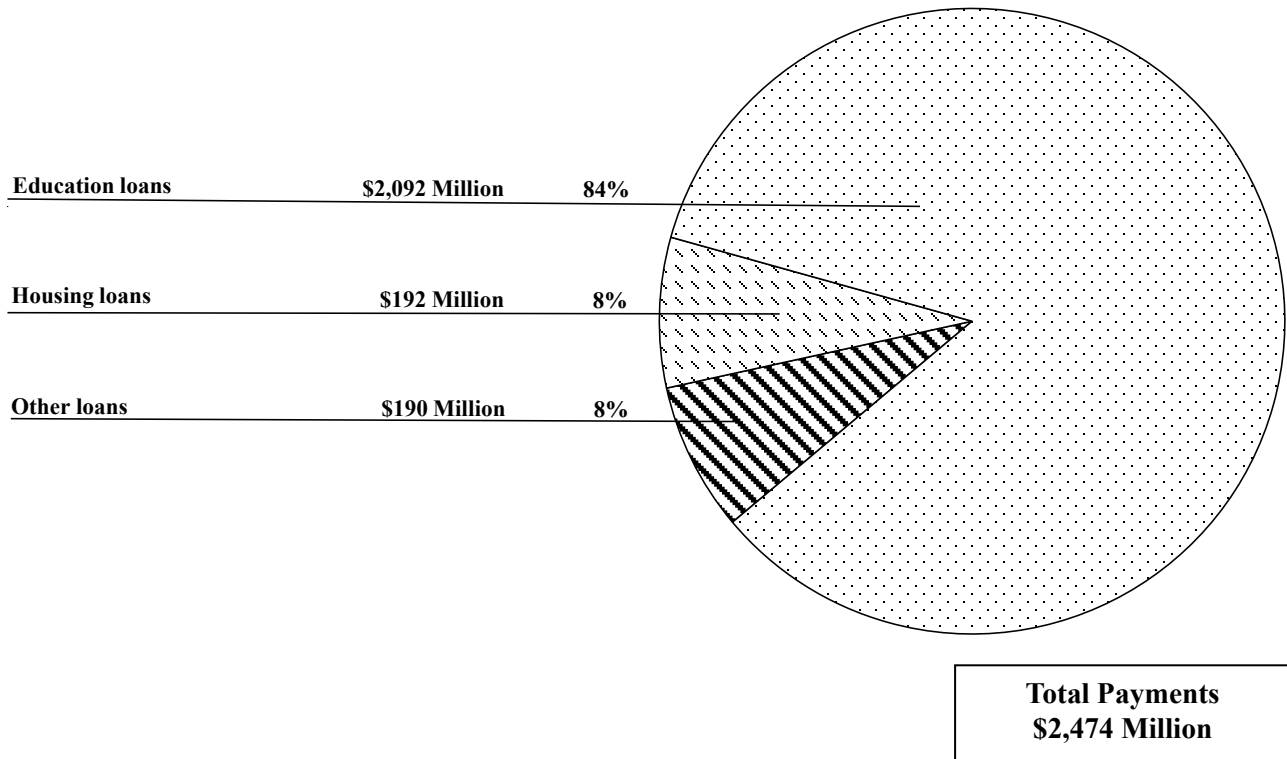


Loan Fund

10. Payments

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Loan payments			
Housing loans	466,000	192,397	189,944
Education loans	1,987,187	2,091,327	1,846,641
Other loans	221,377	190,172	200,499
	2,674,564	2,473,896	2,237,084
Others	-	43	-
	<u>2,674,564</u>	<u>2,473,939</u>	<u>2,237,084</u>

Analysis of Payments for the year ended 31 March 2025



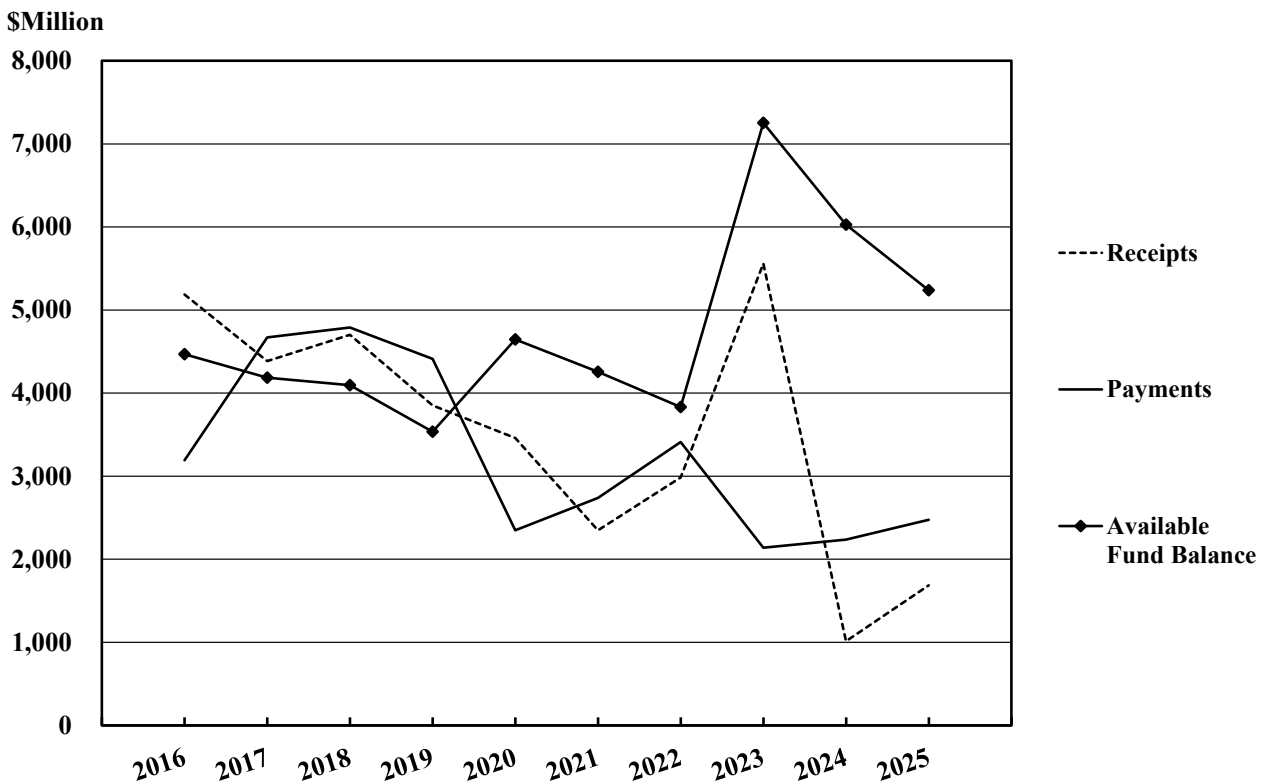
Loan Fund

11. Other Cash Movements

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

	2025 \$'000	2024 \$'000
Reduction in Assets		
Investments with the Exchange Fund	790,393	1,207,379
Increase in Liabilities		
Deposits	1,463	16,264
	791,856	1,223,643

Receipts, Payments and Available Fund Balance for the years ended 31 March 2016 to 2025



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 96 to 103, which comprise the statement of assets and liabilities as at 31 March 2025, and the statement of receipts and payments for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2025 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

11 September 2025

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

Bond Fund

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Assets			
Investments with the Exchange Fund	3	225,261,288	291,598,650
Liabilities			
Deposits	4	-	(4,882)
		<u>225,261,288</u>	<u>291,593,768</u>
Representing:			
Fund Balance			
Balance at beginning of year		291,593,768	251,206,220
(Deficit)/Surplus for the year		(66,332,480)	40,387,548
Balance at end of year	5, 6	<u>225,261,288</u>	<u>291,593,768</u>

Notes 1 to 9 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



Bond Fund

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2025

(Expressed in Hong Kong dollars)

	Note	2025 \$'000	2024 \$'000
Cash and bank balances at beginning of year		-	-
Receipts	7	12,626,431	90,574,917
Payments	8	(78,958,911)	(50,187,369)
(Deficit)/Surplus for the year		(66,332,480)	40,387,548
Other cash movements	9	66,332,480	(40,387,548)
Cash and bank balances at end of year		-	-

Notes 1 to 9 form part of these financial statements.

Raymond NG
Director of Accounting Services
22 July 2025



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 2024 was 3.7% (2023: 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:

	2025	2024
	\$'000	\$'000
Accrued interest received from successful bidders	-	4,882

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 \$184.12 billion as at 31 March 2025 comprising the outstanding bonds with nominal value of \$176.34 billion and alternative bonds with nominal value of US\$1 billion (equivalent to \$7.78 billion as at 31 March 2025) 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:

	2025 \$'000	2024 \$'000
Bonds		
Balance at beginning of year	245,230,190	206,093,640
Issuance of bonds under		
Tender to institutional investors	3,000,000	27,000,000
Subscription to retail investors	-	55,000,000
Switch tender	-	-
	3,000,000	82,000,000
Repayment of bonds issued under		
Tender to institutional investors	(23,500,000)	(10,000,000)
Subscription to retail investors	(48,390,320)	(32,863,450)
Switch tender	-	-
	(71,890,320)	(42,863,450)
Balance at end of year	176,339,870	245,230,190
Alternative bonds (Note (i) below)		
Balance at beginning of year	7,823,500	7,849,750
Foreign currency translation difference	(45,500)	(26,250)
Balance at end of year (Note (ii) below)	7,778,000	7,823,500
Total outstanding bonds	184,117,870	253,053,690

- (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:

	2025 \$'000	2024 \$'000
Bonds		
Within one year (Note (iv) below)	75,089,560	70,475,590
After one year but within two years (Note (v) below)	54,150,310	72,919,240
After two years but within five years (Note (vi) below)	21,300,000	76,035,360
After five years	25,800,000	25,800,000
	176,339,870	245,230,190
Alternative bonds (Notes (i) and (ii) above)		
After one year but within two years	7,778,000	-
After two years but within five years	-	7,823,500
	7,778,000	7,823,500
Total outstanding bonds	184,117,870	253,053,690

(iv) The outstanding bonds included Silver Bonds with nominal value of \$42.19 billion (2024: \$26.98 billion) which might be redeemed before maturity upon request from bond holders.

(v) The outstanding bonds included Silver Bonds with nominal value of \$54.15 billion (2024: \$43.02 billion) which might be redeemed before maturity upon request from bond holders.

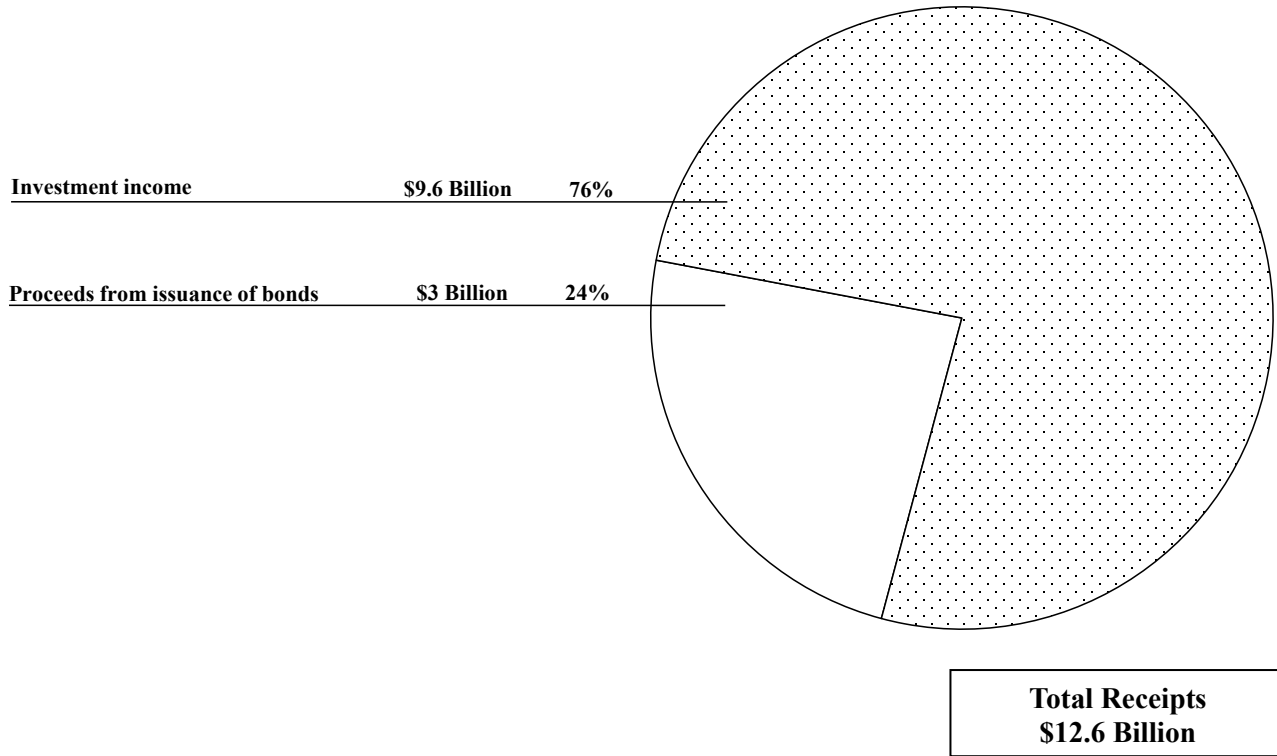
(vi) There were no Silver Bonds (2024: \$54.73 billion) in the outstanding bonds.

7. Receipts

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Proceeds from bonds issued under			
Tender or subscription	13,000,000	3,000,000	80,430,717
Switch tender	2,000,000	-	-
Bond swap facility	1,000,000	-	-
	16,000,000	3,000,000	80,430,717
Investment income			
Investments with the Exchange Fund	-	9,626,431	10,109,578
Others	-	-	34,622
	9,378,400	9,626,431	10,144,200
	25,378,400	12,626,431	90,574,917

Bond Fund

Analysis of Receipts for the year ended 31 March 2025

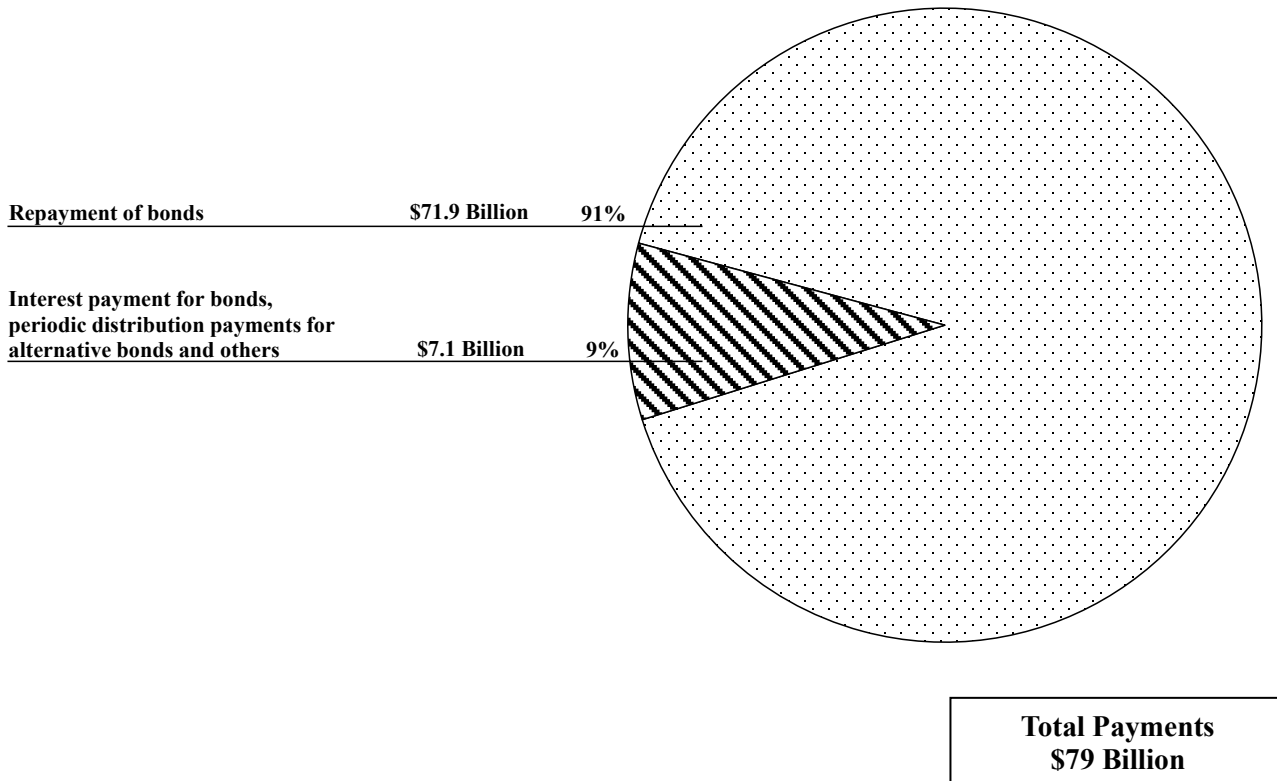


8. Payments

	2025		2024
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Repayment of bonds issued under			
Tender or subscription	78,322,875	71,890,320	42,863,450
Switch tender	2,000,000	-	-
Bond swap facility	1,000,000	-	-
	81,322,875	71,890,320	42,863,450
Interest payment for bonds	7,326,550	6,824,644	6,976,669
Periodic distribution payments for alternative bonds	246,000	243,728	245,223
Others	772	219	102,027
	<u>88,896,197</u>	<u>78,958,911</u>	<u>50,187,369</u>

Bond Fund

Analysis of Payments for the year ended 31 March 2025



9. Other Cash Movements

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

	2025 \$'000	2024 \$'000
Reduction/(Increase) in Assets		
Investments with the Exchange Fund	66,337,362	(40,382,938)
Reduction in Liabilities		
Deposits	(4,882)	(4,610)
	<u>66,332,480</u>	<u>(40,387,548)</u>

Bond Fund

Receipts, Payments and Fund Balance for the years ended 31 March 2016 to 2025

