



**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 2024**

**October 2024**

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 2024





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31 October 2024

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 2024, and on matters relating to the performance of my duties and the exercise of my powers under the Ordinance, together with a copy of the following statements duly certified by me:

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

Yours faithfully,

Prof. LAM Chi Yuen Nelson



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# *Report of the Director of Audit*



**Audit Commission**

The Government of the Hong Kong Special Administrative Region

## **General Revenue Account**

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

#### *Opinion*

I certify that I have examined and audited the financial statements of the General Revenue Account set out on pages 10 to 24, which comprise the statement of assets and liabilities as at 31 March 2024, 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 2024 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

29 October 2024

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 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
Investments with the Exchange Fund	3	154,322,056	264,241,584
Deposits with banks	4	485,070	510,222
Cash and bank balances	5	4,767,088	3,466,182
Advances	6	5,788,778	4,920,802
Suspense Accounts	7	74,639	132,526
		<b>165,437,631</b>	<b>273,271,316</b>
<b>Liabilities</b>			
Deposits	8	(23,473,134)	(23,673,272)
Suspense Accounts	7	(40,520)	(42,898)
		<b>(23,513,654)</b>	<b>(23,716,170)</b>
		<b>141,923,977</b>	<b>249,555,146</b>
<b>Representing:</b>			
<b>General Revenue Balance</b>			
Balance at beginning of year		249,555,146	384,586,999
Deficit for the year		(107,631,169)	(135,031,853)
Balance at end of year	9, 10	<b>141,923,977</b>	<b>249,555,146</b>

Notes 1 to 13 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# General Revenue Account

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Cash and bank balances at beginning of year</b>		<b>3,466,182</b>	<b>3,177,226</b>
Revenue	11	506,246,329	567,518,656
Expenditure	12	(613,877,498)	(702,550,509)
<b>Deficit for the year</b>		<b>(107,631,169)</b>	<b>(135,031,853)</b>
<b>Other cash movements</b>	13	<b>108,932,075</b>	<b>135,320,809</b>
<b>Cash and bank balances at end of year</b>		<b>4,767,088</b>	<b>3,466,182</b>

Notes 1 to 13 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# 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:

	2024 \$'000	2023 \$'000
Investments (Notes (ii) to (iv) below)	154,317,924	264,237,571
Deposits	4,132	4,013
	<u>154,322,056</u>	<u>264,241,584</u>

# General Revenue Account

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

- (ii) The investments represent the cost of investments together with the investment income received in the year being reported.
- (iii) Pursuant to the Financial Secretary's decision announced in the 2016-17 Budget, as from 1 July 2016, a top-up allocation of \$4.8 billion was made from the General Revenue Account to the Future Fund. The Future Fund was established on 1 January 2016 as a notional savings account within the fiscal reserves. Together with the top-up allocation, it was placed with the Exchange Fund for securing higher investment returns over a ten-year investment period in accordance with an arrangement entered into with the Hong Kong Monetary Authority in December 2015. In October 2022, the arrangement was extended for a further five-year period. Investment return on the Future Fund placement with the Exchange Fund is determined annually based on a composite rate (4.8% and -3.0% for the calendar years 2023 and 2022 respectively) computed on a weighted average basis with reference to the agreed rate under the Investment Portfolio (Note (iv) below) and the annual rate of return linked with the performance of the Long-Term Growth Portfolio. The Future Fund, together with investment return not received and compounded on an annual basis, is retained within the Exchange Fund until 31 December 2030 or upon decision of the Financial Secretary for withdrawal, whichever is the earlier. In respect of the General Revenue Account portion of \$4.8 billion, such accumulated investment return not received as revenue amounted to \$4.08 billion as at 31 December 2023 (*2022: \$3.69 billion*), including the investment return for the calendar year 2023 of \$0.39 billion (*2022: investment loss of \$0.20 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 2023-24, 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 (*2023: 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 2023 was 3.7% (*2022: 5.6%*). 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:

	2024 \$'000	2023 \$'000
Hong Kong dollar	42,569	44,879
Foreign currency	442,501	465,343
	<u>485,070</u>	<u>510,222</u>

## 5. Cash and Bank Balances

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

# General Revenue Account

## 6. Advances

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

	2024 \$'000	2023 \$'000
Advances to Government officers	3,317,085	2,328,090
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	418,959	485,950
Others	890,743	944,771
	<u>5,788,778</u>	<u>4,920,802</u>

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

During the financial year 2023-24, 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:

	2024 \$'000	2023 \$'000
<b>Assets:</b>		
Correctional Services Industries (Note (i) below)	41,924	59,379
Government Logistics Department — Unallocated Stores (Note (i) below)	32,181	72,613
The Financial Secretary Incorporated (Note (ii) below)	534	534
	<u>74,639</u>	<u>132,526</u>
<b>Liabilities:</b>		
The Special Coin (Note (iii) below)	(40,520)	(42,898)
Net balance	<u>34,119</u>	<u>89,628</u>

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

# General Revenue Account

## 7. Suspense Accounts *(Continued)*

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

## 8. Deposits

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

	2024 \$'000	2023 \$'000
Tax reserve certificates	13,795,055	13,887,320
Water deposits	2,073,008	2,047,862
Tenancy deposits	1,347,627	1,786,057
Tax overpayments	1,125,796	1,287,071
Legal aid deposits	913,306	933,253
Private works	410,199	438,243
Others	3,808,143	3,293,466
	<u>23,473,134</u>	<u>23,673,272</u>

## 9. Contingent Liabilities

As at 31 March 2024, the Government had the following contingent liabilities:

- (i) guarantees provided under the SME Financing Guarantee Scheme — 100% Guarantee Product amounting to \$98,664 million *(2023: \$97,152 million)*;
- (ii) guarantee to the Hong Kong Export Credit Insurance Corporation for liabilities under contracts of insurance amounting to \$46,211 million *(2023: \$44,078 million)*;
- (iii) guarantees provided under the SME Financing Guarantee Scheme — Special Concessionary Measures amounting to \$33,697 million *(2023: \$33,558 million)*;
- (iv) guarantees provided under the SME Financing Guarantee Scheme — 90% Guarantee Product amounting to \$12,040 million *(2023: \$10,701 million)*;
- (v) legal claims, disputes and proceedings amounting to \$3,631 million *(2023: \$3,702 million)*;
- (vi) guarantees provided under the SME Loan Guarantee Scheme amounting to \$981 million *(2023: \$1,602 million)*;
- (vii) guarantees provided under Dedicated 100% Loan Guarantee Scheme for Travel Sector amounting to \$204 million *(2023: Nil)*; and
- (viii) guarantees provided under the Special Loan Guarantee Scheme amounting to \$150 million *(2023: \$185 million)*.



# General Revenue Account

## 10. Commitments

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

	2024 \$'000	2023 \$'000
Non-recurrent expenditure	105,630,011	119,372,331
Plant, vehicles and equipment	15,166,485	13,991,741
Capital subventions	2,881,821	3,137,481
Capital works	256,509	220,810
	123,934,826	136,722,363

## 11. Revenue

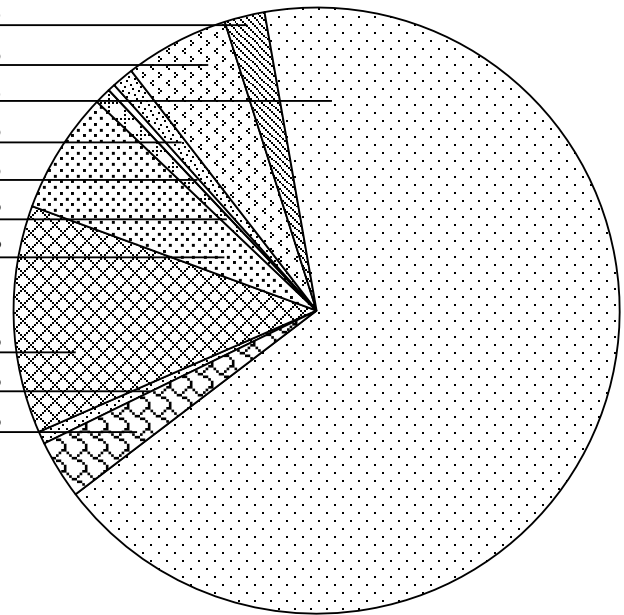
Analysis of total revenue by Head:

Head	2024				2023
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
	1 Duties	13,435,950	10,898,626	(2,537,324)	(18.9)
2 General Rates	28,403,000	28,210,686	(192,314)	(0.7)	19,099,987
3 Internal Revenue					
Profits tax	170,000,000	170,497,687	497,687	0.3	174,212,471
Salaries tax	83,000,000	79,869,791	(3,130,209)	(3.8)	79,490,374
Stamp duties	85,000,000	49,111,726	(35,888,274)	(42.2)	69,976,545
Other internal revenue	39,890,864	41,648,962	1,758,098	4.4	36,788,233
	377,890,864	341,128,166	(36,762,698)	(9.7)	360,467,623
4 Motor Vehicle Taxes	4,768,000	5,898,499	1,130,499	23.7	4,966,455
5 Fines, Forfeitures and Penalties	2,153,088	1,964,579	(188,509)	(8.8)	2,369,570
6 Royalties and Concessions	4,603,311	4,356,708	(246,603)	(5.4)	3,483,872
7 Properties and Investments					
Income from Investments with the Exchange Fund	-	5,994,738	-	-	15,246,442
Others	-	26,947,019	-	-	26,074,393
	31,116,064	32,941,757	1,825,693	5.9	41,320,835
9 Loans, Reimbursements, Contributions and Other Receipts	60,514,180	61,543,385	1,029,205	1.7	108,008,337
10 Utilities	4,012,557	3,372,409	(640,148)	(16.0)	3,202,054
11 Fees and Charges	17,060,192	15,931,514	(1,128,678)	(6.6)	12,617,872
Total	543,957,206	506,246,329	(37,710,877)	(6.9)	567,518,656

# General Revenue Account

Analysis of Revenue for the year ended 31 March 2024

Duties	\$10.9 Billion	2%
General Rates	\$28.2 Billion	6%
Internal Revenue	\$341.1 Billion	67%
Motor Vehicle Taxes	\$5.9 Billion	1%
Fines, Forfeitures and Penalties	\$2.0 Billion	1%
Royalties and Concessions	\$4.4 Billion	1%
Properties and Investments	\$32.9 Billion	6%
Loans, Reimbursements, Contributions and Other Receipts (Including Transfers from Funds)	\$61.5 Billion	12%
Utilities	\$3.4 Billion	1%
Fees and Charges	\$15.9 Billion	3%



**Total Revenue  
\$506.2 Billion**

# General Revenue Account

## 12. Expenditure

Analysis of total expenditure by Head:

Head	2024				2023
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
21 Chief Executive's Office	128,106	<b>137,559</b>	9,453	7.4	125,969
22 Agriculture, Fisheries and Conservation Department	2,037,529	<b>1,996,579</b>	(40,950)	(2.0)	1,989,469
25 Architectural Services Department	2,656,488	<b>2,707,187</b>	50,699	1.9	2,581,897
24 Audit Commission	202,122	<b>198,097</b>	(4,025)	(2.0)	190,688
23 Auxiliary Medical Service	108,279	<b>103,499</b>	(4,780)	(4.4)	101,355
82 Buildings Department	1,949,676	<b>2,003,683</b>	54,007	2.8	1,877,838
26 Census and Statistics Department	777,493	<b>749,333</b>	(28,160)	(3.6)	741,589
27 Civil Aid Service	144,150	<b>144,459</b>	309	0.2	126,474
28 Civil Aviation Department	1,324,454	<b>1,321,846</b>	(2,608)	(0.2)	1,287,216
33 Civil Engineering and Development Department	3,559,152	<b>3,306,227</b>	(252,925)	(7.1)	2,850,129
30 Correctional Services Department	5,249,513	<b>5,248,868</b>	(645)	-	5,010,468
31 Customs and Excise Department	5,835,728	<b>5,726,736</b>	(108,992)	(1.9)	5,467,082
37 Department of Health	19,280,670	<b>13,133,816</b>	(6,146,854)	(31.9)	20,605,826
92 Department of Justice	2,429,239	<b>1,869,481</b>	(559,758)	(23.0)	1,822,831
39 Drainage Services Department	3,591,129	<b>3,647,813</b>	56,684	1.6	3,466,991
42 Electrical and Mechanical Services Department	1,867,712	<b>1,753,476</b>	(114,236)	(6.1)	1,677,984
44 Environmental Protection Department	9,505,899	<b>8,251,949</b>	(1,253,950)	(13.2)	7,720,001
45 Fire Services Department	8,794,271	<b>8,865,901</b>	71,630	0.8	8,235,618
49 Food and Environmental Hygiene Department	10,805,130	<b>10,688,774</b>	(116,356)	(1.1)	10,513,739
46 General Expenses of the Civil Service	5,706,389	<b>5,101,477</b>	(604,912)	(10.6)	4,810,494
166 Government Flying Service	616,074	<b>573,905</b>	(42,169)	(6.8)	683,877
48 Government Laboratory	598,767	<b>607,148</b>	8,381	1.4	582,298
59 Government Logistics Department	720,622	<b>720,095</b>	(527)	(0.1)	608,866

# General Revenue Account

## 12. Expenditure (Continued)

Head	2024				2023
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
51 Government Property Agency	2,704,217	<b>2,555,577</b>	(148,640)	(5.5)	2,505,479
143 Government Secretariat: Civil Service Bureau	829,564	<b>792,843</b>	(36,721)	(4.4)	751,661
152 Government Secretariat: Commerce and Economic Development Bureau	1,880,987	<b>5,044,689</b>	3,163,702	168.2	1,764,909
144 Government Secretariat: Constitutional and Mainland Affairs Bureau	851,682	<b>833,790</b>	(17,892)	(2.1)	842,930
132 Government Secretariat: Culture, Sports and Tourism Bureau	5,074,562	<b>4,853,751</b>	(220,811)	(4.4)	4,067,080
138 Government Secretariat: Development Bureau (Planning and Lands Branch)	1,609,363	<b>1,606,025</b>	(3,338)	(0.2)	1,515,490
159 Government Secretariat: Development Bureau (Works Branch)	1,396,481	<b>1,130,954</b>	(265,527)	(19.0)	2,061,076
156 Government Secretariat: Education Bureau	78,420,655	<b>80,372,579</b>	1,951,924	2.5	74,263,890
137 Government Secretariat: Environment and Ecology Bureau (Environment Branch)	2,730,949	<b>2,102,518</b>	(628,431)	(23.0)	1,888,680
139 Government Secretariat: Environment and Ecology Bureau (Food Branch)	206,144	<b>200,307</b>	(5,837)	(2.8)	163,864
148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)	792,350	<b>500,918</b>	(291,432)	(36.8)	1,109,199
147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)	36,274,783	<b>35,406,682</b>	(868,101)	(2.4)	67,216,661
140 Government Secretariat: Health Bureau	94,402,899	<b>96,013,062</b>	1,610,163	1.7	113,658,985
53 Government Secretariat: Home and Youth Affairs Bureau	1,186,504	<b>986,840</b>	(199,664)	(16.8)	1,299,723

# General Revenue Account

## 12. Expenditure (Continued)

Head	2024				2023
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
62 Government Secretariat: Housing Bureau	7,313,017	<b>5,838,713</b>	(1,474,304)	(20.2)	4,030,972
155 Government Secretariat: Innovation and Technology Commission	833,380	<b>820,600</b>	(12,780)	(1.5)	760,691
135 Government Secretariat: Innovation, Technology and Industry Bureau	608,249	<b>564,524</b>	(43,725)	(7.2)	637,672
141 Government Secretariat: Labour and Welfare Bureau	1,150,539	<b>1,174,665</b>	24,126	2.1	904,875
47 Government Secretariat: Office of the Government Chief Information Officer	1,809,824	<b>1,959,042</b>	149,218	8.2	1,494,974
142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary	1,210,638	<b>1,119,224</b>	(91,414)	(7.6)	56,111,377
96 Government Secretariat: Overseas Economic and Trade Offices	596,174	<b>413,884</b>	(182,290)	(30.6)	441,064
151 Government Secretariat: Security Bureau	1,295,467	<b>1,292,363</b>	(3,104)	(0.2)	1,146,706
158 Government Secretariat: Transport and Logistics Bureau	464,750	<b>387,132</b>	(77,618)	(16.7)	412,471
60 Highways Department	4,427,888	<b>4,324,139</b>	(103,749)	(2.3)	4,190,494
63 Home Affairs Department	3,564,769	<b>3,044,104</b>	(520,665)	(14.6)	2,930,714
168 Hong Kong Observatory	446,806	<b>444,781</b>	(2,025)	(0.5)	405,923
122 Hong Kong Police Force	26,841,055	<b>25,630,807</b>	(1,210,248)	(4.5)	25,196,656
70 Immigration Department	6,835,481	<b>7,055,166</b>	219,685	3.2	6,618,096
72 Independent Commission Against Corruption	1,331,837	<b>1,336,719</b>	4,882	0.4	1,292,848
121 Independent Police Complaints Council	91,331	<b>94,208</b>	2,877	3.2	100,807
74 Information Services Department	643,667	<b>645,914</b>	2,247	0.3	689,902
76 Inland Revenue Department	1,981,730	<b>1,916,242</b>	(65,488)	(3.3)	1,775,681
78 Intellectual Property Department	254,837	<b>252,660</b>	(2,177)	(0.9)	223,104

# General Revenue Account

## 12. Expenditure (Continued)

Head	2024				2023
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
79 Invest Hong Kong	278,235	<b>285,308</b>	7,073	2.5	226,097
174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	47,699	<b>46,662</b>	(1,037)	(2.2)	44,653
80 Judiciary	2,480,998	<b>2,453,262</b>	(27,736)	(1.1)	2,297,560
90 Labour Department	2,913,217	<b>2,544,749</b>	(368,468)	(12.6)	2,446,380
91 Lands Department	3,306,282	<b>3,358,318</b>	52,036	1.6	3,286,079
94 Legal Aid Department	1,658,656	<b>1,451,542</b>	(207,114)	(12.5)	1,529,202
112 Legislative Council Commission	1,101,064	<b>1,067,050</b>	(34,014)	(3.1)	1,027,068
95 Leisure and Cultural Services Department	11,819,384	<b>11,694,572</b>	(124,812)	(1.1)	11,063,583
100 Marine Department	1,806,586	<b>1,777,404</b>	(29,182)	(1.6)	1,729,617
106 Miscellaneous Services	9,535,743	<b>95,286</b>	(9,440,457)	(99.0)	120,202
180 Office for Film, Newspaper and Article Administration	56,816	<b>55,706</b>	(1,110)	(2.0)	53,047
114 Office of The Ombudsman	129,655	<b>134,307</b>	4,652	3.6	129,476
116 Official Receiver's Office	230,158	<b>229,053</b>	(1,105)	(0.5)	219,113
120 Pensions	48,811,400	<b>47,837,892</b>	(973,508)	(2.0)	45,596,767
118 Planning Department	867,750	<b>858,869</b>	(8,881)	(1.0)	844,275
136 Public Service Commission Secretariat	38,394	<b>37,949</b>	(445)	(1.2)	32,428
160 Radio Television Hong Kong	1,192,805	<b>1,195,787</b>	2,982	0.2	1,086,602
162 Rating and Valuation Department	752,927	<b>698,538</b>	(54,389)	(7.2)	664,090
163 Registration and Electoral Office	1,415,496	<b>1,228,288</b>	(187,208)	(13.2)	846,545
169 Secretariat, Commissioner on Interception of Communications and Surveillance	25,265	<b>23,105</b>	(2,160)	(8.5)	23,543
170 Social Welfare Department	112,158,426	<b>106,706,528</b>	(5,451,898)	(4.9)	101,405,863
181 Trade and Industry Department	1,851,058	<b>2,218,264</b>	367,206	19.8	1,593,336

# General Revenue Account

## 12. Expenditure (Continued)

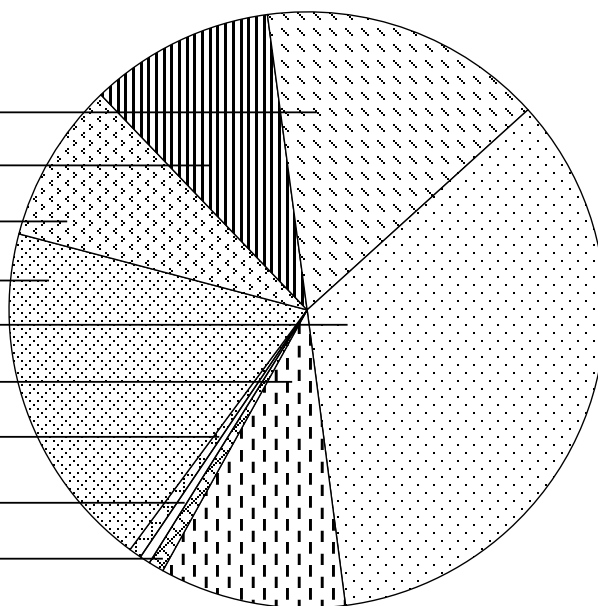
Head	2024				2023
	Original Estimate \$'000	Actual \$'000	Over/(Under) the Estimate \$'000	Variance %	Actual \$'000
186 Transport Department	17,044,412	<b>12,662,248</b>	(4,382,164)	(25.7)	11,095,725
188 Treasury	575,418	<b>579,880</b>	4,462	0.8	538,303
190 University Grants Committee	23,134,161	<b>23,528,825</b>	394,664	1.7	22,802,257
194 Water Supplies Department	9,859,155	<b>9,855,860</b>	(3,295)	-	9,316,234
173 Working Family and Student Financial Assistance Agency	7,841,135	<b>6,545,916</b>	(1,295,219)	(16.5)	6,984,601
Government Secretariat: Commerce and Economic Development Bureau (Communications and Creative Industries Branch)	-	-	-	-	223,510
	<u>638,883,466</u>	<u><b>608,744,498</b></u>	<u>(30,138,968)</u>	<u>(4.7)</u>	<u>692,779,509</u>
184 Transfers to Funds	53,000	<b>5,133,000</b>	5,080,000	9,584.9	4,771,000
Non-recurrent appropriation to a special fund to meet the expenditure for safeguarding national security (Note (i) below)	-	-	-	-	5,000,000
<b>Total</b>	<u><u>638,936,466</u></u>	<u><u><b>613,877,498</b></u></u>	<u><u>(25,058,968)</u></u>	<u><u>(3.9)</u></u>	<u><u>702,550,509</u></u>

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

# General Revenue Account

## Analysis of Expenditure for the year ended 31 March 2024

Personal Emoluments	\$94.6 Billion	15%
Personnel Related Expenses	\$61.6 Billion	10%
Departmental Expenses	\$53.6 Billion	9%
Other Charges	\$116.5 Billion	19%
Recurrent Subventions	\$212.8 Billion	34%
Non-Recurrent Expenditure	\$62.0 Billion	10%
Plant, Equipment and Works	\$4.2 Billion	1%
Capital Subventions	\$3.5 Billion	1%
Transfers to Funds	\$5.1 Billion	1%



**Total Expenditure  
\$613.9 Billion**

### 13. Other Cash Movements

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

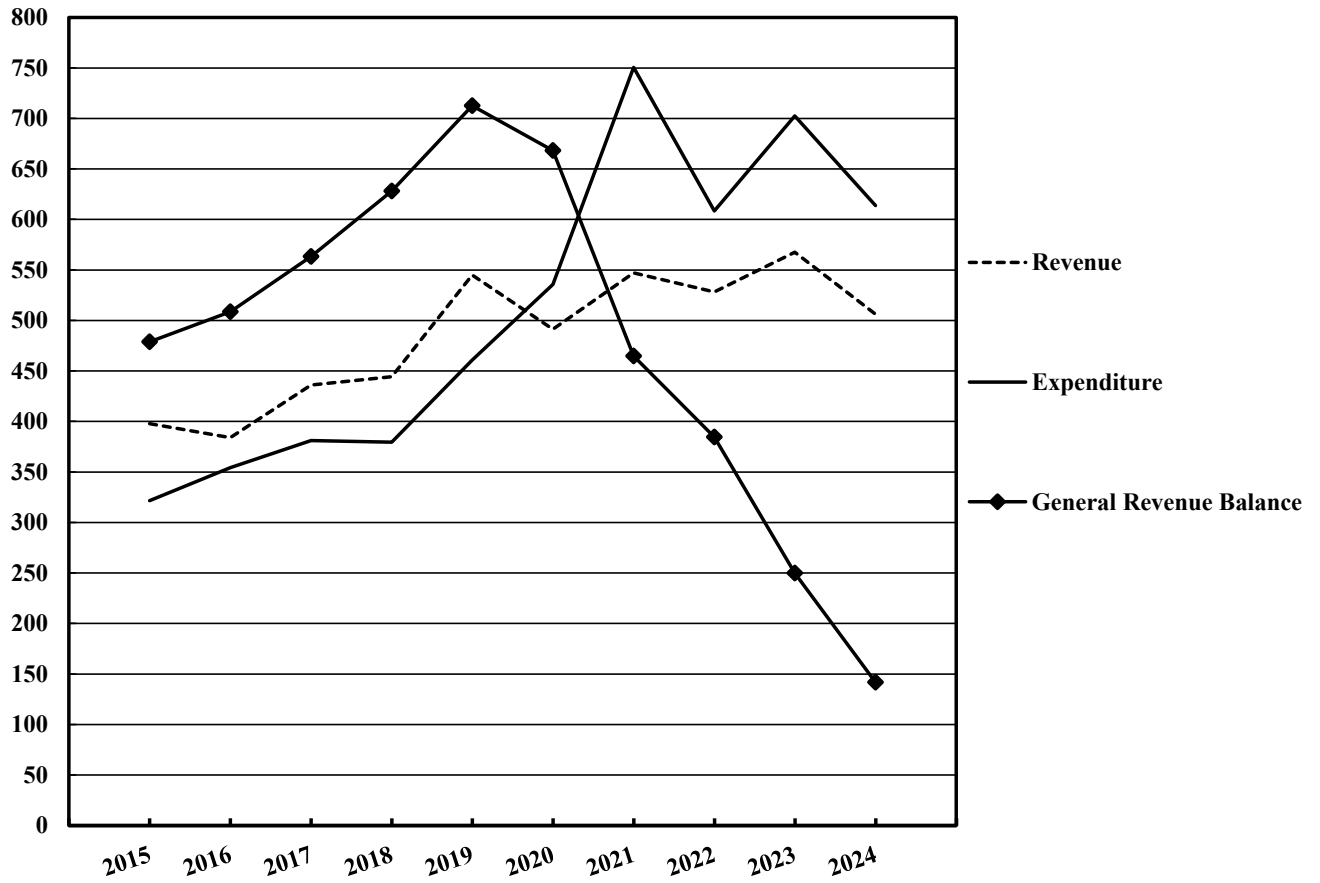
	2024 \$'000	2023 \$'000
<b>Reduction/(Increase) in Assets</b>		
Investments with the Exchange Fund	109,919,528	136,585,060
Deposits with banks	25,152	37,684
Advances	(867,976)	(1,283,519)
Suspense Accounts	57,887	(43,936)
	<b>109,134,591</b>	<b>135,295,289</b>
<b>(Reduction)/Increase in Liabilities</b>		
Deposits	(200,138)	40,841
Suspense Accounts	(2,378)	(15,321)
	<b>(202,516)</b>	<b>25,520</b>
	<b>108,932,075</b>	<b>135,320,809</b>



# General Revenue Account

Revenue, Expenditure and General Revenue Balance for the years ended 31 March 2015 to 2024

\$Billion



# *Report of the Director of Audit*



**Audit Commission**

The Government of the Hong Kong Special Administrative Region

## **Capital Works Reserve Fund**

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

#### *Opinion*

I certify that I have examined and audited the financial statements of the Capital Works Reserve Fund set out on pages 28 to 37, which comprise the statement of assets and liabilities as at 31 March 2024, 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 2024 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

29 October 2024

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 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
Investments with the Exchange Fund	3	100,839,526	151,400,431
Cash and bank balances		1	3,426
		<b>100,839,527</b>	151,403,857
<b>Liabilities</b>			
Deposits	4	(2,648,633)	(1,898,230)
		<b>98,190,894</b>	149,505,627
<b>Representing:</b>			
<b>Fund Balance</b>			
Balance at beginning of year		149,505,627	193,788,339
Deficit for the year		(51,314,733)	(44,282,712)
Balance at end of year	5, 6, 7	<b>98,190,894</b>	149,505,627

Notes 1 to 10 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# Capital Works Reserve Fund

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Cash and bank balances at beginning of year</b>		3,426	1,776
Receipts	8	98,927,348	154,118,729
Payments	5, 9	(150,242,081)	(198,401,441)
<b>Deficit for the year</b>		<b>(51,314,733)</b>	(44,282,712)
<b>Other cash movements</b>	10	51,311,308	44,284,362
<b>Cash and bank balances at end of year</b>		<b>1</b>	3,426

Notes 1 to 10 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# 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:

	2024 \$'000	2023 \$'000
Investments (Notes (ii) and (iii) below)	100,789,520	151,350,427
Deposits	50,006	50,004
	<u>100,839,526</u>	<u>151,400,431</u>

- (ii) The investments represent the cost of investments together with the investment income received in the year being reported.
- (iii) The investment income is calculated, in accordance with an arrangement entered into with the Hong Kong Monetary Authority in 2007, on the basis of the average annual investment return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year government bond (replacing the three-year Exchange Fund Notes with effect from 1 January 2016) for the previous year subject to a minimum of zero percent, whichever is the higher. The rate of return for the calendar year 2023 was 3.7% (2022: 5.6%). 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:

	2024 \$'000	2023 \$'000
Contract retention money	1,912,205	1,687,643
Others	736,428	210,587
	<u>2,648,633</u>	<u>1,898,230</u>

## 5. Fund Balance

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

Following a resolution passed under section 3(1) of the Loans Ordinance, the Government issued Green Bonds of US\$1 billion in May 2019, US\$2.5 billion in February 2021, US\$1 billion in November 2021, EUR1.75 billion in November 2021, RMB5 billion in November 2021, HK\$20 billion in May 2022, US\$3 billion in January 2023, EUR1.25 billion in January 2023, RMB10 billion in January 2023, HK\$0.8 billion in February 2023, US\$2.25 billion in June 2023, EUR1.5 billion in June 2023, RMB15 billion in June 2023, HK\$20 billion in October 2023, US\$0.2 billion in February 2024, EUR0.08 billion in February 2024, RMB1.5 billion in February 2024 and HK\$2 billion in February 2024 under the Government Green Bond Programme to provide funding for green projects. The outstanding liabilities, not included in the Statement of Assets and Liabilities, in respect of sums borrowed are as follows:

	2024 \$'000	2023 \$'000
Government Bonds		
Green Bonds (Notes (i) and (ii) below)	<u>192,528,875</u>	<u>122,497,375</u>

- (i) The Green Bonds were denominated in United States dollars (US\$9.95 billion will mature between May 2024 and January 2053), Euros (EUR4.58 billion will mature between January 2025 and November 2041), Renminbi (RMB31.5 billion will mature between November 2024 and June 2033) and Hong Kong dollars (HK\$42 billion will mature between May 2025 and October 2026). During the financial year, payments of interest on the Green Bonds amounted to \$3,767 million (2023: \$1,041 million) and there was repayment of principal with nominal value of HK\$800 million (2023: Nil).
- (ii) The outstanding Green Bonds are translated into Hong Kong dollars at the exchange rate ruling at the reporting date.

## 6. Contingent Liabilities

As at 31 March 2024, the amount of contingent liabilities arising from legal claims, disputes and proceedings was \$9,725 million (2023: \$12,305 million).



# Capital Works Reserve Fund

## 7. Commitments

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

<b>Head</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Land acquisition</b>		
701 Land acquisition	<b>131,181,580</b>	57,926,045
<b>Sub-total</b>	<b>131,181,580</b>	57,926,045
<b>Capital works – Public Works Programme</b>		
702 Port and airport development	<b>78,299</b>	78,299
703 Buildings	<b>241,604,521</b>	215,333,675
704 Drainage	<b>61,388,997</b>	57,284,519
705 Civil engineering	<b>96,799,222</b>	97,412,982
706 Highways	<b>66,176,009</b>	72,101,092
707 New towns and urban area development	<b>106,113,882</b>	117,545,089
709 Waterworks	<b>26,539,524</b>	28,315,063
711 Housing	<b>50,052,171</b>	41,278,449
<b>Sub-total</b>	<b>648,752,625</b>	629,349,168
<b>Capital subventions</b>		
708 (part) Capital subventions	<b>67,754,635</b>	61,126,688
<b>Sub-total</b>	<b>67,754,635</b>	61,126,688
<b>Systems and equipment</b>		
708 (part) Major systems and equipment	<b>6,834,281</b>	7,471,280
710 Computerisation	<b>14,733,362</b>	15,046,632
<b>Sub-total</b>	<b>21,567,643</b>	22,517,912
	<b>869,256,483</b>	770,919,813

# Capital Works Reserve Fund

## 8. Receipts

	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Land premium			
Sales by public auction and tender	-	7,273,888	33,617,647
Private treaty grants	-	133,781	1,729,660
Modification of existing leases, exchanges and extensions	-	11,560,144	34,331,691
Fees received in respect of short term waivers	-	612,946	248,828
	85,000,000	19,580,759	69,927,826
Investment income			
Investments with the Exchange Fund (Note (i) below)	-	6,686,917	18,120,400
Others	-	23,176	1,227
	6,861,000	6,710,093	18,121,627
Other receipts			
Donations and contributions	7,922	13,740	4,410
Others	-	132,869	72,691
	7,922	146,609	77,101
Proceeds received from issuance of Government Bonds	65,000,000	72,489,887	65,992,175
	<u>156,868,922</u>	<u>98,927,348</u>	<u>154,118,729</u>

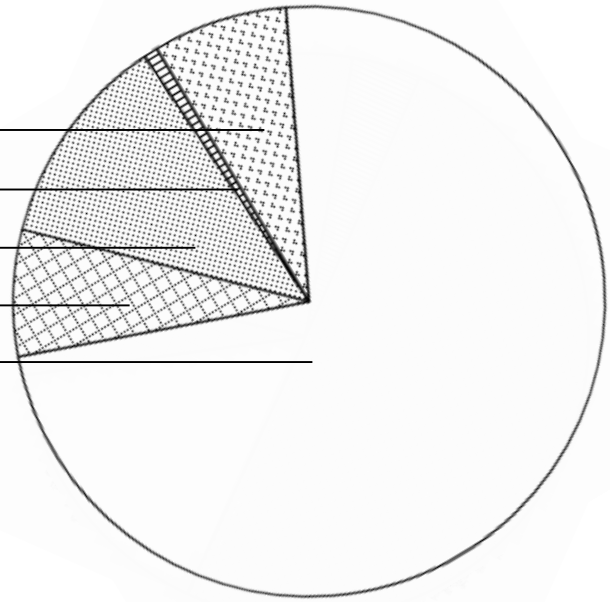
- (i) Pursuant to the Financial Secretary's directives, the investment incomes of the Fund for the calendar years 2014 and 2015 totalling \$6.86 billion (comprising \$2.88 billion for 2014 and \$3.98 billion for 2015), along with the investment incomes on other parts of the fiscal reserves for the two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

During the financial year 2023-24, no amount was brought back from the Housing Reserve to the Fund (2023: \$6.46 billion). As at 31 March 2024, there was no investment income and accumulated investment return (i.e. up to calendar year 2023) not received and recorded by the Fund and retained for the Housing Reserve (2023: Nil).

# Capital Works Reserve Fund

## Analysis of Receipts for the year ended 31 March 2024

<b>Sales by public auction and tender</b>	<b>\$7.3 Billion</b>	<b>7%</b>
<b>Private treaty grants and fees received in respect of short term waivers</b>	<b>\$0.7 Billion</b>	<b>1%</b>
<b>Modification of existing leases, exchanges and extensions</b>	<b>\$11.6 Billion</b>	<b>12%</b>
<b>Investment income and other receipts</b>	<b>\$6.8 Billion</b>	<b>7%</b>
<b>Proceeds received from issuance of Government Bonds</b>	<b>\$72.5 Billion</b>	<b>73%</b>



**Total Receipts**  
**\$98.9 Billion**

# Capital Works Reserve Fund

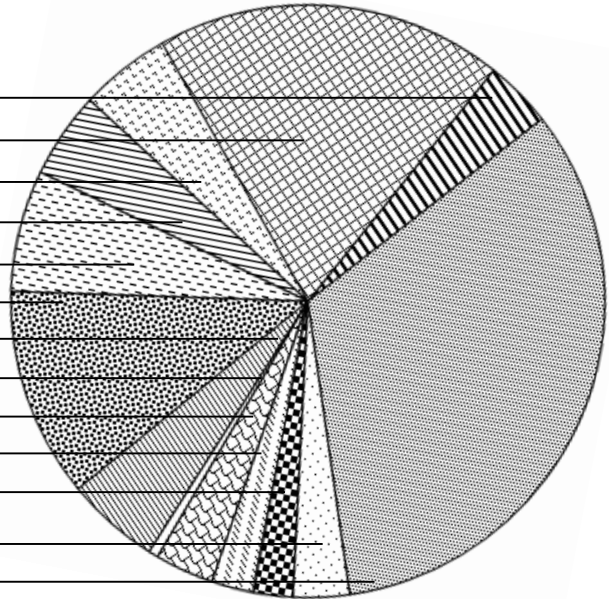
## 9. Payments

	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Land acquisition	9,955,770	<b>5,545,000</b>	6,083,804
Public Works Programme			
Port and airport development	100	-	511
Buildings	31,517,020	<b>28,429,924</b>	26,429,758
Drainage	6,823,633	<b>7,455,392</b>	6,901,539
Civil engineering	9,094,015	<b>7,058,148</b>	7,116,710
Highways	8,738,015	<b>9,981,248</b>	10,513,742
New towns and urban area development	13,275,048	<b>17,196,881</b>	20,613,145
Waterworks	5,140,244	<b>4,820,864</b>	7,035,306
Housing	3,509,401	<b>3,224,369</b>	2,193,137
	78,097,476	<b>78,166,826</b>	80,803,848
Capital subventions and major systems and equipment			
Capital subventions	9,143,738	<b>7,674,545</b>	6,779,760
Major systems and equipment	1,280,954	<b>782,640</b>	614,761
	10,424,692	<b>8,457,185</b>	7,394,521
Computerisation	3,851,390	<b>3,440,813</b>	2,614,869
Government Bonds			
Repayment	800,000	<b>800,000</b>	-
Interest and other expenses	4,493,000	<b>3,804,006</b>	1,091,548
	5,293,000	<b>4,604,006</b>	1,091,548
Transfer to General Revenue	50,000,000	<b>50,000,000</b>	100,000,000
Other payments			
Refund of overpayment of land premium	-	<b>28,251</b>	412,851
	<u>157,622,328</u>	<u><b>150,242,081</b></u>	<u>198,401,441</u>

# Capital Works Reserve Fund

## Analysis of Payments for the year ended 31 March 2024 \*

Land acquisition	\$5.5 Billion	4%
Buildings	\$28.4 Billion	19%
Drainage	\$7.5 Billion	5%
Civil engineering	\$7.1 Billion	5%
Highways	\$10.0 Billion	7%
New towns and urban area development	\$17.2 Billion	11%
Capital subventions	\$7.7 Billion	5%
Major systems and equipment	\$0.8 Billion	1%
Waterworks	\$4.8 Billion	3%
Computerisation	\$3.4 Billion	2%
Housing	\$3.2 Billion	2%
Repayment, interest and other expenses on Government Bonds	\$4.6 Billion	3%
Transfer to General Revenue	\$50.0 Billion	33%



**Total Payments  
\$150.2 Billion**

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

## 10. Other Cash Movements

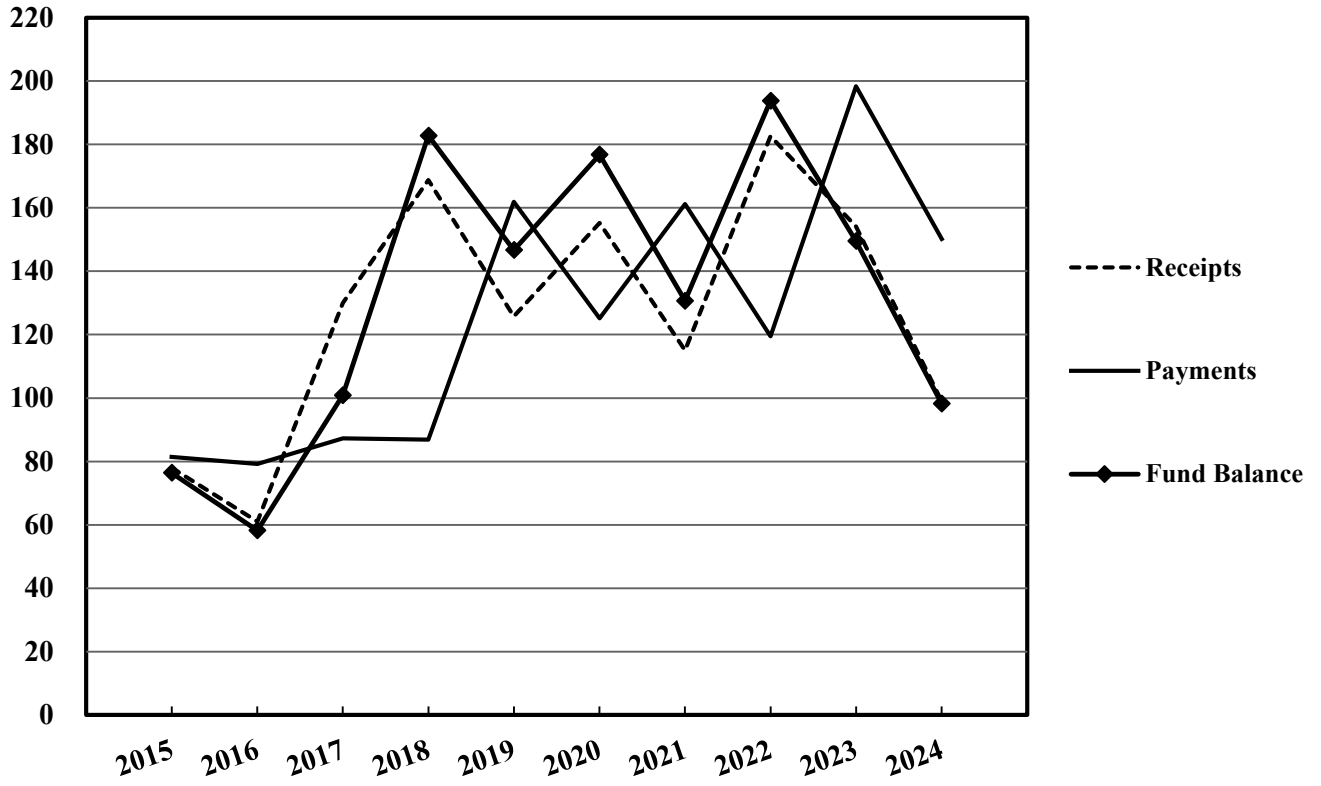
These are cash movements arising from changes in other assets and liabilities:

	2024 \$'000	2023 \$'000
<b>Reduction in Assets</b>		
Investments with the Exchange Fund	50,560,905	44,087,555
<b>Increase in Liabilities</b>		
Deposits	750,403	196,807
	<b>51,311,308</b>	<b>44,284,362</b>

# Capital Works Reserve Fund

Receipts, Payments and Fund Balance for the years ended 31 March 2015 to 2024

\$Billion



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# *Report of the Director of Audit*



**Audit Commission**

The Government of the Hong Kong Special Administrative Region

## **Capital Investment Fund**

### **Independent Auditor's Report**

### **To the President of the Legislative Council**

#### *Opinion*

I certify that I have examined and audited the financial statements of the Capital Investment Fund set out on pages 42 to 49, which comprise the statement of assets and liabilities as at 31 March 2024, 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 2024 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

29 October 2024

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 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
<b>Investments</b>	<b>3</b>		
Equity holdings		158,958,156	157,782,156
Other investments		700,381,662	685,831,418
		<b>859,339,818</b>	843,613,574
<b>Loans Outstanding</b>	<b>4</b>	<b>3,036,356</b>	1,424,435
		<b>862,376,174</b>	845,038,009
<b>Current Assets</b>			
Investments with the Exchange Fund	5	16,457,720	18,038,721
Cash and bank balances		1	-
		<b>16,457,721</b>	18,038,721
		<b>878,833,895</b>	863,076,730
<b>Representing:</b>			
<b>Total Fund Balance</b>			
<b>Applied Fund</b>	<b>6</b>	<b>862,376,174</b>	845,038,009
<b>Available Fund</b>	<b>7</b>		
Balance at beginning of year		18,038,721	21,360,315
Deficit for the year		(1,581,000)	(3,321,594)
Balance at end of year		<b>16,457,721</b>	18,038,721
	<b>8, 9</b>	<b>878,833,895</b>	863,076,730

Notes 1 to 12 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# Capital Investment Fund

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Cash and bank balances at beginning of year</b>		-	1
Receipts	10	1,150,000	1,722,406
Payments	11	(2,731,000)	(5,044,000)
<b>Deficit for the year</b>		<b>(1,581,000)</b>	<b>(3,321,594)</b>
<b>Other cash movements</b>	12	<b>1,581,001</b>	<b>3,321,593</b>
<b>Cash and bank balances at end of year</b>		<b>1</b>	<b>-</b>

Notes 1 to 12 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# 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)

	2024			2023		
	Equity Holdings \$'000	Other Investments \$'000	Total \$'000	Equity Holdings \$'000	Other Investments \$'000	Total \$'000
Balance at beginning of year	157,782,156	685,831,418	843,613,574	152,738,156	647,657,994	800,396,150
<b>Additions</b>						
Cash acquisitions	1,176,000	-	1,176,000	5,044,000	-	5,044,000
Non-cash acquisitions	-	14,550,244	14,550,244	-	38,173,424	38,173,424
	<b>1,176,000</b>	<b>14,550,244</b>	<b>15,726,244</b>	<b>5,044,000</b>	<b>38,173,424</b>	<b>43,217,424</b>
<b>Balance at end of year</b>	<b>158,958,156</b>	<b>700,381,662</b>	<b>859,339,818</b>	<b>157,782,156</b>	<b>685,831,418</b>	<b>843,613,574</b>

# Capital Investment Fund

## 4. Loans Outstanding

	2024 \$'000	2023 \$'000
Balance at beginning of year	1,424,435	1,382,864
<b>Additions</b>		
Loan payments	1,555,000	-
Capitalised interest	56,921	41,571
	1,611,921	41,571
<b>Balance at end of year</b>	<b>3,036,356</b>	<b>1,424,435</b>

## 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 2023 was 3.7% (2022: 5.6%). 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 2024, the Government had the following contingent liabilities:

- (i) subscription to callable shares in the Asian Development Bank amounting to \$5,689 million (2023: \$5,801 million);
- (ii) subscription to callable shares in the Asian Infrastructure Investment Bank amounting to \$4,800 million (2023: \$4,800 million) with commitment approved; and
- (iii) guarantees provided under a commercial loan of the Hong Kong Science and Technology Parks Corporation amounting to \$866 million (2023: \$893 million).

# Capital Investment Fund

## 9. Commitments

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

	2024 \$'000	2023 \$'000
Investments (Note (i) below)	32,146,500	33,322,500
Loans	-	1,650,000
	<u>32,146,500</u>	<u>34,972,500</u>

- (i) These included an approved commitment of \$4,800 million (2023: \$4,800 million) for the subscription to callable shares in the Asian Infrastructure Investment Bank (Note 8(ii)).

## 10. Receipts

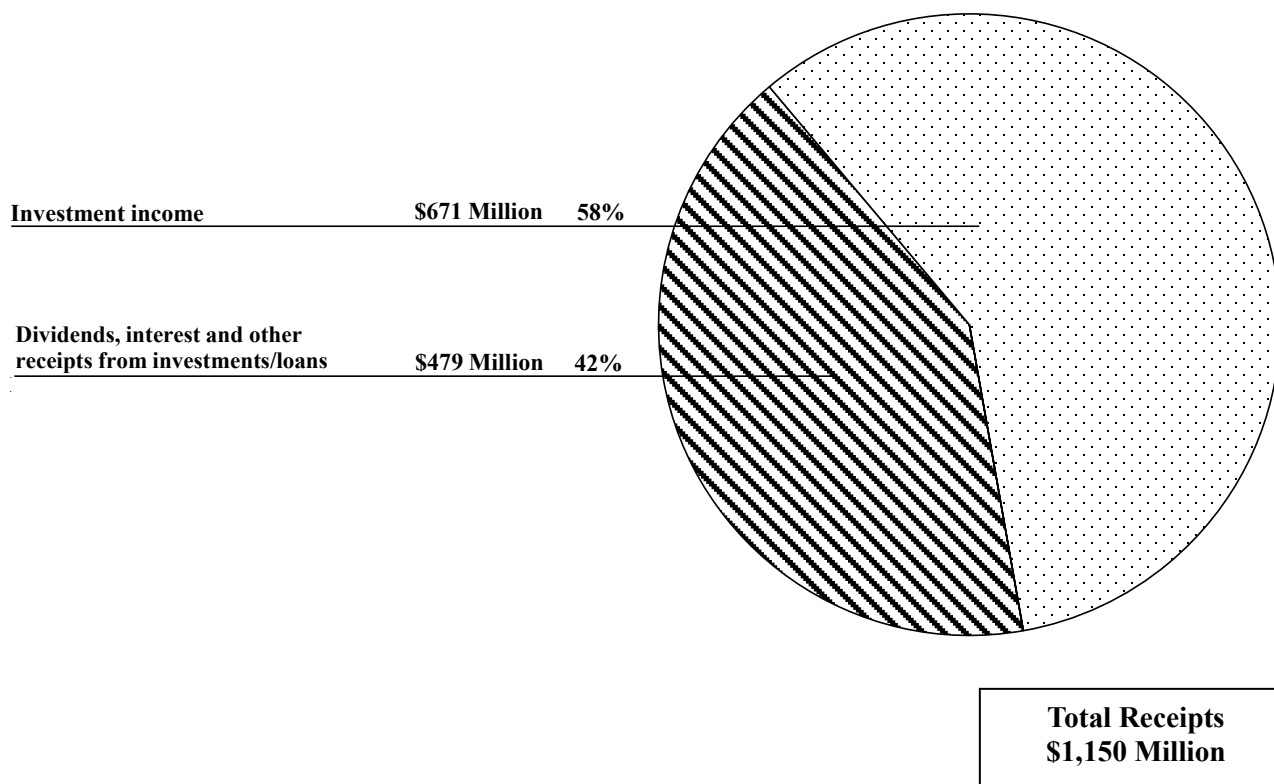
	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Dividends, interest and other receipts from investments/loans	643,000	479,278	424,439
Investment income			
Investments with the Exchange Fund (Note (i) below)	653,000	670,722	1,297,967
	<u>1,296,000</u>	<u>1,150,000</u>	<u>1,722,406</u>

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

During the financial year 2023-24, no amount was brought back from the Housing Reserve to the Fund (2023: \$167 million). As at 31 March 2024, there was no investment income and accumulated investment return (i.e. up to calendar year 2023) not received and recorded by the Fund and retained for the Housing Reserve (2023: Nil).

# Capital Investment Fund

## Analysis of Receipts for the year ended 31 March 2024



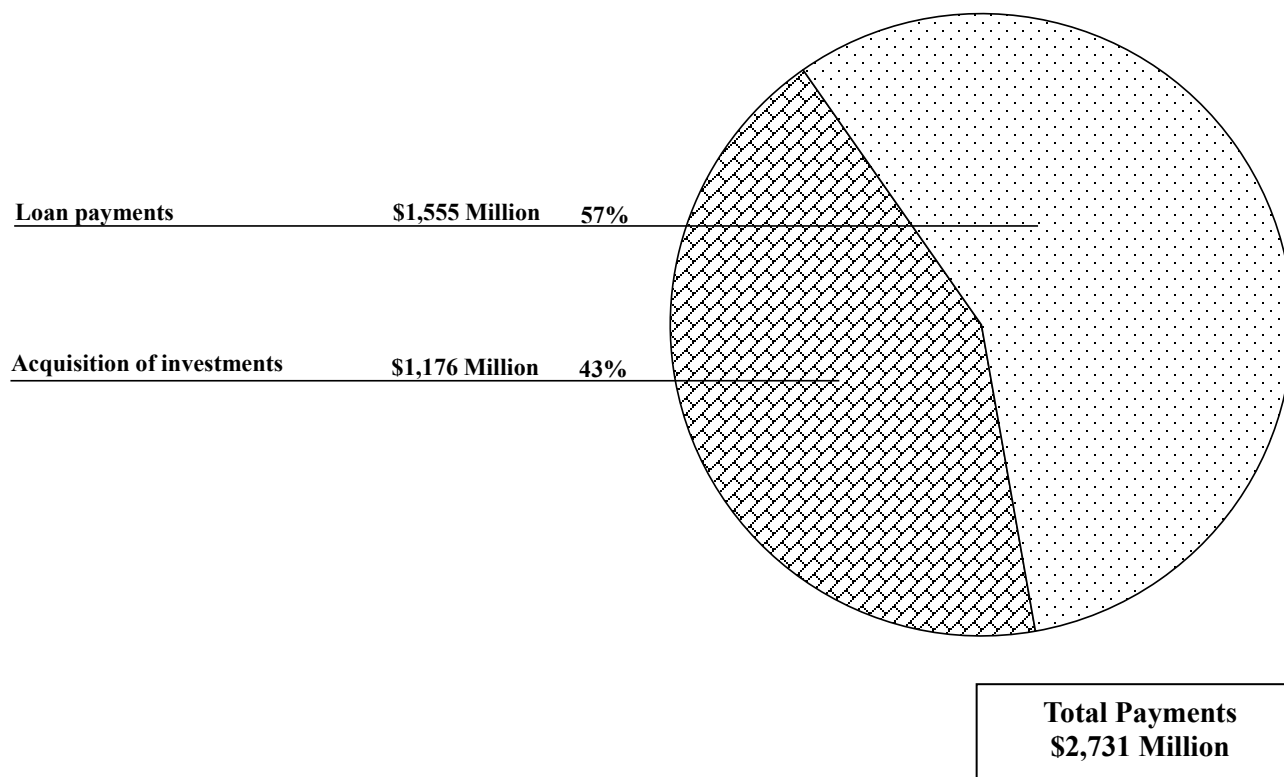
## 11. Payments

	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Acquisition of investments			
Equity holdings	898,500	<b>1,176,000</b>	5,044,000
Loan payments	1,650,000	<b>1,555,000</b>	-
	<u>2,548,500</u>	<u><b>2,731,000</b></u>	<u>5,044,000</u>



# Capital Investment Fund

## Analysis of Payments for the year ended 31 March 2024



## 12. Other Cash Movements

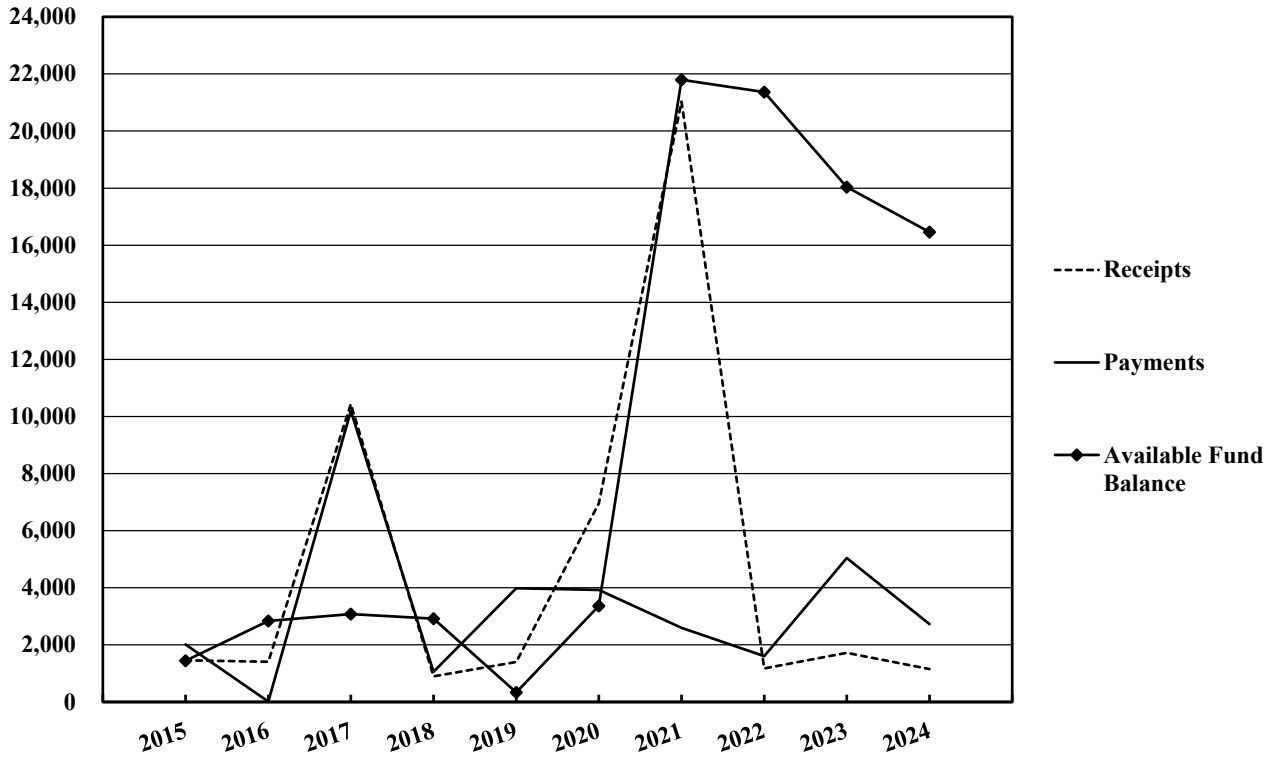
These are cash movements arising from changes in other assets and liabilities:

	2024 \$'000	2023 \$'000
<b>Reduction in Assets</b>		
Investments with the Exchange Fund	<u>1,581,001</u>	<u>3,321,593</u>

# Capital Investment Fund

Receipts, Payments and Available Fund Balance for the years ended 31 March 2015 to 2024

\$Million



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# *Report of the Director of Audit*



**Audit Commission**

The Government of the Hong Kong Special Administrative Region

## **Civil Service Pension Reserve Fund**

### **Independent Auditor's Report**

### **To the President of the Legislative Council**

#### *Opinion*

I certify that I have examined and audited the financial statements of the Civil Service Pension Reserve Fund set out on pages 54 to 57, which comprise the statement of assets and liabilities as at 31 March 2024, 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 2024 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

29 October 2024

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 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
Investments with the Exchange Fund	3	<u>55,856,695</u>	<u>53,863,737</u>
<b>Representing:</b>			
<b>Fund Balance</b>			
Balance at beginning of year		53,863,737	48,813,399
Surplus for the year		<u>1,992,958</u>	<u>5,050,338</u>
Balance at end of year		<u>55,856,695</u>	<u>53,863,737</u>

Notes 1 to 5 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# Civil Service Pension Reserve Fund

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Cash and bank balances at beginning of year</b>		-	-
Receipts	4	1,992,958	5,050,338
Payments		-	-
<b>Surplus for the year</b>		1,992,958	5,050,338
<b>Other cash movements</b>	5	(1,992,958)	(5,050,338)
<b>Cash and bank balances at end of year</b>		-	-

Notes 1 to 5 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024





# 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 2023 was 3.7% (2022: 5.6%). The annual investment income is receivable on 31 December each year.

### 4. Receipts

	<u>2024</u>		<u>2023</u>
	Original Estimate \$'000	<b>Actual</b> <b>\$'000</b>	Actual \$'000
Investment income			
Investments with the Exchange Fund (Note (i) below)	1,993,000	<b>1,992,958</b>	5,050,338

# Civil Service Pension Reserve Fund

## 4. Receipts (Continued)

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

During the financial year 2023-24, no amount was brought back from the Housing Reserve to the Fund (2023: \$2.32 billion). As at 31 March 2024, there was no investment income and accumulated investment return (i.e. up to calendar year 2023) not received and recorded by the Fund and retained for the Housing Reserve (2023: Nil).

## 5. Other Cash Movements

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

	2024 \$'000	2023 \$'000
<b>Increase in Assets</b>		
Investments with the Exchange Fund	<u>1,992,958</u>	<u>5,050,338</u>

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# Report of the Director of Audit



**Audit Commission**

The Government of the Hong Kong Special Administrative Region

## Disaster Relief Fund

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

#### *Opinion*

I certify that I have examined and audited the financial statements of the Disaster Relief Fund set out on pages 62 to 67, which comprise the statement of assets and liabilities as at 31 March 2024, 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 2024 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

29 October 2024

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 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
Investments with the Exchange Fund	3	<u>34,510</u>	<u>37,076</u>
<b>Representing:</b>			
<b>Fund Balance</b>			
Balance at beginning of year		37,076	71,782
Deficit for the year		(2,566)	(34,706)
Balance at end of year		<u>34,510</u>	<u>37,076</u>

Notes 1 to 6 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# Disaster Relief Fund

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Cash and bank balances at beginning of year</b>		-	-
Receipts	4	136,285	28,989
Payments	5	(138,851)	(63,695)
<b>Deficit for the year</b>		<b>(2,566)</b>	<b>(34,706)</b>
<b>Other cash movements</b>	6	<b>2,566</b>	<b>34,706</b>
<b>Cash and bank balances at end of year</b>		<b>-</b>	<b>-</b>

Notes 1 to 6 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024





# 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 2023 was 3.7% (2022: 5.6%). The annual investment income is receivable on 31 December each year.

### 4. Receipts

	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income			
Investments with the Exchange Fund (Note (i) below)	3,000	2,793	6,298
Transfer from General Revenue	53,000	133,000	21,000
Refund of grants	-	492	1,691
	<u>56,000</u>	<u>136,285</u>	<u>28,989</u>

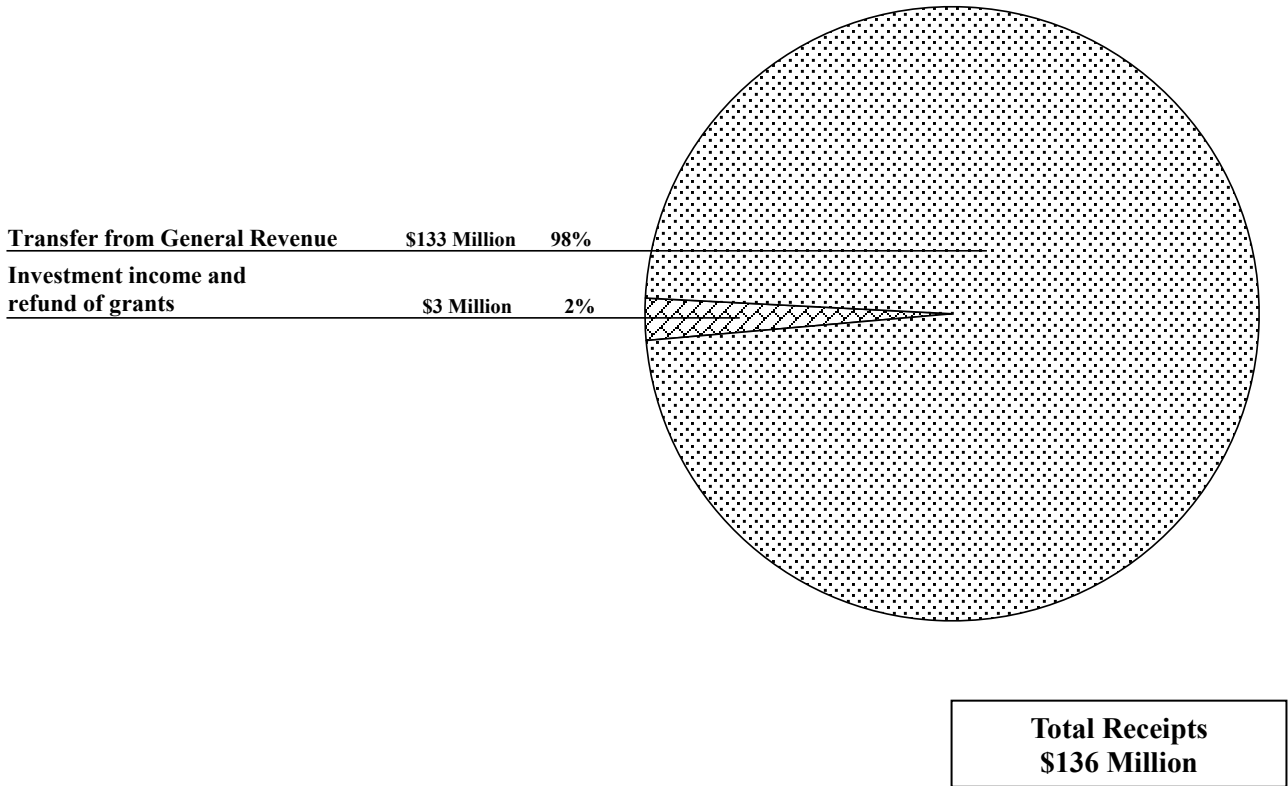
# Disaster Relief Fund

## 4. Receipts (Continued)

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

During the financial year 2023-24, no amount was brought back from the Housing Reserve to the Fund (2023: \$2.06 million). As at 31 March 2024, there was no investment income and accumulated investment return (i.e. up to calendar year 2023) not received and recorded by the Fund and retained for the Housing Reserve (2023: Nil).

### Analysis of Receipts for the year ended 31 March 2024

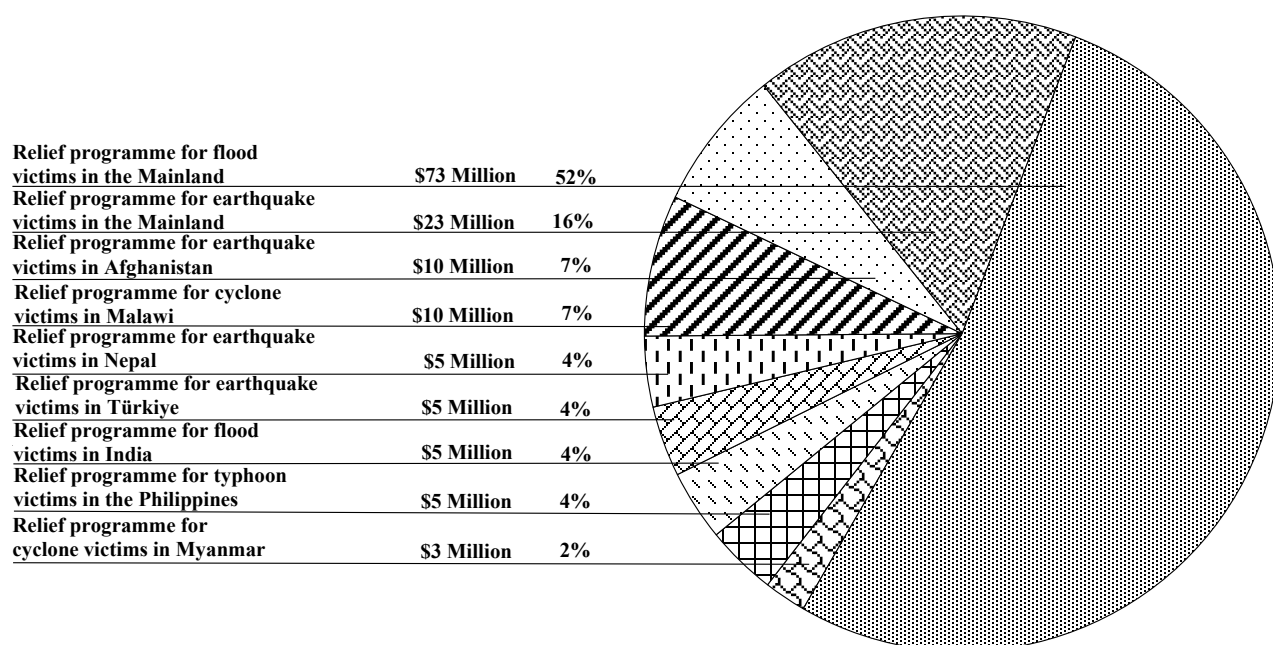


# Disaster Relief Fund

## 5. Payments

	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Relief programmes for			
flood victims in the Mainland	-	73,011	7,110
earthquake victims in the Mainland	-	23,662	-
earthquake victims in Afghanistan	-	9,883	-
cyclone victims in Malawi	-	9,764	-
earthquake victims in Nepal	-	5,190	-
earthquake victims in Türkiye	-	5,032	-
flood victims in India	-	4,692	11,877
typhoon victims in the Philippines	-	4,670	5,349
cyclone victims in Myanmar	-	2,947	-
flood victims in Bangladesh	-	-	21,737
flood victims in Pakistan	-	-	10,175
earthquake victims in Syria	-	-	4,740
earthquake victims in Indonesia	-	-	2,707
	-	<b>138,851</b>	<b>63,695</b>

### Analysis of Payments for the year ended 31 March 2024



**Total Payments  
\$139 Million**

# Disaster Relief Fund

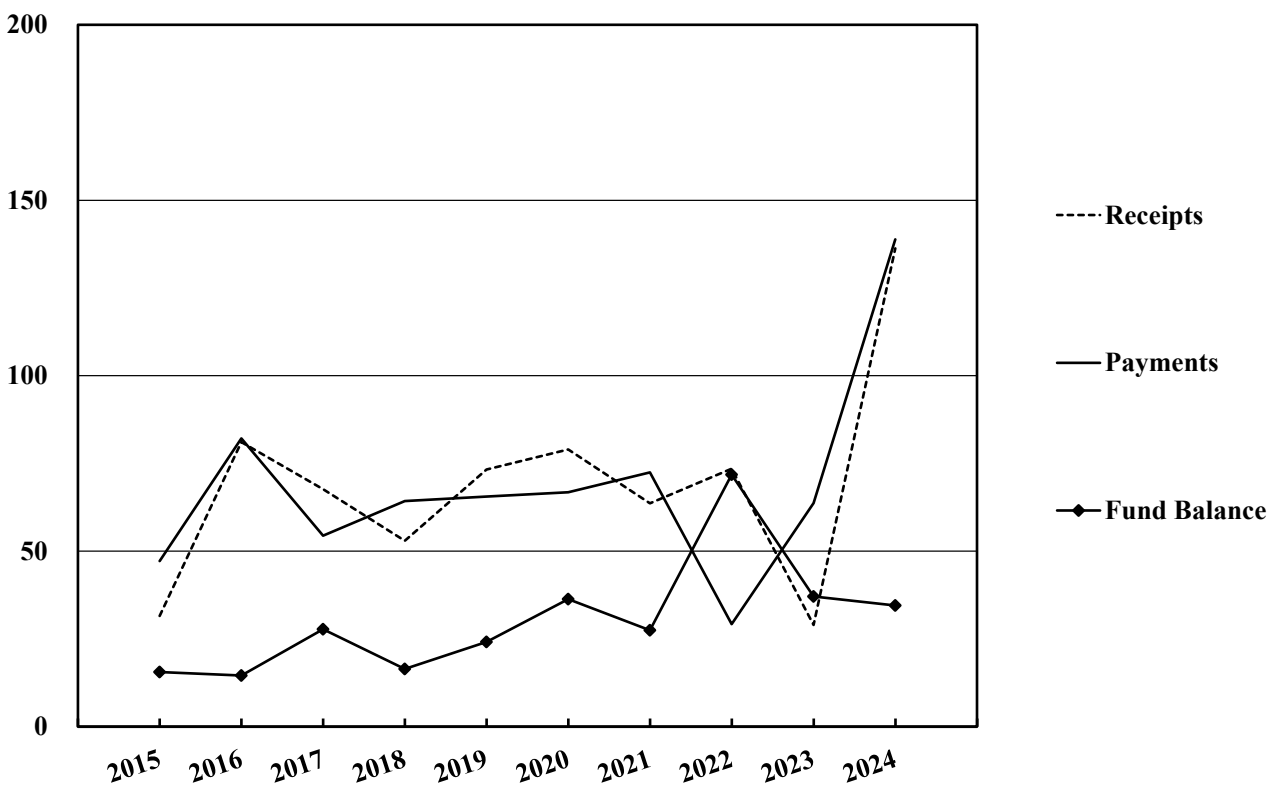
## 6. Other Cash Movements

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

	2024	2023
	\$'000	\$'000
<b>Reduction in Assets</b>		
Investments with the Exchange Fund	2,566	34,706

## Receipts, Payments and Fund Balance for the years ended 31 March 2015 to 2024

\$Million



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# Report of the Director of Audit



**Audit Commission**

The Government of the Hong Kong Special Administrative Region

## **Innovation and Technology Fund**

### **Independent Auditor's Report**

### **To the President of the Legislative Council**

#### *Opinion*

I certify that I have examined and audited the financial statements of the Innovation and Technology Fund set out on pages 72 to 77, which comprise the statement of assets and liabilities as at 31 March 2024, 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 2024 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

29 October 2024

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 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
Investments with the Exchange Fund	3	27,888,740	27,659,323
Cash and bank balances		1,169	32
		<u>27,889,909</u>	<u>27,659,355</u>
<b>Representing:</b>			
<b>Fund Balance</b>			
Balance at beginning of year		27,659,355	25,819,215
Surplus for the year		230,554	1,840,140
Balance at end of year	4	<u>27,889,909</u>	<u>27,659,355</u>

Notes 1 to 7 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# Innovation and Technology Fund

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Cash and bank balances at beginning of year</b>		32	1
Receipts	5	6,134,397	6,483,402
Payments	6	(5,903,843)	(4,643,262)
<b>Surplus for the year</b>		230,554	1,840,140
<b>Other cash movements</b>	7	(229,417)	(1,840,109)
<b>Cash and bank balances at end of year</b>		1,169	32

Notes 1 to 7 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# 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 2023 was 3.7% (2022: 5.6%). The annual investment income is receivable on 31 December each year.

### 4. Commitments

The approved grants that were unpaid were as follows:

	2024	2023
	\$'000	\$'000
Grants	<u>24,961,988</u>	<u>16,447,096</u>

# Innovation and Technology Fund

## 5. Receipts

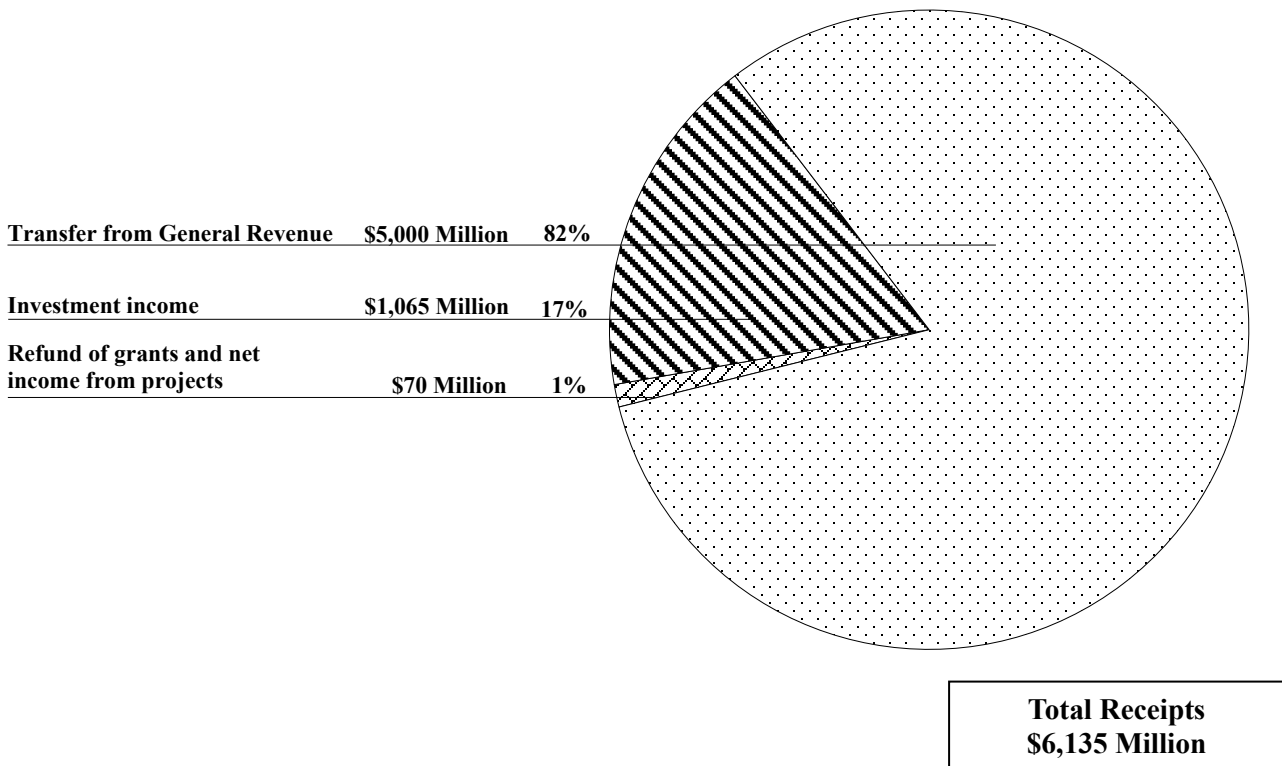
	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Investment income			
Investments with the Exchange Fund (Note (i) below)	-	<b>1,058,312</b>	1,645,085
Others	-	<b>6,438</b>	5,421
	957,000	<b>1,064,750</b>	1,650,506
Net income from projects	91	<b>537</b>	160
Refund of grants	-	<b>69,110</b>	82,736
Transfer from General Revenue	-	<b>5,000,000</b>	4,750,000
	<u>957,091</u>	<u><b>6,134,397</b></u>	<u>6,483,402</u>

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

During the financial year 2023-24, no amount was brought back from the Housing Reserve to the Fund (2023: \$91 million). As at 31 March 2024, there was no investment income and accumulated investment return (i.e. up to calendar year 2023) not received and recorded by the Fund and retained for the Housing Reserve (2023: Nil).

# Innovation and Technology Fund

## Analysis of Receipts for the year ended 31 March 2024



## 6. Payments

	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Grants	6,417,180	<b>5,903,843</b>	4,643,262

## 7. Other Cash Movements

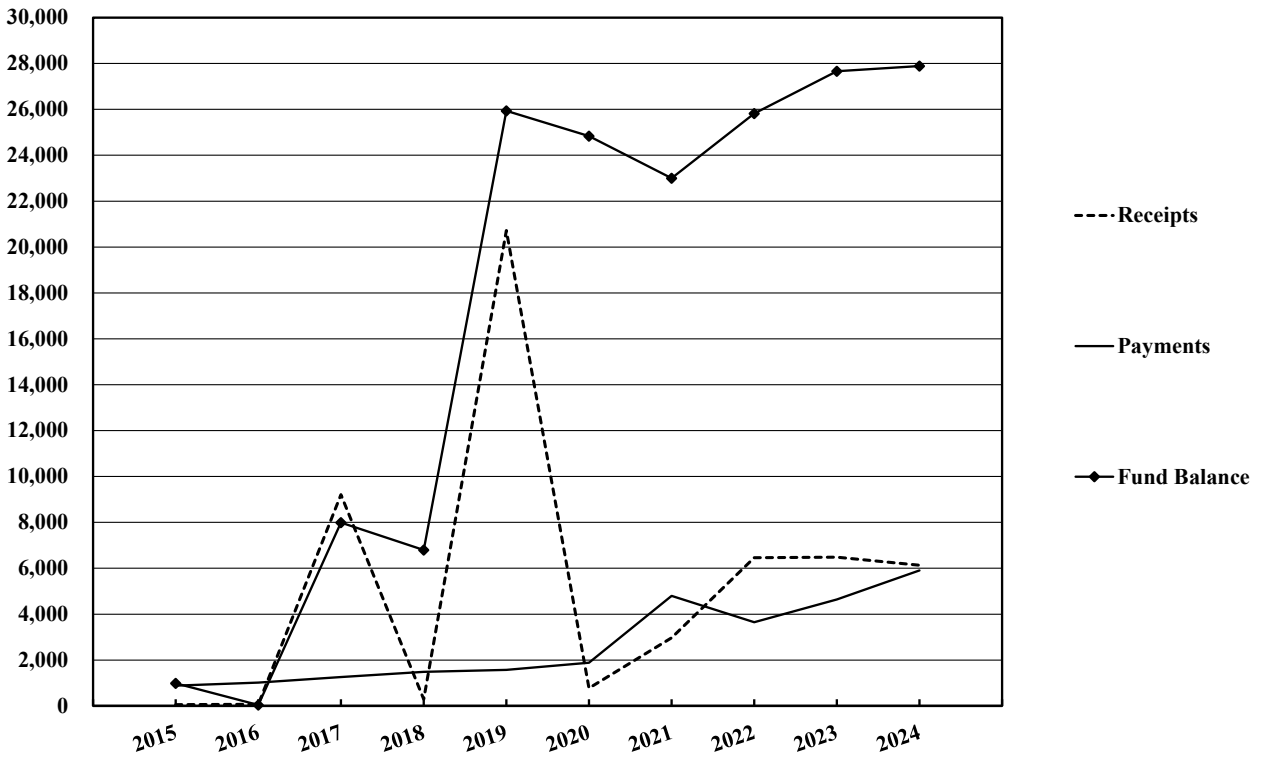
These are cash movements arising from changes in other assets and liabilities:

	2024 \$'000	2023 \$'000
<b>Increase in Assets</b>		
Investments with the Exchange Fund	<b>229,417</b>	1,840,109

# Innovation and Technology Fund

Receipts, Payments and Fund Balance for the years ended 31 March 2015 to 2024

\$Million



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# Report of the Director of Audit



**Audit Commission**

The Government of the Hong Kong Special Administrative Region

## Land Fund

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

#### *Opinion*

I certify that I have examined and audited the financial statements of the Land Fund set out on pages 82 to 87, which comprise the statement of assets and liabilities as at 31 March 2024, 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 2024 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

29 October 2024

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

# Land Fund

## STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
Investments with the Exchange Fund	3	350,971,728	285,141,600
Other investments	4	13,985,379	20,592,115
		<u>364,957,107</u>	<u>305,733,715</u>
<b>Representing:</b>			
<b>Fund Balance</b>			
Balance at beginning of year		305,733,715	257,367,269
Surplus for the year		59,223,392	48,366,446
Balance at end of year	5	<u>364,957,107</u>	<u>305,733,715</u>

Notes 1 to 8 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# Land Fund

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Cash and bank balances at beginning of year</b>		-	-
Receipts	6	59,229,355	48,388,060
Payments	7	(5,963)	(21,614)
<b>Surplus for the year</b>		59,223,392	48,366,446
<b>Other cash movements</b>	8	(59,223,392)	(48,366,446)
<b>Cash and bank balances at end of year</b>		-	-

Notes 1 to 8 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# 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 (4.8% and -3.0% for the calendar years 2023 and 2022 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 \$350.97 billion as at 31 March 2024 (2023: \$285.14 billion), such accumulated investment return not received as revenue amounted to \$114.15 billion as at 31 December 2023 (2022: \$131.54 billion), including the investment return for the calendar year 2023 of \$17.61 billion (2022: investment loss of \$8.82 billion).

# Land Fund

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

As announced in the 2021-22 Budget Speech, the accumulated investment return on the Future Fund would be brought back to the Government's accounts and recorded as investment income on a progressive basis starting from 2021-22. During the financial year 2023-24, \$57 billion (2023: \$35 billion), being part of the accumulated investment return of \$114.15 billion on the Future Fund attributable to the Land Fund was brought back and recorded as investment income of the Land Fund. As at 31 March 2024, the total accumulated investment return brought back to the Land Fund was \$117 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. On 26 June 2024, \$100 billion was transferred from the Land Fund to the general revenue.

## 4. Other Investments

- (i) In June 2020, in a bid to uphold Hong Kong's status as an international aviation hub, the Financial Secretary exercised his authority under the Resolution to allocate \$27.3 billion of the Land Fund (via the Future Fund) to invest in Cathay Pacific Airways Limited. On 12 August 2020, \$19.5 billion was drawn from the assets of the Land Fund placed with the Exchange Fund for the investment in Cathay Pacific Airways Limited, comprising preference shares with detachable warrants. The investment would remain as a part of the Future Fund (Note 3(iv)). The investment is held by Aviation 2020 Limited, a dedicated company wholly-owned by The Financial Secretary Incorporated as established under the Financial Secretary Incorporation Ordinance (Cap. 1015). Cathay Pacific Airways Limited redeemed half of the preference shares that were held by Aviation 2020 Limited on 4 December 2023 and redeemed the remaining half on 31 July 2024. Each redemption was executed at the principal amount of \$9.75 billion.
- (ii) The Financial Secretary announced in the 2020-21 Budget Speech that part of the Future Fund 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. The investments are managed by the Hong Kong Investment Corporation Limited and held by dedicated companies wholly-owned by The Financial Secretary Incorporated.
- (iii) In October 2023, the Financial Secretary exercised his authority under the Resolution to draw \$1,263 million from the assets of the Land Fund placed with the Exchange Fund for investment in Hong Kong Cyberport Management Company Limited in the form of an interest-bearing term loan facility to finance its development of the Artificial Intelligence Supercomputing Centre in Hong Kong.

## 5. Commitments

As at 31 March 2024, the approved investments that were unpaid amounted to \$21.3 billion (2023: \$14.6 billion).

# Land Fund

## 6. Receipts

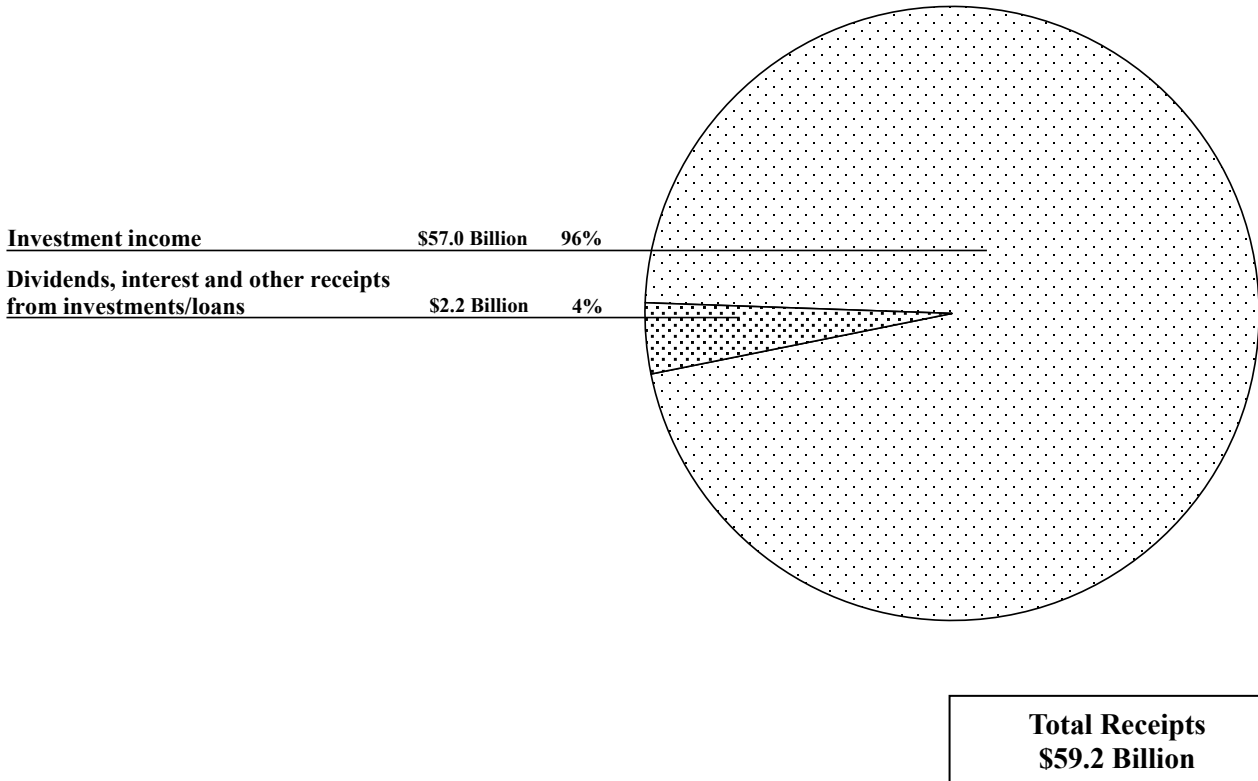
	2024		2023
	Original Estimate \$'000	<b>Actual \$'000</b>	Actual \$'000
Investment income			
Investments with the Exchange Fund (Note (i) below)	49,000,000	<b>57,000,000</b>	48,388,060
Dividends, interest and other receipts from investments/loans	-	<b>2,229,355</b>	-
	<u>49,000,000</u>	<u><b>59,229,355</b></u>	<u>48,388,060</u>

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

During the financial year 2023-24, no amount was brought back from the Housing Reserve to the Fund (2023: \$13.39 billion). Such amount was placed with the Exchange Fund as the principal balance of the Future Fund (Note 3(iv)) and subject to the same term as the outstanding tenure of the Future Fund. As at 31 March 2024, there was no investment income and accumulated investment return (i.e. up to calendar year 2023) not received and recorded by the Fund and retained for the Housing Reserve (2023: Nil).

# Land Fund

## Analysis of Receipts for the year ended 31 March 2024



### 7. Payments

	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Operating expenses	68,836	<b>5,963</b>	21,614

### 8. Other Cash Movements

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

	2024 \$'000	2023 \$'000
<b>(Increase)/Reduction in Assets</b>		
Investments with the Exchange Fund	<b>(65,830,128)</b>	(47,274,331)
Other investments	<b>6,606,736</b>	(1,092,115)
	<b>(59,223,392)</b>	(48,366,446)



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# *Report of the Director of Audit*



**Audit Commission**

The Government of the Hong Kong Special Administrative Region

## **Loan Fund**

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

#### *Opinion*

I certify that I have examined and audited the financial statements of the Loan Fund set out on pages 92 to 99, which comprise the statement of assets and liabilities as at 31 March 2024, 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 2024 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

29 October 2024

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

# Loan Fund

## STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
<b>Loans Outstanding</b>	<b>3</b>		
Housing loans		1,355,178	1,279,808
Education loans		25,248,942	23,791,256
Other loans		10,543,997	10,511,460
		<b>37,148,117</b>	<b>35,582,524</b>
<b>Net Current Assets</b>			
<b>Current Assets</b>			
Investments with the Exchange Fund	4	6,202,705	7,410,084
Cash and bank balances		1,296	1,282
		<b>6,204,001</b>	<b>7,411,366</b>
<b>Current Liabilities</b>			
Deposits	5	(176,561)	(160,297)
		<b>6,027,440</b>	<b>7,251,069</b>
		<b>43,175,557</b>	<b>42,833,593</b>
<b>Representing:</b>			
<b>Total Fund Balance</b>			
<b>Applied Fund</b>	<b>6</b>	<b>37,148,117</b>	<b>35,582,524</b>
<b>Available Fund</b>	<b>7</b>		
Balance at beginning of year		7,251,069	3,831,384
(Deficit)/Surplus for the year		(1,223,629)	3,419,685
Balance at end of year		<b>6,027,440</b>	<b>7,251,069</b>
	<b>8</b>	<b>43,175,557</b>	<b>42,833,593</b>

Notes 1 to 11 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# Loan Fund

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Cash and bank balances at beginning of year</b>		1,282	2,320
Receipts	9	1,013,455	5,557,476
Payments	10	(2,237,084)	(2,137,791)
<b>(Deficit)/Surplus for the year</b>		<b>(1,223,629)</b>	3,419,685
<b>Other cash movements</b>	11	<b>1,223,643</b>	<b>(3,420,723)</b>
<b>Cash and bank balances at end of year</b>		<b>1,296</b>	<b>1,282</b>

Notes 1 to 11 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# 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

	2024			2023		
	Housing Loans \$'000	Education Loans \$'000	Other Loans \$'000	Housing Loans \$'000	Education Loans \$'000	Other Loans \$'000
Balance at beginning of year	1,279,808	23,791,256	10,511,460	4,020,626	22,359,857	10,577,546
<b>Additions</b>						
Loan payments	189,944	1,846,641	200,499	177,396	1,791,968	168,427
	-	4	-	17	1	-
	189,944	1,846,645	200,499	177,413	1,791,969	168,427
<b>Deductions</b>						
Loan repayments	(114,574)	(386,809)	(165,652)	(2,918,231)	(357,362)	(232,244)
Loans written off	-	(2,150)	(2,310)	-	(3,208)	(2,269)
	(114,574)	(388,959)	(167,962)	(2,918,231)	(360,570)	(234,513)
<b>Balance at end of year</b>	<b>1,355,178</b>	<b>25,248,942</b>	<b>10,543,997</b>	<b>1,279,808</b>	<b>23,791,256</b>	<b>10,511,460</b>

# Loan Fund

## 4. Investments with the Exchange Fund

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

	2024 \$'000	2023 \$'000
Investments (Notes (ii) and (iii) below)	6,199,595	7,406,929
Deposits	3,110	3,155
	<u>6,202,705</u>	<u>7,410,084</u>

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

(iii) The investment income is calculated, in accordance with an arrangement entered into with the Hong Kong Monetary Authority in 2007, on the basis of the average annual investment return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year government bond (replacing the three-year Exchange Fund Notes with effect from 1 January 2016) for the previous year subject to a minimum of zero percent, whichever is the higher. The rate of return for the calendar year 2023 was 3.7% (2022: 5.6%). 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:

	2024 \$'000	2023 \$'000
Students	176,471	160,200
Others	90	97
	<u>176,561</u>	<u>160,297</u>

## 6. Applied Fund

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

## 7. Available Fund

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

## 8. Commitments

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

	2024 \$'000	2023 \$'000
Approved loans under loan schemes operating on non-revolving basis that were unpaid	1,317,481	1,317,481
Balance of approved loans operating on revolving basis available for granting of new loans	10,212,381	10,329,856
	<u>11,529,862</u>	<u>11,647,337</u>



# Loan Fund

## 9. Receipts

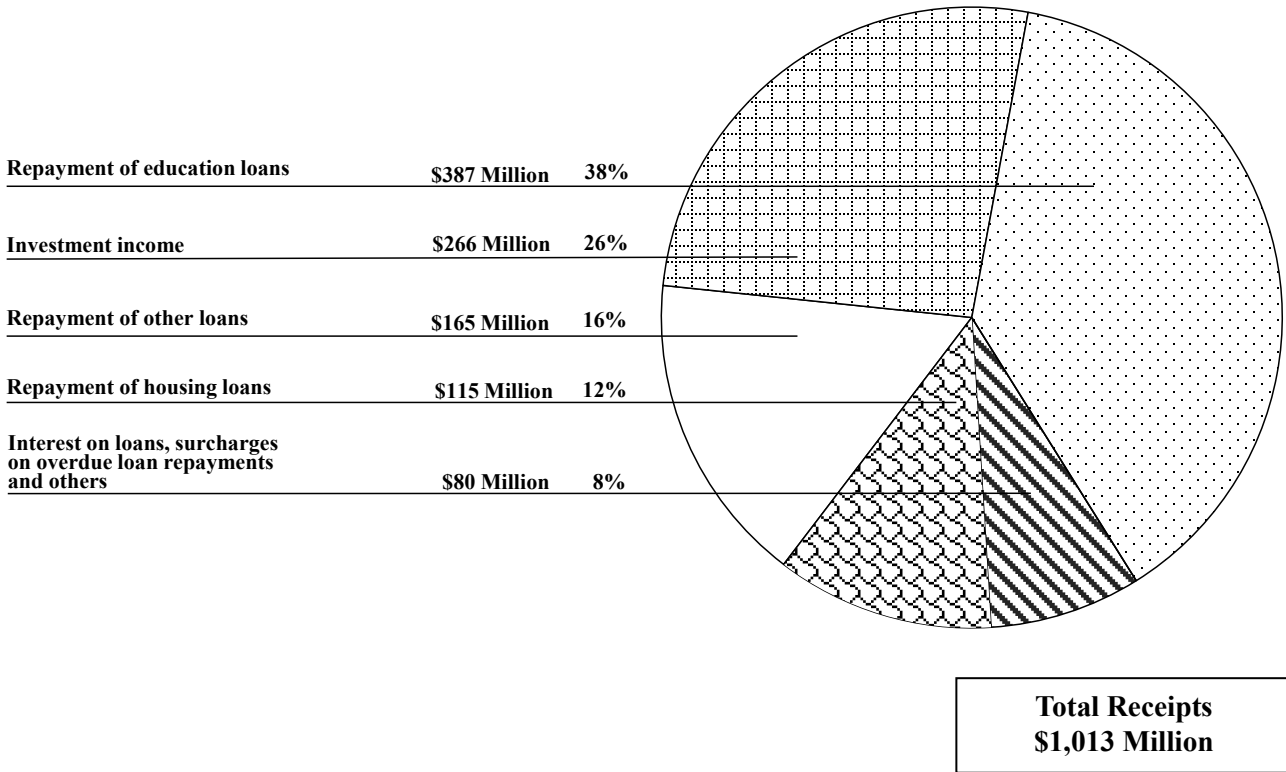
	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Loan repayments			
Housing loans	138,820	<b>114,574</b>	2,918,231
Education loans	176,867	<b>386,809</b>	357,362
Other loans	613,052	<b>165,652</b>	232,244
	928,739	<b>667,035</b>	3,507,837
Interest on loans	266,455	<b>76,234</b>	1,672,466
Investment income			
Investments with the Exchange Fund (Note (i) below)	-	<b>266,056</b>	372,089
Others	-	<b>64</b>	193
	269,000	<b>266,120</b>	372,282
Surcharges on overdue loan repayments	6,241	<b>3,995</b>	4,837
Loans written off now recovered	-	-	28
Others	-	<b>71</b>	26
	<u>1,470,435</u>	<u><b>1,013,455</b></u>	<u>5,557,476</u>

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

During the financial year 2023-24, no amount was brought back from the Housing Reserve to the Fund (2023: \$158 million). As at 31 March 2024, there was no investment income and accumulated investment return (i.e. up to calendar year 2023) not received and recorded by the Fund and retained for the Housing Reserve (2023: Nil).

# Loan Fund

## Analysis of Receipts for the year ended 31 March 2024

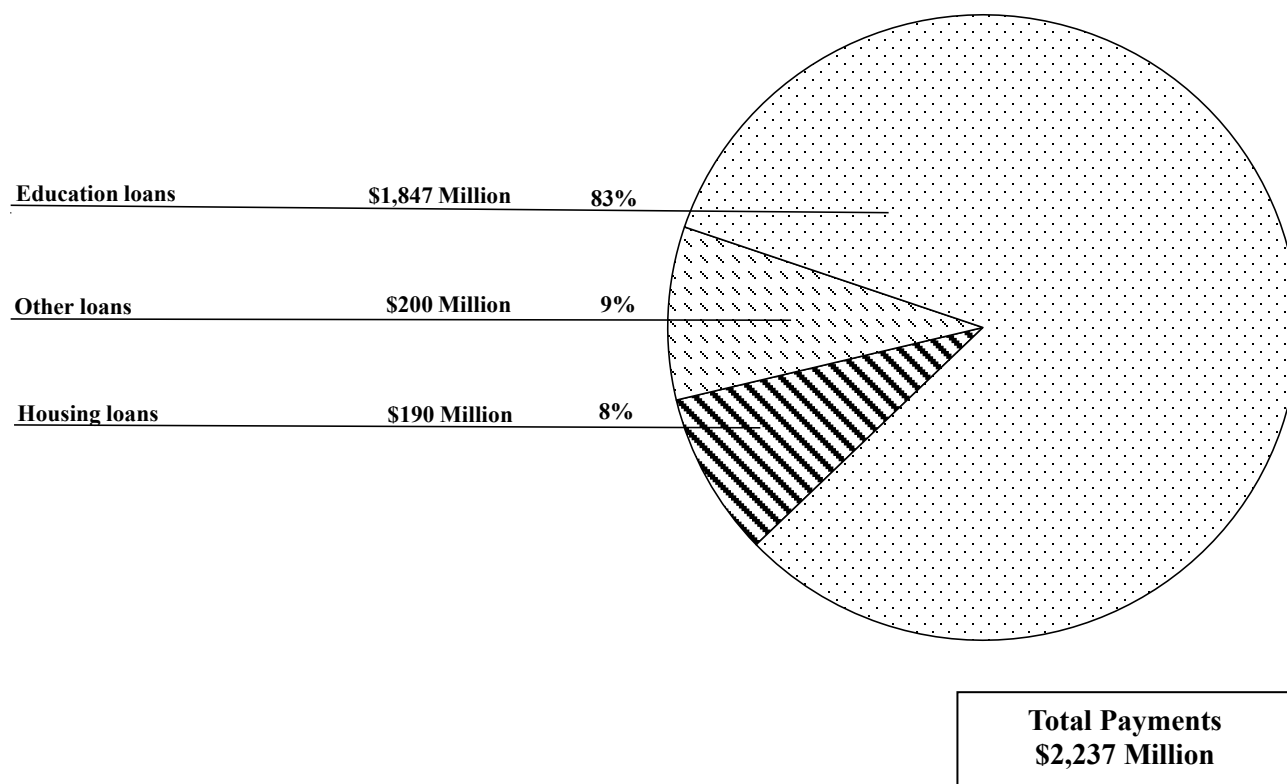


## 10. Payments

	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Loan payments			
Housing loans	520,900	<b>189,944</b>	177,396
Education loans	1,892,272	<b>1,846,641</b>	1,791,968
Other loans	236,845	<b>200,499</b>	168,427
	2,650,017	<b>2,237,084</b>	2,137,791

# Loan Fund

## Analysis of Payments for the year ended 31 March 2024



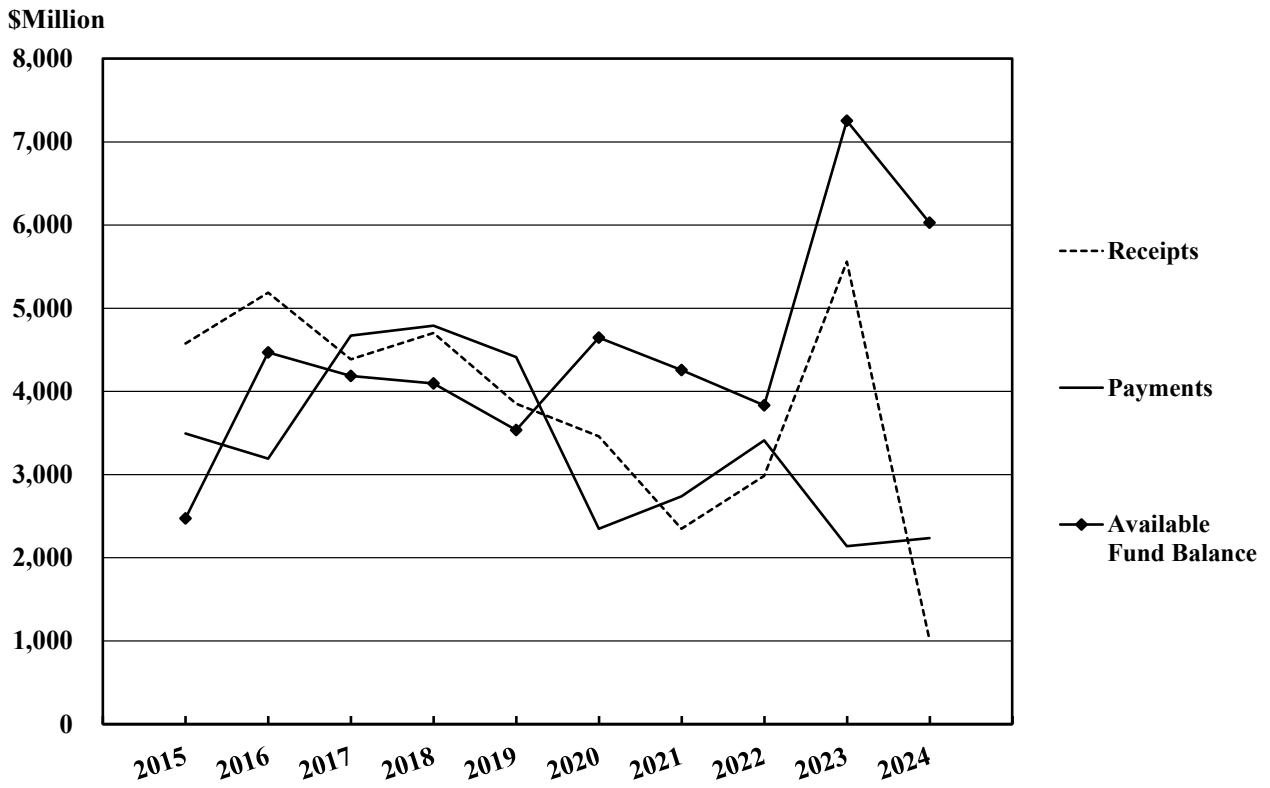
### 11. Other Cash Movements

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

	2024 \$'000	2023 \$'000
<b>Reduction/(Increase) in Assets</b>		
Investments with the Exchange Fund	1,207,379	(3,440,532)
<b>Increase in Liabilities</b>		
Deposits	16,264	19,809
	<u>1,223,643</u>	<u>(3,420,723)</u>

# Loan Fund

Receipts, Payments and Available Fund Balance for the years ended 31 March 2015 to 2024



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# *Report of the Director of Audit*



**Audit Commission**

The Government of the Hong Kong Special Administrative Region

## **Bond Fund**

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

#### *Opinion*

I certify that I have examined and audited the financial statements of the Bond Fund set out on pages 104 to 111, which comprise the statement of assets and liabilities as at 31 March 2024, 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 2024 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

29 October 2024

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



# Bond Fund

## STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
Investments with the Exchange Fund	3	291,598,650	251,215,712
<b>Liabilities</b>			
Deposits	4	(4,882)	(9,492)
		<u>291,593,768</u>	<u>251,206,220</u>
<b>Representing:</b>			
<b>Fund Balance</b>			
Balance at beginning of year		251,206,220	210,025,720
Surplus for the year		40,387,548	41,180,500
Balance at end of year	5, 6	<u>291,593,768</u>	<u>251,206,220</u>

Notes 1 to 9 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# Bond Fund

## STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Cash and bank balances at beginning of year</b>		-	-
Receipts	7	90,574,917	81,455,619
Payments	8	(50,187,369)	(40,275,119)
<b>Surplus for the year</b>		40,387,548	41,180,500
<b>Other cash movements</b>	9	(40,387,548)	(41,180,500)
<b>Cash and bank balances at end of year</b>		-	-

Notes 1 to 9 form part of these financial statements.

**Ms Susanna CHEUNG**  
Director of Accounting Services  
26 August 2024



# Bond Fund

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars, unless otherwise stated)

### 1. Purpose and Legislation

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

### 2. Accounting Policies

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

### 3. Investments with the Exchange Fund

- (i) These are investments made under paragraph (e)(ii) of the Resolution.
- (ii) The investments represent the cost of investments together with the investment income received in the year being reported. The investment income is calculated, in accordance with a Memorandum of Understanding entered into with the Hong Kong Monetary Authority in 2014, on the basis of the average annual investment return of the Exchange Fund's Investment Portfolio for the past six years or the average annual yield of three-year government bond for the previous year subject to a minimum of zero percent, whichever is the higher. The rate of return for the calendar year 2023 was 3.7% (2022: 5.6%). The annual investment income is receivable on 31 December each year.

### 4. Deposits

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

	2024	2023
	\$'000	\$'000
Accrued interest received from successful bidders	4,882	9,492

### 5. Fund Balance

The Fund Balance includes receipts from sums borrowed for the purposes of the Bond Fund under the Loans Ordinance (Cap. 61) that are required to be credited to the Fund under paragraph (c)(i) of the Resolution. Repayments of the principal in relation to the outstanding liabilities in respect of sums borrowed are included in payments charged to the Fund under paragraphs (e)(i) and (ea)(i) of the Resolution. The liabilities totalling \$253.05 billion as at 31 March 2024 comprising the outstanding bonds with nominal value of \$245.23 billion and alternative bonds with nominal value of US\$1 billion (equivalent to \$7.82 billion as at 31 March 2024) are not included in the Statement of Assets and Liabilities (Note 6).

# Bond Fund

## 6. Bonds Outstanding

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

	2024 \$'000	2023 \$'000
<b>Bonds</b>		
Balance at beginning of year	206,093,640	171,371,480
<b>Issuance of bonds under</b>		
Tender to institutional investors	27,000,000	23,500,000
Subscription to retail investors	55,000,000	45,000,000
Switch tender	-	2,000,000
	<b>82,000,000</b>	<b>70,500,000</b>
<b>Repayment of bonds issued under</b>		
Tender to institutional investors	(10,000,000)	(28,800,000)
Subscription to retail investors	(32,863,450)	(4,977,840)
Switch tender	-	(2,000,000)
	<b>(42,863,450)</b>	<b>(35,777,840)</b>
Balance at end of year	<b>245,230,190</b>	<b>206,093,640</b>
<b>Alternative bonds</b> (Note (i) below)		
Balance at beginning of year	7,849,750	7,827,500
Foreign currency translation difference	(26,250)	22,250
Balance at end of year (Note (ii) below)	<b>7,823,500</b>	<b>7,849,750</b>
<b>Total outstanding bonds</b>	<b>253,053,690</b>	<b>213,943,390</b>

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

# Bond Fund

## 6. Bonds Outstanding (Continued)

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

	2024 \$'000	2023 \$'000
<b>Bonds</b>		
Within one year (Note (iv) below)	70,475,590	39,246,390
After one year but within two years (Note (v) below)	72,919,240	66,315,980
After two years but within five years (Note (vi) below)	76,035,360	75,031,270
After five years	25,800,000	25,500,000
	<b>245,230,190</b>	206,093,640
<b>Alternative bonds (Notes (i) and (ii) above)</b>		
After two years but within five years	7,823,500	7,849,750
<b>Total outstanding bonds</b>	<b>253,053,690</b>	<b>213,943,390</b>

(iv) The outstanding bonds included Silver Bonds with nominal value of \$26.98 billion (2023: \$14.25 billion) which might be redeemed before maturity upon request from bond holders.

(v) The outstanding bonds included Silver Bonds with nominal value of \$43.02 billion (2023: \$28.82 billion) which might be redeemed before maturity upon request from bond holders.

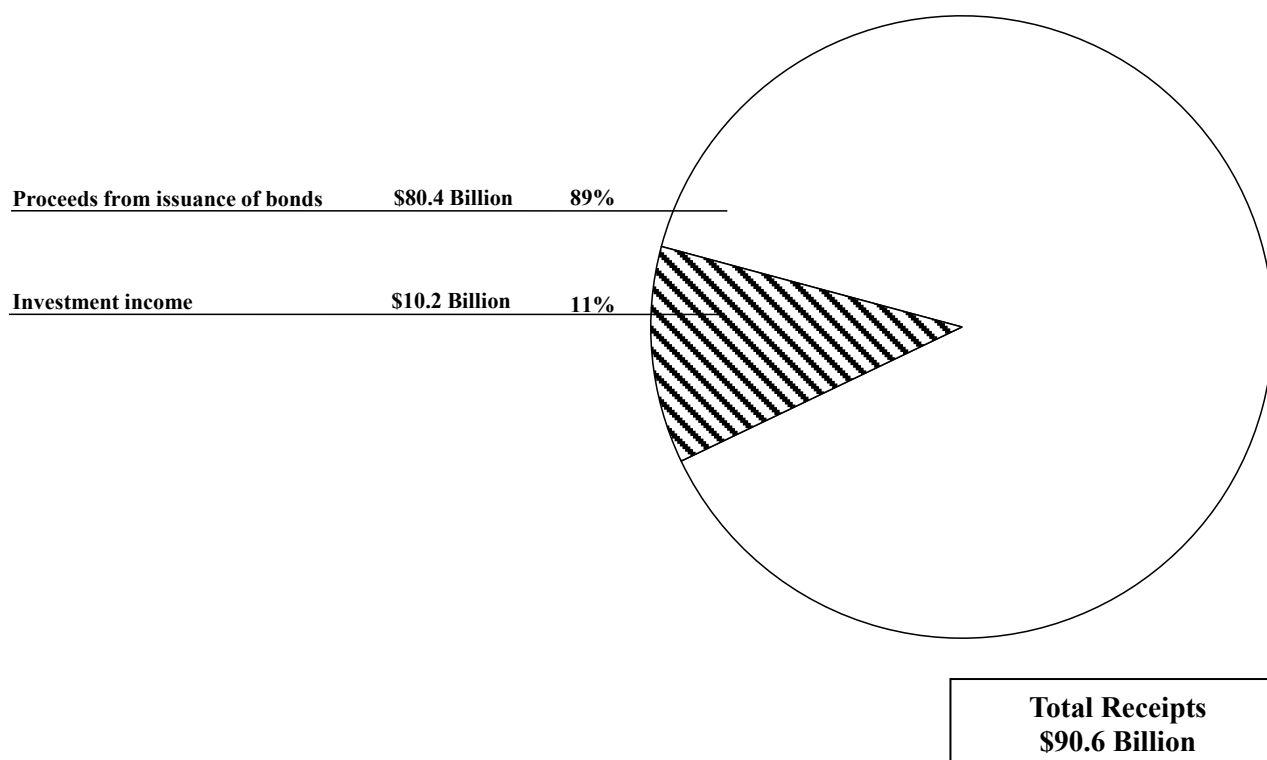
(vi) The outstanding bonds included Silver Bonds with nominal value of \$54.73 billion (2023: \$44.53 billion) which might be redeemed before maturity upon request from bond holders.

## 7. Receipts

	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
<b>Proceeds from bonds issued under</b>			
Tender or subscription	73,500,000	80,430,717	67,124,817
Switch tender	2,000,000	-	1,854,651
Bond swap facility	1,000,000	-	-
	76,500,000	80,430,717	68,979,468
<b>Investment income</b>			
Investments with the Exchange Fund	-	10,109,578	12,467,384
Others	-	34,622	8,767
	6,687,000	10,144,200	12,476,151
	83,187,000	90,574,917	81,455,619

# Bond Fund

## Analysis of Receipts for the year ended 31 March 2024

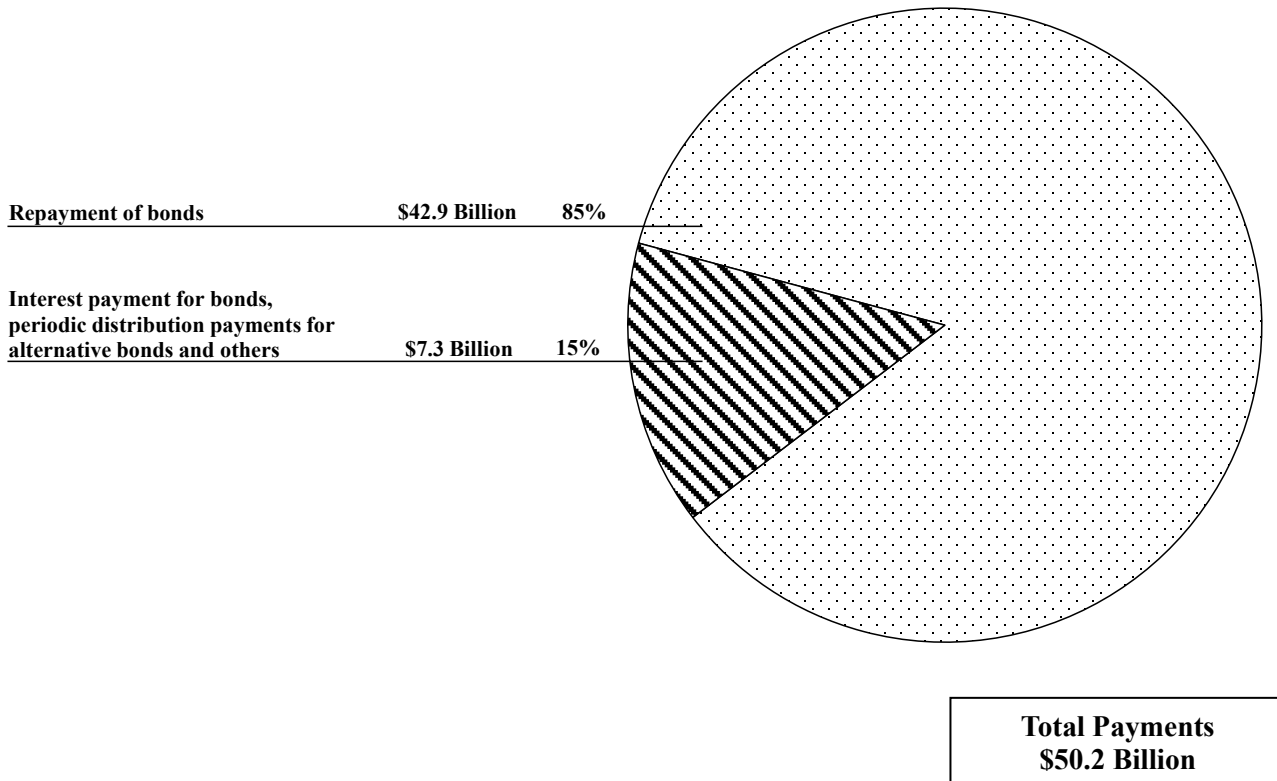


## 8. Payments

	2024		2023
	Original Estimate \$'000	Actual \$'000	Actual \$'000
Repayment of bonds issued under			
Tender or subscription	53,496,240	<b>42,863,450</b>	33,777,840
Switch tender	2,000,000	-	1,647,200
Bond swap facility	1,000,000	-	-
	56,496,240	<b>42,863,450</b>	35,425,040
Interest payment for bonds	7,905,750	<b>6,976,669</b>	4,536,397
Periodic distribution payments for alternative bonds	246,000	<b>245,223</b>	245,690
Others	86,329	<b>102,027</b>	67,992
	<u>64,734,319</u>	<u><b>50,187,369</b></u>	<u>40,275,119</u>

# Bond Fund

## Analysis of Payments for the year ended 31 March 2024



### 9. Other Cash Movements

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

	2024 \$'000	2023 \$'000
<b>Increase in Assets</b>		
Investments with the Exchange Fund	(40,382,938)	(41,189,716)
<b>(Reduction)/ Increase in Liabilities</b>		
Deposits	(4,610)	9,216
	<u>(40,387,548)</u>	<u>(41,180,500)</u>

# Bond Fund

Receipts, Payments and Fund Balance for the years ended 31 March 2015 to 2024

