

Urban Renewal : New Horizons

Redevelopment  
Rehabilitation

Demand-led

One-stop Service

Flat-for-Flat

Facilitating





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## **Establishment**

The Urban Renewal Authority (URA) was established under the Urban Renewal Authority Ordinance (URAO) in May 2001 to replace the Land Development Corporation as the statutory body to undertake, encourage, promote and facilitate the regeneration of the older urban areas of Hong Kong.

## **Community-focused, balanced approach**

In February 2011, a new Urban Renewal Strategy was promulgated by the Hong Kong Special Administrative Region Government. The new strategy places greater emphasis on community engagement and it broadened the URA's role in urban renewal.

**The URA is committed to:**

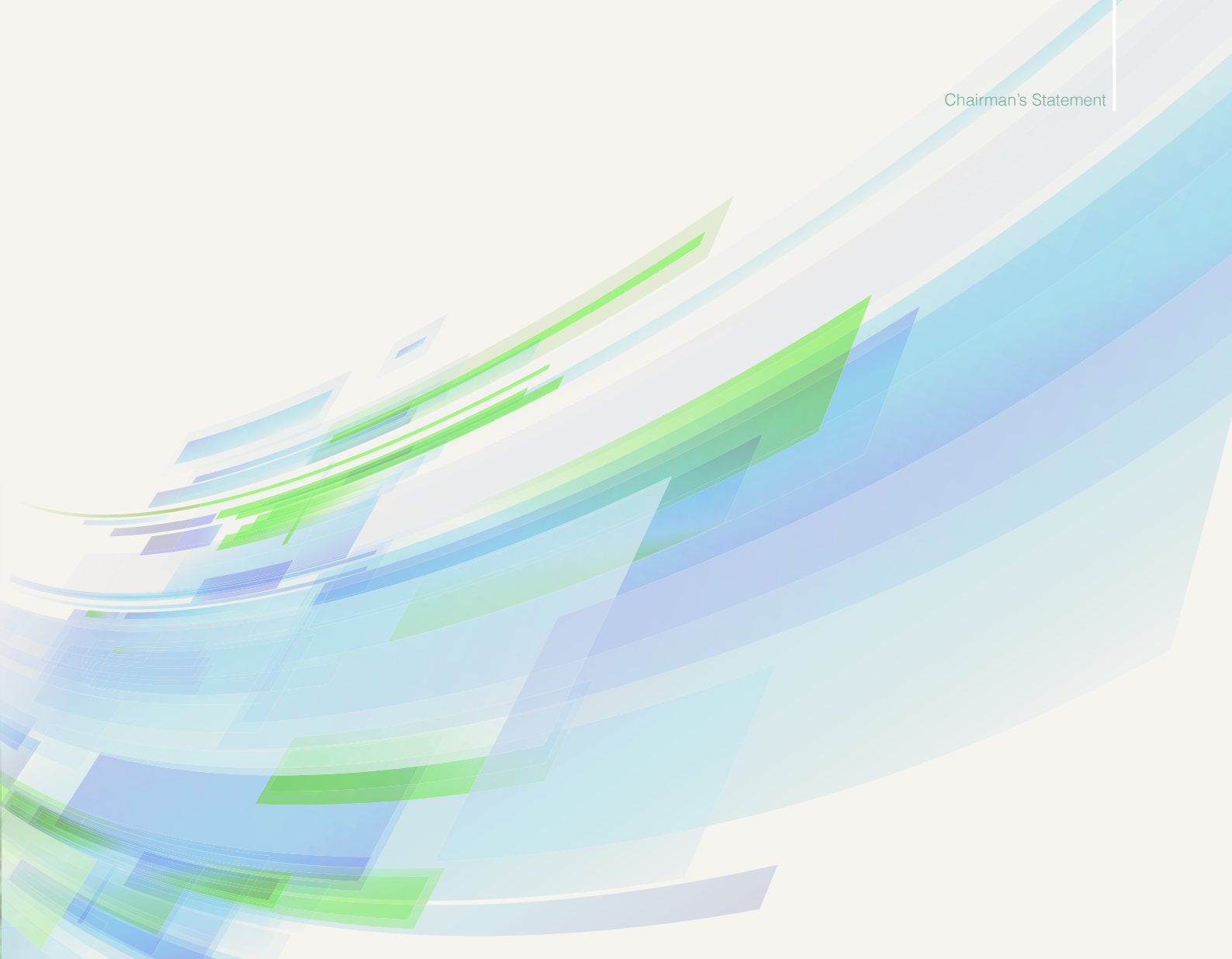
- Addressing Hong Kong's acute **urban decay** problem and improving the living conditions of residents in dilapidated urban areas.
- Adopting a **"people first, district-based, public participatory"** approach in its work.
- Adopting **'Redevelopment and Rehabilitation' as its core activities**, preserving buildings with heritage value, and revitalising areas which are within URA's project sites.
- Implementing best-practices with regard to **sustainable development; and building a quality city** through appropriate development density, land use planning, urban design, greening, local culture, heritage preservation and revitalisation.

## Chairman's Statement



The Honourable Barry CHEUNG Chun-yuen, GBS, JP

*“ This year began a new and crucial phase in the URA’s endeavours in which the 2011 URS has enabled us to intensify our efforts to eradicate the slums which cause misery for so many families while preserving as much as we can of Hong Kong precious architectural and cultural heritage.”*



For the Urban Renewal Authority (URA), 2011-12 was a year of unprecedented change and challenge. Its basic mission remained the eradication of the slums in which 110,000 Hong Kong families are forced to make their homes. But its strategy now incorporates new initiatives to reverse the deterioration of Hong Kong's ageing housing stock. At the same time, the URA's vision has expanded beyond the buildings themselves. It now gives increasing attention to the enhancement of the amenities they provide, protecting the quality of the environment they create and preserving the heritage that they incorporate. These new dimensions to our programmes and priorities followed the promulgation of the new Urban Renewal Strategy (URS) on 24 February 2011. This marked the start of a new blueprint for urban renewal that promises to improve the quality of life not only for the families who so urgently need to be rehoused but for their local communities and for Hong Kong as a whole.

## Lessons from Recent Tragedies

The new strategy set out the guidelines for bold and urgent initiatives to end the pressing problem of inadequate housing in such a prosperous city. As the URS was being prepared, the public had been brutally reminded of the human and social costs of slum buildings. The collapse of a five-storey, fifty-five-year old building in Ma Tau Wai Road left four people dead and two injured in 2010, and families in nearby blocks had to be evacuated for safety reasons. Even worse was the Fa Yuen Street fire in 2011, the deadliest for fifteen years, in which nine people lost their lives and 34 were injured.

The URA is deeply conscious of a continuing high level of risk of similar tragedies in the future because of the growing numbers of dilapidated, over-crowded and poorly maintained buildings which make up such a large proportion of Hong Kong's housing stock. This situation is a legacy of the construction standards in force when Hong Kong struggled with a desperate shortage of housing in previous decades. Almost all the buildings erected from 1950 have been built of concrete and were not designed to last more than 50 years. A URA study shows that already, more than 4,000 buildings have exceeded their "design life". The total is forecast to reach 16,000 by 2030. Past neglect of maintenance aggravates the rising costs of ensuring that older buildings and their facilities are kept in a decent state of repair. Not surprisingly, many have long since deteriorated into slums, with some 3,000 buildings now identified by the URA as in an unsatisfactory condition. Although fatal incidents are thankfully rare, the grim reality of daily life experienced by slum dwellers is a serious blight on our city and society. The people occupying them – many of them elderly and underprivileged – suffer the most squalid living conditions. It is impossible not to feel shamed, as I know from my personal visits to URA project sites, by the appalling discomfort when more than five families are packed into a flat of no more than 500 square feet. The URA estimate is that some 110,000 of our families have to make their homes in slums where there is no

escape from filthy common areas, dangerously defective electrical wiring and fittings and a total absence of the amenities which the rest of the community takes for granted. Hong Kong is not poor, and there is simply no justification for any of our people having to live like this. Furthermore, the fire hazards and threats to public health which slums create endanger the general public and not just the residents of these structures.



Representatives of Development Bureau and URA attend a meeting of the Development Panel of the Legislative Council.

## Work in Progress

To date, the URA has commenced a total of 55 redevelopment projects that have helped, or are enabling, more than 34,000 households to move out of their often shocking living conditions. When these projects are completed, the URA will have provided approximately:

- 19,000 new residential units;
- 37,000 square metres of public open space;
- 75,000 square metres of government / institution / community facilities space;
- 490,000 square metres of commercial space; and
- 120,000 square metres of land for other purposes.

In many cases, past neglect has left structures so worn out that demolition and rebuilding are the only safe and sensible solution. The URA seeks to halt this downward spiral and, wherever possible, to give new life to ageing buildings. It has already provided assistance for



the rehabilitation of about 550 buildings since 2004, involving a total of 44,000 flats.

The URA has been a major partner in the Government's \$3.5 billion "Operation Building Bright" (OBB) programme to which the URA has contributed \$150 million. On top of our financial contribution, the URA is providing one-stop technical assistance to enable the 62,000 owners of 1,300 old buildings at risk to carry out urgent repair and maintenance works. The URA has also introduced an "Integrated Building Maintenance Assistance Scheme to provide comprehensive assistance to buildings not covered by OBB.

## New Life Options

The URA made substantial progress with its own conservation and revitalisation programmes. An important milestone was reached with the innovative Central Oasis project. Its architectural design team has been appointed which can use the results of the structural survey already undertaken to make rapid progress. The team also has the benefit of input about the public's preferences which have already been surveyed. The target is to submit the team's architectural design plan to the Town Planning Board for approval by early next year. The designs will then be put on display so that the community can provide further feedback to the Town Planning Board.

Another major undertaking is revitalisation of the century-old market adjacent to the URA Peel Street/ Graham Street project. For the second year, large-scale promotional activities were organised in which around 90 bazaar stalls and businesses took part. In addition, nine fixed-stall hawkers had their old stalls re-designed as a result of URA support. The new design was not only welcomed by the operators, but also attracted attention from other cities.

Other projects of special interest included:

- major conservation and construction work for the Mallory Street project, which will become a "Comix Base" in 2013;
- completion of the first and second phases of the revitalisation work for Tai Kok Tsui streets;
- launching revitalisation work for themed streets in Mong Kok; and
- property acquisition for conservation projects involving Prince Edward Road West and Shanghai Street.

## In Partnership with Hong Kong's People

The URA is very conscious that its efforts to end the unacceptable housing standards of so many families will not succeed without the community's engagement and support. The 2011 Urban Renewal Strategy was the outcome of one of the largest public consultations ever undertaken by the Government and which took two years to complete. The process was "interactive" in order to ensure that our new strategy would be shaped by the community's own input about how the people of Hong Kong want urban decay to be tackled. This firm grounding in the public's preferences and priorities has strengthened the URA's ability to end the shame of our slums and to free many more families from the misery of living in homes unfit for human habitation.

Among the major initiatives set out by the URS and implemented during the year were:

- a "demand-led" redevelopment model;
- an intermediary service, with the URA acting as "facilitator";
- a "flat-for-flat" scheme; and
- a broader approach to building-rehabilitation.

## Pilot “demand-led” projects

The URA’s first “demand-led” redevelopment model was launched in July 2011. A total of 25 applications were received, of which three met in full the model’s prerequisites. They were included in the URA’s 2012/13 Business Plan and work began on them in April this year. The URA has already invited applications for the next round of “demand-led” redevelopment projects.



Secretary for Development Mrs Carrie Lam, URA Chairman Mr Barry Cheung (2nd from right) and Chairman of Yau Tsim Mong District Council Mr Chung Kong Mo (right) visit a resident of a demand-led redevelopment project.

## “Facilitator” intermediary services

The URA also started its first scheme as a “facilitator” in July 2011. In this role, it acts as an intermediary for owners, providing the support services they need in order to cooperate effectively in organising the joint sale of their premises. Of the initial six applications received, only two met the scheme’s criteria and were accepted.

## Implementation of the “flat-for-flat” scheme

Under the new URS, owner-occupiers affected by URA redevelopment projects which began after 24 February 2011, can be offered a “flat-for-flat” option as an alternative to cash compensation.

An important feature of this scheme is the URA’s effort to tailor its design to the community’s expectations. In the case of the Kai Tak project, the URA invited the Hong Kong Institute of Architects to organise workshops to seek the profession’s expert advice on what should be the key features for a successful “flat-for-flat” option. The architects’ views were then presented to the potential beneficiaries through an opinion survey targeted at over 1,000 residents living in old urban areas to ensure they met the community’s expectations.

The first redevelopment projects to benefit from this new option were the owner-occupiers at Pak Tai Street/San Shan Road in Ma Tau Kok, in February of this year and at Fuk Wing Street in Sham Shui Po, in April.

## Broadening the scope of building-rehabilitation work

Plans are in place for the gradual expansion of the URA’s building rehabilitation services to cover the entire urban areas of Kowloon by 2013 and of Hong Kong Island by 2015. In addition, the URA will make a substantial contribution to ensuring the success of the Buildings Department’s “Mandatory Building Inspection Scheme” through launching a subsidy programme to help qualified owners to comply with the new inspection requirements. The target for 2012-13 is to provide financial aid for inspections for about 270 buildings containing a total of 8,640 flats.

As part of the URA’s strategy to enable owners and residents to be pro-active in maintaining their buildings, its first “Urban Renewal Resource Centre” was officially opened in Tai Kok Tsui in April 2012. The centre provides comprehensive, one-stop services to the public and promotes the URA’s redevelopment and rehabilitation work.

## Cultural Partnerships

The URA has expanded its endeavours to improve the quality of life for residents in the older urban areas, not only through its redevelopment and rehabilitation programmes, but also by incorporating arts and cultural elements in urban renewal projects.

- \$25 million has been set aside to promote arts and culture in old urban areas.
- To start, financial assistance is being provided to seven artistic and cultural projects, potentially reaching 70,000 residents in old urban areas.
- A non-profit making organisation supported by local artists is now able to promote their activities at a designated, street-level, retail outlet named rwb 330 in the URA's Prince Edward Road West Project. This facility will also function as a venue for arts and cultural exchanges.
- The first Artist-in-Residence Programme was launched in a renovated block on Wing Lee Street.

## Future Commitments

In the coming year, the URA will pioneer a new programme to redevelop old industrial buildings. This pilot scheme has been designed to support the Government's new policy of releasing land for housing and commercial development purposes through the redevelopment of industrial buildings. The URA has begun work on implementation plans and compensation arrangements, and has started to identify suitable buildings. The projects will be formally launched after they have been approved by the Financial Secretary.

Over the next five years, the URA estimates that it will invest HK\$25 billion dollars in achieving its primary objectives of redevelopment and rehabilitation, as well as in support of preservation and revitalisation projects. Between 2012 and 2017, the URA plans to carry out

a total of 10 self-led redevelopment projects plus a number of "demand-led" projects and facilitator-service projects.

This year began a new and crucial phase in the URA's endeavours in which the 2011 URS has enabled us to intensify our efforts to eradicate the slums which cause misery for so many families while preserving as much as we can of Hong Kong's precious architectural and cultural heritage. Our success, however, continues to depend very heavily on our ability to retain the confidence and cooperation of the entire community. We also have an obligation to justify the confidence which the Government shows in the URA through entrusting us with its mission and with the resources to accomplish it.

**Barry CHEUNG Chun-yuen**  
**Chairman**

31 July 2012

## Managing Director's Statement



Mr Quinn LAW Yee-kwan, JP

*“As a team, we are very proud of our achievements over the years. With the unwavering support of the Government, and our stakeholders, we managed to forge ahead and tackle many challenges.”*

Whereas 2010/11 was a year of planning and preparation for the URA following the promulgation of the new Urban Renewal Strategy (URS) in February 2011 which redefined and expanded the Authority's role in advancing urban renewal in Hong Kong, 2011/12 will be noted as the year of implementation of all the major new initiatives under the new URS.

### **Choices offered by New Initiatives**

That the URA was able to launch these initiatives within 12 months of the promulgation of the new URS was a significant achievement that we are very proud of, especially when they were designed to respond to various consensuses reached during the two-year public consultation on the URS review (URS review).

These consensuses came about after careful consideration of the wide spectrum of demands expressed by the community during the URS review, and identifying those with sufficient justifications

and public support to be acted upon. At first glance, these demands appear to be different in nature, but in essence, they carry a similar message that calls for more choices to be given to stakeholders in matters concerning urban renewal. Indeed, the provision of more options is central to each new initiative. The Flat-for-Flat scheme offers an interested owner-occupier, in addition to the normal cash compensation route, the choice of selecting an in-situ flat in the new development built within the site he used to reside or at the Kai Tak development earmarked for the scheme. The owner-driven Demand-led Redevelopment Project Pilot Scheme and Facilitating Services Pilot Scheme, on the other hand, offer interested property owners the choice to take the initiative to invite the URA to redevelop their lots or buildings or to avail the Authority's services as a facilitator to assemble property titles for joint sale in the market.

The offering of more choices is an integral part of innovation, and in combating the multi-faceted problem of urban dilapidation, the URA has to continue to refine its methods and approaches. That said, there is no denying that innovation often comes at a price. The options that the URA formulated are not bare options, but are "asset-backed". Given a number of choices, the selection made by an owner may have little financial implications for him, but for the URA, the offering of such choices incurs considerable costs which cannot be recouped. For example, the provision of units which may or may not be taken up under the Flat-for-Flat scheme illustrates this point. The scheme entails the URA holding a stock of flats pending selection by the owners at certain costs and which necessitates different arrangements to be made with the joint venture partners. Such may well affect URA's revenue. Nevertheless, the desire for more options is understandable, and as a forward-looking, dynamic and responsible body executing the Government's urban renewal policies, the URA will continue to strike the right balance between stakeholders' interests and our various bottom-line responsibilities, and endeavor to effect positive changes that accord with the best standards of the day and community aspirations.

## Redevelopment

In addition to the 29 ongoing redevelopment and four preservation projects which the URA continued to implement during 2011/12, two new redevelopment projects were commenced, namely, the Kowloon City Road/Sheung Heung Road project and the Reclamation Street/Shantung Street project. This was followed by the commencement of three demand-led redevelopment projects in April 2012. In line with the new URS which envisages a more diverse approach to redevelopment, the URA aims to launch a balanced mix of self-initiated and owner-initiated redevelopment projects each financial year.

It needs to be stressed however that the demand-led redevelopment scheme is in its infancy, and the actual implementation of a demand-led redevelopment project will be conditional upon the decision of owners with the requisite level of property holdings in the project



(from left) URA Executive Director (Planning and Project Control) Ms Iris Tam, Secretary for Development Mrs Carrie Lam, URA Chairman Mr Barry Cheung and URA Managing Director Mr Quinn Law at the press conference to announce the "flat-for-flat" option.

site to accept URA's conditional acquisition offers, followed by the authorisation by the Policy Secretary for the project to proceed.

The offering of facilitating services by the Urban Redevelopment Facilitating Services Co. Ltd, a wholly-owned subsidiary of the URA, will also continue.

In our current Corporate Plan covering 1 April 2012 to 31 March 2017, we aim at commencing more sizeable redevelopment projects to expedite the urban renewal programme. Should opportunities arise and resources be available, we would explore the feasibility of carrying out a more ambitious programme than the one contained in our current Plan. At the time of writing, the URA is making arrangements to launch the Redevelopment of Industrial Buildings Pilot Scheme which originated from a request by the Government in the 2012/13 Budget Speech. It is the intention of the URA to commence one to two pilot projects in 2012/13.

## Rehabilitation

As befits its new declared status as a core business of the URA, rehabilitation work has intensified during 2011/12, not only in terms of workload, but preparation made for the expanded coverage that will progressively take place in the coming five years. Together with the Hong Kong Housing Society, the URA will begin in the third quarter of 2012 to provide technical advisory and financial subsidy to building owners selected for the Mandatory Building Inspection Scheme. The setting up of a Building Rehabilitation Division led by the Executive Director, Operations and Project Control, fully recognises the growing importance of this mode of urban renewal. Also, the rehabilitation team is the fastest growing team within the organisation. The significant increase in overall manpower of the URA in the next few years will be mostly attributed to the expansion of the rehabilitation team.

## Contributing to Sustainable Development

The URA's upgraded policy on environmental sustainability was formalised in 2009.



An artist impression of the Kai Tak flat-for-flat development.

The URA's Kai Tak development which is earmarked for provision of flat for flat units has adopted a "modest design concept" in response to the call for "no frills" developments by the public. The modest design features are intended to be practical, durable, cost-efficient, and environmentally-friendly by promoting energy efficiency through measures such as insulation and sun shading devices incorporated in external walls, and cross ventilation of living and communal spaces. Elderly-friendly facilities will also be added to the development.

Wherever possible, the URA strives to incorporate the highest practical standards that promote environmental sustainability and energy efficiency in its redevelopment projects and rehabilitation work. In 2011/12, the URA had received another BEAM Platinum Award and two further provisional awards, which brings the total of such awards received by the URA to nine. Management recognises the importance of sustainable development, and will deploy additional resources in this area to keep abreast of and adopt the latest development and practices.



URA Managing Director Mr Quinn Law (third from right) and community leaders officiate at the opening ceremony of the Pak Tsz Lane Park.

## Financial results

The URA's net asset value was \$21.8 billion as at 31 March 2012. This comprised a capital injection totaling \$10 billion from the Government, and an accumulated surplus from operations of \$11.8 billion. For the year ended 31 March 2012, the URA recorded a net operating surplus of \$2.6 billion as against \$2.2 billion achieved in the preceding year. The result can vary considerably from year to year but any surpluses earned by the URA from redevelopment projects are retained and then applied to finance further redevelopment projects and the URA's rehabilitation, revitalisation and preservation efforts.

The operating surplus for 2011-12 of \$2.6 billion and for recent years was mainly attributable to the favourable property market which has been rising steadily since the start of 2009.

The URA is exempt by the Government from the need to pay land premium. If not for this arrangement, the URA's total accumulated surplus since its establishment of \$11.8 billion would have been reduced by \$5.5 billion to \$6.3 billion, being the total amount of land premium assessed by the Lands Department to have been foregone by the Government in making land grants to the URA for 17 projects up to 31 March 2012.

We estimate that, in the five years from 1 April 2012 to 31 March 2017, a total expenditure of about \$25 billion, excluding operational overheads, will be required by

the URA to meet the costs of all projects contained in its 2012 to 2017 Corporate Plan. This expenditure covers the URA's work in redevelopment, rehabilitation, preservation and revitalisation. However, it should be noted that while the Corporate Plan has been drawn up taking full account of the new URS, expenditure may nevertheless be higher after the inclusion of additional demand-led redevelopment and industrial building redevelopment initiatives. To ensure that its urban renewal programme is sustainable in the long term, the URA will continue to exercise due care and diligence in handling its finances.

## Working as a Team

As a team, we are very proud of our achievements over the years. With the unwavering support of the Government, and our stakeholders, we managed to forge ahead and tackle many challenges. Apart from external support, the importance of teamwork cannot be stressed enough, and we are very fortunate to have an extremely dedicated staff body, led by an experienced management team. Most senior staff members have been with the organisation for over six years. Staff turnover remains low, and at the senior management level, this ensured continuity in leadership, and clarity of purpose which in turn have a stabilizing effect



"Origin of Chinese Revolution" is adopted as the design theme for the Pak Tsz Lane Park.



on the whole organisation. Staff promotions within the organisation are also preferred as part of our succession plan. With the URA entering a new era of urban renewal in implementing various new initiatives under the URS, expanding the geographical coverage in building rehabilitation, involvement in the Mandatory Building Inspection Scheme, and our participation in the redevelopment of industrial buildings, continuing stability is vital for the organisation.

Our increasing workload and new responsibilities also make it imperative for us to recruit new talents from time to time. To help new staff members settle down quickly, and integrate seamlessly with our existing team, we continue to put a lot of efforts into providing all necessary support to newcomers. Internal communication that keeps every staff member informed of the progress of different areas of our work will continue to be strengthened. Appropriate trainings aimed at enhancing the knowledge and skillsets of staff will continue to be arranged.

## **Vote of thanks to the Board, Committees and Staff Members**

I would like to express my heartfelt thanks to the wise counsel and support of our Chairman and Members of the Board, Committees and District Advisory Committees.

My sincere thanks are also due to all staff members who have worked very hard during the past year, and whose efforts are not only appreciated by the Board, senior management and the Government, but increasingly by the community that we serve.

**Quinn LAW Yee-kwan**

**Managing Director**

31 July 2012

# Venturing into New Horizons



The URA has developed and introduced new plans and schemes as outlined in the new Urban Renewal Strategy (URS), and has made progress in the following areas:

### **“Demand-led” redevelopment**

The URA received a total of 25 applications for “demand-led” redevelopment during the first round of applications from July to October 2011. Three were ultimately selected as the others failed to meet either the 67% owners’ consent threshold, or the sites were below 400 square metres, or the building conditions did not warrant priority treatment.

We commenced the three demand-led redevelopment projects on 20 April 2012, including the Tai Kok Tsui project at 13-31 Pine Street and 87 Oak Street; and two Sham Shui Po projects at 229A-G and 205-211A Hai Tan Street. The three projects, if successfully implemented, will be able to improve the living condition of around 290 households.

The URA had made conditional offers to owners of 229

A-G Hai Tan Street as there was no objection to this project. Should no less than 80% of owners in each lot of the project accept the URA’s conditional offer, the URA will complete purchase of the properties with the owners.

The two remaining demand-led projects received objections from a few affected residents within and outside their project boundary and more time is required for processing. Once authorisation is obtained from the Secretary for Development, the URA will make conditional offers to the affected owners.

The URA’s current proposal is to redevelop the three projects to provide around 230 residential units of small to medium sizes, and will reserve some units on the lower floors for the flat-for-flat scheme.



Poor living condition in the Tai Kok Tsui demand-led redevelopment project.

### **‘Facilitator’ intermediary services**

The URA has started its ‘facilitator’ role -- providing intermediary services for owners and helping them to achieve a joint sale. We had received a total of six applications up to July 2012. Two applications were accepted for implementation.

## “Flat-for Flat” arrangement

The first “flat-for-flat” offer was made in February 2012 to domestic owner-occupiers in URA’s Pak Tai Street/ San Shan Road redevelopment project.

“Flat-for-flat” is a key initiative stipulated in the new URS, for domestic owner-occupiers who are affected by URA redevelopment projects commenced after 24 February 2011, the date when the new URS was formally promulgated.

Domestic owner-occupiers who wish to opt for “flat-for-flat” arrangement must first accept the cash compensation offered by the URA based on a notional seven-year-old flat rate. They have a choice of ‘in-situ’ flats in the new development or flats in Kai Tak “flat-for-flat” development.

The URA has adopted modest design features in the Kai Tak “flat-for-flat” development which is scheduled for completion in 2016. The key elements include:

1. Natural ventilation: windows are designed in all living rooms and lift lobbies to induce cross ventilation;
2. Green: overall 30% green coverage with two third (20%) at grade;
3. Residents’ communal facilities located on rooftop, enjoying panoramic view. No swimming pool, no dining facilities, and no private car parking provision;
4. Modest design for main lobbies;
5. No balcony for small units while three-bedroom units will have two bathrooms (one with bathtub and one with shower stall);
6. Durable materials and energy efficient installations to reduce future maintenance and management expenses; and

7. Elderly-friendly facilities incorporated in the Low Block.

Foundation works of Kai Tak development (Phase I) has begun in mid-2012, and the project is expected to be completed in 2016.



Elderly-friendly facilities are incorporated in the Low Block of Kai Tak development.

## District Urban Renewal Forum

The Kowloon City District Urban Renewal Forum (DURF) was established by the Government on 1 June 2011, and comprises a total of 20 non-official and official members appointed by the Secretary for Development. This is the first DURF established after the promulgation of the new URS, with secretarial service and support from the Planning Department and assistance from the URA.

The DURF, through its consultants, will consult widely the public on its preliminary proposals in the third quarter of 2012. Different sectors of the community and local residents will be invited to give their views in order to formulate the Urban Renewal Plan for Kowloon City with local character and reflecting the aspirations of the district as well as the overall public interest.

## Urban Renewal Trust Fund

The setting up of an Urban Renewal Trust Fund (Fund or URTF), another key initiative under the URS, was also one of the highlights for the year. The URA has allocated HK\$500 million to the Fund, which will be used to subsidise the District Urban Renewal Forums' various activities and studies. The Government announced in August 2011 the appointment of ten directors of the Fund nominated by the Secretary of Development.

The Fund provides an independent funding source

to support the operation of social service teams who render independent assistance to affected residents of urban redevelopment projects implemented by the URA; supports social impact assessments and other related planning studies commissioned by the DURF to strengthen urban renewal planning at the district level; and supports heritage preservation and district revitalisation initiatives to be proposed by non-governmental organisations and other stakeholders in the overall context of urban renewal.

24 February 2011	Promulgation of the new Urban Renewal Strategy.
February – August 2011	The URA announced work plans and schemes related to the new URS. The new initiatives included “demand-led” redevelopment; “facilitator” intermediary service; “flat-for-flat” arrangement. The URA had also assisted in the establishment of the first DURF and URTF.
1 April 2011	Integrated Building Maintenance Assistance Scheme (IBMAS) took effect. Under the IBMAS, the financial assistance schemes currently operated by the URA and the Hong Kong Housing Society were consolidated into one integrated assistance scheme.
25 July 2011	Application for “demand-led” and “facilitator” intermediary services was open.
31 October 2011	25 applications for “demand-led” redevelopment received.
27 February 2012	Issued offer letters with “flat-for-flat” option to domestic owner-occupiers of the Pak Tai Street/San Shan Road project in Ma Tau Wai. They were the first batch of owner-occupiers benefiting from the FFF arrangement.
20 April 2012	Commenced three “demand-led” projects.
26 April 2012	The first one-stop service centre of the URA, the Urban Renewal Resource Centre at Tai Kok Tsui was opened.
1 June 2012	Applications opened for the second round of “demand-led” redevelopment.
4 July 2012	Conditional offers made to a “demand-led” redevelopment project in Sham Shui Po.

A photograph of a modern high-rise building with a glass-enclosed central tower and a landscaped courtyard. The building features a mix of materials, including glass, metal, and stone. The courtyard has a central fountain, a seating area with orange cushions, and various plants and trees. The word "Redevelopment" is overlaid in white, italicized text.

# *Redevelopment*

Larch Street/Fir Street project (Lime Stardom) in Tai Kok Tsui.

The new Urban Renewal Strategy promulgated on 24 February 2011 reiterated the importance of redevelopment in urban renewal by confirming it as one of the two core businesses of the URA.

Up to 31 March 2012, the URA had commenced a total of 42 redevelopment projects and four preservation projects. These 42 redevelopment projects provide around 12,700 new flats, 242,700 square metres of commercial space, 53,000 square metres of Government, Institution and Community (GIC) facilities, 100,000 square metres for other uses including offices and hotels, and 26,000 square metres of open space. At the same time, the URA has improved the living conditions of about 34,000 households previously living in substandard housing.

## Commencement of New Redevelopment Projects

In November 2011, and February 2012, the URA initiated and commenced two URAO projects:

### *Kowloon City Road/Sheung Heung Road, Kowloon City*

Being the seventh project implemented by the URA in the Kowloon City District, the project covers an area of about 1,622 square metres. Built in the 1950s, the 16 street numbers of buildings within the project area are in poor condition and occupants of the upper floors have long endured the environmental impact of the adjacent elevated East Kowloon Corridor. The project benefits around 264 households. It is anticipated that the project will provide around 175 new flats and 2,076 square metres of commercial space.



URA staff conducts freezing survey at the project site.

## *Reclamation Street/Shantung Street, Mong Kok*

The project covers an area of around 1,640 square metres. Built in 1959 and 1963, the 20 street numbers of buildings within the project area are in poor condition. The project benefits around 330 households. The project has development potential for around 168 new flats and 2,087 square metres of commercial space.



Press conference to announce the commencement of the Reclamation Street / Shantung Street project.



Existing view of the Reclamation Street / Shantung Street project.

## **Demand-led Redevelopment Projects**

On 20 April 2012, the URA commenced three demand-led redevelopment projects. This followed the launching of the URA's "Demand-led Redevelopment Project – Pilot Scheme" in July 2011. Public response to the Pilot Scheme was enthusiastic. Out of 25 applications, the URA selected the following three projects for commencement.

## *229A-G and 205-211A Hai Tan Street, Sham Shui Po*



URA staff conducts resident briefing on the demand-led redevelopment project.

Built in the early 1960s, these two projects cover a combined area of around 950 square metres. About 160 households will benefit. The projects are expected to produce around 130 new flats and 800 square metres of commercial space.



### *Pine Street/Oak Street, Tai Kok Tsui*

The project site comprises buildings built between 1963 and 1967, covering an area of about 865 square metres, involving 11 street numbers. It is the URA's 11th redevelopment project in the Yau Tsim Mong District. It will benefit about 125 households and is expected to produce around 92 new flats and 705 square metres of commercial space.

Once commenced, the demand-led redevelopment projects will go through the same statutory planning process as the other URA-initiated projects. Being owner-driven, the actual implementation of these projects will depend on the acceptance of conditional offers by owners of not less than 80% of undivided shares of each lot within the project sites. The authorization of the Secretary for Development for the projects to proceed being the other prerequisite.



URA staff conducts freezing survey to ascertain the occupancy status.

### *Ma Tau Wai Road/Chun Tin Street, To Kwa Wan*

Following the tragic collapse of a building on Ma Tau Wai Road in January 2010, the URA stepped in and commenced this project which comprises two rows of over 50-year-old tenement buildings and which benefits around 229 households.

This is the first ever project that the URA undertakes without a joint venture partner. The land resumption application is pending approval by Chief Executive in Council.



A balloting exercise for the allocation of rehousing units.

### *Sai Yee Street, Mong Kok*

With site clearance achieved in February 2012, this sports-themed redevelopment project has reached the development tender stage. Under a special local sports-shop arrangement, all former sports-shops operators will be offered priority to lease space within the retail portion of the future development.



An artist impression of the Sai Yee Street project.

### *Kwun Tong Town Centre, Kwun Tong*

URA's largest project to date, the Kwun Tong Town Centre project covers an area of 5.3 hectares and benefits around 1,300 households. The project is expected to produce around 2,000 new flats, 112,000 square metres of commercial space, and 13,400 square metres of public open space.

This complex project is being implemented in three phases, with the site divided into five Development Areas. As at 31 March 2012, Development Areas 2, 3 and 4 are being resumed by the Government while superstructure works are in progress for Development Area 1. The phasing arrangement has resulted in the early reprovision of the existing Kwun Tong Jockey Club Health Centre to Development Area 1. In addition, the arrangement requires the temporary reprovision of existing Government offices in Development Area 4 to premises nearby, while vacating the site for use as interim GIC facilities to reprovision the hawker bazaars, Public Light Bus terminus and public toilet from Development Areas 2 and 3. These two Development Areas may then be cleared for combined redevelopment.



Enquiry counter for the relocation of Government offices during redevelopment period.

### *Peel Street/Graham Street, Sheung Wan*

This project will help improve the living conditions of some 300 households. A phased approach is adopted in implementing the project to cater for the preservation of a century old wet market which falls outside the project boundary. This approach also allows the fresh-food operators currently operating in the first phase, and who wish to continue their businesses, to be moved to temporary shop premises within the project site. Upon completion of the project's low-rise retail block, the fresh-food operators will be able to operate there if they so choose.

Site B was tendered during the year and development of the site was awarded. Acquisition of outstanding interests in Sites A and C is still underway.



Special arrangement for fresh-food operators during the development of Site B.

### *Staunton Street/Wing Lee Street, Sheung Wan*

The original Site A of the project comprising the Wing Lee Street area and the Bridges Street Market site was excised from the Development Scheme Plan (DSP) following the URAs proposed alternative implementation concept for conserving Wing Lee Street. Corresponding amendments to the approved DSP and the approved Sai Ying Pun and Sheung Wan Outline Zoning Plan were gazetted in July 2011 and subsequently approved by the Executive Council in May 2012.



The Bridges Street Market will be excised from the DSP.

### *Lee Tung Street/McGregor Street, Wan Chai*

This residential and commercial redevelopment project in Wan Chai will –

- reflect a Wedding City theme that features Hong Kong's early wedding traditions, a culture gallery and a retail area for wedding-related trades such as wedding dresses, flowers, decorations, cakes, hair salons, jewellery, photo studios and wedding planners;
- offer space for social enterprises;
- preserve three pre-war shophouses;
- provide a pedestrianised Lee Tung Street; and
- provide a new east-west pedestrian link with open spaces.

This is also the first URA project that comes with a comprehensive environmentally friendly policy. It is planned to reduce greenhouse gas emissions from the project by about 23%.

Construction is underway and completion of construction is targeted for 2015.



# *Rehabilitation*

Color clusters of rehabilitated buildings in Tsuen Wan.

Under the new URS, rehabilitation is one of the URA's two core businesses.

During 2011/12, the URA has intensified its rehabilitation efforts through Operation Building Bright (OBB) and the Integrated Building Maintenance Assistance Scheme (IBMAS). As in previous years, these efforts have garnered positive feedback from property owners and residents who have benefited from the various schemes.

## Operation Building Bright

The Government's OBB programme is a one-off special operation to create more employment opportunities for the construction sector and to promote building safety. The URA has given full support to the programme since it began in 2009. Up until the end of March 2012, the URA had provided financial and technical assistance to around 1,336 buildings, comprising around 62,000 units. In 2011/12, the URA had assisted the rehabilitation of an estimated 280 buildings or about 11,900 units out of an approximate 1,336 buildings within the URA's Rehabilitation Scheme Areas (RSAs). It is expected that the OBB programme will take two or three more years to complete.



(from left) URA Chairman Mr Barry Cheung, Secretary for Development Mrs Carrie Lam and HKHS Chairman Mr Yeung Ka-sing officiate at the 3rd anniversary ceremony of Operation Building Bright.



Tsui Yuen Mansion in Yau Ma Tei before and after rehabilitation.



Society (HKHS) to promote and facilitate better building maintenance, have all been amalgamated into a single “Integrated Building Maintenance Assistance Scheme” (IBMAS). The IBMAS adopts the same set of application criteria and provides the same subsidies and assistance provided by all these schemes to all multiple-owned private domestic or composite buildings in Hong Kong.

## Integrated Building Maintenance Assistance Scheme

Since 2004, the URA has been assisting owners in rehabilitating their buildings under its Materials Incentive Scheme and Loan Scheme, with a total of about 550 buildings or 44,000 units assisted up to the end of March 2011. From 1 April 2011, these schemes, together with those operated by the Hong Kong Housing



The new look of Wa Fung Mansion in Kwun Tong after rehabilitation.

Through a single set of application forms, owners can also apply for the Government funded Building Maintenance Grant Scheme for Elderly Owners operated by the HKHS and the Building Safety Loan Scheme operated by the Buildings Department. Regular IBMAS coordination meetings are held between the URA and HKHS. As at 31 March 2012, 558 applications had been received under the IBMAS, of which 139 were within the URA's RSAs. Of these 139, 94 had been handled with assistance provided.

## Expansion of the URA's Rehabilitation Coverage

The URA will progressively take over the rehabilitation work from the HKHS by assuming these responsibilities in Kowloon in 2013, and then the whole territory by 2015. This expansion will take URA's rehabilitation work beyond its existing RSAs and to this end, the



Inspection of building condition by URA staff.

URA has devised an initial strategy to cope with the expanded geographical coverage including the recruitment of additional manpower and the setting up of new offices as appropriate.

## Mandatory Building Inspection Scheme

The Buildings Department launched the Mandatory Building Inspection Scheme (MBIS) in June 2012 requiring owners to regularly inspect and repair their buildings in the interests of safety. Following extensive preparation work in 2011/12, the URA will participate in the implementation of MBIS by subsidising the full cost of the first building inspection fee, subject to a cap, to owners of eligible buildings located in the URA's RSAs who have received the Inspection Notice issued by the Buildings Department. Upon request, the URA will also offer a range of technical support and advice to owners in need who wish to organise inspections and repair works for compliance with the statutory requirements. Provision has been made by the URA to subsidise about 270 buildings or 8,640 units in 2012/13.



# *Revitalisation*



Pak Tsz Lane Park commemorates the Hong Kong link with the 1911 Chinese Revolution.



The URA's revitalisation efforts have achieved solid progress in 2011/12 with several initiatives nearing fruition.

## Wan Chai

The Old Wan Chai Revitalisation Initiatives Special Committee, set up by the Government in 2008, was disbanded in February 2012 after accomplishing its mission to revitalise Old Wan Chai. Projects of note which have been or are nearly completed include:

- the Wan Chai Heritage Trail with architectural lighting;
- metered electricity supply to about 130 hawker stalls in Tai Yuen Street and Cross Street; and
- open space and street improvements in the St Francis Street neighbourhood under the “Public Private Partnership on Revitalisation for Old Wan Chai”.



Improvement work of the open space in St. Francis Street, Wan Chai.



URA staff explains to a hawker about the installation of metered electricity supply.

## Tai Kok Tsui

In Tai Kok Tsui, the Phase 1 Beech Street and Beech Street Sitting-out Area beautification and upgrading works, and Phase 2 Cherry Street roundabout works are now complete. The design theme of “Urban Wood” has been adopted for Phase 3 which covers eight other Streets in Tai Kok Tsui, works are underway.



Beautification work in the Cherry Street roundabout.

## Mong Kok

The Flower Market Road Refuse Collection Point facelift is now complete and the streetscape improvement works for Flower Market Road started in December 2011.



Facelift of the Refuse Collection Point at Flower Market Road.

## Central & Western

### Central Oasis

The URA has taken up the challenge of turning the Central Market into a Central Oasis for green recreation and leisure use. In 2011/12, the Central Oasis Community Advisory Committee, chaired by Professor David Lung Ping-ye, sought public views on the design of Central Oasis through a territory-wide roving exhibition and opinion polls. A comprehensive design consultancy based on public views, the findings of a structural survey and the outcome of studies on the Central Market’s character-defining elements, was awarded in November 2011. Since then, the design team has been pressing ahead with the market building designs for submission to the Town Planning Board.

Meanwhile, the URA issued an open “Request for Information” seeking interested organisations to submit their proposals on the future operation of the Central Oasis. The information collected will facilitate the future Expression of Interest invitation for the project and assist URA in creating the business structure for the future project operation.



Japanese master architect Arata Isozaki (third from left) shares his design philosophy for the Central Oasis.

### Peel Street/Graham Street Market Vibrancy Initiatives

The URA is keen to maintain the vibrancy of the market along streets abutting the Peel Street and Graham Street redevelopment project and has launched a series of market promotion cum branding exercises involving about 90 shop operators and hawkers. Newly designed fire-resistant stalls were reprovisioned and handed over to hawkers affected by the site works.



URA staff explains the newly designed fire resistant stalls.

### Pak Tsz Lane Revitalisation Project

The Pak Tsz Lane Revitalisation Project includes the construction of the Pak Tsz Lane Park based on a theme which commemorates the association of the area with the Chinese revolution in the early 20th century. The park has been handed over to the Leisure and Cultural Services Department. The URA is working on the remaining phase of the project.



A themed and landscaped open space at Pak Tsz Lane commemorates the 1991 Chinese Revolution.

### Western Market

The URA has obtained a three-year lease extension in late 2011 with a premium paid to the Government. This will facilitate a detailed structural assessment, public engagement on possible future uses of the premises, and a conservation study of the century old market.



The century old Western Market.



# *Preservation*

The renovated buildings on Wing Lee Street.



URA renovates the acquired buildings on Wing Lee Street for preservation.

## Wing Lee Street, Sheung Wan

The Wing Lee Street row of early 1950s tenements have now been excised from the Staunton Street/ Wing Lee Street redevelopment project. To date the URA has wholly acquired numbers 5, 7, 8 and 9 and is preserving them for renovation and reuse as a residence for the University of Hong Kong, the Hong Kong Federation of Youth Groups and artists.

## Mallory Street / Burrows Street Preservation Project in Wan Chai

This preservation-cum-revitalisation project comprises a rare cluster of ten pre-war tenement houses. The Hong Kong Arts Centre (HKAC) has been awarded the contract as main operator for the project which will be transformed into a “Comix Home Base” to provide a platform for local and international art exchange and interaction. The main restoration and construction works on site are now underway.



Restoration work at Mallory Street / Burrows Street project site.

## Shophouse Preservation Projects in Mong Kok

Acquisition of property interests in the two shophouse preservation projects at Prince Edward Road West and Shanghai Street is continuing. Meanwhile, at Prince Edward Road West, partial alteration and addition works of two blocks wholly acquired by the URA will commence and a vacant shop has been licensed to a non government organisation offering community arts learning experience.

## Stone Nullah Lane / Hing Wan Street Preservation Project (Blue House)

The “Blue House” project has been taken up by the Commissioner for Heritage’s Office (CHO) under the second batch of the Government’s “Revitalising Historic Buildings through Partnership Scheme”. The Government has selected the revitalisation proposal of St. James’ Settlement - “Viva Blue House” following the consideration of submissions from non-profit organisations. The URA is assisting the CHO as necessary.



Two clusters of shophouses on Prince Edward Road West (top) and Shanghai Street to be preserved and revitalised.

# *Reaching Out*



Artists work at the exhibition gallery in Citywalk.





Showcase of hip-hop dance and beat box after a series of workshops for young people.

## An artistic brush in urban renewal

The URA believes that arts and culture could, if positioned and managed properly, provide an innovative way for the URA to improve the quality of living in old urban areas.

The URA Board decided in August 2011 that integrating arts and cultural elements in urban renewal was worth further exploration as this would help improve the quality of living in old urban areas.

In the past 12 months, the URA had pioneered into a new horizon in its work in support of arts and culture in old urban areas:

- Supported seven arts organisations through our Pilot Scheme of Arts and Cultural Partnership Programme, benefitting over 70,000 residents in old urban areas.



Residents in Wan Chai participate in local community art jamming sessions.



Video making workshop for Tokwawan community.

- Licensed Hong Kong Arts Centre to use one of our acquired blocks on Wing Lee Street for its artist-in-residence programme.



Number 5 Wing Lee Street houses the artist-in residence programme.

- Licensed New Life Psychiatric Rehabilitation Association to use our acquired shop on Prince Edward Road West for running a social enterprise involving the Association's beneficiaries with art and culture theme with support of local artists.



Creative workshop and art projects for display and sale at the ground floor shop, 192 Prince Edward Road West.

- Supported over 20 events in Oasis Gallery, a temporary event venue in Central Market.



Exhibitions and activities by local artists at Oasis Gallery.

- Staged arts and cultural events in commercial areas of our developed projects.



Dance performance and art exhibition at Citywalk of the Tsuen Wan Town Centre project.



An experience of the dilapidated living conditions in old urban areas in the Urban Renewal Exploration Centre.



Teachers attend briefing sessions on the education kits.



Education kits for primary schools.

## In touch with students

Engaging the community, especially students, forms part of our mission to regenerate our city. With a proper understanding of the problem of urban decay and sharing of our vision in improving the quality of living in urban areas, we can maximise our efforts and impact in our work.

Last year, we

- upgraded our Urban Renewal Exploration Centre, a dedicated platform for showing the dilapidated living conditions in old urban areas and URA's mission in regenerating our city.
- produced printed and multi-media versions of education kits for primary and secondary students.
- launched special programmes for secondary school students to get first-hand information and experience of the dilapidated living environment in old urban areas, as well as URA's efforts in tackling the problem.
- organised territory-wide competitions to facilitate members of the public to explore different facets of the old districts. They included a video competition for secondary schools and a drama competition for community organisations.



A group photo with the winning teams of the video competition for secondary schools.

## Serving residents' needs under one roof

The first Urban Renewal Resource Centre (URRC), set up by URA in Tai Kok Tsui, began its one-stop-shop service with its opening in April 2012. The user-friendly and conveniently located Centre is able to provide a holistic service for residents in need of our redevelopment and rehabilitation services.

Measuring 10,000 square feet in area, the Centre contains interactive multi-media games, e-kiosks, a mediation centre and meeting rooms and facilities for meeting, talk, conference for urban renewal and related community activities.

## Volunteering to serve

Our volunteers are committed to serving those in need and supporting a wide variety of community services, from visiting elderly homes to helping clean up shelter homes. Volunteerism and community services are encouraged by and organised by our Staff Club. In recognition of our work, we were again awarded as a Caring Organisation by the Hong Kong Council of Social Services for three consecutive years.



URA staff explains the flat-for-flat scheme.



Visitors explore an interactive multi-media game in the Centre.



URA volunteers participate in an event by Hong Chi Association in support of their projects for people of intellectual disabilities.



URA Chairman Mr Barry Cheung and URA's volunteer service team to clean up a beach on Lamma Island.

# Highlights of the Year

## April 2011

- Hong Kong Arts Centre awarded the Main Operator of Mallory Street / Burrows Street "Art Community" revitalisation project.
- Announce the framework for URA taking up the role of a facilitator in redevelopment.
- Launch the Integrated Building Maintenance Assistance Scheme (IBMAS), jointly operated by the URA and HKHS.
- Decision by Appeal Board to uphold decision of Secretary for Development to authorize Ma Tau Wai Road / Chun Tin Street project gazetted.
- Launch a series of roving exhibitions on four conceptual designs of the Central Oasis revitalisation project.

## May 2011

- Issue offer letters to owners of the Ma Tau Wai Road / Chun Tin Street project.
- Announce the framework for a "demand-led" redevelopment model.

## June 2011

- Finance Committee of the Legislative Council approves a further \$1 billion in Government funding of Operation Building Bright.
- Kowloon City District Urban Renewal Forum holds its inaugural meeting.
- The Legislative Council passes the Bill for the implementation of Mandatory Building Inspection Scheme.
- Report to Legislative Council's Panel on Development on URA's work during 2010/11 and disclose financial results of 5 completed development projects.



## July 2011

- Land resumption for Nga Tsin Wai Village project in Wong Tai Sin gazetted.
- Invite applications for pilot scheme of demand-led redevelopment projects and facilitating services.

## August 2011

- Announce a pilot scheme in support of arts and cultural activities in old urban areas.
- Land resumption for Anchor Street / Fuk Tsun Street project in Tai Kok Tsui gazetted.

## September 2011

- Major work of Pak Tsz Lane revitalisation project is completed.

## October 2011

- 25 applications for demand-led redevelopment project (pilot scheme) received upon closing of application.

## November 2011

- Government announces the re-appointment of Mr Calvin Lam as URA's Executive Director.
- Announce the award of comprehensive design consultancy contract for the Central Oasis revitalisation project to AGC Design Limited.
- Commence Kowloon City Road / Sheung Heung Road redevelopment project.

## December 2011

- Invite Expressions of Interest (EOI) for joint development of Chi Kiang Street / Ha Heung Road project in To Kwa Wan.



## February 2012

- Set up a special task force to draw up implementation plan for the redevelopment of industrial buildings (pilot scheme).

- Commence Reclamation Street / Shantung Street redevelopment project in Mong Kok.

- Unveil pricing mechanism for the flat-for-flat (FFF) pilot scheme and the modest design concept of Kai Tak flats.

- Issue offer letters and the fixed unit prices for FFF option to owners of the Pak Tai Street / San Shan Road project.

- Award contract for joint development of Chi Kiang Street / Ha Heung Road project to a consortium consisting of Chevalier International Holdings Limited and Golden Code Development Limited.

## March 2012

- Land resumption for the implementation of the first phase of Kwun Tong Town Centre project (Main Site) gazetted.

- Invite tender for joint development of Peel Street / Graham Street project (Site B).

- Announce relaxation of the rateable value limits for applications of IBMAS.

- Government gives authorisation to Fuk Wing Street project in Sham Shui Po.

## January 2012

- Commence a three-week promotional scheme to enliven up the century-old Graham Street Market.

- Government gives authorisation to Pak Tai Street / San Shan Road project in Ma Tau Kok.

- Invite interested parties to respond to request for information for Central Oasis project.

- Invite EOI for joint development of Peel Street / Graham Street project (Site B) in Central.

- Invite tender for joint development of Chi Kiang Street / Ha Heung Road project.





## April 2012

- Invite EOI for joint development of Pak Tai Street / Mok Cheong Street project in Ma Tau Kok.
- Commence three demand-led redevelopment projects in Sham Shui Po and Tai Kok Tsui.
- Open the first Urban Renewal Resource Centre In Tai Kok Tsui.
- Award contract for joint development project of Peel Street / Graham Street project (Site B) to a wholly-owned subsidiary of Cheung Kong (Holdings) Limited.

## May 2012

- Issue offer letters and FFF option to owners of the Fuk Wing Street project.
- Invite tender for joint development of Pak Tai Street / Mok Cheong Street project.
- Invite applications for the second round of demand-led projects (pilot scheme).
- The Citywalk & Citywalk 2 projects in Tsuen Wan win the Gold Award of the Skyrise Greenery Awards 2012.

## June 2012

- Land resumption for San Shan Road / Pau Chung Street in Ma Tau Kok gazetted.
- Award contract for joint development of Pak Tai Street / Mok Cheong Street Project to a wholly-owned subsidiary of China Overseas Land & Investment Limited.
- Government announces the re-appointment of Ms Iris Tam as URA's Executive Director.

- Report to Legislative Council's Panel on Development on URA's work during 2011/12 and disclose financial results of two completed development projects.

## July 2012

- Issue offer letters to owners of the demand-led project at 229A-G Hai Tan Street.
- Government gives authorisation to Kowloon City Road / Sheung Heung Road project.
- Invite EOI for joint development of Sai Yee Street project.



# Project Highlights

							Existing Development Information			Project Development Information		
Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m <sup>2</sup>	Existing GFA m <sup>2</sup>	Buildings	Population	Residential Flat Number	Total GFA m <sup>2</sup>	Residential GFA m <sup>2</sup>	
<b>1 to 36 - 36 still ongoing projects commenced by URA</b>												
1 <sup>(2, 3)</sup>	DL-1: SSP	229A-G, Hai Tan Street, Sham Shui Po	2012-13	April		483	2,547	1	184	69	3,636	3,232
2 <sup>(2, 3)</sup>	DL-2: SSP	205-211A, Hai Tan Street, Sham Shui Po	2012-13	April		470	3,335	1	239	69	3,569	3,172
3 <sup>(2, 3)</sup>	DL-3: YTM	Pine Street / Oak Street, Tai Kok Tsui	2012-13	April		865	3,832	11	311	92	6,345	5,640
4 <sup>(3)</sup>	YTM-010	Reclamation Street / Shantung Street, Mong Kok	2011-12	February		1,640	9,406	9	682	168	12,519	10,432
5 <sup>(3)</sup>	KC-007	Kowloon City Road / Sheung Heung Road, Ma Tau Kok	2011-12	November		1,622	7,258	8	550	175	12,456	10,380
6 <sup>(3)</sup>	SSP-014	Fuk Wing Street, Sham Shui Po	2010-11	March		649	2,456	6	195	72	5,038	4,748
7 <sup>(3)</sup>	KC-006	Pak Tai Street / San Shan Road, Ma Tau Kok	2010-11	March		1,277	6,389	12	380	138	9,782	8,152
8 <sup>(3)</sup>	TKW/1/002	Ma Tau Wai Road / Chun Tin Street, Ma Tau Kok	2009-10	February		3,377	10393	17	519	420	22,640	19,740
9 <sup>(3)</sup>	SSP/3/001	Shun Ning Road, Sham Shui Po	2009-10	June		836	3,820	5	159	110	7,053	6,202
10 <sup>(3)</sup>	MTK/1/002	San Shan Road / Pau Chung Street, Ma Tau Kok	2009-10	May		1,170	6,046	7	344	144	10,530	8,775
11 <sup>(3, 4)</sup>	MK/01	Shanghai Street / Argyle Street, Mong Kok	2008-09	September		1,128	3,944	14	170	-	3,944	-
12 <sup>(3, 4)</sup>	MK/02	Prince Edward Road West / Yuen Ngai Street, Mong Kok	2008-09	September		1,440	4,334	10	31	-	6,126	-
13 <sup>(3)</sup>	TKT/2/002	Anchor Street / Fuk Tsun Street, Tai Kok Tsui	2007-08	March		726	3,348	6	257	-	6,534	-
14 <sup>(3)</sup>	TKW/1/001	Chi Kiang Street / Ha Heung Road, Ma Tau Kok	2007-08	February		931	5,226	5	302	116	8,379	6,983

Project Development Information					
Commercial GFA m <sup>2</sup>	Other Uses GFA m <sup>2</sup>	G/IC GFA m <sup>2</sup>	Public Open Space <sup>(1)</sup> m <sup>2</sup>	Remarks	Status
404	0	0	0		Project commencement gazetted on 20/04/12
397	0	0	0		Project commencement gazetted on 20/04/12
705	0	0	0		Project commencement gazetted on 20/04/12
2,087	0	0	0	Eligible domestic owners-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 10/02/12
2,076	0	0	0	Eligible domestic owners-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 25/11/11
560	0	0	0	Eligible domestic owners-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 25/03/11 SDEV authorized URA to proceed on 09/03/12 Initial acquisition offers issued on 27/04/12
1,630	0	0	0	Eligible domestic owners-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 25/03/11 SDEV authorized URA to proceed on 05/01/12 Initial acquisition offers issued on 27/02/12
1,900	0	1,000	500	The URA has taken the initiative to commence the project following collapse of one building and demolition of damaged adjacent one	SDEV authorized URA to proceed on 10/12/10 Decision of Appeal Board to uphold authorization gazetted on 29/04/11 Initial acquisition offers issued on 30/05/11 Resumption application submitted on 8/12/11
783	0	0	0		SDEV authorized URA to proceed on 29/01/10 Initial acquisition offers issued on 28/04/10 Resumption application submitted on 25/01/11
1,755	0	0	0		SDEV authorized URA to proceed on 29/01/10 Initial acquisition offers issued on 28/04/10 Resumption application submitted on 25/01/11
3,944	0	0	0	Zoned 'Other specified uses' annotated ' shophouses for commercial and / or cultural uses'	DSP approved by CE in C on 02/02/10 Initial acquisition offers issued on 31/03/10 Resumption application submitted on 27/01/11
6,126	0	0	0	Zoned 'Other specified uses' annotated ' shophouses for commercial and / or cultural uses'	DSP approved by CE in C on 02/02/10 Initial acquisition offers issued on 31/03/10 Resumption application submitted on 27/01/11
6,534	0	0	0	Commercial space is for hotel with about 184 rooms	Draft Land Grant conditions being circulated by Lands D to relevant Government departments for comments Site reverted to Government on 12/11/11 Clearance in progress
1,396	0	0	0		Clearance completed on 31/10/11 Demolition in progress Joint venture development tender awarded on 27/02/12 Land Grant executed on 18/05/12

							Existing Development Information			Project Development Information		
	Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m <sup>2</sup>	Existing GFA m <sup>2</sup>	Buildings	Population	Residential Flat Number	Total GFA m <sup>2</sup>	Residential GFA m <sup>2</sup>
15 <sup>(3)</sup>	MTK/1/001	Pak Tai Street / Mok Cheong Street, Ma Tau Kok	2007-08	February		771	3,772	5	229	92	6,945	5,782
16 <sup>(3)</sup>	K28	Sai Yee Street, Mong Kok	2007-08	December		2,478	14,434	14	498	290	22,302	17,255
17 <sup>(3,4)</sup>	K1	Nga Tsin Wai Village, Wong Tai Sin	2007-08	October		4,637	2,051	36	109	750	37,097	34,778
18 <sup>(3,4)</sup>	H18	Peel Street / Graham Street, Sheung Wan	2007-08	July		5,320	20,219	37	823	293	68,533	22,518
19 <sup>(3)</sup>	K7	Kwun Tong Town Centre, Kwun Tong	2006-07	March		53,500	96,104	24	4,440	1,979	401,250	160,610
20 <sup>(3)</sup>	H14	Sai Wan Ho Street, Shau Kei Wan	2005-06	September		712	3,796	2	21	120	5,791	5,546

Project Development Information				Remarks	Status
Commercial GFA m <sup>2</sup>	Other Uses GFA m <sup>2</sup>	G/IC GFA m <sup>2</sup>	Public Open Space <sup>(1)</sup> m <sup>2</sup>		
1,158	0	0	0		Site clearance completed on 16/03/12 Binding basic terms offer of Land Grant issued by LandsD on 27/04/12 Demolition in progress
4,956	0	0	0		Resumption gazetted on 18/02/11 Site reverted to Government on 18/05/11 Site clearance completed on 29/02/12 Demolition of vacant buildings underway Provisional basic terms offer of Land Grant issued by Lands D on 21/10/2011
2,319	0	0	0	At-grade conservation park accessible to public will be provided. Commercial space includes preserved buildings / elements, temple office, village committee's office, reprovisioning of public toilet and other covered areas but actual area still subject to detailed design	Land grant application submitted on 07/01/10 Resumption gazetted on 15/07/11 Government departmental comments on draft Land Grant being reviewed by DLO Site reverted to Government on 15/10/11 Clearance in progress
44,575	0	1,290	2,060	G/IC is a 1,260m <sup>2</sup> multi-purpose activity hall Commercial space includes retail space for relocating wet trade market shops, office space and 9,280m <sup>2</sup> for 182 room hotel	Site B: Revised MLP approved on 28/09/2011 Resumption of Site B gazetted on 10/12/10 Site B reverted to Government on 10/03/11 Demolition of Site B underway Clearance of Site B completed on 24/11/11 Binding basic terms offer for Land Grant (Site B) accepted by URA on 30/4/12 Joint venture development tender (Site B) awarded on 30/4/12
					Sites A & C: Property acquisition in progress Revised MLP approved by the Town Planning Board on 28/09/2011
111,780	97,860	31,000	13,400	Other uses include 65,860m <sup>2</sup> for offices and 32,000m <sup>2</sup> for hotel G/IC includes 6,200m <sup>2</sup> for Kwun Tong Jockey Club Health Centre in Yuet Wah Street (YWS) Site and 8,100m <sup>2</sup> for Government uses in Main Site and 16,700m <sup>2</sup> for Public Transport Interchange in Main Site Commercial Space includes some space for social enterprises  Actual residential flat production is 1,980 units, but the approved MLP stated not more than 2,000 units to allow flexibility Public space includes min 8,700m <sup>2</sup> at-grade public open space and min 4,700m <sup>2</sup> private streetscape area / pedestrian deck	Construction on YWS site in progress GBP for YWS site approved on 23/03/11
					Resumption and phased reversion application for Main Site submitted on 13/07/09 LandsD consulted District Council about resumption of DAs 2, 3 and 4 on 03/05/11 EXCO approved resumption application for Development Areas (DA) 2, 3 and 4 on 17/01/12 and gazetted on 02/03/12  In-principle approval for draft Land Grant conditions for DA 2&3 obtained at DLC on 28/07/11 Provisional basic terms for STT for site for reprovisioning interim GIC facilities including the temporary hawkers bazaar accepted on 13/10/2011 GBP for interim GIC facilities Kwun Tong District Branch Office Building at (KTDBOB) approved on 19/01/12 Interim government offices relocation from KTDBOB commenced in Feb and Mar 2012 GBP for Methadone Clinic approved on 10/11/2011 Tenancy Agreement for STT for site for reprovisioning of Methadone Clinic was executed by URA on 04/01/12 Road closure for DAs 2 and 3 gazetted on 27/4/12 Interim government offices relocation completed on 1/5/12
631	0	0	0		Project returned by HKHS to URA with effect from 23/11/11 Acquisition, clearance and demolition of residential building completed Acquisition for industrial building in progress

							Existing Development Information			Project Development Information		
Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m <sup>2</sup>	Existing GFA m <sup>2</sup>	Buildings	Population	Residential Flat Number	Total GFA m <sup>2</sup>	Residential GFA m <sup>2</sup>	
21 <sup>(3,4)</sup>	H05-026	Stone Nullah Lane / Hing Wan Street, Wan Chai	2005-06	March	Blue House	906	1,765	9	70	0	2,298	1,569
22	K9	MacPherson Stadium, Mong Kok	2005-06	March		2,400	2,788	1	0	293	24,767	16,705
23 <sup>(3)</sup> 24 <sup>(3)</sup> 25 <sup>(3)</sup>	SSP/1/003-005	Hai Tan Street / Kweilin Street & Pei Ho Street, Sham Shui Po	2005-06	February		7,440	25,344	37	1,277	845	56,840	49,650
26	TKT/2/001	Fuk Tsun Street / Pine Street, Tai Kok Tsui	2005-06	December		560	4,071	3	273	109	4,945	4,107
27 <sup>(4)</sup>	SYP/1/001	Third Street / Yu Lok Lane / Centre Street, Sai Ying Pun	2005-06	December		2,150	4,140	14	213	255	16,457	16,150
28 <sup>(4)</sup>	WC/001	Mallory Street / Burrows Street, Wan Chai	2004-05	March		780	2,687	5	122	0	2,402	0
29 30	SSP/1/001-002	Lai Chi Kok Road / Kweilin Street & Yee Kuk Street, Sham Shui Po	2004-05	March		3,339	13,197	17	551	402	29,505	24,564
31	K32	Pine Street / Anchor Street, Tai Kok Tsui	2004-05	December		2,328	11,802	12	518	462	20,952	17,460
32	K31	Larch Street / Fir Street, Tai Kok Tsui	2004-05	December	Lime Stardom	2,195	10,332	12	594	377	19,735	16,425
33 <sup>(4)</sup>	H15	Lee Tung Street / McGregor Street, Wan Chai	2003-04	October		8,236	36,534	52	1,613	1,299	79,789	67,880
34 <sup>(3,4)</sup>	H19	Staunton Street / Wing Lee Street, Sheung Wan	2002-03	March		2,175	3,049	16	98	92	6,117	5,247
35	H20	First Street / Second Street, Sai Ying Pun	2002-03	November	Island Crest	3,536	15,690	30	777	488	38,178	34,259
36	K3	Cherry Street, Tai Kok Tsui	2001-02	January	Florient Rise	4,510	14,416	33	1,020	522	43,231	36,466
<b>1 to 36 Launched Sub-Total (A)</b>						<b>124,587</b>	<b>358,525</b>	<b>471</b>	<b>17,569</b>	<b>10,241</b>	<b>1,005,685</b>	<b>624,427</b>

Project Development Information				Remarks	Status
Commercial GFA m <sup>2</sup>	Other Uses GFA m <sup>2</sup>	G/IC GFA m <sup>2</sup>	Public Open Space <sup>(1)</sup> m <sup>2</sup>		
0	729	0	0	Part of revitalising historic buildings through partnership scheme Other uses include education, recreation, welfare or visitor uses	Project returned by HKHS to URA with effect from 01/02/10 Being held by URA pending handover to NGO appointed by DEVB
2,443	0	5,619	0	Land grantee is Hong Kong Playground Association G/IC is for Indoor Stadium and Youth Centre	Construction in progress Estimated completion of construction in end 2012
4,990	0	2,200	1,500	Three projects taken forward as one G/IC includes 1,940m <sup>2</sup> for Special Child Care Centre cum Early Education Centre, Day Care Centre for Elderly and Sub-base for a Neighbourhood Elderly Centre; 260m <sup>2</sup> for either social enterprise or non-domestic use	Draft Land Grant conditions being circulated to government departments for comments Resumption gazetted on 19/11/10 Site reverted to Government on 19/02/11 Clearance in progress Road Closure/Road Works Scheme authorization gazetted on 16/12/11 Demolition in progress
840	0	0	0		Joint-venture development tender awarded on 22/11/10 Land Grant executed on 25/01/11 GBP approved on 16/03/12 Foundation works in progress
245	0	0	1,309	Commercial space includes 26.2m <sup>2</sup> for shop and 82.1m <sup>2</sup> other covered areas and 136.4m <sup>2</sup> like preserved buildings and covered public open space	Joint-venture development tender awarded on 27/09/10 Land Grant executed on 07/01/11 GBP approved on 15/03/12 Foundation works in progress
0	2,402	0	309	Zoned 'Other specified uses' annotated 'open space and historical buildings preserved for cultural and commercial uses' GFA includes retained façade at Burrows Street and two elevated walkways	Land Grant executed on 13/10/2011 Tender for Main Operator awarded on 15/04/11 Construction and alteration works in progress
4,898	0	0	580	Two projects taken forward as one Commercial space includes some space for social enterprises	Joint-venture development tender awarded on 22/01/10 Land Grant executed on 16/03/10 Construction in progress
3,492	0	0	450	Public open space not required under lease	Construction in progress Estimated completion of construction in mid 2012 Flat sale launch on 20/4/12
3,310	0	0	0	Commercial space includes the Urban Renewal Resource Centre	Occupation Permit issued on 29/8/2011 Certificate of Compliance issued on 24/11/11 Sales of remaining shops in progress
9,246	0	2,606	3,967	Commercial space includes some space for social enterprises and three historical buildings G/IC includes Residential Care Home for Elderly / Community Service Support Centre, Refuse Collection Point and Public Toilet	Land Grant executed on 25/02/10 Construction works in progress Modification letter for additional commercial GFA executed on 29/08/2011
870	0	0	474	Development parameters for Site B and Site C	The revised DSP with Wing Lee Street area and the Bridges Street Market site excised was approved by CE in C on 08/05/12
1,722	0	2,197	700	Commercial space excludes G/IC area G/IC is for Residential Care Home for Elderly	Certificate of Compliance obtained in 06/10 Sales of remaining flats in progress Interim leasing of shops in progress
4,916	0	1,849	0	Commercial space excludes G/IC area G/IC is for Residential Care Home for Elderly	Sales of remaining flats in progress
<b>232,688</b>	<b>100,991</b>	<b>47,731</b>	<b>25,249</b>		

							Existing Development Information			Project Development Information		
Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m <sup>2</sup>	Existing GFA m <sup>2</sup>	Buildings	Population	Residential Flat Number	Total GFA m <sup>2</sup>	Residential GFA m <sup>2</sup>	
<b>37 to 42 - 6 Projects commenced by HKHS</b>												
37	K20	Castle Peak Road / Cheung Wah Street, Sham Shui Po	2004-05	April	Heya Delight	1,003	5,935	10	158	130	9,030	7,525
38	K21	Castle Peak Road / Un Chau Street, Sham Shui Po	2004-05	April	Heya Star	2,614	14,193	24	496	350	23,520	19,575
39	K22	Un Chau Street / Fuk Wing Street, Sham Shui Po	2004-05	April	Heya Aqua	2,134	10,114	22	362	275	19,200	15,975
40	K23	Castle Peak Road / Hing Wah Street, Sham Shui Po	2004-05	April	Heya Crystal	1,399	8,286	11	344	175	12,586	10,488
41	H21	Shau Kei Wan Road, Shau Kei Wan	2003-04	November		1,871	9,834	17	400	274	19,540	16,323
42	K25	Po On Street / Wai Wai Road, Sham Shui Po	2003-04	July	Heya Green	2,592	9,923	19	528	327	21,266	17,680
<b>37 to 42 Commenced Sub-Total (B)</b>						<b>11,613</b>	<b>58,285</b>	<b>103</b>	<b>2,288</b>	<b>1,531</b>	<b>105,142</b>	<b>87,566</b>
<b>43 to 44 - 2 Ongoing projects taken over from ex-LDC</b>												
43	K11	Hanoi Road, Tsim Sha Tsui	(6)		The Masterpiece	8,299	27,309	20	220	345	102,625	45,600
44 <sup>(4)</sup>	H9	Tai Yuen Street / Wan Chai Road, Wan Chai	(6)		The Zenith (Site A & B) One Wanchai (Site C)	6,793	12,555	31	975	889	62,310	52,539
<b>43 to 44 Commenced Sub-Total (C)</b>						<b>15,092</b>	<b>39,864</b>	<b>51</b>	<b>1,195</b>	<b>1,234</b>	<b>164,935</b>	<b>98,139</b>
<b>Commenced Total (A) + (B) + (C)</b>						<b>151,292</b>	<b>456,674</b>	<b>625</b>	<b>21,052</b>	<b>13,006</b>	<b>1,275,762</b>	<b>810,132</b>
<b>45 to 51 - 7 Completed projects commenced by URA<sup>(5)</sup></b>												
45	K19	Po On Road / Shun Ning Road, Sham Shui Po	2002-03	July	Beacon Lodge	1,394	4,898	8	327	166	12,534	10,451
46	K30	Bedford Road / Larch Street, Tai Kok Tsui	2003-04	July	i-home	1,229	6,313	7	280	182	10,363	9,215
47	K26	Fuk Wing Street / Fuk Wa Street, Sham Shui Po	2001-02	January	Vista	1,384	5,129	8	246	173	12,453	10,378
48 <sup>(5)</sup>	K27	Reclamation Street, Mong Kok	2002-03	October	MOD 595	535	2,411	4	122	85	4,921	4,119
49 <sup>(4,5)</sup>	H16	Johnston Road, Wan Chai	2001-02	January	J Residence	1,970	7,640	21	333	381	20,567	17,967
50	H17	Queen's Road East, Wan Chai	2002-03	March	Queen's Cube	378	1,806	5	25	96	3,984	3,543
51	K33	Baker Court, Hung Hom	2003-04	July	Baker Residences	277	834	2	9	68	2,338	2,077
<b>45 to 51 Completed Sub-Total<sup>(5)</sup> (D)</b>						<b>7,167</b>	<b>29,031</b>	<b>55</b>	<b>1,342</b>	<b>1,151</b>	<b>67,160</b>	<b>57,750</b>
<b>0 Completed project commenced by HKHS<sup>(5)</sup></b>												
<b>All projects still underway</b>												
<b>Nil Completed Sub-Total<sup>(5)</sup> (E)</b>						<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



Project Development Information				Remarks	Status
Commercial GFA m <sup>2</sup>	Other Uses GFA m <sup>2</sup>	G/IC GFA m <sup>2</sup>	Public Open Space <sup>(1)</sup> m <sup>2</sup>		
1,505	0	0	0		Foundation construction in progress Land grant executed on 08/03/11
3,915	0	0	150		Foundation construction in progress Land grant executed on 14/07/2011
438	0	2,757	150	G/IC is for Residential Care Home for the Elderly	Foundation construction in progress Land grant executed on 22/07/2011
2,098	0	0	0		Foundation construction in progress Land grant executed on 28/06/11
3,217	0	0	0		Construction in progress
952	0	2,582	0	G/IC is for Residential Care Home for the Elderly	Construction in progress Sale of flats in progress
<b>12,125</b>	<b>0</b>	<b>5,339</b>	<b>300</b>		
31,209	25,816	0	1,219	Other use is for 381 room hotel	Leasing of commercial space in progress Hotel in operation Sales of remaining flats in progress
3,453	0	6,318	0	G/IC includes Market, Day Nursery, Refuse Collection Point and Public Toilet	Sales of residential units and leasing of shops of Sites A and B completed Construction at Site C in progress for completion in Q3 2012 Sale of residential units (Site C) in progress
<b>34,662</b>	<b>25,816</b>	<b>6,318</b>	<b>1,219</b>		
<b>279,475</b>	<b>126,807</b>	<b>59,388</b>	<b>26,768</b>		
2,083	0	0	251		Project completed in 2010/11 Sales of parking spaces in progress
1,148	0	0	0		Project completed in 2010/11 Sales of shops and parking spaces in progress
2,075	0	0	255		Project completed in 2010/11 Leasing of shops in progress
802	0	0	0		Project completed in 2009/10 Sales of remaining parking spaces in progress
2,600	0	0	0		Project completed in 2008/09
441	0	0	0		Occupation Permit obtained in 04/10 Certificate of Compliance obtained in 07/10 Assignment for unsold units completed on 26/08/2011 Project completed in 2011/12
261	0	0	0		Occupation Permit issued on 29/07/2011 Certificate of Compliance issued on 28/10/11 Project completion in 2011/12
<b>9,410</b>	<b>0</b>	<b>0</b>	<b>506</b>		
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

						Existing Development Information			Project Development Information																							
Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m <sup>2</sup>	Existing GFA m <sup>2</sup>	Buildings	Population	Residential Flat Number	Total GFA m <sup>2</sup>	Residential GFA m <sup>2</sup>																					
<b>52 to 59 - 8 Completed projects commenced by ex-LDC<sup>(5)</sup></b>																																
52	K17	Yeung Uk Road, Tsuen Wan	(6)		The Dynasty	7,230	NA	0	0	256	44,404	27,031																				
53	K13	Tsuen Wan Town Centre, Tsuen Wan	(6)		Vision City	20,300	56,851	22	7,119	1,466	134,185	107,884																				
54	H12	Kennedy Town New Praya, Kennedy Town	(6)		The Merton	6,075	24,808	15	1,683	1,182	62,904	62,794																				
55	H13	Ka Wai Man Road, Kennedy Town	(6)		Mount Davis 33	728	4,000	1	0	89	7,280	7,280																				
56	K10	Waterloo Road / Yunnan Lane, Yau Ma Tei	(6)		8 Waterloo Road	3,869	6,610	19	444	576	32,012	32,010																				
57	H1	Queen Street, Sheung Wan	(6)		Queen's Terrace	7,964	25,792	50	648	1,148	66,233	60,579																				
58	K2	Argyle Street / Shanghai Street, Mong Kok	(6)		Langham Place	11,976	40,810	58	2,603	0	167,414	0																				
59	K8	Kwong Yung Street, Mong Kok	(6)		Paradise Square	1,607	4,190	10	178	272	15,160	12,746																				
<b>52 to 59 Completed Sub-Total<sup>(5)</sup> (F)</b>						<b>59,749</b>	<b>163,061</b>	<b>175</b>	<b>12,675</b>	<b>4,989</b>	<b>529,592</b>	<b>310,324</b>																				
<b>Completed Total<sup>(5)</sup> (D) + (E) + (F)</b>						<b>66,916</b>	<b>192,092</b>	<b>230</b>	<b>14,017</b>	<b>6,140</b>	<b>596,752</b>	<b>368,074</b>																				
<b>Commenced + Completed</b>						<b>218,208</b>	<b>648,766</b>	<b>855</b>	<b>35,069</b>	<b>19,146</b>	<b>1,872,514</b>	<b>1,178,206</b>																				
<p><b>Note (1) This table includes only Public Open Space and not any private open space.</b>  <b>(2) Demand-led project.</b>  <b>(3) The details of projects 1 to 21 and 23 to 25 have yet to be finalised and are still subject to change during the statutory, planning and land grant approval processes.</b>  <b>(4) Projects 11, 12, 21 and 28 are purely preservation projects. All other projects are redevelopment projects, with redevelopment projects 17, 18, 27, 33, 34, 44 and 49 containing some preservation elements.</b>  <b>(5) In this table, a project is deemed to be fully completed once all residential units have been sold and all commercial and other accommodation, apart from car and motor cycle parking spaces, have been sold or substantially leased out.</b>  <b>(6) The project was commenced by ex-Land Development Corporation.</b></p>																																
<p><b>Glossary of Terms</b></p> <table> <tr> <td>CE in C = Chief Executive in Council</td> <td>G/IC = Government / Institution and Community</td> <td>OZP = Outline Zoning Plan</td> </tr> <tr> <td>CDA = Comprehensive Development Area</td> <td>HKHS = Hong Kong Housing Society</td> <td>R(A) = Residential (Group A)</td> </tr> <tr> <td>C/R = Commercial / Residential</td> <td>LandsD = Lands Department</td> <td>SDEV = Secretary for Development</td> </tr> <tr> <td>DA = Development Area</td> <td>LDC = Land Development Corporation</td> <td>TPB = Town Planning Board</td> </tr> <tr> <td>DSP = Development Scheme Plan</td> <td>MLP = Master Layout Plan</td> <td>URA = Urban Renewal Authority</td> </tr> <tr> <td>GBP = General Building Plan</td> <td>OU = Other Specified Use</td> <td>YWS = Yuet Wah Street</td> </tr> <tr> <td>GFA = Gross Floor Area</td> <td></td> <td></td> </tr> </table>												CE in C = Chief Executive in Council	G/IC = Government / Institution and Community	OZP = Outline Zoning Plan	CDA = Comprehensive Development Area	HKHS = Hong Kong Housing Society	R(A) = Residential (Group A)	C/R = Commercial / Residential	LandsD = Lands Department	SDEV = Secretary for Development	DA = Development Area	LDC = Land Development Corporation	TPB = Town Planning Board	DSP = Development Scheme Plan	MLP = Master Layout Plan	URA = Urban Renewal Authority	GBP = General Building Plan	OU = Other Specified Use	YWS = Yuet Wah Street	GFA = Gross Floor Area		
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Project Development Information					
Commercial GFA m <sup>2</sup>	Other Uses GFA m <sup>2</sup>	G/IC GFA m <sup>2</sup>	Public Open Space <sup>(1)</sup> m <sup>2</sup>	Remarks	Status
17,373	0	0	0		Project completed in 2010/11 Leasing of commercial space in progress
23,221	0	3,080	3,700	G/IC is for transport and community facilities	Project completed in 2010/11 Sales of parking spaces in progress Leasing of commercial space in progress
0	0	110	2,300	G/IC is for public toilet	Project completed in 2007/08
0	0	0	0		Project completed in 2007/08
0	0	0	1,650		Project completed in 2007/08
400	0	5,254	1,200	G/IC includes Single-person Hostel, Care & Attention Home, Day Nursery, Social Centre for the Elderly, Hostel for Moderately Mentally Handicapped and Cooked Food Centre	Project completed in 2007/08
160,866	0	6,548	1,100	Commercial space includes 41,933m <sup>2</sup> for 686 room hotel, 65,793m <sup>2</sup> for offices and 53,140m <sup>2</sup> for retail G/IC includes Cooked Food Centre and transport and community facilities	Project completed in 2005/06
2,414	0	0	0		Project completed in 2005/06
<b>204,274</b>	<b>0</b>	<b>14,992</b>	<b>9,950</b>		
<b>213,684</b>	<b>0</b>	<b>14,992</b>	<b>10,456</b>		
<b>493,159</b>	<b>126,807</b>	<b>74,380</b>	<b>37,224</b>		
					Planning & Approval
					Acquisition & Clearance
					Demolition & Tendering Construction
					Sales & Leasing
					Completion

## (I) Review of 2011/12 Results

### (a) Revenues

Revenues for the year ended 31 March 2012 amounted to \$3.7 billion (2010/11: \$3.6 billion), a minor improvement of \$0.1 billion or 3% over the last financial year which was mainly attributable to the increase in share of net surplus from an URA project under owner participation scheme and the shares of sales proceeds from jointly controlled development projects with the proceeds exceeding certain thresholds stipulated in the development agreements. The increase was a result of a generally favourable property market prevailing since early 2009. Furthermore, the thresholds were set years ago when the URA arranged the relevant revenue tendering exercises in a market where property market values were relatively lower. The projects contributed to the surplus during the year included Island Crest in Sai Ying Pun, Florient Rise in Tai Kok Tsui, Vision City in Tsuen Wan and Hanoi Road in Tsimshatsui, with development or participation agreements executed in 2005, 2004, 2002 and 1998 (by the Land Development Corporation, the predecessor of the URA) respectively. One redevelopment project site, namely Chi Kiang Street / Ha Heung Road with 931 m<sup>2</sup> in total area, was tendered and awarded during the year. In 2010/11, two sites with a combined total area of 2,710 m<sup>2</sup> were tendered and awarded, which explained the lower aggregate value of upfront amounts reported by the URA in 2011/12.

### (b) Other net income

Of the \$190 million (2010/11: \$72 million) included as

other net income for the year, \$153 million (2010/11: \$49 million) was interest income earned from bank deposits, with an average yield of 1.68% p.a. (2010/11: 0.90% p.a.). There were also gains of \$12 million (2010/11: \$12 million), principally from funds managed by the investment manager with a gross yield of 1.27% p.a. (2010/11: 1.61% p.a.).

### (c) Administrative expenses

Administrative expenses mainly covered staff costs, accommodation costs and depreciation charges. Administrative expenses before depreciation for the financial year was \$278 million (2010/11: \$269 million). The slight increase was largely due to the headcount growth required to meet the workload of the URA's planned projects and the new initiatives under the Urban Renewal Strategy (URS). The depreciation charge for office capital expenditure was \$19 million (2010/11: \$20 million) for the financial year 2011/12.

To cope with the expansion of urban renewal activities, including the increased scope of rehabilitation works arising from Operation Building Bright which will be implemented over a number of years and the Integrated Building Management Assistance Scheme which was launched on 1 April 2011 to replace principally the previous material incentive scheme, the staffing level increased by 26 from 423 in 31 March 2011 to 449 in 31 March 2012. Of the 449 staff, 96 (31 March 2011: 97) were employed on contracts of less than three years in duration. It is expected that the headcount will increase

further to cope with the planned expansion in future years of the building rehabilitation works including the technical assistance and financial subsidy provided to the building owners for the first inspection under the Mandatory Building Inspection Scheme.

**(d) Provision for Urban Renewal Trust Fund (URTF)**

In one of the new initiatives under the URS, the URA is committed to providing \$0.5 billion funding as an endowment for the establishment of the URTF. This was recorded as a provision in the account of 2010/11 and the actual contribution was made by the URA to the URTF during the year. The URS also requires the URA to provide additional funding in the future to the URTF.

**(e) Write back of / provision for impairment on properties and committed projects**

The URA's properties and committed projects are valued by in-house professionals at the end of each financial year. Based on its accounting policy detailed in Notes 2(g) and 2(n) to its financial statements, a net provision for loss aggregating \$0.6 billion was made in this financial year. The provision for loss for the year mainly covers losses on Pak Tai Street / San Shan Road project which started acquisition during the year and additional provision for loss made for Kwun Tong Town Centre project due to general increase in land assembly costs; offset by the write-back of provision for loss for Sai Yee Street project and other projects resulting from changes in development plans and approaches to the projects, and in the projects' respective assessed

development values as compared with those a year ago at 31 March 2011.

**(f) Operating surplus for the year**

For the year ended 31 March 2012, the URA recorded a net operating surplus of \$2.6 billion as explained in paragraph (l) (a) above, reflecting an increase of \$0.4 billion or 18% compared to the \$2.2 billion net operating surplus reported in 2010/11.

## **(II) Financial Position at 31 March 2012**

**(a) Properties under development**

The value of "Properties under development" as at 31 March 2012 was at a historically high level of \$19.2 billion (2010/11: \$15.9 billion), representing the acquisition costs for projects for redevelopment or preservation purposes at various stages of implementation, comprising three projects under acquisition; five projects pending completion of resumption process; one project with over 90% ownership of interests acquired pending reversion to the Government; five projects with ownership reverted to the Government pending final clearance; and two projects with site clearance and pending tendering process. The aforesaid cost was set off against the cumulative provision for loss on nine projects of \$5.6 billion (2010/11: \$5.2 billion for nine projects) giving rise to a net cost of \$13.6 billion (2010/11: \$10.7 billion). The increase in the net cost reflects mainly

the higher number of projects now being implemented and the generally higher levels of acceptance of offers for acquisition of properties in these projects. During 2011/12, the URA commenced acquisition of three redevelopment projects, two located in Ma Tau Kok and another one in Shau Kei Wan.

#### **(b) Cash and bank balances**

As at 31 March 2012, the URA's cash and bank balances and the fair value of the funds managed by the investment manager totaled \$10.6 billion (2010/11: \$7.1 billion). The increase in bank balances of \$3.5 billion from last year was substantially due to the receipts, in 2011/12, of the balances of the upfront payments of the projects tendered in 2009/10 and 2010/11.

The URA placed its surplus cash on short-term deposits with a number of financial institutions and invested in HK\$ and RMB bonds of the required credit rating in accordance with the URA's investment guidelines, which have been approved by the Financial Secretary with capital conservation as the priority. The investment manager who manages a portion of the surplus funds also adhered to the same guidelines.

Off-set by the borrowings of \$1.7 billion mentioned in paragraph II (c) below, the net cash position including the fair value of the financial assets at 31 March 2012 was \$8.9 billion (31 March 2011: \$5.6 billion).

#### **(c) Debt securities issued**

In December 2010, in conjunction with the upgrading of the Government of HKSAR's rating, the URA's rating was also adjusted by Standard & Poor's (S&P) to AAA from AA+. This rating was reaffirmed after an annual review in February 2012.

As at 31 March 2012, the debt securities issued by the URA was \$1.7 billion. In April and July 2012, additional debt securities totaling \$1.8 billion were issued, a substantial part of which would be used to refinance the debts due in 2012/13.

#### **(d) Net assets value**

The URA's net assets value as at 31 March 2012 was \$21.8 billion (31 March 2011: \$19.2 billion), representing the Government's capital injection of \$10 billion (31 March 2011: \$10 billion) and an accumulated surplus from operations of \$11.8 billion (31 March 2011: \$9.2 billion).

The financial highlights of the past ten years are summarized on page 85 of this Annual Report.

### **(III) Capital Injection, and Tax Exemption**

Following approval by the Finance Committee of the Legislative Council on 21 June 2002, the Government injected \$10 billion of equity capital into the URA in five tranches of \$2 billion over a five-year period from 2002/03 to 2006/07. The Government has exempted the URA from taxation.

### **(IV) Waiver of Land Premia by the Government**

Under the URS, the Government waives the land premia for redevelopment sites granted to the URA. In 2011/12, the land premia waived by the Government on a land grant amounted to \$0.1 billion. Since May 2001, a total of 17 land grants, including the one made in 2011/12

have been waived in respect of all the tendered projects with aggregate land premia totalling \$5.5 billion.

Without this waiver, the URA's net operating surplus for 2011/12 of \$2.6 billion for the year would have been lowered by \$0.1 billion to \$2.5 billion; its accumulated surplus since May 2001 would have been lowered by \$5.5 billion to \$6.3 billion; and its net assets value as at 31 March 2012 would have been decreased to \$16.3 billion.

## **(V) Financial Resources, Liquidity and Commitments**

As at 31 March 2012, the URA's net cash position including the fair value of the funds managed by the investment manager totaled \$8.9 billion as mentioned in paragraph II (b) above. At the same date, the URA's accruals and estimated outstanding commitments to the commenced projects based on the valuation carried out by the URA's in-house professionals stood at \$13.1 billion.

In addition to the US\$1 billion MTN Programme mentioned in paragraph II (c) above, the URA maintained a total of \$1.0 billion and \$0.7 billion in committed and uncommitted bank facilities as at 31 March 2012. Securing the external funding and the credit facilities ensured that the URA will have sufficient financial resources to carry out its urban renewal programme as planned.

When implementing its urban renewal programme, the URA is necessarily exposed to financial risks arising from property market fluctuations. Individual projects with various development potentials are launched for tender

at different times during property cycles after the site clearance. Subject to the market conditions prevailing at the time of tender submission, the upfront payments may be higher or lower than the URA's acquisition costs. As at 31 March 2012, the total costs of properties under development was \$19.2 billion. Taken together with the outstanding commitments, the URA's exposure to the property market was at a historically high level.

The URA estimates in its latest Corporate Plan that from 1 April 2012, a total cash outlay of about \$25 billion, excluding operational overheads, will be required in the next five years to meet the costs of both its currently outstanding commitments and its forthcoming expenditure on implementation of the projects contained in the Plan. This expenditure covers the URA's work in redevelopment, rehabilitation, preservation and revitalisation. It should be noted that while the Corporate Plan has been drawn up taking into full account of the new initiatives under the URS promulgated in February 2011, expenditure may nevertheless vary subject to the levels of interest shown in these new initiatives, including in particular demand-led redevelopment, flat for flat scheme, the expanded programme of building rehabilitation and other additional initiatives which may be added subsequent to the preparation of the Plan.

To ensure that its urban renewal programme is sustainable for the longer term, the URA is tasked to maintain a highly prudent financial position and have due regard for commercial principles in its operations.

## Introduction

The URA places high priority on the standard of Corporate Governance to ensure accountability, openness and transparency in the work of its Board and Committees.

## Board and Committees

The URA is governed by a Board appointed by the Chief Executive under Section 4 of the URAO, currently comprising a Chairman and 24 other members. There are three executive Board members who are not public officers, namely the Managing Director, who is by law also the Deputy Chairman, and the two Executive Directors. The Director of Lands, the Director of Planning, the Director of Buildings and the Director of Home Affairs are Board members who are non-executive directors and public officers. In addition, the current Board includes four legislative councilors plus professionals and academics from various fields, including finance, property, planning, surveying, architecture and social work who are non-executive directors and not public officers. The Board met on eight occasions between April 2011 and March 2012.

For the better carrying out of the purposes and powers of the URA, the Board has established six standing committees, each chaired by a Board member and comprising other Board members and co-opted members with the relevant expertise and experience. The committees and their function areas are listed as follows:-



Committees	Function Areas
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>• Internal control and risk management</li> <li>• Reliability, integrity, timeliness and conformity of financial and operational information</li> <li>• Compliance of business operations and management practices</li> <li>• Economy, efficiency and effectiveness in the employment of URA's resources</li> <li>• Special projects and investigations</li> <li>• Accounting policies</li> <li>• External audit reviews and internal audit charter</li> <li>• Annual financial reporting and auditing</li> </ul>
<b>Land, Rehousing &amp; Compensation Committee</b>	<ul style="list-style-type: none"> <li>• Policies and matters relating to land grants, property acquisition, compensation and rehousing</li> <li>• Acquisition strategies, approaches and offers for individual projects</li> <li>• Policy and criteria for loans under Section 12 of the URA Ordinance</li> </ul>
<b>Finance Committee</b>	<ul style="list-style-type: none"> <li>• URA's funding requirements</li> <li>• Financial and treasury policies</li> <li>• Investment of surplus funds</li> <li>• Financial aspects of the Annual Business Plan and Five-year Corporate Plan</li> <li>• Annual budgets</li> <li>• Market selling prices and target rents of development projects</li> </ul>
<b>Planning, Development and Conservation Committee</b>	<ul style="list-style-type: none"> <li>• Selection of projects in the Five-year Corporate Plan and Annual Business Plan</li> <li>• Submission of Development Scheme Plan to the Town Planning Board</li> <li>• Planning and development parameters and design issues</li> <li>• Conservation proposals</li> <li>• Revitalisation proposals</li> </ul>
<b>Review Committee</b>	<ul style="list-style-type: none"> <li>• Review of the Management's decisions on application of relevant URA's policies as requested by affected owners or occupiers</li> </ul>
<b>Remuneration Committee</b>	<ul style="list-style-type: none"> <li>• Remuneration policies (level and mix) of senior and general staff</li> <li>• Proposals for adjustments to salary and variable pay</li> </ul>

## Decision Making System

By virtue of the URA Ordinance, the Board is vested with the powers and duties as are conferred and imposed on it. Over the years, some of these decision-making powers have been delegated to Committees established under the Board. The Managing Director is the administrative head of the URA. As authorized and directed by the Board, the Managing Director, in consultation with the two Executive Directors, decides on the appropriate levels of approval authorities for all matters and affairs and activities of the URA except for those matters that require approval of the Board as stipulated in the URA Ordinance and those matters for which the Board stipulates a different approval authority from time to time. Such levels of approval authorities are documented in a corporate operational and authorization manual which must be followed. These arrangements provide proper checks and balances on the one hand and enhance operational efficiency on the other.

## Internal Audit

Reporting directly to the Managing Director and to the Board's Audit Committee, the Internal Audit Department conducts regular independent reviews of activities undertaken by all other functional units within the URA. The main purposes of the operational and value-for-money audits are to ensure compliance with all of the various statutory requirements, Board directions and prevailing internal policies and procedures, as well as cost-effective use of the URA's resources. Before the start of each fiscal year, the Department presents an internal audit plan setting out the audit assignments to be carried out in the year to the Audit Committee for its approval.

The Department also advises on the adequacy and effectiveness of the URA's annual internal control and risk management review. This annual organization-wide review exercise includes reviews of risks at the corporate level by all in-house directors and reviews of operational risks and the effectiveness of the systems of internal controls in managing identified significant risks by all functional units. Treatment plans are then implemented wherever appropriate to mitigate the identified significant risks in key business processes to the extents possible. The overall results of the annual review are reported to the Audit Committee. In addition, the Department coordinates with other assurance functions, such as the URA's External Auditors and the Independent Commission Against Corruption's Corruption Prevention Department, to achieve optimal audit coverage of the URA.

## Measures to Promote Transparency of Work

In line with the spirit of the Urban Renewal Strategy, the URA holds a large variety of public engagement activities such as exhibitions, surveys, public forums and workshops from time to time to gather community stakeholders' views on the planning and design of urban regeneration projects. Open briefing sessions are held for owners, tenants and other stakeholder groups both upon the commencement of urban redevelopment and preservation projects and after the respective acquisition offers have been made. To enhance the wider community's understanding of the work of the URA, we also speak at relevant seminars, conferences, meetings of professional and other organisations, and give briefing sessions to secondary schools.

We value our partnerships with local communities in undertaking renewal work in old urban areas. We regularly brief the relevant District Councils on the progress of URA projects. We have established seven District Advisory Committees comprising representatives of the local communities including district councillors, affected owners/tenants and district organizations to advise on community needs and aspirations with respect to urban renewal and to enhance community understanding of the URA's work in the districts concerned.

The Chairman of the Board of the URA briefs the media after Board meetings on the relevant decisions reached and issues discussed. These interactive media sessions, together with other media interviews with management representatives throughout the year, seek to promote better understanding of the mission and role of the URA and the rationale and objectives of its work.

Bilingual press statements are issued after Board meetings and/or on other important occasions as appropriate. They are uploaded to the URA's website, which serves as a primary electronic platform to communicate to the public about any salient corporate development and the status of various projects and activities undertaken by URA in a timely manner.

As a further measure to publicize our work and decisions, the Board has since February 2009 adopted the practice of uploading bilingual summaries of confirmed minutes of Board meetings to the URA's website. These summaries cover the numbers of Board Members and management representatives in attendance, the agenda items discussed and the Board's resolutions.

To increase the transparency of our redevelopment work, URA has, with effect from June 2010, begun the practice of disclosing annually to the Legislative Council's Panel on Development the financial results of the redevelopment projects completed in previous years.

# Members of the Board and Profiles



MEMBERS OF THE BOARD

## FROM LEFT

**Front row :** The Honourable IP Kwok-him, Mr Quinn LAW Yee-kwan (Managing Director),  
The Honourable Barry CHEUNG Chun-yuen (Chairman), Mr NG Shui-lai, Dr Isaac NG Ka-chui

**Middle row :** Professor Desmond HUI Cheuk-kuen, Mr Daniel LAM Chun, The Honourable James TO Kun-sun,  
Ms Annie TAM Kam-lan, Mrs Pamela TAN Kam Mi-wah, The Honourable Tanya CHAN,  
Professor HO Pui-yin, Ms Iris TAM Siu-ying (Executive Director), Mr Philip LIAO Yi-kang

**Back row :** Dr Billy MAK Sui-choi, Mr Victor CHAN Hin-fu, Mr Philip KAN Siu-lun, Dr John WONG Yee-him,  
Mr Calvin LAM Che-leung (Executive Director), Mr Douglas YOUNG Chi-chiu,  
The Honourable WONG Kwok-kin, Mr Walter CHAN Kar-lok

**Member not in the group photo :** Mr Peter TO, Mr Jimmy LEUNG Cheuk-fai, Mr AU Choi-kai

**Chairman :** The Honourable Barry CHEUNG Chun-yuen, GBS, JP

**Managing Director :** Mr Quinn LAW Yee-kwan, JP

**Executive Directors :** Ir Calvin LAM Che-leung  
Ms Iris TAM Siu-ying, JP

**Non-Executive Directors :** Mr Victor CHAN Hin-fu  
( non-official ) Mr Walter CHAN Kar-lok, SBS, JP  
The Honourable Tanya CHAN  
Professor HO Pui-yin  
Professor Desmond HUI Cheuk-kuen  
The Honourable IP Kwok-him, GBS, JP  
Mr Philip KAN Siu-lun  
Mr Daniel LAM Chun, BBS, JP  
Mr Philip LIAO Yi-kang  
Dr Billy MAK Sui-choi (from 1 December 2011)  
Dr Isaac NG Ka-chui  
Mr NG Shui-lai, BBS, MBE, JP  
Mr Almon POON Chin-hung, JP (up to 30 November 2011)  
The Honourable James TO Kun-sun  
Mr Peter TO  
The Honourable WONG Kwok-kin, BBS  
Dr John WONG Yee-him  
Mr Douglas YOUNG Chi-chiu

**Non-Executive Directors :** Mr AU Choi-kai, JP Director of Buildings  
( official ) Mrs Pamela TAN Kam Mi-wah, JP Director of Home Affairs  
Ms Annie TAM Kam-lan, JP Director of Lands  
Mr Jimmy LEUNG Cheuk-fai, JP Director of Planning

## Chairman

### The Honourable Barry CHEUNG Chun-yuen, GBS, JP

Mr Cheung, Chairman of Hong Kong Mercantile Exchange, has been Chairman of the URA since 2007 and a board member since 2001. He is currently a Non-official Member of the Executive Council of Hong Kong, Chairman of the Standing Committee on Disciplined Services Salaries and Conditions of Service, an Alternate Chairman of the Pay Trend Survey Committee and a member of the Standing Commission on Civil Service Salaries and Conditions of Service. He is also the Chairman of the Board of Directors and an independent non-executive director of UC RUSAL.

Mr Cheung was a former Chairman of the Corruption Prevention Advisory Committee of the ICAC. He was a full-time member of the Central Policy Unit on secondment from McKinsey & Company. He was a consultant with McKinsey & Company in the United States and Asia.

Mr Cheung received a Bachelor of Science degree with First Class Honours in Mathematics and Computer Science from the University of Sussex and an MBA from the Harvard Business School.

## Managing Director

### Mr Quinn LAW Yee-kwan, JP

Since 1 March 2008, Mr Law has been holding the position of Managing Director of the Urban Renewal Authority. He is also the Deputy Chairman of the Board. He served as an Executive Director of the Authority from November 2005 to February 2008.

Mr Law is a Certified Public Accountant in Hong Kong. He has been serving on a committee in the Hong Kong Institute of Certified Public Accountants, a member of the Advisory Board of Accounting Studies of the Chinese University of Hong Kong, a Council member of the Hong Kong University of Science and Technology, Director of the Board of Urban Renewal Fund Limited and Vice President and Director of the Association of Hong Kong Professionals. Mr Law is also a Chartered Secretary.

He completed his professional training with a Big-Four accounting firm and was qualified in 1977; and joined a listed group (a constituent stock in Hang Seng main index) in 1983 after working for the then Securities Commission in Hong Kong and two international shipping companies.

Prior to joining the Authority, Mr Law had overseen different areas of operation in a variety of businesses and industries including property investment and development: corporate and operation management, strategic and business planning, finance and administration, corporate services, investor relation, statutory and internal audit.

## Non-Executive Directors (non-official)

### Mr Victor CHAN Hin-fu

Mr Chan joined the MTR Corporation in 1992 as the General Manager – Property Development. He was responsible for the development of properties above and adjacent to railway stations and depots. He led a multi-disciplinary team of managers involved in the planning and tendering of large-scale joint venture property developments. Mr Chan was also involved in the marketing, sales and letting of completed units in these developments. Since 2011, Mr Chan has been appointed as the General Manager – Guangdong & Shenzhen Property of the Corporation. Prior to joining the MTR, he held a directorate post in the Lands Department. Mr Chan qualified in 1976 as a chartered surveyor in Hong Kong and since 2004 also qualified as a member of the China Institute of Real Estate Appraisers. Mr Chan is currently a Member of the Hong Kong Housing Society as well as the Property Advisory Committee Member of the Salvation Army.

### Mr Walter CHAN Kar-lok, SBS, JP

Mr Chan has been a practising lawyer for nearly 30 years and is a consultant with Rowland Chow, Chan & Co., Solicitors and So, Lung & Associates Solicitors. He is also a China-Appointed Attesting Officer.

Mr Chan was previously a member of the Housing Authority for 10 years (up to March 2006) and served as Chairman of Home Ownership Committee, Commercial Property Committee and Supervisory of Divestment Committee (Linkreit) consecutively. At present, he is a member of the Executive Committee of Hong Kong Housing Society, Appeal Tribunal (Buildings) and Education Commission.

For social service, Mr Chan is a Council Member of the Hong Kong Federation of Youth Groups and Director of Oxfam Hong Kong. He is also an honorary legal advisor of a number of organizations.

### The Honourable Tanya CHAN

The Hon Tanya Chan is a member of the Legislative Council (Hong Kong Island). She is also a Non-Executive Director of the Urban Renewal Authority, a director of the Hong Kong Mortgage Corporation Limited and a member of the Advisory Committee on Travel Agents.

## Professor HO Pui-yin

Professor Ho is a social and economic historian who previously worked as a research consultant at the Organisation for Economic Co-operation and Development (OECD) in Paris. She is professor of the Department of History at the Chinese University of Hong Kong. She authors numerous books and articles on Hong Kong and social and economic history of modern China. Her current researches are mainly on the urbanisation of modern-day Hong Kong.

Concurrently, she is Chevalier dans l'Ordre des Palmes Académiques (Knighthood in the Order of Academic Palms), Director of Leung Po Chuen Research Centre for Hong Kong History and Humanities, Director of Lee Woo Sing Hong Kong History Resource Centre of Shaw College of the Chinese University of Hong Kong and Member of the Board of Trustees of the same College; Member of the Antiquities Advisory Board; Chairman of the Hong Kong War Memorial Pensions Advisory Committee of the Labour and Welfare Bureau; Museum Expert Adviser and Member of the History Museum Advisory Panel of the Leisure and Cultural Services Department; Expert Adviser of the Legislative Council Library; and Visiting Professor Chaire Dupront of Université Paris-Sorbonne.

## Professor Desmond HUI Cheuk-kuen

Desmond Hui is Associate Dean of Arts (External and General Affairs), Professor of the Department of Cultural and Religious Studies, Head of BA in Cultural Management, Director of the Centre for Culture and Development, Fellow and Warden of SH Ho College, Associate Director of the Research Institute of Humanities, Director of Taiwan Research Centre at the Chinese University of Hong Kong; Honorary Chair Professor at the China University of Technology, Taiwan. He obtained Bachelor of Architecture from Cornell University; Master and Doctor of Philosophy from University of Cambridge and was Director of the Centre for Cultural Policy Research at the University of Hong Kong.

Professor Hui is a member of the Old Wan Chai Revitalisation Initiatives Special Committee, Museum Expert Advisor of the Leisure and Cultural Services Department, and assessor for CreateSmart Initiative under the Commerce and Economic Development Bureau. He was formerly a member of the Antiquities Advisory Board and the Commission on Strategic Development, co-opted member of the Advisory Committee on Revitalization of Historic Buildings and advisor for the HK Arts Development Council.

## The Honourable IP Kwok-him, GBS, JP

The Honourable Ip Kwok-him is a member of the Legislative Council (LegCo) representing the district council functional constituency. He is presently a deputy to the 11th National People's Congress of the PRC for Hong Kong SAR, Chairman of LegCo Panel on Home Affairs, Convenor of the Legislative Council Caucus of the Democratic Alliance for the Betterment and Progress of Hong Kong, member of Central & Western District Council (Kwun Lung) and Deputy Chairman of Hon Wah Education Organisation. He is also a member of the Hong Kong Housing Authority, the Governing Committee of the Beat Drugs Fund Association and the Court of the University of Hong Kong, and a non-executive director of the Management Board of the Mandatory Provident Fund Schemes Authority.

The Honourable Ip had been a member of the Hong Kong Legislative Council between 1995 and 1997, a member of the Provisional Legislative Council between 1997 and 1998, a member of the Legislative Council of the Hong Kong SAR representing the district council functional constituency between 2000 and 2004 and an elected member of the Central and Western District Council between 1992 and 2003.



### Mr Philip KAN Siu-lun

Mr Kan, Partner and CEO of a private equity fund, also serves as Member of Antiquities Advisory Board, Member of the Board of Trustees of Lord Wilson Heritage Trust, Member of the Investigation Panel of the Hong Kong (HK) Institute of Certified Public Accountants and Director of the Board of Urban Renewal Fund Limited. He served as Member of Chinese Temples Committee, Director of Dragon Foundation, Member of Board of Review (Inland Revenue), and Member of Court of HK Baptist University.

In 2000, the company which Mr. Kan co-founded was listed on the HK Stock Exchange and he served there as Executive Director until 2004; he also served as Executive Director and Independent Non-Executive Director of two other public companies in HK. In recent years, he has been involved in corporate finance and private equity businesses. Prior to that, he has served the local banking industry for over 20 years.

Mr Kan holds a Diploma in Business Management (Dist) from HK Baptist University, a MBA degree from Henley Management College, UK and Fellow Membership of Chartered Management Institute (FCMI), UK. He is also a Registered Investment Advisor of the Securities and Futures Commission in HK.

### Mr Daniel LAM Chun, BBS, JP

Mr Lam is the Honorary Advisor of DCL Consultants Limited. He is a Chartered Building Surveyor and an Authorized Person under the Buildings Ordinance of Hong Kong. He is a Fellow of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors. Mr Lam was the President of the Hong Kong Institute of Surveyors (1986-1987).

Mr Lam has been elected as a Chartered Arbitrator and listed on the London Panel of Arbitrators of the Chartered Institute of Arbitrators. He is also listed on similar panels in Hong Kong and Vancouver, and is appointed as Arbitrator to the China International Economic Trade

Arbitration Commission and the Beijing Arbitration Commission. He is a council member of the Hong Kong International Arbitration Centre and Fellow and Past Chairman of the Hong Kong Institute of Arbitrators (1997-2000).

Since 2006, Mr Lam has been appointed as Honorary Professor to the Real Estate and Construction Department of the University of Hong Kong.

### Mr Philip LIAO Yi-kang

Mr Philip Liao graduated from Cornell University (USA) and Eton College (UK) and has more than 20 years of experience in the field of architecture, planning and interiors design. Mr Liao has participated in award winning commercial, residential, hotel, heritage and community projects and has practiced in North America, Europe and Asia. Mr Liao worked with SOM, Moffat Kinoshita (where he was Vice President) and Wong Tung International (where he was Associate Director - Design) prior to establishing Philip Liao and Partners in 2002.

Mr Liao regularly lectures at international events/tertiary institutions. He serves as Alumni Interviewer for Cornell University's School of Architecture, and has served as guest critic and external examiner for the CUHK's Department of Architecture, and the University of Hong Kong's Department of Architecture.

Mr Liao has served as the architectural expert for the South China Morning Post and often serves as expert, as Juror and as professional advisor for architectural and planning competitions, including the Tsim Sha Tsui Piazza Competition, the Hong Kong Institute of Architects' Annual Awards, and other competitions in Hong Kong and the PRC.

Mr Liao is an honorary trustee of Nanjing University. He also serves on the Buildings Committee of the Hong Kong Golf Club.

### Dr Billy MAK Sui-choi

Dr Billy Mak is currently Associate Professor of the Department of Finance and Decision Sciences and Director of Development of the Master of Business Administration Program of the Hong Kong Baptist University, and Member of the Hong Kong Securities Institute. His research topics focus on equity market, financial planning and Hong Kong property market. He has authored numerous publications and papers on securities markets and investment. Dr Mak is frequently interviewed by the media on economic and property market issues and he is the guest host of “Corporate Expo” program of Metro Finance Radio. He is also the columnist of various newspapers.

On professional and community services, Dr Mak is currently member of the Investor Education Advisory Committee (IEAC) and member of the Academic and Accreditation Advisory Committee of the Securities and Futures Commission; member of the Advisory Committee on Human Resources Development in the Financial Services Sector (FinMan Committee) of the HKSAR Government; member of the Licensing Committee of the Hong Kong Gold and Silver Exchange; and member of the Energy Advisory Committee.

### Dr Isaac NG Ka-chui

Dr Ng obtained his PhD in Land Economy at the University of Aberdeen (Scotland) and is currently Lecturer at the City University of Hong Kong. He received extensive training in Public Administration with particular interest in Urban Renewal and Housing Policy. Some of his writings and articles are found in different local and international publications. He had also been engaged in consultancy work and has been the Vice-chairperson of the Education and Training Committee of the Chartered Institute of Logistics and Transport (Hong Kong Branch). Dr Ng is also a Corporate Member of the Chartered Institute of Housing of UK, a Fellow Member of the Hong Kong Institute of Real Estate, as well as a Fellow Member of the Chartered Institute of Logistics and Transport of UK.

### Mr NG Shui-lai, BBS, MBE, JP

Mr Ng is a part-time lecturer of the Chinese University of Hong Kong, Honorary President of the Hong Kong Social Workers Association and School Supervisor of the Hong Kong Council of the Church of Christ in China. He was the Vice President (President for Asia Pacific) of the International Federation of Social Workers and President of the Hong Kong Social Workers Association.

He was a member of the Housing Authority for 10 years and served as the Chairman of the Subsidised Housing Committee. He was also a member of the Town Planning Board, Transport Advisory Committee, Social Welfare Advisory Committee, and Hospital Authority, and a part-time consultant of the Central Policy Unit.

Mr Ng is also actively involved in the development of social welfare and social work in the Mainland.

### Mr Almon POON Chin-hung, JP

Mr Almon Poon is a Solicitor, High Court of Hong Kong; an Advocate and Solicitor, the Supreme Court of Republic of Singapore; an Arbitrator of Guangzhou Arbitration Commission; a China-Appointed Attesting Officer; Member, Chartered Institute of Arbitration and Accredited Mediator, Hong Kong International Arbitration Centre. He received a Bachelor of Law degree from the University of London and a Master of Law degree in Commercial Law from the University of Northumbria.

Mr Poon is a member of the Intangible Cultural Heritage Advisory Committee, and was formerly a member of the Antiquities Advisory Board, the Transport Advisory Committee, the Town Planning Board and the Administrative Appeals Board, and a part-time member of Central Policy Unit.

### The Honourable James TO Kun-sun

The Hon To is a Solicitor, and currently a Legislative Councillor, Chairman of the Panel on Security of the Legislative Council, and a Member of the Yau Tsim Mong District Council. He received a Bachelor of Law degree from the University of Hong Kong.

The Hon To is a Court Member of the University of Hong Kong and was a Member of the Managing Board of the then Land Development Corporation (1996-2001). He was Member of the Sham Shui Po District Council and Yau Tsim Mong District Council in 1991-1994 and 1999-2007 respectively.

### Mr Peter TO

Mr To has worked in the property development and investment sector for more than 30 years. He was a former President of the Hong Kong Institute of Housing and has previously served as a member of the Commercial Properties Committee of the Hong Kong Housing Authority and a member of the Vetting Committee of the Professional Services Development Assistance Scheme. He is currently an independent non-executive director of Kosmopolito Hotels International Limited.

### The Honourable WONG Kwok-kin, BBS

Wong Kwok-kin is a member of the Legislative Council (Kowloon East), a deputy of the 11th National People's Congress of the People's Republic of China for HKSAR, vice president of Hong Kong Federation of Trade Unions, and convenor of its Logistics and Transport Industry Committee. Mr. Wong is also a member of Commission on Strategic Development, non-executive director of Mandatory Provident Fund Schemes Authority, member of the Hong Kong Housing Authority and its Subsidised Housing Committee, and member of the Security and Guarding Services Industry Authority.

Mr. Wong was previously the employee representative of Labour Advisory Board and a panelist of Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong". He was a member of the Panel on Social Cohesion of Central Policy Unit and a Committee member of the Maritime Services Training Board of Vocational Training Council.

### Dr John WONG Yee-him

Dr Wong Yee Him is a psychiatrist by profession and is currently in private practice. Dr Wong has a MBBS from the University of New South Wales and is a member of the Royal College of Psychiatrists and a Fellow of the Hong Kong Academy of Medicine (Psychiatry).

Dr Wong has been actively engaging in community affairs since 2000. He is currently an elected Kowloon City District Councillor and council member of the Hong Kong Medical Association. He was previously member of the Election Committee (Medical subsector), member of the Elderly Commission, member of the Town Planning Appeal Board, Chairman of the Hong Kong Society of Psychiatrists as well as member of the Consumer Council (and was Chairman of Research and Testing Committee), the Home Purchase Allowance Appeal Board and the Advisory Board on Quality of Water Supply.

### Mr Douglas YOUNG Chi-chiu

Mr Douglas Young was trained as an Architect in Sheffield University and the Architectural Association in the UK. Since 1991, Mr Young has worked in Hong Kong on projects ranging from residential to retail interiors.

In 1996, Mr Young co-founded GOD which retails contemporary furniture, homeware and lifestyle accessories with a contemporary Chinese twist. Most of the merchandise is designed in-house by a multi-disciplinary design team led by Mr Young.

Mr Young was Member of the Advisory Committee (2001 – 2002) and Member of the design task force (2002) of the School of Design of Hong Kong Polytechnic University. He was Art Advisor to the Hong Kong Arts Development Council (HKADC) and Examiner of applications for HKADC grants in 2003. Presently, he is Director of Hong Kong Fringe Club, Member of Hong Kong Arts Centre, Member of Hong Kong Ambassadors of Design, Member of RTHK Programme Advisory Panel, Director of Zuni Icosahedron Limited, Member of Business Facilitation Advisory Committee and Member of the Art Museum Advisory Panel.

## Non-Executive Directors (official)

### Mr AU Choi-kai, JP

#### Director of Buildings

Mr C K Au is a professional building surveyor. He is a Fellow of the Hong Kong Institute of Surveyors, Fellow of the Royal Institution of Chartered Surveyors of U.K. and Member of the Society of Fire Protection Engineers of USA. After completing his education in the Hong Kong Polytechnic, he joined the Hong Kong Government in 1974. He has held a number of positions in the then Buildings Ordinance Office, Building Development Department, Buildings and Lands Department and Buildings Department. He is now the Director of the Buildings Department. He has over thirty years of experience in building control, especially in the review and formulation of statutory standards in the design and construction of buildings. He was the chief drafter of a number of Codes of Practice, including the Codes of Practice for "Means of Access for Fire Fighting and Rescue 2004", "Means of Escape 1996", "Fire Resisting Construction 1996", "Overall Thermal Transfer Value in Buildings 1995" and "Building Works for Lifts and Escalators 1993".

### Mrs Pamela TAN Kam Mi-wah, JP

#### Director of Home Affairs

Pamela Tan is currently the Director of Home Affairs. Prior to this, Mrs Tan has been in various directorate positions in a number of policy and resource bureaux and frontline departments, including the Commissioner for Labour. She has also served as the Deputy Head of the Central Policy Unit which advised the Government's top policy-making level on all major issues affecting Hong Kong.

### Ms Annie TAM Kam-lan, JP

#### Director of Lands

Ms Tam is the Director of Lands. She is currently a member of the Hong Kong Housing Authority, a member of the Supervisory Board of the Hong Kong Housing Society and a member of the Town Planning Board.

### Mr Jimmy LEUNG Cheuk-fai, JP

#### Director of Planning

Mr Jimmy C F Leung is the Director of the Planning Department of the Hong Kong Special Administrative Region Government. Mr Leung is a Registered Professional Planner in Hong Kong, a Fellow of the Hong Kong Institute of Planners and a Member of the Royal Town Planning Institute in the United Kingdom. He also holds the PRC Registered Urban Planner qualification.

Mr Leung is a Member of the Town Planning Board (TPB), Chairman of the Metro Planning Committee and Rural & New Town Planning Committee of the TPB, and Member of the Supervisory Board of Hong Kong Housing Society.

## Executive Directors

### Ir Calvin LAM Che-leung

Mr Lam was appointed as an Executive Director of URA in November 2008. He is a Registered Professional Engineer (RPE), a Registered Structural (RSE) and Geotechnical Engineer (RGE) in Hong Kong. Mr Lam is also a Fellow of the Hong Kong Institution of Engineers. From 2005 to 2008, he had served as a council member of the Association of Consulting Engineers, Hong Kong.

Mr Lam completed his engineering training with a top ranking international engineering consultant and became a chartered engineer in 1978. He has worked with consultants and government works departments in Hong Kong, UK and Australia.

Mr Lam's experience includes overseeing different areas of project, operation and people management covering project study, design, execution and implementation, operation and quality assurance, strategic, business and resources planning. His work spans across infrastructure construction, new town developments, buildings and structures.

### Ms Iris TAM Siu-ying, JP

Ms Tam was appointed Executive Director of the Urban Renewal Authority in September 2006. She started her town planning career in the government and left the civil service after seven years in 1990. She then set up a planning consultant firm and was actively involved in both private and public sector planning projects and studies in Hong Kong and in Mainland China for sixteen years. She was the President of the Hong Kong Institute of Planners (1995-97) and served as Chairperson and Member of various Statutory and Advisory Tribunals/Committees. She is currently a member of the Council for Sustainable Development.

# Members of Committees

## Audit Committee

### Chairperson

Mr NG Shui-lai, BBS, MBE, JP

### Members

Professor HO Pui-yin

Mr Philip KAN Siu-lun

### Co-opted Member

Mr TAI Hay-yuen  
(up to 30 November 2011)

Ms Rosanna CHOI  
(from 1 December 2011)

## Finance Committee

### Chairperson

The Honourable Barry CHEUNG Chun-yuen, GBS, JP

### Members

Mr Walter CHAN Kar-lok, SBS, JP

The Honourable Tanya CHAN

Mr Philip KAN Siu-lun

Dr Billy MAK Sui-choi  
(from 1 December 2011)

Mr Almon POON Chin-hung, JP  
(up to 30 November 2011)

Mr Peter TO

Mr Quinn LAW Yee-kwan, JP

### Co-opted Members

Dr Billy MAK Sui-choi  
(up to 30 November 2011)

Mr KUNG Kuo-Chuan  
(from 1 December 2011)

Mr Alexander LAM  
(from 1 December 2011)

## Land, Rehousing & Compensation Committee

### Chairperson

Mr Walter CHAN Kar-lok, SBS, JP  
(until 30 November 2011)

Dr Isaac NG Ka-chui  
(from 1 December 2011)

### Members

Mr Victor CHAN Hin-fu

Mr Daniel LAM Chun, BBS, JP

Dr Billy MAK Sui-choi  
(from 1 December 2011)

Dr Isaac NG Ka-chui  
(up to 30 November 2011)

Mr NG Shui-lai, BBS, MBE, JP

The Honourable James TO Kun-sun

Dr John WONG Yee-him

Mr Quinn LAW Yee-kwan, JP

Ir Calvin LAM Che-leung

Ms Iris TAM Siu-ying, JP

### Co-opted Members

Mr CHEUNG Hau-wai, SBS  
(up to 30 November 2011)

Mr Patrick LAU, SBS

Mr Eddie SO  
(up to 30 November 2011)

Mr WONG Kit-loong

Assistant Director, Lands Department  
(Mr LAW Hin-wing, JP)

## Remuneration Committee

### Chairperson

The Honourable Barry CHEUNG Chun-yuen, GBS, JP

### Members

Mr Walter CHAN Kar-lok, SBS, JP  
(up to 30 November 2011)

The Honourable IP Kwok-him, GBS, JP

Dr Isaac NG Ka-chui (from 1 December 2011)

Mr NG Shui-lai, BBS, MBE, JP

Mr Peter TO

Mr Quinn LAW Yee-kwan, JP

## Planning, Development and Conservation Committee

### Chairperson

Mr Peter TO

### Members

Mr Victor CHAN Hin-fu

The Honourable Tanya CHAN

Professor HO Pui-yin

Professor Desmond HUI Cheuk-kuen

The Honourable IP Kwok-him, GBS, JP

Mr Philip LIAO Yi-kang

Mr NG Shui-lai, BBS, MBE, JP

Mr Almon POON Chin-hung, JP  
(up to 30 November 2011)

The Honourable James TO Kun-sun

The Honourable WONG Kwok-kin, BBS

Mr Douglas YOUNG Chi-chiu

Director of Lands  
(Ms Annie TAM Kam-lam, JP)

Director of Planning  
(Mr Jimmy LEUNG Cheuk-fai, JP)

Mr Quinn LAW Yee-kwan, JP

Ir Calvin LAM Che-leung

Ms Iris TAM Siu-ying, JP

### Co-opted Members

Mr CHEUNG Hau-wai, SBS  
(from 1 December 2011)

Ms Betty HO

Mr Andy LEUNG

Assistant Director / New Buildings 1  
Buildings Department  
(Mr HO Kwok-hung)

## Review Committee

### Chairperson

The Honourable IP Kwok-him, GBS, JP

### Members

Mr Daniel LAM Chun, BBS, JP

Mr Philip LIAO Yi-kang

Dr Isaac NG Ka-chui

The Honourable James TO Kun-sun

Dr John WONG Yee-him

Mr Douglas YOUNG Chi-chiu

### Co-opted Members

Mr Andrew CHAN Ping-chiu

Mr Henry CHAN Kai-wing

Mr CHUA Hoi-wai

Dr Ernest CHUI Wing-tak

Dr Amy HO Po-ying

Ms LAM Tze-yan

Dr LAU Kwok-yu, JP

Ir Kenneth T K LAU

Ms Elizabeth LAW, MH, JP

Dr LEE Yok-shiu

Mr Tony LUK Ka-luen

Mr MOK Hing-luen

Rev Dr Paul C C NG

Mr Dickson PANG Kam-fai

Dr Louis SHIH, JP  
(up to 30 November 2011)

Mr Eddie SO  
(from 1 December 2011)

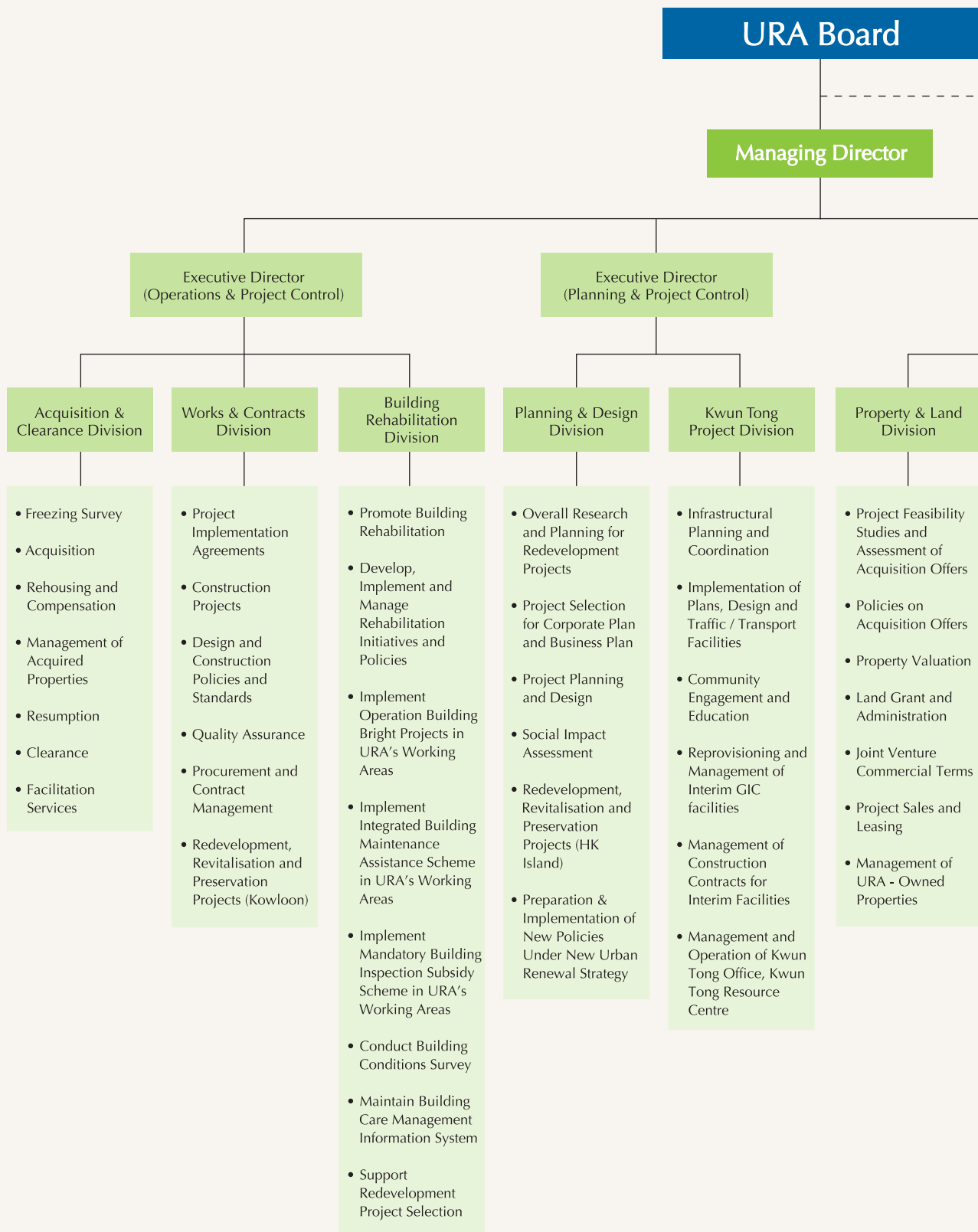
Mr TAI Hay-yuen  
(from 1 December 2011)

Mr TSE Siu-kwong

Dr Patrick L T WONG, BBS, JP

Mr YUNG Ching-tat, BBS, JP

# Organisation Structure





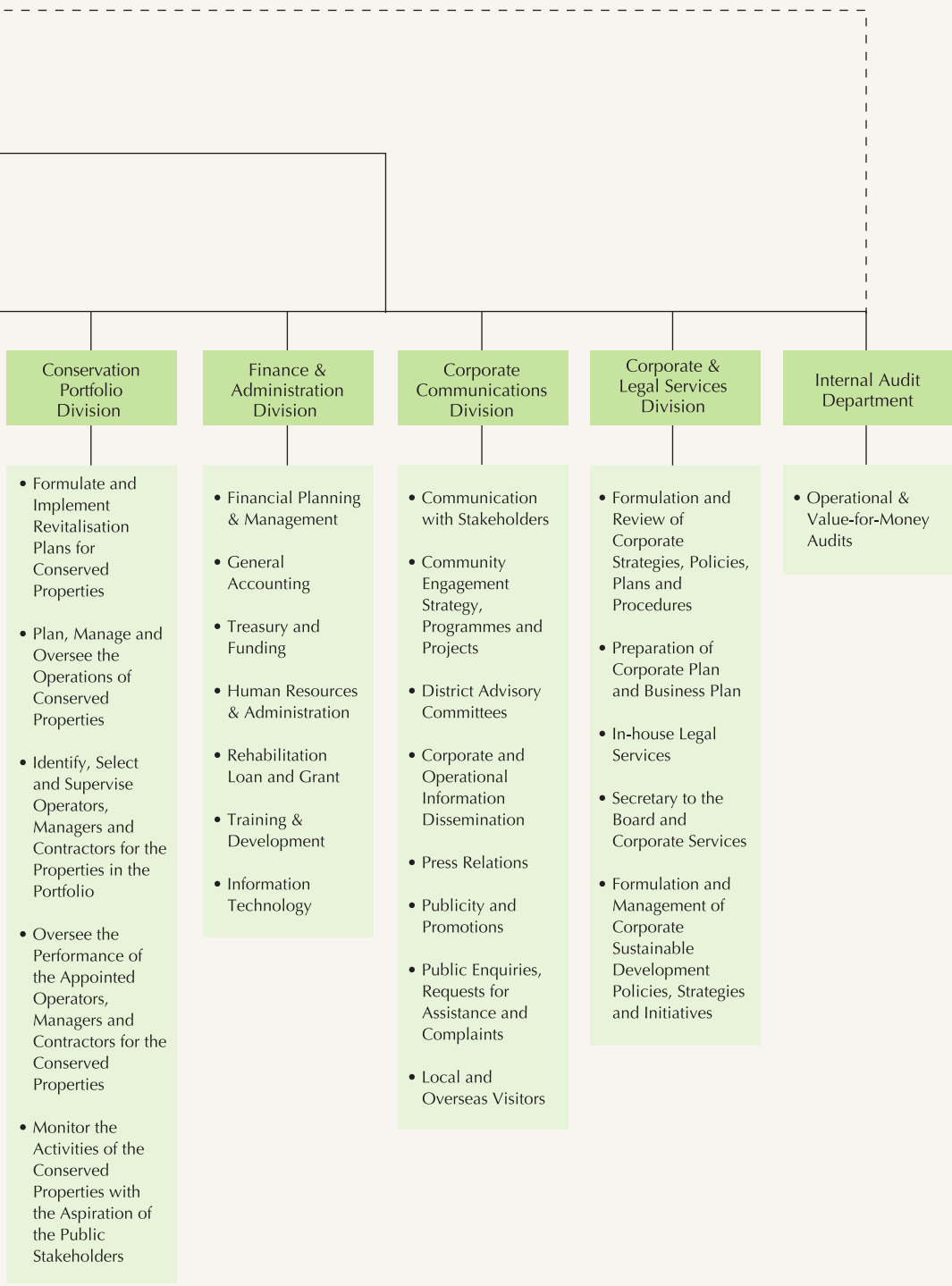




Photo taken at Kai Tak development site for flat-for-flat.

From left

Lawrence YAU Chung-hok (Director, Corporate Communications), Ernest LEE Shu-wing (Director, Kwun Tong Project), Iris TAM Siu-ying (Executive Director, Planning and Project Control), Michael MA (Director, Planning and Design), Quinn LAW Yee-kwan (Managing Director), Calvin LAM Che-leung (Executive Director, Operations and Project Control), Felicia WAI Sik-yin (Director, Finance and Administration), Stephen LAM Wai-nang (Director, Works and Contracts), Pius CHENG Kai-wah (Director, Corporate and Legal Services), Joseph LEE King-chi (Director, Acquisition and Clearance), William WAN Shiu-wah (Director, Property and Land)

Other Members of Management Team

Ghulam Rasul BUTT General Manager, Corporate Planning	Winnie KOO Wai-yee General Manager, Property and Land	Eric POON Shun-wing General Manager, Works and Contracts	Ellen WONG Lai-kuen General Manager, Acquisition and Clearance
Eric CHOI Yan-sang Head of Community Development	Edward LAW Kwok-wah General Manager, Corporate Services	Lawrence TANG Kwan-lam General Manager, Building Rehabilitation	Ian WONG Wai-kuen Head, Acquisition and Clearance
Jeannie Ching-yee FONG General Manager, Human Resources & Administration	LEE Chin-chye General Manager, Financial Planning and Accounting	Roger TANG Man-hung General Manager, Kwun Tong Project	
Daniel HO Chi-wai General Manager, Works and Contracts	Lawrence MAK Chung-kit General Manager, Planning and Design	Angela TANG Sin-yu General Manager, External Relations	
Hiroshi IKEGAYA General Manager, Planning and Design	Bruchi NAM Chi-kwong General Manager, Property and Land	Francis WONG Iu-ming General Manager, Internal Audit	

Members of the URA Staff Club 2011/2012 together with URA senior management



FROM LEFT

Front row :

Christine LIU, Peter WONG, Paul CHAN, Quinn LAW (Managing Director), Joseph LEE (Director, Acquisition and Clearance)  
Jeannie FONG (General Manager, Human Resources & Administration), Quincy HUI

Back row :

Alan WONG, Andy LAU, Jeffrey WONG, Candy TUNG, Gary LAM, Kenneth YUEN, Kamman LAI

# Members of District Advisory Committees

## Central & Western District Advisory Committee

### Chairperson

Professor Desmond HUI Cheuk-kuen

### Members

Mr Stephen CHAN Chit-kwai, BBS, JP

Mr CHAN Hok-fung

Mr CHENG Po-hung

Mr Daniel CHEUNG Pak-fun

Mr Jackie CHEUNG Yick-hung

Dr Ernest CHUI Wing-tak

Mr CHUNG Man-chai, MH

Mr LAM Kin-lai, JP

Mr LAM Yiu-man

Mr Sidney LEE Chi-hang

Mr LEE Ping-kuen, JP

Mr Tommy LI Ying-sang, BBS, MH, JP

Mr Samson WONG San

Mr David YIP Wing-shing, BBS, MH, JP

Mr Albert YOUNG Siu-chuen, MH

Mr YUEN Bun-keung

Central & Western District Officer

(in alphabetical order)

## Wan Chai District Advisory Committee

### Chairperson

Mr Daniel LAM Chun, BBS, JP

### Members

Mr CHEUNG Tat-tong

Mrs Fanny LAI IP Po-ping, BBS, JP

Mr Michael LAI Kam-cheung, BBS, MH, JP

Mr Albert LAM Kwok-ming

Mr LAM Sek-kong, MH

Ms Kenny LEE Kwun-yee

Ms Peggy LEE Pik-yee

Mr Dan LEE Yuen-kay

Mr Stephen NG Kam-chun, MH, JP

Dr Paul SIU Che-hung

Ms Anna TANG King-yung, BBS, MH

Mr Ivan WONG Wang-tai, MH

Mr Stephen YAU How-boa, BBS, MH, JP

Wan Chai District Officer

(in alphabetical order)

## Sham Shui Po District Advisory Committee

### Chairperson

Dr John WONG Yee-him

### Members

Mr CHAN Wai-ming

Mr Vincent CHENG Wing-shun

Mr Nelson HO Siu-leung

Mr LAM Ka-fai, JP

Ms LAU Pui-yuk

Dr LEUNG Kai-chi

Mr LEUNG Yau-fong

Professor SIU Kwok-kin

Mr WAI Woon-nam

Mr WONG Kam-kuen, MH, JP

Sham Shui Po District Officer

(in alphabetical order)

## Yau Tsim Mong District Advisory Committee

### Chairperson

Dr Isaac NG Ka-chui

### Members

Mr CHAN Siu-tong, MH

Mr Benjamin CHOI Siu-fung

Mr CHOW Chun-fai, BBS, JP

Mr HUI Tak-leung

Mr IP Kwok-chung, SBS, JP

Mr LAM Ho-yeung

Mr Edward LEUNG Wai-kuen, JP

Mr Allan LI Hon-hung, MH, JP

Mr POON Kit-man

Mr SIU Yin-wai

Mr SUEN Leung-kwong

Mr TONG Chun-wan

Mr TSUNG Po-shan

Yau Tsim Mong District Officer

(in alphabetical order)

## **Kwun Tong District Advisory Committee**

### **Chairperson**

Mr NG Shui-lai, BBS, MBE, JP

### **Members**

Mr Nelson CHAN Wah-yu, MH

Mr CHONG Yam-ming

Mr FAN Wai-kong

Mr HSU Hoi-shan

Mr KAI Ming-wah

Mr KAN Ming-tung

Mr KWOK Lit-tung, JP

Dr LAM Kin-wah, MH

Mr LAU Ting-on

Ms LEUNG Fu-wing, BBS, MH

Mrs LEUNG CHAN Siu-hing

Mr LI Hung

Mr LING Chi-keung

Mr LIU Chung-ming

Mr TAI Hon-shun

Ms SO Lai-chun, MH

Mr WONG Chung-tan

Mr WONG Kai-ming

Mr YUEN Lun-shan

Mr YUEN Yan-fai

Kwun Tong District Officer

(in alphabetical order)

## **Kowloon City District Advisory Committee**

### **Chairperson**

Professor HO Pui-yin

### **Members**

Mr CHAN Lo-kin

Ms CHEUNG Ling

Mr Paul CHU Hoi-shan

Ir KAM Kwai-ki

Ms Rosanda MOK Ka-han

Mr NG Po-keung

Mr NGAN Siu-lun

Ms SIU Yuen-sheung, BBS, JP

Dr TANG Bo-sin

Mr WEN Choy-bon, MH

Mr Pius YUM Kwok-tung

Kowloon City District Officer

(in alphabetical order)

## **Tsuen Wan District Advisory Committee**

### **Chairperson**

Mr Almon POON Chin-hung, JP

### **Members**

Mr CHAN Han-pan

Mr Richard CHAN Kam-lam, MH

Mr CHAN Lu-seng, SBS, JP

Mr CHAN Wai-ming, MH, JP

Ms Ronnie CHAN Yam-ling

Mr CHOW Ping-tim

Mr CHUNG Wai-ping, SBS

Mr Eric LEE Chung-ming

Mr LO Siu-kit

Mr MAN Yu-ming

Ms TO Kwai-ying, JP

Mr WONG Ka-wa

Mr Louis WONG Yui-tak, MH

Tsuen Wan District Officer

(in alphabetical order)

# FINANCIAL HIGHLIGHTS

The financial results of the Authority for the past ten years are summarised in the table below.

Year ended 31 March	In HK\$'million									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues for the year	57	201	4,936	2,766	536	5,266	1,413	9,663	3,647	3,690
Surplus / (deficit) for the year (before interest income)	(228)	(89)	2,992	1,397	423	1,718	(4,685)	6,993	2,159	2,431
Surplus / (deficit) for the year	(227)	(80)	3,004	1,579	766	2,095	(4,459)	7,018	2,209	2,584
Accumulated surplus / (deficit)	(2,946)	(3,026)	(22)	1,557	2,323	4,418	(41)	6,977	9,186	11,770
Capital	2,000	4,000	6,000	8,000	10,000	10,000	10,000	10,000	10,000	10,000
Net assets / (liabilities)	(946)	974	5,978	9,557	12,323	14,418	9,959	16,977	19,186	21,770
Debt securities issued less unamortised finance charges	-	-	-	-	-	-	-	1,497	1,498	1,699
Properties under development (Note 1)	1,306	2,504	2,565	3,674	4,602	4,779	8,289	14,114	15,956	19,066
Land premia waived by the Government during the year	-	-	(414)	(605)	-	(90)	(216)	(3,177)	(922)	(64)
Surplus / (deficit) for the year if no land premium waiver	(227)	(80)	2,590	974	766	2,005	(4,675)	3,841	1,287	2,520
Accumulated surplus / (deficit) if no land premium waiver	(2,946)	(3,026)	(436)	538	1,304	3,309	(1,366)	2,475	3,762	6,282

Note:

1. Properties under development include properties under development before provision for impairment, jointly controlled development projects and properties acquired pending redevelopment.

# REPORT OF THE MEMBERS OF THE BOARD

The members of the Board submit their report together with the audited financial statements for the year ended 31 March 2012.

## **Board members**

Members of the Board for the year and up to the date of this report are set out on page 67.

## **Principal activities**

The principal activities of the Urban Renewal Authority (the “Authority”) and its subsidiaries (together, the “Group”) have been to promote urban renewal in Hong Kong by way of redevelopment, rehabilitation, revitalisation and heritage preservation. As a result of the new Urban Renewal Strategy promulgated on 24 February 2011, the Group is to focus on redevelopment and rehabilitation as its core business.

## **Financial statements**

The results of the Group for the year ended 31 March 2012 and the state of affairs of the Group and of the Authority at that date are set out in the financial statements on pages 90 to 130.

## **Property, plant and equipment**

Movements in property, plant and equipment during the year are set out in Note 9 to the financial statements.

## **Working capital**

At 31 March 2012, the working capital of the Group was mainly financed by the Government’s equity injection, accumulated surplus and debt securities issued.

## **Board members’ interests in contracts and rights of acquisition of shares**

No contract of significance, to which the Authority or any of its subsidiaries was a party and in which a member of the Board had a material interest, subsisted at the end of the year or at any time during the year.

At no time during the year was the Authority or any of its subsidiaries a party to any arrangement to enable the members of the Board to acquire benefits by means of the acquisition of shares in or debentures of any body corporate.



**Auditor**

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By order of the Board

**Quinn Law Yee-kwan**

Deputy Chairman and Managing Director

Hong Kong, 18 June 2012

# INDEPENDENT AUDITOR'S REPORT



## **To the Members of the Board of the Urban Renewal Authority**

We have audited the consolidated financial statements of the Urban Renewal Authority (the "Authority") and its subsidiaries (together, the "Group") set out on pages 90 to 130, which comprise the statements of financial position of the Group and the Authority as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **The Authority's responsibility for the financial statements**

The Authority is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 18 of the Urban Renewal Authority Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Authority and of the Group as at 31 March 2012 and of the Group's surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 18 June 2012

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2012  
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2012</u> \$'000	<u>2011</u> \$'000
<b>Revenues</b>	5(a)	3,690,231	3,646,761
Direct costs		<u>(356,631)</u>	<u>(980,675)</u>
Gross surplus		3,333,600	2,666,086
Other income, net	5(b)	190,168	71,653
Administrative expenses		(297,725)	(288,427)
Other operating expenses		(89,374)	(90,135)
Provision for Urban Renewal Trust Fund	22	-	(500,000)
(Provision for) / write back of impairment on properties and committed projects		<u>(552,623)</u>	<u>349,610</u>
<b>Operating surplus before income tax</b>	6	2,584,046	2,208,787
Income tax expenses	7(a)	<u>-</u>	<u>-</u>
<b>Surplus and total comprehensive income for the year</b>	8	<u>2,584,046</u>	<u>2,208,787</u>

The notes on pages 95 to 130 form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2012

(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2012</u> \$'000	<u>2011</u> \$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	409,066	353,395
Properties acquired pending redevelopment	10	7,733	7,733
Properties under development	11	13,576,160	10,701,259
Building rehabilitation loans	13	58,024	53,690
Prepayments for purchase of properties		<u>263,642</u>	<u>95,719</u>
		<u>14,314,625</u>	<u>11,211,796</u>
<b>Current assets</b>			
Properties held for sale	14	15,420	15,065
Receivables from property developers	15	225,950	4,285,650
Jointly controlled development projects	16	-	3,267
Building rehabilitation loans	13	28,476	28,582
Trade and other receivables	17	127,638	45,971
Financial assets at fair value through profit or loss	18	1,616,804	1,250,380
Cash and bank balances	19	<u>9,003,704</u>	<u>5,831,820</u>
		<u>11,017,992</u>	<u>11,460,735</u>
<b>Total assets</b>		<u>25,332,617</u>	<u>22,672,531</u>
<b>Capital and reserves</b>			
Capital	20	10,000,000	10,000,000
Accumulated surplus		<u>11,770,362</u>	<u>9,186,316</u>
		<u>21,770,362</u>	<u>19,186,316</u>
<b>Non-current liabilities</b>			
Debt securities issued	21	<u>199,837</u>	<u>1,498,217</u>
<b>Current liabilities</b>			
Jointly controlled development projects	16	145,685	-
Trade and other payables		1,318,165	1,250,998
Debt securities issued	21	1,499,568	-
Provision for Urban Renewal Trust Fund	22	-	500,000
Provision for committed projects	23	<u>399,000</u>	<u>237,000</u>
		<u>3,362,418</u>	<u>1,987,998</u>
<b>Total capital, reserves and liabilities</b>		<u>25,332,617</u>	<u>22,672,531</u>

Approved by the Board  
on 18 June 2012



**Barry CHEUNG Chun-yuen**  
Chairman



**Quinn LAW Yee-kwan**  
Managing Director

The notes on pages 95 to 130 form part of these consolidated financial statements.

# STATEMENT OF FINANCIAL POSITION OF URBAN RENEWAL AUTHORITY

at 31 March 2012

(expressed in Hong Kong Dollars)

	Note	<u>2012</u> \$'000	<u>2011</u> \$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	404,276	351,514
Properties acquired pending redevelopment	10	7,733	7,733
Properties under development	11	13,576,160	10,701,259
Subsidiaries	12	4,406	1,616
Building rehabilitation loans	13	58,024	53,690
Prepayments for purchase of properties		<u>263,642</u>	<u>95,719</u>
		<u>14,314,241</u>	<u>11,211,531</u>
<b>Current assets</b>			
Properties held for sale	14	15,420	15,065
Receivables from property developers	15	225,950	4,285,650
Jointly controlled development projects	16	-	3,267
Building rehabilitation loans	13	28,476	28,582
Trade and other receivables	17	127,531	45,794
Financial assets at fair value through profit or loss	18	1,616,804	1,250,380
Cash and bank balances	19	<u>9,003,564</u>	<u>5,831,820</u>
		<u>11,017,745</u>	<u>11,460,558</u>
<b>Total assets</b>		<u>25,331,986</u>	<u>22,672,089</u>
<b>Capital and reserves</b>			
Capital	20	10,000,000	10,000,000
Accumulated surplus		<u>11,770,362</u>	<u>9,186,315</u>
		<u>21,770,362</u>	<u>19,186,315</u>
<b>Non-current liabilities</b>			
Debt securities issued	21	<u>199,837</u>	<u>1,498,217</u>
<b>Current liabilities</b>			
Jointly controlled development projects	16	145,685	-
Trade and other payables		1,317,534	1,250,557
Debt securities issued	21	1,499,568	-
Provision for Urban Renewal Trust Fund	22	-	500,000
Provision for committed projects	23	<u>399,000</u>	<u>237,000</u>
		<u>3,361,787</u>	<u>1,987,557</u>
<b>Total capital, reserves and liabilities</b>		<u>25,331,986</u>	<u>22,672,089</u>

Approved by the Board  
on 18 June 2012



**Barry CHEUNG Chun-yuen**  
Chairman



**Quinn LAW Yee-kwan**  
Managing Director

The notes on pages 95 to 130 form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2012  
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2012</u>		<u>2011</u>	
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Operating surplus before income tax		2,584,046		2,208,787	
Adjustments for:					
Share of surplus from property developer in the form of assets		(52,662)		-	
Interest income		(153,182)		(49,474)	
Depreciation and amortisation		19,245		19,840	
(Gain) / loss on disposal of property, plant and equipment		(1)		2,695	
Net foreign exchange gains		(16,110)		-	
Gain on financial assets at fair value through profit or loss		(12,395)		(11,705)	
Provision for Urban Renewal Trust Fund		-		500,000	
Provision for / (write back of) impairment on properties and committed projects		<u>552,623</u>		<u>(349,610)</u>	
Operating surplus before working capital changes		2,921,564		2,320,533	
Decrease in receivables from property developers		4,059,700		410,500	
Changes in balances with jointly controlled development projects		148,951		(20,390)	
Increase in properties under development		(3,222,151)		(1,872,566)	
(Increase) / decrease in building rehabilitation loans		(4,228)		12,961	
Increase in trade and other receivables and prepayment for purchase of properties		(164,300)		(58,570)	
Increase in trade and other payables		67,833		575,435	
Contribution to Urban Renewal Trust Fund		(500,000)		-	
Increase in financial assets at fair value through profit or loss		<u>(354,029)</u>		<u>(50,000)</u>	
Cash generated from operations		2,953,340		1,317,903	
Interest received		67,892		47,238	
Interest paid		<u>(33,401)</u>		<u>(31,200)</u>	
Net cash generated from operating activities			2,987,831		1,333,941
<b>Cash flows from investing activities</b>					
(Increase) / decrease in bank deposits with maturities more than 3 months		(2,827,168)		69,000	
Purchase of property, plant and equipment		(32,061)		(25,976)	
Proceeds from sale of property, plant and equipment		<u>4</u>		<u>13</u>	
Net cash (used in) / generated from investing activities			(2,859,225)		43,037
<b>Cash flows from financing activity</b>					
Proceeds from issuance of debt securities		<u>200,000</u>		-	
Net cash generated from financing activity			<u>200,000</u>		-
<b>Net increase in cash and cash equivalents</b>			328,606		1,376,978
<b>Cash and cash equivalents at 1 April</b>			3,999,820		2,622,842
<b>Exchange gain on cash and cash equivalents</b>			<u>16,110</u>		-
<b>Cash and cash equivalents at 31 March</b>			<u>4,344,536</u>		<u>3,999,820</u>
<b>Analysis of cash and bank balances</b>					
Cash and cash equivalents			4,344,536		3,999,820
Other bank deposits with maturities more than 3 months			4,659,168		1,832,000
<b>Cash and bank balances at 31 March</b>	19		<u>9,003,704</u>		<u>5,831,820</u>

The notes on pages 95 to 130 form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2012  
(expressed in Hong Kong Dollars)

	<u>Capital</u>	<u>Accumulated surplus</u>	<u>Total</u>
	\$'000	\$'000	\$'000
Balance at 1 April 2010	10,000,000	6,977,529	16,977,529
Total comprehensive income for the year	<u>-</u>	<u>2,208,787</u>	<u>2,208,787</u>
Balance at 31 March 2011	<u>10,000,000</u>	<u>9,186,316</u>	<u>19,186,316</u>
Balance at 1 April 2011	10,000,000	9,186,316	19,186,316
Total comprehensive income for the year	<u>-</u>	<u>2,584,046</u>	<u>2,584,046</u>
Balance at 31 March 2012	<u>10,000,000</u>	<u>11,770,362</u>	<u>21,770,362</u>

The notes on pages 95 to 130 form part of these consolidated financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

## 1. General information

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

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

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

## 2. Significant accounting policies

The principal 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 financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and in accordance with accounting principles generally accepted in Hong Kong and comply with all applicable Hong Kong Financial Reporting Standards (which include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (“HKFRSs”)) 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 Authority’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.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 2. Significant accounting policies (Continued)

### (b) Standards, amendment to standard and interpretations effective in current year

The following standard, amendments to standards and interpretation have been published that are effective for the accounting period of the Group beginning on 1 April 2011 and are relevant to the Group's operation.

HKFRS 7 Amendment	Disclosures – Transfer of Financial Assets
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

The adoption of the above standard, amendments to standards and interpretation does not have a material impact on the Group's accounting policies.

### (c) Standards that are not yet effective

The HKICPA has issued certain new standards, amendments and interpretations which are not yet effective as at 31 March 2012. Those which are relevant to the Group's operation are as follows:

		Effective for accounting periods beginning on or after
HKAS 19 (2011)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 32 Amendment	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 1 Amendment	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	1 July 2012
HKFRS 7 Amendment	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 12	Disclosures of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013

The Group has not early adopted the above standards in the financial statement for the year ended 31 March 2012. The Group will apply the above standards and amendment from 1 April 2012, but it is not expected to have a significant impact on the Group's consolidated financial statement.

(expressed in Hong Kong Dollars)

## 2. Significant 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 all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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 material intercompany transactions and balances within the Group are eliminated on consolidation.

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

### (e) Revenue recognition

Provided it is probable that the economic benefit will flow to the Group and the revenue can be measured reliably, revenue is recognised in the statement of comprehensive income as follows:

- (i) Income from sale of properties is recognised upon the risks and rewards of ownership have been passed.
- (ii) Where the Authority receives its share of surplus from property development projects undertaken in joint ventures, sharing of such surplus is recognised in accordance with the terms of the joint development agreements.
- (iii) Where the Authority receives a distribution of the assets of a joint venture, surplus is recognised based on the fair value of such assets at the time when agreement to distribute the assets has been reached.
- (iv) When the upfront payments from developers becomes payable to the Authority at the inception of joint development agreement, surpluses arising from such upfront payments are recognised when the Authority has no further substantial acts to complete. Generally, such surpluses are recognised as soon as the Group has performed its obligations in respect of the upfront payments, the events leading to the possible cancellation of the joint development agreements have lapsed, and the upfront payments have become non-refundable / non-cancellable.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 2. Significant accounting policies (Continued)

### (e) Revenue recognition (Continued)

- (v) Interest income is recognised on a time-proportion basis using the effective interest method.
- (vi) Rental income net of any incentives given to the lessee is recognised on a straight line basis over the periods of the respective leases.
- (vii) Property management income is recognised when the services are provided.

### (f) Property, plant and equipment

Buildings comprise rehousing blocks and commercial premises held for self-use. Rehousing blocks represent properties held by the Authority 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 assisting the dispossessed tenants who are yet to obtain public housing units.

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. 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 the statement of comprehensive income during the financial period in which they are incurred.

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

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

Leasehold land classified as finance lease	-	Over the period of the unexpired lease
Buildings	-	2% per annum or over the period of the unexpired lease if less than 50 years
Leasehold improvements	-	Office : Over 10 years or the life of the respective lease, whichever is the shorter Non-office : Over the period of the unexpired terms of the leases if less than 50 years
Plant and machinery	-	10% per annum
Motor vehicles	-	25% per annum
Furniture and office equipment	-	20% to 33 1/3% per annum

(expressed in Hong Kong Dollars)

## 2. Significant accounting policies (Continued)

### (f) Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the 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 (Note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

### (g) Impairment of investments in subsidiaries and non-financial 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 to sell 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.

### (h) Financial assets and liabilities

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

#### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other income, net', in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of 'other income, net' when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 2. Significant accounting policies (Continued)

### (h) Financial assets and liabilities (Continued)

#### (ii) Loans and receivables

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

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

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. Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. 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 the statement of comprehensive income over the period of the borrowings using the effective interest method.

#### (i) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(expressed in Hong Kong Dollars)

## 2. Significant accounting policies (Continued)

### (j) Properties acquired pending redevelopment

Properties acquired pending redevelopment are stated at cost less provision for impairment losses until a decision is reached as to whether the redevelopment is to be undertaken by the Group or through joint ventures.

When a property is to be redeveloped, the cost of the property is reclassified as properties under development or jointly controlled development projects for projects undertaken in joint ventures.

### (k) Properties under development

Properties under development represent all costs incurred by the Authority in connection with property redevelopment, and include acquisition costs, the cost of properties being reclassified from properties acquired pending redevelopment, borrowing costs, costs of rehousing units (see Note 2(m)) and other costs incurred in connection with the development, less any provisions for impairment losses.

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 to direct cost of the statement of comprehensive income at the inception of joint development agreement.

### (l) Properties held for sale

Property to be sold at the end of the reporting period will be 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 Authority. In return, the Authority will pay for the reservation fees until a tenant is moved into the unit and the development costs of the rehousing unit. These costs are recognised as part of the cost of properties under development referred to in Note 2(k), or jointly controlled development projects for projects undertaken in joint ventures (Note 2(r)).

### (n) Provisions

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 resources will be required to settle the obligation; and the amount has been 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 with respect to any one item included in the same class of obligations may be small.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 2. Significant accounting policies (Continued)

### (o) Current and deferred income tax

Income tax expenses represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further exclude income statement 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 by 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 by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

### (p) Borrowing costs

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

Other borrowing costs are charged to the statement of comprehensive income in the period in which they are incurred.



(expressed in Hong Kong Dollars)

## 2. Significant accounting policies (Continued)

### (q) Translation of foreign currencies

#### (i) Functional and presentation currency

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

### (r) Jointly controlled development projects

The arrangements entered into by the Group with property developers for redevelopment projects are considered to be jointly controlled operations pursuant to HKAS 31 "Interests in Joint Ventures" and are accounted for in accordance with the terms of the development agreements. The Group's share of income earned from such operations is recognised in the statement of comprehensive income in accordance with the bases set out in Notes 2(e) (ii), (iii) and (iv).

Where property is received by the Authority as its share of distribution of assets from jointly controlled 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 bank balances and deposits held at call with banks with 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 3. Financial risk management

### (a) Financial risk factors

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

#### (i) Cash flow and fair value interest rate risk

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

#### Interest rate sensitivity

As at 31 March 2012, if interest rates had been increased / decreased by 1% and all other variables were held constant, the surplus / deficit of the Group would increase / decrease by approximately \$90,037,000 (2011: \$58,318,000) resulting from the change in the interest income generated from the cash and bank balances.

The Group's fair value interest rate risk for "financial assets at fair value through profit or loss" is set out in Note 3 (a)(iv).

#### (ii) Credit risk

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

The credit risk on cash and bank balances is limited because all the funds are placed in banks with credit rankings, 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 Authority 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 receivables from property developers is limited as all due performance of the property developers are guaranteed by their respective holding companies or joint venturers.

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

(expressed in Hong Kong Dollars)

### 3. Financial risk management (Continued)

#### (a) Financial risk factors (Continued)

##### (iii) Liquidity risk

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

Management monitors rolling forecasts of the Group's cash and bank balances (Note 19) on the basis of expected cash flow.

The table below analyses the Group's and the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date 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 balances (except for debt securities issued which include interest element), as the impact of discounting is insignificant.

	<u>Group</u>		<u>Authority</u>	
	<u>2012</u> \$'000	<u>2011</u> \$'000	<u>2012</u> \$'000	<u>2011</u> \$'000
<b>Less than 1 year</b>				
Trade and other payables	1,318,165	1,250,998	1,317,534	1,250,557
Debt securities issued	<u>1,515,557</u>	<u>-</u>	<u>1,515,557</u>	<u>-</u>
<b>Between 1 to 3 years</b>				
Debt securities issued	<u>206,507</u>	<u>1,546,757</u>	<u>206,507</u>	<u>1,546,757</u>

##### (iv) Price risk

Price risk arising from uncertainties about future prices of the underlying investments held at fair value through profit or loss.

##### Price risk sensitivity

As at 31 March 2012, if the respective market price of the quoted investments had been increased / decreased by 5% and all other variables held constant, the surplus / deficit of the Group would increase / decrease by approximately \$80,840,000 (2011: \$62,519,000) resulting from the change in fair value of the financial assets at fair value through profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 3. Financial risk management (Continued)

### (a) Financial risk factors (Continued)

#### (v) Foreign exchange risk

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

#### Foreign exchange risk sensitivity

At 31 March 2012, if Hong Kong dollar had weakened / strengthened by 1% against the Renminbi with all other variables held constant, the surplus of the Group would increase / decrease by approximately \$4,912,000 (2011: Nil) resulting from the foreign exchange gains/losses on translation of Renminbi-denominated cash and bank balances.

### (b) Capital risk management

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

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

### (c) Fair value estimation

The carrying amounts of the Group's financial assets including receivables from property developers, cash and bank balances and trade and other receivables; and financial liabilities including trade and other payables, approximate their fair values due to their short maturities.

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

(expressed in Hong Kong Dollars)

#### 4. Critical accounting estimates and 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.

##### Estimated impairment of properties under development and provision for committed projects

Properties under development 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(g).

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 present legal or constructive obligation, a provision would be recognised.

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

##### Estimated impairment of properties under development and provision for committed projects sensitivity

As at 31 March 2012, if the respective estimated upfront payments to be received on the projects had been increased / decreased by 5% and all other variables held constant, the surplus of the Group would increase by approximately \$237,000,000 (2011: \$273,000,000) / decrease by approximately \$238,000,000 (2011: \$277,000,000) resulting from the change in provision written back / charge for impairment on properties under development and provision for committed projects.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 5. Revenues and other income

### (a) Revenues

Turnover recognised during the year represents:

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Share of property development surplus on jointly controlled development projects	3,238,331	1,476,761
Upfront payments from property developers	<u>451,900</u>	<u>2,170,000</u>
	<u>3,690,231</u>	<u>3,646,761</u>

### (b) Other income, net

Other income, net recognised during the year represents:

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Interest income	153,182	49,474
Rental income	8,480	13,169
Gain on financial assets at fair value through profit or loss	12,395	11,705
Gain / (loss) on disposal of property, plant and equipment	1	(2,695)
Net foreign exchange gains	<u>16,110</u>	<u>-</u>
	<u>190,168</u>	<u>71,653</u>

(expressed in Hong Kong Dollars)

## 6. Operating surplus before income tax

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

### (a) Other items

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Cost of properties under jointly controlled development projects charged	317,865	946,964
Depreciation and amortisation	19,245	19,840
Provision for impairment on property, plant and equipment	6,978	-
Write back of impairment on properties held for sale	(355)	(610)
Provision for / (write back of) impairment on properties under development	149,200	(364,500)
Provision for committed projects	396,800	15,500
Operating lease charges in respect of rental of office premises	12,746	21,717
Outgoings in respect of properties	14,933	15,257
Staff costs (excluding directors' remuneration)	225,719	207,367
Auditor's remuneration	<u>522</u>	<u>468</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 6. Operating surplus before income tax (Continued)

### (b) Board and directors' remuneration during the year

	2012				2011	
	Salaries	Provident fund scheme contributions	Sub-total	Variable Pay	Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managing Director - Quinn Law Yee-kwan	3,920	12	3,932	1,176	5,108	4,975
Executive Director (Planning & Project Control) - Iris Tam Siu-ying	2,720	12	2,732	680	3,412	3,412
Executive Director (Operations & Project Control) - Calvin Lam Che-leung	2,788	12	2,800	697	3,497	3,412
2012: eight Directors (2011: eight Directors)	<u>18,928</u>	<u>96</u>	<u>19,024</u>	<u>4,890</u>	<u>23,914</u>	<u>23,090</u>
Total*	<u>28,356</u>	<u>132</u>	<u>28,488</u>	<u>7,443</u>	<u>35,931</u>	<u>34,889</u>

\* Excluding compensation in lieu of leave and other benefit in the aggregate sum of \$392,000 (2011: \$1,033,000).

	2012	2011
Their remuneration fell within the following bands:	No. of individuals	No. of individuals
\$2,500,001 to \$3,000,000	4	5
\$3,000,001 to \$3,500,000	6	5
\$3,500,001 to \$4,000,000	-	-
\$4,500,001 to \$5,000,000	-	1
\$5,000,001 to \$5,500,000	<u>1</u>	<u>-</u>
Total	<u>11</u>	<u>11</u>



(expressed in Hong Kong Dollars)

## 6. Operating surplus before income tax (Continued)

### (b) Board and directors' remuneration during the year (Continued)

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

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
<u>Chairman</u>		
The Honourable Barry Cheung Chun-yuen, GBS, JP	100	100
<u>Non-Executive Directors (non-public officers)</u>		
Mr Victor Chan Hin-fu	65	65
Mr Walter Chan Kar-lok, SBS, JP	65	65
The Honourable Tanya Chan	65	65
Mr Francis Chau Yin-ming, MH (up to 30 April 2010)	-	5
Professor Ho Pui-yin	65	65
Professor Desmond Hui Cheuk-kuen	65	65
The Honourable Ip Kwok-him, GBS, JP	65	65
Mr Philip Kan Siu-lun	65	65
Mr Daniel Lam Chun, BBS, JP	65	65
Mr Philip Liao Yi-kang	65	60
Dr Billy Mak Sui-choi (from 1 December 2011)	22	-
Dr Isaac Ng Ka-chui	65	65
Ms Agnes Ng Ka-yin (up to 30 April 2010)	-	5
Mr Ng Shui-lai, BBS, MBE, JP	65	65
Mr Almon Poon Chin-hung, JP (up to 30 November 2011)	43	65
The Honourable James To Kun-sun	65	65
Mr Peter To	65	65
The Honourable Wong Kwok-kin, BBS	65	65
Dr John Wong Yee-him	65	65
Mr Douglas Young Chi-chiu	<u>65</u>	<u>60</u>
	<u>1,205</u>	<u>1,205</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 6. Operating surplus before income tax (Continued)

### (c) Five highest paid individuals

	<u>2012</u>	<u>2011</u>
	\$'000	\$'000

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2012 include the Managing Director, two Executive Directors and two Directors (2011: the Managing Director, two Executive Directors and two Directors).

The total emoluments earned by the five highest paid individuals during the year are as follow:

Fixed - Salaries	14,881	14,460
- Provident fund scheme contributions	<u>60</u>	<u>60</u>
Sub-total	14,941	14,520
Variable pay	<u>3,953</u>	<u>3,925</u>
Total##	<u>18,894</u>	<u>18,445</u>

Their remuneration fell within the following bands:

	<u>No. of individuals</u>	<u>No. of individuals</u>
\$3,000,001 to \$3,500,000	4	4
\$3,500,001 to \$4,000,000	-	-
\$4,500,001 to \$5,000,000	-	1
\$5,000,001 to \$5,500,000	<u>1</u>	<u>-</u>
Total	<u>5</u>	<u>5</u>

## For the year ended 31 March 2012, compensation in lieu of leave and other benefit of \$220,000 (2011: \$727,000) were excluded from the aggregate sum.

(expressed in Hong Kong Dollars)

## **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 there are no assessable income for the year (2011: Nil).

- (b) As at 31 March 2012, a subsidiary of the Group has unrecognised deductible temporary differences arising from capital allowance and tax losses of \$11,206,000 and \$4,080,000 respectively (2011: \$10,463,000 and \$3,086,000 respectively) to carry forward against future taxable income. These tax losses have no expiry date.

## **8. Surplus for the year**

The consolidated surplus for the year includes a surplus of \$2,584,047,000 (2011: \$2,208,787,000) which has been dealt with in the financial statements of the Authority.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 9. Property, plant and equipment

### Group

	Land and buildings	Leasehold improvements	Plant and machinery	Furniture and equipments and motor vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 April 2010</b>					
Cost	569,542	77,845	56,595	21,969	725,951
Accumulated depreciation	(245,949)	(59,494)	(54,346)	(16,195)	(375,984)
Net book amount	323,593	18,351	2,249	5,774	349,967
<b>Year ended 31 March 2011</b>					
Opening net book amount	323,593	18,351	2,249	5,774	349,967
Additions	-	14,999	6,372	4,605	25,976
Disposals	-	(2,013)	(483)	(212)	(2,708)
Depreciation	(8,167)	(7,181)	(1,380)	(3,112)	(19,840)
Closing net book amount	315,426	24,156	6,758	7,055	353,395
<b>At 31 March 2011</b>					
Cost	569,542	83,307	59,250	20,336	732,435
Accumulated depreciation	(254,116)	(59,151)	(52,492)	(13,281)	(379,040)
Net book amount	315,426	24,156	6,758	7,055	353,395
<b>Year ended 31 March 2012</b>					
Opening net book amount	315,426	24,156	6,758	7,055	353,395
Additions	65,122	11,091	4,767	3,743	84,723
Disposals	-	-	-	(3)	(3)
Written off	(2,128)	(680)	(18)	-	(2,826)
Depreciation	(9,605)	(4,872)	(1,460)	(3,308)	(19,245)
Impairment	(6,978)	-	-	-	(6,978)
Closing net book amount	361,837	29,695	10,047	7,487	409,066
<b>At 31 March 2012</b>					
Cost	634,664	94,398	64,017	21,665	814,744
Accumulated depreciation	(265,849)	(64,703)	(53,970)	(14,178)	(398,700)
Impairment	(6,978)	-	-	-	(6,978)
Net book amount	361,837	29,695	10,047	7,487	409,066

(expressed in Hong Kong Dollars)

## 9. Property, plant and equipment (Continued)

### Authority

	Land and buildings	Leasehold improvements	Plant and machinery	Furniture and equipments and motor vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 April 2010</b>					
Cost	569,542	35,675	36,137	21,895	663,249
Accumulated depreciation	(245,949)	(21,462)	(33,888)	(16,121)	(317,420)
Net book amount	323,593	14,213	2,249	5,774	345,829
<b>Year ended 31 March 2011</b>					
Opening net book amount	323,593	14,213	2,249	5,774	345,829
Additions	-	14,999	6,372	4,605	25,976
Disposals	-	(2,013)	(483)	(212)	(2,708)
Depreciation	(8,167)	(4,924)	(1,380)	(3,112)	(17,583)
Closing net book amount	315,426	22,275	6,758	7,055	351,514
<b>At 31 March 2011</b>					
Cost	569,542	41,137	38,792	20,262	669,733
Accumulated depreciation	(254,116)	(18,862)	(32,034)	(13,207)	(318,219)
Net book amount	315,426	22,275	6,758	7,055	351,514
<b>Year ended 31 March 2012</b>					
Opening net book amount	315,426	22,275	6,758	7,055	351,514
Additions	52,662	11,091	4,767	3,743	72,263
Disposals	-	-	-	(3)	(3)
Written off	(2,128)	(680)	(18)	-	(2,826)
Depreciation	(8,913)	(2,991)	(1,460)	(3,308)	(16,672)
Closing net book amount	357,047	29,695	10,047	7,487	404,276
<b>At 31 March 2012</b>					
Cost	622,204	52,228	43,559	21,591	739,582
Accumulated depreciation	(265,157)	(22,533)	(33,512)	(14,104)	(335,306)
Net book amount	357,047	29,695	10,047	7,487	404,276

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 9. Property, plant and equipment (Continued)

An analysis of net book value of land and buildings, which are located in Hong Kong, is as follows :

	<u>Group</u>		<u>Authority</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	\$'000	\$'000	\$'000	\$'000
Leases of over 50 years	36,389	39,019	36,389	39,019
Leases of between 10 to 50 years	320,658	276,407	320,658	276,407
Leases of less than 10 years	<u>4,790</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>361,837</u>	<u>315,426</u>	<u>357,047</u>	<u>315,426</u>

The Group's and the Authority'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.

## 10. Properties acquired pending redevelopment

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
At 1 April and 31 March	<u>7,733</u>	<u>7,733</u>

(expressed in Hong Kong Dollars)

## 11. Properties under development

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
Cost of properties acquired for redevelopment, including Home Purchase Allowance ("HPA") (Note)		
As at 31 March	18,878,062	15,758,869
Development expenditure	<u>326,098</u>	<u>186,390</u>
Total cost (includes accumulated interest and other borrowing costs capitalised of \$97,320,000 (2011: \$60,837,000))	19,204,160	15,945,259
Provision for impairment		
As at 31 March	<u>(5,628,000)</u>	<u>(5,244,000)</u>
Balance as at 31 March	<u>13,576,160</u>	<u>10,701,259</u>

Note:

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 Authority's redevelopment projects.

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

As at 31 March 2012, the Authority's estimated cash outflow in respect of project under acquisition and resumption stood at \$13.1 billion (2011: \$12.8 billion), without accounting for any future inflow for the projects.

The Authority launched the Flat-for-Flat (FFF) Scheme to provide domestic owner-occupiers affected by the Authority'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 to be developed by the Authority on a site at Kai Tak, which will provide about 500 small to medium sized flats in Phase 1. The Authority has to pay a land premium to obtain a land grant for the site at Kai Tak earmarked for the FFF Scheme. The financial impact of the Kai Tak development will be accounted for in subsequent financial years.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 12. Subsidiaries

	<u>Authority</u>	
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (Note)	32,384	18,083
Less: Provision	<u>(27,979)</u>	<u>(16,468)</u>
	<u>4,406</u>	<u>1,616</u>

Note:

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

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

<u>Name</u>	<u>Issued share capital</u>	
	<u>Number</u>	<u>Par value per share</u>
Ally Town Investment Limited	2	\$1
Opalman Limited	2	\$1
Sunfield Investments Limited	2	\$1
Western Market Company Limited	2	\$1
Urban Redevelopment Facilitating Services Company Limited	1	\$10

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



(expressed in Hong Kong Dollars)

### 13. Building rehabilitation loans

At 31 March 2012, the building rehabilitation loans are analysed as follows:

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
Non-current portion	58,024	53,690
Current portion	<u>28,476</u>	<u>28,582</u>
	<u>86,500</u>	<u>82,272</u>

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 Authority reserves the right to impose legal charges over the properties for loans of amounts between \$25,001 and \$100,000.

As of 31 March 2012, instalments of building rehabilitation loans of \$129,000 (2011: \$201,000) were past due but not impaired. These relate to a number of borrowers for whom there are no recent history of bad debt. The aging analysis of these building rehabilitation loans is as follows:

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
Less than 3 months	61	94
3 to 6 months	15	38
6 to 12 months	20	44
Over 1 year	<u>33</u>	<u>25</u>
Balance at 31 March	<u>129</u>	<u>201</u>

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 14. Properties held for sale

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
Cost		
At 1 April and 31 March	<u>15,420</u>	<u>15,420</u>
Provision for impairment		
At 1 April	(355)	(965)
Less: Write back of impairment	<u>355</u>	<u>610</u>
At 31 March	<u>-</u>	<u>(355)</u>
Balance at 31 March	<u>15,420</u>	<u>15,065</u>

## 15. Receivables from property developers

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at 31 March	<u>225,950</u>	<u>4,285,650</u>

As of 31 March 2012, no receivables from property developers were past due and the balance is current in nature.

(expressed in Hong Kong Dollars)

## 16. Jointly controlled development projects

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Amounts due from jointly controlled development projects	26,015	20,683
Amounts due to jointly controlled development projects	<u>(171,700)</u>	<u>(17,416)</u>
	<u>(145,685)</u>	<u>3,267</u>

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

The Group and the Authority have the following active jointly controlled development projects as at 31 March 2012.

<u>Project Name / Location</u>	<u>Land use</u>	<u>Total gross floor area (m<sup>2</sup>)</u>	<u>Actual completion date (calendar year)</u>	<u>Expected completion date (calendar year)</u>
The Zenith (Wan Chai)	Commercial / Residential	62,310	2006 (Site A & B)	2013 (Site C)
* Vision City / Citywalk (Tsuen Wan)	Commercial / Residential	137,885	2007	-
* J Residence / J Senses (Wan Chai)	Commercial / Residential	20,567	2007	-
# The Masterpiece / K11 (Tsim Sha Tsui)	Commercial / Hotel / Service Apartment	103,844	2008	-
* The Dynasty / Citywalk 2 (Tsuen Wan)	Commercial / Residential	44,404	2008	-
* Vista (Sham Shui Po)	Commercial / Residential	12,703	2008	-
Beacon Lodge (Sham Shui Po)	Commercial / Residential	12,784	2008	-
Floriant Rise (Tai Kok Tsui)	Commercial / Residential	43,231	2009	-
Island Crest (Sai Ying Pun)	Commercial / Residential	38,878	2009	-
Queen's Cube (Wan Chai)	Commercial / Residential	3,984	2010	-
Lime Stardom (Tai Kok Tsui)	Commercial / Residential	19,735	2011	-

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 16. Jointly controlled development projects (Continued)

<u>Project Name / Location</u>	<u>Land use</u>	<u>Total gross floor area (m<sup>2</sup>)</u>	<u>Actual completion date (calendar year)</u>	<u>Expected completion date (calendar year)</u>
Baker Residence (Hung Hom)	Commercial / Residential	2,338	2011	-
Park Summit (Tai Kok Tsui)	Commercial / Residential	21,402	-	2013
Macpherson Indoor Stadium (Mong Kok)	Commercial / Stadium and Youth Centre / Residential	24,768	-	2012
Yuet Wah Street Site (Kwun Tong)	Residential	27,830	-	2014
Lai Chi Kok Road / Kweilin Street / Yee Kuk Street (Sham Shui Po)	Commercial / Residential	30,085	-	2014
Third Street / Yu Lok Lane / Centre Street (Sai Ying Pun)	Commercial / Residential	17,767	-	2014
Fuk Tsun Street / Pine Street (Tai Kok Tsui)	Commercial / Residential	4,945	-	2014
Lee Tung Street / McGregor Street (Wan Chai)	Commercial / Residential	83,756	-	2015
Chi Kiang Street / Ha Heung Road (To Kwa Wan)	Commercial / Residential	8,379	-	2015

\* Projects with commercial portions jointly held by the Developer and the Authority for letting and pending for sale

# Owner participation project

The Authority is entitled to returns which are predetermined in accordance with the provisions of the jointly controlled development agreements.

In respect of the commercial portions of certain projects, the Authority has reached supplemental agreements with the respective developers to extend the sale of the commercial portions to a few years after the issue of the occupation permits. The Authority shares 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. As at 31 March 2012, by reference to the valuation of the open market value of the commercial portions carried out by internal professional valuer, the fair value of the commercial portions was \$5,155,783,000 (2011: \$4,539,640,000) in aggregate and the Authority would account for its share of sales proceeds as surplus from the jointly controlled development projects when the commercial portions are sold in future.

(expressed in Hong Kong Dollars)

## 17. Trade and other receivables

At 31 March 2012, the trade and other receivables are analysed as follows:

	<u>Group</u>		<u>Authority</u>	
	<u>2012</u> \$'000	<u>2011</u> \$'000	<u>2012</u> \$'000	<u>2011</u> \$'000
Trade receivables and prepayments	21,572	28,659	21,483	28,482
Other receivables and deposit	<u>106,066</u>	<u>17,312</u>	<u>106,048</u>	<u>17,312</u>
Balance at 31 March	<u>127,638</u>	<u>45,971</u>	<u>127,531</u>	<u>45,794</u>

As of 31 March 2012, trade receivables of \$1,472,000 (2011: \$3,765,000) were past due but not impaired. These relate to a number of tenants for whom there are no recent history of bad debt. The aging analysis of these trade receivables is as follows:

	<u>Group and Authority</u>	
	<u>2012</u> \$'000	<u>2011</u> \$'000
3 months or less	786	1,959
3 to 6 months	168	670
6 to 12 months	227	738
Over 1 year	<u>291</u>	<u>398</u>
Balance at 31 March	<u>1,472</u>	<u>3,765</u>

The maximum exposure to credit risk of the Group and of the Authority is \$21,572,000 and \$21,483,000 respectively (2011: \$28,659,000 and \$28,482,000 respectively).

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 18. Financial assets at fair value through profit or loss

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
Debt securities, listed		
- Overseas	217,742	186,177
- Hong Kong	338,462	355,263
Debt securities, unlisted	<u>748,742</u>	<u>599,952</u>
	1,304,946	1,141,392
Structured deposits	303,706	101,553
Cash and bank deposits	<u>8,152</u>	<u>7,435</u>
	<u>1,616,804</u>	<u>1,250,380</u>

The following table presents the Group's and the Authority's assets that are measured at fair value at 31 March 2012. The different levels have been defined as follows:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	<u>Level 1</u>		<u>Level 2</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Debt securities	1,304,946	1,141,392	-	-	1,304,946	1,141,392
Structured deposits	-	-	<u>303,706</u>	<u>101,553</u>	<u>303,706</u>	<u>101,553</u>
Total assets	<u>1,304,946</u>	<u>1,141,392</u>	<u>303,706</u>	<u>101,553</u>	<u>1,608,652</u>	<u>1,242,945</u>

(expressed in Hong Kong Dollars)

## 19. Cash and bank balances

	<u>Group</u>		<u>Authority</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	\$'000	\$'000	\$'000	\$'000
Time deposits with banks				
Maturities of 3 months or less	4,337,733	3,978,976	4,334,210	3,975,453
Maturities of more than 3 months	4,659,168	1,832,000	4,659,168	1,832,000
Sub-total	8,996,901	5,810,976	8,993,378	5,807,453
Less: Amounts held in trust for jointly controlled development projects	(3,523)	(3,523)	-	-
	8,993,378	5,807,453	8,993,378	5,807,453
Cash at banks and in hand	10,327	24,368	10,186	24,367
Less: Amounts held in trust for jointly controlled development projects	(1)	(1)	-	-
	<u>10,326</u>	<u>24,367</u>	<u>10,186</u>	<u>24,367</u>
	<u>9,003,704</u>	<u>5,831,820</u>	<u>9,003,564</u>	<u>5,831,820</u>
Maximum exposure to credit risk	<u>9,003,689</u>	<u>5,831,805</u>	<u>9,003,549</u>	<u>5,831,805</u>

As at 31 March 2012, cash and bank balances of the Group and of the Authority are denominated in Hong Kong Dollars except for an amount of \$491,246,000 (2011: Nil) which are denominated in Renminbi.

The average effective interest rate of time deposits with banks was 1.68% per annum (2011: 0.90% per annum). These deposits have an average maturity of 83 days (2011: 72 days).

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

	<u>Group</u>		<u>Authority</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	\$'000	\$'000	\$'000	\$'000
<u>Rating (Moody's)</u>				
Aa1 – Aa3	4,651,269	1,028,141	4,651,269	1,028,141
A1 – A3	4,352,420	4,803,664	4,352,280	4,803,664
	<u>9,003,689</u>	<u>5,831,805</u>	<u>9,003,549</u>	<u>5,831,805</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 20. 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 proposed to inject the equity into the Authority in phases over the five financial years from 2002-03 to 2006-07. At 31 March 2012, the Authority had received all five tranches of capital injection of \$2 billion each.

## 21. Debt securities issued

In September 2009 and May 2011, the Authority issued three-year fixed rate notes with a coupon of 2.08% and 1.45% for a total principal amount of \$1.5 billion and \$200 million respectively under a Medium Term Note programme.

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
<u>Non-current portion</u>		
HK dollar Fixed rate notes due 2014	200,000	1,500,000
Less: Unamortised finance charges	<u>(163)</u>	<u>(1,783)</u>
	<u>199,837</u>	<u>1,498,217</u>
<u>Current portion</u>		
HK dollar Fixed rate notes due 2012	1,500,000	-
Less: Unamortised finance charges	<u>(432)</u>	<u>-</u>
	<u>1,499,568</u>	<u>-</u>

## 22. Provision for Urban Renewal Trust Fund

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Balance at 1 April	500,000	-
Contributed during the year	(500,000)	-
Charged to the statement of comprehensive income	<u>-</u>	<u>500,000</u>
Balance at 31 March	<u>-</u>	<u>500,000</u>



(expressed in Hong Kong Dollars)

## 22. Provision for Urban Renewal Trust Fund (Continued)

The balance represented the amount set aside by the Authority to contribute to the Urban Renewal Trust Fund (the "Fund") upon the promulgation of the Urban Renewal Strategy on 24 February 2011. The provision charge was recognised in the statement of comprehensive income in the prior year. The amount has been contributed into the said Fund during the year. The Authority has committed to making further contribution to the said Fund in future in the event that its fund balance is fully utilised. The Fund is separately managed and administered by Urban Renewal Fund Limited, the Trustee of the Fund. Both the Trustee of the Fund and the Fund are not consolidated into these financial statements.

## 23. Provision for committed projects

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Balance at 1 April	237,000	1,243,000
Utilised during the year	(234,800)	(1,021,500)
Charged to the statement of comprehensive income	<u>396,800</u>	<u>15,500</u>
Balance at 31 March	<u>399,000</u>	<u>237,000</u>

The amount represents the provision for committed projects where acquisition was commenced before financial year end. The provision charge is recognised in the statement of comprehensive income. The balance at 31 March 2012 is current in nature.

As at 31 March 2012, the total provision for impairment on projects are analysed as follows:

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Provision for impairment classified under properties under development as set out in Note 11	5,628,000	5,244,000
Provision for committed projects as set out above	<u>399,000</u>	<u>237,000</u>
Total provision for projects	<u>6,027,000</u>	<u>5,481,000</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## 24. Provident fund scheme

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

The total amount contributed by the Group into the Schemes for the year ended 31 March 2012 was \$14,707,000 (2011: \$13,532,000), net of forfeitures of \$917,000 (2011: \$481,000), which has been charged to the Group's statement of comprehensive income for the year.

## 25. Commitments

### (a) Capital commitments

Capital commitments in respect of property, plant and equipment at 31 March 2012 are as follows:

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
Contracted but not provided for	<u>175</u>	<u>1,718</u>

### (b) Operating lease commitments

At 31 March 2012, the total future minimum lease payments under non-cancellable operating leases in respect of office premises, in which \$103,982,000 (2011: \$76,271,000) is related to costs to be incurred for accommodating certain Government offices in a project site pursuant to a re-provision arrangement with the Government, are payable as follows:

	<u>Group and Authority</u>	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
Within 1 year	31,894	18,924
After 1 year but within 5 years	93,848	66,231
After 5 years	<u>3,755</u>	<u>14,353</u>
	<u>129,497</u>	<u>99,508</u>

(expressed in Hong Kong Dollars)

## 25. Commitments (Continued)

### (c) Operating lease rental receivable

At 31 March 2012, the total future aggregate minimum lease rental receipts under non-cancellable operating leases in respect of properties, except for those commercial portions jointly held by the Developer and the Authority, are receivable as follows:

	<u>Group</u>		<u>Authority</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Within 1 year	5,068	4,320	3,376	3,339
After 1 year but within 5 years	<u>3,727</u>	<u>2,403</u>	<u>620</u>	<u>2,403</u>
	<u>8,795</u>	<u>6,723</u>	<u>3,996</u>	<u>5,742</u>

## 26. Significant related party transactions

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

During the year, the Authority reimbursed the Government an amount of \$37,164,000 (2011: \$34,547,000) 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 2012, there is an amount of \$3,073,000 (2011: \$2,743,000) 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.

During the year, the Authority has contributed \$500,000,000 to Urban Renewal Trust Fund. The Authority also provided administrative and support services to the said Fund valued at \$625,000. This is a memorandum record and the Authority will not charge the said Fund for the services provided.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

## **27. Commitments for revitalisation projects**

In August 2009, the Authority announced its proposal to implement a major revitalisation plan to uphold and enhance the local characters of a number of themed streets in Mong Kok at a cost of about \$100 million. The initial phase of the plan was commenced in March 2011.

In October 2009 CE policy address, the Authority was tasked by the Development Bureau to revitalise the Central Market into “Central Oasis” under “Conserving Central”. Total cost for the project at that time was estimated to be about \$500 million. Preparation works for planning and preliminary design have been taking place. The whole project anticipated to be completed in phases.

As at 31 March 2012, the cost incurred for these revitalisation projects has been accounted for in the current year, but has no significant financial impact to the Group.

## **28. Approval of financial statements**

The financial statements were approved by the Board on 18 June 2012.

