

## 財務資源 **Financial Resources**

### **Capital Injection**

As approved by the Finance Committee of the Legislative Council on 21 June 2002, the Government has committed to injecting \$10 billion of equity capital into the URA over a five-year period from 2002/03 to 2006/07. All five tranches of \$2 billion each have now been received.

### **Financial Position and Funding Requirements**

The Authority's net asset value as at 31 March 2007 was \$12.3 billion. This comprised a capital injection totaling \$10 billion from the Government during the past five years and an accumulated surplus from operations of \$2.3 billion. The surplus was achieved mainly because of the improved condition of the property market, and our ability to seize the opportunity to invite joint venture partners for most of our redevelopment projects during the market upturn, income interest earned from bank balances and the URA's prudent financial management.

As at 31 March 2007, the URA's cash and bank balances totalled \$7.9 billion. The surplus cash was placed in term and structured deposits ranging from 1 to 12 months with financial institutions after taking into account market conditions, interest rate trends and the Authority's approved investment guidelines. URA had no borrowings in the 2006/07 financial year.

The URA estimates in its Plans that a total expenditure of about \$30 billion, excluding operational overheads, will be required for the projects contained in these Plans for the next five years from 1 April 2007. This expenditure covers a number of projects for redevelopment, rehabilitation, preservation and revitalisation. Among the redevelopment projects will be four ex-LDC projects including the Kwun Tong Town Centre project, which is the largest project ever undertaken by the URA and requires an exceedingly large outlay for acquisition. Therefore, even with the cash holding of \$7.9 billion at March 2007, it is envisaged that the Authority will have to seek external financing, such as bank borrowings, in order to implement our Plans over the next five years. In a few years' time, URA's cash balance is, therefore, expected to reduce during acquisition and prior to tendering out of its projects.

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Moreover, when implementing its urban renewal programme, the Authority is necessarily exposed to risks arising from property market fluctuations. Its financial position is also affected by the outcome of individual projects launched at different times of property cycles. In recent years, acquisition costs have increased significantly, bringing with them increased development risks for URA. To ensure its urban renewal programme is sustainable for the long term, the URA must, therefore, maintain a very prudent financial position and have due regard for commercial principles in its operations.

The financial highlights of the past few years are summarized on page 97 of this Annual Report.

### Operating Surplus for the Year

For 2006/07, we recorded a net operating surplus of \$0.8 billion mainly contributed by the surplus from the tendered project in Wan Chai and interest income earned from bank balances. This is a decrease of 50% from the \$1.6 billion operating surplus in the previous year when we had recognised sizeable surplus from a project in Western District as a result of the upturn of the property market.

### Cost Control

Notwithstanding the increased scale of urban renewal activities over the last year, the URA has continued to maintain prudent financial management and undertake cost-reduction measures whenever possible. With the implementation of the Kwun Tong Town Centre project, the staffing level increased from 246 as at 31 March 2006 to 265 as at 31 March 2007. The annual administrative expenses however, have only increased by about \$20 million over the same period, at \$205 million for the year.