



Mr Victor SO Hing-woh, JP

Chairman's Statement

“As a statutory body, the URA shall exercise due care and diligence in the handling of its finances as stipulated in the Urban Renewal Authority Ordinance and is tasked to ensure a healthy state of finances in the long term.”

During the year under review, we have observed some distinct trends that would have major impacts on the Urban Renewal Authority as the Authority moves ahead with its challenging task of tackling the urban decay problem in Hong Kong.

The first half of the 2014/15 financial year witnessed rather sluggish sentiment in the property market in general. Developers appeared uneager to bid for new development sites and new projects, offering relatively conservative bidding prices when compared to those of the previous year. We also saw developers putting up for sale a substantial amount of flats. In the second half of 2014/15, however, we witnessed a resurgence in demand for small and medium size flats. According to the Hong Kong Property Review 2015 conducted by the Rating and Valuation Department, the Price and Rental Indices of small and medium domestic units have shown that with strong demand of these units, their price and rents in the last quarter of 2014 were respectively 12% and 6% higher than a year earlier.

There are also two other aspects worth mentioning; firstly that the interest rate still remains low despite the continuous expectation that it will go up, and secondly that the construction cost continues to be on an upward trend and seems to have no sign of abating.



■ Mr Victor So meeting the media.

These occurrences have triggered us to examine more closely how we should conduct our business both now and in the future. On the one hand, it appears that the value of our acquired assets has gone up as evidenced by the more proactive bidding prices for our sites proposed by the developers in the last two quarters of 2014/15. On the other hand, the owners affected by our redevelopment projects would expect a higher offer from us to acquire their properties during the acquisition process. Adding to this is the ever increasing value of commercial premises due to the continued low interest rate environment, especially the ground floor shops, which in some cases may account for as high as 30 per cent or above of the total acquisition cost of a project.

As a statutory body, the URA shall exercise due care and diligence in the handling of its finances as stipulated in the Urban Renewal Authority Ordinance and is tasked to ensure a healthy state of finances in the long term; otherwise, we would require the public purse to replenish our deficits. With the concerted efforts of our management team, we have been able to make some progress in the cost control of our recurrent expenditure albeit there may still be room for improvement.



■ Mr Victor So discusses the progress on Kwun Tong Town Centre Project with URA colleagues.



■ Mr Victor So gives a presentation on the challenges of urban renewal at a forum of the Hong Kong Institute of Surveyors.

Nevertheless, I wish to reiterate that human resources are the most important asset to achieve success in undertaking our daunting task of urban renewal. The Authority shall renew its efforts in this area through the conduct of an independent value-for-money study and an organisation structure review of the URA by a reputable management consultant. These are important tasks for the Authority to find ways to go forward and look for breakthroughs to break the status quo.

As I wrote in the Chairman's message in the Authority's 2012/13 Annual Report, we should develop our human resources, not only taking on new talent as needed, but also providing adequate training for the URA team to carry out more complex projects. We will engage and nurture our staff to implement our long-term succession plan and foster a working culture which is outward looking, proactive and responsive to change. Ultimately, I am confident that we would be able to break new ground and move towards a new horizon of sustainable urban renewal.



■ URA colleague introduces the unique features of the Kweilin Street Public Open Space to Mr Victor So and guests.

Again, my heartfelt thanks to all of our Board members who, apart from dealing with the regular business of scheduled Board and committee meetings, have contributed selflessly their time and sound advice on issues such as the setting up of corporate objectives, human resources matters and the enhancement of core competencies during brainstorming sessions on other less formal occasions.

I also wish to record my gratitude to all my management and staff for their hard work and commitment without which we would not have met our urban renewal objectives over the past year. Last but not least, my appreciation goes to the outgoing Managing Director Ms Iris Tam Siu-ying for her dedicated service and contribution to the work of the Authority over the years and I wish her every success in all her future endeavours.

Victor SO Hing-woh

Chairman

31 July 2015