

Financial Statements

財務報表

INCOME AND EXPENDITURE ACCOUNT 收入支出賬

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

		Notes 附註	2006	2005 (restated) (重列)
(in HK\$Million)	(港幣百萬元)			
Revenue	營業收入	7	1,018.0	3,457.8
Other income	其他收入		22.2	23.8
			1,040.2	3,481.6
Less: Property development and related costs	減：物業發展及有關成本		22.6	2,093.5
Marketing and selling expenses	市場及銷售費用		7.7	157.3
Property leasing and management expenses	屋宇租賃及管理支出		317.9	307.8
Staff costs	職工成本		258.2	254.1
Depreciation on investment properties	投資物業折舊		110.8	107.1
Amortisation of prepaid lease payments	攤銷土地租賃開支		45.0	44.9
Depreciation on property and Equipment	物業及設備折舊		46.0	28.2
Investment expenses	投資費用		30.0	18.5
Financial subsidies to home owners	給予住宅業主的財務資助		22.3	–
Revitalisation project expenditures (Reversal of impairment)	翻新項目支出 應收貸款及其他應收賬		7.2	0.1
impairment on loans and other receivables	(減值撤回)減值		(1.2)	7.0
Other expenses	其他支出		55.1	30.3
Auditors' remuneration	核數師酬金		0.5	0.4
			922.1	3,049.2
Staff costs capitalised	職工成本資產化		(32.7)	(28.8)
Prepaid lease payment capitalised	土地租賃開支資產化		(2.1)	(2.1)
			887.3	3,018.3
Surplus before investment return and properties valuation	投資回報及物業估值前盈餘		152.9	463.3
Investment income	投資收入	8	1,067.9	517.0
Reversal of write-down of housing inventories	撥回樓宇存貨減值	9	315.2	55.4
Reversal of write-down of properties under development for sale	撥回作出售用途的發展 中物業減值	9	7.3	32.6
Impairment of investment properties and provision for rehabilitation work	投資物業減值損失及 復修準備		(91.7)	(240.5)
Surplus before finance costs	財務成本前盈餘		1,451.6	827.8
Finance costs	財務成本	10	(0.3)	(0.4)
Net surplus	盈餘淨額		1,451.3	827.4

BALANCE SHEET 資產負債表

at 31st March 2006 於二零零六年三月三十一日結算

		Notes 附註	2006	2005 (restated) (重列)
(in HK\$Million)	(港幣百萬元)			
Non-current assets	非流動資產			
Property and equipment	物業及設備	14	161.5	159.3
Prepaid lease payments	預付土地租賃開支	15	1,897.3	1,942.3
Investment properties	投資物業	16	3,209.0	3,203.4
Other investments	其他投資	17	–	6,876.3
Loans receivable	應收貸款	18	404.6	654.1
			5,672.4	12,835.4
Current assets	流動資產			
Properties under development for sale	作出售用途的發展中物業	19	2,345.7	1,632.1
Housing inventories	樓宇存貨	22	3,548.9	3,286.4
Prepaid lease payments	預付土地租賃開支	15	45.0	45.0
Investments held-for-trading	持作買賣用途投資	17	7,827.0	–
Loans receivable	應收貸款	18	4.2	20.6
Accounts receivable, sundry debtors and prepayments	應收賬項、雜項應收 賬款及預付費用	23	1,108.0	63.1
Cash and bank balances	現金及銀行結餘	24	6,485.5	6,965.8
			21,364.3	12,013.0
Current liabilities	流動負債			
Loans from government	政府貸款	20	(6.1)	(6.4)
Sundry deposits, accounts payable and accruals	雜項按金、應付賬項及應付費用	23	(1,597.3)	(751.3)
Provisions	準備	21	(405.2)	(508.4)
			(2,008.6)	(1,266.1)
Net current assets	流動資產淨額		19,355.7	10,746.9
Non-current liabilities	非流動負債			
Other accounts payable	其他應付賬項	23	(177.1)	(176.5)
Loans from government	政府貸款	20	(83.6)	(89.7)
			(260.7)	(266.2)
Net assets	資產淨值		24,767.4	23,316.1

BALANCE SHEET (Continued) 資產負債表(續)

at 31st March 2006 於二零零六年三月三十一日結算

		Notes 附註	2006	2005
(in HK\$Million)				(restated) (重列)
Reserves	儲備			
Accumulated surplus	累積盈餘		24,767.4	23,133.3
Other investments revaluation reserve	其他投資重估儲備		-	182.8
			24,767.4	23,316.1

The financial statements on pages 102 to 143 were approved by the Executive Committee and authorised for issue on 20th July 2006 and are signed on its behalf by:

David C Lee (Chairman)
L C Wong (Executive Director)

載於第一百零二至第一百四十三頁的財務報表已於二零零六年七月二十日由執行委員會批准及授權發放，並由下列委員代表簽署：

李頌熹 (主席)
王麗珍 (執行總幹事)

STATEMENT OF CHANGES IN RESERVES 儲備變動表

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

(in HK\$ Million)	(港幣百萬元)	Accumulated surplus 累積盈餘	Other investments revaluation reserve 其他投資 重估儲備	Total 總額
Balance at 1st April 2004 as originally stated	二零零四年四月一日結餘 如原本列述	22,351.0	344.9	22,695.9
Effects of changes in accounting policies (see Note 3)	會計政策改變的影響 (見附註三)	(45.1)	-	(45.1)
Balance at 1st April 2004, restated	二零零四年四月一日 結餘重列	<u>22,305.9</u>	<u>344.9</u>	<u>22,650.8</u>
Net gain realised on disposal of investments	出售其他投資淨溢利	-	(307.7)	(307.7)
Surplus on revaluation of other investments recognised directly in reserve	未於收入支出賬確認之 其他投資重估盈餘	-	145.6	145.6
Net surplus for 2004/05	二零零四/零五年度盈餘 淨額	<u>827.4</u>	<u>-</u>	<u>827.4</u>
Total recognised gain for the year	本年度總確認收入	<u>827.4</u>	<u>(162.1)</u>	<u>665.3</u>
Balance at 31st March 2005	二零零五年三月三十一日 結餘	23,133.3	182.8	23,316.1
Effect of changes in accounting policies (see Note 3)	會計政策改變的影響 (見附註三)	182.8	(182.8)	-
Balance at 1st April 2005, restated	二零零五年四月一日 結餘重列	<u>23,316.1</u>	<u>-</u>	<u>23,316.1</u>
Net surplus for 2005/06	二零零五/零六年度 盈餘淨額	<u>1,451.3</u>	<u>-</u>	<u>1,451.3</u>
Balance at 31st March 2006	二零零六年三月三十一日 結餘	<u><u>24,767.4</u></u>	<u><u>-</u></u>	<u><u>24,767.4</u></u>

CASH FLOW STATEMENT 現金流量表

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

(in HK\$Million)	(港幣百萬元)	2006	2005 (restated) (重列)
Operating activities	營運活動		
Cash receipts from tenants/flat owners/flat buyers/borrowers	從租客、業主、樓宇買家及貸款計劃借款人所收取的現金	1,119.1	3,599.3
Cash payments for property leasing and management	屋宇租賃及管理的現金支出	(314.6)	(310.0)
Cash payments for site acquisition and project development	收購土地及發展成本現金支出	(820.4)	(1,402.2)
Cash payments to employees in respect of salaries and other benefits	員工薪酬及福利現金支出	(258.8)	(236.2)
Other cash payments	其他現金支出	(152.6)	(61.6)
Cash (used in) generated from operations	營運活動現金(流出)流入	(427.3)	1,589.3
Interest paid	利息支出	(0.3)	(0.3)
Net cash (used in) generated from operating activities	營運活動現金(流出)流入淨額	(427.6)	1,589.0
Investing activities	投資活動		
Interest received	利息收入	415.8	219.6
Interest paid	利息支出	(11.2)	(14.0)
Dividends received	股息收入	46.1	24.9
Payment for redevelopment/rehabilitation of investment properties	投資物業重建/復修支出	(116.8)	(213.0)
Payment for property and equipment	物業及設備支出	(46.4)	(20.4)
Payment for investments held-for-trading/ other investments	作買賣用途投資/其他投資淨支出	(293.0)	(1,563.2)
Payment on warranty made for the sale of home loans	出售樓宇貸款保證支出	(10.8)	(11.8)
Investment management fees and bank charges paid	投資管理費及銀行費用支出	(30.0)	(18.0)
Increase in deposits invested by fund managers	由基金經理投資的存款增加	-	(15.9)
Net cash used in investing activities	投資活動現金流出淨額	(46.3)	(1,611.8)

CASH FLOW STATEMENT (Continued) 現金流量表 (續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

		2006	2005
			(restated) (重列)
(in HK\$ Million)	(港幣百萬元)		
Cash used in financing activity	融資活動現金流出		
Repayment of loans from government	償還政府貸款	(6.4)	(8.2)
Net decrease in cash and cash equivalents	現金及現金等價項目淨減少	(480.3)	(31.0)
Cash and cash equivalents at beginning of the year	年初現金及現金等價項目結存	6,965.8	6,996.8
Cash and cash equivalents at end of the year	年終現金及現金等價項目結存	6,485.5	6,965.8
Analysis of the balances of cash and cash equivalents	現金及現金等價項目結餘分析		
Cash and bank balances	現金及銀行存款	6,485.5	6,965.8

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

1. GENERAL

The Hong Kong Housing Society (the "Housing Society") was incorporated on 18th May 1951 under the Hong Kong Housing Society Incorporation Ordinance. The address of its registered office and principal place of business is 29/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.

The principal activities of the Housing Society are property sales, letting, management and financing, which are all conducted in Hong Kong.

The financial statements are presented in Hong Kong dollars which is also the functional currency of the Housing Society.

2. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")/ CHANGES IN ACCOUNTING POLICIES

(i) Application of new/revised HKFRSs

In the current year, the Housing Society has applied, for the first time, all of the new and revised standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for accounting periods beginning on or after 1st January 2005. The application of these new and revised standards and interpretations has resulted in changes to the Housing Society's accounting policies in the following areas that have materially affected the amounts reported and presented for the current or prior years.

(a) Hong Kong Accounting Standard ("HKAS")17 "Leases" and HKAS 40 "Investment Property"

The application of HKAS 17 and HKAS 40 has resulted in changes in the Housing Society's accounting policies on leasehold interest in lands and properties held to earn rental and/or capital appreciation.

Previously, all properties were classified as "fixed assets" (now renamed as "property and equipment") and carried at cost less accumulated depreciation and any accumulated impairment.

On application of HKAS 17, all leases of land are defined as operating leases and the lease payments are classified as "prepaid lease payments" and are charged to income and expenditure account on a straight-line basis over the term of the relevant lease.

1. 概述

香港房屋協會(房屋協會)乃根據香港房屋協會法團條例於一九五一年五月十八日註冊成立，其註冊辦事處是位於香港銅鑼灣告士打道280號世貿中心29樓。

房屋協會的主要業務為樓宇出售、租賃、管理及融資，所有業務均在香港進行。

本財務報表以港幣列示，港幣亦為房屋協會之功能貨幣。

2. 應用新香港財務報告準則 ("HKFRSs")/會計政策變動

(i) 應用新頒佈/經修訂香港財務報告準則

於本會計年度，房屋協會應用全部由香港會計師公會新頒佈並與其運作有關的香港會計準則及註釋。該等準則適用於二零零五年一月一日或之後開始之會計期間。應用這些新及經修訂準則及註釋使房屋協會的會計政策在以下幾方面有所改變，並影響本會計年度及以往會計年度之業績編制及呈列。

(a) 香港會計準則第17號“租賃”及香港會計準則第40號“投資物業”

有關租賃土地和持作收租及/或資本增值物業的會計政策已因應採用香港會計準則第17號及第40號而改變。

在以往年度，所有物業被列入固定資產(現已改名為物業及設備)，並按原值減去累計折舊及累計減值呈列。

按香港會計準則第17號規定，租賃土地乃營運租約，所有租賃開支要列作預付租賃土地開支，再按有關租約年期用直線法在收入支出賬中攤銷。

2. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)/ CHANGES IN ACCOUNTING POLICIES (Continued)

(i) Application of new/revised HKFRSs (Continued)

HKAS 40 permits the election of either the fair value model or the cost model to account for the value of properties held to earn rental and/or for capital appreciation. The Housing Society has elected to apply the cost model. The leases of land are dealt with in accordance with HKAS 17 as described above. The building elements are classified as “investment properties” and carried at cost less accumulated depreciation and any accumulated impairment, which is in accordance with HKAS 16 and the same as the existing treatment. The fair value of the building elements shall be disclosed unless the fair value cannot be reliably assessed.

Details of the above accounting policies are given in Note 4 and the effects on the retrospective application of HKAS 17 and HKAS 40 are shown in Note 3.

(b) HKAS 32 “Financial Instruments: Disclosure and Presentation” and HKAS 39 “Financial Instruments: Recognition and Measurement”

The application of HKAS 32 and HKAS 39 has resulted in a change in the Housing Society’s accounting policy for recognition, measurement, de-recognition and disclosure of financial instruments.

Until 31 March 2005, the Housing Society’s investments in securities were carried at fair value in accordance with alternative treatment under Statement of Standard Accounting Practice 24. Unrealised gains or losses were included in other investments revaluation reserve and subsequently recognised in the income and expenditure account in the reporting period when the securities were sold or determined to be impaired. Other financial assets were carried at cost less any appropriate provision for doubtful debts. Other financial liabilities were carried at cost.

2. 應用新香港財務報告準則 (“HKFRSs”) / 會計政策變動 (續)

(i) 應用新頒佈 / 經修訂香港財務報告準則 (續)

香港會計準則第40號准許選擇用公允值入賬法或成本值入賬法，來計算持作收租及 / 或資本增值物業的賬面價值，房屋協會選擇採納成本值入賬法。租賃土地則按香港會計準則第17號計算入賬。樓宇部份則按香港會計準則第16號規定，即現在沿用的計算方法，被列為投資物業，以成本價減累計折舊及累計減值入賬，並要披露其公允價值。如公允價值不能可靠地確定，則不用披露。

以上香港會計準則的解說詳列在附註四，因追溯應用會計準則第17號及40號的影響則見附註三。

(b) 香港會計準則第32號“金融工具：披露與呈報”及香港會計準則第39號“金融工具：確認與計量”

採用香港會計準則第32號和第39號改變有關確認、計量、剔除及披露金融工具的會計政策。

直至二零零五年三月三十一日，證券基金投資根據標準會計準則第二十四號中的其他處理方法以公允價值入賬，未變現盈虧乃撥入其他投資重估儲備，直至售出此等證券，或確定為已減值為止，屆時所有累積盈虧則列入該年度的收入支出賬。其他財務資產是以成本減呆壞賬準備入賬，其他財務負債則以成本入賬。

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

2. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) / CHANGES IN ACCOUNTING POLICIES (Continued)

(i) Application of new/revised HKFRSs (Continued)

In accordance with the transitional provisions of HKAS 39, on 1st April 2005, the Housing Society reclassified its other investments as “investments held-for-trading”, which are stated at fair value at the balance sheet date. All realised gains and losses from investment transactions are recognised in the income and expenditure account in the reporting period when the transactions occur. All unrealised gains and losses arising from changes in fair value at the balance sheet date are also recognised in the income and expenditure account, and may fluctuate subsequent to the balance sheet date depending on the volatility of the investment environment. Other financial assets are initially recognised at fair value and subsequently measured at amortised cost less impairment, if any. Other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. In accordance with the provisions of HKAS 32, the policy on financial risk management is disclosed in Note 5. Details of the above accounting policies are given in Note 4 and the effects of application of transitional provision of HKAS 39 are shown in Note 3.

(ii) At the date of authorisation of financial statements, the following standards, amendments and interpretations have been issued but not effective:

		Effective for annual periods beginning on or after			於此或 以後會計 期間生效
HKAS 1 (Amendment)	Capital Disclosures	1st January 2007	香港會計準則 第1號(修訂)	資本披露	二零零七年 一月一日
HKFRS 6	Exploration for and Evaluation of Mineral Resources	1st January 2006	香港財務報告 準則第6號	礦務資源開發 及量值	二零零六年 一月一日
HKFRS 7	Financial Instruments: Disclosures	1st January 2007	香港財務報告 準則第7號	財務工具：披露	二零零七年 一月一日
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures	1st January 2006	香港會計準則 第19號(修訂)	實際盈利及 虧損、集成方案 及披露	二零零六年 一月一日

2. 應用新香港財務報告準則
 (“HKFRSs”) / 會計政策變動(續)

(i) 應用新頒佈／經修訂香港財務報告準則(續)

按香港會計準則第39號的過渡條文規定，在二零零五年四月一日，房屋協會的其他投資已被重列為“持作買賣用途投資”，並以結算當日之公允價值入賬。所有由投資交易而產生的已變現盈虧會在交易發生之期間的收入支出賬中反映。所有由於在結算日公允價值改變而產生的未變現盈虧亦會在收入支出賬中反映，但會因結算日後的波動投資環境而變動。其他財務資產最初是以公允價值入賬，其後以已攤銷成本，減如有減值計算。其他財務負債最初是以公允價值入賬，其後以已攤銷成本計算。香港會計準則第32號所要求披露的財務風險管理見附註五。以上會計政策的詳列見附註四。因應用香港會計準則第39號過渡條文的影響見附註三。

(ii) 於授權發放此財務報告時，已發出唯未生效之新準則、修訂及詮釋現列如下：

2. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)/ CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) At the date of authorisation of financial statements, the following standards, amendments and interpretations have been issued but not effective: (Continued)

HKAS 21 (Amendment)	Net Investment in a Foreign Operation	1st January 2006	香港會計準則第21號(修訂)	匯率變更之影響 — 投資海外營運淨額	二零零六年一月一日
HKAS 39 (Amendment)	The Fair Value Option	1st January 2006	香港會計準則第39號(修訂)	公平值選擇權	二零零六年一月一日
HKAS 39 (Amendment)	Cashflow Hedge Accounting of Forecast Intragroup Transactions	1st January 2006	香港會計準則第39號(修訂)	預期集團內部交易之現金流對沖賬	二零零六年一月一日
HKAS 39 and HKFRS 4 (Amendments)	Financial Guarantee Contracts	1st January 2006	香港會計準則第39號及香港財務報告準則第4號(修訂)	財務保證合約	二零零六年一月一日
HK(IFRIC) – Int 4	Determining whether an arrangement contains a lease	1st January 2006	香港會計準則詮釋第4號	釐定一項安排是否包含一項租賃	二零零六年一月一日
HK(IFRIC) – Int 5	Rights to Interests Arising from Discommissioning, Restoration and Environmental Rehabilitation Funds	1st January 2006	香港會計準則詮釋第5號	由非委託、歸還及綠化基金引起之權益	二零零六年一月一日
HK(IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment	1st December 2005	香港會計準則詮釋第6號	參與指定耗電量市場及電力裝置引起之負債	二零零五年十二月一日
HK(IFRIC) – Int 7	Applying the restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economics	1st March 2006	香港會計準則詮釋第7號	按香港會計準則第29號高通脹經濟體採用重列方法	二零零六年三月一日

2. 應用新香港財務報告準則 (“HKFRSs”) / 會計政策變動 (續)

(ii) 於授權發放此財務報告時，已發出唯未生效之新準則、修訂及詮釋現列如下：(續)

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

2. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)/ CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) At the date of authorisation of financial statements, the following standards, amendments and interpretations have been issued but not effective: (Continued)

HK(IFRIC) – Int 8	Scope of HKFRS 2	1st May 2006
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives	1st June 2006

(a) HKAS 39 & HKFRS 4 (Amendments) “Financial Guarantee Contracts”

The Housing Society has early adopted this Amendment. The Housing Society’s financial guarantee contracts were previously disclosed as contingent liabilities or provision. Following the early adoption of the Amendment, the financial guarantee contracts are measured initially at fair value and subsequently at the higher of 1) the amount determined in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and 2) the amount initially recognised less cumulative amortisation recognised over the life of the guarantee contract on a straight line basis.

The application of the Amendment requires retrospective application and the effects are shown in Note 3.

(b) Other than (a) above, the Housing Society has not early adopted the other standards, amendments and interpretations. The Housing Society so far concluded that the application of these standards, amendments and interpretations will have no material effect to the financial statements of the Housing Society.

2. 應用新香港財務報告準則 (“HKFRSs”) / 會計政策變動(續)

(ii) 於授權發放此財務報告時，已發出唯未生效之新準則、修訂及詮釋現列如下：(續)

香港會計準則 詮釋第8號	香港財務報告 準則第2號 之範圍	二零零六年 五月一日
香港會計準則 詮釋第9號	重新評估內含 衍生工具	二零零六年 六月一日

(a) 香港會計準則第39號及香港財務報告準則第4號(修訂)“財務保證合約”

房屋協會提早採納此修訂。在前年度，財務保證合約是呈列在或然負債或準備中。由於提早採納此修訂準則，此等合約需要以最初之公允值入賬，其後以(1)香港會計準則第37號“準備，或然負債及或有資產”規定計算之價值和(2)最初確認之價值減以直線方法按保證年期計算之累積攤銷，取兩者較高者入賬。

採納此項修訂需以追溯方式應用，其對財務狀況之影響見附註三。

(b) 除上述(a)以外，房屋協會並沒有提前採納其餘新準則、修訂及詮釋。截至現時，房屋協會認為應用此等新準則、修訂及詮釋將不會對其財務報表有重大影響。

3. SUMMARY OF EFFECTS ON CHANGES IN ACCOUNTING POLICIES

(i) The effect of the changes in the accounting policies described in Note 2 above on the results of the current and prior years are as follows:

3. 會計政策改變的影響摘要

(i) 附註二所述會計政策改變對本年度及前年度業績構成以下影響：

		2006	2005
(in HK\$Million)	(港幣百萬元)		
Impact on HKAS 17 & 40: -	香港會計準則第 17 及 40 號之影響：-		
Increase in depreciation on property and equipment	物業及設備折舊增加	46.0	28.2
Increase in depreciation on investment properties	投資物業折舊增加	110.8	107.1
Increase in amortisation of prepaid lease payments	攤銷預付租賃開支增加	45.0	44.9
Increase in prepaid lease payment capitalised	土地租賃開支資產化	(2.1)	(2.1)
Decrease in depreciation on fixed assets	固定資產折舊減少	(199.7)	(178.1)
Impact on HKAS 39 & HKFRS 4 (amendments): -	香港會計準則第 39 號及香港財務報告準則第 4 號 (修訂) 之影響：-		
Decrease in bank loans guarantee expenses	銀行貸款保證支出減少	(3.9)	(16.0)
Increase in surplus for the year	本年度盈餘增加	(3.9)	(16.0)
Analysis of increase in surplus for the year by line items presented according to their functions: -	本年度盈餘增加，按收入支出賬內的分類分析如下：-		
Decrease in property development and related costs	物業發展及有關成本的減少	(3.9)	(16.0)

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

3. SUMMARY OF EFFECTS ON CHANGES IN ACCOUNTING POLICIES (Continued)

3. 會計政策改變的影響摘要(續)

(ii) The cumulative effect of the application of the new HKFRSs on the balance sheet as at 31st March 2005 and 1st April 2005 are summarised below:

(ii) 因應用新HKFRSs而對於二零零五年三月三十一日及於二零零五年四月一日之資產負債表的累計影響概括如下：

		As at 31st March 2005 於二零零五年 三月三十一日	Retrospective Adjustments 追溯調整	As at 31st March 2005 於二零零五年 三月三十一日	Adjustments 調整	As at 1st April 2005 於二零零五年 四月一日
		(originally stated) (以往列賬)	(i)	(restated) (重列)	(ii)	(restated) (重列)
(in HK\$Million)	(港幣百萬元)					
Non-current assets	非流動資產					
Fixed assets	固定資產	5,350.0	(5,350.0)	–	–	–
Property and equipment	物業及設備	–	159.3	159.3	–	159.3
Prepaid lease payments	預付土地租賃開支	–	1,942.3	1,942.3	–	1,942.3
Investment properties	投資物業	–	3,203.4	3,203.4	–	3,203.4
Other investments	其他投資	6,876.3	–	6,876.3	(6,876.3)	–
Loans receivable	應收貸款	654.1	–	654.1	–	654.1
		<u>12,880.4</u>	<u>(45.0)</u>	<u>12,835.4</u>	<u>(6,876.3)</u>	<u>5,959.1</u>
Current assets	流動資產					
Properties under development for sale	作出售用途的 發展中物業	1,632.1	–	1,632.1	–	1,632.1
Housing inventories	樓宇存貨	3,286.4	–	3,286.4	–	3,286.4
Prepaid lease payments	預付土地租賃開支	–	45.0	45.0	–	45.0
Investments held-for-trading	持作買賣用途投資	–	–	–	6,961.0	6,961.0
Loans receivable	應收貸款	20.6	–	20.6	–	20.6
Accounts receivable, sundry debtors and prepayments	應收賬項、雜項 應收賬款及 預付費用	63.1	–	63.1	1,480.0	1,543.1
Cash and bank balances	現金及銀行結餘	6,965.8	–	6,965.8	126.5	7,092.3
		<u>11,968.0</u>	<u>45.0</u>	<u>12,013.0</u>	<u>8,567.5</u>	<u>20,580.5</u>

3. SUMMARY OF EFFECTS ON CHANGES IN ACCOUNTING POLICIES (Continued)

3. 會計政策改變的影響摘要(續)

		As at 31st March 2005 於二零零五年 三月三十一日	Retrospective Adjustments 追溯調整	As at 31st March 2005 於二零零五年 三月三十一日	Adjustments 調整	As at 1st April 2005 於二零零五年 四月一日
		(originally stated) (以往列賬)	(i)	(restated) (重列)	(ii)	(restated) (重列)
(in HK\$Million)		(港幣百萬元)				
Current liabilities	流動負債					
Loans from government	政府貸款	(6.4)	–	(6.4)	–	(6.4)
Sundry deposits, accounts payable and accruals	雜項按金、應付賬項及應付費用	(751.3)	–	(751.3)	(1,691.2)	(2,442.5)
Provisions	準備	(479.3)	(29.1)	(508.4)	–	(508.4)
		(1,237.0)	(29.1)	(1,266.1)	(1,691.2)	(2,957.3)
Net current assets	流動資產淨額	<u>10,731.0</u>	<u>15.9</u>	<u>10,746.9</u>	<u>6,876.3</u>	<u>17,623.2</u>
Non-current liabilities	非流動負債					
Other accounts payable	其他應付賬項	(176.5)	–	(176.5)	–	(176.5)
Loans from government	政府貸款	(89.7)	–	(89.7)	–	(89.7)
		(266.2)	–	(266.2)	–	(266.2)
Net assets	資產淨值	<u>23,345.2</u>	<u>(29.1)</u>	<u>23,316.1</u>	<u>–</u>	<u>23,316.1</u>
Reserves	儲備					
Accumulated surplus	累積盈餘	23,162.4	(29.1)	23,133.3	182.8	23,316.1
Other investments revaluation reserve	其他投資重估儲備	182.8	–	182.8	(182.8)	–
		<u>23,345.2</u>	<u>(29.1)</u>	<u>23,316.1</u>	<u>–</u>	<u>23,316.1</u>

(i) Retrospective adjustments due to adoption of HKAS 17, 40 and HKAS 39 & HKFRS 4 (Amendments).

(i) 因採用香港會計準則第17號、40號及香港會計準則第39號和香港財務報告準則第4號(修訂)導致的追溯調整。

(ii) Adjustments due to adoption of HKAS 39.

(ii) 因採用香港會計準則第39號導致的調整。

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

3. SUMMARY OF EFFECTS ON CHANGES IN ACCOUNTING POLICIES (Continued)

Effect on accumulated surplus at 1st April 2004

Retrospective application of HKAS 39 and HKFRS 4 (Amendments) had decreased the accumulated surplus at 1st April 2004 by HK\$45.1 million.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis and in accordance with HKFRSs issued by the HKICPA, except for certain financial instruments which are stated at fair values, as explained in the accounting policies below.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods sold and service provided in the normal course of business, net of discounts.

Proceeds on sale of properties are recognised when the occupation permit is granted or when the sale is completed, whichever is the later. Payments received from purchasers prior to this stage are recorded as deposits on sale of properties under current liabilities.

Where properties are sold under deferred terms with part of the sales proceeds not being receivable until after an interest-free period, the fair value of sales proceeds is determined by discounting the sales proceeds with deferred terms using the effective interest rate for other similar credit arrangement. The difference between the fair value and the sales proceeds with deferred terms is recognised in the income and expenditure account as a reduction of sales proceeds.

Rental income from investment properties under operating leases is recognised on a straight line basis over the terms of the respective leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Management fee income is recognised when services are rendered.

3. 會計政策改變的影響摘要(續) 對於二零零四年四月一日累積盈餘的影響

因追溯應用香港會計準則第39號和香港財務報告準則第4號(修訂)，導致於二零零四年四月一日的累積盈餘減少港幣四千五百一十萬元。

4. 主要會計政策

除部份金融工具如下列會計政策所述以公允價值列報外，本財務報表乃採用歷史成本會計基準及根據香港會計師公會所頒佈的HKFRSs編製。

收入確認

收入是以在正常交易下因出售貨物和提供服務，在扣除折扣後的已收取或可收取報酬的公允價值計算。

出售物業收入以下列兩者日期的較後者入賬：取得入伙紙或完成出售手續。於上述日期前所收取的買方訂金則作為預售樓宇按金入賬並列於流動負債內。

當物業在遞延條件下出售，而部份樓款可以在一段免息期後收取，物業收入的公允價值以同類型貸款安排下的折現率(即其實質利率)折現其附有遞延條款的銷售收入。公允價值與有遞延條款的銷售收入的差額會列入收入支出賬內。

以營業租約從投資物業獲取的租金收入乃按有關租約期以直線基準確認入賬。於商討及安排租約時所產生的直接成本會加入租賃資產內，及以直線基準於租約期內分攤確認為費用入賬。

管理費收入於服務提供時確認入賬。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income is recognised when the shareholders' rights to receive payment have been established.

Property and equipment and depreciation

Property and equipment are stated at cost less subsequent accumulated depreciation and impairment losses.

Depreciation are provided to write off the cost of property and equipment over the estimated useful lives, using the straight-line method at the following rates per annum:

Buildings	Over the estimated useful lives of 40 years or the unexpired period of lease, whichever is the shorter
Equipment	20% – 25%

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income and expenditure account in the year in which the item is derecognised.

Operating leases

Rentals payable and prepaid lease payments under operating leases are charged to income and expenditure account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Investment properties

Investment properties are carried at cost less subsequent accumulated depreciation and impairment losses (if any). Depreciation is provided over the estimated useful lives of 40 years or the unexpired period of lease, which ever is shorter.

4. 主要會計政策(續)

收入確認(續)

利息收入以時間為基準參照未償還本金及適用利率確認入賬，而該利率乃透過融資之資產結轉淨額之預計年限扣除估計未來現金收入。

股息收入乃在股東有權收取款項時予以確認入賬。

物業及設備和折舊

物業及設備乃按原值減去其後累計折舊及減值損失列出。

折舊乃將物業及設備的價值以直線方法按其估計可使用年期，依照下列折舊年率撇除：

樓宇	按四十年的估計可使用年期 或地契剩餘年期二者的較短者
設備	百分之二十至二十五

當物業或設備被出售，或估計在其被使用時未能帶來經濟收益，該等物業及設備會被撇銷。在撇銷時所產生的溢利或虧損，即出售資產淨收入與資產所持價值的差額，於撇銷年度內在收入支出賬內確認入賬。

營業租約

在營業租約下的應付租金及土地租賃開支是以直線基準於有關租約期內分攤列於收入支出賬。於制定營業租約時所獲得的應收或已收利益亦是以直線基準於有關租約期內分攤。

投資物業

投資物業乃按原值減去其後累計折舊及減值損失(如有)列出。折舊乃按四十年的估計可使用年期或地契剩餘年期二者的較短者來計算。

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

No depreciation is provided for investment property under redevelopment until such asset is ready for its intended use.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the income and expenditure account in the year in which the item is derecognised.

Properties under development for sale

Properties under development for sale in the ordinary course of business are stated at the lower of cost and net realisable value.

Housing inventories

Housing inventories represent properties held for sale and are stated at the lower of cost and net realisable value.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

4. 主要會計政策(續)

投資物業(續)

除發展中的投資物業已達到可作其預計用途外，這些物業是不提折舊。

當出售或長期不再使用或出售該投資物業預期不會帶來經濟利益時，則不再確認該投資物業。因不再確認而獲得的利益或虧損(按該項資產的出售收入淨額及其賬面值的差額計算)於該年度的收入支出賬入賬。

作出售用途的發展中物業

待建成後用作出售用途的發展中物業乃以成本值及套現淨值的較低者入賬。

樓宇存貨

樓宇存貨乃可作出售的物業，以成本及可套現淨值的較低價入賬。

借貸成本

因收購、建築及生產為合資格資產(即需一段長時間始能達至其擬定用途或予以銷售的資產)所產生的直接應計借貸成本均撥入此等資產成本值內。當此等資產大體上已完成可作其預計用途或銷售時，即停止將該借貸成本資產化。當指定借貸尚未支付合資格資產開支而用作臨時投資時，所賺取的投資收入會從資產借貸成本款項中扣除。

其他借貸成本將於產生期間確認為費用。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and liabilities are recognised in the balance sheet when the Housing Society becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities (other than loans from government) are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in income and expenditure account.

(i) Loan and other receivables

Loan and other receivables are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in income and expenditure account when there is objective evidence that the asset is impaired. The impairment recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Investments held-for-trading

Investments held-for-trading are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are measured at fair value. Realised gains and losses from investment transactions, and unrealised gains and losses from changes in fair value at balance sheet date, are included in the income and expenditure account for the period. Until realised, unrealised gains and losses may fluctuate subsequent to the balance sheet date depending on market movements.

4. 主要會計政策(續)

財務工具

財務資產及財務負債在資產負債表內的確認乃當房屋協會已成為有關合約條款的一方。財務資產及財務負債(除政府貸款外)首先是以公允價值計量，有關於購買或發行財務資產及財務負債時直接產生的交易成本，除於損益賬以公允價值處理的財務資產及財務負債外，全都會在起初確認時的公允價值中適當地加入或扣減。而當交易成本是為於損益賬以公允價值處理的財務資產及財務負債所產生的，則該成本會立即在收入支出賬內確認。

(i) 貸款及其他應收款

貸款及其他應收款是以實際利息法在其後年度根據攤銷成本計量。當客觀資料反映該資產有減值現象時，減值相等於其估計不可收回的金額將在收入支出賬內確認。該準備的計算是以有關資產的賬面值與以最初確認時的實際利率折現其於未來產生的現金流量估計的差額。倘資產可收回金額之增幅能客觀地指出涉及確認減值後所發生之事件，則減值虧損會於以後期間撥回，惟減值撥回當日之資產賬面值不得超過如無確認減值時之原來應攤銷成本。

(ii) 持作買賣用途投資

在合約條款內的有關市場所指定交貨期限內完成的投資買賣，其確認及撤銷是以交易日基準和其公允價值入賬。由投資交易而產生的已變現盈虧，及由於在結算日公允價值改變而產生的未變現盈虧，均會在此期間的收入支出賬中反映。在未變現前，未變現盈虧會因結算日後的市場變動而改變。

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

(iii) Cash and bank balances

Cash and cash equivalents comprise cash on hand and demand deposits. Demand deposits are subsequently measured at amortised cost using the effective interest method.

(iv) Financial liabilities other than loans from Government

Financial liabilities (including accounts payables and accruals) other than loans from Government are subsequently measured at amortised cost, using the effective interest method.

Impairment of assets

At each balance sheet date, the Housing Society reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and the circumstances and events leading to the impairment cease to exist. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Provisions

Provisions are recognised when the Housing Society has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle that obligation, and a reliable estimate can be made. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

4. 主要會計政策(續)

財務工具(續)

(iii) 現金及銀行結餘

現金及銀行結餘包括持有現金和活期存款。活期存款其後以實際利率法攤銷成本列賬。

(iv) 政府貸款以外的金融負債

政府貸款以外的金融負債(包括應付賬項及應付費用)是以「實際利息法」在其後年度根據攤銷成本計量。

資產減值

於結算日，房屋協會就其資產的賬面值作出審查以決定該資產是否有減值損失的現象。

如資產的估計可收回金額少於其賬面值，該資產的賬面值則會減至其可收回金額值，減值損失立即當作費用確認。

當有關導致減值情況及事項終止出現，而可收回金額估計亦因而改變，減值損失會被撥回。當資產的減值損失期後須撥回，該資產的賬面值將會增加至其可收回金額的重估值，直至其賬面金額相等於未減值前的價值，該撥回的減值損失會當作收入確認。

準備

當過往的事項導致房屋協會須負法律或推定責任，而且日後有可能需要撥付資源償付有關責任所涉及之款項，在該款項能夠可靠地予以估計的情況下，該款項會提呈準備。準備是管理層於結算日作出在償付有關責任所涉及之款項的最佳估計，當折現影響重大時，該款項將貼現至現值入賬。

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants and assistance

Government grants received or receivable after 1st April 2003 are recognised as income over the period necessary to match them with the related costs. Grants related to depreciable assets received or receivable after 1st April 2003 are presented as a deduction from the carrying amount of the relevant asset and are recognised as income over the useful lives of the assets by way of a reduced depreciation charge.

Grants related to land obtained from the Government without premium are recorded by the Housing Society at a nominal amount.

Loans from government granted at nil or low interest rate are initially measured at cost and subsequently measured at amortised cost using the contractual rate.

Foreign currencies

Transactions in currencies other than the functional currency of the Housing Society (foreign currencies) are initially recorded at the rates prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in income and expenditure account in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income and expenditure account for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in reserve.

Retirement benefit costs

Payments to defined contribution retirement benefit scheme and mandatory provident fund scheme are charged as an expense as they fall due.

4. 主要會計政策(續)

政府補助金及援助

在二零零三年四月一日後收取或應收的政府補助金，均按相關成本的配比在有關期間內確認為收入。在二零零三年四月一日後收取或應收的可折舊資產補助金，則在有關資產的賬面值中減除，並根據該資產使用年期用減少折舊的方法確認為收入。

以零地價由政府批予房屋協會的土地補助是以象徵式金額記錄。

以零或低利率借入的政府貸款首先是以成本價記錄，其後根據合約利率攤銷成本計量。

外幣兌換

房屋協會的非功能貨幣交易最初是按交易日的匯率換算入賬。於每年結算日，貨幣性項目以結算日的匯率再換算，以公允價值列賬的非貨幣性項目，其貨幣換算是以決定其公允價值日的匯率計算，而非貨幣性項目則以歷史成本列賬及不再予以換算。

由貨幣性項目結帳時或因換算貨幣性項目所產生對換差額，均於產生期內記入收入支出賬。以公允價值列賬的非貨幣性項目，其對換差額亦記入收入支出賬。而非以公允價值列賬的非貨幣性項目所產生的對換差額則納入儲備內。

退休保障成本

支付定額供款退休保障計劃及強制性公積金計劃之費用以支出入賬。

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Housing Society's major financial instruments include equity and fixed income investments and bank deposits. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies applied by the Housing Society to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(a) Credit risk

The Housing Society is exposed to credit risk, which is the risk that a counter-party may default, on its bank deposits and fixed income investments. The Housing Society's maximum exposure to credit risk in the event of the counterparty's failure to perform their obligations as at 31st March 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

For bank deposits, the Housing Society limits its exposure by placing only with investment grade licensed banks as approved by Hong Kong Monetary Authority. To ensure there is no significant concentration of credit risk to a single counterparty, procedures are in place to ensure diversification and the bank deposits placed with each counterparty are subject to a maximum limit and this limit is monitored on an on-going basis and revised according to the counterparty's latest credit rating and financial information.

For funds managed on behalf of the Government, the Housing Society further limits its credit risk exposure by placing only with note-issuing banks in Hong Kong.

For fixed income investments, the Housing Society limits its exposure by investing in investment grades securities only. There are further restrictions on the holding limit of BBB rated bonds and corporate bonds. In addition, an overall credit rating of Aaa is maintained to ensure the fixed income portfolio is of high quality.

The Housing Society has no significant concentration of credit risk, with exposure spread over a number of counterparties.

5. 財務風險管理目標及政策

房屋協會之主要財務工具包括股票及固定收益組合投資及現金存款。該等財務工具之詳情已於相關說明中作出披露。該等財務工具之相關風險及減輕此等風險之制度載列如下。管理層管理及監察此等風險，以確保能即時及有效地採取適當措施。

(a) 信貸風險

房屋協會面對的信貸風險是來自交易對手在銀行存款及固定收益組合投資上的違約。倘於二零零六年三月三十一日，其交易對手未能履行彼等於各類別已確認財務資產之責任，房屋協會所須承受之最大信貸風險為該等資產於資產負債表中所列之賬面值。

在限制銀行存款風險，房屋協會只存款於由香港金融管理局發牌的投資級別銀行。為確保在單一交易對手中並無過度集中的信貸風險，一些程序已定立以確保分散投資，而每一交易對手的存款量亦已設有上限，該上限亦定時就其交易對手的最新信貸評級及財務資料作出檢討及修訂。

至於為香港政府管理的資金，房屋協會亦只存放於香港的發鈔銀行，用來限制其信貸風險。

在固定收益組合投資方面，房屋協會只投資在有投資級別的證券，在BBB評級債券及公司債券上更有進一步的限制。為確保固定收益組合投資質素，整體信貸評級亦會維持在Aaa級。

房屋協會的信貸風險並不集中，風險分散於眾多交易對手中。

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Housing Society is not able to meet its obligations and commitments as they fall due. All Housing Society's investments are kept sufficient liquid and readily realisable to meet operation needs and any unexpected cash demands. In addition, the Housing Society also monitors the liquidity risk by performing cash flow analysis on a regular basis.

(c) Market risk

Market risk is the risk of loss arising from the movement of foreign exchange rates, interest rates and market price of securities. The Housing Society is exposed to market risk through its investments in equities and fixed income investments.

Foreign exchange risk

The Housing Society's foreign currency positions arise mainly from its investments denominated in currencies other than Hong Kong dollars and United States dollars.

The Housing Society is exposed to foreign currency risk primarily through its investments in equities and fixed income investments which are managed by fund managers. Whilst fund managers would invest in global securities denominated in a basket of currencies, they are encouraged to hedge their foreign currency exposures to Hong Kong dollars or United States dollars in accordance with the strategic asset allocation.

Price risk

The Housing Society is subject to price risk on its investments. This risk is controlled and monitored by asset allocation limit.

Fair value interest rate risk

The Housing Society's exposure on fair value interest rate risk mainly arises from its fixed deposits and investment on fixed income investments.

As the fixed deposits usually mature within 3 months, the exposure is considered not material. For fixed income investments, fund managers use interest rate swaps and other derivatives to manage the interest rate risk.

5. 財務風險管理目標及政策 *(續)*

(b) 流通風險

流通風險是指房屋協會未能償付到期清繳的責任及承擔的風險。所有房屋協會的投資是會保持足夠的流通性及能即時變現的，以配合營運需要及償付非預期的現金需求。此外，房屋協會亦定期編製現金流量分析用來監控其流通風險。

(c) 市場風險

市場風險是因外幣對換價、利率及證券入市價的變動所產生的損失。房屋協會因透過股票及固定收益組合投資而須面對此等市場風險。

外幣對換風險

房屋協會的外幣持倉主要來自其非港元及美元的外幣投資。

房屋協會面對的外幣對換風險主要是來自由其基金經理所投資的股票及固定收益組合。基金經理投資一籃子全球外幣證券時，會根據其資產分配策略以對沖外幣風險。

入市價風險

房屋協會面對投資時的入市價風險。此風險是由資產分配限制來監控的。

公允值利率風險

房屋協會的公允值利率風險主要由存放定期存款及投資固定收益組合所產生。

因定期存款通常在三個月內到期，所以其風險不高。而固定收益組合則由基金經理以利率掉期及其他衍生工具來管理其利率風險。

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

6. CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of policies and carrying amounts of assets and liabilities including those related to impairment of investment properties, net realisable value of housing inventories and properties under development for sale and provisions. The estimates and assumptions concerning the future are believed to be reasonable under the current circumstance. Actual results may differ from these estimates.

6. 重要會計估計

在編制賬目的過程中，管理層須作出影響應用會計制度和資產及負債的賬面價值的估計和假設，當中包括投資物業的減值、樓宇存貨及作出售用途的發展中物業的套現淨值和準備。在現有情況下，有關未來的估計及假設相信是合理的。實際結果與估計可能會有不同。

7. REVENUE

(in HK\$Million)	(港幣百萬元)	2006	2005
Sales of property	出售物業	56.7	2,457.9
Property leasing	物業租賃	872.1	864.6
Property management	物業管理	56.8	99.7
Home financing services	樓宇融資服務	32.4	35.6
		1,018.0	3,457.8

7. 營業收入

8. INVESTMENT INCOME

(in HK\$Million)	(港幣百萬元)	2006	2005
Net gains on investments held-for-trading	出售持作買賣用途投資淨溢利		
– gains on disposal	– 出售溢利	240.9	–
– increase in fair value	– 公允價值增加	465.3	–
Net realised gains on disposal of other investments	出售其他投資已實現溢利	–	347.9
Interest income	利息收入	237.2	56.8
Exchange differences	滙兌差額	(25.5)	81.8
Dividend income	股息收入	46.1	30.5
Reversal of provision of warranty on sale of loans receivable	撥回出售樓宇貸款保證之撥備	103.9	–
		1,067.9	517.0

8. 投資收入

Increase in fair value is unrealised and may fluctuate subsequent to the balance sheet date in line with market movements.

公允價值增加是未變現的，亦會因結算日後的市場波動而變更。

9. REVERSAL OF WRITE-DOWN OF HOUSING INVENTORIES AND PROPERTIES UNDER DEVELOPMENT FOR SALE

Selling prices of the inventories and properties under development for sale were expected to move in line with the improving property market and therefore a reversal of provision made in previous years was considered necessary.

10. FINANCE COSTS

Finance costs represent interests on loans from government which are wholly repayable within 5 years.

11. EXECUTIVE COMMITTEE MEMBERS' EMOLUMENTS AND FEES

The aggregate emoluments of the members of the Executive Committee are as follows:

(in HK\$Million)	(港幣百萬元)	2006	2005
Honorarium	酬謝金	0.8	0.8
Basic salary, housing allowances, other allowances and benefits in kind	基本薪金、房屋津貼、其他津貼及實物收益	4.0	3.8
Provident fund contribution	公積金供款	0.3	0.3
		4.3	4.1
		5.1	4.9

Their emoluments fall within the following bands:

其酬金分下列等級：

Emoluments band (HK\$Million)	酬金等級 (港幣百萬元)	2006	2005
Nil – 1.0	無 – 1.0	11	11
4.0 – 4.5	4.0 – 4.5	1	1
		12	12

9. 撥回樓宇存貨和作出售用途的發展中物業

樓宇存貨和作出售用途的發展中物業的售價預料會因應物業市場環境的改善而作出調整，因此回撥於前年度作出的減值準備。

10. 財務費用

財政費用是須於五年內全部償還之政府貸款所引致的利息支出。

11. 執行委員會委員之酬金及費用

執行委員會委員的總薪酬概括如下：

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

12. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments, one (2005: one) was member of the Executive Committee whose emolument is included in note 11 above. The aggregate emoluments for the remaining four (2005: four) individuals were as follows:

		2006	2005
(in HK\$Million)	(港幣百萬元)		
Basic salary, housing allowances, other allowances and benefits in kind	基本薪金、房屋津貼、其他津貼及實物收益	10.7	10.0
Provident fund contribution	公積金供款	0.5	0.5
		11.2	10.5

12. 五位最高酬金的人士

在五位最高酬金人士的總薪酬中，一位執行委員會委員的酬金(二零零五年：一位)已包括在附註十一內，其餘四位人士的總薪酬(二零零五年：四位)概括如下：

Their emoluments fall within the following bands:

其酬金分下列等級：

Number of members
委員人數

		2006	2005
Emoluments band (HK\$Million)	酬金等級(港幣百萬元)		
2.0 – 2.5	2.0 – 2.5	1	1
2.5 – 3.0	2.5 – 3.0	1	3
3.0 – 3.5	3.0 – 3.5	2	-
		4	4

13. TAXATION

The Housing Society is a charitable institution and is exempted from Hong Kong taxation under Section 88 of the Hong Kong Inland Revenue Ordinance.

13. 稅項

房屋協會為慈善機構，根據稅務條例第八十八條獲豁免繳納香港稅項。

14. PROPERTY AND EQUIPMENT AND FIXED ASSETS

14. 物業及設備和固定資產

		Buildings 樓宇	Leasehold land 批租土地	Properties under development 發展中物業	Equipment 設備	Total 總額
(in HK\$Million)	(港幣百萬元)					
Cost	成本					
At 1st April 2004, originally stated	二零零四年 四月一日， 以往列賬	4,451.1	2,394.9	789.1	153.1	7,788.2
Reclassification adjustments from changes in accounting policies	由於會計制度的 改變而作出的 重列調整	(4,302.0)	(2,394.9)	(789.1)	–	(7,486.0)
At 1st April 2004, restated	二零零四年四月 一日，重列	149.1	–	–	153.1	302.2
Additions	添置	–	–	–	22.2	22.2
Written off/disposed of	撇除／出售	–	–	–	(3.4)	(3.4)
At 31st March 2005, restated	二零零五年三月 三十一日， 重列	149.1	–	–	171.9	321.0
Additions	添置	–	–	–	48.2	48.2
Written off/disposed of	撇除／出售	–	–	–	(3.4)	(3.4)
At 31st March 2006	二零零六年三月 三十一日	149.1	–	–	216.7	365.8
Depreciation and impairment	折舊及減值					
At 1st April 2004, originally stated	二零零四年 四月一日， 以往列賬	1,358.0	306.8	45.0	94.6	1,804.4
Reclassification adjustments from changes in accounting policies	由於會計制度的 改變而作出的 重列調整	(1,315.7)	(306.8)	(45.0)	–	(1,667.5)

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

14. PROPERTY AND EQUIPMENT AND FIXED ASSETS

(Continued)

14. 物業及設備和固定資產(續)

		Buildings 樓宇	Leasehold land 批租土地	Properties under development 發展中物業	Equipment 設備	Total 總額
(in HK\$Million)	(港幣百萬元)					
At 1st April 2004, restated	二零零四年四月 一日，重列	42.3	–	–	94.6	136.9
Provided for the year	本年度折舊	3.7	–	–	24.5	28.2
Written off/disposed of	撇除／出售	–	–	–	(3.4)	(3.4)
At 31st March 2005, restated	二零零五年三月 三十一日， 重列	46.0	–	–	115.7	161.7
Provided for the year	本年度折舊	3.7	–	–	42.3	46.0
Written off/disposed of	撇除／出售	–	–	–	(3.4)	(3.4)
At 31st March 2006	二零零六年三月 三十一日	49.7	–	–	154.6	204.3
Carrying values	賬面淨值					
At 31st March 2006	二零零六年三月 三十一日	99.4	–	–	62.1	161.5
At 31st March 2005, restated	二零零五年三月 三十一日， 重列	103.1	–	–	56.2	159.3

15. PREPAID LEASE PAYMENTS

The carrying value of leasehold land which is situated in Hong Kong comprises:

		2006	2005
			(restated)
			(重列)
(in HK\$Million)	(港幣百萬元)		
Long leases (not less than 50 years)	不少於五十年的長期租約	171.1	171.8
Medium-term leases (less than 50 years but not less than 10 years)	少於五十年但不少於十年的中期租約	1,771.2	1,815.5
		1,942.3	1,987.3
Analysed as follows:	分析如下：		
Current assets	流動資產	45.0	45.0
Non-current asset	非流動資產	1,897.3	1,942.3
		1,942.3	1,987.3

15. 預付土地租賃開支

位於香港的批租土地淨值包括：

16. INVESTMENT PROPERTIES

(in HK\$Million)	(港幣百萬元)	
Cost	成本	
At 1st April 2004, originally stated	二零零四年四月一日，以往列賬	-
Reclassification adjustment from changes in accounting policies	由於會計制度的改變而作出的重列調整	5,014.9
At 1st April 2004, restated	二零零四年四月一日，重列	5,014.9
Addition	添置	215.1
Written off/disposal	撇除／出售	(10.6)
Transfer to housing inventories	撥入樓宇存貨	(307.6)
At 31st March 2005, restated	二零零五年三月三十一日，重列	4,911.8
Addition	添置	118.8
At 31st March 2006	二零零六年三月三十一日	5,030.6

16. 投資物業

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

16. INVESTMENT PROPERTIES (Continued)

16. 投資物業(續)

Depreciation and impairment	折舊及減值	
At 1st April 2004, originally stated	二零零四年四月一日，以往列賬	–
Reclassification adjustment from changes in accounting policies	由於會計制度的改變而作出的重列調整	1,360.8
At 1st April 2004, restated	二零零四年四月一日，重列	1,360.8
Provided for the year	本年度折舊	107.1
Impairment loss	減值損失	240.5
At 31st March 2005, restated	二零零五年三月三十一日，重列	1,708.4
Provided for the year	本年度折舊	110.8
Impairment loss	減值損失	2.4
At 31st March 2006	二零零六年三月三十一日	1,821.6
Carrying values	賬面淨值	
At 31st March 2006	二零零六年三月三十一日	3,209.0
At 31st March 2005, restated	二零零五年三月三十一日，重列	3,203.4

Fair values

The Housing Society's investment properties are mainly rental estates built on lands granted by Government, and Government had included into the land grants terms and conditions governing the sale and rental of the properties. The fair values of the properties cannot be reliably assessed because (1) Government may or may not consider giving approval for the Housing Society to sell any or all of its rental estates; (2) there is no comparable market transactions to provide references; and (3) concessionary rents are charged to tenants of the public rental estates.

Impairment

During the year, rehabilitation works were embarked to improve the living conditions of two rental estates. It is estimated that the cost incurred on one of the estates will not be fully recoverable from its future rental income, and an impairment loss of \$2.4 million is recognised. In 2005, impairment loss of \$240.5 million was recognised in respect of two other estates which were rehabilitated and redeveloped.

公允價值

房屋協會的投資物業主要是在政府批出的土地上興建的出租屋邨，而政府在批出土地時已加入限制此等物業出售及租賃的特定條文。這些投資物業的公允價值因以下因素而不能可靠地估量：(1) 政府可能不會批准房屋協會出售其任何或全部出租物業；(2) 沒有可用作比較的市場交易；(3) 租客只須付出優惠租金。

減值

本年度有兩項為投資物業改善居住環境而作出的翻新工程，鑑於工程費用未能帶來足夠的現金抵償，因應作出港幣二百四十萬元的減值損失。於二零零五年為兩項物業翻新或重建工程而確認之減值損失為港幣二億四千零五十萬元。

17. INVESTMENTS HELD-FOR-TRADING AND OTHER INVESTMENTS

17. 持作買賣用途投資及其他投資

		Investments held-for-trading 持作買賣用途投資 2006	Other Investments 其他投資 2005
(in HK\$ Million)	(港幣百萬元)		
Listed debt securities in overseas	海外上市債券	4,118.0	4,159.5
Listed equity securities	上市股本證券	990.8	792.0
Hong Kong	香港	2,718.2	2,009.5
Overseas	海外	3,709.0	2,801.5
Deposits	存款	–	126.5
Accounts receivable in respect of sale of investments	出售投資應收款項	–	1,480.0
Accounts payable in respect of purchase of investments	購入投資應付款項	–	(1,691.2)
		7,827.0	6,876.3

The investments at 31st March 2006 are denominated in the following currencies:

截至二零零六年三月三十一日的投資以下列貨幣結算：

US dollars	美元	5,029.5	
HK dollars	港幣	990.8	
Euro	歐羅	890.4	
Japanese Yen	日圓	293.8	
Other currencies	其他貨幣	622.5	
		7,827.0	

The fair values of the above investments are determined based on the quoted market bid prices available on the relevant stock exchange.

投資項目的公允值乃按其有關交易所的市場開盤價格來決定。

The increase or decrease in fair values at balance sheet date are unrealised and may fluctuate subsequent to the balance sheet date subject to subsequent market movements.

於結算日的公允價值增加或減少是未變現的，亦會因結算日後的市場波動而變更。

As at 31st March 2006, deposits of HK\$82.1 million, accounts receivable of HK\$1,043.6 million and accounts payable of HK\$1,166.4 million in respect of investment transactions are included in the relevant items under current assets and current liabilities.

於二零零六年三月三十一日，有關投資交易的存款港幣八千二百一十萬元、應收賬款港幣十億四千三百六十萬元及應付賬款港幣十一億六千六百四十萬元已被分類列入流動資產及流動負債項目中。

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

18. LOANS RECEIVABLE

Loans receivable represents the second mortgage loans granted to the flat buyers and interest free loans granted to home owners.

18. 應收貸款

應收貸款乃房屋協會為其樓宇買家所提供的第二按揭貸款及為業主提供的免息貸款。

		Carrying Values 賬面值	
		2006	2005
(in HK\$Million)	(港幣百萬元)		
Second mortgage loans	第二按揭貸款	422.9	707.4
Interest free loans	免息貸款	10.5	–
		433.4	707.4
Less: impairment losses	減：減值損失	24.6	32.7
		408.8	674.7
Representing:	上列數目代表：		
Due within one year	一年內到期	4.2	20.6
Due after 1 year, but within 2 years	一年至二年內到期	6.0	20.5
Due after 2 years, but within 5 years	二年至五年內到期	52.1	86.0
Due after 5 years	五年以後到期	346.5	547.6
Total due after 1 year	一年以後到期總額	404.6	654.1
		408.8	674.7

The fair values at 31 March 2006, and interest rates applicable to the loan receivables for 2005/06 are as follows:

應收貸款於二零零五／零六適用的利率及於二零零六年三月三十一日的公允價值如下：

		Contractual interest rate 合約利率	Effective interest rate 實質利率	Fair value 公允價值
(in HK\$Million)	(港幣百萬元)			
Second mortgage loan	第二按揭貸款	Prime rate 最優惠利率	4-12.5%	417.8
Interest free loans	免息貸款	0%	14%	10.5
				428.3

The fair values of the loans are determined based on the present value of the estimated future cash flows discounted using the prevailing market rate at the balance sheet date.

應收貸款的公允價值是以結算日市場利率貼現其於未來產生的估計現金流量而決定。

19. PROPERTIES UNDER DEVELOPMENT FOR SALE

19. 作出售用途的發展中物業

(in HK\$Million)	(港幣百萬元)	2006	2005
Balance at beginning of the year	年初結餘	1,632.1	508.8
Additions during the year	本年度增加	706.3	1,090.7
		2,338.4	1,599.5
Add: Write-back of expected loss on completion of developments	加：撥回對發展項目完工時作預期損失準備	7.3	32.6
Balance at end of the year	年終結餘	2,345.7	1,632.1

The amount is expected not to be recovered within 12 months from the balance sheet date.

預期以上支出不會在結算日起計算之十二個月內收回。

20. LOANS FROM GOVERNMENT

20. 政府貸款

(in HK\$Million)	(港幣百萬元)	2006	2005
Loans from government repayable	政府貸款按以下期限償還		
Within 1 year	一年內	6.1	6.4
After 1 year, but within 2 years	一年至兩年內	5.0	6.1
After 2 years, but within 5 years	兩年至五年內	10.5	12.0
After 5 years	五年以上	68.1	71.6
		89.7	96.1
Less: Amount due within one year included in current liabilities	減：包括在流動負債項目內的一年內到期部份	6.1	6.4
Amount due after one year	一年後到期的款額	83.6	89.7
Representing:	上列數目代表：		
Interest free	免利息	85.7	89.2
Interest bearing at 5% per annum	附五厘年利率	4.0	6.9
		89.7	96.1

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

20. LOANS FROM GOVERNMENT (Continued)

The loans are repayable by 480 equal monthly instalments from the draw down date.

The fair value of the loans at 31st March 2006, determined based on the present value of the estimated future cash flows discounted using the prevailing market rate at the balance sheet date, is HK\$56 million.

20. 政府貸款(續)

以上貸款的還款期為貸款日後分四百八十期等額每月還款。

根據結算日的市場利率貼現以上貸款的未來現金流量，其於二零零六年三月三十一日之公允價值為港幣五千六百萬元。

21. PROVISIONS

21. 準備

		Property development and rehabilitation costs 物業發展及復修成本	Provisions for warranty of sold loans and bank guarantee 出售樓宇貸款保證及銀行貸款保證	Provision for Building Management and Maintenance Scheme 大廈管理及維修資助計劃	Total 總額
(in HK\$Million)	(港幣百萬元)	(i)	(ii)	(iii)	
At 1st April 2005, restated	二零零五年四月一日，重列	326.4	182.0	–	508.4
Amount provided	提撥準備	154.5	–	13.9	168.4
Amount reversed	準備撥回	(99.2)	(103.9)	–	(203.1)
Amount utilised	已運用金額	(50.9)	(17.6)	–	(68.5)
At 31st March 2006	二零零六年三月三十一日	<u>330.8</u>	<u>60.5</u>	<u>13.9</u>	<u>405.2</u>

(i) Provision for property development and rehabilitation costs was made for the remaining work to be carried out for the completed sale properties and investment properties, which was expected to be incurred within the next three financial years.

(i) 物業發展及復修成本準備是為物業的未完成工程部份作出準備。大部份的支出預計會於隨後的三個財政年度內發生。

21. PROVISIONS (Continued)

- (ii) Provision of warranty for sold loans was made for the sale of loans receivable with a warranty clause that required the Housing Society to bear part of the loss incurred by the buyer in the event that the borrowers were in default and administration charge waived by the buyer for early redemption of loans. The warranty will expire after seven years from the dates of sales.

Also, in relation to the sale of its properties, the Housing Society has requested a number of mortgage banks to grant the purchasers mortgage loans up to above 70% of the price of the properties. Provision for claims in the event of default was therefore made to indemnify the banks for losses arising from the request, and at 31st March 2006, total contingent liabilities in respect of the guarantee are estimated to be approximately HK\$1,035.9 million (2005: HK\$1,035.9 million, net of provision of HK\$29.1 million).

- (iii) Under the Building Management and Maintenance Scheme, eligible applicants will be granted with financial assistance when they satisfy certain criteria. Provision is made when the applications are approved. Related payments are expected to be made within next 12 months.

22. HOUSING INVENTORIES

Housing inventories in the sum of HK\$3,148.2 million (2005: HK\$3,233.7 million) are expected not to be recovered within the 12 months after the balance sheet date.

23. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Except those otherwise disclosed in the financial statements, the fair values of other financial assets and financial liabilities at 31st March 2006 approximate to their corresponding carrying values.

21. 準備(續)

- (ii) 樓宇貸款保證準備是為其已出售的樓宇貸款，當貸款人不能償還貸款時或因提前還款所產生的行政費用，房屋協會須負責部份損失所作出的準備。這保證於出售貸款日七年後終止。

房屋協會曾要求銀行為其售出的物業的買家批出樓價七成以上之按揭，該準備是為償還銀行因壞帳而須承擔的損失。於二零零六年三月三十一日，估計有關或然負債為十億三千五百九十萬元(二零零五年：在扣除已提準備港幣二千九百一十萬元後，大約為港幣十億三千五百九十萬元)。

- (iii) 樓宇管理及維修資助計劃為合資格的申請人提供有關的財務資助，當申請獲批核後，相應資助金額會作撥備，並會於其後十二個月內支付。

22. 樓宇存貨

預期總值三十一億四千八百二十萬元(二零零五年：港幣三十二億三千三百七十萬元)的樓宇存貨不會在十二個月內收回。

23. 財務資產及財務負債的公允價值

截至二零零六年三月三十一日的財務資產及財務負債的公允價值約相等於相關賬面值，已在財務報表其他地方另外披露的除外。

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

24. CASH AND BANK BALANCES

Cash and bank balances comprise mainly bank deposits with maturity of three months or less. At 31st March 2006, the deposits carry an average interest rate of 4.3% per annum.

24. 現金及銀行結餘

現金及銀行結餘主要包括在少於三個月內到期的銀行存款。截至二零零六年三月三十一日，平均存款年利率為百分之四點三。

25. MAJOR NON-CASH TRANSACTIONS

During the year, the Housing Society granted second mortgage loans to flat buyers amounting to HK\$2.9 million (2005: HK\$222.7 million) upon the sales of properties.

25. 主要非現金交易

本年度房屋協會於出售物業時為樓宇買家提供第二按揭貸款為港幣二百九十萬元(二零零五年：港幣二億二千二百七十萬元)。

26. COMMITMENTS FOR PROPERTY DEVELOPMENT AND IMPROVEMENTS

At the balance sheet date, the commitments in respect of properties under development and rehabilitation work which have not been provided for in the financial statements are as follows:

26. 物業發展及改善承擔

於結算日有關發展中物業及樓宇復修工程未入賬的承擔金額概括如下：

(in HK\$Million)	(港幣百萬元)	2006	2005
Contracted for but not provided for	已簽約但未作出撥備的工程	274.0	73.2
Authorised but not contracted for	已經核準而未簽約的工程	2,908.4	3,405.2
		3,182.4	3,478.4

27. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Housing Society had contracted with tenants for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

(in HK\$ Million)	(港幣百萬元)	2006	2005
Within one year	一年內	199.1	173.5
In the second to fifth year inclusive	兩至五年內	217.6	232.6
After the fifth year	五年以上	-	0.2
		416.7	406.3

Majority of the leases are negotiated for terms ranging from two to three years. Rentals are fixed over the lease terms.

28. RETIREMENT BENEFITS SCHEMES

The Housing Society operates two defined contribution retirement benefits schemes, namely, Occupational Retirement Scheme and Mandatory Provident Fund Scheme, for all qualifying employees. The assets of the schemes are held separately from those of the Housing Society in the funds under the control of trustees.

The retirement benefits cost charged to income and expenditure account represents contribution payable to the funds by the Housing Society at rates specified in the rules of the schemes. Regarding the Occupational Retirement Scheme, where there are employees who leave the scheme prior to vesting fully in the contributions, the forfeited employer's contributions are used either to reduce future contribution or to pay the trustee's administration charges or to distribute to members who are entitled to such distributions under the rules of the scheme.

27. 營運租約安排

於結算日，房屋協會與其租戶就有關出租物業的不可取消營運租約，於下列到期時限的最少租金收入：

大部份的租約期限為二至三年。租約期內的租金是固定的。

28. 退休金福利計劃

房屋協會為其合資格僱員提供兩個界定供款退休金計劃，分別為職業退休計劃及強制性公積金計劃。該等計劃的資產與房屋協會的資產乃分開持有，並存於由獨立信託人所管理的基金內。

計入收入支出賬的退休福利計劃供款為房屋協會按計劃規則所指定比率而應付的供款。就職業退休計劃，倘僱員於全數達到享用退休福利前退出該計劃，被沒收僱主供款可用於減除房屋協會應付的未來供款、或支付信託人行政費用、或根據此計劃條款分配給參與此計劃的僱員。

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

28. RETIREMENT BENEFITS SCHEMES (Continued)

28. 退休金福利計劃(續)

(in HK\$Million)	(港幣百萬元)	2006	2005
Contribution (net of forfeiture) charged to Income and Expenditure Account	記入收入支出賬內的 (已扣減沒收供款) 供款	23.1	22.9
Utilisation of forfeited employer's contribution for:	被沒收的僱主供款用於：		
Deduction of employer's contribution	減除僱主供款	1.5	2.3
Payment of trustee's administration charges	支付信託人行政費用	0.4	0.5
Distribution to members	分配給參與計劃的僱員	-	0.1
		1.9	2.9
Balance of forfeited employer's contribution not utilised at the balance sheet date	於結算日未運用的被沒收 僱主供款結餘	3.4	3.9

29. GOVERNMENT CONTRIBUTION AND ASSISTANCE

(a) Concessionary land premiums

Since the incorporation of the Housing Society, a number of sites have been granted by the Government under lease terms to facilitate the provision of housing to low to middle income families or elderly. Depending on the nature of the land grant, special terms and conditions are incorporated in the Condition of Grant to restrict the user of the land and alienation of the property.

Subject to these special terms and conditions, sites developed for public rental housing purpose are granted at one-third of full market value; sites for building flats for sales to eligible families at concessionary prices are granted at half of full market value; sites for developing rural public housing and senior citizen residence are granted at nominal or nil premium.

29. 政府津貼及援助

(a) 優惠批地價格

自房屋協會成立以來，政府為要輔助提供房屋予低至中收入家庭和年長者，向房屋協會批出一批土地。視乎批地的性質，在地契的《批地條款》中加入了特別的期限和條款用以限制該些批地的使用者及其轉讓權。

受這些期限和條款的限制，用以興建公共出租房屋的批地是以全市場價值的三份之一批出；用以興建房屋並以優惠價格出售該等房屋與合資格家庭的批地是以全市場價值的二份之一批出；而用以興建郊區公共出租房屋及年長者住所的批地則以象徵性地價或零地價批出。

29. GOVERNMENT CONTRIBUTION AND ASSISTANCE

(Continued)

(a) Concessionary land premiums *(Continued)*

At the balance sheet date, total carrying value of the above lands including related acquisition costs was HK\$2,179.6 million (2005: HK\$2,082.0 million). Relevant costs were grouped under prepaid lease payments and housing inventories.

During the year of 2006 and 2005, no land premium was paid to the government.

(b) Loans from Government

Some of the developments mentioned above were partly financed by loans from the government. Interest varies from zero to 5% per annum. Details of the loans are set out in Note 20.

30. PREMIUM FOR FLAT-FOR-SALE SCHEME

In respect of premium payable by Flat-for-sale Scheme owners, the Housing Society received on behalf of the Government HK\$63.2 million (2005: HK\$48.5 million) during the year. Of this, HK\$65.8 million (2005: HK\$45.9 million) has been paid to the Government, leaving HK\$1.8 million (2005: HK\$4.4 million) to be settled after balance sheet date.

29. 政府津貼及援助 *(續)*

(a) 優惠批地價格 *(續)*

於結算日，該批土地連有關購置成本的賬面價值為港幣二十一億七千九百六十萬元(二零零五年：港幣二十億八千二百萬元)。相關的成本已列入於預付租賃開支及樓宇存貨。

於二零零六年及二零零五年，房屋協會並沒有付地價予政府。

(b) 政府貸款

上列其中一部份的發展項目是由政府供應資金，利息由年利率百分之零至五計算。貸款詳細列於附註二十內。

30. 住宅發售計劃樓宇補價

有關從住宅發售計劃業主收取的樓宇補價，於本年度內，房屋協會代政府合共收取港幣六千三百二十萬元(二零零五年：港幣四千八百零五萬元)。其中港幣六千五百八十萬元(二零零五年：港幣四千五百九十萬元)已交回政府，餘額港幣一百八十萬元(二零零五年：港幣四百四十萬元)於結算日後交回。

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

31. RELATED PARTY TRANSACTIONS

(i) Related party transactions

During the year, the Housing Society entered into the following material transactions in the ordinary course of business with related parties which comprise the members of Supervisory Board and Committees, Government and Government related organisations and key management personnel:

31. 有關連人士之交易

(i) 有關連人士之交易

本年度房屋協會與一些監事會及委員會的委員、政府及政府有關機構及主要行政人員，於日常業務範圍內進行以下重大交易：

Nature of transactions	交易性質	Transactions incurred during the year		Amounts due from (to) related parties at year end date	
		2006	2005	2006	2005
(in HK\$Million)	(港幣百萬元)				
(a) Government and other Government organisations	(a) 政府及其他政府機構				
Income from Private Sector Involvement Scheme	由私營機構參與屋邨管理及維修保養服務計劃取得收入	44.3	87.6	15.0	26.5
Expenses on Urban Renewal Scheme	市區重建計劃支出	29.7	15.4	–	(1.0)
Mixed Development Receipt on behalf	混合發展代收收入	1,186.9	633.3	–	(175.2)
Repayment	償還	1,362.1	492.4		
		(175.2)	140.9		
Premium for Flat-For-Sale Scheme	住宅發售計劃樓宇補價			(1.8)	(4.4)
Receipt on behalf	代收收入	63.2	48.5		
Repayment	償還	65.8	45.9		
		(2.6)	2.6		
Loan repayment	償還政府貸款	6.4	8.2	(89.7)	(96.1)
Loan interest	政府貸款利息	0.3	0.4	–	–
(b) Others	(b) 其他				
Construction works	建築工程	54.3	62.9	(21.5)	(13.6)
Professional fees	專業費用	–	7.3	–	(0.9)
Others	其他	4.0	3.2	(0.2)	(0.6)

31. RELATED PARTY TRANSACTIONS (Continued)

(i) Related party transactions (Continued)

In addition, the Housing Society awarded a number of contracts with an aggregate amount of HK\$3.4 million (2005: HK\$20.8 million) to related parties during the year.

(ii) Emoluments of key management personnel

Figures as disclosed in Notes 11 and 12 above.

32. SEGMENT INFORMATION

Segment information is presented in respect of the Housing Society's business segments as primary segment. Since the businesses of the Housing Society are entirely conducted in Hong Kong, geographical segment information is not presented.

Business segments

The Housing Society has the following main business segments:

Property sales – Property development for sales

Property leasing – Subsidised domestic leasing and commercial leasing

Property management – Providing building management service to private and public housing estates

Home financing – Granting loans to buyers of domestic flats

Investments – Purchases and sales of equity and debt securities, and placements of time deposits

31. 有關連人士之交易 (續)

(i) 有關連人士之交易 (續)

此外，本年度房屋協會共批出總值港幣合約三百四十萬(二零零五年：港幣二千零八十萬元)予關聯方。

(ii) 主要管理人員薪酬：

資料已在附註十一及十二呈列。

32. 分類資料

分類資料主要是以房屋協會的業務分類而編製。因房屋協會的業務全是於香港進行，因而沒有就地區分類資料列報。

業務分類

房屋協會主要分類業務包括：

物業出售 – 發展物業作出售用途

物業租賃 – 出租資助住宅及商業物業

物業管理 – 向私人及公共屋苑提供樓宇管理服務

樓宇融資 – 貸款給住宅買家

投資 – 買賣證券及債券及定期存款

NOTES TO THE FINANCIAL STATEMENTS (Continued) 財務報表附註(續)

for the year ended 31st March 2006 截至二零零六年三月三十一日止年度

32. SEGMENT INFORMATION (Continued)

Segment information about these businesses is presented below:

32. 分類資料(續)

以上業務的分類資料現列如下：

(in HK\$Million)	(港幣百萬元)	Property sales 物業出售	
		2006	2005 (restated) (重列)
Revenue	收入		
Revenue	營業收入	56.7	2,457.9
Other income	其他	2.6	5.0
Total	總收入	59.3	2,462.9
Operating result	經營成果		
Segment result	分類成果	331.2	314.1
Unallocated expenses	未分配費用		
Finance costs	財務成本		
Corporate and other expenses	企業及其他費用		
Net surplus	盈餘淨額		

(in HK\$Million)	(港幣百萬元)	Property sales 物業出售		Property leasing 物業租賃	
		2006	2005 (restated) (重列)	2006	2005 (restated) (重列)
Segment assets	分類資產	6,428.2	5,107.2	4,491.6	5,057.8
Segment liabilities	分類負債	449.1	680.8	414.4	441.6
Depreciation of property and equipment	物業及設備折舊	1.5	1.1	7.1	14.9
Depreciation of investment properties	投資物業折舊			110.8	107.1
Amortisation of prepaid lease payment	攤銷土地租賃開支			44.5	44.4
(Reversal of impairment)/ Impairment on loans and other receivables	應收貸款及其他應收賬 (減值撤回)/減值	-	-	0.3	0.4
Reversal of write down of housing inventories / properties under development for sale	撤回樓宇存貨/作出售用途的發展中物業	322.5	88.0	-	-
Impairment loss in respect of investment properties and provision for rehabilitation work	投資物業減值損失及復修準備			91.7	240.5
Net gain on investments	投資淨溢利	-	-	-	-
Capital expenditure incurred during the year	本年度發生資本支出	0.5	1.9	120.9	215.9
Cash inflows / (outflows) from:	現金流入/(流出)來自:				
Operating activities	營運活動	(1,002.2)	965.0	495.2	508.9
Investing activities	投資活動	(18.7)	(1.9)	(113.6)	(215.9)
Financing activities	融資活動	-	-	-	-
Total	總額	(1,020.9)	963.1	381.6	293.0

Property leasing 物業租賃		Property management 物業管理		Home financing 樓宇融資		Investments 投資		Total 總額	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(restated) (重列)		(restated) (重列)		(restated) (重列)		(restated) (重列)		(restated) (重列)
872.1	864.6	56.8	99.7	32.4	35.6	–	–	1,018.0	3,457.8
11.4	10.8	8.2	8.0	–	–	1,067.9	517.0	1,090.1	540.8
883.5	875.4	65.0	107.7	32.4	35.6	1,067.9	517.0	2,108.1	3,998.6
168.3	22.8	17.8	13.4	31.4	28.5	1,035.7	496.3	1,584.4	875.1
								(0.3)	(0.4)
								(132.8)	(47.3)
								(133.1)	(47.7)
								1,451.3	827.4

Property management 物業管理		Home financing 樓宇融資		Investments 投資		Unallocated items 未分配項目		Total 總額	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(restated) (重列)		(restated) (重列)		(restated) (重列)		(restated) (重列)		(restated) (重列)
15.2	29.8	407.8	674.7	15,379.1	13,674.6	314.8	304.3	27,036.7	24,848.4
8.2	9.1	168.5	202.0	1,058.9	29.1	170.2	169.6	2,269.3	1,532.3
0.2	0.4	0.1	–	–	–	37.1	11.8	46.0	28.2
						–	–	110.8	107.1
						0.5	0.5	45.0	44.9
		(1.5)	6.6	–	–	–	–	(1.2)	7.0
						–	–	322.5	88.0
								91.7	240.5
				706.2	347.9	–	–	706.2	347.9
0.6	0.1	–	0.1	–	–	42.9	17.3	164.9	235.3
46.4	67.1	225.1	110.8	(18.0)	(10.0)	(174.1)	(52.8)	(427.6)	1,589.0
(0.6)	(0.1)	243.5	28.3	(115.7)	(1,406.7)	(41.2)	(15.5)	(46.3)	(1,611.8)
–	–	–	–	–	–	(6.4)	(8.2)	(6.4)	(8.2)
45.8	67.0	468.6	139.1	(133.7)	(1,416.7)	(221.7)	(76.5)	(480.3)	(31.0)