(expressed in Hong Kong Dollars)

1. General information

The Urban Renewal Authority (the "Authority") is a statutory body established by the Government of the Hong Kong Special Administrative Region ("Government") under the Urban Renewal Authority Ordinance (Chapter 563). The principal activities of the Authority and its subsidiaries (the "Group") have been to promote urban renewal in Hong Kong by way of redevelopment, rehabilitation, revitalisation and heritage preservation. As a result of the Urban Renewal Strategy promulgated on 24 February 2011, the Group is to focus on redevelopment and rehabilitation as its core business.

The address of the Authority is 26/F, COSCO Tower, 183 Queen's Road Central, Hong Kong.

As part of the financial support for the Authority, the Government has agreed that all urban renewal sites for new projects set out in the Corporate Plans and Business Plans of the Authority, approved by the Financial Secretary ("FS") from time to time, may in principle be granted to the Authority at nominal premium, subject to satisfying FS of the need therefor.

2. Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation of the financial statements

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at fair value through profit or loss and in accordance with accounting principles generally accepted in Hong Kong and comply with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(b) Relevant standards, amendments to standards and interpretations effective in the current year

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

(i) HKFRS 9, *Financial instruments*

(ii) HKFRS 15, *Revenue from contracts with customers*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(b) Relevant standards, amendments to standards and interpretations effective in the current year (Continued)

The Group has been impacted by HKFRS 9 in relation to measurement of credit losses, and impacted by HKFRS 15 in relation to presentation of contract liabilities. Details of the changes in accounting policies are disclosed in Notes 2(h) and 2(i) for HKFRS 9 and Note 2(f) for HKFRS 15. Under the transition methods chosen, comparative information is not restated. There is no cumulative effect that requires an adjustment to the opening balance of equity at 1 April 2018.

(i) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

A. Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The measurement categories for all financial assets and liabilities of the Group remain the same. The carrying amounts for all financial assets and financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

B. Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and bank balances, trade receivables, investments at amortised cost, financial assets included in prepayments, deposits and other receivables, building rehabilitation loans and amounts due from joint development projects); and
- lease receivables.

For further details on the Group's accounting policy for accounting for credit losses, see Note 2(h).

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(b) Relevant standards, amendments to standards and interpretations effective in the current year (Continued)

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

There is no significant impact on the Group's financial position and financial result upon initial application at 1 April 2018. Comparative information continues to be reported under HKAS 18.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. Timing of revenue recognition

Previously, revenue arising from provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sale of properties.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(b) Relevant standards, amendments to standards and interpretations effective in the current year (Continued)

(ii) HKFRS 15, Revenue from contracts with customers (Continued)

b. Presentation of contract liabilities

Under HKFRS 15, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Group recognises the related revenue.

To reflect these changes in presentation, the Group has made the reclassification adjustments at 1 April 2018 set out in Note 17 as a result of the adoption of HKFRS 15.

(c) Standards, amendments to standards and interpretations that are not yet effective for the current year

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2019 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have an impact on the consolidated financial statements and further details of the expected impacts are discussed below. While the assessment has been substantially completed, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's financial statements for the year ending 31 March 2020. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in the financial statements.

HKFRS 16, Leases

As disclosed in Note 2(j), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

Once HKFRS 16 is adopted, the Group will no longer distinguish between finance leases and operating leases when it is the lessee under the lease. Instead, the Group will account for all leases of more than 12 months in a similar way to current finance lease accounting.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(c) Standards, amendments to standards and interpretations that are not yet effective for the current year (Continued)

HKFRS 16, Leases (Continued)

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for certain properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of comprehensive income over the period of the lease. As disclosed in Note 22(b), at 31 March 2019 the Group's future minimum lease payments under non-cancellable operating leases amounted to $70,812,000. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Authority and all its subsidiaries made up to 31 March.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All intercompany transactions, balances and cash flows within the Group are eliminated in full on consolidation.

In the Authority's statement of financial position, investments in subsidiaries are stated at cost less any provision for impairment losses (see Note 2(h)). Any such provisions are recognised as an expense in profit or loss.

(e) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Further details of the Group's revenue and other income recognition polices are as follows:

(i) Income from sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in contract liabilities (see Note 2(f)).

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(e) Revenue recognition (Continued)

(ii) Where the Group receives its share of surplus from property development projects undertaken as joint development projects, sharing of such surplus is recognised in accordance with the terms of the joint development agreements, unless the control of the underlying properties under development have not been transferred. Proceeds received in advance from sale of properties of joint development projects prior to their completion are included in trade and other payables.

(iii) When the developer is obligated to settle the upfront premium to the Group at the inception of joint development agreement, such upfront premium is recognised as revenue when the Group has no further substantial acts to complete. Generally, such revenue is recognised as soon as the Group has performed its obligations in respect of the upfront premium and it has become non-refundable/non-cancellable.

(iv) Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Rental income net of any incentives given to the lessee is recognised on a straight line basis over the periods of the respective leases.

(vi) Income from Urban Redevelopment Facilitating Services Company Limited ("Facilitating Services") is recognised upon completion of the sale of the properties by the owners in accordance with the terms of the sale agreement.

(f) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(e)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(i)).

(g) Property, plant and equipment

Building comprises rehousing blocks, preservation properties, retained properties, and commercial premises held for self-use. Rehousing blocks represent properties held by the Group for the intended purpose of providing interim accommodation for affected tenants of development projects who are normally charged a rent which is substantially below the market value, with a view to assist primarily the dispossessed tenants who are yet to obtain public housing units. Preservation properties are properties that are of historical or architectural interest to be preserved by the Group. Retained properties represent redeveloped properties held by the Group for conserving the cultural characteristics of the projects before redevelopment and receives rental income.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (see Note 2(h)). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(g) Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use.

Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated to write off their costs less residual values, if any, over their anticipated useful lives on a straight line basis as follows:

Leasehold land classified as finance lease	–	Over the period of the unexpired lease	
Buildings	–	50 years or over the period of the unexpired lease if less than 50 years	
Leasehold improvements	–	Office:	Over 10 years or the life of the respective lease, whichever is the shorter
		Non-office:	Over the period of the unexpired terms of the leases if less than 50 years
Plant and machinery	–	10 years	
Motor vehicles	–	4 years	
Furniture and office equipment	–	3 to 5 years	

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2(h)).

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount. These are included in profit or loss.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

A. Policy applicable from 1 April 2018

The Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including cash and bank balances, trade receivables, investments at amortised cost, financial assets included in prepayments, deposits and other receivables, building rehabilitation loans and amounts due from joint development projects); and

- lease receivables.

Financial assets measured at fair value, including investments measured at FVPL, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate;

- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

A. Policy applicable from 1 April 2018 (Continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

A. Policy applicable from 1 April 2018 (Continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

B. Policy applicable prior to 1 April 2018

Prior to 1 April 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables, loans receivable and held-to-maturity debt securities). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence existed, an impairment loss was determined and recognised as follows:

– For trade and other receivables and other financial assets carried at amortised cost, impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting was material. This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

  When the recovery of a trade debtor or other receivable carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(ii) Impairment of other assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Financial assets and liabilities

The Group classifies its financial assets in the following categories: financial assets measured at amortised cost, at FVPL and at FVOCI. The classification of the financial asset is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Management determine the classification of its financial assets at initial recognition.

The Group's policies for investments in debt securities are set out below.

Investments in debt securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 12. These investments are subsequently accounted for as follows, depending on their classification.

(i) Policy applicable from 1 April 2018

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(i) Financial assets and liabilities (Continued)

(ii) Policy applicable prior to 1 April 2018

The Group classifies its financial assets in the following categories: held-to-maturity investments, investments at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

(i) Held-to-maturity investments

Debt securities that the Group has the positive ability and intention to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost less impairment losses, if any. Interest income from held-to-maturity investments is recognised in profit or loss as part of "other income, net" using the effective interest method.

(ii) Investments at fair value through profit or loss

Investments at fair value through profit or loss are financial assets designated at fair value through profit or loss on initial recognition or held for trading. Assets in this category are classified as current assets. Investments at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the "investments at fair value through profit or loss" category are presented in profit or loss within "other income, net" in the period in which they arise. Interest income from investments at fair value through profit or loss is recognised in profit or loss as part of "other income, net" using the effective interest method.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments at FVPL are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(j) Leases

Leases are classified as finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease except for those incurred for accommodation in project sites which have been capitalised in property under development.

(k) Properties under development

Properties under development represent all costs incurred by the Group in connection with property development, and include mainly acquisition costs, cost of development, borrowing costs, costs of rehousing units (see Note 2(m)) and other direct costs incurred in connection with the development, less any provisions for impairment losses (see Note 2(h)). For preservation properties and retained properties, the properties are transferred to property, plant and equipment at cost upon completion.

Upon disposal of the development properties, the relevant cost of the properties will be apportioned between the part to be retained and the part to be sold on an appropriate basis.

The relevant cost for the part to be sold will be charged as “direct costs” to profit or loss at the inception of the joint development agreement.

(l) Properties held for sale and properties under development for sale

Properties held for sale and properties under development for sale at the end of the reporting period are stated at the lower of cost and net realisable value.

(m) Costs of rehousing units provided by the Hong Kong Housing Authority and the Hong Kong Housing Society

The Hong Kong Housing Authority and the Hong Kong Housing Society have agreed to provide certain rehousing units to the Group. In return, the Group will pay for the reservation fees until a tenant is moved into the unit and the allocation costs of the rehousing unit. These costs are recognised as part of the cost of properties under development referred to in Note 2(k).

(n) Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses, except for those cases where the Group has a present obligation as a result of committed events.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of economic benefits with respect to any one item included in the same class of obligations may be small.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(n) Provisions and contingencies (Continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic benefits will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow of economic benefits occurs so that the outflow is probable, it will then be recognised as a provision.

(o) Current and deferred income tax

Income tax expenses comprise current tax and movements in deferred tax assets and liabilities.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes profit or loss items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted at substantially enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised.

(p) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

Other borrowing costs are charged to profit or loss in the period in which they are incurred.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(q) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars, which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(r) Joint development projects

The arrangements entered into by the Group with property developers for redevelopment projects are considered to be joint development and are accounted for in accordance with the terms of the development agreements. The Group's share of income earned from such development is recognised in profit or loss in accordance with the bases set out in Notes 2(e)(ii) and (iii).

Where property is received by the Group as its share of distribution of assets from joint development projects, such property is recorded within non-current assets at its fair value at the time when agreement is reached or, if a decision is taken for it to be disposed of, at the lower of this value and net realisable value within current assets.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits held at call with banks with original maturities of three months or less.

(t) Employee benefits

Salaries and annual leave are accrued and recognised as an expense in the year in which the associated services are rendered by the employees of the Group.

The Group operates defined contribution schemes and pays contributions to scheme administrators on a mandatory or voluntary basis. The contributions are recognised as an expense when they are due.

(u) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;
(2) has significant influence over the Group; or
(3) is a member of the key management personnel of the Group or the Group's parent.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(u) Related parties (Continued)

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(2) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
(3) The entity is controlled or jointly controlled by a person identified in (i).
(4) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Financial risk management and fair value of financial instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: cash flow interest rate risk, credit risk, liquidity risk, price risk and foreign exchange risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance.

(i) Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits. Nevertheless, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(ii) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and bank balances, building rehabilitation loans, and trade and other receivables.

The credit risk on investments at amortised cost and investments at fair value through profit or loss is limited as issuers are mainly with high credit ratings assigned by international credit rating agencies.

The credit risk on cash and bank balances is limited because most of the funds are placed in banks with credit ratings, ranging from Aa1 to A3 and there is no concentration in any particular bank.

(expressed in Hong Kong Dollars)

3. Financial risk management and fair value of financial instruments (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

The credit risk on building rehabilitation loans is limited as the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts and place charges on the properties.

The credit risk on trade receivables is limited as rental deposits in the form of cash are usually received from tenants.

The credit risk on other receivables is limited as the Group is entitled to refund and has monitoring procedures to claim for refund of Buyer's Stamp Duty and Ad Valorem Double Stamp Duty from the Government upon the happening of the refund event in accordance with Stamp Duty Ordinance Chapter 117.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Given the Group has not experienced any significant credit losses in the past, the allowance for expected credit losses is insignificant.

Comparative information under HKAS 39

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment (see note 2(h)(i) – policy applicable prior to 1 April 2018). As at 31 March 2018, trade receivables of $3,388,000 and instalments of building rehabilitation loans of $199,000 were past due but not impaired. These relate to a number of tenants/borrowers for whom there are no recent history of bad debt.

The aging analysis of trade receivables and building rehabilitation loans that were not considered to be impaired was as follows:

	Trade receivables	Building rehabilitation loans
	$'000	$'000
Less than 3 months	2,841	27
3 to 6 months	470	13
6 to 12 months	41	22
Over 1 year	36	137
Balance at 31 March 2018	3,388	199

(expressed in Hong Kong Dollars)

3. Financial risk management and fair value of financial instruments (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through committed credit facilities.

Management monitors rolling forecasts of the Group's cash and bank balances on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts (except for debt securities issued which include interest element), as the impact of discounting is insignificant.

	2019	2018
	$'000	$'000
Less than 1 year		
Trade and other payables	2,560,714	2,959,980
Amounts due to joint development projects	257,442	436,973
Debt securities issued	1,061,265	65,772
Between 1 to 3 years		
Trade and other payables	42,000	299,200
Debt securities issued	777,507	1,806,550
Between 3 to 5 years		
Trade and other payables	10,600	7,300
Debt securities issued	653,168	364,462
Over 5 years		
Trade and other payables	359,700	369,500
Debt securities issued	538,447	859,375

(iv) Price risk

Price risk arising from uncertainties about future prices of the underlying investments held at FVPL.

Price risk sensitivity

As at 31 March 2018, if the respective market price of the quoted investments had been increased/decreased by 1% with all other variables held constant, the surplus of the Group would increase/decrease by approximately $4,780,000 resulting from the change in fair value of the investments at FVPL. All of the Group's investments at FVPL had been disposed of during the year ended 31 March 2019.

(expressed in Hong Kong Dollars)

3. Financial risk management and fair value of financial instruments (Continued)

(a) Financial risk factors (Continued)

(v) Foreign exchange risk

The Group has certain cash and bank balances and investments denominated in United States Dollars ("USD"), which are exposed to foreign currency risk. When the exchange rates of USD against the Hong Kong dollar fluctuate, the value of the USD-denominated cash and bank balances and investments translated into Hong Kong dollar will vary accordingly.

Foreign exchange risk sensitivity

There would have no significant effect on the surplus of the Group resulting from the foreign exchange gains/losses on translation of USD-denominated cash and bank balances and investments as the Group currently considered the risk of movements in exchange rates between the Hong Kong dollars and USD to be insignificant.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to promote urban renewal in Hong Kong by way of redevelopment, rehabilitation, revitalisation and heritage preservation.

The Group's working capital is mainly financed by the Government's equity injection, accumulated surplus and debt securities issued. The Group also maintains committed credit facilities to ensure the availability of funding when needed.

(c) Fair value measurement

(i) Financial assets and liabilities measured at fair value

The fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement" is set out in Note 12.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets including amounts due from joint development projects, cash and bank balances, investments at amortised cost and trade and other receivables; and financial liabilities including amounts due to joint development projects and trade and other payables, approximate their fair values.

The carrying amounts of the Group's building rehabilitation loans and debt securities issued approximate their fair value as the impact of discounting is insignificant.

(expressed in Hong Kong Dollars)

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of properties and provision for a committed project

Properties are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired in accordance with the accounting policy stated in Note 2(h).

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past and committed events in accordance with the accounting policy stated in Note 2(n). When the estimated value of the committed project is lower than the estimated development and related costs of the project, a provision would be recognised.

The valuations of properties and provision for committed projects are made on the basis of the "Market Value" adopted by the Hong Kong Institute of Surveyors ("HKIS"). The valuation is performed annually by internal valuers who are qualified members of the HKIS. The Group's management review the assumptions used by the internal valuers by considering the information from a variety of sources including (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences; (ii) recent prices of comparable properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; (iii) expected arrangement with property developers on tender awarded; (iv) estimated development and related costs and allocation thereof; and (v) discount rate used in land value assessment, which is made with reference to the Prime Rate.

Impairment of properties and provision for a committed project sensitivity

As at 31 March 2019, if the respective estimated upfront premium to be received on the projects had been increased/decreased by 5% with all other variables held constant, the surplus of the Group for the year would increase/decrease by approximately $57,600,000/$66,700,000 respectively (2017/18: $400,800,000/$547,000,000) resulting from the change in provision for impairment on properties and committed projects.

The final impairment amount for properties and the ultimate losses arise from the committed projects would be affected by the actual realised value and development and related costs and the final arrangements with the property developers.

(expressed in Hong Kong Dollars)

5. Revenue and other income, net

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2019	2018
	$'000	$'000
Revenue recognised outside the scope of HKFRS 15		
– Upfront premium from property developers	2,833,400	12,582,531
– Share of property development surplus on joint development projects	444,877	1,128,160
Revenue from contracts with customers within the scope of HKFRS 15		
– Sale of properties	144,363	157,217
	3,422,640	13,867,908

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

At 31 March 2019, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of comprehensive income in the future from pre-completion sales contracts entered into in relation to the Group's properties under development for sale pending transfer of control amounted to $4,135,000 which will be recognised when the pre-sold properties are assigned to the customers. The Group will recognise the expected revenue in future on the basis that control over ownership of the property has been passed to the customer, which is expected to occur over the next 12 months.

(b) Other income, net

Other income, net recognised during the year represents:

	2019	2018
	$'000	$'000
Interest income	435,724	319,899
Rental income	100,213	92,953
Miscellaneous income	2,532	3,573
Net gain/(loss) on investments at fair value through profit or loss	1,778	(2,511)
Property, plant and equipment written off	(5,672)	–
Gain on disposal of property, plant and equipment	–	40
Net foreign exchange gain	1,832	37,081
	536,407	451,035

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax

Operating surplus before income tax is arrived at after charging/(crediting) the following items:

(a) Direct costs including:

	2019	2018
	$'000	$'000
Cost of properties under joint development projects	1,596,191	2,015,257
Cost of properties sold	73,496	94,065

(b) Administrative expenses including:

	2019	2018
	$'000	$'000
Staff costs* (excluding directors' remuneration)	359,715	343,288
Operating lease charges in respect of rental of office premises	17,127	17,270

* Including salaries and other benefits of $335,447,000 (2017/18: $319,957,000) and contribution to provident fund scheme of $24,268,000 (2017/18: $23,331,000).

(c) Other expenses including:

	2019	2018
	$'000	$'000
Rehabilitation and retrofit expenses	73,064	61,565
Revitalisation and preservation expenses	2,413	5,344
Place making expenses	9,440	–
Outgoings in respect of preservation properties, retained properties and rehousing units	58,290	49,695
Depreciation	73,118	56,128
Auditor's remuneration		
– Audit services	467	440
– Non-audit services	1,479	365

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

Operating surplus before income tax is arrived at after charging/(crediting) the following items: (Continued)

(d) Impairment on properties

	2019	2018
	$'000	$'000
Write back of provision for impairment on property, plant and equipment	(41,491)	(15,467)
Write back of provision for impairment on properties under development	(799,835)	(510,100)
	(841,326)	(525,567)

(e) Other items

	2019	2018
	$'000	$'000
Interest expenses on debt securities issued	65,840	67,956
Less: Interest expenses capitalised#	(65,840)	(67,956)
	–	–

The borrowing costs have been capitalised at rates ranging from 1.64% to 3.85% per annum (2017/18: 1.50% to 3.85% per annum).

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

Operating surplus before income tax is arrived at after charging/(crediting) the following items: (Continued)

(f) Managing Director, Executive Directors and senior management's remuneration paid or payable during the year

	2019					
	Fees	Salaries	Provident fund scheme contributions	Sub-total	Variable pay	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Managing Director						
– Wai Chi-sing	–	4,042	18	4,060	1,212	5,272
Executive Directors						
– Pius Cheng Kai-wah#	–	2,484	–	2,484	617	3,101
– Ben Lui Sau-shun##	–	715	4	719	179	898
– Michael Ma Chiu-tsee	–	3,142	18	3,160	785	3,945
9 Senior management staff & 1 Ex-senior management staff	–	19,540	2,086	21,626	5,493	27,119
Total**	–	29,923	2,126	32,049	8,286	40,335

	2018					
	Fees	Salaries	Provident fund scheme contributions	Sub-total	Variable pay	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Managing Director						
– Wai Chi-sing	–	4,042	18	4,060	1,212	5,272
Executive Directors						
– Pius Cheng Kai-wah	–	3,295	15	3,310	822	4,132
– Michael Ma Chiu-tsee	–	3,097	18	3,115	774	3,889
7 Senior management staff & 1 Ex-senior management staff	–	19,910	1,813	21,723	5,357	27,080
Total**	–	30,344	1,864	32,208	8,165	40,373

** Excluding compensation in lieu of leave in the aggregate sum of $406,000 (2017/18: $508,000).

The Executive Director retired on 31 December 2018.

The Executive Director assumed his role with effect from 1 January 2019.

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

Operating surplus before income tax is arrived at after charging/(crediting) the following items: (Continued)

(f) Managing Director, Executive Directors and senior management's remuneration paid or payable during the year (Continued)

	2019	2018
Their remuneration fell within the following bands:		
	No. of Individuals	No. of Individuals
$500,000 to $1,000,000	3	–
$1,000,001 to $1,500,000	2	–
$1,500,001 to $2,000,000	–	1
$3,000,001 to $3,500,000	2	2
$3,500,001 to $4,000,000	5	5
$4,000,001 to $4,500,000	1	2
$5,000,001 to $5,500,000	1	1
Total	14	11

There were no payments made or benefits provided in respect of the termination of director service or consideration provided to/receivable by third parties in respect of the services of directors, whether in the capacity of directors or in any other capacity while directors.

There were no loans, quasi-loans provided to the directors.

No significant transactions, arrangements or contracts in relation to the Group's business to which the Authority was a party, and in which a director of the Authority had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

Operating surplus before income tax is arrived at after charging/(crediting) the following items: (Continued)

(g) Other members of the Board

Fees for the Chairman and Non-Executive members of the Board (excluding the government public officers who are not entitled to receive any fees) are as follows:

	2019	2018
	$'000	$'000
Chairman		
Mr Victor So Hing-woh, SBS, JP	100	100
Non-Executive Directors (non-public officers)		
Mr Evan Au Yang Chi-chun	65	22
Ms Judy Chan Ka-pui	65	65
Dr the Honourable Ann Chiang Lai-wan, SBS, JP	65	65
Mr Edward Chow Kwong-fai, JP	65	65
Mr Laurence Ho Hoi-ming	65	65
Professor Eddie Hui Chi-man, MH	65	65
Mr Nelson Lam Chi-yuen	65	65
Professor the Honourable Joseph Lee Kok-long, SBS, JP	65	65
Dr Gregg Li G. Ka-lok	65	65
Mr Laurence Li Lu-jen, JP	65	65
Mr Roger Luk Koon-hoo, BBS, JP	65	65
Mr Timothy Ma Kam-wah, JP	65	65
The Honourable Alice Mak Mei-kuen, BBS, JP	65	65
Dr Billy Mak Sui-choi *(up to 30 Nov 2017)*	–	43
Dr Lawrence Poon Wing-cheung, JP	65	65
Mr David Tang Chi-fai	65	65
Mrs Cecilia Wong Ng Kit-wah	65	65
Mr Stanley Wong Yuen-fai, SBS, JP	65	65
Mr Michael Wong Yick-kam, MH, JP	65	65
The Honourable Wu Chi-wai, MH	65	65
	1,335	1,335

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

Operating surplus before income tax is arrived at after charging/(crediting) the following items: (Continued)

(h) Five highest paid individuals

	2019 $'000	2018 $'000
The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2019 include the Managing Director, Executive Directors and two senior management staff.		
The total emoluments earned by the five highest paid individuals during the year are as follows:		
Fixed – Salaries	16,050	16,579
– Provident fund scheme contributions	1,075	470
Sub-total	17,125	17,049
Variable pay	4,357	4,400
Total**	21,482	21,449

Their remuneration fell within the following bands:

	No. of Individuals	No. of Individuals
$3,500,001 to $4,000,000	3	2
$4,000,001 to $4,500,000	1	2
$5,000,001 to $5,500,000	1	1
Total	5	5

** For the year ended 31 March 2019, compensation in lieu of leave of $254,000 (2017/18: $325,000) were excluded from the aggregate sum.

7. Income tax expenses

(a) In accordance with Section 19 of the Urban Renewal Authority Ordinance, the Authority is exempted from taxation under the Inland Revenue Ordinance (Chapter 112).

No provision for Hong Kong profits tax has been made for the Group's subsidiaries as they have no estimated assessable income for the year (2017/18: Nil).

(b) As at 31 March 2019, the subsidiaries of the Group have unrecognised deductible temporary differences arising from tax losses of $31,607,000 (31 March 2018: $28,483,000) to carry forward against future taxable income. These tax losses have no expiry date.

(expressed in Hong Kong Dollars)

8. Property, plant and equipment

	Retained* properties	Preservation properties	Other property, plant and equipment: Land and buildings	Leasehold improvements	Plant and machinery	Furniture and equipment and motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 March 2017							
Cost	958,881	1,552,003	661,588	73,849	52,216	28,247	3,326,784
Accumulated depreciation	(625)	(137,770)	(310,785)	(48,989)	(45,768)	(22,903)	(566,840)
Accumulated impairment	–	(272,115)	–	–	–	–	(272,115)
Net book value	958,256	1,142,118	350,803	24,860	6,448	5,344	2,487,829
Year ended 31 March 2018							
Opening net book value	958,256	1,142,118	350,803	24,860	6,448	5,344	2,487,829
Additions	–	270	–	34,993	13,856	7,414	56,533
Disposals	–	–	–	–	–	(5)	(5)
Depreciation	(8,082)	(25,116)	(10,220)	(6,370)	(2,980)	(3,360)	(56,128)
Write back of provision/ (provision) for impairment	–	16,684	(1,217)	–	–	–	15,467
Closing net book value	950,174	1,133,956	339,366	53,483	17,324	9,393	2,503,696
At 31 March 2018							
Cost	958,881	1,552,273	661,588	95,380	60,831	34,013	3,362,966
Accumulated depreciation	(8,707)	(162,886)	(321,005)	(41,897)	(43,507)	(24,620)	(602,622)
Accumulated impairment	–	(255,431)	(1,217)	–	–	–	(256,648)
Net book value	950,174	1,133,956	339,366	53,483	17,324	9,393	2,503,696
Year ended 31 March 2019							
Opening net book value	950,174	1,133,956	339,366	53,483	17,324	9,393	2,503,696
Additions	1,289	3,879	–	41,631	1,926	7,536	56,261
Write-off	–	–	–	–	–	(5,672)	(5,672)
Depreciation	(21,254)	(25,900)	(10,190)	(7,760)	(3,452)	(4,562)	(73,118)
Write back of provision/ (provision) for impairment	–	41,871	(380)	–	–	–	41,491
Closing net book value	930,209	1,153,806	328,796	87,354	15,798	6,695	2,522,658
At 31 March 2019							
Cost	960,170	1,556,152	661,588	136,846	62,630	18,766	3,396,152
Accumulated depreciation	(29,961)	(188,786)	(331,195)	(49,492)	(46,832)	(12,071)	(658,337)
Accumulated impairment	–	(213,560)	(1,597)	–	–	–	(215,157)
Net book value	930,209	1,153,806	328,796	87,354	15,798	6,695	2,522,658

The Group's land and buildings comprise mainly rehousing blocks held for the purpose of rehousing affected tenants of development projects and commercial premises held for self-use.

* The Group receives rental income for the retained properties and their fair value as at 31 March 2019 was $2,017,500,000 (31 March 2018: $1,987,500,000).

(expressed in Hong Kong Dollars)

9. Properties under development

As at 31 March 2019, the properties under development are analysed as follows:

	2019	2018
	$'000	$'000
Cost, including Home Purchase Allowance ("HPA") (Note (i))		
At 1 April	25,769,250	19,087,066
Add: Additions during the year	5,628,405	9,546,641
Less: Charged to profit or loss during the year	(1,788,898)	(2,864,457)
At 31 March*	29,608,757	25,769,250
Provision for impairment at 31 March	(1,180,465)	(1,980,300)
Balance as at 31 March	28,428,292	23,788,950

* The amount includes accumulated interest and other borrowing costs capitalised of $317,892,000 (31 March 2018: $278,418,000).

As at 31 March 2019, the properties under development are analysed as follows:

	2019	2018
	$'000	$'000
Non-current portion	25,930,743	23,788,950
Current portion (development for sale)	2,497,549	–
	28,428,292	23,788,950

Notes:

(i) In March 2001, the Finance Committee of the Legislative Council approved, inter alia, the revised basis for calculating the HPA payable to owners of domestic properties and ex-gratia allowances payable to owners and owner-occupiers affected by land resumption. The relevant policies governing the Authority's payment of HPA and ex-gratia allowances for properties acquired/resumed and the clearance of occupiers are based on the above framework which have resulted in a high cost base for the Group's redevelopment projects.

In respect of domestic properties, the assessment of HPA is based on a notional replacement flat of 7 years old which is assumed to be in a comparable quality building, situated in a similar locality in terms of characteristics and accessibility, being at the middle floor with average orientation not facing south or west, and without seaview. The HPA paid to the owner-occupiers represents the difference between the assessed value of the notional 7-year-old flat and estimated market value of the acquired property at the offer date. The owner will also receive the estimated market value of his flat in addition to the HPA.

As at 31 March 2019, the Group's estimated cash outflow in respect of project under acquisition and resumption as well as construction cost for self-developed projects was $9.1 billion (31 March 2018: $17.1 billion), without accounting for any future cash inflow for the projects.

(ii) The Group launched the Flat-for-Flat ("FFF") Scheme to provide domestic owner-occupiers affected by the Group's redevelopment projects commenced after 24 February 2011 with an alternative option to cash compensation. The owner-occupier taking the option of FFF will have to top up if the price of the new flat is higher than the cash compensation for his old flat. The domestic owner-occupiers could have a choice of "in-situ" flats on the lower floors of the new development or flats in an FFF Scheme at Kai Tak.

(expressed in Hong Kong Dollars)

10. Building rehabilitation loans

As at 31 March 2019, the building rehabilitation loans are analysed as follows:

	2019	2018
	$'000	$'000
Non-current portion	8,496	10,908
Current portion	5,016	7,389
	13,512	18,297

The building rehabilitation loans are interest-free, except for default, in which case interest will be charged on the overdue amount at the Prime Lending Rate quoted by The Hongkong and Shanghai Banking Corporation Limited. The Group reserves the right to impose legal charges over the properties for loans of amounts between $25,001 and $100,000. All non-current portion of building rehabilitation loans are due within five years from the end of the reporting period.

The maximum exposure to credit risk of the Group is the carrying value of the building rehabilitation loans.

11. Trade and other receivables

(a) Other receivables

Other receivables under non-current assets represent Buyer's Stamp Duty and Ad Valorem Double Stamp Duty that the Group will claim for refund from the Government upon the happening of the refund event in accordance with Stamp Duty Ordinance Chapter 117.

(b) Trade and other receivables

As at 31 March 2019, the trade and other receivables are current in nature and analysed as follows:

	2019	2018
	$'000	$'000
Trade receivables and prepayments	35,492	36,411
Interest receivables	250,262	131,019
Other receivables and deposits	25,648	33,780
Balance at 31 March	311,402	201,210

All of trade and other receivables are expected to be recovered within one year.

The maximum exposure to credit risk of the Group is the carrying amount of trade and other receivables.

(expressed in Hong Kong Dollars)

12. Investments

As at 31 March 2019, the debt securities investments are analysed as follows:

	2019	2018
	$'000	$'000
Non-current portion		
– Investments at amortised cost		
(2018: Held-to-maturity investments)	1,253,000	2,761,306
Current portion		
– Investments at amortised cost		
(2018: Held-to-maturity investments)	3,158,065	1,746,547
– Investments at fair value through profit or loss	–	477,958
	3,158,065	2,224,505

As at 31 March 2019, the Group's debt securities represent high quality corporate and government bonds.

The following table presents the Group's assets that are measured at fair value at 31 March 2019. The different fair value hierarchy of the Group's investments have been defined as follows:

- Level 1 valuations: Quoted prices in active markets for identical assets or liabilities. No adjustments are made to the quoted price for these investments.
- Level 2 valuations: Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotation or alternative pricing sources supported by observable inputs.
- Level 3 valuations: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Level 1		Level 2		Total	
	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000
Debt securities	–	439,999	–	37,959	–	477,958

During the years ended 31 March 2018 and 2019, there were no transfers between Level 1 and Level 2.

(expressed in Hong Kong Dollars)

13. Cash and bank balances

	2019	2018
	$'000	$'000
Bank deposits		
Original maturities of 3 months or less	749,085	4,197,146
Original maturities of more than 3 months	12,895,590	11,762,863
	13,644,675	15,960,009
Less: Amounts held in trust for joint development projects	(3,592)	(3,540)
	13,641,083	15,956,469
Cash at banks and in hand	55,044	279,179
Less: Amounts held in trust for joint development projects	(2)	(2)
	55,042	279,177
	13,696,125	16,235,646
Maximum exposure to credit risk	13,696,110	16,235,631
Representing:		
Non-current portion		
– Bank deposits	2,562,000	–
Current portion		
– Cash at banks and in hand	55,042	279,177
– Bank deposits	11,079,083	15,956,469
	11,134,125	16,235,646

As at 31 March 2019, cash and bank balances of the Group are denominated in Hong Kong Dollars except for an amount of $2,467,595,000 (31 March 2018: $2,665,842,000) which is denominated in USD.

The average effective interest rate of time deposits with banks was 2.41% per annum (2017/18: 1.59% per annum). These deposits have an average maturity of 200 days (2017/18: 148 days).

(expressed in Hong Kong Dollars)

13. Cash and bank balances (Continued)

The credit quality of the cash and bank balances, deposited with financial institutions, which are Hong Kong Dollars and USD, can be assessed by reference to external credit ratings of the financial institutions and are analysed as follows:

Rating (Moody's)	2019	2018
	$'000	$'000
Aa1 – Aa3	3,124,084	5,563,960
A1 – A3	10,548,417	10,472,217
Others	23,609	199,454
	13,696,110	16,235,631

Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities and liabilities for which cash flows were, or future cash flow will be, classified in the Group's consolidated statement of cash flows as cash flow from financing activities.

	Debt securities issued	
	2019	2018
	$'000	$'000
At 1 April	2,790,706	3,287,949
Changes from financing cash flows:		
– Redemption of debt securities	–	(500,000)
Other changes:		
– Amortisation of debt securities issuing costs	2,631	2,757
Balance as at 31 March	2,793,337	2,790,706

(expressed in Hong Kong Dollars)

14. Properties held for sale

The Group's properties held for sale are located in Hong Kong and their carrying amounts are analysed as follows:

	2019 $'000	2018 $'000
Long leases	7,196	7,196
Medium-term leases	771,510	845,006
	778,706	852,202

15. Balances with joint development projects

	2019 $'000	2018 $'000
Amounts due from joint development projects	62,168	67,789
Amounts due to joint development projects	(257,442)	(436,973)
	(195,274)	(369,184)

All amounts due from/(to) joint development projects are expected to be recovered/settled within one year.

The Group have the following active joint development projects as at 31 March 2019.

	Project Name/Location	Land use	Total gross floor area (m^2)	Actual completion date (calendar year)	Expected completion date (calendar year)
	The Zenith/One Wanchai (Wan Chai)	Commercial/Residential	62,310	2006 (Site A & B) 2013 (Site C)	–
*	Vision City/Citywalk (Tsuen Wan)	Commercial/Residential	137,885	2007	–
*	The Dynasty/Citywalk 2 (Tsuen Wan)	Commercial/Residential	44,404	2008	–

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

	Project Name/Location	Land use	Total gross floor area (m^2)	Actual completion date (calendar year)	Expected completion date (calendar year)
*	Vista (Sham Shui Po)	Commercial/Residential	12,708	2009	–
	Lime Stardom (Tai Kok Tsui)	Commercial/Residential	19,735	2011	–
*	Park Summit (Tai Kok Tsui)	Commercial/Residential	21,402	2013	–
	MacPherson Place (Mong Kok)	Commercial/Stadium and Youth Centre/Residential	24,767	2013	–
	Park Metropolitan (Kwun Tong)	Residential	27,830	2014	–
	Park Ivy (Tai Kok Tsui)	Commercial/Residential	4,843	2014	–
	Trinity Towers (Sham Shui Po)	Commercial/Residential	30,300	2015	–
*	The Avenue (Wan Chai)	Commercial/Residential	83,898	2015	–
	My Place (Ma Tau Kok)	Commercial/Residential	6,944	2016	–
	The Nova (Sai Ying Pun)	Commercial/Residential	17,767	2016	–
*	SKYPARK (Mong Kok)	Commercial/Residential	22,301	2017	–
	City Hub (To Kwa Wan)	Commercial/Residential	8,378	2018	–
	The Ascent (Sham Shui Po)	Commercial/Residential	7,159	2018	–

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

Project Name/Location	Land use	Total gross floor area (m^2)	Actual completion date (calendar year)	Expected completion date (calendar year)
93 Pau Chung Street (Ma Tau Kok)	Commercial/Residential	10,345	2018	–
The Amused (Sham Shui Po)	Commercial/Residential	5,030	2018	–
Anchor Street/ Fuk Tsun Street (Tai Kok Tsui)	Hotel	6,529	–	2019
My Central (Sheung Wan)	Commercial/Residential	18,240	–	2019
Astoria Crest (Sham Shui Po)	Commercial/Residential	3,640	–	2019
Downtown 38 (Ma Tau Kok)	Commercial/Residential	9,783	–	2019
205–211A Hai Tan Street (Sham Shui Po)	Commercial/Residential	3,600	–	2020
The Monti (Sai Wan Ho)	Residential	5,680	–	2020
Hai Tan Street/Kweilin Street/Pei Ho Street (Sham Shui Po)	Commercial/Residential	58,899	–	2020
Madison Park (Sham Shui Po)	Commercial/Residential	4,884	–	2020
Fuk Chak Street/ Li Tak Street (Tai Kok Tsui)	Commercial/Residential	5,733	–	2021
Artisan Garden (Ma Tau Kok)	Commercial/Residential	12,456	–	2021

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

	Project Name/Location	Land use	Total gross floor area (m²)	Actual completion date (calendar year)	Expected completion date (calendar year)
	Grand Central (Kwun Tong)	Commercial/Residential	179,248	–	2021
	L•LIVING 23 (Tai Kok Tsui)	Commercial/Residential	6,594	–	2021
	Reclamation Street/ Shantung Street (Yau Ma Tei)	Commercial/Residential	12,510	–	2022
	Peel Street/Graham Street – Site A (Sheung Wan)	Commercial/Stadium and Youth Centre/Residential	9,583	–	2022
	Peel Street/ Graham Street – Site C (Sheung Wan)	Commercial/Office/Hotel	41,585	–	2023
@	Tung Chau St/Kweilin St (Sham Shui Po)	Commercial/Residential	13,410	–	2023
@	Castle Peak Rd/Un Chau St (Sham Shui Po)	Commercial/Residential	14,841	–	2023

* Projects with commercial portions jointly held by the developer and the Group for letting and pending for sale

@ Newly awarded project during the year

The Group is entitled to returns which are predetermined in accordance with the provisions of the joint development agreements.

In respect of the commercial portions of certain projects, the Group has reached supplemental agreements with the respective developers to extend the sale of the commercial portions to a few years after the issuance of the occupation permits. The Group shares certain percentage of any net proceeds derived from the operation of the commercial portions before the sale and includes it as surplus for the year and would also share the future sales proceeds at the same ratio. The Group would account for its share of sales proceeds as surplus from the joint development projects when these commercial portions are sold in the future.

(expressed in Hong Kong Dollars)

16. Capital

On 21 June 2002, the Finance Committee of the Legislative Council approved a commitment of $10 billion for injection as equity into the Authority. The Government injected the equity into the Authority in phases over the five financial years from 2002/03 to 2006/07. At 31 March 2019, the Authority had received all five tranches of equity injection of $10 billion in total.

17. Trade and other payables

The trade and other payables are analysed as follows:

	Note	31 March 2019	1 April 2018	31 March 2018
		$'000	$'000	$'000
Contract liabilities	(i) & (ii)	1,241	6,660	–
Trade payables		86,184	85,962	85,962
Rental and other deposits received		49,689	244,335	250,995
Proceeds received in advance from sale of properties of joint development projects		545,500	–	–
Other payables		11,206	11,138	11,138
Accrued expenses		2,825,935	3,287,885	3,287,885
		3,519,755	3,635,980	3,635,980

Representing:

	2019	2018
	$'000	$'000
Non-current portion	412,300	676,000
Current portion	3,107,455	2,959,980
	3,519,755	3,635,980

Notes:

(i) The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 April 2018.

(ii) Upon the adoption of HKFRS 15, deposits and instalments received from customers on sale of properties which were previously classified as rental and other deposits received are now reclassified as contract liabilities under trade and other payables.

(expressed in Hong Kong Dollars)

17. Trade and other payables (Continued)

Contract liabilities recognised arise from property development activities. Typical payment terms are as follows:

The Group receives certain percentage of the contract value as deposit from customers when they sign the sale and purchase agreement. The deposit is recognised as a contract liability until the properties are completed and transferred to the customers. The rest of the consideration is typically paid when the property is assigned to the customer.

Movements in contract liabilities

	$'000
Balance at 1 April 2018	6,660
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(6,660)
Increase in contract liabilities as a result of receiving forward sales deposits and instalments during the year in respect of properties still under construction as at 31 March 2019	1,241
Balance at 31 March 2019	1,241

18. Debt securities issued

As at 31 March 2019, the Group has issued the following fixed rate notes under a Medium Term Note programme.

	2019	2018
	$'000	$'000
Non-current portion		
HK dollar Fixed rate notes with coupon of 1.75% due 2019	–	500,000
HK dollar Fixed rate notes with coupon of 1.65% due 2020	–	500,000
HK dollar Fixed rate notes with coupon of 1.64% due 2020	300,000	300,000
HK dollar Fixed rate notes with coupon of 2.92% due 2021	400,000	400,000
HK dollar Fixed rate notes with coupon of 2.18% due 2023	300,000	300,000
HK dollar Fixed rate notes with coupon of 2.15% due 2023	300,000	300,000
HK dollar Fixed rate notes with coupon of 3.85% due 2026	500,000	500,000
Less: Unamortised debt securities issuing costs	(6,189)	(9,294)
	1,793,811	2,790,706

(expressed in Hong Kong Dollars)

18. Debt securities issued (Continued)

	2019	2018
	$'000	$'000
Current portion		
HK dollar Fixed rate notes with coupon of 1.75% due 2019	500,000	–
HK dollar Fixed rate notes with coupon of 1.65% due 2020	500,000	–
Less: Unamortised debt securities issuing costs	(474)	–
	999,526	–

19. Provision for a committed project

	2019	2018
	$'000	$'000
Balance at 1 April	–	35,000
Reversed during the year	–	(35,000)
Balance at 31 March	–	–

The amount represents the provision for committed projects where acquisition was commenced before financial year end. The provision charged is recognised in profit or loss.

20. Reserve for Facilitation Service

Fee paid by the owners and the purchasers to the Urban Redevelopment Facilitating Services Company Limited, a wholly owned subsidiary of the Authority, is originally set aside in a reserve account for other facilitation projects. This arrangement has ceased during the year ended 31 March 2019 and the balance of the reserve account was transferred to the accumulated surplus accordingly.

21. Provident fund scheme

The Group provides retirement benefits to its eligible employees under defined contribution schemes. In accordance with the Mandatory Provident Fund Schemes Ordinance, the eligible employees enjoy retirement benefits under the Mandatory Provident Fund Exempted ORSO Scheme or the Mandatory Provident Fund Scheme (the "Schemes") under which employer's voluntary contributions have been made. The assets of the Schemes are held separately from those of the Group and managed by independent administrators. The Group normally makes voluntary contributions ranging from 5% to 10% of the employees' monthly salaries depending on the years of service of the employees.

The total amount contributed by the Group into the Schemes for the year ended 31 March 2019 was $26,394,000 (2017/18: $25,195,000), net of forfeitures of $1,726,000 (2017/18: $2,131,000), which has been charged to the Group's profit or loss for the year.

(expressed in Hong Kong Dollars)

22. Commitments

(a) Capital commitments

Capital commitments in respect of acquisition of property, plant and equipment at 31 March 2019 are as follows:

	2019	2018
	$'000	$'000
Contracted but not yet incurred	43,688	2,403

(b) Operating lease commitments

As at 31 March 2019, the total future minimum lease payments under non-cancellable operating leases in respect of office premises, in which $34,997,000 (31 March 2018: $63,837,000) is related to costs to be incurred for accommodating certain Government offices in a project site pursuant to a reprovision arrangement with the Government, are payable as follows:

	2019	2018
	$'000	$'000
Within 1 year	45,243	42,265
After 1 year but within 5 years	25,569	45,417
	70,812	87,682

(c) Operating lease rental receivable

As at 31 March 2019, the total future aggregate minimum lease rental receipts under non-cancellable operating leases in respect of properties, except for those commercial portions jointly developed by the developer and the Group, are receivable as follows:

	2019	2018
	$'000	$'000
Within 1 year	36,901	32,298
After 1 year but within 5 years	29,607	15,554
	66,508	47,852

(expressed in Hong Kong Dollars)

23. Significant related party transactions

Transactions entered into by the Group with members of the Board and directors, parties related to them, Government Departments, agencies or Government controlled entities, other than those transactions which are entered into by parties in general in the course of their normal dealings, are considered to be related party transactions pursuant to HKAS 24 (Revised) "Related Party Disclosures".

During the year, the Authority reimbursed the Government an amount of $62,602,000 (2017/18: $58,306,000) for actual costs incurred by the Lands Department of the Government (the "Lands Department") in connection with statutory resumption and site clearance work conducted for the redevelopment projects of the Authority. As at 31 March 2019, there was an amount of $5,242,000 (31 March 2018: $4,970,000) due to the Lands Department yet to be settled. The amount is unsecured, interest-free and repayable on demand and included in trade and other payables.

In 2011/12, the Authority has contributed $500,000,000 to Urban Renewal Trust Fund (the "Fund"). During the year, the Authority provided administrative and support services to the Fund for $1,738,000 (2017/18: $1,350,000).

During the year, the Authority received $275,000 (2017/18: $284,000) from the said Fund for rental of an office premise.

As at 31 March 2019, there was an amount of $370,035,000 (31 March 2018: $394,213,000) remained in the Fund. The Authority has committed to make further contribution to the Fund in future in the event that its fund balance is fully utilised.

The key management of the Authority refers to directors and members of the Board and their compensations are set out in Notes 6(f) and (g).

(expressed in Hong Kong Dollars)

24. Statement of Financial Position of the Authority

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the statement of financial position of the Authority as at 31 March 2019 is set out as follows:

	Note	2019	2018
		$'000	$'000
Non-current assets			
Property, plant and equipment		2,522,658	2,503,696
Properties under development		25,916,143	23,774,350
Interest in subsidiaries	24(a)	–	–
Loan to a subsidiary		14,600	14,600
Building rehabilitation loans		8,496	10,908
Prepayments		855,885	801,845
Other receivables		2,465,169	2,052,144
Investments		1,253,000	2,761,306
Bank deposits		2,562,000	–
		35,597,951	31,918,849
Current assets			
Properties held for sale		778,706	852,202
Properties under development for sale		2,497,549	–
Amounts due from joint development projects		62,168	67,789
Building rehabilitation loans		5,016	7,389
Trade and other receivables		311,340	201,155
Investments		3,158,065	2,224,505
Cash and bank balances		11,134,125	16,233,095
		17,946,969	19,586,135
Total assets		53,544,920	51,504,984
Capital and reserves			
Capital		10,000,000	10,000,000
Accumulated surplus		36,974,448	34,641,893
	24(b)	46,974,448	44,641,893
Non-current liabilities			
Trade and other payables		412,300	676,000
Debt securities issued		1,793,811	2,790,706
		2,206,111	3,466,706
Current liabilities			
Amounts due to joint development projects		257,442	436,973
Trade and other payables		3,107,393	2,959,412
Debt securities issued		999,526	–
		4,364,361	3,396,385
Total capital, reserves and liabilities		53,544,920	51,504,984

(expressed in Hong Kong Dollars)

24. Statement of Financial Position of the Authority (Continued)

(a) Interest in subsidiaries

	2019	2018
	$'000	$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (Note)	23,224	22,147
Less: Provision for impairment	(23,225)	(22,148)
	–	–

Note:

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The balances are expected to be recovered more than one year.

The names of the principal subsidiaries, all of which are wholly and directly owned by the Authority and incorporated in Hong Kong, are as follows:

Name	Number of shares	Total share capital
Opalman Limited	2	$2
Urban Redevelopment Facilitating Services Company Limited	1	$10

Urban Redevelopment Facilitating Services Company Limited is engaged in the provision of facilitating services to interested owners in amalgamating their property interests for joint sale in the market or for disposal under the prevailing market mechanism and other relevant legislation. The other subsidiaries are acting as mere trustees for holding properties under certain joint development projects.

(expressed in Hong Kong Dollars)

24. Statement of Financial Position of the Authority (Continued)

(b) Statement of Changes in Equity

	Capital	Accumulated Surplus	Total
	$'000	$'000	$'000
Balance at 1 April 2017	10,000,000	22,603,997	32,603,997
Surplus and total comprehensive income for the year	–	12,037,896	12,037,896
Balance at 31 March 2018	10,000,000	34,641,893	44,641,893
Balance at 1 April 2018	10,000,000	34,641,893	44,641,893
Surplus and total comprehensive income for the year	–	2,332,555	2,332,555
Balance at 31 March 2019	10,000,000	36,974,448	46,974,448

25. Approval of financial statements

The financial statements were approved by the Board on 11 June 2019.