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 $'000	2025 $'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 $'000	2025 $'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:

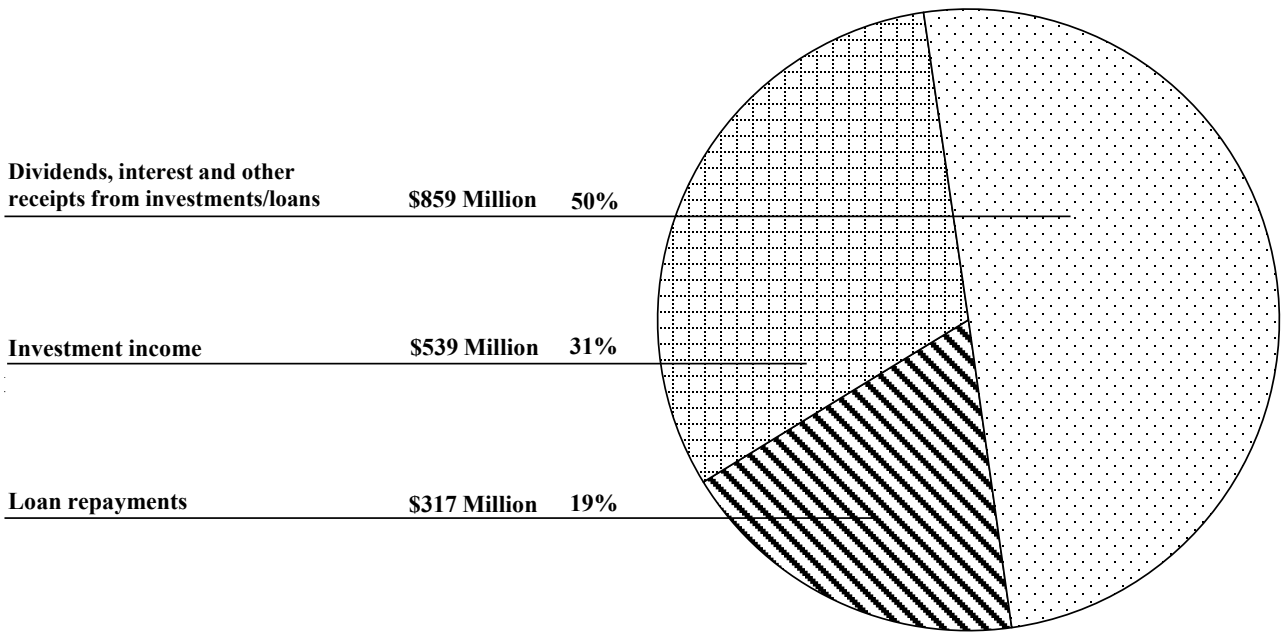
	2026 **$'000**	2025 $'000
Investments (Note (i) below)	**20,008,000**	26,780,000

(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

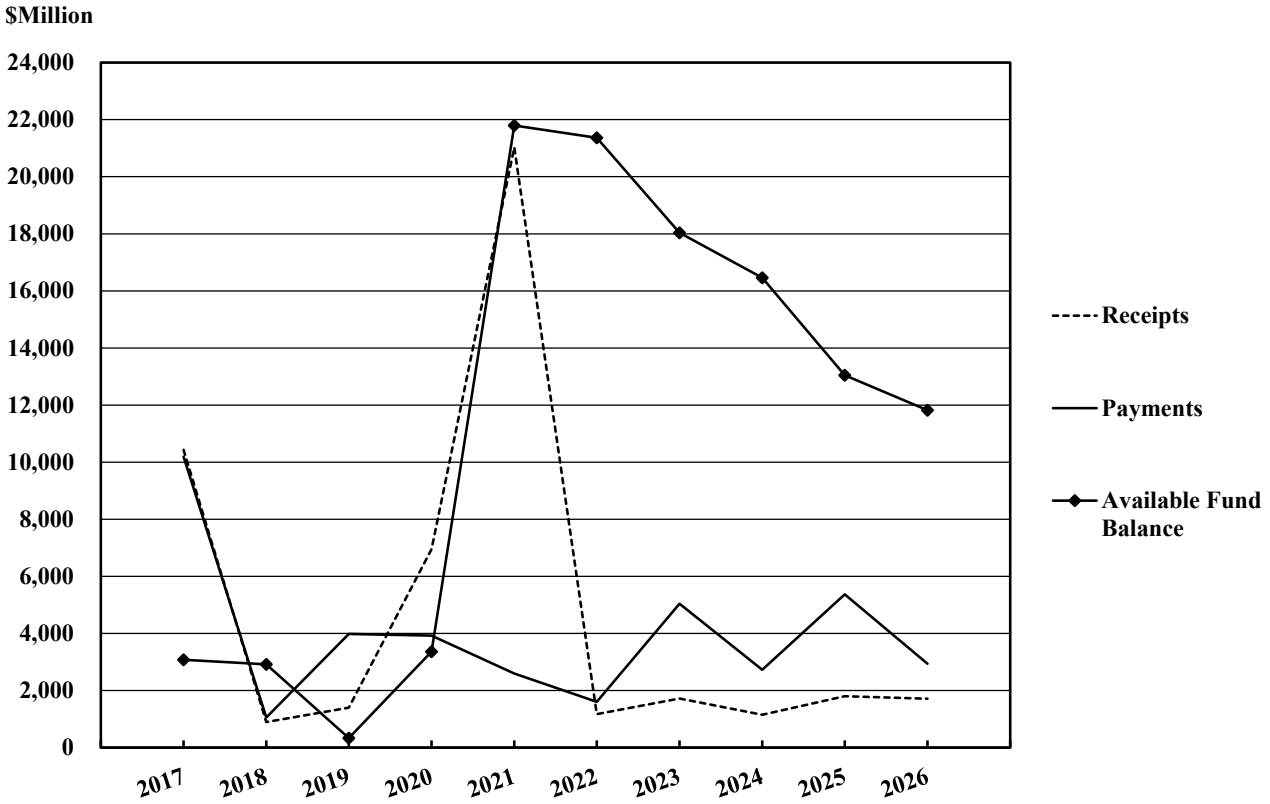
	2026		2025
	Original Estimate $'000	**Actual $'000**	Actual $'000
Acquisition of investments			
Equity holdings	4,509,500	**2,941,500**	5,366,500
Other investment	1,239,600	**-**	-
	5,749,100	**2,941,500**	5,366,500

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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