

## **LAND FUND**

# LAND FUND

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## Memorandum Note

The Land Fund was established on 1 July 1997 by Resolution of the Provisional Legislative Council to receive and hold all of the assets, including all accounts receivable, net of expenses, transferred from the Hong Kong Special Administrative Region Government Land Fund.

2 The Resolution provides, inter alia, that—

- (a) the Fund be administered and managed by the Financial Secretary who may delegate his power of administration and management to other public officers;
- (b) there shall be credited to the Fund—
  - (i) all sums earned by way of interest, dividends or other investment revenue relating to the investment of the Hong Kong Special Administrative Region Government Land Fund and all sums earned from the sale or other disposal of all or part of any assets of the Hong Kong Special Administrative Region Government Land Fund, after the deduction of all of the expenses relating to the administration and management of the Hong Kong Special Administrative Region Government Land Fund; and
  - (ii) all accounts receivable and all sums earned by way of interest, dividends or other investment revenue relating to the investment of the Fund and all sums earned from the sale or other disposal of all or part of any assets of the Fund, after the deduction of all of the expenses relating to the administration and management of the Fund;
- (c) all expenses relating to the administration and management of the Fund, including expenses for meeting the management staff costs, and the costs incurred by the Trustees of the Hong Kong Special Administrative Region Government Land Fund Trust in the dissolution of the Trust in accordance with clause 29 of the Declaration of Trust of the Hong Kong Special Administrative Region Government Land Fund Trust, and any accounts payable in respect of the Hong Kong Special Administrative Region Government Land Fund after 30 June 1997, shall be met at the expense of the Fund;
- (d) the Fund shall assume—
  - (i) all the liabilities of the Trustees of the Hong Kong Special Administrative Region Government Land Fund Trust incurred before and outstanding upon the dissolution of the Trust, in accordance with clause 29 of the Declaration of Trust of the Hong Kong Special Administrative Region Government Land Fund Trust; and
  - (ii) all the obligations of the Financial Secretary to indemnify the Trustees and each of them and each of their personal representatives and estates from and against all actions, proceedings, claims and demands and all costs and expenses in respect of or arising out of the administration of the Hong Kong Special Administrative Region Government Land Fund Trust, in accordance with the covenant clause 9 of a Vesting Deed executed on 1 July 1997;
- (e) the Financial Secretary may, in his discretion, authorise and direct the investment of any assets of the Fund which are not immediately required to meet expenses in respect of the Fund at any time in such manner as he may determine.
- (f) the Financial Secretary may from time to time transfer from the Land Fund to the general revenue any amount of the cumulative investment revenue—
  - (i) that is generated from the assets of the Land Fund held in a notional savings account within the fiscal reserves called the Future Fund; and
  - (ii) that is brought back from the Future Fund to the Land Fund.

3 The net value of assets received by the Fund from the Trustees of the Hong Kong Special Administrative Region Government Land Fund on 1 July 1997 was \$197,072 million. As at 31 March 2025, the Fund's balance stood at \$280,768 million.

4 The Hong Kong Monetary Authority has been directed by the Financial Secretary to manage the investment of the Fund's assets.

5 From 1 July 1997 to 31 October 1998, the assets of the Fund were managed by the Hong Kong Monetary Authority as a separate portfolio. The Fund had no receipts or payments since any investment earnings, net of the costs of managing the investments, were rolled up in the portfolio. Such net earnings were reflected as an increase in the net worth of the investments. Since 1 November 1998, the assets of the Fund had been merged with those of the Exchange Fund for investment purpose. Effective from 1 April 2007, the return on investments with the Exchange Fund has been calculated 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 (updated as three-year government bonds as from 1 January 2016) for the previous year subject to a minimum of zero percent, whichever is the higher.

**6** On 1 January 2016, the balance of the Land Fund of \$219,730 million was set aside for long term investment through the notional savings account called the Future Fund. Investment returns arising from the Future Fund during the course of the placement with the Exchange Fund shall be retained for reinvestment and shall be due for payment to Government upon completion of the placement period, initially for ten years, or a date as directed by the Financial Secretary. The arrangement was subsequently extended for a further five years.

**7** As announced in the 2021–22 Budget Speech, the investment return arising from the Future Fund would be progressively brought back to the Land Fund starting from 2021–22. Accordingly, \$18,500 million were brought back from the Future Fund in 2025–26, and \$20,000 million will be brought back from the Future Fund in 2026–27.

**8** The Financial Secretary announced in the 2020–21 Budget Speech that part of the Future Fund, with an initial allocation of \$22,000 million, 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.

**9** In the 2022–23 Budget Speech, the Financial Secretary announced an increase in funding allocated to HKGP to set up the Strategic Tech Fund (STF) and the Greater Bay Area Investment Fund (GBAIF), with an allocation of \$5,000 million for each fund. In the 2022 Policy Address, the Chief Executive announced the establishment of the Co-Investment Fund (CIF), with an allocation of \$30,000 million, for attracting enterprises to set up operations in Hong Kong and investing in their business. The investments are held by dedicated companies and managed by Hong Kong Investment Corporation Limited (HKIC). HKIC and the dedicated companies are wholly-owned by The Financial Secretary Incorporated via Hong Kong Investment Corporation Holdings Limited. Any undrawn balance of Future Fund placement with the Exchange Fund for the account of the Land Fund earmarked for HKGP, STF, GBAIF and CIF was held for the benefit of Hong Kong Investment Corporation Holdings Limited with effect from 1 January 2024.

**10** 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. Hong Kong Cyberport Management Company Limited settled \$350 million and \$200 million of principal in October 2025 and January 2026 respectively.

**11** 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.

**LAND FUND  
(Payments)**

	Actual expenditure 2024-25	Revised estimate 2025-26	<b>Estimate 2026-27</b>
	\$'000	\$'000	<b>\$'000</b>
<b>Operating expenses</b> .....	14,405*	268*	—
<b>Transfer to General Revenue</b> .....	117,000,000	49,500,000	<b>20,000,000</b>
<b>Total (Payments)</b> .....	<u>117,014,405</u>	<u>49,500,268</u>	<u><b>20,000,000</b></u>

\* The amount is mainly the expenses of engaging external service providers for managing the investment under Land Fund.

**LAND FUND  
(Receipts)**

	Actual receipts 2024–25	Revised estimate 2025–26	Estimate 2026–27
	\$'000	\$'000	\$'000
<b>Investment income</b> .....	31,000,000~	18,500,000~	<b>20,000,000~</b>
<b>Dividends, Interest and other receipts from investments/loans</b> .....	1,825,372†§	56,000§	<b>21,000§</b>
<b>Total (Receipts)</b> .....	<u>32,825,372</u>	<u>18,556,000</u>	<u><b>20,021,000</b></u>

~ The amount reflects the investment income brought back from the Future Fund.

† The amount reflects the dividend receipts from Cathay Pacific Airways Limited.

§ The amount reflects the interest income from the loan facility to Hong Kong Cyberport Management Company Limited.

## LAND FUND

### Movement of the Account

	Actual				Revised Estimate	Estimate
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	\$m	\$m	\$m	\$m	\$m	\$m
Opening Balance#	219,691	257,367	305,734	364,957	280,768	<b>249,824</b>
Revenue	37,677@~	48,388@~	59,229~	32,825~	18,556~	<b>20,021~</b>
Expenditure	1*	21*	6*	14*	—*	—
Surplus/(Deficit) before Transfer	37,676	48,367	59,223	32,811	18,556	<b>20,021</b>
Transfer to General Revenue	—	—	—	(117,000)	(49,500)	<b>(20,000)</b>
Surplus/(Deficit)	37,676	48,367	59,223	(84,189)	(30,944)	<b>21</b>
Closing Balance	257,367	305,734	364,957	280,768	249,824	<b>249,845</b>

### Revenue Analysis

	Actual				Revised Estimate	Estimate
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	\$m	\$m	\$m	\$m	\$m	\$m
Investment Income	37,677@~	48,388@~	57,000~	31,000~	<b>18,500~</b>	<b>20,000~</b>
Dividends, Interest and Other Receipts from Investments/Loans	—	—	2,229†§	1,825†§	<b>56§</b>	<b>21§</b>
<b>Total Revenue</b>	<b>37,677</b>	<b>48,388</b>	<b>59,229</b>	<b>32,825</b>	<b>18,556</b>	<b>20,021</b>

# On 1 January 2016, the balance of the Land Fund of \$219,729,659,000 was set aside for long term investment through the notional savings account called the Future Fund.

@ The amount reflects the investment income brought back from the Housing Reserve.

~ The amount reflects the investment income brought back from the Future Fund.

\* The amount is mainly the expenses of engaging external service providers for managing the investment under Land Fund.

† The amount reflects the dividend receipts from Cathay Pacific Airways Limited.

§ The amount reflects the interest income from the loan facility to Hong Kong Cyberport Management Company Limited.

## LAND FUND

### Expenditure Analysis

	Actual				Revised Estimate	Estimate
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	\$m	\$m	\$m	\$m	\$m	\$m
Operating Expenses	1*	21*	6*	14*	—*	—
Transfer to General Revenue	—	—	—	117,000	49,500	<b>20,000</b>
<b>Total Expenditure</b>	1	21	6	117,014	49,500	<b>20,000</b>

\* The amount is mainly the expenses of engaging external service providers for managing the investment under Land Fund.