




# 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 2026

October 2026

# 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 2026

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

30 October 2026

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

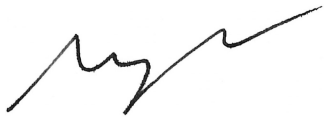
Sir,

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 2026, and on matters relating to the performance of my duties and the exercise of my powers under the Ordinance, together with a copy of the following statements duly certified by me:

— the Statement of Assets and Liabilities of the Government and the Statement of Receipts and Payments by the Government; and

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

Yours faithfully,



Prof. LAM Chi Yuen Nelson

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**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 2026, 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 2026 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

28 October 2026

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 2026**
(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Assets** | | | |
| Investments with the Exchange Fund | **3** | **249,781,448** | 173,702,401 |
| Deposits with banks | **4** | **448,799** | 462,374 |
| Cash and bank balances | **5** | **3,521,396** | 4,023,172 |
| Advances | **6** | **5,298,309** | 6,115,209 |
| Suspense Accounts | **7** | **36,516** | 56,423 |
| | | **259,086,468** | 184,359,579 |
| **Liabilities** | | | |
| Deposits | **8** | **(24,420,479)** | (24,700,860) |
| Suspense Accounts | **7** | **(41,731)** | (40,923) |
| | | **(24,462,210)** | (24,741,783) |
| | | **234,624,258** | 159,617,796 |
| **Representing:** | | | |
| **General Revenue Balance** | | | |
| Balance at beginning of year | | **159,617,796** | 141,923,977 |
| Surplus for the year | | **75,006,462** | 17,693,819 |
| Balance at end of year | **9, 10** | **234,624,258** | 159,617,796 |

Notes 1 to 13 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# General Revenue Account

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026**
(Expressed in Hong Kong dollars)

| | Note | **2026** **$'000** | 2025 $'000 |
|---|---|---|---|
| **Cash and bank balances at beginning of year** | | **4,023,172** | 4,767,088 |
| Revenue | **11** | **693,937,823** | 622,693,122 |
| Expenditure | **12** | **(618,931,361)** | (604,999,303) |
| **Surplus for the year** | | **75,006,462** | 17,693,819 |
| **Other cash movements** | **13** | **(75,508,238)** | (18,437,735) |
| **Cash and bank balances at end of year** | | **3,521,396** | 4,023,172 |

Notes 1 to 13 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# 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:

| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| Investments (Notes (ii) to (iv) below) | **249,772,159** | 173,697,597 |
| Deposits | **9,289** | 4,804 |
| | **249,781,448** | 173,702,401 |

**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 (7.0% and 3.9% for the calendar years 2025 and 2024 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 $5.11 billion as at 31 December 2025 *(2024: $4.47 billion)*, including the investment return for the calendar year 2025 of $0.64 billion *(2024: $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 2025-26, 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 *(2025: 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 2025 was 4.4% *(2024: 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:

| | **2026** | 2025 |
|---|---|---|
| | **$'000** | $'000 |
| Hong Kong dollar | **43,957** | 43,070 |
| Foreign currency | **404,842** | 419,304 |
| | **448,799** | 462,374 |

## 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.

## 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:

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| Advances to Government officers | **2,072,868** | 3,422,186 |
| 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 | **516,479** | 461,412 |
| Others | **1,546,971** | 1,069,620 |
| | **5,298,309** | 6,115,209 |

(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 2025-26, 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:

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| **Assets:** | | |
| Correctional Services Industries (Note (i) below) | **19,190** | 34,575 |
| Government Logistics Department — Unallocated Stores (Note (i) below) | **16,764** | 21,314 |
| The Financial Secretary Incorporated (Note (ii) below) | **562** | 534 |
| | **36,516** | 56,423 |
| **Liabilities:** | | |
| The Special Coin (Note (iii) below) | **(41,731)** | (40,923) |
| Net balance | **(5,215)** | 15,500 |

**7. Suspense Accounts** *(Continued)*

(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.

(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:

| | **2026** | 2025 |
|---|---|---|
| | **$'000** | $'000 |
| Tax reserve certificates | **14,625,338** | 14,936,939 |
| Water deposits | **2,133,535** | 2,100,541 |
| Tenancy deposits | **1,402,397** | 1,348,929 |
| Tax overpayments | **855,619** | 1,104,210 |
| Legal aid deposits | **827,669** | 918,704 |
| Private works | **423,206** | 383,822 |
| Others | **4,152,715** | 3,907,715 |
| | **24,420,479** | 24,700,860 |

**9. Contingent Liabilities**

As at 31 March 2026, the Government had the following contingent liabilities:

(i) guarantee to the Hong Kong Export Credit Insurance Corporation for liabilities under contracts of insurance amounting to $62,476 million *(2025: $54,623 million)*;

(ii) guarantees provided under the SME Financing Guarantee Scheme — 100% Guarantee Product amounting to $61,306 million *(2025: $79,433 million)*;

(iii) guarantees provided under the SME Financing Guarantee Scheme — Special Concessionary Measures amounting to $32,903 million *(2025: $33,195 million)*;

(iv) guarantees provided under the SME Financing Guarantee Scheme — 90% Guarantee Product amounting to $15,298 million *(2025: $13,973 million)*;

(v) legal claims, disputes and proceedings amounting to $4,139 million *(2025: $3,781 million)*;

(vi) guarantees provided under Dedicated 100% Loan Guarantee Scheme for Battery Electric Taxis amounting to $221 million *(2025: $32 million)*;

(vii) guarantees provided under the SME Loan Guarantee Scheme amounting to $178 million *(2025: $418 million)*;

(viii) guarantees provided under Dedicated 100% Loan Guarantee Scheme for Travel Sector amounting to $168 million *(2025: $203 million)*; and

(ix) guarantees provided under the Special Loan Guarantee Scheme amounting to $25 million *(2025: $58 million).*

# General Revenue Account

## 10. Commitments

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

| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| Non-recurrent expenditure | **121,015,264** | 132,350,715 |
| Plant, vehicles and equipment | **15,583,052** | 16,638,651 |
| Capital subventions | **3,129,130** | 3,020,688 |
| Capital works | **401,637** | 386,310 |
| | **140,129,083** | 152,396,364 |

## 11. Revenue

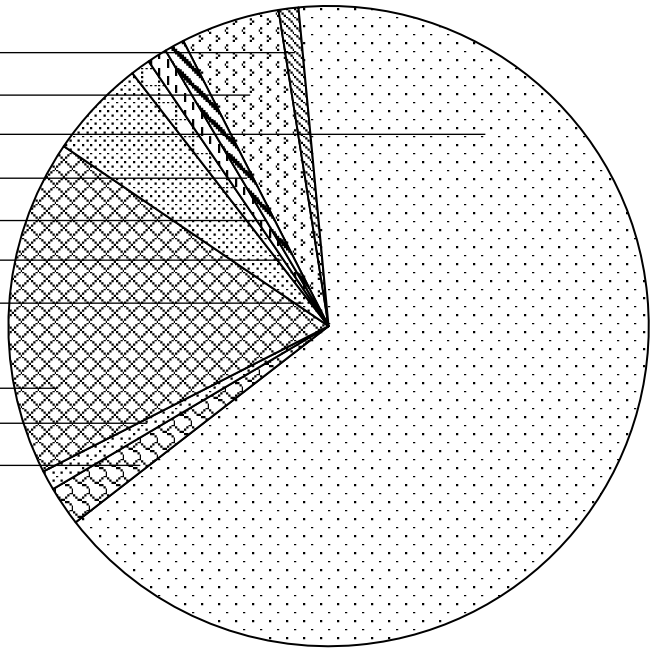
Analysis of total revenue by Head:

| Head | | **2026** Original Estimate $'000 | **Actual $'000** | Over/(Under) the Estimate $'000 | Variance % | 2025 Actual $'000 |
|---|---|---|---|---|---|---|
| 1 | Duties | 6,430,600 | **7,350,486** | 919,886 | 14.3 | 7,330,571 |
| 2 | General Rates | 36,165,000 | **36,587,446** | 422,446 | 1.2 | 32,723,501 |
| 3 | Internal Revenue | | | | | |
| | Profits tax | 192,200,000 | **212,644,742** | 20,444,742 | 10.6 | 177,687,849 |
| | Salaries tax | 96,470,000 | **97,691,641** | 1,221,641 | 1.3 | 88,878,791 |
| | Stamp duties | 67,585,000 | **102,565,099** | 34,980,099 | 51.8 | 63,880,244 |
| | Other internal revenue | 45,265,000 | **44,745,031** | (519,969) | (1.1) | 43,007,971 |
| | | 401,520,000 | **457,646,513** | 56,126,513 | 14.0 | 373,454,855 |
| 4 | Motor Vehicle Taxes | 4,821,000 | **4,951,233** | 130,233 | 2.7 | 4,744,736 |
| 5 | Fines, Forfeitures and Penalties | 1,716,630 | **2,026,961** | 310,331 | 18.1 | 2,011,426 |
| 6 | Royalties and Concessions | 5,117,800 | **5,343,769** | 225,969 | 4.4 | 4,681,631 |
| 7 | Properties and Investments | | | | | |
| | Income from Investments with the Exchange Fund | - | **7,138,137** | - | - | 4,927,873 |
| | Others | - | **29,533,769** | - | - | 30,402,965 |
| | | 37,150,000 | **36,671,906** | (478,094) | (1.3) | 35,330,838 |
| 9 | Loans, Reimbursements, Contributions and Other Receipts | 142,156,950 | **120,510,582** | (21,646,368) | (15.2) | 140,417,384 |
| 10 | Utilities | 4,206,780 | **4,076,254** | (130,526) | (3.1) | 4,123,563 |
| 11 | Fees and Charges | 19,137,000 | **18,772,673** | (364,327) | (1.9) | 17,874,617 |
| | Total | 658,421,760 | **693,937,823** | 35,516,063 | 5.4 | 622,693,122 |

# General Revenue Account

**Analysis of Revenue for the year ended 31 March 2026**

| | | |
|---|---|---|
| **Duties** | **$7.3 Billion** | **1%** |
| **General Rates** | **$36.6 Billion** | **5%** |
| **Internal Revenue** | **$457.6 Billion** | **66%** |
| **Motor Vehicle Taxes** | **$5.0 Billion** | **1%** |
| **Fines, Forfeitures and Penalties** | **$2.0 Billion** | **1%** |
| **Royalties and Concessions** | **$5.3 Billion** | **1%** |
| **Properties and Investments** | **$36.7 Billion** | **5%** |
| **Loans, Reimbursements, Contributions and Other Receipts (Including Transfers from Funds)** | **$120.5 Billion** | **17%** |
| **Utilities** | **$4.1 Billion** | **1%** |
| **Fees and Charges** | **$18.8 Billion** | **2%** |



**Total Revenue**
**$693.9 Billion**

# General Revenue Account

## 12. Expenditure

Analysis of total expenditure by Head:

| Head | | 2026 Original Estimate $'000 | 2026 **Actual $'000** | 2026 Over/(Under) the Estimate $'000 | 2026 Variance % | 2025 Actual $'000 |
|---|---|---|---|---|---|---|
| 21 | Chief Executive's Office | 157,089 | **155,784** | (1,305) | (0.8) | 146,831 |
| 22 | Agriculture, Fisheries and Conservation Department | 2,279,724 | **2,160,715** | (119,009) | (5.2) | 2,082,884 |
| 25 | Architectural Services Department | 2,808,891 | **2,804,362** | (4,529) | (0.2) | 2,829,291 |
| 24 | Audit Commission | 213,549 | **206,271** | (7,278) | (3.4) | 203,085 |
| 23 | Auxiliary Medical Service | 120,291 | **113,028** | (7,263) | (6.0) | 113,219 |
| 82 | Buildings Department | 2,104,424 | **2,096,916** | (7,508) | (0.4) | 2,128,139 |
| 26 | Census and Statistics Department | 924,832 | **880,215** | (44,617) | (4.8) | 821,629 |
| 27 | Civil Aid Service | 154,921 | **146,805** | (8,116) | (5.2) | 153,841 |
| 28 | Civil Aviation Department | 1,475,764 | **1,455,970** | (19,794) | (1.3) | 1,425,939 |
| 33 | Civil Engineering and Development Department | 4,119,132 | **3,909,108** | (210,024) | (5.1) | 3,506,272 |
| 30 | Correctional Services Department | 5,488,495 | **5,390,963** | (97,532) | (1.8) | 5,403,828 |
| 31 | Customs and Excise Department | 6,117,332 | **5,881,753** | (235,579) | (3.9) | 5,892,697 |
| 37 | Department of Health | 15,700,879 | **14,234,851** | (1,466,028) | (9.3) | 13,668,123 |
| 92 | Department of Justice | 2,507,746 | **2,102,870** | (404,876) | (16.1) | 2,007,766 |
| 39 | Drainage Services Department | 3,991,604 | **3,941,710** | (49,894) | (1.2) | 3,662,307 |
| 42 | Electrical and Mechanical Services Department | 1,851,166 | **1,805,124** | (46,042) | (2.5) | 1,866,264 |
| 44 | Environmental Protection Department | 8,633,114 | **8,224,620** | (408,494) | (4.7) | 9,095,412 |
| 45 | Fire Services Department | 9,251,993 | **8,990,293** | (261,700) | (2.8) | 9,401,062 |
| 49 | Food and Environmental Hygiene Department | 11,226,394 | **11,148,569** | (77,825) | (0.7) | 11,121,517 |
| 46 | General Expenses of the Civil Service | 5,914,104 | **5,420,818** | (493,286) | (8.3) | 5,236,889 |
| 166 | Government Flying Service | 626,572 | **608,977** | (17,595) | (2.8) | 618,745 |
| 48 | Government Laboratory | 640,768 | **639,058** | (1,710) | (0.3) | 631,008 |
| 59 | Government Logistics Department | 744,863 | **750,609** | 5,746 | 0.8 | 678,375 |

# General Revenue Account

**12. Expenditure** *(Continued)*

| Head | | 2026 Original Estimate $'000 | 2026 **Actual $'000** | 2026 Over/(Under) the Estimate $'000 | 2026 Variance % | 2025 Actual $'000 |
|---|---|---|---|---|---|---|
| 51 | Government Property Agency | 2,900,778 | **2,653,523** | (247,255) | (8.5) | 2,633,106 |
| 143 | Government Secretariat: Civil Service Bureau | 987,857 | **867,073** | (120,784) | (12.2) | 833,991 |
| 152 | Government Secretariat: Commerce and Economic Development Bureau | 14,065,794 | **12,385,504** | (1,680,290) | (11.9) | 14,530,049 |
| 144 | Government Secretariat: Constitutional and Mainland Affairs Bureau | 882,137 | **864,478** | (17,659) | (2.0) | 837,134 |
| 132 | Government Secretariat: Culture, Sports and Tourism Bureau | 6,100,908 | **5,180,872** | (920,036) | (15.1) | 5,581,627 |
| 138 | Government Secretariat: Development Bureau (Planning and Lands Branch) | 1,674,443 | **1,340,391** | (334,052) | (20.0) | 1,538,150 |
| 159 | Government Secretariat: Development Bureau (Works Branch) | 1,449,775 | **1,257,648** | (192,127) | (13.3) | 1,189,271 |
| 47 | Government Secretariat: Digital Policy Office | 3,494,475 | **3,480,359** | (14,116) | (0.4) | 3,012,828 |
| 156 | Government Secretariat: Education Bureau | 75,834,241 | **75,702,183** | (132,058) | (0.2) | 79,162,642 |
| 137 | Government Secretariat: Environment and Ecology Bureau (Environment Branch) | 2,079,954 | **1,885,725** | (194,229) | (9.3) | 2,172,776 |
| 139 | Government Secretariat: Environment and Ecology Bureau (Food Branch) | 187,750 | **184,288** | (3,462) | (1.8) | 194,258 |
| 148 | Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch) | 435,509 | **498,460** | 62,951 | 14.5 | 1,126,830 |
| 147 | Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch) | 591,983 | **385,843** | (206,140) | (34.8) | 1,338,487 |
| 140 | Government Secretariat: Health Bureau | 104,812,359 | **104,551,290** | (261,069) | (0.2) | 101,060,529 |

# General Revenue Account

**12. Expenditure** *(Continued)*

| Head | | 2026 Original Estimate $'000 | 2026 **Actual $'000** | 2026 Over/(Under) the Estimate $'000 | 2026 Variance % | 2025 Actual $'000 |
|---|---|---|---|---|---|---|
| 53 | Government Secretariat: Home and Youth Affairs Bureau | 1,280,147 | **1,160,325** | (119,822) | (9.4) | 1,132,853 |
| 62 | Government Secretariat: Housing Bureau | 1,964,966 | **1,725,413** | (239,553) | (12.2) | 3,186,163 |
| 155 | Government Secretariat: Innovation and Technology Commission | 2,579,417 | **690,727** | (1,888,690) | (73.2) | 874,636 |
| 135 | Government Secretariat: Innovation, Technology and Industry Bureau | 269,731 | **243,813** | (25,918) | (9.6) | 314,608 |
| 141 | Government Secretariat: Labour and Welfare Bureau | 1,993,839 | **1,646,561** | (347,278) | (17.4) | 1,820,337 |
| 142 | Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary | 1,245,933 | **1,163,107** | (82,826) | (6.6) | 1,184,599 |
| 96 | Government Secretariat: Overseas Economic and Trade Offices | 600,150 | **472,586** | (127,564) | (21.3) | 452,455 |
| 151 | Government Secretariat: Security Bureau | 876,107 | **837,984** | (38,123) | (4.4) | 1,462,659 |
| 158 | Government Secretariat: Transport and Logistics Bureau | 468,430 | **406,700** | (61,730) | (13.2) | 451,013 |
| 60 | Highways Department | 4,613,785 | **4,420,739** | (193,046) | (4.2) | 4,364,087 |
| 63 | Home Affairs Department | 3,779,057 | **3,742,165** | (36,892) | (1.0) | 3,650,054 |
| 168 | Hong Kong Observatory | 470,422 | **469,707** | (715) | (0.2) | 462,084 |
| 122 | Hong Kong Police Force | 28,056,461 | **26,693,185** | (1,363,276) | (4.9) | 26,563,750 |
| 70 | Immigration Department | 7,302,580 | **7,216,513** | (86,067) | (1.2) | 7,374,651 |
| 72 | Independent Commission Against Corruption | 1,397,364 | **1,376,392** | (20,972) | (1.5) | 1,392,908 |
| 121 | Independent Police Complaints Council | 93,521 | **93,521** | - | - | 95,453 |
| 74 | Information Services Department | 736,868 | **701,067** | (35,801) | (4.9) | 655,552 |
| 76 | Inland Revenue Department | 2,063,078 | **2,060,269** | (2,809) | (0.1) | 2,072,190 |
| 78 | Intellectual Property Department | 278,283 | **277,942** | (341) | (0.1) | 269,212 |

# General Revenue Account

**12. Expenditure** *(Continued)*

| Head | | 2026 Original Estimate $'000 | 2026 **Actual $'000** | 2026 Over/(Under) the Estimate $'000 | 2026 Variance % | 2025 Actual $'000 |
|---|---|---|---|---|---|---|
| 79 | Invest Hong Kong | 303,826 | **303,410** | (416) | (0.1) | 305,559 |
| 174 | Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service | 39,220 | **37,283** | (1,937) | (4.9) | 40,461 |
| 80 | Judiciary | 2,806,173 | **2,755,036** | (51,137) | (1.8) | 2,610,877 |
| 90 | Labour Department | 3,483,750 | **3,084,129** | (399,621) | (11.5) | 2,787,708 |
| 91 | Lands Department | 3,354,440 | **3,348,491** | (5,949) | (0.2) | 3,467,553 |
| 94 | Legal Aid Department | 1,637,999 | **1,410,450** | (227,549) | (13.9) | 1,439,122 |
| 112 | Legislative Council Commission | 1,228,653 | **1,238,436** | 9,783 | 0.8 | 1,133,498 |
| 95 | Leisure and Cultural Services Department | 12,303,961 | **12,139,711** | (164,250) | (1.3) | 11,919,807 |
| 100 | Marine Department | 1,912,726 | **1,909,437** | (3,289) | (0.2) | 1,895,884 |
| 106 | Miscellaneous Services | 1,678,437 | **77,349** | (1,601,088) | (95.4) | 71,104 |
| 180 | Office for Film, Newspaper and Article Administration | 61,493 | **59,677** | (1,816) | (3.0) | 58,719 |
| 114 | Office of The Ombudsman | 134,231 | **134,231** | - | - | 136,644 |
| 116 | Official Receiver's Office | 238,783 | **237,649** | (1,134) | (0.5) | 234,900 |
| 120 | Pensions | 51,999,380 | **51,869,712** | (129,668) | (0.2) | 49,962,028 |
| 118 | Planning Department | 903,798 | **897,369** | (6,429) | (0.7) | 899,782 |
| 136 | Public Service Commission Secretariat | 38,420 | **37,078** | (1,342) | (3.5) | 37,124 |
| 160 | Radio Television Hong Kong | 1,551,601 | **1,486,766** | (64,835) | (4.2) | 1,260,316 |
| 162 | Rating and Valuation Department | 756,419 | **737,792** | (18,627) | (2.5) | 735,351 |
| 163 | Registration and Electoral Office | 1,825,342 | **1,519,735** | (305,607) | (16.7) | 663,370 |
| 169 | Secretariat, Commissioner on Interception of Communications and Surveillance | 25,298 | **23,307** | (1,991) | (7.9) | 24,509 |
| 170 | Social Welfare Department | 125,168,576 | **118,525,571** | (6,643,005) | (5.3) | 112,680,271 |
| 181 | Trade and Industry Department | 2,318,381 | **2,024,142** | (294,239) | (12.7) | 2,937,927 |

# General Revenue Account

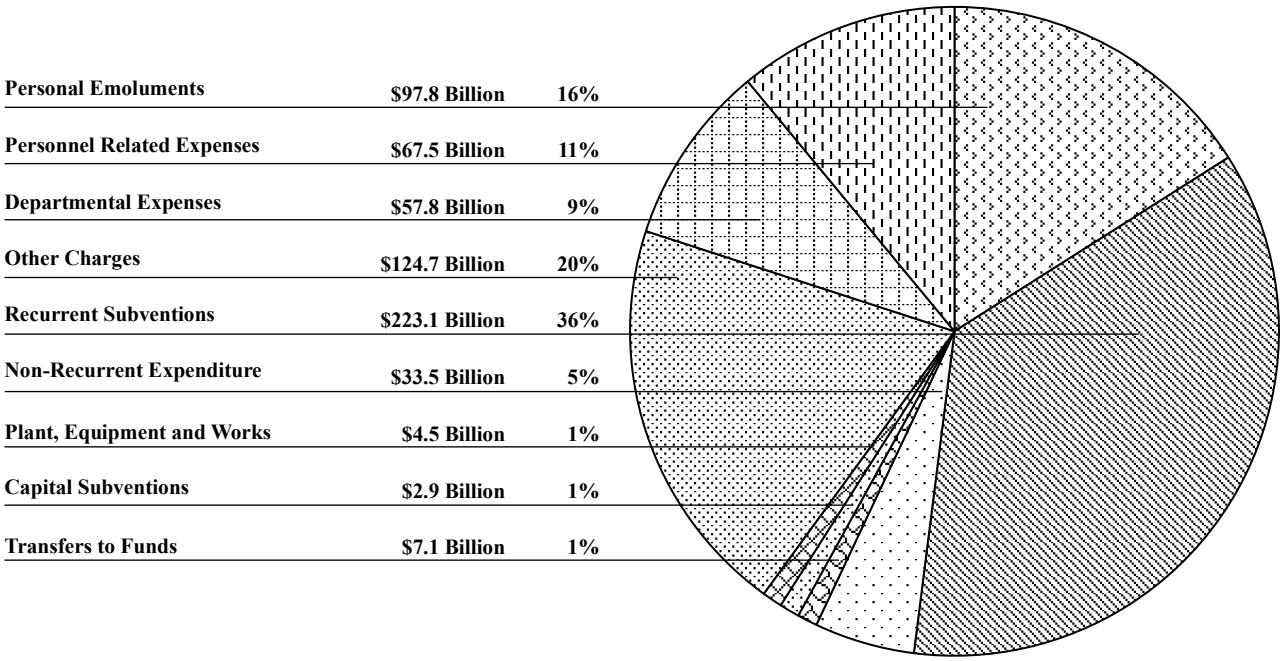
**12. Expenditure** *(Continued)*

| Head | | 2026 Original Estimate $'000 | 2026 **Actual $'000** | 2026 Over/(Under) the Estimate $'000 | 2026 Variance % | 2025 Actual $'000 |
|---|---|---|---|---|---|---|
| 186 | Transport Department | 13,264,426 | **11,334,829** | (1,929,597) | (14.5) | 12,110,232 |
| 188 | Treasury | 525,783 | **524,994** | (789) | (0.2) | 543,062 |
| 190 | University Grants Committee | 24,699,692 | **24,530,847** | (168,845) | (0.7) | 24,475,910 |
| 194 | Water Supplies Department | 10,357,754 | **10,270,402** | (87,352) | (0.8) | 10,145,897 |
| 173 | Working Family and Student Financial Assistance Agency | 7,403,154 | **6,636,786** | (766,368) | (10.4) | 6,570,623 |
| | | 632,643,465 | **606,860,361** | (25,783,104) | (4.1) | 604,834,303 |
| 184 | Transfers to Funds | 7,071,000 | **7,071,000** | - | - | 165,000 |
| | Non-recurrent appropriation to a special fund to meet the expenditure for safeguarding national security (Note (i) below) | - | **5,000,000** | 5,000,000 | - | - |
| | Total | 639,714,465 | **618,931,361** | (20,783,104) | (3.2) | 604,999,303 |

(i) The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region provides that the Financial Secretary shall, upon approval of the Chief Executive, appropriate from the general revenue a special fund to meet the expenditure for safeguarding national security and approve the establishment of relevant posts, which are not subject to any restrictions in the relevant provisions of the laws in force in the Region. This $5 billion provision is a non-recurrent appropriation which increases the special fund for meeting the expenditure for safeguarding national security.

# General Revenue Account

**Analysis of Expenditure for the year ended 31 March 2026**




**Total Expenditure**
**$618.9 Billion**

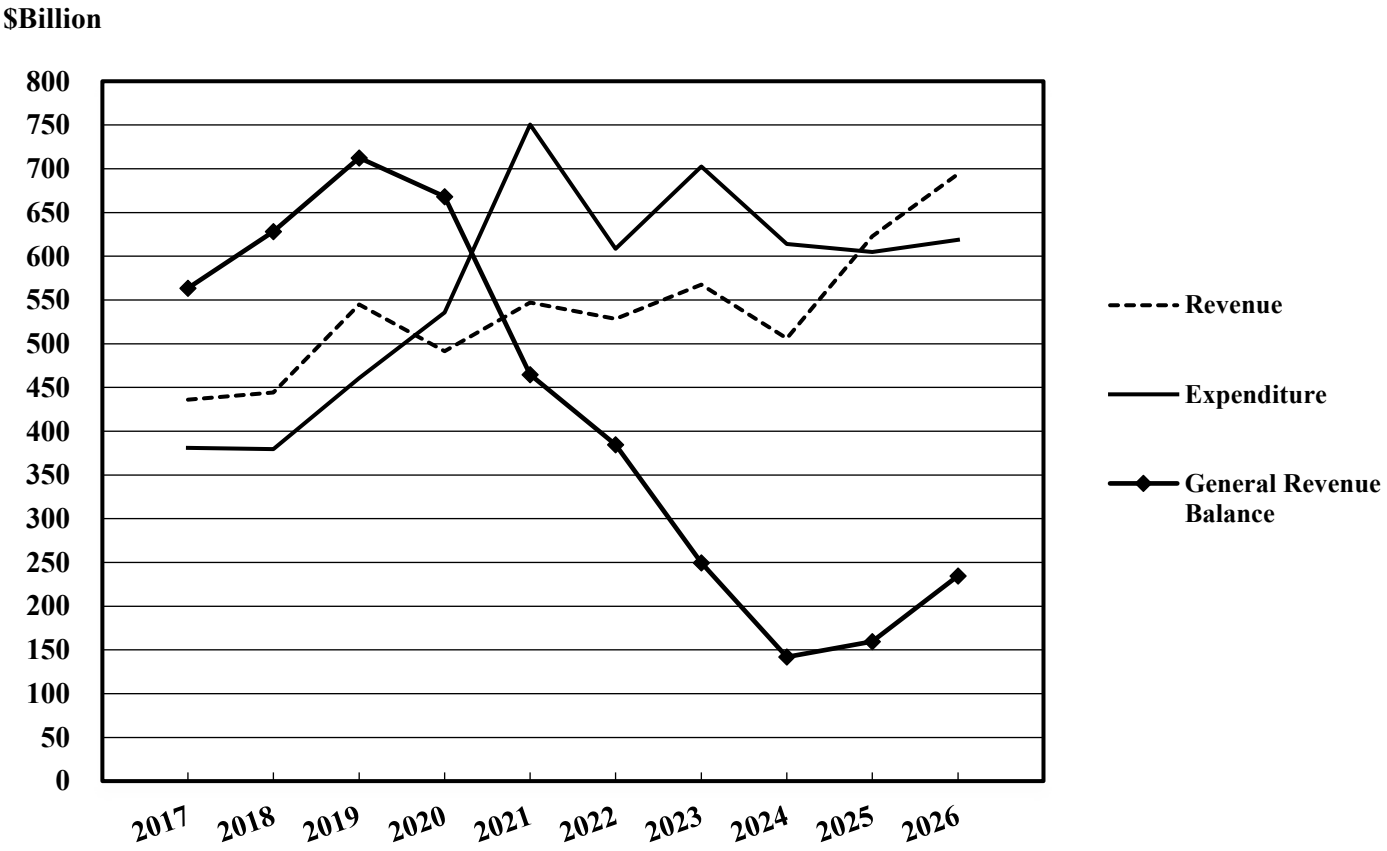
## 13. Other Cash Movements

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

| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| **(Increase)/Reduction in Assets** | | |
| Investments with the Exchange Fund | **(76,079,047)** | (19,380,345) |
| Deposits with banks | **13,575** | 22,696 |
| Advances | **816,900** | (326,431) |
| Suspense Accounts | **19,907** | 18,216 |
| | **(75,228,665)** | (19,665,864) |
| **(Reduction)/Increase in Liabilities** | | |
| Deposits | **(280,381)** | 1,227,726 |
| Suspense Accounts | **808** | 403 |
| | **(279,573)** | 1,228,129 |
| | **(75,508,238)** | (18,437,735) |

# General Revenue Account

**Revenue, Expenditure and General Revenue Balance for the years ended 31 March 2017 to 2026**





**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 2026, 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 2026 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

28 October 2026

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 2026**
(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Assets** | | | |
| Investments with the Exchange Fund | **3** | **64,273,739** | 96,463,999 |
| Cash and bank balances | | **1** | 1 |
| | | **64,273,740** | 96,464,000 |
| **Liabilities** | | | |
| Deposits | **4** | **(3,282,347)** | (2,863,878) |
| | | **60,991,393** | 93,600,122 |
| **Representing:** | | | |
| **Fund Balance** | | | |
| Balance at beginning of year | | **93,600,122** | 98,190,894 |
| Deficit for the year | | **(32,608,729)** | (4,590,772) |
| Balance at end of year | **5, 6, 7** | **60,991,393** | 93,600,122 |

Notes 1 to 10 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# Capital Works Reserve Fund

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026**
(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Cash and bank balances at beginning of year** | | **1** | 1 |
| Receipts | **8** | **179,082,914** | 147,364,047 |
| Payments | **5, 9** | **(211,691,643)** | (151,954,819) |
| **Deficit for the year** | | **(32,608,729)** | (4,590,772) |
| **Other cash movements** | **10** | **32,608,729** | 4,590,772 |
| **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
28 August 2026

# 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:

| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| Investments (Notes (ii) and (iii) below) | **64,225,158** | 96,413,995 |
| Deposits | **48,581** | 50,004 |
| | **64,273,739** | 96,463,999 |

(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 2025 was 4.4% *(2024: 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:

| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| Contract retention money | **2,246,712** | 2,009,057 |
| Others | **1,035,635** | 854,821 |
| | **3,282,347** | 2,863,878 |

## 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; US$1 billion, EUR1 billion and RMB4 billion in June 2025; US$0.3 billion, EUR0.3 billion, RMB2.5 billion and HK$2.5 billion in November 2025 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$21.23 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; RMB1.5 billion and HK$4.5 billion in April 2025; RMB4 billion and HK$5 billion in May 2025; RMB4 billion and HK$4 billion in June 2025; RMB2.75 billion and HK$4 billion in July 2025; RMB5.5 billion and HK$3.25 billion in August 2025; RMB3.25 billion and HK$4.75 billion in November 2025; RMB2 billion and HK$2.5 billion in December 2025; RMB1.25 billion and HK$1 billion in January 2026; RMB2.25 billion and HK$4 billion in February 2026; RMB2.25 billion and HK$4.5 billion in March 2026 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 and HK$55 billion in October 2025 under the Infrastructure Bond Programme to provide funding for infrastructure projects of the Government.

# Capital Works Reserve Fund

**5. Fund Balance** *(Continued)*

(iii) The outstanding liabilities, not included in the Statement of Assets and Liabilities, in respect of sums borrowed are as follows:

| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| Government Bonds | | |
| Green Bonds (Notes (iii)(a) and (iii)(d) below) | **186,769,063** | 194,375,295 |
| Infrastructure Bonds (Notes (iii)(b) and (iii)(d) below) | **114,114,725** | 50,177,375 |
| Silver Bonds (Note (iii)(c) below) | **108,947,800** | 54,791,670 |
| | **409,831,588** | 299,344,340 |

(a) The Green Bonds were denominated in United States dollars (US$9.55 billion will mature between June 2026 and January 2053), Euros (EUR5.8 billion will mature between November 2026 and November 2041), Renminbi (RMB33 billion will mature between July 2026 and July 2054) and Hong Kong dollars (HK$22.5 billion will mature between October 2026 and November 2027). During the financial year, payments of interest on the Green Bonds amounted to $6,068 million *(2025: $6,123 million)* and there was repayment of principal with nominal value of HK$44,196 million *(2025: HK$21,785 million)*.

(b) The Infrastructure Bonds were denominated in Renminbi (RMB38.75 billion will mature between April 2026 and June 2055) and Hong Kong dollars (HK$70.23 billion will mature between May 2026 and June 2055). During the financial year, payments of interest on the Infrastructure Bonds amounted to $1,911 million *(2025: $15 million)* and there was repayment of principal with nominal value of HK$6,911 million *(2025: Nil)*.

(c) The Silver Bonds were denominated in Hong Kong dollars (HK$108.95 billion will mature in October 2027 and October 2028 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 $2,193 million *(2025: $2 million)* and there was repayment of principal with nominal value of HK$844 million *(2025: HK$208 million)*.

(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 2026, the amount of contingent liabilities arising from legal claims, disputes and proceedings was $37 million *(2025: $3,275 million)*.

# Capital Works Reserve Fund

## 7. Commitments

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

| Head | | | **2026** **$'000** | 2025 $'000 |
|---|---|---|---|---|
| **Land acquisition** | | | | |
| 701 | Land acquisition | | **93,544,815** | 91,745,215 |
| | | **Sub-total** | **93,544,815** | 91,745,215 |
| **Capital works – Public Works Programme** | | | | |
| 702 | Port and airport development | | **11,700** | 11,700 |
| 703 | Buildings | | **176,369,601** | 220,804,413 |
| 704 | Drainage | | **73,735,127** | 63,275,104 |
| 705 | Civil engineering | | **84,987,855** | 93,827,729 |
| 706 | Highways | | **46,969,617** | 55,613,395 |
| 707 | New towns and urban area development | | **175,547,747** | 183,735,886 |
| 709 | Waterworks | | **33,030,726** | 25,612,418 |
| 711 | Housing | | **32,413,486** | 44,631,568 |
| | | **Sub-total** | **623,065,859** | 687,512,213 |
| **Capital subventions** | | | | |
| 708 (part) | Capital subventions | | **56,096,445** | 69,291,986 |
| | | **Sub-total** | **56,096,445** | 69,291,986 |
| **Systems and equipment** | | | | |
| 708 (part) | Major systems and equipment | | **7,717,219** | 6,166,069 |
| 710 | Computerisation | | **17,194,199** | 16,143,352 |
| | | **Sub-total** | **24,911,418** | 22,309,421 |
| | | | **797,618,537** | 870,858,835 |

# Capital Works Reserve Fund

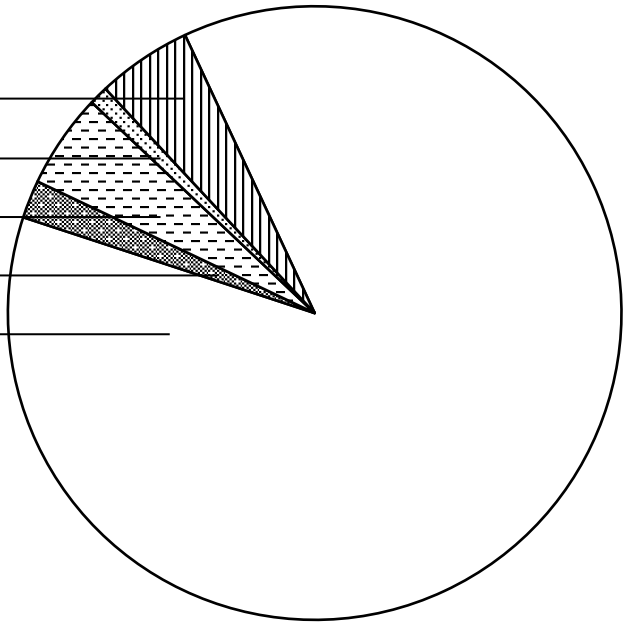
## 8. Receipts

| | 2026 | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Land premium | | | |
| Sales by public auction and tender | - | **8,980,229** | 6,629,628 |
| Private treaty grants | - | **426,625** | 257,964 |
| Modification of existing leases, exchanges and extensions | - | **8,308,067** | 5,834,885 |
| Fees received in respect of short term waivers | - | **853,640** | 879,271 |
| | 21,000,000 | **18,568,561** | 13,601,748 |
| Investment income | | | |
| Investments with the Exchange Fund | - | **4,112,168** | 3,599,621 |
| Others | - | **62,659** | 40,327 |
| | 3,330,000 | **4,174,827** | 3,639,948 |
| Other receipts | | | |
| Donations and contributions | 7,644 | **-** | - |
| Others | - | **303,150** | 86,327 |
| | 7,644 | **303,150** | 86,327 |
| Proceeds received from issuance of Government Bonds | 150,000,000 | **156,036,376** | 130,036,024 |
| | 174,337,644 | **179,082,914** | 147,364,047 |

# Capital Works Reserve Fund

**Analysis of Receipts for the year ended 31 March 2026**

| | | |
|---|---|---|
| Sales by public auction and tender | $9.0 Billion | 5% |
| Private treaty grants and fees received in respect of short term waivers | $1.3 Billion | 1% |
| Modification of existing leases, exchanges and extensions | $8.3 Billion | 5% |
| Investment income and other receipts | $4.5 Billion | 2% |
| Proceeds received from issuance of Government Bonds | $156.0 Billion | 87% |



**Total Receipts**
**$179.1 Billion**

# Capital Works Reserve Fund

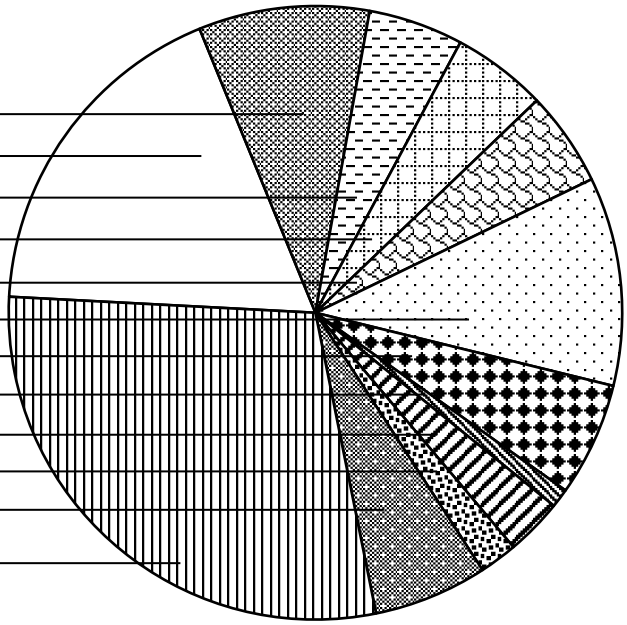
## 9. Payments

| | 2026 | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Land acquisition | 24,829,120 | **20,089,776** | 12,890,158 |
| Public Works Programme | | | |
| Port and airport development | 108 | **-** | - |
| Buildings | 37,661,410 | **38,904,791** | 35,767,296 |
| Drainage | 9,149,959 | **9,999,935** | 8,989,574 |
| Civil engineering | 13,808,269 | **11,669,342** | 8,774,963 |
| Highways | 8,287,985 | **9,778,347** | 12,933,628 |
| New towns and urban area development | 21,614,730 | **22,775,392** | 17,966,142 |
| Waterworks | 5,120,371 | **5,739,998** | 4,692,807 |
| Housing | 11,364,417 | **12,296,635** | 7,494,962 |
| | 107,007,249 | **111,164,440** | 96,619,372 |
| Capital subventions and major systems and equipment | | | |
| Capital subventions | 12,792,377 | **12,836,619** | 8,709,691 |
| Major systems and equipment | 1,557,873 | **1,059,951** | 902,536 |
| | 14,350,250 | **13,896,570** | 9,612,227 |
| Computerisation | 4,901,169 | **4,291,850** | 4,557,372 |
| Government Bonds | | | |
| Repayment | 54,148,000 | **51,950,907** | 21,992,988 |
| Interest and other expenses | 12,983,000 | **10,284,313** | 6,271,518 |
| | 67,131,000 | **62,235,220** | 28,264,506 |
| Other payments | | | |
| Refund of overpayment of land premium | - | **13,787** | 11,184 |
| | 218,218,788 | **211,691,643** | 151,954,819 |

# Capital Works Reserve Fund

**Analysis of Payments for the year ended 31 March 2026 ***

| | | |
|---|---|---|
| **Land acquisition** | **$20.1 Billion** | **9%** |
| **Buildings** | **$38.9 Billion** | **18%** |
| **Drainage** | **$10.0 Billion** | **5%** |
| **Civil engineering** | **$11.7 Billion** | **5%** |
| **Highways** | **$9.8 Billion** | **5%** |
| **New towns and urban area development** | **$22.8 Billion** | **11%** |
| **Capital subventions** | **$12.8 Billion** | **6%** |
| **Major systems and equipment** | **$1.1 Billion** | **1%** |
| **Waterworks** | **$5.7 Billion** | **3%** |
| **Computerisation** | **$4.3 Billion** | **2%** |
| **Housing** | **$12.3 Billion** | **6%** |
| **Repayment, interest and other expenses on Government Bonds** | **$62.2 Billion** | **29%** |



**Total Payments**
**$211.7 Billion**

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

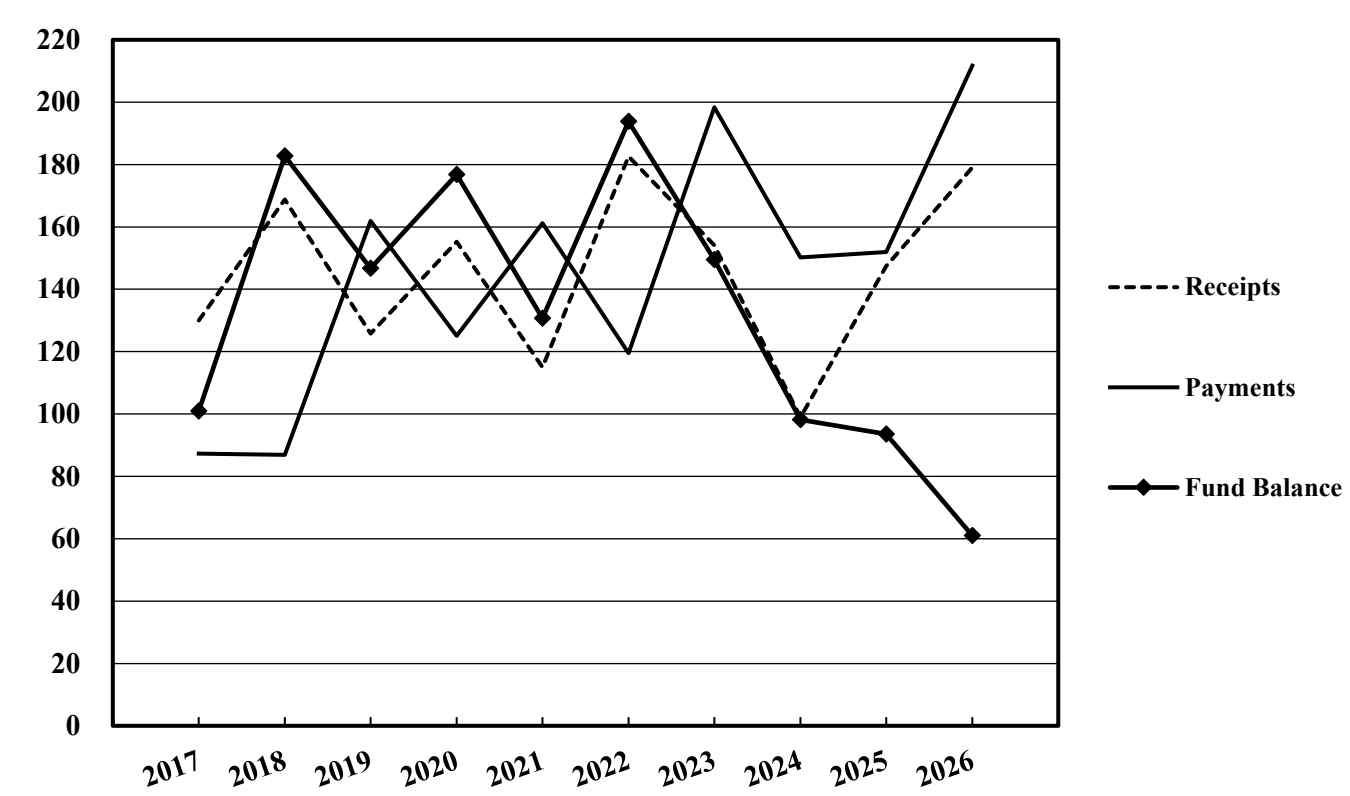
## 10. Other Cash Movements

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

| | **2026** | 2025 |
|---|---|---|
| | **$'000** | $'000 |
| **Reduction in Assets** | | |
| Investments with the Exchange Fund | **32,190,260** | 4,375,527 |
| **Increase in Liabilities** | | |
| Deposits | **418,469** | 215,245 |
| | **32,608,729** | 4,590,772 |

# Capital Works Reserve Fund

**Receipts, Payments and Fund Balance for the years ended 31 March 2017 to 2026**



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 2026, 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 2026 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

28 October 2026

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 2026**
(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Assets** | | | |
| **Investments** | **3** | | |
| Equity holdings | | **167,266,156** | 164,324,656 |
| Other investments | | **760,604,157** | 722,283,307 |
| | | **927,870,313** | 886,607,963 |
| **Loans Outstanding** | **4** | **2,051,279** | 2,366,013 |
| | | **929,921,592** | 888,973,976 |
| **Current Assets** | | | |
| Investments with the Exchange Fund | **5** | **11,822,558** | 13,049,134 |
| Cash and bank balances | | **1** | - |
| | | **11,822,559** | 13,049,134 |
| | | **941,744,151** | 902,023,110 |
| **Representing:** | | | |
| **Total Fund Balance** | | | |
| **Applied Fund** | **6** | **929,921,592** | 888,973,976 |
| **Available Fund** | **7** | | |
| Balance at beginning of year | | **13,049,134** | 16,457,721 |
| Deficit for the year | | **(1,226,575)** | (3,408,587) |
| Balance at end of year | | **11,822,559** | 13,049,134 |
| | **8, 9** | **941,744,151** | 902,023,110 |

Notes 1 to 12 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# Capital Investment Fund

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026**
(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Cash and bank balances at beginning of year** | | **-** | 1 |
| Receipts | **10** | **1,714,925** | 1,957,913 |
| Payments | **11** | **(2,941,500)** | (5,366,500) |
| **Deficit for the year** | | **(1,226,575)** | (3,408,587) |
| **Other cash movements** | **12** | **1,226,576** | 3,408,586 |
| **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
28 August 2026

# 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)

| | **2026** | | | 2025 | | |
|---|---|---|---|---|---|---|
| | **Equity Holdings $'000** | **Other Investments $'000** | **Total $'000** | Equity Holdings $'000 | Other Investments $'000 | Total $'000 |
| Balance at beginning of year | **164,324,656** | **722,283,307** | **886,607,963** | 158,958,156 | 700,381,662 | 859,339,818 |
| **Additions** | | | | | | |
| Cash acquisitions | **2,941,500** | **-** | **2,941,500** | 5,366,500 | - | 5,366,500 |
| Non-cash acquisitions | **-** | **38,320,850** | **38,320,850** | - | 21,901,645 | 21,901,645 |
| | **2,941,500** | **38,320,850** | **41,262,350** | 5,366,500 | 21,901,645 | 27,268,145 |
| **Balance at end of year** | **167,266,156** | **760,604,157** | **927,870,313** | 164,324,656 | 722,283,307 | 886,607,963 |

# Capital Investment Fund

## 4. Loans Outstanding

| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| Balance at beginning of year | **2,366,013** | 3,036,356 |
| **Additions** | | |
| Capitalised interest | **1,783** | 30,918 |
| **Deductions** | | |
| Loan repayments | **(316,517)** | (701,261) |
| **Balance at end of year** | **2,051,279** | 2,366,013 |

## 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 2025 was 4.4% *(2024: 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 2026, the Government had the following contingent liabilities:

(i) subscription to callable shares in the Asian Development Bank amounting to $5,843 million *(2025: $5,662 million)*;

(ii) subscription to callable shares in the Asian Infrastructure Investment Bank amounting to $4,800 million *(2025: $4,800 million)* with commitment approved; and

(iii) guarantees provided under a commercial loan under the Guaranteed Medium Term Note Programme of the Hong Kong Cyberport Management Company Limited amounting to $500 million *(2025: Nil)*.

# Capital Investment Fund

## 9. Commitments

The approved investments that were unpaid were as follows:

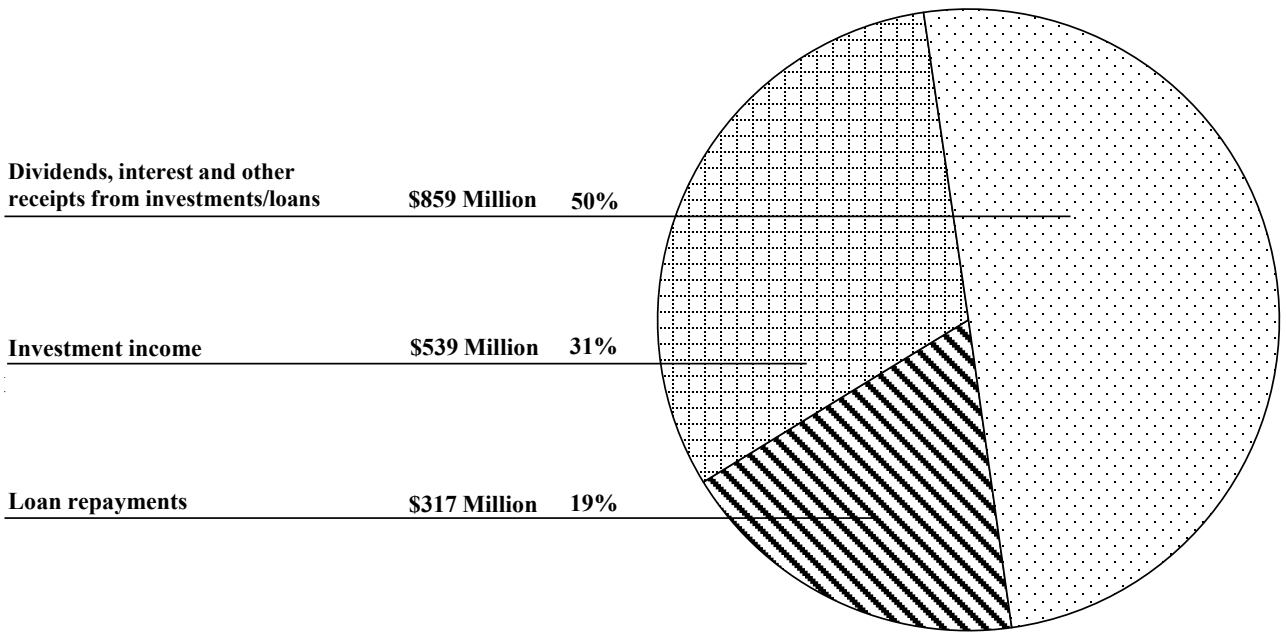
| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| Investments (Note (i) below) | **20,008,000** | 26,780,000 |

(i) These included an approved commitment of $4,800 million *(2025: $4,800 million)* for the subscription to callable shares in the Asian Infrastructure Investment Bank (Note 8(ii)).

## 10. Receipts

| | **2026** | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Dividends, interest and other receipts from investments/loans | 828,696 | **859,007** | 731,227 |
| Loan repayments | 313,735 | **316,517** | 701,261 |
| Investment income | | | |
| Investments with the Exchange Fund | - | **539,401** | 525,412 |
| Others | - | **-** | 13 |
| | 510,000 | **539,401** | 525,425 |
| | 1,652,431 | **1,714,925** | 1,957,913 |

**Analysis of Receipts for the year ended 31 March 2026**




**Total Receipts $1,715 Million**

# Capital Investment Fund

## 11. Payments

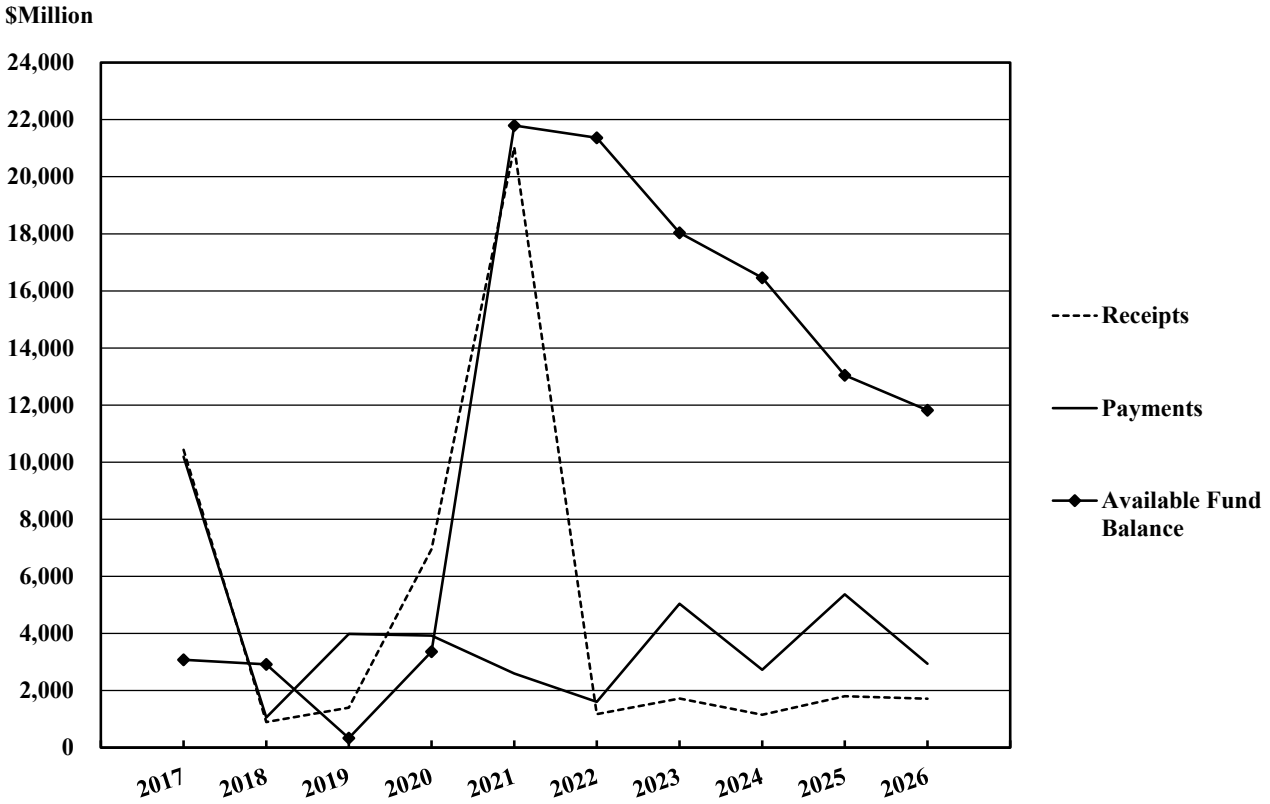
| | 2026 | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Acquisition of investments | | | |
| Equity holdings | 4,509,500 | **2,941,500** | 5,366,500 |
| Other investment | 1,239,600 | **-** | - |
| | 5,749,100 | **2,941,500** | 5,366,500 |

## 12. Other Cash Movements

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

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| **Reduction in Assets** | | |
| Investments with the Exchange Fund | **1,226,576** | 3,408,586 |

**Receipts, Payments and Available Fund Balance for the years ended 31 March 2017 to 2026**



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**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 2026, 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 2026 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

28 October 2026

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 2026**
(Expressed in Hong Kong dollars)

| | Note | **2026** **$'000** | 2025 $'000 |
|---|---|---|---|
| **Assets** | | | |
| Investments with the Exchange Fund | **3** | **60,477,934** | 57,929,055 |
| **Representing:** | | | |
| **Fund Balance** | | | |
| Balance at beginning of year | | **57,929,055** | 55,856,695 |
| Surplus for the year | | **2,548,879** | 2,072,360 |
| Balance at end of year | | **60,477,934** | 57,929,055 |

Notes 1 to 5 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# Civil Service Pension Reserve Fund

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026**
(Expressed in Hong Kong dollars)

| | Note | **2026** **$'000** | 2025 $'000 |
|---|---|---|---|
| **Cash and bank balances at beginning of year** | | **-** | - |
| Receipts | **4** | **2,548,879** | 2,072,360 |
| Payments | | **-** | - |
| **Surplus for the year** | | **2,548,879** | 2,072,360 |
| **Other cash movements** | **5** | **(2,548,879)** | (2,072,360) |
| **Cash and bank balances at end of year** | | **-** | - |

Notes 1 to 5 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# 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 2025 was 4.4% *(2024: 3.7%)*. The annual investment income is receivable on 31 December each year.

## 4. Receipts

| | **2026** | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Investment income | | | |
| Investments with the Exchange Fund | 2,549,000 | **2,548,879** | 2,072,360 |

## 5. Other Cash Movements

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

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| **Increase in Assets** | | |
| Investments with the Exchange Fund | **2,548,879** | 2,072,360 |



**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 2026, 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 2026 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

28 October 2026

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 2026**
(Expressed in Hong Kong dollars)

| | Note | **2026** **$'000** | 2025 $'000 |
|---|---|---|---|
| **Assets** | | | |
| Investments with the Exchange Fund | **3** | **129,257** | 126,666 |
| **Representing:** | | | |
| **Fund Balance** | | | |
| Balance at beginning of year | | **126,666** | 34,510 |
| Surplus for the year | | **2,591** | 92,156 |
| Balance at end of year | | **129,257** | 126,666 |

Notes 1 to 6 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# Disaster Relief Fund

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026**
(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Cash and bank balances at beginning of year** | | **-** | - |
| Receipts | **4** | **83,436** | 177,145 |
| Payments | **5** | **(80,845)** | (84,989) |
| **Surplus for the year** | | **2,591** | 92,156 |
| **Other cash movements** | **6** | **(2,591)** | (92,156) |
| **Cash and bank balances at end of year** | | **-** | - |

Notes 1 to 6 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# 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.

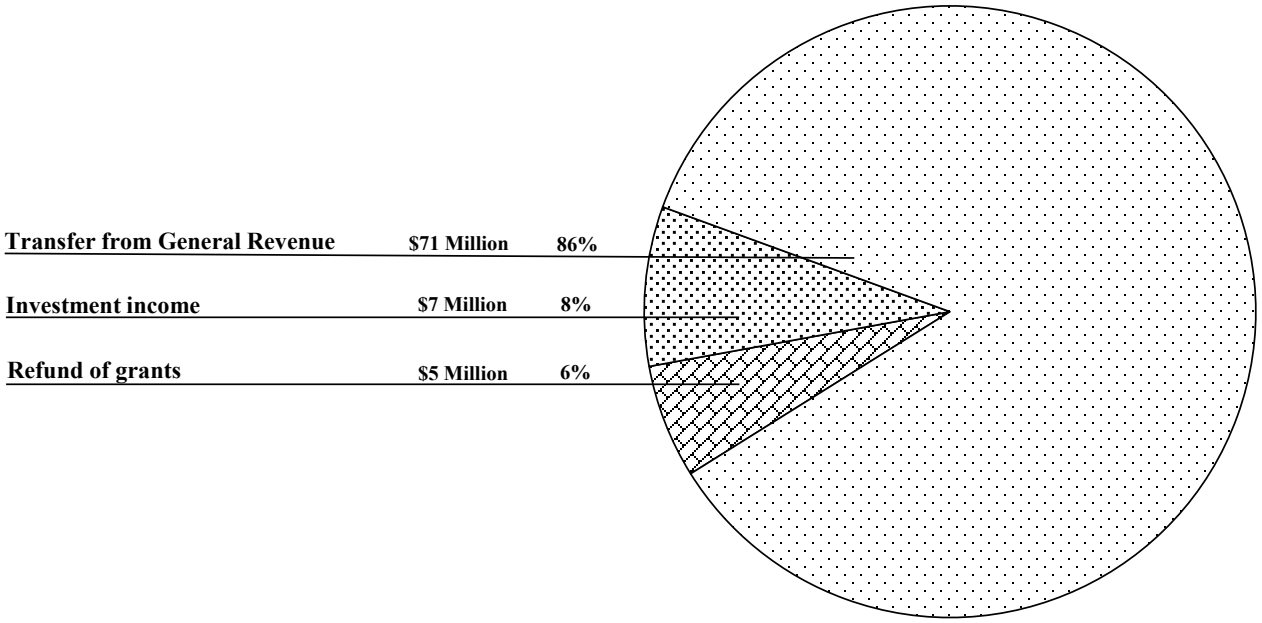
(iii) The investment income is calculated, in accordance with an arrangement entered into with the Hong Kong Monetary Authority in 2007, on the basis of the average annual investment return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year government 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 2025 was 4.4% *(2024: 3.7%)*. The annual investment income is receivable on 31 December each year.

## 4. Receipts

| | **2026** | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Investment income | | | |
| Investments with the Exchange Fund | - | **6,733** | 4,818 |
| Others | - | **1** | 1 |
| | 7,800 | **6,734** | 4,819 |
| Transfer from General Revenue | 71,000 | **71,000** | 165,000 |
| Refund of grants | - | **5,702** | 7,326 |
| | 78,800 | **83,436** | 177,145 |

# Disaster Relief Fund

**Analysis of Receipts for the year ended 31 March 2026**



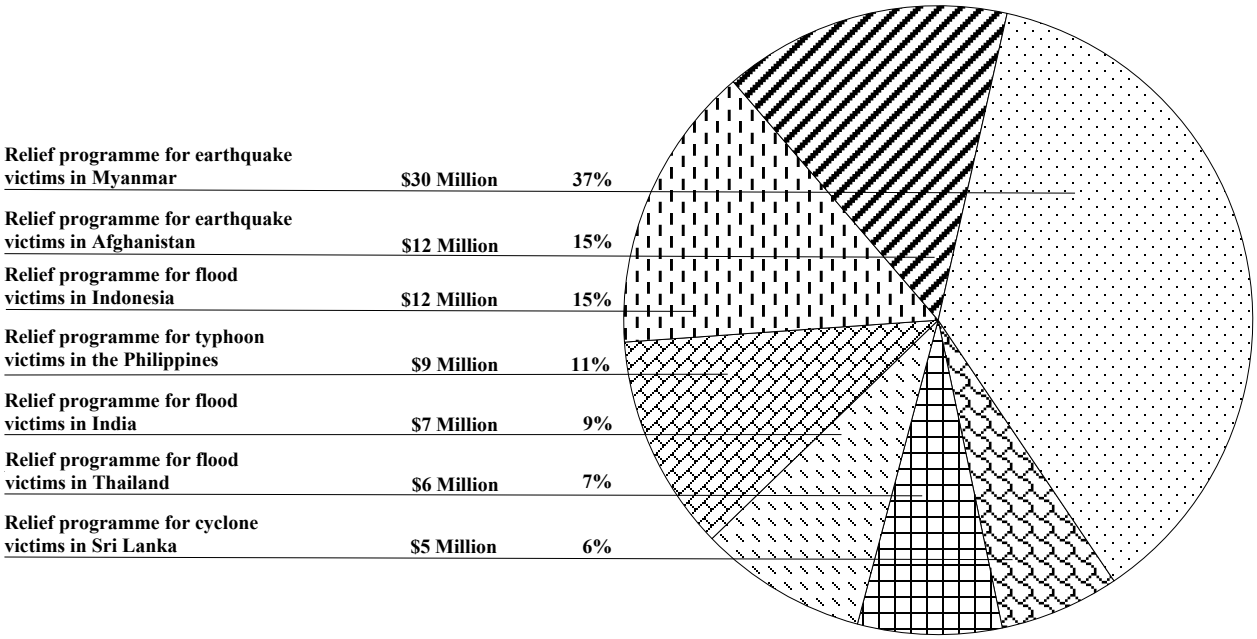

**Total Receipts**
**$83 Million**

## 5. Payments

| | 2026 | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Relief programmes for | | | |
| earthquake victims in Myanmar | - | **29,985** | - |
| earthquake victims in Afghanistan | - | **12,181** | - |
| flood victims in Indonesia | - | **11,638** | - |
| typhoon victims in the Philippines | - | **9,210** | - |
| flood victims in India | - | **6,588** | - |
| flood victims in Thailand | - | **6,000** | - |
| cyclone victims in Sri Lanka | - | **5,243** | - |
| flood victims in the Mainland | - | - | 32,130 |
| 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 |
| flood victims in Myanmar | - | - | 5,507 |
| flood victims in Kenya | - | - | 4,378 |
| flood victims in Brazil | - | - | 3,905 |
| earthquake victims in Nepal | - | - | 1,672 |
| | - | **80,845** | 84,989 |

# Disaster Relief Fund

**Analysis of Payments for the year ended 31 March 2026**




**Total Payments**
**$81 Million**

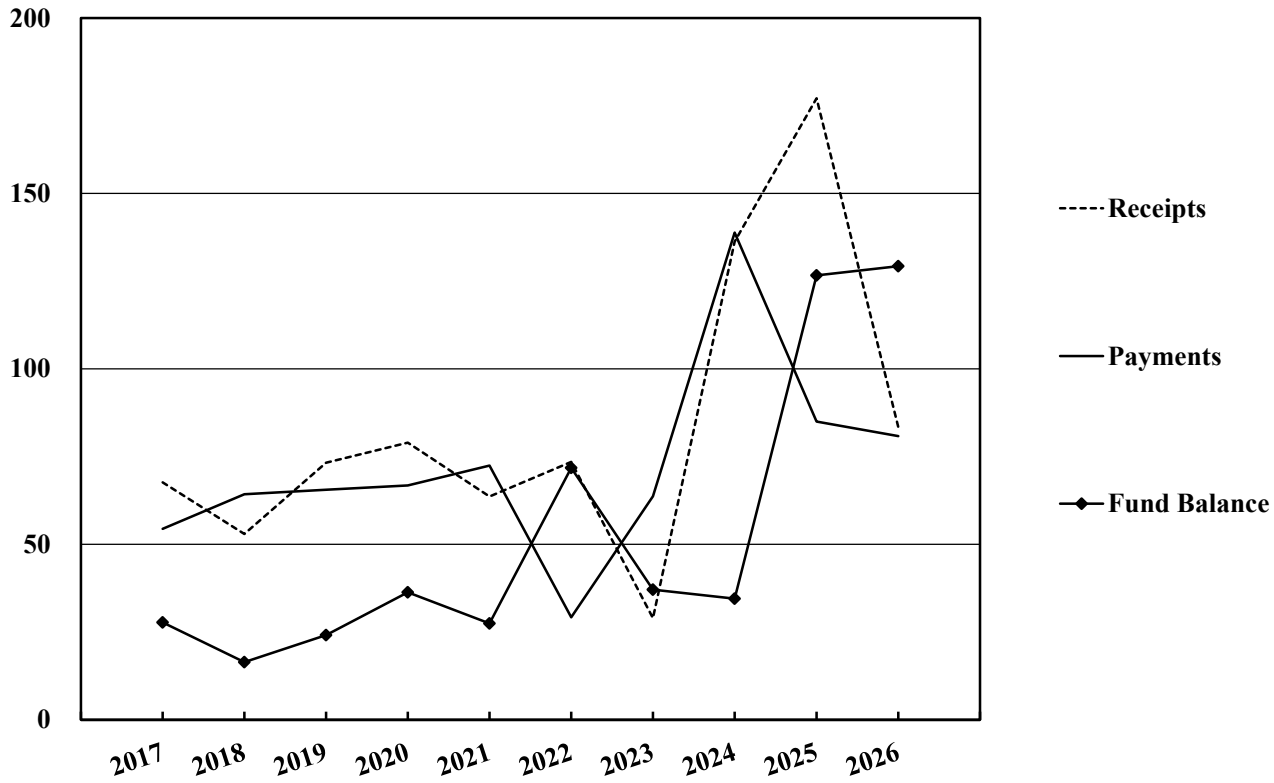
## 6. Other Cash Movements

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

| | **2026** | 2025 |
|---|---|---|
| | **$'000** | $'000 |
| **Increase in Assets** | | |
| Investments with the Exchange Fund | **2,591** | 92,156 |

# Disaster Relief Fund

**Receipts, Payments and Fund Balance for the years ended 31 March 2017 to 2026**



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**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 2026, 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 2026 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

28 October 2026

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 2026**
(Expressed in Hong Kong dollars)

| | Note | **2026** **$'000** | 2025 $'000 |
|---|---|---|---|
| **Assets** | | | |
| Investments with the Exchange Fund | **3** | **17,376,917** | 20,248,650 |
| Cash and bank balances | | **-** | 1 |
| | | **17,376,917** | 20,248,651 |
| **Representing:** | | | |
| **Fund Balance** | | | |
| Balance at beginning of year | | **20,248,651** | 27,889,909 |
| Deficit for the year | | **(2,871,734)** | (7,641,258) |
| Balance at end of year | **4** | **17,376,917** | 20,248,651 |

Notes 1 to 7 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# Innovation and Technology Fund

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026**
(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Cash and bank balances at beginning of year** | | **1** | 1,169 |
| Receipts | **5** | **7,924,837** | 1,044,699 |
| Payments | **6** | **(10,796,571)** | (8,685,957) |
| **Deficit for the year** | | **(2,871,734)** | (7,641,258) |
| **Other cash movements** | **7** | **2,871,733** | 7,640,090 |
| **Cash and bank balances at end of year** | | **-** | 1 |

Notes 1 to 7 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# 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 2025 was 4.4% *(2024: 3.7%)*. The annual investment income is receivable on 31 December each year.

## 4. Commitments

The approved grants that were unpaid were as follows:

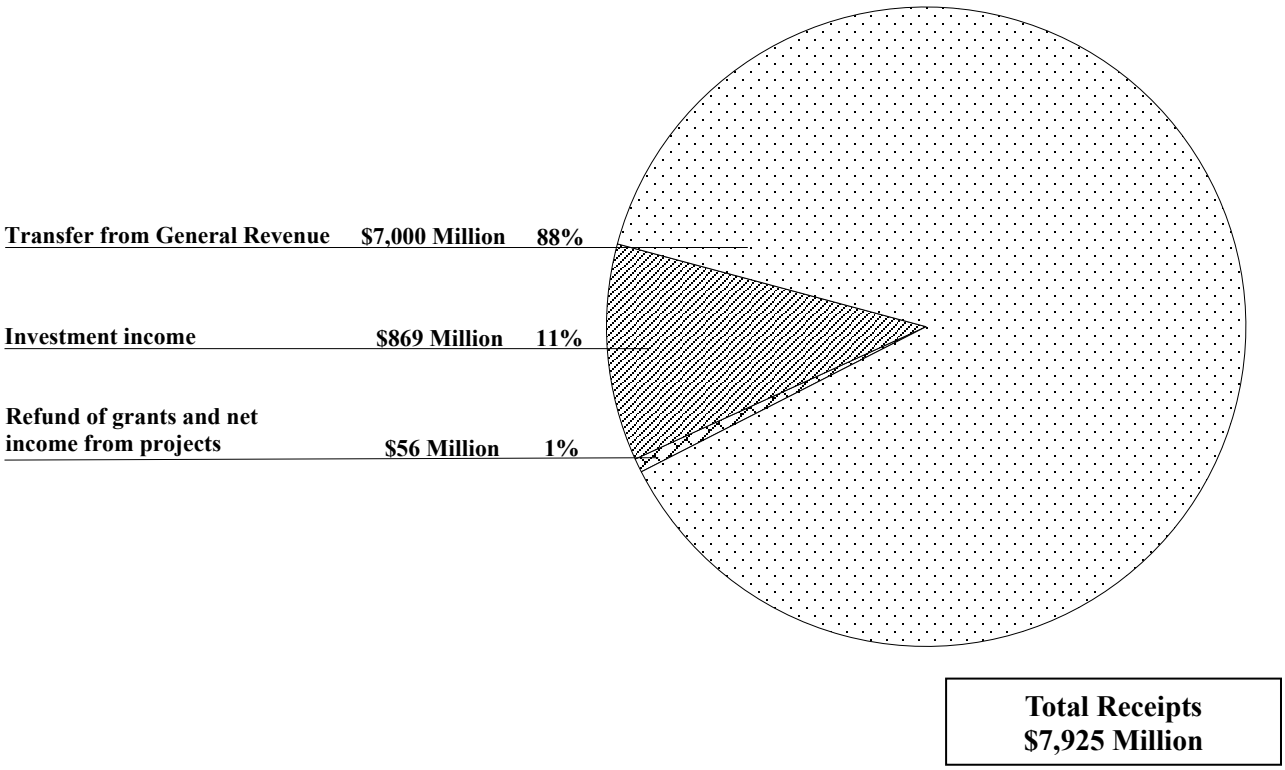
| | **2026** | 2025 |
|---|---|---|
| | **$'000** | $'000 |
| Grants | **47,353,874** | 39,073,481 |

## 5. Receipts

| | **2026** | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Investment income | | | |
| Investments with the Exchange Fund | - | **846,732** | 971,615 |
| Others | - | **22,574** | 12,747 |
| | 978,300 | **869,306** | 984,362 |
| Net income from projects | 110 | **38** | 145 |
| Refund of grants | - | **55,493** | 60,192 |
| Transfer from General Revenue | 7,000,000 | **7,000,000** | - |
| | 7,978,410 | **7,924,837** | 1,044,699 |

# Innovation and Technology Fund

**Analysis of Receipts for the year ended 31 March 2026**




## 6. Payments

| | 2026 | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Grants | 12,448,682 | **10,796,571** | 8,685,957 |

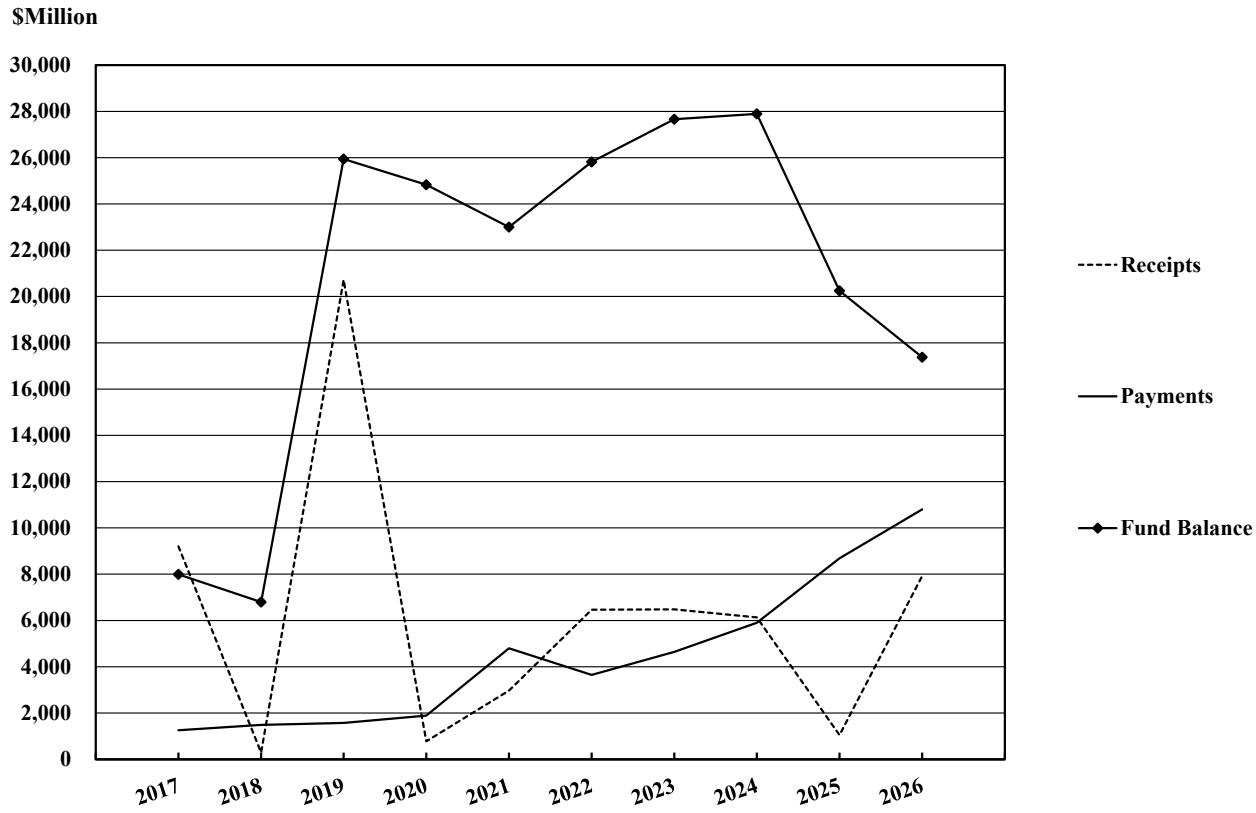
## 7. Other Cash Movements

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

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| **Reduction in Assets** | | |
| Investments with the Exchange Fund | **2,871,733** | 7,640,090 |

# Innovation and Technology Fund

**Receipts, Payments and Fund Balance for the years ended 31 March 2017 to 2026**





**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 80, which comprise the statement of assets and liabilities as at 31 March 2026, 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 2026 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

28 October 2026

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

# Land Fund

## STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2026

(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Assets** | | | |
| Investments with the Exchange Fund | **3** | **226,635,200** | 268,981,992 |
| Other investments | **4** | **23,194,282** | 11,786,082 |
| | | **249,829,482** | 280,768,074 |
| **Representing:** | | | |
| **Fund Balance** | | | |
| Balance at beginning of year | | **280,768,074** | 364,957,107 |
| Deficit for the year | | **(30,938,592)** | (84,189,033) |
| Balance at end of year | **5** | **249,829,482** | 280,768,074 |

Notes 1 to 8 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# Land Fund

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026**
(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Cash and bank balances at beginning of year** | | **-** | - |
| Receipts | **6** | **18,561,676** | 32,825,372 |
| Payments | **7** | **(49,500,268)** | (117,014,405) |
| **Deficit for the year** | | **(30,938,592)** | (84,189,033) |
| **Other cash movements** | **8** | **30,938,592** | 84,189,033 |
| **Cash and bank balances at end of year** | | **-** | - |

Notes 1 to 8 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# 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 (7.0% and 3.9% for the calendar years 2025 and 2024 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 $226.64 billion as at 31 March 2026 *(2025: $268.98 billion),* such accumulated investment return not received as revenue amounted to $44.06 billion as at 31 December 2025 *(2024: $72.91 billion)*, including the investment return for the calendar year 2025 of $20.65 billion *(2024: $15.76 billion)*.

**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 2025-26, $18.5 billion *(2025: $31 billion)*, being part of the accumulated investment return 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 2026, the total accumulated investment return brought back to the Land Fund was $166.5 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 2025-26, $49.5 billion *(2025: $117 billion)* was transferred from the Land Fund to the general revenue.

**4. Other Investments**

(i) 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 (HKICH). 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 HKICH with effect from 1 January 2024. Subsequent to the year end, HKICH withdrew a total of $33.3 billion from the undrawn balance of Future Fund in August 2026.

(ii) 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. During the financial year 2025-26, $550 million of the principal was settled by Hong Kong Cyberport Management Company Limited. Subsequent to the year end, the loan was fully repaid by Hong Kong Cyberport Management Company Limited in July 2026.

**5. Commitments**

As at 31 March 2026, the approved investments that were unpaid amounted to $21.2 billion *(2025: $21.8 billion)*.

# Land Fund

## 6. Receipts

| | 2026 | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Investment income | | | |
| Investments with the Exchange Fund | 37,000,000 | **18,500,000** | 31,000,000 |
| Dividends, interest and other receipts from investments/loans | 66,308 | **61,676** | 1,825,372 |
| | 37,066,308 | **18,561,676** | 32,825,372 |

## 7. Payments

| | 2026 | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Operating expenses | 305 | **268** | 14,405 |
| Transfer to General Revenue | 71,000,000 | **49,500,000** | 117,000,000 |
| | 71,000,305 | **49,500,268** | 117,014,405 |

## 8. Other Cash Movements

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

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| **Reduction/(Increase) in Assets** | | |
| Investments with the Exchange Fund | **42,346,792** | 81,989,736 |
| Other investments | **(11,408,200)** | 2,199,297 |
| | **30,938,592** | 84,189,033 |



**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 84 to 90, which comprise the statement of assets and liabilities as at 31 March 2026, 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 2026 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

28 October 2026

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

# Loan Fund

**STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2026**
(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Assets** | | | |
| **Loans Outstanding** | **3** | | |
| Housing loans | | **1,427,166** | 1,403,179 |
| Education loans | | **25,965,869** | 26,317,013 |
| Other loans | | **10,480,236** | 10,540,238 |
| | | **37,873,271** | 38,260,430 |
| **Net Current Assets** | | | |
| **Current Assets** | | | |
| Investments with the Exchange Fund | **4** | **6,355,163** | 5,412,312 |
| Cash and bank balances | | **7,044** | 4,188 |
| | | **6,362,207** | 5,416,500 |
| **Current Liabilities** | | | |
| Deposits | **5** | **(94,278)** | (178,024) |
| | | **6,267,929** | 5,238,476 |
| | | **44,141,200** | 43,498,906 |
| **Representing:** | | | |
| **Total Fund Balance** | | | |
| **Applied Fund** | **6** | **37,873,271** | 38,260,430 |
| **Available Fund** | **7** | | |
| Balance at beginning of year | | **5,238,476** | 6,027,440 |
| Surplus/(Deficit) for the year | | **1,029,453** | (788,964) |
| Balance at end of year | | **6,267,929** | 5,238,476 |
| | **8** | **44,141,200** | 43,498,906 |

Notes 1 to 11 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# Loan Fund

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026**
(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Cash and bank balances at beginning of year** | | **4,188** | 1,296 |
| Receipts | **9** | **3,819,055** | 1,684,975 |
| Payments | **10** | **(2,789,602)** | (2,473,939) |
| **Surplus/(Deficit) for the year** | | **1,029,453** | (788,964) |
| **Other cash movements** | **11** | **(1,026,597)** | 791,856 |
| **Cash and bank balances at end of year** | | **7,044** | 4,188 |

Notes 1 to 11 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# 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

| | **2026** | | | 2025 | | |
|---|---|---|---|---|---|---|
| | **Housing Loans $'000** | **Education Loans $'000** | **Other Loans $'000** | Housing Loans $'000 | Education Loans $'000 | Other Loans $'000 |
| Balance at beginning of year | **1,403,179** | **26,317,013** | **10,540,238** | 1,355,178 | 25,248,942 | 10,543,997 |
| **Additions** | | | | | | |
| Loan payments | **181,219** | **2,416,302** | **191,989** | 192,397 | 2,091,327 | 190,172 |
| Capitalised interest | **-** | **639** | **-** | - | 16 | - |
| | **181,219** | **2,416,941** | **191,989** | 192,397 | 2,091,343 | 190,172 |
| **Deductions** | | | | | | |
| Loan repayments | **(157,232)** | **(2,766,534)** | **(247,402)** | (144,396) | (1,021,445) | (193,710) |
| Loans written off | **-** | **(1,551)** | **(4,589)** | - | (1,827) | (221) |
| | **(157,232)** | **(2,768,085)** | **(251,991)** | (144,396) | (1,023,272) | (193,931) |
| **Balance at end of year** | **1,427,166** | **25,965,869** | **10,480,236** | 1,403,179 | 26,317,013 | 10,540,238 |

# Loan Fund

## 4. Investments with the Exchange Fund

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

| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| Investments (Notes (ii) and (iii) below) | **6,354,298** | 5,409,313 |
| Deposits | **865** | 2,999 |
| | **6,355,163** | 5,412,312 |

(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 2025 was 4.4% *(2024: 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:

| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| Students | **94,179** | 177,925 |
| Others | **99** | 99 |
| | **94,278** | 178,024 |

## 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:

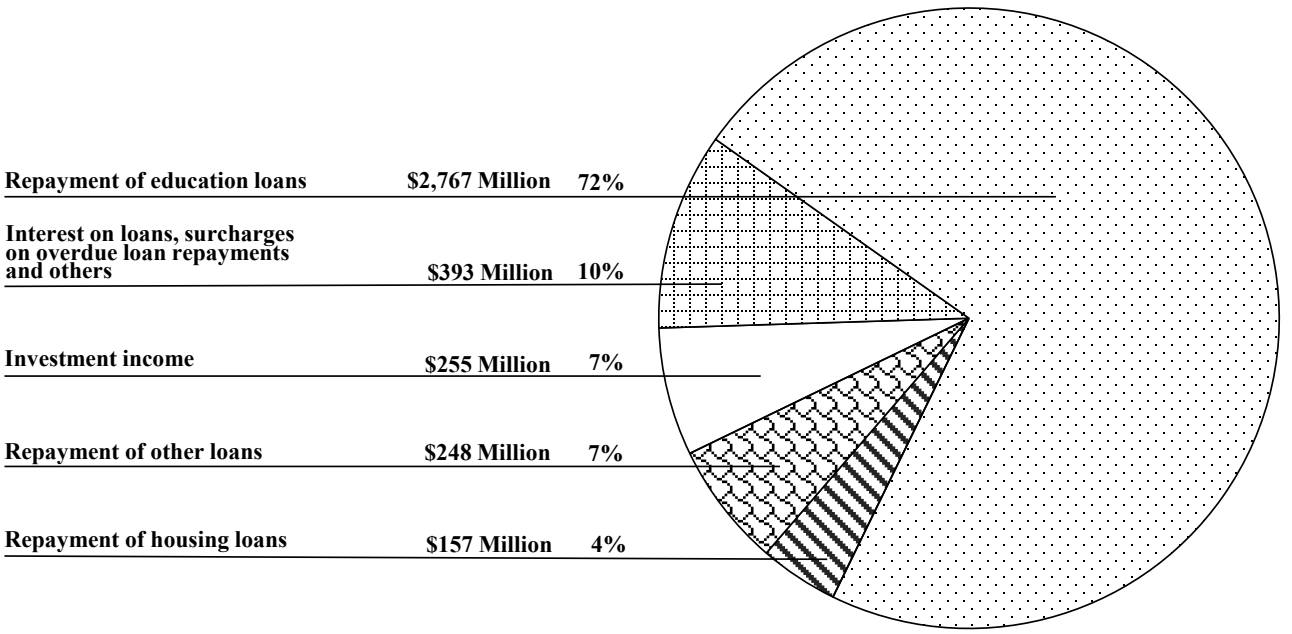
| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| Approved loans under loan schemes operating on non-revolving basis that were unpaid | **1,075,231** | 1,317,481 |
| Balance of approved loans operating on revolving basis available for granting of new loans | **10,183,380** | 10,159,872 |
| | **11,258,611** | 11,477,353 |

# Loan Fund

## 9. Receipts

| | 2026 | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Loan repayments | | | |
| Housing loans | 150,120 | **157,232** | 144,396 |
| Education loans | 2,146,707 | **2,766,534** | 1,021,445 |
| Other loans | 258,098 | **247,402** | 193,710 |
| | 2,554,925 | **3,171,168** | 1,359,551 |
| Interest on loans | 469,823 | **386,122** | 94,086 |
| Investment income | | | |
| Investments with the Exchange Fund | - | **255,280** | 224,816 |
| Others | - | **100** | 81 |
| | 214,000 | **255,380** | 224,897 |
| Surcharges on overdue loan repayments | 6,325 | **6,341** | 6,381 |
| Loans written off now recovered | - | **-** | 7 |
| Others | - | **44** | 53 |
| | 3,245,073 | **3,819,055** | 1,684,975 |

**Analysis of Receipts for the year ended 31 March 2026**



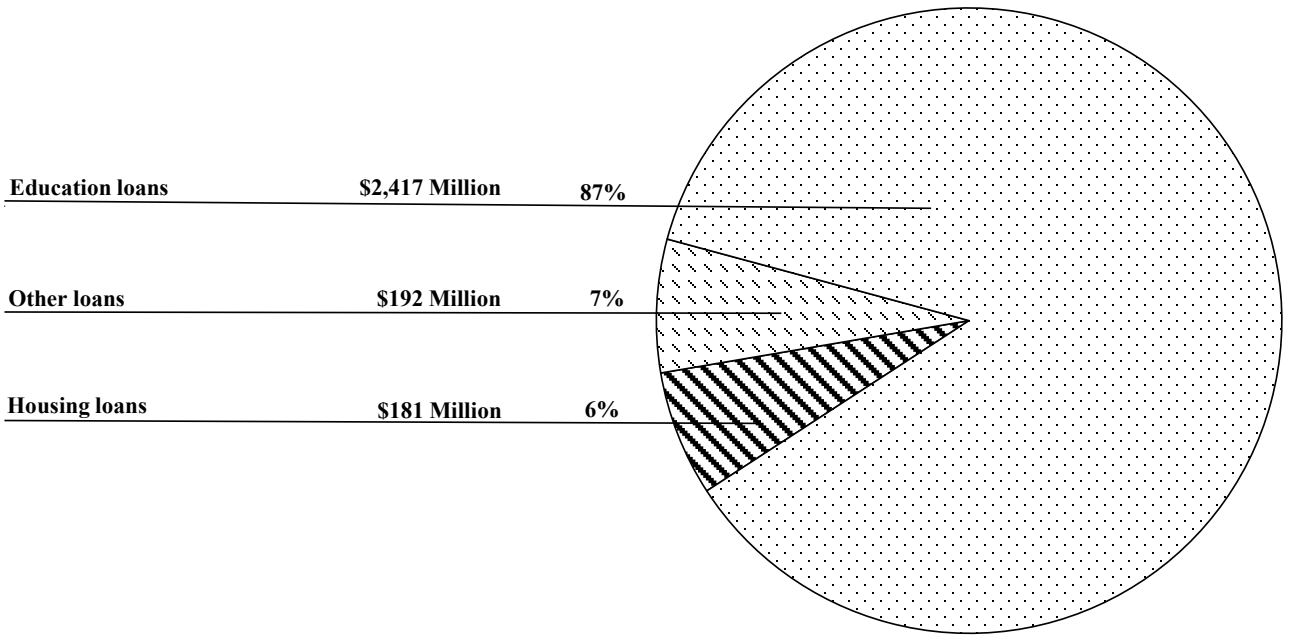

**Total Receipts**
**$3,820 Million**

# Loan Fund

## 10. Payments

| | 2026 | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Loan payments | | | |
| Housing loans | 441,600 | **181,219** | 192,397 |
| Education loans | 2,361,143 | **2,416,302** | 2,091,327 |
| Other loans | 241,507 | **191,989** | 190,172 |
| | 3,044,250 | **2,789,510** | 2,473,896 |
| Others | - | **92** | 43 |
| | 3,044,250 | **2,789,602** | 2,473,939 |

**Analysis of Payments for the year ended 31 March 2026**




**Total Payments $2,790 Million**

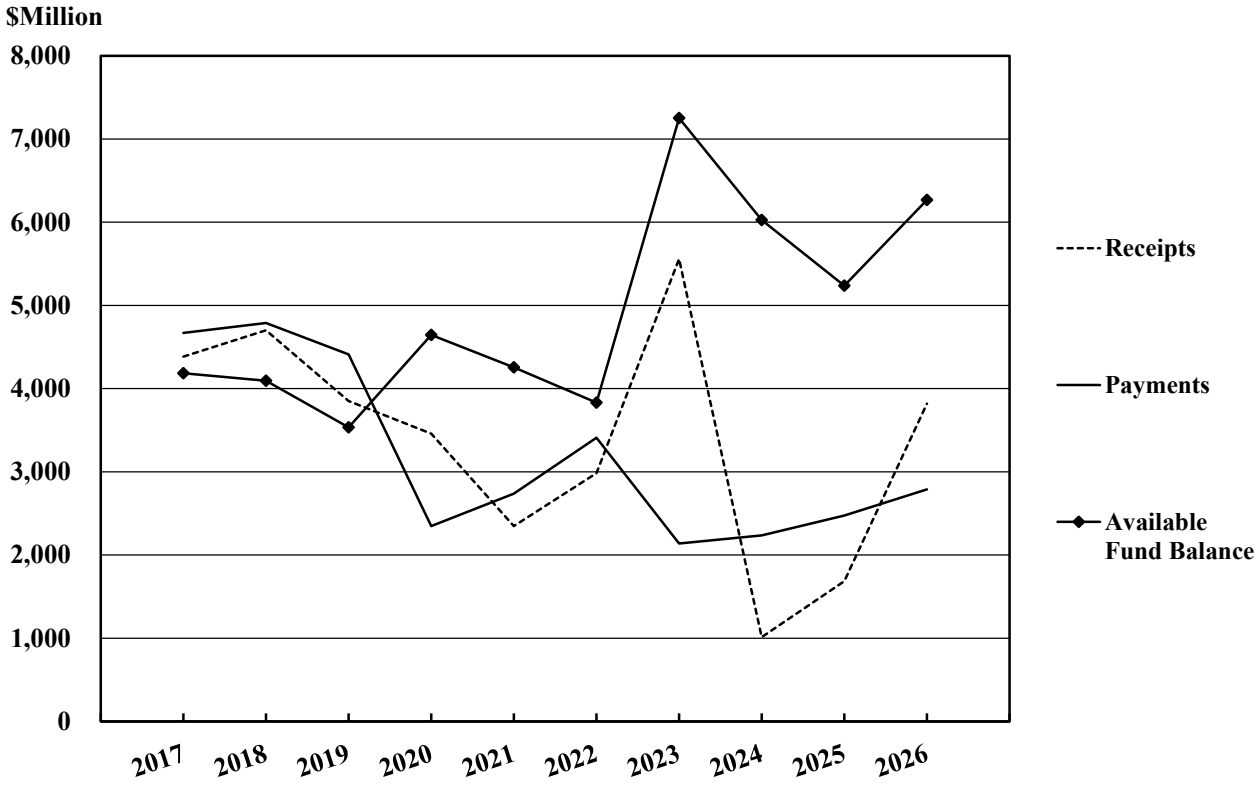
# Loan Fund

## 11. Other Cash Movements

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

| | **2026** | 2025 |
|---|---|---|
| | **$'000** | $'000 |
| **(Increase)/Reduction in Assets** | | |
| Investments with the Exchange Fund | **(942,851)** | 790,393 |
| **(Reduction)/Increase in Liabilities** | | |
| Deposits | **(83,746)** | 1,463 |
| | **(1,026,597)** | 791,856 |

**Receipts, Payments and Available Fund Balance for the years ended 31 March 2017 to 2026**





**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 94 to 100, which comprise the statement of assets and liabilities as at 31 March 2026, 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 2026 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

28 October 2026

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

# Bond Fund

## STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2026

(Expressed in Hong Kong dollars)

| | Note | 2026<br>$'000 | 2025<br>$'000 |
|---|---|---|---|
| **Assets** | | | |
| Investments with the Exchange Fund | **3** | **153,360,976** | 225,261,288 |
| **Representing:** | | | |
| **Fund Balance** | | | |
| Balance at beginning of year | | **225,261,288** | 291,593,768 |
| Deficit for the year | | **(71,900,312)** | (66,332,480) |
| Balance at end of year | **4, 5** | **153,360,976** | 225,261,288 |

Notes 1 to 8 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# Bond Fund

**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026**
(Expressed in Hong Kong dollars)

| | Note | **2026** **$'000** | 2025 $'000 |
|---|---|---|---|
| **Cash and bank balances at beginning of year** | | **-** | - |
| Receipts | **6** | **9,057,566** | 12,626,431 |
| Payments | **7** | **(80,957,878)** | (78,958,911) |
| **Deficit for the year** | | **(71,900,312)** | (66,332,480) |
| **Other cash movements** | **8** | **71,900,312** | 66,332,480 |
| **Cash and bank balances at end of year** | | **-** | - |

Notes 1 to 8 form part of these financial statements.

**Raymond NG**
Director of Accounting Services
28 August 2026

# 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 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 2025 was 4.4% *(2024: 3.7%)*. The annual investment income is receivable on 31 December each year.

## 4. Fund Balance

(i) 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 $108.37 billion as at 31 March 2026 comprising the outstanding bonds with nominal value of $100.53 billion and alternative bonds with nominal value of US$1 billion (equivalent to $7.84 billion as at 31 March 2026) are not included in the Statement of Assets and Liabilities (Note 5).

(ii) On 24 June 2026, the Legislative Council resolved to have paragraph (g) to the Resolution substituted to the effect that the Financial Secretary may transfer from the Bond Fund to the general revenue the balance held in the Bond Fund if sufficient funds have been set aside to meet all financial obligations and liabilities in relation to any sums that have been borrowed under section 3 of the Loans Ordinance (Cap. 61) for the purposes of the Bond Fund. On 25 August 2026, $37.7 billion was transferred from the Bond Fund to the general revenue.

## 5. 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:

| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| **Bonds** | | |
| Balance at beginning of year | **176,339,870** | 245,230,190 |
| **Issuance of bonds under** | | |
| Tender to institutional investors | **-** | 3,000,000 |
| Subscription to retail investors | **-** | - |
| Switch tender | **-** | - |
| | **-** | 3,000,000 |
| **Repayment of bonds issued under** | | |
| Tender to institutional investors | **(32,900,000)** | (23,500,000) |
| Subscription to retail investors | **(42,909,280)** | (48,390,320) |
| Switch tender | **-** | - |
| | **(75,809,280)** | (71,890,320) |
| Balance at end of year | **100,530,590** | 176,339,870 |
| **Alternative bonds** (Note (i) below) | | |
| Balance at beginning of year | **7,778,000** | 7,823,500 |
| Foreign currency translation difference | **57,750** | (45,500) |
| Balance at end of year (Note (ii) below) | **7,835,750** | 7,778,000 |
| **Total outstanding bonds** | **108,366,340** | 184,117,870 |

(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

**5. Bonds Outstanding** *(Continued)*

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

| | **2026** **$'000** | 2025 $'000 |
|---|---|---|
| **Bonds** | | |
| Within one year (Note (iv) below) | **53,430,590** | 75,089,560 |
| After one year but within two years (Note (v) below) | **16,600,000** | 54,150,310 |
| After two years but within five years | **9,900,000** | 21,300,000 |
| After five years | **20,600,000** | 25,800,000 |
| | **100,530,590** | 176,339,870 |
| **Alternative bonds** (Notes (i) and (ii) above) | | |
| Within one year | **7,835,750** | **-** |
| After one year but within two years | **-** | 7,778,000 |
| | **7,835,750** | 7,778,000 |
| **Total outstanding bonds** | **108,366,340** | 184,117,870 |

(iv) The outstanding bonds included Silver Bonds with nominal value of $53.43 billion *(2025: $42.19 billion)* which might be redeemed before maturity upon request from bond holders.

(v) There were no Silver Bonds *(2025: $54.15 billion)* in the outstanding bonds.

**6. Receipts**

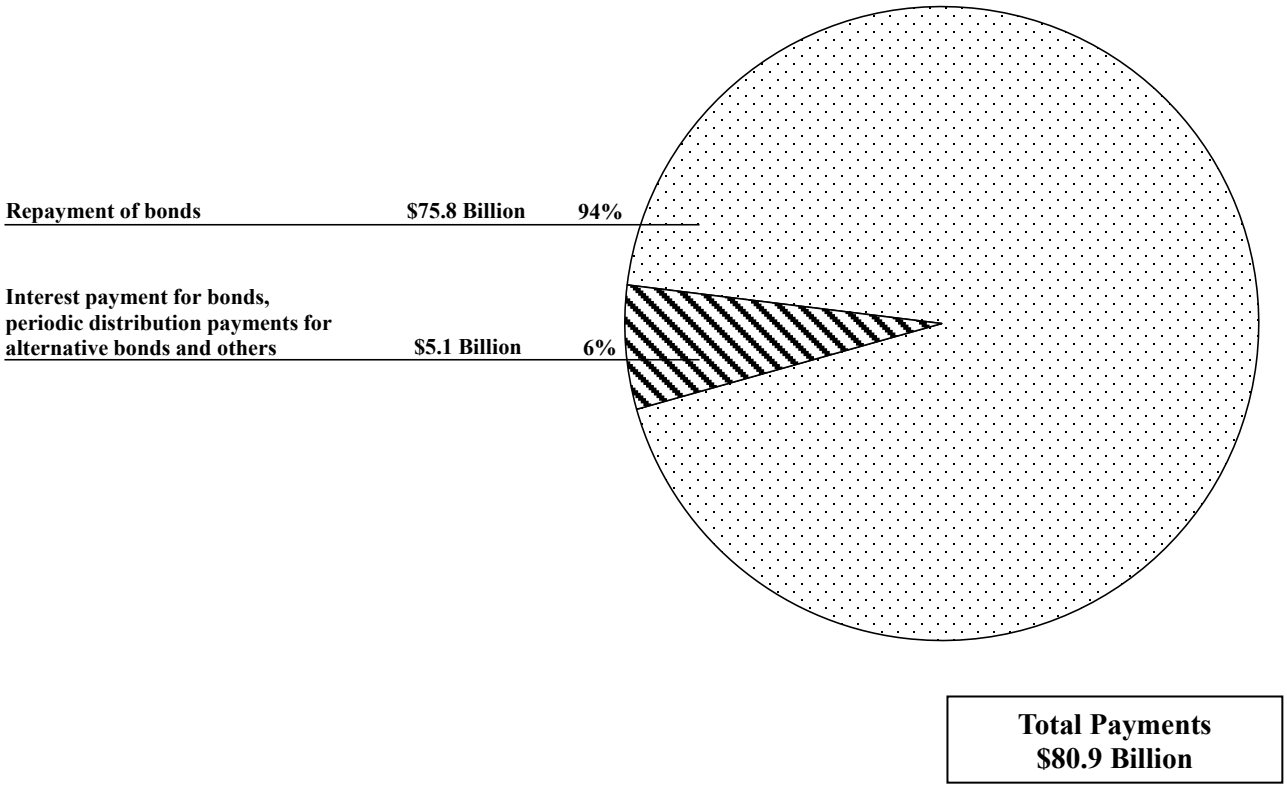
| | **2026** | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Proceeds from bonds issued under | | | |
| Tender or subscription | - | **-** | 3,000,000 |
| Switch tender | 2,000,000 | **-** | - |
| Bond swap facility | 1,000,000 | **-** | - |
| | 3,000,000 | **-** | 3,000,000 |
| Investment income | | | |
| Investments with the Exchange Fund | - | **9,057,566** | 9,626,431 |
| Others | - | **-** | - |
| | 8,924,000 | **9,057,566** | 9,626,431 |
| | 11,924,000 | **9,057,566** | 12,626,431 |

# Bond Fund

## 7. Payments

| | 2026 | | 2025 |
|---|---|---|---|
| | Original Estimate $'000 | **Actual $'000** | Actual $'000 |
| Repayment of bonds issued under | | | |
| Tender or subscription | 73,868,320 | **75,809,280** | 71,890,320 |
| Switch tender | 2,000,000 | **-** | - |
| Bond swap facility | 1,000,000 | **-** | - |
| | 76,868,320 | **75,809,280** | 71,890,320 |
| Interest payment for bonds | 5,801,939 | **4,903,532** | 6,824,644 |
| Periodic distribution payments for alternative bonds | 246,000 | **244,828** | 243,728 |
| Others | 451 | **238** | 219 |
| | 82,916,710 | **80,957,878** | 78,958,911 |

**Analysis of Payments for the year ended 31 March 2026**



## 8. Other Cash Movements

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

| | **2026** | 2025 |
|---|---|---|
| | **$'000** | $'000 |
| **Reduction in Assets** | | |
| Investments with the Exchange Fund | **71,900,312** | 66,337,362 |
| **Reduction in Liabilities** | | |
| Deposits | **-** | (4,882) |
| | **71,900,312** | 66,332,480 |

**Receipts, Payments and Fund Balance for the years ended 31 March 2017 to 2026**

