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財務回顧
Financial Review

Supporting the vision and mission of the Hong Kong Housing Authority (HA), the delivery of quality financial management through a “best practice” approach remained our key focus in 2017/18. We continued to explore opportunities to improve and strengthen our financial and risk-management processes to provide maximum financial and business value in all our activities.

The HA is financially autonomous. Our massive public housing programmes are sustained through internally generated funds. Our financial resources are prudently managed for smooth operation of our capital programmes, operational services and business initiatives.

The 2017/18 Financial Statements

The HA’s Financial Statements have been prepared in accordance with accounting policies approved by the HA and the Financial Arrangements with the Government. A full set of the Financial Statements for 2017/18 is enclosed together with this Annual Report in a shared jacket. Additionally, summaries of the HA’s operating results and capital expenditure for the past five years are depicted in Appendices 9 and 10 of this Annual Report respectively.

Financial Highlights

The consolidated result for the year is summarised as follows:

	\$M
1. Consolidated Operating Account Surplus	6,501
2. Funds Management Account Surplus	2,128
3. Agency Account Surplus	74
Surplus for the year	8,703

1. Consolidated Operating Account

The Consolidated Operating Account summarises the operating results for Rental Housing, Commercial and Home Ownership Assistance activities. It shows an overall operating surplus of \$6,501 million for 2017/18 after taking into account a net non-operating income of \$7 million.

Rental Housing Operations generated a surplus of \$383 million during 2017/18, analysed over the following types of housing:

Operating Surplus/(Deficit)	\$M
Rental Housing (excluding Interim Housing)	470
Interim Housing	(85)
Rent Allowance for the Elderly	(2)
	383

Commercial Operations generated a surplus of \$1,461 million before charging exceptional items of \$90 million, analysed over the following types of facilities:

Operating Surplus	\$M
Commercial Complexes	768
Car Parks	328
Factories	59
Welfare Premises	306
	1,461

The exceptional items of \$90 million represent demolition and clearance costs, and expenditure incurred on Government infrastructure and community facilities funded by the HA.

Home Ownership Assistance Operations generated a surplus of \$4,740 million, before including an exceptional item of \$0.47 million, analysed over the following home ownership schemes:

Operating Surplus/(Deficit)	\$M
Home Ownership Scheme (HOS)/Green Form Subsidised Home Ownership Scheme (GSH)	2,740
Private Sector Participation Scheme (PSPS)	247
Tenants Purchase Scheme (TPS)	1,785
Home Purchase Loan Scheme (HPLS) and Home Assistance Loan Scheme (HALS)	(32)
	4,740

The exceptional item of \$0.47 million represents adjustments of future interest liability on the outstanding balance of the HPLS loan portfolio sold to the Hong Kong Mortgage Corporation Limited after related interest payment of \$4 million made in the year.

2. Funds Management Account

Income and expenditure relating to the management of the HA's funds available for investment are included in the Funds Management Account, which shows a surplus of \$2,128 million for 2017/18. As at 31 March 2018, the HA's funds available for investment stood at \$45,180 million. For 2017/18, the overall return (gross) on the HA's funds was 4.4%.

The HA's investment strategy is determined by the HA's Finance Committee with reference to the independent investment consultant's findings and recommendations. The aim of the HA's investment strategy is to ensure that there is sufficient liquidity to meet the operational need of the HA, and to put the rest of the HA's funds into longer-term investments in a prudent and diversified manner to enhance long term returns.

The Finance Committee, with the assistance of its Funds Management Sub-Committee, reviews the HA's investment strategy and position from time to time. The Funds Management Sub-Committee also advises on the selection of fund managers and monitors their performance, while ongoing monitoring of day-to-day operations is conducted by the Housing Department. An annual health check on the HA's Strategic Asset Allocation was conducted in 2017/18 taking into account the latest financial market situation and risks. The revised Strategic Asset Allocation is highlighted below:

Principal protection placements with the Exchange Fund	around 80.0%
HKD/USD deposits and bonds	12.0%
Equities	8.0%
	100.0%

3. Agency Account

The Agency Account shows the operating results for agency functions undertaken on behalf of the Government, for agency management services for completed HOS domestic courts and the common areas of the estates with properties divested, and for the supervision of government reimbursable projects.