(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, retrofitting, preservation and revitalisation. 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. Material accounting policies

The material 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 and comply with all applicable HKFRS Accounting Standards ("HKFRSs") (which include all applicable individual HKFRSs, 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.

2. Material accounting policies (Continued)

(b) Relevant standards effective in the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

Amendments to HKAS 1, *Presentation of financial statements — Classification of liabilities as current or non-current* ("2020 amendments") and amendments to HKAS 1, *Presentation of financial statements — Non-current liabilities with covenants* ("2022 amendments")

Amendments to HKFRS 16, *Leases — Lease liability in a sale and leaseback*

Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(c) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2025

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2025 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
Amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for HKFRS 18, where the presentation and disclosures of the consolidated financial statements are expected to change.

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(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 policies 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)).

(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.

2. Material accounting policies (Continued)

(e) Revenue recognition (Continued)

Further details of the Group's revenue and other income recognition policies are as follows: (Continued)

(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 receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(vi) Income from Urban Redevelopment Facilitating Services Company Limited 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.

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(g) Property, plant and equipment (Continued)

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.

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.

Amortisation on interests in leasehold land 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:

Interests in leasehold land	–	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: 10 years or over the life of the respective lease, whichever is the shorter Non-office: 50 years or 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
Properties leased for own use	–	Over the period of the lease

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.

2. Material accounting policies (Continued)

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit loss ("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 fair value through profit or loss ("FVPL"), are not subject to the ECLs 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. Material accounting policies (Continued)

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

(i) Credit losses from financial instruments and lease receivables (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 ECLs 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.

2. Material accounting policies (Continued)

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

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

Significant increases in credit risk (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 ECLs 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 past due event;
- 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.

(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.

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(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 fair value through other comprehensive income ("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. These investments are subsequently accounted for as follows, depending on their classification:

– 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.

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.

2. Material accounting policies (Continued)

(j) Leased assets

(i) As a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(j) Leased assets (Continued)

(i) As a lessee (Continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The Group presents right-of-use assets in "property, plant and equipment" and presents lease liabilities under "trade and other payables" in the consolidated statement of financial position.

(ii) As a lessor

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(e)(v).

(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).

2. Material accounting policies (Continued)

(n) Provisions, contingencies and onerous contracts

(i) 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.

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.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(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 or 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.

The Group recognised deferred income tax assets and deferred income tax liabilities separately in relation to its lease liabilities and right-of-use assets.

(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.

(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.

2. Material accounting policies (Continued)

(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.

(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.

(expressed in Hong Kong Dollars)

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: interest rate risk, credit risk, liquidity 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) 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, and fair value interest rate risk arising from the bonds issued at fixed rates. Nevertheless, the Group's surplus/deficit and operating cash flows are substantially independent of changes in market interest rates. The Group did not hold any financial instruments that are measured at fair value.

(ii) Credit risk

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

The credit risk on investments at amortised cost is limited as issuers are mainly with high credit ratings assigned by international credit rating agencies.

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

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 Group measures loss allowances for trade and lease 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.

(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 bonds issued which include interest element), as the impact of discounting is insignificant.

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

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

	2025	2024
	$'000	$'000
Less than 1 year		
Trade and other payables	2,553,349	2,214,926
Amounts due to joint development projects	280,021	256,653
Bonds issued	984,750	19,197
Between 1 to 3 years		
Trade and other payables	25,195	56,132
Bonds issued	4,864,358	519,250
Between 3 to 5 years		
Trade and other payables	14,920	14,920
Bonds issued	5,576,041	–
Over 5 years		
Trade and other payables	326,799	330,862
Bonds issued	5,084,540	–

(iv) Foreign exchange risk

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

Foreign exchange risk sensitivity

As at 31 March 2025, if Hong Kong dollar had weakened/strengthened by 1% against foreign currencies with all other variables held constant, the deficit of the Group would increase/decrease by approximately $13,646,000 (2023/24: $11,390,000) resulting from the foreign exchange gains/losses on translation of cash and bank balances denominated in foreign currencies.

(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, retrofitting, revitalisation and heritage preservation.

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

(expressed in Hong Kong Dollars)

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

(c) Fair value measurement

The carrying amounts of the Group's financial assets including amounts due from joint development projects, cash and bank balances (including bank deposits), 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 bonds issued approximate their fair value as the impact of discounting is insignificant.

4. Critical accounting estimates and judgements

Estimates and judgements 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 assessed annually by external/internal valuers who are qualified members of the HKIS. The Group's management review the assumptions used by the 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.

4. Critical accounting estimates and judgements (Continued)

Impairment of properties and provision for a committed project sensitivity

As at 31 March 2025, 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 deficit of the Group for the year would decrease/increase by approximately $937,500,000 (2023/24: $298,500,000) 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.

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:

	2025	2024
	$'000	$'000
Revenue recognised outside the scope of HKFRS 15		
– Upfront premium from property developers	–	1,940,000
– Share of property development surplus on joint development projects	195,429	448,976
Revenue from contracts with customers within the scope of HKFRS 15		
– Sale of properties	58,530	634,946
	253,959	3,023,922

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

At 31 March 2025, 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 held for sale pending transfer of control amounted to $960,801,000 (2023/24: $969,414,000) which will be recognised when the properties are legally 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 24 months.

(expressed in Hong Kong Dollars)

5. Revenue and other income, net (Continued)

(b) Other income, net

Other income, net recognised during the year represents:

	2025	2024
	$'000	$'000
Interest income	933,569	890,008
Rental income	205,578	181,084
Miscellaneous income	3,688	6,155
Gain on disposals of property, plant and equipment	5	–
Net foreign exchange gain/(loss)	1,681	(53,732)
	1,144,521	1,023,515

6. Operating deficit before income tax

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

(a) Other items

	2025	2024
	$'000	$'000
Cost of properties under joint development projects	32,450	3,095,501
Cost of properties sold	38,197	445,268
Staff costs* (excluding directors' and senior management's remuneration)	584,675	523,424
Rehabilitation, revitalisation, preservation and retrofit expenses	89,199	102,442
Place-making expenses^	7,456	6,155
Outgoings in respect of preservation properties, retained properties and rehousing units	153,080	155,231
Depreciation		
– Depreciation	261,634	253,082
– Less: Depreciation capitalised	(24,588)	(25,123)
	237,046	227,959
Auditor's remuneration		
– Audit services	550	534
– Non-audit services	250	–

6. Operating deficit before income tax (Continued)

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

(a) Other items (Continued)

	2025	2024
	$'000	$'000
Impairment on properties		
– Provision for impairment on properties held for sale	–	2,060
– Provision for/(write back of provision for) impairment on property, plant and equipment	24,710	(14,408)
– Provision for impairment on properties under development	2,654,200	3,101,600
	2,678,910	3,089,252
Interest expenses		
– Interest on lease liabilities	2,886	3,564
– Less: Interest on lease liabilities capitalised	(1,890)	(2,497)
	996	1,067
– Interest expenses on bonds issued	267,520	19,992
– Less: Interest expenses capitalised#	(267,520)	(19,992)
	–	–
	996	1,067

* Including salaries and other benefits of $545,799,000 (2023/24: $488,010,000) and contribution to provident fund scheme of $38,876,000 (2023/24: $35,414,000).

^ Excluding depreciation of $939,000 (2023/24: $942,000) and interest expenses of $11,000 (2023/24: $35,000) for properties leased for own use.

The borrowing costs have been capitalised at rates ranging from 3.35% to 3.85% per annum (2023/24: 2.15% to 3.85% per annum).

(expressed in Hong Kong Dollars)

6. Operating deficit before income tax (Continued)

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

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

	2025					
	Fees	Salaries	Provident fund scheme contributions	Sub-total	Variable pay	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Managing Director						
– WAI Chi Sing	–	4,694	–	4,694	1,401	6,095
Executive Directors						
– Carolin FONG Suet Yuen	–	3,084	18	3,102	770	3,872
– Wilfred AU Chun Ho	–	3,303	421	3,724	825	4,549
9 Senior management staff & 2 Ex-senior management staff	–	22,012	2,450	24,462	6,554	31,016
Total[1]	–	33,093	2,889	35,982	9,550	45,532

	2024					
	Fees	Salaries	Provident fund scheme contributions	Sub-total	Variable pay	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Managing Director						
– WAI Chi Sing	–	4,692	–	4,692	1,401	6,093
Executive Directors						
– Carolin FONG Suet Yuen	–	3,082	18	3,100	770	3,870
– Wilfred AU Chun Ho[2]	–	2,351	300	2,651	588	3,239
– Eric POON Shun Wing[3]	–	887	168	1,055	221	1,276
9 Senior management staff & 2 Ex-senior management staff[2]	–	23,551	2,641	26,192	6,692	32,884
Total[1]	–	34,563	3,127	37,690	9,672	47,362

Notes:

1. Excluding compensation in lieu of leave in the aggregate sum of $538,000 (2023/24: $881,000).
2. The Executive Director ceased to be a senior management staff on 14 July 2023 and assumed his role with effect from 15 July 2023.
3. The Executive Director retired on 14 July 2023.

6. Operating deficit before income tax (Continued)

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

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

	2025	2024
Their remuneration fell within the following bands:		
	No. of Individuals	No. of Individuals
$1 to $500,000	1	–
$1,000,001 to $1,500,000	1	2
$2,000,001 to $2,500,000	2	2
$3,000,001 to $3,500,000	4	4
$3,500,001 to $4,000,000	3	2
$4,000,001 to $4,500,000	1	2
$4,500,001 to $5,000,000	1	1
$6,000,001 to $6,500,000	1	1
Total	14	14

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 or 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 deficit before income tax (Continued)

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

(c) 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:

	2025	2024
	$'000	$'000
Chairman		
Mr CHOW Chung Kong, GBM, GBS, JP	100	100
Non-Executive Directors (non-public officers)		
Mr Evan AU Yang Chi Chun *(up to 30 Nov 2023)*	–	43
Mr William CHAN Fu Keung, BBS	65	65
Dr CHAN Ka Kui, GBS, JP	65	65
The Honourable Vincent CHENG Wing Shun, MH, JP *(up to 30 Apr 2025)*	65	65
Ms Ivy CHUA Suk Lin *(up to 30 Apr 2025)*	65	65
Mr Andy HO Wing Cheong, MH *(up to 30 Apr 2025)*	65	65
The Honourable KWOK Wai Keung, BBS, JP	65	65
Ir Janice LAI Wai Man	65	65
Sr Alexander LAM Tsan Wing *(from 1 Dec 2023)*	65	22
Mrs Sylvia LAM Yu Ka Wai, SBS	65	65
Ir The Honourable Michael LEE Chun Keung, JP *(from 1 Dec 2023)*	65	22
Dr LEE Ho Yin (Note) *(up to 30 Nov 2023)*	–	–
Ms Elaine LO Yuen Man, MH *(up to 30 Apr 2025)*	65	65
Professor TANG Bo Sin, MH *(up to 30 Apr 2025)*	65	65
Ms Judy TONG Kei Yuk *(up to 30 Apr 2025)*	65	65
The Honourable Tony TSE Wai Chuen, BBS, JP	65	65
Ms Yvonne YEUNG Kin Ha	65	65
	1,075	1,032

Note: The Non-Executive Director ceased to receive any fees from the Authority from 4 August 2022 to 30 November 2023.

6. Operating deficit before income tax (Continued)

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

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 March 2025 and 2024 include the Managing Director, two Executive Directors and two senior management staff.
The total emoluments earned by the five highest paid individuals during the year are as follows:

	2025 $'000	2024 $'000
Fixed – Salaries	16,914	17,271
– Provident fund scheme contributions	935	1,105
Sub-total	17,849	18,376
Variable pay	4,896	4,969
Total **	22,745	23,345

Their remuneration fell within the following bands:

	No. of Individuals	No. of Individuals
$3,500,001 to $4,000,000	2	1
$4,000,001 to $4,500,000	1	2
$4,500,001 to $5,000,000	1	1
$6,000,001 to $6,500,000	1	1
Total	5	5

** For the year ended 31 March 2025, no compensation in lieu of leave (2023/24: $240,000) 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 profits for the year (2023/24: Nil).

(b) As at 31 March 2025, the subsidiaries of the Group have unrecognised deductible temporary differences arising from capital allowance of $2,847,000 (31 March 2024: $2,710,000) and tax losses of $63,936,000 (31 March 2024: $54,082,000) to carry forward against future taxable income. These tax losses have no expiry date.

(expressed in Hong Kong Dollars)

8. Property, plant and equipment

(a) Reconciliation of carrying amount

	Retained properties[1]	Preservation properties	Other property, plant and equipment: Land and buildings	Leasehold improvements	Plant and machinery	Furniture and equipment and motor vehicles	Properties leased for own use	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 March 2023								
Cost	4,116,643	3,325,291	2,057,183	358,433	138,416	41,323	141,082	10,178,371
Accumulated depreciation	(280,566)	(349,960)	(410,400)	(91,379)	(68,718)	(26,098)	(103,382)	(1,330,503)
Accumulated impairment	(20,209)	(1,265,057)	(412,907)	–	–	–	–	(1,698,173)
Net book value	3,815,868	1,710,274	1,233,876	267,054	69,698	15,225	37,700	7,149,695
Year ended 31 March 2024								
Opening net book value	3,815,868	1,710,274	1,233,876	267,054	69,698	15,225	37,700	7,149,695
Additions/Adjustments[2]	–	1,126	–	3,186	273	5,187	73,610	83,382
Transfer from properties under development	889,500	–	–	–	–	–	–	889,500
Depreciation	(105,811)	(42,125)	(33,393)	(18,188)	(8,952)	(5,501)	(39,112)	(253,082)
Write back of provision for impairment	553	11,866	1,989	–	–	–	–	14,408
Closing net book value	4,600,110	1,681,141	1,202,472	252,052	61,019	14,911	72,198	7,883,903
At 31 March 2024								
Cost	5,329,743	3,326,417	2,057,183	361,619	138,689	44,833	214,692	11,473,176
Accumulated depreciation	(386,377)	(392,085)	(443,793)	(109,567)	(77,670)	(29,922)	(142,494)	(1,581,908)
Accumulated impairment	(343,256)	(1,253,191)	(410,918)	–	–	–	–	(2,007,365)
Net book value	4,600,110	1,681,141	1,202,472	252,052	61,019	14,911	72,198	7,883,903
Year ended 31 March 2025								
Opening net book value	4,600,110	1,681,141	1,202,472	252,052	61,019	14,911	72,198	7,883,903
Additions/Adjustments[2]	–	1,121	–	938	1,500	5,696	9,772	19,027
Write-off	–	–	–	–	–	–	(470)	(470)
Depreciation	(112,345)	(42,864)	(34,135)	(18,043)	(9,370)	(6,328)	(38,549)	(261,634)
Provision for impairment	(5,896)	(14,977)	(3,837)	–	–	–	–	(24,710)
Closing net book value	4,481,869	1,624,421	1,164,500	234,947	53,149	14,279	42,951	7,616,116
At 31 March 2025								
Cost	5,329,743	3,327,538	2,057,183	356,574	136,117	49,890	221,835	11,478,880
Accumulated depreciation	(498,722)	(434,949)	(477,928)	(121,627)	(82,968)	(35,611)	(178,884)	(1,830,689)
Accumulated impairment	(349,152)	(1,268,168)	(414,755)	–	–	–	–	(2,032,075)
Net book value	4,481,869	1,624,421	1,164,500	234,947	53,149	14,279	42,951	7,616,116

Notes:

1. The Group receives rental income for the retained properties and their aggregate fair value as at 31 March 2025 was $4,995,500,000 (31 March 2024: $5,251,000,000).

2. Adjustments represent the changes in estimated resumption and construction costs of properties and leasehold improvements.

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.

8. Property, plant and equipment (Continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 March 2025	31 March 2024
	$'000	$'000
Properties leased for own use, carried at depreciated cost, with remaining lease term of less than 5 years	42,951	72,198

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025	2024
	$'000	$'000
Net depreciation charge of right-of-use assets by class of underlying asset:		
– Properties leased for own use	13,961	13,989
Interest on lease liabilities (Note 6(a))	996	1,067

9. Properties under development

As at 31 March 2025, the properties under development are analysed as follows:

	2025	2024
	$'000	$'000
Cost, including Home Purchase Allowance ("HPA") (Note (i))		
At 1 April	28,684,201	25,248,900
Add: Additions during the year*	10,127,672	8,174,368
Less: Charged to profit or loss during the year	–	(3,430,367)
Transferred to property, plant and equipment	–	(1,213,100)
Transferred to properties held for sale	–	(95,600)
At 31 March**	38,811,873	28,684,201
Provision for impairment at 31 March	(9,168,000)	(6,513,800)
Balance as at 31 March	29,643,873	22,170,401

* The amount includes depreciation of $24,588,000 (2023/24: $25,123,000) and interest expense of $1,890,000 (2023/24: $2,497,000) for properties leased for own use and capitalised.

** The amount includes accumulated interest and other borrowing costs capitalised of $547,297,000 (31 March 2024: $265,261,000).

(expressed in Hong Kong Dollars)

9. Properties under development (Continued)

As at 31 March 2025, the properties under development are analysed as follows:

	2025	2024
	$'000	$'000
Non-current portion	28,329,072	21,048,425
Current portion (development for sale)	1,314,801	1,121,976
	29,643,873	22,170,401

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.

(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.

10. Building rehabilitation loans

As at 31 March 2025, the building rehabilitation loans are analysed as follows:

	2025	2024
	$'000	$'000
Non-current portion	2,171	3,354
Current portion	1,701	2,443
	3,872	5,797

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. Investments

As at 31 March 2025, the debt securities investments are analysed as follows:

	2025	2024
	$'000	$'000
Investments at amortised cost		
– Non-current portion	–	550,000
– Current portion	550,000	1,100,000
	550,000	1,650,000

As at 31 March 2025, the Group's debt securities investments represent high quality corporate bonds.

(expressed in Hong Kong Dollars)

12. Cash and bank balances

	2025	2024
	$'000	$'000
Bank deposits		
Original maturities of 3 months or less	2,165,207	1,361,698
Original maturities of more than 3 months	18,291,466	15,094,656
	20,456,673	16,456,354
Less: Amounts held in trust for joint development projects	(1,342)	(1,244)
	20,455,331	16,455,110
Cash at banks and in hand	168,507	88,404
	20,623,838	16,543,514
Maximum exposure to credit risk	20,623,838	16,543,514

Representing:

	2025	2024
	$'000	$'000
Non-current portion		
– Bank deposits	834,857	–
Current portion		
– Cash at banks and in hand	168,507	88,404
– Bank deposits	19,620,474	16,455,110
	19,788,981	16,543,514

As at 31 March 2025, cash and bank balances of the Group are denominated in Hong Kong Dollars except for an amount of $1,364,624,000 and $1,000 (31 March 2024: $662,547,000 and $476,477,000) which are denominated in USD and Renminbi respectively.

The average effective interest rate of time deposits with banks was 4.31% per annum (2023/24: 4.75% per annum). These deposits have an average maturity of 177 days (2023/24: 103 days).

12. Cash and bank balances (Continued)

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

	2025	2024
Rating (Moody's)	$'000	$'000
Aa1 – Aa3	8,144,516	9,768,829
A1 – A3	12,431,821	6,260,446
Others	47,501	514,239
	20,623,838	16,543,514

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.

	Bonds issued	
	2025	2024
	$'000	$'000
At 1 April	499,111	798,601
Changes from financing cash flows:		
– Proceeds from issuance of bonds	13,500,000	–
– Issuing costs on issuance of bonds	(43,015)	–
– Redemption of bonds	–	(300,000)
Other change:		
– Amortisation of bonds issuing costs	4,866	510
At 31 March	13,960,962	499,111

(expressed in Hong Kong Dollars)

12. Cash and bank balances (Continued)

Reconciliation of liabilities arising from financing activities: (Continued)

Representing:

	Bonds issued	
	2025	2024
	$'000	$'000
Non-current portion		
– Bonds issued	13,500,000	500,000
– Less: Unamortised finance charges	(38,636)	(889)
	13,461,364	499,111
Current portion		
– Bonds issued	500,000	–
– Less: Unamortised finance charges	(402)	–
	499,598	–

	Lease liabilities	
	2025	2024
	$'000	$'000
At 1 April	77,314	41,529
Changes from financing cash flows:		
– Capital element of lease rentals paid	(37,386)	(37,825)
– Interest element of lease rentals paid	(2,886)	(3,564)
Total changes from financing cash flows	(40,272)	(41,389)
Other changes:		
– Increase in lease liabilities from entering into new leases during the year	9,772	73,610
– Termination of lease arrangements during the year	(481)	–
– Interest expense (Note 6(a))	2,886	3,564
Total other changes	12,177	77,174
At 31 March	49,219	77,314

13. Properties held for sale

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

	2025	2024
	$'000	$'000
In Hong Kong, with remaining lease term of:		
– 50 years or more	5,674	5,674
– between 10 and 50 years	472,790	511,838
	478,464	517,512

14. Balances with joint development projects

	2025	2024
	$'000	$'000
Amounts due from joint development projects	35,349	17,521
Amounts due to joint development projects	(280,021)	(256,653)
	(244,672)	(239,132)

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

(expressed in Hong Kong Dollars)

14. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2025:

	Project Name/Location	Land use	Total gross floor area	Actual completion date	Expected completion date
			(m^2)	(calendar year)	(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	–
*	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	2012	–
	Park Metropolitan (Kwun Tong)	Residential	27,830	2014	–
	Park Ivy (Tai Kok Tsui)	Commercial/Residential	4,843	2014	–
*	The Avenue/Lee Tung Avenue (Wan Chai)	Commercial/Residential	83,898	2015	–
	My Place (Ma Tau Kok)	Commercial/Residential	6,944	2016	–

14. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2025: (Continued)

Project Name/Location	Land use	Total gross floor area	Actual completion date	Expected completion date
		(m^2)	(calendar year)	(calendar year)
* SKYPARK/The Forest (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	–
93 Pau Chung Street (Ma Tau Kok)	Commercial/Residential	10,345	2018	–
Downtown 38 (Ma Tau Kok)	Commercial/Residential	9,783	2020	–
Monti (Sai Wan Ho)	Residential	5,680	2020	–
Madison Park (Sham Shui Po)	Commercial/Residential	4,884	2020	–
Artisan Garden (Ma Tau Kok)	Commercial/Residential	12,456	2021	–
Grand Central (Kwun Tong)	Commercial/Residential	179,376	2021	–
Seaside Sonata (Sham Shui Po)	Commercial/Residential	58,899	2021	–
Sablier (Tai Kok Tsui)	Commercial/Residential	5,738	2021	–

(expressed in Hong Kong Dollars)

14. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2025: (Continued)

Project Name/Location	Land use	Total gross floor area	Actual completion date	Expected completion date
		(m^2)	(calendar year)	(calendar year)
L • LIVING 23 (Tai Kok Tsui)	Commercial/Residential	6,597	2021	–
One Soho (Yau Ma Tei)	Commercial/Residential	12,507	2023	–
The Symphonie (Sham Shui Po)	Commercial/Residential	13,409	2023	–
The Harmonie (Sham Shui Po)	Commercial/Residential	14,841	2023	–
Bal Residence (Kwun Tong)	Commercial/Residential	6,661	2024	–
Echo House (Sham Shui Po)	Commercial/Residential	9,675	2025	–
One Central Place (Sheung Wan)	Commercial/Stadium and Youth Centre/Residential	9,646	–	2025
Peel Street/Graham Street — Site C (Sheung Wan)	Commercial/Office/Hotel	41,461	–	2026
Oak Street/Ivy Street (Yau Tsim Mong)	Commercial/Residential	5,565	–	2026
Bailey Street/ Wing Kwong Street (Kowloon City)	Commercial/Residential	66,654	–	2027
Hung Fook Street/ Ngan Hon Street (Kowloon City)	Commercial/Residential	41,229	–	2027

14. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2025: (Continued)

Project Name/Location	Land use	Total gross floor area	Actual completion date	Expected completion date
		(m^2)	(calendar year)	(calendar year)
Sung Hing Lane/Kwai Heung Street (Central & Western)	Commercial/Residential	8,739	–	2027
Wing Kwong Street/ Sung On Street (Kowloon City)	Commercial/Residential	25,884	–	2027
Hung Fook Street/ Kai Ming Street/ Wing Kwong Street (Kowloon City)	Commercial/Residential	48,942	–	2028
Queen's Road West/ In Ku Lane (Central & Western)	Commercial/Residential	12,530	–	2028
Shing Tak Street/ Ma Tau Chung Road (Kowloon City)	Commercial/Residential	38,547	–	2029

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

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)

15. Trade and other receivables

As at 31 March 2025, the trade and other receivables are current in nature and analysed as follows:

	2025	2024
	$'000	$'000
Trade receivables and prepayments	208,839	219,932
Interest receivables	332,640	197,372
Other receivables and deposits	30,367	30,125
Balance at 31 March	571,846	447,429

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.

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 2025, the Authority had received all five tranches of equity injection of $10 billion in total.

17. Trade and other payables

As at 31 March 2025, the trade and other payables are analysed as follows:

	Note	2025	2024
		$'000	$'000
Contract liabilities	(a)	138,920	112,592
Lease liabilities		49,219	77,314
Trade payables		101,525	83,708
Rental and other deposits received		266,069	90,848
Other payables		43,547	3,383
Accrued expenses		2,458,544	2,357,698
		3,057,824	2,725,543

Representing:

	2025	2024
	$'000	$'000
Non-current portion	366,819	400,806
Current portion	2,691,005	2,324,737
	3,057,824	2,725,543

Note:

(a) Contract liabilities

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.

(expressed in Hong Kong Dollars)

17. Trade and other payables (Continued)

Note: (Continued)

(a) Contract liabilities (Continued)

Movements in contract liabilities

	2025	2024
	$'000	$'000
Balance at 1 April	112,592	61,561
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	(861)	(18,721)
Increase in contract liabilities as a result of receiving forward sales deposits and instalments during the year in respect of property sales not yet completed as at 31 March	27,189	69,752
Balance at 31 March	138,920	112,592

18. Bonds issued

As at 31 March 2025, the Group has issued the following fixed rate notes under a Medium Term Note programme:

	2025	2024
	$'000	$'000
Non-current portion		
HK dollar fixed rate notes with coupon of 3.85% due 2026	–	500,000
HK dollar fixed rate notes with coupon of 3.35% due 2027	4,000,000	–
HK dollar fixed rate notes with coupon of 3.45% due 2029	5,000,000	–
HK dollar fixed rate notes with coupon of 3.50% due 2032	1,500,000	–
HK dollar fixed rate notes with coupon of 3.55% due 2034	3,000,000	–
Less: Unamortised bonds issuing costs	(38,636)	(889)
	13,461,364	499,111
Current portion		
HK dollar fixed rate notes with coupon of 3.85% due 2026	500,000	–
Less: Unamortised bonds issuing costs	(402)	–
	499,598	–
Total	13,960,962	499,111

19. Provident fund schemes

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 2025 was $41,765,000 (2023/24: $38,541,000), net of forfeitures of $2,270,000 (2023/24: $2,917,000), which has been charged to the Group's profit or loss for the year.

20. Commitments

(a) Capital commitments

Capital commitments in respect of acquisition of property, plant and equipment at 31 March 2025 are as follows:

	2025	2024
	$'000	$'000
Contracted but not yet incurred	778	4,800

(b) Operating lease rental receivable

As at 31 March 2025, undiscounted lease payments under non-cancellable operating leases in place in respect of properties will be receivable by the Group in future periods, except for those commercial portions jointly developed by the developer and the Group, are as follows:

	2025	2024
	$'000	$'000
Within 1 year	137,297	128,041
After 1 year but within 2 years	63,600	87,159
After 2 years but within 3 years	22,448	21,736
After 3 years but within 4 years	8,031	8,873
After 4 years but within 5 years	2,964	5,026
After 5 years	988	–
	235,328	250,835

(expressed in Hong Kong Dollars)

21. Significant related party transactions

Transactions entered into by the Group with members of the Board, 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 $55,050,000 (2023/24: $53,533,000) 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 2025, there was an amount of $4,542,000 (31 March 2024: $4,506,000) 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"). As at 31 March 2025, there was an amount of $62,151,000 (31 March 2024: $126,889,000) 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. During the year, the Authority provided administrative and support services to the Fund for $2,539,000 (2023/24: $2,418,000), and charged the said Fund $25,000 (2023/24: $26,000) for office accommodation expenses.

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

22. 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 2025 is set out as follows:

	Note	2025	2024
		$'000	$'000
Non-current assets			
Property, plant and equipment		7,577,897	7,844,728
Properties under development		28,329,072	21,048,425
Interest in subsidiaries	22(a)	46,808	40,320
Loan to a subsidiary		14,600	14,600
Building rehabilitation loans		2,171	3,354
Prepayments		1,415,538	604,740
Investments		–	550,000
Bank deposits		834,857	–
		38,220,943	30,106,167
Current assets			
Properties held for sale		478,464	517,512
Properties under development for sale		1,314,801	1,121,976
Amounts due from joint development projects		35,349	17,521
Building rehabilitation loans		1,701	2,443
Trade and other receivables		574,270	450,512
Investments		550,000	1,100,000
Cash and bank balances		19,788,981	16,543,514
		22,743,566	19,753,478
Total assets		60,964,509	49,859,645
Capital and reserve			
Capital		10,000,000	10,000,000
Accumulated surplus		33,665,991	36,378,641
	22(b)	43,665,991	46,378,641
Non-current liabilities			
Trade and other payables		366,819	400,806
Bonds issued		13,461,364	499,111
		13,828,183	899,917
Current liabilities			
Amounts due to joint development projects		280,021	256,653
Trade and other payables		2,690,716	2,324,434
Bonds issued		499,598	–
		3,470,335	2,581,087
Total capital, reserve and liabilities		60,964,509	49,859,645

(expressed in Hong Kong Dollars)

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

(a) Interest in subsidiaries

	2025	2024
	$'000	$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (Note)	95,989	85,344
Less: Provision for impairment	(49,182)	(45,025)
	46,808	40,320

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	Principal activities
		$	
Champ Dragon Properties Limited	1	1	Property holding
Ease Shine Development Limited	1	1	Property holding
Full Wisdom Enterprises Limited	1	1	Property holding
High Union Development Limited	1	1	Property holding
Hong Kong Building Rehabilitation Facilitation Services Limited	1	1	Building rehabilitation facilitation services
Joyful Success Investment Limited	1	1	Property holding
Max Grace Properties Limited	1	1	Property holding
Opalman Limited	2	2	Property holding
Sunny Joy Properties Limited	1	1	Property holding
Support Service Centre for Minority Owners under Compulsory Sale*	–	–	Support services to minority owners
Urban Redevelopment Facilitating Services Company Limited	1	10	Urban redevelopment facilitating services
Well Nice Properties Limited	1	1	Property holding

* The company is limited by guarantee and does not have a share capital.

22. 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 2023	10,000,000	40,298,403	50,298,403
Deficit and total comprehensive income for the year	–	(3,919,762)	(3,919,762)
Balance at 31 March 2024	10,000,000	36,378,641	46,378,641
Balance at 1 April 2024	10,000,000	36,378,641	46,378,641
Deficit and total comprehensive income for the year	–	(2,712,650)	(2,712,650)
Balance at 31 March 2025	10,000,000	33,665,991	43,665,991

23. Non-adjusting event after the reporting period

On 6 June 2025, the Government announced that the Chief Executive in Council approved granting a site at Bailey Street, Hung Hom, and a site in Tseung Kwan O Area 137 to the Authority by private treaty at nominal premium of $1,000 for a term of 50 years from the date of execution, on the understanding that the two sites would be rezoned for residential use through statutory town planning procedures in due course. These land resources are additional financial support from the Government to enable the Authority to increase its net asset value and hence borrowing capacity and to tide over its liquidity needs in the coming years for, amongst other things, issuing acquisition offers for the commenced redevelopment projects to maintain the momentum of redevelopment.

24. Approval of financial statements

The financial statements were approved by the Board on 19 June 2025.