

FOR CREATIVE REALITIES

INFINITE INSPIRATIONS



Cover concept:

**Hands of two generations together to
create infinite opportunities**

The URA strives for breakthroughs by driving innovative initiatives to take urban regeneration to a new horizon. Together with the stakeholders and the community at large, we create a quality and vibrant living for the people of Hong Kong.

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VISION, MISSION AND VALUES



The Urban Renewal Authority (URA) was established under the Urban Renewal Authority Ordinance 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.



OUR VISION

To create quality and vibrant urban living in Hong Kong - a better home in a world-class city.

OUR MISSION

To realise our Vision, we act on our priorities with ingenuity and sensitivity, join forces with our partners and nurture our people.

Our Priorities are:

- To accelerate redevelopment by replacing old buildings with new to provide a better living environment and neighbourhood;
- To enable and encourage the rehabilitation of dilapidated buildings to prevent urban decay;
- To preserve by maintaining and restoring buildings of historical and architectural value, and to sustain local characteristics;
- To revitalise through enhancing and strengthening the socio-economic and environmental fabric for the benefit of our urban communities.

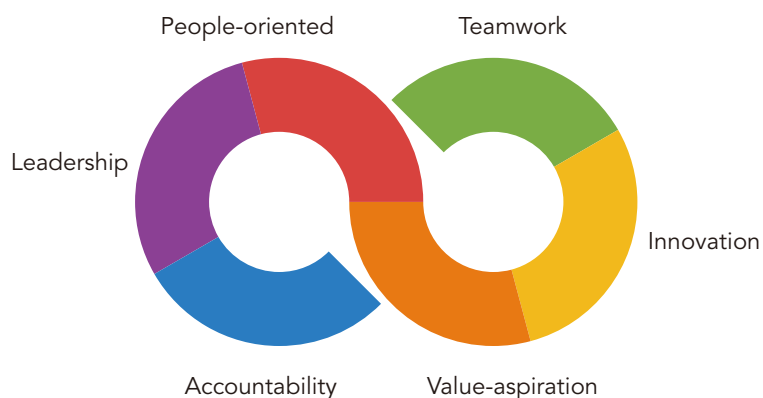
Our Partners are:

- Affected communities including tenants and owners;
- Government;
- Development and financial institutions;
- Professionals and academics; and
- Other stakeholders.

Our People are:

- Caring and innovative, aspiring to create value through urban renewal for the community of Hong Kong.

OUR VALUES





Mr Victor SO Hing-woh, SBS, JP

CHAIRMAN'S STATEMENT

Together We Take Urban Renewal to New Dimensions

The year 2016/17 was particularly meaningful to me as I embarked upon my second three-year tenure as Chairman of the Urban Renewal Authority (URA). Nonetheless, it has continued to be a year full of challenges - the rate of urban decay outruns the efforts of both private and public sectors combined; the sizeable gain in plot ratio from redevelopment has already been reaped, making future

We should not just 'think outside the box' but would need to secure major breakthroughs for bringing more innovations and new means to our urban renewal mission in the years to come.

projects less appealing to the private sector; as well as the all-time high property prices, resulting in a highest-ever acquisition cost under the 'seven-year rule' Home Purchase Allowance policy, thereby posing serious threat to our financial soundness, especially when there is

a levelling-off in prices which Hong Kong had experienced before.

Unlike commercial entities which maximising profit is among their mandates, yet, the URA has to remain cautious and is obliged to exercise due diligence in the handling of its finances to ensure sound long-term finances on a self-sustaining principle, as stipulated in the Government's 2011 Urban Renewal Strategy. In this regard, while everyone at the URA works hard, we herald extra effort in bringing innovations to urban renewal, a theme highlighted in the URA's International Conference held last year to celebrate its 15th anniversary.

Thinking Outside the Box and Securing Breakthroughs

As I remarked in my opening speech at the International Conference, we should not just 'think outside the box' but would need to secure major breakthroughs for bringing more innovations and new means to our urban renewal mission in the years to come. I am glad to see under the guidance of the Board and the management, the URA had put this into action, kick-starting a number of enhanced and innovative initiatives with some already showing good progress.

The current short term 'benefits', which the URA was able to fetch from the remaining few project sites that it acquired quite some years ago, shall no longer exist going forward to buffer the "buy high sell low" consequence. In this connection, the URA has embarked on larger and more 'enlightening' redevelopment projects, making urban regeneration more sustainable in the long term.

The district-based approach in redevelopment, which the URA initiated last year and drawing from the recommendations from the earlier Kowloon City District Urban Renewal Forum, aimed to bring in more social benefits with far greater planning gain than other smaller scale redevelopment projects. This is in line with the overall urban renewal objectives to create high quality and vibrant urban living in Hong Kong. We are confident to carry on with this approach to create a few more

similar and sizeable redevelopment projects in the foreseeable future. Despite the fact that a larger site plan exemplifies a capital intensive investment, incurring a higher financial risk under a volatile property market situation, we consider it worthwhile as we take into account the social benefits for the community by giving a better living environment, enhanced public facilities and infrastructure, much-improved pedestrian walkability and vehicular network as well as more appropriate land use that we would have after the project is completed.

Building rehabilitation, on the other hand, is much capital lighter and could offer a relatively speedy improvement to the living conditions of people in-situ, complementing the long time frame for redevelopment projects to come to fruition. It is also instrumental in arresting urban decay as proper and regular maintenance could help to prolong the building serviceability. Hence, rehabilitation defers the need for redevelopment as well as relieves the pressure on rehousing/decanting. While it should be owners' responsibility to care for their own properties, the lack of general knowledge on acquiring relevant services and the financial burden that could incur together have created a major deterrent to carrying out building rehabilitation work. In this regard, the URA is diligently working on providing building owners with both

URA embarks on a number of elaborate studies with a view to finding more comprehensive solutions in regenerating run-down areas, paving the way for a more holistic and forward-looking urban regeneration.

technical support and subsidies in order to promote and facilitate building rehabilitation. The 'Smart Tender' Building Rehabilitation Facilitating Services launched last year was one of the breakthroughs which has received very positive responses from building owners.



Mr Victor So shares his insights at the "Bringing Innovations to Urban Renewal" International Conference.

Collectively the above has led the URA to embark on a number of elaborate studies with a view to finding more comprehensive solutions in regenerating run-down areas, paving the way for a more holistic and forward-looking urban regeneration. One example is the New Strategy on Building Rehabilitation which conducts a detailed analysis on stratification of buildings in Hong Kong and proposes specific measures, from preventive maintenance to proactive rehabilitation and retrofitting initiatives, targeting different age groups of buildings with different structural conditions. Another major study is the Yau Mong District Study launched in May this year to critically examine current constraints and challenges, as well as to explore new planning means and implementation models by integrating the 5Rs, with retrofitting being the additional R on top of the existing 4Rs (redevelopment, rehabilitation, preservation and revitalisation) to formulate new solutions to bring urban regeneration to a new dimension.



Mr Victor So enjoys happy moments with URA staff and their family at the URA 15th anniversary corporate event to Ocean Park.



Mr Victor So, together with URA Board members, proposes a toast at the annual Spring Dinner.

An Engaging Board to Help Drive Results

I am glad to see over the years our Board has become more participative internally and externally. Members have actively participated in leading the URA to address the present day and impending challenges of urban decay. With a thorough understanding of the Urban Renewal Authority Ordinance and Urban Renewal Strategy, the Board has enlightened the URA to pursue and achieve higher productivity, not merely in the realm of its 4R businesses but also as manifested by its social contributions, through continuous proactive engagement and innovative means in its urban regeneration work. Members took part in many of our brainstorming sessions and meetings to explore new urban renewal strategies and contributed their valuable insights and suggestions on the URA's 4Rs and helped in setting clear directions on urban renewal for a new dimension to meet future needs.

It is also gratifying to note that our Board members not only offer strategic direction but are also prepared to "walk the talk" by contributing to the improvement of the public perception of the URA through personally taking part in the URA's community and educational activities.

Our Way Forward

To be truly innovative in urban regeneration, we should not confine ourselves to the existing mechanism of urban renewal. The Board will continue to provide its considered guidance and unwavering support to Management, and I am sure the Management will also continue to lead and develop the staff members; so that together we take urban renewal to new dimensions and be sustainable.

Lastly, I would like to offer my sincere thanks to all the Board members, for their counsel and commitment, the URA Management as well as every staff member for their concerted efforts in making 2016/17 a year of both achievement and promise. Urban regeneration is a challenging task, yet, I am fully confident that the URA as a whole has the ability and stamina to take on future challenges.

Victor SO Hing-woh, SBS, JP
Chairman

31 July 2017



Ir WAI Chi-sing,
GBS, JP, FHKEng

MANAGING DIRECTOR'S STATEMENT

Laying a Solid Foundation to Undertake a Dynamic and Forward-looking Urban Regeneration

When I took up the position of Managing Director last June, the URA was celebrating its 15th anniversary while urban renewal in Hong Kong has even a longer history, dating back to the setup of ex-Land Development Corporation in 1988. I took stock of the challenges we were facing, together with what has been done over the years and began to question myself "How much do we need to do?"

It is undeniable that urban decay is moving at a much faster pace than our redevelopment effort and that no matter how hard we do, we would never be able to arrest the problem under the current pace of redevelopment. The question "How much do we need to do?" would best be answered by "What else do we need to do?"

In order to tackle the problem and to meet future challenges, we need to take on new approaches and directions in our long-term planning and implementation of urban renewal work. 2016/17 was not only a fruitful year in which we made good progress in our on-going

work in redevelopment, rehabilitation, preservation and revitalisation (the 4Rs), but also a forward-looking year as we embarked on a number of initiatives in addressing the growing problem of urban decay, with a view to taking urban regeneration to a dynamic and forward-looking future.

Yau Mong District Study Guiding Future Urban Regeneration

To answer the question "What else do we need to do?", we would, first of all, need a thorough understanding of our problem in terms of both its depth and breadth. In May this year, we commissioned a multi-disciplinary consultancy to conduct a holistic study with an aim to formulate new strategies to guide the future urban renewal work of the

URA. Yau Ma Tei and Mong Kok district was picked as the study area as this district is composed of a good mix of buildings of different ages and usages, of which about 10% of the residential buildings within the district area has already used up its plot ratio or has even exceeded its permissible plot ratio, making it an unviable option for redevelopment.

How much do we need to do?

What else do we need to do?

With in-depth analysis and assessments of the key issues, constraints and opportunities in the area against existing planning framework, development intensity and other criteria such as socio-economic factors, the Yau Mong District Study (YMDS) will come up with three resource options of the Master Renewal Concept Plan (MRCP), together with identification of Action Area Plans of urban regeneration. Each Action Area Plan will optimize the integration of the existing 4Rs together with a new mean of building rehabilitation – “retrofitting¹” as the 5th “R” in its concept plan. New initiatives of smart-city and place-making² will also be incorporated.

In order to unravel complexities and remove restrictions for a more robust implementation of urban regeneration, the YMDS will also review institutional framework governing requirements and specifications relating to planning, building and land controls. In parallel, the Study will also look into the URA’s positioning, compensation and demand-led policies, new options of decanting and rehousing as well as business implementation modes, to come up with an Institutional & Implementation Strategy (I&I Strategy) integrating smart city and place-making concepts, to complement the MRCP.

The MRCP and I&I Strategy will be open for public consultation and engagement, before formulating the final strategic framework comprising a preferred MRCP with Action Area Plans and an I&I Strategy, an ultimate guide to the future urban regeneration in Yau Mong, and such concept plan and implementation model would also be applicable to other old districts.

Going Smart and Technically Advanced

When scarcity of land is common in old urban area, strategies like high density, new rezoning, plot ratio transfer and plot ratio reserve become inevitable in our urban renewal planning. The increased density, hence resulted, will have potential impacts on our different aspects of living, like traffic, infrastructure,

drainage, waste management, noise, etc. Going smart and employing innovative technology in building design and management to enhance infrastructure capacity, connectivity of buildings and roads will help address the land supply issue while maintaining living quality within a densely-populated area.

We have hence started introducing smart features, on top of the usual environmentally-sustainable provisions, with our joint venture partners of redevelopment projects, and a Smart Living Lab in a domestic flat was set up along this line to test the feasibility of some of the smart ideas and applications. Further down the road, we are also enhancing collaboration with private developers in some of the developments in Tsuen Wan to introduce the smart mall concept and parking system.

Can’t Make Bricks without Straw

On the technology side, a map-based Urban Renewal Information System for comprehensive database management and analysis is being developed. It complements the YMDS to manage and process the vast amount of data on building profile, conditions, usages, demographic characteristics, socio-economic profile as well as historical and cultural aspects of the area. We have also started the use of Building Information Modelling (BIM) to enhance accuracy and improve design efficiency and effectiveness of development projects.

Comprehensive Building Rehabilitation Strategy and Information Sharing

As revealed by the Government’s Hong Kong 2030+ study, there will be 326,000 private building units aged 70 or above by the year 2046, which is nearly 300 times of the building stock of the same age in 2015, with a lapse of just 30 years. The ageing of buildings is at such a fast pace that redevelopment alone cannot be the only solution. We have to also rely on effective building rehabilitation strategy as a two-prong approach to tackle the issue. In order to better

¹ Building retrofit is a strategy to furnish old buildings with new and up-to-date features and technology that were not available when it was originally built. Adding “retrofitting” to the URA’s business as its 5th “R” enhances the magnitude of building rehabilitation work, prolonging the lifespan of buildings.

² Place-making is the process to leverage existing local and socio-economic characteristics, heritage and historical buildings of an area to create quality public spaces for the community. It helps enhance a district’s own identity and is an indispensable part in urban regeneration.

facilitate, encourage and assist building rehabilitation with a target to prolong the lifespan of buildings, a holistic study on the building condition of buildings of all ages in Hong Kong is of paramount importance. We have hence commenced the New Strategy for Building Rehabilitation to map out effective strategies, from preventive maintenance to rehabilitation and retrofitting, targeting different "age groups" of buildings. This also includes a review on the existing regulatory and administrative measures on young buildings in terms of owners' obligation to conduct regular inspections and maintenance to their buildings.

While building maintenance and rehabilitation are considered owners' obligations, we understand that owners may encounter obstacles as most of them lack information and the technical know-how to handle the complicated building rehabilitation works. The URA, taking on a facilitator's role, is working on assisting these owners and the owners' corporations to overcome obstacles by providing an all-in-one information and services platform to assist them to look for appropriate consultants, contractors, inspectors and other related professions for building rehabilitation works. In this regard, we have recently commenced setting up a new "Building Rehabilitation Platform" which will invite Government departments, law enforcement authorities, statutory bodies and various professional institutions to join forces and offer comprehensive assistance and reliable information to owners in need. The Building Rehabilitation Platform, being first of its kind in Hong Kong, is expected to launch in full swing by first to second quarter next year.

Sustainability Indicator for Urban Renewal

Being forward-looking in urban renewal, sustainability is an essential part not to be missed. We are investigating into the social, economic and environmental impacts of a number of our 4R projects to establish a framework for long-term monitoring, evaluation, and review of the different initiatives of URA's work. A set of "social", "economic" and "environmental" indicators will be developed to measure the sustainability, social value and community benefits of URA's operations, as well as to track performance. The development of the indicators will pave the way for setting strategies, goals, and objectives for future projects into a sustainable development of urban regeneration.

Sustainability in Human Resources

Urban regeneration is a long journey requiring a stable management to carry through the various strategies that take time to fruition. In this respect, the URA is committed to ongoing staff development and training. Emphasis has been put on equipping staff members with up-to-date technological knowledge and skills, as well as broadening their horizons, bringing in best practice into the organisation by sending colleagues to attend overseas conferences and seminars. We have also looked into the age profile, professional qualifications and development needs of the team to address succession planning issue, with a view to paving the way for a more dynamic and prosperous workforce.



Ir Wai Chi-sing shares his thoughts with URA staff on urban renewal strategy at a staff communication session.

With the many new initiatives kick-started, 2016/17 was indeed a fruitful year as well as a year symbolising hard-work. I hope one would also feel the excitement we have on these promising initiatives that would lead us to a dynamic and forward-looking urban regeneration. I would like to take this opportunity to give my profound gratitude to the URA Board for trusting us to take urban regeneration to a courageous move. My heart-felt thanks to my Management team as well as all staff members who have walked with me and contributed their best over the past year. I am sure we will continue to contribute and realise our goals in the years to come.

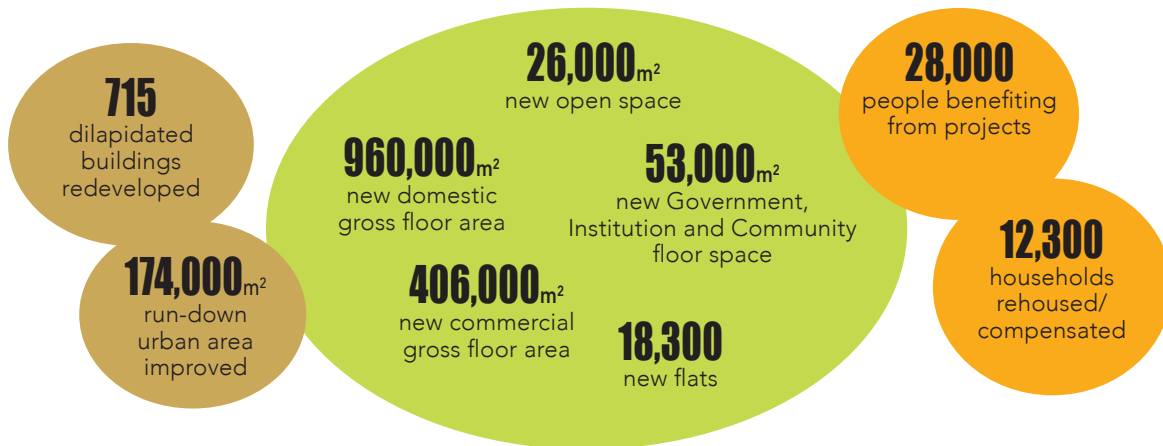
WAI Chi-sing, GBS, JP, FHKEng
Managing Director
 31 July 2017

OPERATING HIGHLIGHTS

(up to 31 March 2017)

Redevelopment

Benefits brought forward by 60 implemented projects



District-based redevelopment approach adopted in To Kwa Wan for better planning and social benefits



Planning and Social Benefits

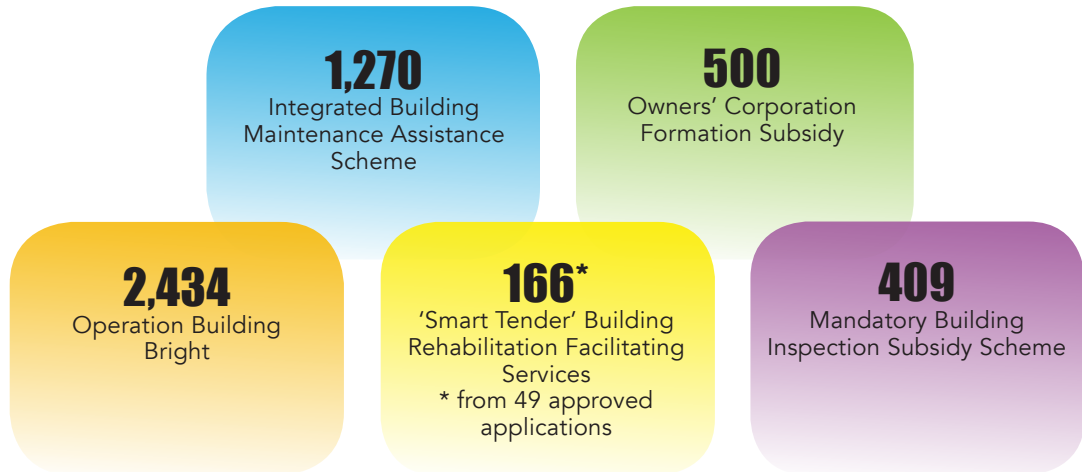
- Introduce a communal car park
- Improve circulation network and accessibility
- More frontage for street shops
- Public open space

Project Engagement Initiative

- Extra efforts to reach out to the affected residents and shop operators to provide caring assistance while waiting for projects' approval
- Reached more than 2,700 households and operators as at end July 2017

Rehabilitation

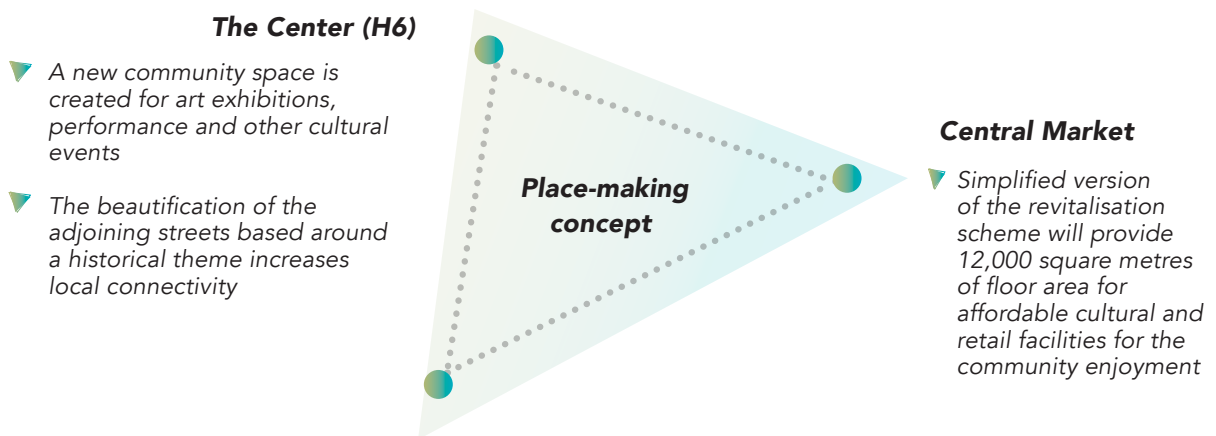
4,779 buildings were assisted/being assisted under various schemes



Preservation and Revitalisation

56 buildings / structures were preserved in URA's pure preservation and revitalisation projects or redevelopment projects, totalling \$2 billion

URA incorporates the place-making concept in its preservation and revitalisation initiatives to strengthen the connectivity in neighbourhood



Peel Street / Graham Street Project (H18)

- ▶ The century-old Graham Market outside the project site is preserved. A green corridor improving the pedestrian environment and walkability enhances the market vibrancy
- ▶ The pre-war building at 120 Wellington Street is preserved for adaptive reuse as a ground floor retail shop, reflecting its original character
- ▶ A three-dimensional walking museum is created under the 'integrated preservation approach' in the open space enabling the public to experience the old city design and livelihood in the old days

OPERATING HIGHLIGHTS

(up to 31 March 2017)

Corporate Sustainability

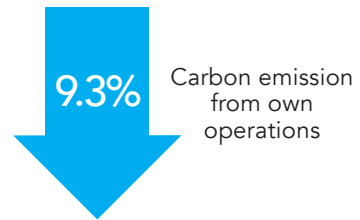
Care for the Environment

Promoting Green Buildings



14 projects attained BEAM Platinum (Final) Rating

Greening Our Operation



(Figures in 2016/17 compared with 2015/16)

Care for the People

Assistance to displaced household

110

Tenant households compensated with cash

169

Tenant households rehoused to Public Rental Housing flats and units in URA Rehousing Blocks

92%

Rehoused within urban areas

(For projects in progress during 2016/17)

Community service programmes for the residents in old districts

830

Volunteers

6,400

Service hours

41

Arts and cultural programmes supported

over 580,000

People benefitted

Diversified Use of Urban Space for Social Purposes

3,927m²

Rental to Non-governmental Organisations and Social Enterprises in URA properties

3,890m²

Rental to Non-governmental Organisations in managed Government, Institution and Community area

Paving way for a Sustainable Approach for Urban Renewal



A Holistic Review

New Strategy on Building Rehabilitation Study

- ∞ To analyse the stratification of buildings in Hong Kong in terms of structural integrity and building serviceability
- ∞ To formulate comprehensive strategies for different age groups of buildings with different structural conditions
- ∞ To establish an all-in-one Building Rehabilitation Platform to facilitate and promote building rehabilitation

Yau Mong District Study

- ∞ To study the urban decay problem in terms of both its depth and breadth
- ∞ To explore new solutions and come up with new urban renewal concept plan and new institutional and implementation strategy, which would also be applicable to other old districts



HIGHLIGHTS OF THE YEAR

APR 4

2016

- ▶ **Commence the sale of 338 flats under Subsidised Sale Flat Scheme at Kai Tak development in response to the policy initiative of the Chief Executive announced in the 2015 Policy Address.**
- Invitation to tender for the development of Pine Street/Oak Street demand-led redevelopment project in Tai Kok Tsui, which aims to provide a total residential gross floor area of about 5,754 square metres and 719 square metres of commercial gross floor area.
- Government announces the re-appointment of Mr Victor So Hing-woh as the Chairman of the URA Board as well as the appointments of Ms Judy Chan Ka-pui, Mr Roger Luk Koon-ho and Mrs Cecilia Wong Ng Kit-wah, and re-appointments of Legislative Council member Dr Ann Chiang Lai-wan, Mr Edward Chow Kwong-fai, Mr Laurence Ho Hoi-ming, Professor Eddie Hui Chi-man, Mr Nelson Lam Chi-yuen, Mr Laurence Li Lu-jen, Mr Timothy Ma Kam-wah, Mr David Tang Chi-fai and Mr Stanley Wong Yuen-fai to the URA Board.



MAY 5 2016

- Applications for the Facilitating Services (Pilot Scheme) for buildings developed under Civil Servants' Co-operative Building Society Scheme commences and can be made all year around.
- Commence the Chun Tin Street/Sung Chi Street development scheme in Kowloon City and withdraw the project covering the same buildings commenced in January 2015, to allow for better planning and community benefits.
- ◀ **Launch "Smart Tender" Building Rehabilitation Facilitating Services (Pilot Scheme) to provide technical assistance to Owners' Corporations of private domestic/composite buildings and reduce the risk of tender rigging at works procurement stage.**

- Government announces the appointment of Ir Wai Chi-sing as URA's Managing Director, effective 15 June 2016.

JUN 06

2016

- Commence 3 redevelopment projects in Kowloon City adopting a district-based approach, which aims to rejuvenate the district with more community benefits.

- ▶ **Hold an international conference to discuss and share experience in urban regeneration and a cocktail reception to mark the 15th anniversary of the URA.**

- Award contract for joint development of Pine Street/Oak Street demand-led redevelopment project in Tai Kok Tsui to Rich Asia Management Limited, a wholly-owned subsidiary of Yau Lee Holdings Limited.

- ▶ **Report to Legislative Council's Panel on Development on URA's work during 2015/16.**



- Government announces the appointment of Mr Michael Ma Chiu-tsee as URA's Executive Director, effective 15 July 2016.

- ▶ **Lee Tung Street/McGregor Street Project (The Avenue) is awarded the Gold Award in the 2016 Best Landscape Award for private property development organised by the Leisure and Cultural Services Department.**

JUL 07

2016

AUG 8

2016



- ▶ **Organise a summer programme for over 80 primary school students to inspire them to explore urban renewal through experimental learning.**
- Invitation for Expression of Interest for the development of Kowloon Road/Kiu Yam Street demand-led redevelopment project in Sham Shui Po, which will provide about a total residential gross floor area of about 4,070 square metres and 814 square metres of commercial gross floor area.

2016 SEP 9

- Invitation to tender for the development of Kowloon Road/Kiu Yam Street demand-led redevelopment project.

2016 10 OCT

- Award contract for joint development of Kowloon Road/Kiu Yam Street demand-led redevelopment project to Elite Land Development Limited, a wholly-owned subsidiary of Sino Land Company Limited.
- ▼ **URA Board approves refinements to the application requirements of the 'Smart Tender' Building Rehabilitation Facilitating Services to cover all private residential/composite buildings and without the application thresholds of rateable value and building age and any quota on the number of applications. The refinements aim to help more owners reduce their exposure to tender rigging during the process of carrying out rehabilitation works.**

2016 11 NOV



- ▲ **Conduct promotional activities at Graham Market to tie in with the completion of the new Market Block of the Peel Street/Graham Street project in Central and to enhance the market vibrancy.**
- Government announces the appointments of Legislative Council member Mr Joseph Lee Kok-long, and Mr Michael Wong Yick-kam, and re-appointments of Legislative Council members Ms Alice Mak Mei-kuen and Mr Wu Chi-wai to the URA Board.





12

DEC 2016

- Commence a redevelopment project under the fifth-round demand-led pilot scheme at Man On Street/Tai Kok Tsui Road in Tai Kok Tsui.
- Government announces the re-appointment of Mr Pius Cheng Kai-wah as URA's Executive Director.
- ◀ **Invite expression of interest for the development of Peel Street/Graham Street development scheme (Site A) in Central, which will provide a total residential gross floor area of about 7,830 square metres, and a gross floor area of about 1,460 square metres for a multi-purpose activities hall and commercial purposes.**

2017

01

JAN

- ▶ **URA staff, tertiary students and NGO join hands to organise a special event for caring the elderly residents in Kowloon City/To Kwa Wan, under the URA's Community Service Partnership scheme.**

- Invitation to tender for the development of Peel Street/Graham Street scheme (Site A) in Central.



2017

02

FEB

- Issue conditional acquisition offers to owners of Man On Street/Tai Kok Tsui Road demand-led redevelopment project in Tai Kok Tsui.
- Government announces the allocation of a HK\$300 million funding to allow property owners to join the URA's 'Smart Tender' Building Rehabilitation Facilitating Services at a concessionary rate. The URA will implement this concession scheme in accordance with the arrangement to be agreed with Government.



MAR 2017

- Award contract for joint development of the Peel Street/Graham Street scheme (site A) to Cheer View Holdings Limited, a wholly-owned subsidiary of Sino Land Company Limited.
- Invite expression of interest for the development of Fuk Chak Street/Li Tak Street demand-led redevelopment project in Tai Kok Tsui, which will provide a total residential gross floor area of about 5,103 square metres and 637 square metres of commercial gross floor area.

▲ **Commence the Kai Ming Street/Wing Kwong Street development project in Kowloon City to maximise the planning and community benefits under the district-based approach.**

▶ **Co-organise a Young Leaders Programme with Tung Wah Group of Hospitals for 60 secondary school students who are encouraged to explore, care, serve and promote the community.**

- Organise the secondary school microfilm and drama competitions, which encourage students to express their aspirations for bringing smart elements into urban regeneration, with about 400 students participating in a finale event.

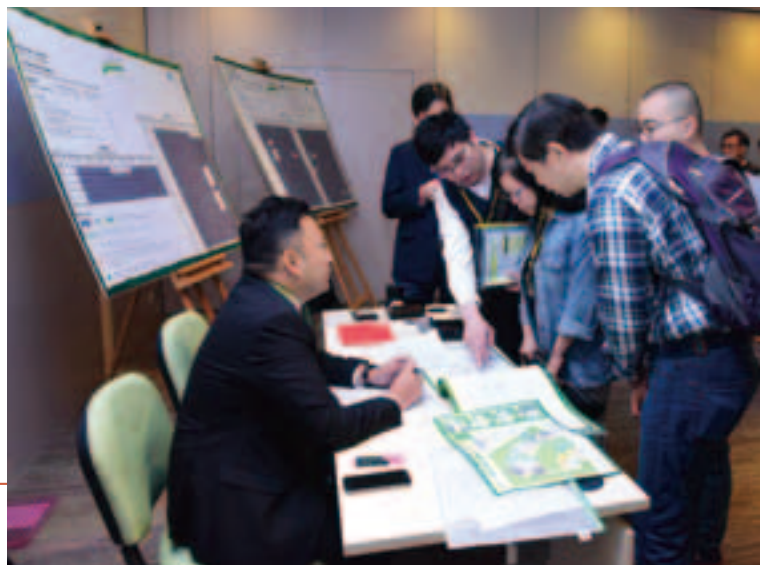


◀ **The Chief Executive-in-Council approves in principle granting the site of the former Central Market to URA for 21 years by way of private treaty for the revitalisation of the building and its future operation as well as a five-year Short Term Tenancy to enable the URA to commence works the soonest possible.**

2017

APR 04

- ▶ **Sell 16 flats in the Kai Tak development, the remaining unsold flats under Subsidised Sale Flat Scheme, in the open market at the prevailing market prices.**
- Invite tender for the development of Fuk Chak Street/Li Tak Street demand-led redevelopment project in Tai Kok Tsui.



MAY 05

2017

- Receive 14 tenders for the development of Fuk Chak Street/Li Tak Street demand-led redevelopment project in Tai Kok Tsui.



2017

JUN 06

- ▶ **URA Board approves enhancements to the policies for ex-gratia payment and rehousing to tenants which aims at helping the domestic tenants to improve their living conditions, especially those living in subdivided units and cubicles and also those being evicted by their landlords prior to acquisition of the properties by the URA.**
- URA Board approves refinements to three rehabilitation schemes, namely 'Smart Tender' Building Rehabilitation Facilitating Services Scheme, Integrated Building Maintenance Assistance Scheme and Mandatory Building Inspection Subsidy Scheme, with a view to encouraging more property owners to carry out building rehabilitation work.
- Award contract for joint development of Fuk Chak Street/Li Tak Street demand-led redevelopment project in Tai Kok Tsui to Chevalier Pacific Limited, a wholly-owned subsidiary of Chevalier International Holdings Limited.

OPERATING REVIEW

URA's 4R work transforms and brings life to urban fabric



The URA Ordinance (URAO) and the Urban Renewal Strategy (URS) underpin the URA's mandate to undertake, encourage, promote and facilitate urban renewal through a comprehensive and holistic approach by way of redevelopment, rehabilitation, preservation and revitalisation – the 4Rs. To pursue its objectives, the URA has committed to adopt a “people-first, district-based, public participatory” approach and to be forward-looking to meet Hong Kong's development needs.

There is a pressing need for a sustainable approach to tackle effectively the rapidly ageing building stock and to sustain a continuing improvement to our built environment. In response, and as described in the following paragraphs, the URA has broadened the scope of its strategic planning following the district-based approach, which was first initiated in Kowloon City in 2015 to the piloting of a comprehensive two-year district study in Yau Ma Tei and Mong Kok district.

The study will explore new urban renewal concept plan and model as well as new institutional and implementation strategy for a more holistic approach to enhance the effectiveness of urban regeneration through the URA's existing 4Rs, with the inclusion of retrofitting as part of rehabilitation to become the 5Rs. Additionally, a New Strategy on Building Rehabilitation study is underway which will capture and analyse the broad spectrum of buildings in Hong Kong and proposes specific rehabilitation strategy.

The District-based Approach

Since 2015, the URA Board has endorsed a new district-based urban renewal approach which will achieve far greater planning and social gains than scattered “pencil block” or other smaller redevelopment projects with limited or no such gains. This approach aims to ensure that the URA's projects can create real impact and are aligned with its overall mission, in particular the URAO/URS objectives to restructure and re-plan urban areas with more environmentally-friendly traffic networks and rationalised land uses. In this connection, the URA initiated the district-based approach by way of its Kowloon City Area Study to carry forward recommendations from the Urban Renewal Plan for Kowloon City (the Urban Renewal Plan) prepared by the Kowloon City District Urban Renewal Forum. The Urban Renewal Plan included a proposal for a communal car park to provide parking and loading/unloading facilities ancillary to development sites and/or redevelopments in the vicinity. By providing such a communal car park, piecemeal car park openings at ground floor level serving redevelopments can be avoided thereby helping to retain existing ground floor shop fronts and street vibrancy.

The Yau Mong District Study

Whilst real improvements are emerging in terms of social and planning gains arising from restructuring and replanning through the district-based urban renewal approach, attention has also zeroed in on devising a strategy in line with the URA's urban renewal mission and priorities to cope with Hong Kong's

rapidly ageing building stock. This issue has been highlighted in the 2017 Policy Address as well as the recent public engagement exercise for the Hong Kong 2030+ strategy. In May 2017, the URA commenced the Yau Mong District Study (YMDS) which was also referred to in the 2017 Policy Address, and which is expanding district-based urban renewal to examine new institutional and implementation strategy under the URA's 5Rs. Infrastructure bottlenecks will be identified and addressed with solutions to be devised from smart-city concept. The preservation of area-wide special local characteristics will be reinforced via spatial connections between points of interest through place-making concept. All these will be integrated into a holistic, forward-looking and financially sustainable master renewal concept plan for the district. The plan will serve as a pilot, the results of which will guide other districts in seeking urban renewal solutions to various challenges.

New Strategy on Building Rehabilitation Study

Building rehabilitation pursues a key purpose of the URA to prevent the decay of the built environment. During 2016/17, the approach towards rehabilitation has, like redevelopment, broadened holistically. As noted in the 2017 Policy Address, the URA has commenced a New Strategy on Building Rehabilitation (NSBR) study which aims to formulate appropriate and sustainable measures to prolong the lifespan of the buildings, which are divided into three categories, i.e. young (below 30 years old), middle-aged (30 to 49 years old) and old-aged buildings (50 years old and above).



For young buildings, the focus would be on preventive maintenance in line with the building maintenance cycle to reduce the number of middle-aged buildings in varied or poor condition. The URA will study the existing regulatory framework and practice with a view to formulating proposals for the Government. In parallel, property owners could be educated on the importance of preventive maintenance.



For middle-aged buildings, a standard for rehabilitation and retrofit works to prolong building lifespan is necessary. The five essential elements of rehabilitation for which standards and costs should be determined are the building structure, the external

facade, fire services, energy efficiency and barrier free facilities. New technologies for these elements as well as lifts may be retrofitted to buildings which lacked such features when built. An outcome of the NSBR study aims to demonstrate that enhanced rehabilitation or retrofitting measures are worthy to be labeled as a fifth 'R'.



For old-aged buildings, an algorithm can be designed for making an assessment on when a building is "beyond economic repair" including the relative costs and benefits of redevelopment versus rehabilitation or retrofitting. Particular difficulties may be faced by buildings beyond economic repair but lacking redevelopment potential unless there is scope for the transfer of unused plot ratio from other sites in the vicinity or the relaxation of plot ratio controls.

To ensure reliable data and to clarify further the scale of urban decay, an extensive building condition survey of some 5,900 domestic and 700 non-domestic buildings is in progress to facilitate building a comprehensive database for all residential, commercial and industrial buildings.



Well-planned efforts maximise social benefits to the community

REDEVELOPMENT

REDEVELOPMENT

Redevelopment is one of the URA's core businesses under the URS. The 2016/17 year has seen the clearance of three projects and the award of joint venture tenders to a further three projects whilst five projects were commenced and are being implemented.

Up until 30 June 2017, a total of 65 redevelopment projects, two preservation projects and one revitalisation project have been commenced by the URA. All but five of these projects have been implemented and provide around 18,300 new flats, about 406,000 square metres of commercial space including shops, offices and hotels, 53,000 square metres of Government, Institution and Community (GIC) facilities and about 26,000 square metres of open space.



An aerial view of district-based development in To Kwa Wan.

Commencement of New Redevelopment Projects under the District-based Approach

Beginning with the Bailey Street/Wong Kwong Street project (KC-009) commenced in March 2016, so far altogether five projects have been launched under the district-based approach in To Kwa Wan. These projects together affect a total of 1,735 property interests, which is the largest so far.

Hung Fook Street/Ngan Hon Street (KC-010), Hung Fook Street/Kai Ming Street (KC-011), Wing Kwong Street (KC-012) and Kai Ming Street/Wing Kwong Street (KC-013), To Kwa Wan

In June 2016, three projects in To Kwa Wan namely KC-010, KC-011 and KC-012 were launched simultaneously. The remaining project KC-013 was commenced in March 2017 and after acquisition and clearance will be combined with the adjoining KC-012 project for a holistic redevelopment. The five projects form a cluster and cover project sites totaling 18,635 square metres and affect an estimated total of 2,200 households. In order to improve the connectivity and

traffic in the area in the district, a new north-south through road linking all the projects from Ngan Hon Street to Bailey Street will be provided. Subject to the approval of the Town Planning Board (TPB), the communal car park proposed in the Urban Renewal Plan for the area will be accommodated in the KC-010 project and will serve the neighbouring URA project sites. A sixth project in the area at Kai Ming Street (DL-8) which adjoins KC-011 was commenced in 2013 and is now a cleared and demolished site. Proposals have been drafted for its temporary use as a space for non-profit making community activities.

The KC-010 project which involves a change of land use was commenced by way of a development scheme under section 25 of the URAO, whilst the other three sites KC-011, KC-012 and KC-013 were commenced as development projects under section 26 of the URAO as proposed composite residential/commercial buildings. The three projects KC-009, KC-011 and KC-012 have been authorised to proceed by the Secretary for Development and now move on to the acquisition stage.

Chun Tin Street/Sung Chi Street, To Kwa Wan

Also in To Kwa Wan, in January 2015, the URA commenced the Chun Tin Street/Sung Chi Street project (KC-008). Subsequently, on 6 May 2016, the project was enlarged as project (KC-008(A)) covering the entire site of KC-008 with the inclusion of the existing dead-end Chun Tin Street by way of a development scheme under section 25 of the URAO. The new project KC-008(A) will improve the pedestrian environment and vehicular traffic flow. The scheme also allows closer integration with the adjoining Ma Tau Wai Road/Chun Tin Street project (TKW/1/002) to create a better built environment after replanning and restructuring of the urban land use.

To address the concerns resulting from the change of the owners and residents affected by the KC-008(A) project that they will have to await the approval of the development scheme before they could be offered full compensation, the URA issued advanced payment of acquisition offers to affected owners as a one-off measure in light of the unique circumstances pertaining to this project. This measure will not set a precedent for other existing or future projects of the URA.

Cleared and Tendered Projects

The proactive pursuit of project site clearance and tendering continued unabated in 2016/17 to maintain the tempo of the URA's work, including flat supply, and to ensure the judicious use of resources. Three projects were successfully cleared at Reclamation Street/Shantung Street (YTM/010), Tung Chau Street/Kweilin Street (DL-5:SSP) and Fuk Chak Street/Li Tak Street (DL-6:YTM) enabling their preparation for tender to provide new flats and renew the built environment. Meanwhile, joint venture tenders were awarded for three projects at Site A of Peel Street/Graham Street (H18) and Demand-led projects at Pine Street/Oak Street (DL-3:YTM) and Kowloon Road/Kiu Yam Road (DL-4:SSP).

Industrial Building Redevelopment Pilot Scheme

Yu Chau West Street, Sham Shui Po

At the invitation of the Government, in 2012 the URA launched a pilot scheme for the redevelopment of industrial buildings. One project at Yu Chau West Street comprises a 10-storey industrial building built in 1962 occupying a site area of 1,393 square metres. Acquisition commenced in 2013, however, only 27 or around 67% of owners have accepted the URA's offer hindering project progress. The URA is reviewing the implementation of the project.

Other Projects of Note

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 comprised two rows of over 50-year old tenement buildings and which affected 350 households. This is the first ever project that the URA has undertaken without private sector involvement as a joint venture partner. Smart features will be incorporated into this project. Construction works are now well underway.

Sai Yee Street, Mong Kok

A joint venture tender was awarded in September 2012 for this sports themed redevelopment where, under a special local sports-shop arrangement, former sports-shop operators have been offered priority to lease space within the retail portion of the future development. Construction was completed in March 2017. All flats have been sold and shops have been fully let.



Sai Yee Street development project in Mong Kok integrates a sports theme in the retail portion.



Artist impression of Kwun Tong Town Centre project (Development Areas 2 & 3).

Kwun Tong Town Centre

The URA's largest single project to date in terms of site area, Kwun Tong Town Centre project covers a total site area of 5.3 hectares and has affected around 1,300 households. The project is expected to produce nearly 2,300 new flats, over 200,000 square metres of commercial space, 31,000 square metres of GIC facilities and over 13,000 square metres of public open space.

This complex project is being implemented in three phases, with the site divided into five Development Areas. Development Area 1 was completed in June 2014 and the flats have almost been sold out. Following clearance of Development Areas 2, 3 and 4, the tender for the residential towers and podium

in Development Areas 2 and 3 was awarded in September 2014. The foundations are now complete and basement construction is underway. The phased development approach has enabled the early reprovisioning of the existing Kwun Tong Jockey Club Health Centre to Development Area 1 and the Methadone Clinic to the Hoi Yuen Road Roundabout. Development Area 4 has been vacated for use as interim GIC facilities to reprovision the hawker bazaar, Public Light Bus termini and refuse collection point/public toilet from Development Areas 2 and 3. An interim bus terminus has also been provided on the former Mido Mansion site in Development Area 4.

Peel Street/Graham Street, Sheung Wan

This project comprising three sites (A, B and C) will help improve the existing urban environment by providing 2,060 square metres of public open space, a multi-purpose activities hall and enhanced local walkability which will boost the vibrancy of the street market. A phased development approach is again adopted in implementing the project to maintain the vibrancy of the century-old street market which falls outside the project boundary. Phasing has allowed the fresh-food operators to continue their businesses at Sites A and C during the construction of the first phase at Site B and has facilitated them to move into and operate at the new Market Block at Site B following its completion in November 2016.



The new Market Block at Graham Market operates since November 2016.

Construction works for the development at Site B are continuing and Site A was tendered in March 2017. Within Site C, a more than a century-old shop house at 120 Wellington Street will be preserved for adaptive reuse as a ground floor retail shop serving its city functions to enliven the market street. Some

of the old brick structures at Cochrane Street will be incorporated into the public open space, together with the preservation of character defining elements exhibited by the facade of tenement buildings at 26 A-C Graham Street and the concrete signage of 118 Wellington Street. The tender of Site C is underway.

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 of the project following the TPB's decision in 2011. Properties owned by the URA at Site A were renovated and licensed to non-governmental organisations for social and community benefits. The URA is considering the way forward for Sites B and C.

Demand-led Projects

Under the URS, the URA may respond to a joint approach from building owners to initiate redevelopment of their buildings. The Demand-led Redevelopment Project Pilot Scheme (Demand-led Scheme) was initiated in 2011 and in 2014, the URA reviewed the scheme for the purpose of maintaining a sustainable urban renewal programme that balances the objectives of achieving better land use and greater planning gains for the built environment and, at the same time, is capable of being self-financed in the long run.

The fourth round of Demand-led application was launched in July 2015. However, none of the applications was selected for implementation after assessment by the URA. As a further trial, the application for the fifth round of Demand-led Scheme projects was opened in February 2016 and was closed in May 2016. A total of 19 applications were received of which one project at Man On Street/ Tai Kok Tsui Road, after assessment, was approved for implementation, bringing the total number of Demand-led Scheme projects to 12 after five rounds of application. However, the project failed to meet the 80% threshold and was eventually ceased.

Recent Demand-led applications have not been conducive to the Demand-led Scheme's objectives and such an outcome necessitates a holistic review of the Scheme. The URA would take the opportunity of the Yau Mong District Study now underway to conduct such a review to achieve a sustainable outcome and comprehensive planning gains.

Facilitating Services

The URS allows owners to request the URA's assistance as a consultant to help them assemble their titles for redevelopment. The Facilitating Services (Pilot Scheme) commenced in 2012 and following a review, in November 2015 the URA introduced refinements to the Pilot Scheme including increasing to ten projects which can be handled at any one time. Up to 31 March 2017, a total of 33 applications for Facilitating Services (29 for residential buildings and four for industrial buildings) had been received. Three applications were put to market for joint sale, of which one was successfully sold by auction, whereas the other two failed. Six other applications (including two industrial buildings and four residential buildings) are being handled and the remaining 24 had either failed to fulfil the application criteria or were terminated for failing to reach the required threshold for joint sale.

A new pilot scheme to provide facilitating services to building owners in the Civil Servants' Co-operative Building Society Scheme (CBS) and Government Built Housing Scheme (GBHS) has been launched in May 2016. Applications for the Facilitating Services (Pilot Scheme) for CBS and GBHS buildings can be made all year round and will go through a selection process taking into consideration the building conditions, planning considerations, financial viability and implementation issues. The URA will offer facilitating services for a maximum of two projects of CBS or GBHS buildings at any one time, while the existing quota for Facilitating Services (Pilot Scheme) for residential, commercial and industrial buildings will not be affected. Thus far, two CBS projects have been selected for implementation and are in progress and a further project is in the selection process.



Flat sale at Kai Tak Development.

Subsidised Sale Flats

In response to the Chief Executive's 2015 Policy Address requesting the URA to help increase the supply for Subsidised Sale Flats (SSF), the URA identified 338 units in the Kai Tak Development for the SSF scheme. A total of 12,642 valid applications were received during the application period from 5 January 2016 to 21 January 2016. After a balloting exercise held on 2 March 2016 to determine the priority order for flat selection, the applicants were screened for eligibility conditions similar to the Hong Kong Housing Society's (HKHS) SSF scheme. Starting from 5 April 2016, the eligible applicants were invited in batches for flat selection and signing of agreements. The purchases of the 322 SSF sold had been completed and the flats were handed over to the purchasers in July to September 2016. The URA sold the remaining 16 unsold SSF in the open market at the prevailing market prices in April 2017.



Rehabilitate through concerted efforts

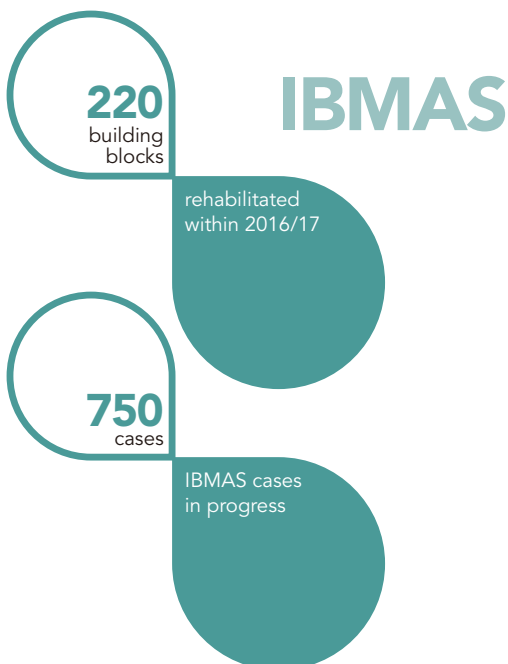
REHABILITATION

REHABILITATION

Rehabilitation is the other URA core business under the URS. The URA is now the primary agent in Hong Kong for building rehabilitation after taking over the Hong Kong Housing Society's (HKHS) responsibilities under the Integrated Building Maintenance Assistance Scheme (IBMAS) in July 2015. In 2016/17 the URA continued its rehabilitation efforts through IBMAS and Operation Building Bright (OBB). In addition, technical and financial assistance to building owners were offered under the Mandatory Building Inspection Subsidy Scheme (MBISS).

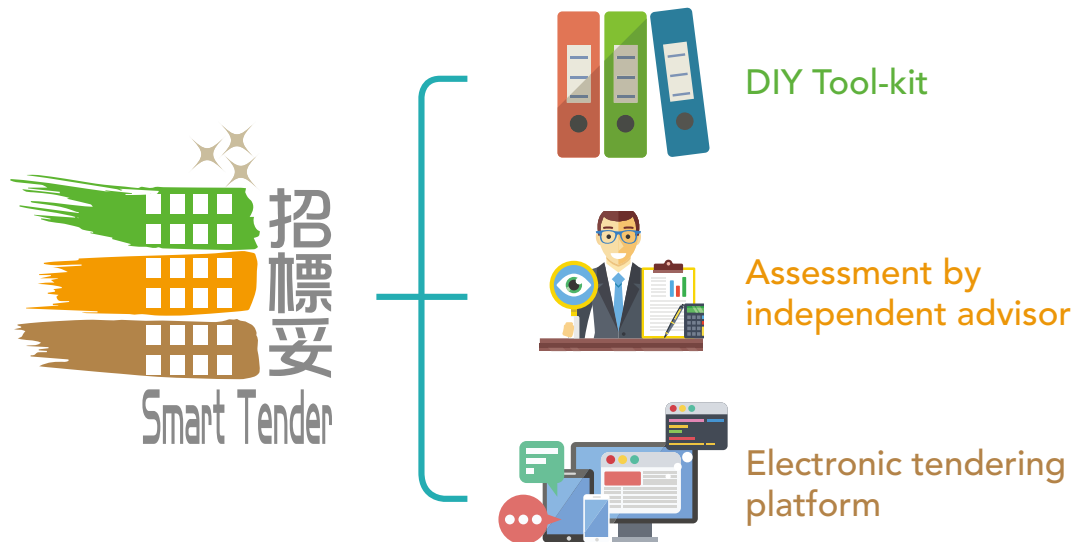
Integrated Building Maintenance Assistance Scheme

Since 2004 and up to the end of 2016/17, about 1,270 building blocks (around 57,800 units) have been rehabilitated under various URA assistance schemes. Out of the 1,270 building blocks, about 220 building blocks (around 8,200 units) have been rehabilitated within 2016/17. In addition, there are about 500 Owners' Corporations (OC) formed under the Owners' Corporation Formation Subsidy (OCFS) of IBMAS. Currently, there are a total of 750 IBMAS cases in progress (about 600 cases for common area repair works and about 150 cases for OC formation).



Operation Building Bright

The URA has given full support to the Government's OBB programme since it began in 2009. At the end of 2016/17, 2,434 building blocks comprising around 61,000 units out of the 2,443 target building blocks within the URA's Rehabilitation Scheme Areas (RSAs) had either been rehabilitated or had rehabilitation works substantially completed. Of these 2,434 building blocks, 122 building blocks (around 5,900 units) had either been rehabilitated or rehabilitation works substantially completed within the financial year of 2016/17. OBB has raised owners' awareness of the need for rehabilitation as well as created employment opportunities which was one of the original objectives of the scheme. Through conscientious efforts and collaboration with the Independent Commission Against Corruption (ICAC) and HKHS, guidelines and procedures have also been published and implemented to tighten requirements on service providers in the building renovation industry aimed at mitigating malpractices and promoting public education. In addition, a new tendering arrangement for procurement of works contractors was introduced to provide a fair and competitive tendering environment. Since the introduction of these guidelines and procedures and the new tendering arrangement, the average number of tender returns and the proportion of submitted tendering costs falling within our independent consultants' estimates have both increased by over 50%. Since early 2013, relatively costly bids submitted for rehabilitation work have resulted in lengthy discussions amongst owners, price negotiations and even the need for re-tendering, thereby delaying OBB work commencement until 2016/17. However, the URA's tasks under the OBB programme are however now substantially complete.



Building Rehabilitation Facilitating Services

In May 2016, the URA launched the 'Smart Tender' Building Rehabilitation Facilitating Services Scheme (the Scheme) which aims to provide technical services to the OCs of private buildings and reduce the risk of tender rigging at the works procurement stage. The Scheme is an initiative introduced in response to the Policy Address of the Chief Executive in 2016. It seeks to help building owners procure contractors independently to carry out rehabilitation works through the following three services:

- a) A DIY tool-kit, which includes the guidelines, standard contracts and helpful tips, will be provided to guide participating OCs in the procurement of consultants and contractors to undertake the building rehabilitation works;
- b) An independent advisor will be arranged to offer professional and technical advice at different stages of the maintenance and repair works and to give an assessment on the market price of the tender;
- c) An electronic tendering platform will be available for participating OCs to issue tender documents to contractors registered in the platform. Tender documents will be received with the identity of bidders being kept anonymous until the tenders

are opened by Certified Public Accountants to reduce the risks of manipulation and interference in the tender procedures.

A relaxation of the requirements for joining the Scheme was approved by the URA Board on 25 October 2016 which extended the Scheme to all domestic buildings without any quota restrictions. All multiple owned private residential or composite buildings exceeding three storeys in height and with a proper owners' organisation established under either the Buildings Management Ordinance or the Deeds of Mutual Covenant are eligible to join Smart Tender.

A fee will be charged to cover the expenses of the Scheme for the services. The fees will range from \$25,000 to \$160,000 per application, or an average of \$70 to \$250 for each household, depending on the number of units and Rateable Value per annum of the buildings.

The URA's relaxation of quota restrictions complements the 2017/18 Budget in which, the Government has earmarked \$300 million to allow owners to participate in the Scheme at a concessionary rate, depending on the ratable value and number of units in each application. Up until 31 March 2017, 66 applications have been received of which 49 have been approved and issued with service agreements with the concerned OCs.

Mandatory Building Inspection Subsidy Scheme

The subsidiary legislation on the implementation of Mandatory Building Inspection Scheme (MBIS) covering all buildings of 30 years old or above came into force on 30 June 2012, and the URA duly launched the MBISS in conjunction with the HKHS on 7 August 2012. Under this Scheme, the URA will assist building owners to arrange the first inspections of buildings within its RSAs which are subject to inspection notices issued by Buildings Department (BD). Owners of buildings which, on inspection, are found to require rehabilitation may apply for rehabilitation works assistance under IBMAS, with the URA providing a one-stop continual building care service. Up to the end of 2016/17, out of the 1,389 MBIS target buildings located in the URA target areas, about 960 have been contacted. From these 960, 432 applications have been received and approvals-in-principle were granted to 409 buildings.



960
buildings contacted



432
applications received



409
approval-in-principle granted

One-stop Building Rehabilitation Platform

The URA has embarked on revamping the existing "Building Rehab INFO-Net" – www.buildingrehab.org.hk website which has served as a one-stop information platform for building owners, professionals and contractors to access building rehabilitation related information. A new all-in-one information and service venue "Building Rehabilitation Platform" (BRP) is being set up with an aim to provide property owners with more useful information such as standard documents for procurement of consultants or contractors, practice notes and guidelines as well as the lists of services providers. The new BRP will be run by a subsidiary company of URA, namely Hong Kong Building Rehabilitation Facilitation Services Limited, supported by advisors from various Government departments and industry stakeholders for various purposes. It is expected to be launched in the first to second quarter in 2018.



The URA aims to transplant *Aquilaria Sinensis* trees in suitable locations of its redevelopment projects in old urban areas, bringing harmony and peace to the people of Hong Kong. The public open space of Citywalk is the first URA's project, in which three *Aquilaria Sinensis* trees have been transplanted.

PRESERVATION AND REVITALISATION



Exhibition at the open space of Mallory Street/Burrows Street revitalisation project.

Mallory Street/Burrows Street, Wanchai

The Hong Kong Arts Centre is operating the 'Comix Home Base', i.e. the Mallory Street/Burrows Street revitalisation project which provides a platform for local and international art exchange. Since the completion of the project and its official opening in July 2013, the 'Comix Home Base' has become a popular attraction. The URA has retained the ownership of the project and will continue to oversee its operation. Highlights during the year included the Comix Exchange series of 'Old Master Q' and various street music, art workshop and film events using the public open space.



Mallory Street/Burrows Street project is revitalised as an arts and cultural hub.



An artist impression of Central Market revitalisation scheme.

Central Market

The URA Board has approved a simplified version of the revitalisation scheme (New Scheme) for the Central Market which will include diversified uses for public enjoyment. With significantly reduced complexity and minimised intervention to the building structure, it results in a shorter construction period from eight years to about four to five years. The capital cost of the project is around \$740 million (at 2016 prices). A committee to advise on implementation matters has been formed under the URA Board in January 2016 to take forward the project, including aligning the future operation and management of the revitalised Central Market in accordance with the operation and management guidelines and principles obtained from the public engagement. The TPB approved the New Scheme in March 2016. Following the discharge of planning conditions, the General Building Plans of the New Scheme were approved in November 2016. The Conservation Management Plan was also approved in May 2017. In March 2017, the Chief Executive in Council approved a 21-year private treaty grant of the

market to the URA at nominal premium and agreed to grant a five-year Short Term Tenancy (STT) to the URA for construction works. Subject to the execution of the STT, the construction works of Central Market are scheduled to commence in the third quarter of 2017.

Mong Kok

The URA is enhancing the local characteristics of five themed streets to complement and spread the benefits of its Sai Yee Street redevelopment project, namely Flower Market Road, Tung Choi Street, Sai Yee Street, Fa Yuen Street and Nelson Street involving streetscape improvement to enhance their unique characteristics and ambience. The improvement works at Flower Market Road have been completed. Improvements to Sai Yee Street and Fa Yuen Street have been partially completed with the Sai Yee Street project. Meanwhile, as the final phase of the project, the URA will liaise with Government departments on the design approach to the Nelson Street improvements.

Tai Kok Tsui

Streetscape improvement works in Tai Kok Tsui have been implemented over three phases to minimise local disruption. Following the completion of the Phases 1 and 2 along Beech Street and the Cherry Street roundabout, the Phase 3 works covering several other streets in Tai Kok Tsui are progressing well. Those parts of the Phase 3 works covering mainly Fuk Tsun Street, Tai Kok Tsui Road and Fir Street are complete, while the remaining works covering Beech Street, Pine Street and Ivy Street are well underway and are targeted to be completed in the third quarter of 2017.

Place-making Concept

The URA has been making efforts to introduce place-making concept in its current project portfolio. The Kai Ming Street project in To Kwa Wan is a cleared and demolished site which will ultimately be redeveloped with the adjoining five projects in a holistic master plan under the district-based approach described earlier on page 27. Meanwhile, the URA is treating the site as an interim opportunity space where proposals have been drawn up for temporary use as an open space for non-profit making activities, arts and community displays which will improve the quality of life in the area and foster community building. A characteristic design will be explored for the temporary open space to capture the local culture and character of the district.

On Hong Kong side at The Center in Sheung Wan, the design of community facilities, including the new home for the URA's Urban Renewal Exploration Centre being relocated from nearby, has been geared towards raising its public exposure in a new community space which in the near future will host art exhibitions, performance and other cultural events to benefit local people and 'Centralites'. The overall design intention incorporates a place-making concept with increased local connectivity with and beautification of adjoining streets based around a historical theme. The URA is pursuing this direction to sustain the characteristics and robustness of a wider area via place-making and will extend such concept to connect and correlate in the future design of public spaces in its Peel Street/Graham Street project and Central Market revitalisation in the vicinity.



Vertical plan of Shanghai Street/Argyle Street preservation project illustrating the current and future look of the project.

Shophouse Preservation Projects

For Prince Edward Road West, one of two shophouses preservation projects, renovation of the final batch of units has been completed and all remaining units have been leased out.

Following the Building Authority's approval of the General Building Plans, the foundation works in the Shanghai Street/Argyle Street project were completed in April 2016 and the superstructure works commenced in May 2017. The preserved shop-houses will be for restaurant and retail uses to reflect the local character and to meet local needs.

Western Market

The holding over of the land lease of the Western Market until February 2019 has been granted by the Lands Department to allow ample time to work out a better future plan for the Western Market.

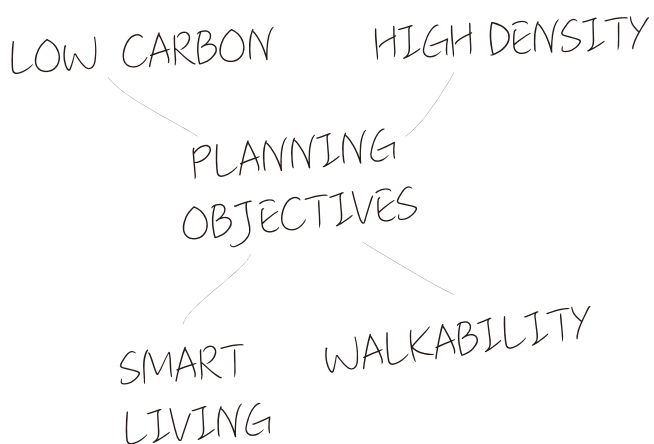
CORPORATE SUSTAINABILITY





According to the Urban Renewal Strategy (URS), a comprehensive and holistic approach through a diversified business strategy should be adopted to rejuvenate our city. The process should be forward-looking and visionary and create sustainable yet positive impacts to improve the standard of living and built environment. In particular, in section 5(e), 7 and 19 of the URS, sustainable development is a key to success and is incorporated within our core business strategies. Through the process of urban renewal together with the joint efforts from our partners and other stakeholders, we aim to create a quality urban built environment that can sustain the growth of our city in line with Government policy. To these ends, our work has adopted a people-oriented approach and strived for high environmental standards while fuelling the vibrancy of urban neighbourhoods.

With the complex evolution of urban renewal in terms of public aspirations, the diversified needs of our city growth and the challenges and opportunities arising from urban decay, four related planning objectives (high density environment, low carbon neighbourhood, smart living and walkability) will be included in our core business strategies to optimize the benefits to our city for us and our next generation.



In this section, we will discuss our sustainability performance as demonstrated through our core businesses, our various initiatives and our internal operation.

Care for Our Environment

Promoting Green Buildings

With planning objectives to create a low carbon neighbourhood, green building is an essential practice to reduce the environmental impacts on the built environment and improve the quality of life of our citizens. The environmental impacts associated with our urban renewal projects are more substantial and far-reaching than those from our operations and managed properties. Therefore, high environmental standards are imposed on both our self-developed and joint-venture projects to jointly promote green buildings with our partners. With the efforts of both the URA and our partners, two more redevelopment projects have achieved the Hong Kong BEAM Platinum (final) rating after completion in 2016/17, making a total of 14 projects with Platinum rating thus far. At the same time, 15 other projects that are in the design or construction stage have already received provisional Hong Kong BEAM or BEAM Plus Awards. The URA's Kai Tak Development has obtained the Grand Award of the Green Building Award granted by the Hong Kong Green Building Council (HKGBC) for its environmentally-sustainable design. Setting a high green building standard for these projects has motivated the respective designs to optimise the use of resources through various measures. We create synergy with our partners to extend the coverage of green buildings propagating an important supply chain effect on the downstream consumers as the residential flats were installed with energy-efficient and water-efficient appliances.



URA's Kai Tak Development has obtained the Grand Award of the Green Building Award granted by the Hong Kong Green Building Council.

As well as green buildings, the URA is developing its 'Smart Building' concept for development projects covering five aspects namely 'Design', 'Information', 'Environment', 'Convenience' and 'Management'. Smart Building will create smart quality and vibrant living and will display and advocate the development of 'Smart City' in Hong Kong. Smart features like home energy and water consumption systems, home health and wellness systems, smart display, home waste management systems, building information modelling and building management systems have been incorporated in our projects at Peel Street/ Graham Street (Site A) and Ma Tau Wai Road. The URA also pursues Smart-City concept through its district-based approach to urban renewal.

The URA not only dedicates effort on promoting new green buildings, but also strives to improve the energy efficiency of existing buildings through rehabilitation. The URA has introduced the Green Item Subsidy (GIS) under the 'Common Area Repair Works Subsidy' to encourage property owners to use environmentally-friendly building materials and to install energy-saving facilities when carrying out building maintenance and repair works. For this new initiative, the URA received an award for Outstanding Corporate Social Responsibility – HKGBC Green Product Accreditation and Standards (HK G-PASS) (Statutory Body) from the HKGBC in early 2016. Up to March 2017, the URA has approved GIS applications from the owners of about 30 building blocks (around 1,100 units) amounting to a total subsidy of around \$1.5 million.

Promoting Walkability

A walkable neighbourhood not only offers health benefits, but also allows the residents to interact more with their surroundings and feel more connected to the community. In line with planning objectives, the URA is now exploring more on how pedestrian friendly as opposed to vehicle-driven design promotes walkability through the district-based approach and the Yau Mong District Study. In addition to these studies, the URA has proposed different initiatives to enhance the access to and connections between both our new projects and URA-owned facilities, for example the pedestrian environment will be improved in the vicinity of projects in To Kwa Wan through the widening of pedestrian walkways. Also, renovation work has been commenced in the URA-owned community facilities at the ground level of The Center (H6) to provide a community space and revitalise the nearby streets, thus enhancing local connectivity.

Together with a mixed use zoning approach, enhancing walkability can tackle the capacity constraints of transport infrastructure, release car dependency, alleviate traffic congestion, and support the local economy and mixed communities. The URA hopes to cultivate a healthy and low carbon neighbourhood and elevate the urban quality of life.

Greening Our Operation

In the five years since its first carbon audit, the URA has sought purposely to reduce the carbon footprint of our own operations and managed properties. The annual carbon audit allows us to measure our environmental performance, and instigate more conscientious behaviour among our colleagues and business partners.

In 2016/17, provisional estimated carbon emissions from our own operations have achieved a year-on-year reduction of 9.3% in part due to no emissions from air conditioning refrigerant during the year. Meanwhile, the Energy Use Intensity (EUI) has decreased marginally from 76.1 to 75.9 kWh/m² (note: our own operations take place in a mix of properties with central air-conditioning provided separately, those with only tenant lighting and power, as well as whole buildings). Environmental measures, e.g. using energy

efficient systems and green purchasing, will continue to be implemented in the coming year.

In order to track our environmental performance, the URA has participated in environmental audit schemes, including carbon and waste audits. The URA has conducted carbon audit and obtained a Carbon Reduction 5% Certificate for its headquarters offices at COSCO Tower under the Hong Kong Awards for Environmental Excellence (HKAEE). Also under the HKAEE, the URA has participated in the HKAEE WasteWi\$e Labelling Scheme in 2016/17 to raise staff awareness and to introduce new waste management measures. By meeting nine of the goals covering reduced resources consumption and waste recycling, the URA is on course to obtain the 'Excellence Class' Level. By participating in these HKAEE schemes, the URA has gained the title of 'Hong Kong Green Organisation'. Furthermore, the URA has obtained Indoor Air Quality Certificates for its offices from the Environmental Protection Department.

A new initiative to conduct freezing survey by means of electronic format has been introduced for redevelopment projects commenced during 2016/17. Tablet computers were used for fast and efficient data reporting and analysis. The e-freezing survey does not only speed up the process, but also reduce the use of paper.



Tablets are used in freezing surveys to reduce the use of paper as well as for faster and more efficient data reporting and analysis.

Care for the People

Diversified Urban Space for Health and Happiness

As a mission-driven organisation, the URA sees itself as the catalyst for the development of a sustainable built environment to serve the community that goes beyond green buildings. Over the years, where practicable, we have endeavoured to include open space and community/institutional areas in our larger scale projects. Our redevelopment projects have provided easily accessible community and institutional facilities including residential care homes for the elderly, youth centres, health centres, markets, cooked food centres and an indoor stadium.

New place-making concept is under study in our current project portfolios as described elsewhere in the Operating Review.



Don Bosco Learning Centre at the URA's Rehousing Block serves the teenagers in the district.



Various community facilities at URA's redevelopment projects serve the local community.

To embrace more the diversified use of urban space, the URA has engaged our partners, such as at Mallory Street to promote local arts and culture, the GoodPoint at Prince Edward Road West to provide a supporting hub for social enterprises, and Urban Renewal Resource Centre (URRC) at Fuk Tsun Street to offer mediation facilities. During 2016/17, the URA has continued to render more properties for concessionary tenancy to non-governmental organisations (NGO) and social enterprises (SE), e.g. Association of the Hong Kong Central and Western District Limited, Smile Kids Association Limited, Hong Kong Federation of Youth Groups, Light Be, and International Social Service, Social Venture Hong Kong and New Life Rehabilitation, both in our acquired properties and dedicated preserved historical buildings.

The URA also supplies space for various Government departments and organisations to carry out a wide range of activities, training, displays and exhibitions, including the arts, youth activities, education, tourism, hobbies and so on. With the URA's assistance/sponsorship, 87 events have been staged at venues operated by the URA and its joint-venture partners such as the Central Market, URRC, Citywalk and Western Market.



A social enterprise hub at Prince Edward Road West preservation project.

Encouraging and Facilitating Timely Rehabilitation

The URA is tasked to improve the living standard of households living in the older urban districts mainly through redevelopment and rehabilitation. Section 19 of the URS emphasises that the proper repair and maintenance of buildings is vital for regenerating the ageing districts. As of 2016, over 5,200 buildings more than 30-years old are in poor and varied conditions and yet many building owners lack the confidence to rehabilitate in part due to concerns of bid rigging in the building renovation industry. Therefore, to empower the community to tackle the problem of ageing buildings, the URA staff need to establish trust with the building owners by providing professional advice and technical support. The personal assistance is valued as much by the building owners as the financial assistance provided through the rehabilitation schemes. Since 2004 and up to the end of March 2017, about 3,700 building blocks (around 120,000 units) have been rehabilitated by the various URA assistance schemes. A number of refinements to the URA's various assistance schemes including the relaxation of joining criteria have been introduced since June 2017, with a view to encouraging more property owners to carry out building rehabilitation work. On top of personal assistance, an Info Net has been set up and a revamped version will be launched in August 2017 to provide practical information of building rehabilitation and

over
\$223
million

Loan and
Subsidies
Released



Rehabilitated buildings forming a colour cluster in Tai Kok Tsui.

(For 2016/17 financial year)

information of various rehabilitation subsidy schemes to let the property owners equip themselves with more relevant knowledge.

Ultimately, the URA would like to establish a building rehabilitation strategy which will take a holistic approach covering young, middle-aged and old-aged buildings with different strategies and actions to sustain the lifespan of buildings to improve the standard of the built environment.

Assisting Households in Ageing Districts

Redevelopment is more than just renewing the building stock but about improving the living standards of the displaced households. A majority of the buildings in our redevelopment projects are severely dilapidated with safety hazards and hygiene problems. During 2016/17, acquisition offers were made to owners of 171 property interests. The cash compensation and ex-gratia payments allow affected domestic owner-occupiers to purchase premises that are in better condition than their existing ones. With a view to enabling the residents to retain their social network in the neighbourhood, a flat-for-flat option is also available for those domestic owner-occupiers who prefer to acquire premises at the same site or at the designated Kai Tak Flat-for-Flat Development.

On the other hand, domestic tenants were offered cash compensation or rehousing in public rental flats or units in URA's Rehousing Blocks. Enhancements have been made to the policies for ex-gratia payment and rehousing to domestic tenants since June 2017, which aimed at helping domestic tenants to improve their living condition, especially those living in subdivided units and cubicles.

The patience and compassion of the URA staff involved in the rehousing arrangement were rewarded with a number of commendation letters in 2016/17 from the beneficiaries of several redevelopment projects including Hang On Street, Reclamation



A URA staff member visits an affected resident of Bailey Street/Wong Kwong Street project under the 'Project Engagement' Programme.

Street/Shantung Street, Tonkin Street/Fuk Wing Street and Castle Peak Road/Un Chau Street etc. To facilitate a smooth clearance process, our staff have also gone the extra mile such as helping the tenants with the retrieval of important documents from Government departments, or providing temporary storage space for tenants during their relocation.

In its To Kwa Wan projects, the URA has taken extra steps to strengthen out-reach and establish relationships with affected residents of redevelopment projects especially during the period of uncertainty and anxiety prior to project approval by launching a new 'Project Engagement' Programme. The Programme serves to complement the work of Social Service Teams of project areas and helps connect the URA to residents directly. The Programme, which was kick-started in October 2016, has so far visited over 2,700 out of 3,410 occupiers and owner-landlords, amounting to around 80% of all tenants and owners. Many of the visits were conducted outside office hours.

Assisting the Underprivileged

Besides adopting a people-oriented approach when delivering our core businesses of redevelopment and rehabilitation, the URA also seeks opportunities to engage our partners to help people in need with our available resources. The lack of affordable housing is a key issue affecting the state of poverty in Hong Kong. These low-income households not living in public rental housing have no choice but to reside in appalling flats or subdivided units or cubicles. During 2016/17, the URA has continued to offer some renovated flats in the acquired properties at Wing Lee Street to NGOs and SEs including the Hong Kong Federation of Youth Groups, Light Be, and the International Social Service (Hong Kong Branch) so that they can arrange short-term tenancies at below market rent for these underprivileged. The URA has also rendered more properties for concessionary tenancy both in our acquired properties and dedicated preserved historical buildings to these same NGOs and SEs as well as the Association of the Hong Kong Central and Western District Limited, Smile Kids Association Limited, Social Venture Hong Kong and New Life Rehabilitation.



URA staff and university students offer care and support to the children in the old districts under the Community Service Partnership Scheme.



A finale event of Community Service Partnership Scheme shares care and love with the elderly living in old districts.

Reaching Out to the Community with Our Partners

Residents of old districts – Our care for the people extends beyond our urban renewal works. We bring love and care to the residents of old districts through a series of programmes under the Community Service Partnership Scheme (CSPS), which is a collaboration among the URA, universities and social service organisations. In 2016/17, we have partnered with ten tertiary institutions and NGOs to serve the underprivileged children, senior citizens and ethnic minorities.

A signature community service programme cum appreciation ceremony were held by the URA to recognise the contribution of volunteers over the past year, while giving an opportunity to the volunteers and elderly residents in Kowloon City/To Kwa Wan, including those affected by the URA redevelopment projects, to celebrate the approach of the Chinese New Year in 2017. Since the launch of CSPS in 2012, some 6,400 service hours have been achieved by about 830 volunteers comprising URA staff members and university students, benefitting over 1,700 people.



Inspiring Youth – The URA needs the concerted efforts from the society to tackle urban decay in a sustainable way. Through collaboration and partnership programmes with various organisations, we have reached out to the community and schools to introduce URA's work and the significance of urban renewal to the general public and youngsters.

During the year, a wide range of programmes have been organised for the young people to inspire them to explore issues related to urban renewal. Programmes included guided visits to the Urban Renewal Exploration Centre, docent tours to old urban areas and URA's projects, talks, roving drama workshops for primary schools, inter-school microfilm and drama competitions for secondary schools, the 'Urban Renewal Class in Action' outreach programmes, etc. The newly launched 6-month 'Touching lives; Reaching out: Young Leaders Programme' in collaboration with Tung Wah Group of Hospitals has inspired its 60 secondary students to explore, care, serve and promote their community through various experiential and service learning for leadership, problem-solving and interpersonal skills. Besides, the online tools, namely Urban Renewal Web Academy and Urban Renewal City Fun mobile app, have provided teachers and students with instant information of urban renewal for experiential learning. We have also collaborated with NGOs and professional bodies to promote better understanding of urban renewal.



Interactive education and outreach activities help promote better understanding of urban renewal to young people.

Neighbourhood is more than its physical environment. It is the local culture and characteristics that give its identity. An appreciation of the local arts and culture will allow for a deeper understanding of the community while enriching their quality of life. In view of this, the URA has implemented the 'Arts and Cultural Partnership Programme in Old Urban Districts: Pilot Scheme' (ACPP) for nearly 6 years, supporting non-profit organisations to organise various arts and cultural programmes for the benefits of people living in old urban districts in enhancing their living quality. As of end of March 2017, ACPP has supported 41 arts and cultural programmes, benefitting over 580,000 people in old urban areas.



URA supports various art and cultural programmes to enrich the quality of living for residents in the old urban districts.

Community Engagement

The URA attaches importance in engaging the community with a view to enhancing the understanding of URA's vision and mission. During the year, we have implemented a structured, message-driven and proactive communication programme through a series of media activities, Managing Director's Blog and articles contributed by URA Chairman and Board members. In addition, the URA Board members and senior management have also involved in various community and educational activities to enlist public support for URA's work.

Build an Effective and Sustainable Workforce

Just as those affected by the URA's work and the community at large are our key stakeholders, so too are our staff members.

Building Our Capacity

Without a dedicated and competent team, the URA cannot sustain its urban renewal efforts. During the year, the URA provided over 12,700 training hours for its employees, an average of over 22 hours per head, some 10% ahead of the market average for comparable companies. In 2016/17, with the introduction of Building Information Modelling (BIM) into the URA's projects, the training curriculum has been expanded to include a BIM related training series for senior executives and operational staff. 12 other new training programmes were also provided in 2016/17 for over 680 participants to enhance their core competency. Work Improvement Teams (WITs) were launched across the whole organisation to promote a continuous improvement culture within the URA. Eight WITs were formed to improve existing work procedures and efficiency which saved about 900 man hours and related resources.



Building Information Modelling related training enhances staff knowledge and skills.

Applying the Core Competencies for Succession Management/Performance Management and Training & Development

The new set of core competencies which define the knowledge, skills and attitude for different staff levels were used across the organisation to identify, evaluate, train and nurture preferred employee behaviour.

Attracting, Motivating and Retaining the Right Staff

To ensure competitive remuneration is offered to attract, motivate and retain the right staff to support our mission, a new streamlined grading structure was implemented with effect from 1 April 2016.



Team building training helps to build an effective team.

Building a Highly Motivated Workforce through Identifying Our Strengths and Areas for Improvement in the Employee Engagement Survey

An Employee Engagement Survey conducted in 2016/17 yielded a very high staff response rate of 94%. The URA's engagement score of 60%, when compared to the external benchmark, was higher than the Hong Kong Public Sector by 11% and slightly higher than the Hong Kong Total by 4%. Focus group sessions were organised to further analyse the key issues and identify improvement areas. Measures are being implemented at corporate and divisional levels which aim to build a highly motivated workforce.

Planning Ahead

With persistent demands from the community and rising expectations from external stakeholders, our

staff continuously face more challenges. In a tight labour market, the need for effective means to attract, retain, train, develop and motivate the right talent remains high.

To cater for the changing operating environment, the URA will expand its training curriculum to cover technology training for staff at different levels. New management training, communication and self-development programmes will be launched in the coming year to reinforce the core competencies of staff. These programmes will enhance individual knowledge, skills and attitudes in communication, stakeholder engagement, innovation, personal development and leadership.

To foster the skills and knowledge for succession assessment and development, new competencies will continue to be incorporated into the job profiles of critical positions. The same competencies will be applied to assess potential successors, to evaluate their readiness and to identify any gaps for further development.

As part of the succession scheme, five graduate trainees were recruited in 2016/17 and four management trainees will be employed in 2017/18. The URA strives to groom urban renewal and development talent internally to support the sustainable development of the organisation.

Building on recent success, WITs will be launched across the whole organisation again to promote a continuous improvement culture within the URA.

In response to the feedback collected from the Employee Engagement Survey, various means will be employed to improve internal communication such as regular staff meetings and the staff newsletter. A new Staff Suggestion Scheme will be launched to invite ideas from staff to improve work efficiency and effectiveness and to enhance the sense of belonging. To meet with the impending challenges in urban renewal, divisions are subject to reviews aimed at ensuring an organisational structure fit for operational requirements and development needs.



MANAGEMENT DISCUSSION AND ANALYSIS



Our Onerous Task

A survey conducted in 2015 concluded that over 9,000 buildings in Hong Kong were more than 50 years old, one third of which were in either deteriorating or poor condition. By 2040, some 23,000 buildings are projected to reach 50 years, with the daunting possibility of a parallel increase in dilapidation. Increasingly, many of these ageing buildings have already used up all or the bulk of their development potential with little or no room for plot ratio gains, hence they are not attractive to private developers who can be more selective. To cap it all, URA projects confront not only development risks but also potential resistance from occupiers and concern groups which can lengthen the project programme.

Current Position

By 30 June 2017, the URA has commenced and implemented 60 redevelopment projects (including six Hong Kong Housing Society projects) and three preservation and revitalisation projects on top of 10 projects that it took over from its predecessor the Land Development Corporation (LDC). Of these projects 14 are now completed and the remainder are under planning, acquisition or construction. The track record of these commenced and implemented projects highlighted below bears mentioning considering the extent of dilapidation being addressed and the resulting benefits to the people in projects who are rehoused, the facilities delivered to new communities and the public good.

Challenges and Opportunities

A perennial concern has been the risk posed to the value of the URA's properties under development in the event of a property market downturn. The URA has endeavoured to mitigate this risk and cleared and tendered respectively three and four projects over the year including up to 30 June 2017.

These tenders helped reduce the value and market exposure of properties under development. Such actions are fitting at a time when the property market is at an all time high (see Figure 1) and yet housing supply is rising with some 96,000 units becoming available in the next three to four years. This new housing supply, together with an upturn in interest rates, could affect market sentiment negatively. The risks are compounded by the disparity over the past several years between the accommodation value (AV) of our projects at acquisition when the 'seven-year rule' under the Home Purchase Allowance is applied, and at project tender where the respective average AVs are \$8,600 and \$6,800 per square foot. Construction costs meanwhile, though largely 'trading water' in the last two years remain high (see Figure 2).

Run-down urban area improved 17.4 hectares	People benefiting from projects 28,000	New commercial gross floor area 406,000 m ²
Dilapidated buildings redeveloped 715 buildings	New domestic gross floor area 960,000 m ²	New GIC floor space 53,000 m ²
Rehoused/compensated households 12,300	New flats 18,300	New open space 26,000 m ²

Note: the above figures exclude the 10 projects taken over from the LDC

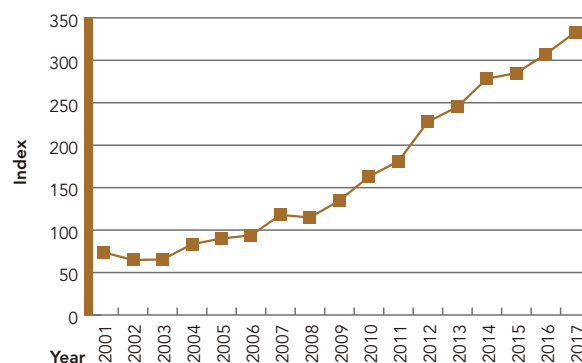
Meanwhile, we have kept in view the effect of the refined strategies for the Facilitating Services (Pilot Scheme) and the Demand-led (Pilot Scheme). These schemes began after the Urban Renewal Strategy was issued in 2011 and were designed to harness the collective willingness of owners to help initiate urban renewal themselves. The refinements have however not led to greater impacts. Facilitating services are now also being directed towards building owners in the Civil Servants' Co-operative Building Society Scheme and the Demand-led (Pilot Scheme) is to be reviewed further under the Yau Mong District Study (YMDS) described below.

District-based Approach

By commencing a grouping of several projects in To Kwa Wan, the URA has taken steps to optimise the potential from larger clusters of dilapidated buildings in need of redevelopment which can achieve more meaningful benefits from urban renewal with planning for a more community-friendly environment with a refined urban grid and appropriate land use. The Operating Review of this report introduces the district-based approach and details these To Kwa Wan projects and their related planning and social gains and the Corporate Sustainability chapter explains the new people-oriented 'Project Engagement' Programme directed at affected residents.

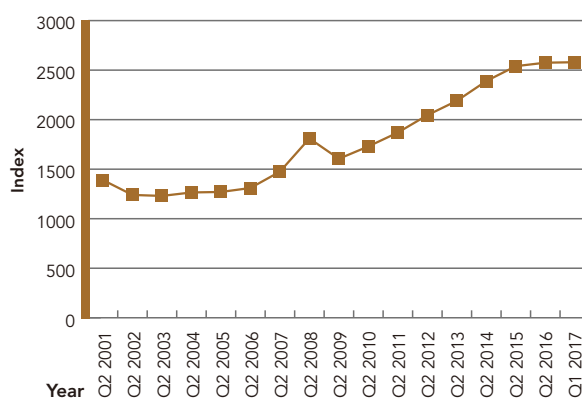
Recently, the URA has embarked on the YMDS. Previous urban renewal studies have sought to identify redevelopment and other opportunities under the 4Rs, however the brief to the YMDS is of an altogether more holistic order. It expands upon the district-based approach which is now proving its mettle in To Kwa Wan. It embraces the fifth 'R' of retrofitting as a new dimension of building rehabilitation. It will dissect the often elusive opportunities to optimise development potential such as through plot ratio transfer and it will not shirk from examining the constraints of the prevailing legislative and institutional framework. The YMDS will certainly propose implementable projects but as part of a wider set of new institutional and implementation strategies for district-based financially sustainable urban renewal under the 5R initiatives that can be readily applied elsewhere in Hong Kong's older districts.

**Figure 1: Private Domestic Price Index
May 2001 - April 2017 - All Classes***



*HKSAR Government, Rating & Valuation Department, Hong Kong Property Review Monthly Supplement, July 2017

**Figure 2: Quarterly Construction
Tender Price Index 2001 - 2017***



*Rider Levett Bucknall, Quarterly Construction Cost Update, June 2017

Rehabilitation

The URA's responsibility for rehabilitation has widened as one of its core businesses together with redevelopment. The URA's services are now more devoted to the Integrated Building Maintenance Assistance Scheme (IBMAS) which since July 2015 has been made available throughout Hong Kong. Owners are responsible for the maintenance and repair of their buildings, however the frequent lack of financial means, organisation and awareness by owners are persistent hurdles to rehabilitation. The URA is confronting these obstacles by exploring alternatives to pursue urban renewal more effectively and efficiently.

Facilitating Rehabilitation through 'Smart Tender'

The 'Smart Tender' Building Rehabilitation Facilitating Services (the Scheme) is already proving effective in providing technical support to the Owners' Corporations of private buildings and reducing the risk of tender rigging at the works procurement stage. Launched in 2016 in response to the Chief Executive's Policy Address in that year, the Scheme seeks to help building owners reduce the risk of tender rigging at the works procurement stage for which over 79 applications have been received up until 30 June 2017.

New Strategy on Building Rehabilitation Study

Just as the YMDS is a holistic approach to district-based urban renewal, the New Strategy on Building Rehabilitation (NSBR) study is examining an all-embracing approach to rehabilitation seeking to reduce the number of buildings in varied and poor condition which will need redevelopment in future. Raising rehabilitation awareness even for young buildings under 30 years old is proposed to create a new mindset for preventive maintenance amongst owners. Owners and other stakeholders can turn to a new Building Rehabilitation Platform as an all-in-one web-based information centre which is targeted to be launched in early 2018. For older buildings, standards

for rehabilitation and retrofitting are proposed so as to prolong building lifespan covering the five essential elements of building structure, the external facade, fire services, energy efficiency and barrier free facilities.

Preservation and Revitalisation

Section 5 of the URS spells out the URA's mandate in '*preserving buildings, sites and structures of historical, cultural or architectural value.*' The URA has implemented ten projects which contain buildings for preservation or revitalisation. Three of these projects are dedicated preservation or revitalisation projects whereas the preserved buildings form part of a larger redevelopment project site in the seven other projects. Two preservation projects are being actively implemented. At the Prince Edward Road West preservation project, acquired units in the project have been renovated and leased out for various uses including social enterprises. For the Shanghai Street/Argyle Street preservation project, new building works to be integrated with the retained shophouse cluster are underway.

The Central Market revitalisation, which commenced in 2009 as tasked by the Government under the "*Conserving Central*" initiative in the 2009/10 Policy Address, is another historic building initiative. A simplified version of the revitalisation scheme has been approved by the Board at a significantly reduced cost. An ad-hoc committee set up by the Board is overseeing the revitalisation with building works scheduled to kick-off by the third quarter of 2017.

In YMDS, a district-based approach for preservation and revitalisation will also be adopted by identifying local characteristics and cultures that need to be preserved and revitalised in an early planning stage.

Human Resources

With an operating environment that is continuously changing, the URA needs new core competencies and training to match. The necessary related management training programmes for staff at different levels have been launched. Additionally, with the introduction of new technologies in our work, as a first step, the training curriculum has been expanded to include Building Information Modelling (BIM) for senior executives and operational staff.

At the organisation level and to support the urban renewal directions, divisional reviews were carried out leading towards better alignment and organisational effectiveness. Also, to promote a continuous improvement culture and building on a successful earlier pilot run, Work Improvement Teams (WIT) were launched across the whole organisation within the URA. Eight such WITs were formed to improve work procedures and to enhance efficiency, with projected savings in man-hours and resources.

To contain our manpower costs, a recruitment freeze has continued for a second year achieving a further headcount reduction of 2.1%. This freeze will be retained in the coming year. Nevertheless, to nurture the leadership pipeline supply, five graduate trainees were recruited in the year. At the same time, to ensure competitive remuneration is offered to attract, motivate and retain the right staff to support our mission, a new grading structure with fewer levels was implemented effective from 1 April 2016.

To understand our strengths and areas for improvement and to build a highly motivated workforce, an Employee Engagement Survey was conducted. The URA's employee engagement score of 60% turned out to be 11% higher than the Hong Kong public sector and 4% higher than the Hong Kong total. Improvement actions would be implemented at both corporate and divisional levels for a better workplace for our staff.

Outlook

The URA's operating environment is in continuous flux in the financial world, the wider community and in our mandate and in the coming year we will doubtless encounter various constraints. Whilst continuing with our ongoing work in 4Rs with recently identified projects, we will develop a holistic approach in urban renewal through Yau Mong District Study and other major studies to take urban regeneration to a new level.

Financial Review

(I) Review of 2016/17 Results

(a) Revenue

The revenue for the year ended 31 March 2017 was \$5,035 million which comprised of upfront payments from tendered projects, share of surplus from joint development projects and proceeds from sale of flats at Kai Tak. The amount is lower than the revenue of \$7,422 million in 2015/16 by \$2,387 million. Three projects, namely Pine Street/Oak Street, Kowloon Road/Kiu Yam Street and Peel Street/Graham Street (Site A), were tendered during the year. The total site area was 2,202 m² as compared with total site area of 4,926 m² from the six redevelopment projects tendered in 2015/16 hence resulted in the lower upfront payments for the year.

The share of sales proceeds from joint development projects of \$1,249 million in 2016/17 (2015/16: \$4,450 million) were revenue from projects where the sales proceeds exceeded the thresholds stipulated in the development agreements. The projects contributed to the surplus during the year are projects with development agreements executed in prior years.

Proceeds of \$1,763 million from sales of residential flats at Kai Tak was recognized in 2016/17. These flats were sold under Subsidised Sale Flat Scheme at 86% of the market value assessed by the URA.

(b) Other income

Of the \$290 million (2015/16: \$158 million) in other income for the year, \$244 million (2015/16: \$149 million) was interest income from bank deposits and fixed income investment products, with an average yield of 1.38% p.a. (2015/16: 1.35% p.a.). Other income included rental income from certain properties retained by the URA.

(c) Administrative and operating expenses

Administrative and operating expenses mainly covered staff costs, accommodation costs and depreciation charges. Administrative expenses before depreciation for the year 2016/17 was \$400 million (2015/16: \$400 million). Cost control measures were implemented whenever possible to minimize administrative expenses. The depreciation charge for office capital expenditure and properties for own use was \$45 million (2015/16: \$50 million) for the year.

The staffing level was reduced from 521 at 31 March 2016 to 516 at 31 March 2017 resulting from recruitment freeze to enhance cost effectiveness and efficiency of manpower investment. Of the 516 staff, 15 (31 March 2016: 16) were employed on contracts of less than three years.

(II) Financial Position at 31 March 2017

(d) Write back of provision for impairment on properties and committed projects

Based on the accounting policy detailed in Notes 2(g) and 2(m) to the financial statements, write back of provision for impairment on properties and committed projects of \$831 million was made in 2016/17. It is primarily due to rising property prices during the year.

(e) Surplus for the year

For the year 2016/17, the URA recorded a net surplus of \$3,142 million, reflecting a decrease of \$1,309 million compared to the \$4,451 million net surplus for the year 2015/16. The 2016/17 revenue included upfront payments from tendered projects, surplus from joint development projects and proceeds from sale of flats at Kai Tak. Before the write back of provision for impairment on properties and committed projects of \$831 million, the surplus in 2016/17 was \$2,311 million in comparison with \$5,215 million reported in 2015/16.

(a) Properties under development

Properties under development as at 31 March 2017 was \$19,087 million (31 March 2016: \$20,199 million), representing the acquisition and development costs for projects. This sum comprised of eleven projects under various states of implementation. The aforesaid value was off-set against the cumulative provision for impairment totalling \$3,305 million (31 March 2016: \$4,765 million), resulting in a net value of \$15,782 million (31 March 2016: \$15,434 million). The increase in the net value was mainly due to the write back of provision for impairment net off by certain projects being tendered during the year.

(b) Cash and bank balances

As at 31 March 2017, the URA's cash and bank balances and securities holdings totaled \$19,741 million (31 March 2016: \$13,856 million).

The URA placed the surplus cash on short-term deposits with a number of financial institutions. The URA also invested in bonds of the required credit rating in accordance with the investment guidelines as approved by the Financial Secretary with capital conservation as the priority.

The cash position, off-set by the borrowings of \$3,288 million (31 March 2016: \$3,285 million) mentioned in paragraph II (c) below, resulted in the net cash position, including the securities holdings, at 31 March 2017 of \$16,453 million (31 March 2016: \$10,571 million).

(c) Debt securities issued

The URA is rated AAA by Standard & Poor's. As at 31 March 2017, the outstanding debt securities issued by the URA was \$3,288 million under the US\$1,000 million Medium Term Note (MTN) Programme.

(d) Net asset value

The URA's net asset value as at 31 March 2017 was \$32,606 million (31 March 2016: \$29,464 million), representing the Government's capital injection of \$10,000 million (31 March 2016: \$10,000 million) and an accumulated surplus of \$22,606 million (31 March 2016: \$19,464 million).

The financial highlights of the past ten years are summarized on page 97 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 \$10,000 million of equity capital into the URA in five tranches of \$2,000 million each over a five-year period from 2002/03 to 2006/07. The Government continues to exempt the URA from taxation.

(IV) Waiver of Land Premia by the Government

The Government waives the land premia for redevelopment sites granted to the URA. For 2016/17, the land premia waived by the Government on three land grants amounted to \$180 million. Since May 2001, a total of 36 land grants have been waived in respect of all the tendered projects with aggregate land premia totalling \$15,411 million.

Without this waiver, the URA's net surplus for 2016/17 of \$3,142 million for the year would have been lowered by \$180 million to \$2,962 million; its accumulated surplus as at 31 March 2017 would have been lowered by \$15,411 million to \$7,195 million; and its net asset value as at 31 March 2017 would have been decreased to \$17,195 million.

(V) Financial Resources, Liquidity and Commitments

As at 31 March 2017, the URA's net cash position, including the securities holdings, totaled \$16,453 million. At the same date, the URA's accruals and estimated outstanding commitments to the commenced projects, together with the construction cost on projects based on the valuation carried out by the URA's in-house professionals, stood at \$8,496 million.

In addition to the US\$1,000 million MTN Programme mentioned in paragraph II (c) above, the URA maintained \$700 million in uncommitted bank facilities as at 31 March 2017. Securing the external funding and the credit facilities ensured the URA would 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 tendered out 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 2017, the total costs of properties under development, excluding provision for impairment, was \$19,087 million.

The URA estimates a total cash outlay of about \$35,000 million, 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 for the implementation of the projects. This expenditure covers the URA's work in redevelopment, rehabilitation, preservation and revitalisation. It should be noted that the expenditure may vary subject to the level of interest shown in the various initiatives, including the demand-led redevelopments, the Flat-for-Flat arrangements, the expanded programme of building rehabilitation and other additional initiatives.

The URA continues to review its operating programme with the aim to maintain a highly prudent financial position with due regard for commercial principles in its operations so that the urban renewal programme may be sustainable in the long term.

PROJECT HIGHLIGHTS

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information		
						Project Site Area m ²	Existing GFA m ²	Buildings ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
1-43 - 43 still ongoing URA projects commenced by URA												
1 ⁽⁵⁾	KC-013	Kai Ming Street / Wing Kwong Street, To Kwa Wan	2016/17	March		1,749	7,458	2	385	See Remarks	11,797	9,831
2 ⁽⁵⁾	KC-012	Wing Kwong Street, To Kwa Wan	2016/17	June		1,258	5,023	7	343	See Remarks	10,530	8,775
3 ⁽⁵⁾	KC-011	Hung Fook Street / Kai Ming Street, To Kwa Wan	2016/17	June		2,635	12,628	12	821	400	21,960	18,300
4 ⁽⁵⁾	KC-010	Hung Fook Street / Ngan Hon Street, To Kwa Wan	2016/17	June		4,951	21,495	19	1,462	750	41,058	34,215
5 ⁽⁵⁾	KC-008(A)	Chun Tin Street / Sung Chi Street, To Kwa Wan	2016/17	May		2,475	3,738	7	200	310	14,724	12,270
6 ⁽⁵⁾	KC-009	Bailey Street / Wing Kwong Street, To Kwa Wan	2015/16	March		8,042	39,644	27	2,640	1,152	66,627	55,522
7 ^(4,5)	DL-11: YTM	Ash Street, Tai Kok Tsui	2015/16	May		474	3,228	1	234	69	3,522	3,131
8 ^(4,5)	DL-10:KT	Hang On Street, Kwun Tong	2014/15	November		865	5,304	1	393	138	6,663	5,922
9 ⁽⁵⁾	SSP-016	Castle Peak Road / Un Chau Street, Sham Shui Po	2013/14	February		1,900	7,335	8	402	261	14,841	12,367
10 ^(4,5)	DL-8:KC	Kai Ming Street, Ma Tau Kok	2013/14	December		553	2,467	3	122	72	4,545	3,788
11 ^(4,5)	DL-6:YTM	Fuk Chak Street / Li Tak Street, Tai Kok Tsui	2013/14	June		768	3,461	2	171	96	5,741	5,103
12 ^(4,5)	DL-4:SSP	Kowloon Road / Kiu Yam Street, Sham Shui Po	2013/14	April		599	3,817	1	229	100	4,884	4,070

Project Development Information				Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²		
1,966	0	0	0	Project KC-013 will combine with KC-012 with a total flat production of 410 for the combined site Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 17-03-17
1,755	0	0	0	Project KC-012 will combine with KC-013 with a total flat production of 410 for the combined site Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 03-06-16 SDEV authorised URA to proceed on 10-03-17
3,660	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 03-06-16 SDEV authorised URA to proceed on 03-03-17
6,843	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 03-06-16
2,454	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 06-05-16 Initial acquisition offers issued on 05-07-16 under special arrangement
11,105	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 04-03-16 SDEV authorised URA to proceed on 25-11-16
391	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 29-05-15 Initial acquisition offers issued on 10-08-15 SDEV authorised URA to proceed on 11-01-16 Resumption gazetted on 20-01-17 Site reverted to Government on 20-04-17 Clearance in progress
241	0	500	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 07-11-14 Initial acquisition offers issued on 16-01-15 SDEV authorised URA to proceed on 07-07-15 Resumption gazetted on 15-07-16 Land Grant application submitted in 19-09-16 Site reverted to Government on 15-10-16 Clearance in progress
2,474	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 21-02-14 SDEV authorised URA to proceed on 15-11-14 Resumption gazetted on 26-02-16 Land Grant application submitted on 17-03-16 Site reverted to Government on 26-05-16 Clearance in progress
308	0	450	0	Eligible domestic owners can join the Flat-for-Flat scheme	Project commencement gazetted on 19-12-13 Initial acquisition offers issued on 04-03-14 SDEV authorised URA to proceed on 24-05-14 Resumption gazetted on 27-03-15 Site reverted to Government on 27-06-15 Provisional basic terms offer was accepted by URA on 03-07-15 Site clearance completed on 10-07-15 Demolition works completed STT application for temporary open space submitted on 01-03-17
638	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 28-06-13 Initial acquisition offers issued on 11-09-13 SDEV authorised URA to proceed on 10-12-13 Resumption gazetted on 24-04-15 Site reverted to Government on 24-07-15 Site clearance completed on 23-06-16 Demolition works completed Joint Venture Development tender awarded on 13-06-17 Binding basic terms offer accepted on 14-06-17
814	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Joint Venture Development tender awarded on 25-10-16 Site handed over to JVP on 05-12-16 Ground investigation works completed GBP approved on 09-06-17

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information		
						Project Site Area m ²	Existing GFA m ²	Buildings ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
13 ^(4,5)	DL-5:SSP	Tung Chau Street / Kweilin Street, Sham Shui Po	2013/14	April		1,640	10,313	1	552	209	13,410	9,090
14 ⁽⁵⁾	SSP-015	Tonkin Street / Fuk Wing Street, Sham Shui Po	2012/13	March		1,268	4,964	6	232	175	9,513	7,927
15 ^(3,5)	IB-2:SSP	Yu Chau West Street, Cheung Sha Wan	2012/13	January		1,393	12,145	1	0	0	16,716	0
16 ^(4,5)	DL-1:SSP	229A-G, Hai Tan Street, Sham Shui Po	2012/13	April		483	2,547	1	172	87	3,639	3,235
17 ^(4,5)	DL-2:SSP	205-211A, Hai Tan Street, Sham Shui Po	2012/13	April		470	2,952	1	222	76	3,597	3,133
18 ^(4,5)	DL-3:YTM	Pine Street / Oak Street, Tai Kok Tsui	2012/13	April		865	5,105	11	330	142	6,520	5,561
19 ⁽⁵⁾	YTM-010	Reclamation Street / Shantung Street, Mong Kok	2011/12	February		1,640	10,024	5	682	187	12,510	10,425
20 ⁽⁵⁾	KC-007	Kowloon City Road / Sheung Heung Road, Ma Tau Kok	2011/12	November		1,622	7,258	8	475	294	12,456	10,380
21	SSP-014	Fuk Wing Street, Sham Shui Po	2010/11	March		649	2,456	6	194	136	5,030	4,471
22 ⁽⁵⁾	KC-006	Pak Tai Street / San Shan Road, Ma Tau Kok	2010/11	March		1,277	6,389	12	296	231	9,780	8,152

Project Development Information				Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²		
4,320	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 12-04-13 Initial acquisition offers issued on 27-06-13 SDEV authorised URA to proceed on 26-09-13 Resumption gazetted on 06-03-15 Land Grant application submitted on 12-03-15 Site reverted to Government on 06-06-15 Site clearance completed on 14-06-16 Provisional Basic Terms Offer issued on 01-08-16 S16 approval for amended design granted by TPB on 03-03-17 Application for revised basic terms submitted on 20-03-17 Demolition works completed
1,586	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 08-03-13 SDEV authorised URA to proceed on 13-11-13 Decision of the Appeal Board to uphold authorisation gazetted on 11-07-14 Initial acquisition offers issued on 10-09-14 Resumption application submitted to DEVB on 11-11-14
16,716	0	0	0		Project commencement gazetted on 18-01-13 SDEV authorised URA to proceed on 08-08-13 Initial acquisition offer issued on 17-12-13 Resumption application submitted to DEVB on 07-08-14
404	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 22-12-14 Land Grant executed on 27-02-15 Site handed over to JVP on 02-03-15 GBPs approved on 05-11-15 GBPs amendment approved on 05-07-16 Superstructure works in progress
464	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 22-12-15 Land Grant executed on 23-03-16 Site handed over to JVP on 20-04-16 GBPs (2nd amendment) approved on 29-03-17 Foundation works in progress
959	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 14-06-16 Land Grant executed on 08-08-16 Site handed over to JVP on 04-10-16 GBPs approved on 26-01-17 Foundation works commenced on 03-04-17
2,085	0	0	0	Small sized flats of 35 to 65m ² Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 10-02-12 SDEV authorised URA to proceed on 30-10-12 Decision of Appeal Board to uphold authorisation gazetted on 14-06-13 Initial acquisition offer issued on 04-07-13 Land Grant application submitted on 18-11-13 Resumption gazetted on 16-10-15 Site reverted to Government on 16-01-16 Site clearance completed on 06-03-17 Preparation works for demolition in progress
2,076	0	0	0	Small sized flats of 35 to 65m ² Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 26-01-16 Land Grant executed on 21-03-16 Site handed over to JVP on 25-04-16 Ground investigation works completed Foundation works in progress GBPs amendment approved on 13-04-17
559	0	0	0	No less than 50% of residential units should be small flats equal to or smaller than 45m ² Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 31-03-15 Land Grant executed on 26-05-15 Site handed over to JVP on 15-06-15 GBPs amendment approved on 25-05-17 Superstructure works in progress
1,628	0	0	0	Small sized flats of 25 to 36m ² Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 28-07-15 Land Grant executed on 02-11-15 Site handed over to JVP on 19-11-15 GBPs amendment approved on 13-12-16 Foundation works completed ELS works in progress

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information		
						Project Site Area m ²	Existing GFA m ²	Buildings ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
23 ⁽⁵⁾	TKW/1/002	Ma Tau Wai Road / Chun Tin Street, Ma Tau Kok	2009/10	February		3,377	10,393	17	660	493	24,381	20,332
24	SSP/3/001	Shun Ning Road, Sham Shui Po	2009/10	June	The Ascent	825	3,820	5	130	157	7,159	5,959
25	MTK/1/002	San Shan Road / Pau Chung Street, Ma Tau Kok	2009/10	May	93 Pau Chung Street	1,170	6,046	7	290	209	10,346	8,778
26 ^(5,6)	MK/01	Shanghai Street / Argyle Street, Mong Kok	2008/09	September		1,128	3,944	14	157	0	5,194	0
27 ⁽⁶⁾	MK/02	Prince Edward Road West / Yuen Ngai Street, Mong Kok	2008/09	September		1,440	4,334	10	31	0	6,126	0
28	TKT/2/002	Anchor Street / Fuk Tsun Street, Tai Kok Tsui	2007/08	March		726	3,855	6	245	0	6,529	0
29	TKW/1/001	Chi Kiang Street / Ha Heung Road, Ma Tau Kok	2007/08	February	City Hub	931	5,226	5	302	175	8,378	6,980
30	K28	Sai Yee Street, Mong Kok	2007/08	December	SKYPARK	2,478	14,434	14	431	439	22,301	17,346
31 ^(5,6)	K1	Nga Tsin Wai Village, Wong Tai Sin	2007/08	October		6,013	2,051	36	124	750	37,097	34,778

Project Development Information				Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²		
3,049	1,000	0	500	Project commenced at request of Government following collapse of one building and demolition of damaged adjacent one Other uses GFA for community use (e.g. social enterprise)	Land Grant executed on 13-04-15 Foundation work substantially completed GBP amendment approved on 06-12-16 Superstructure works in progress
1,200	0	0	0		Joint Venture Development tender awarded on 14-04-14 Land Grant executed on 16-06-14 Site handed over to JVP on 18-06-14 GBPs amendment approved on 13-11-15 Pre-sale consent obtained on 19-04-16 Sales of residential flats launched on 17-07-16 Superstructure works completed Fit-out works in progress
1,568	0	0	0		Joint Venture Development tender awarded on 29-04-14 Land Grant executed 06-08-14 Site formally handed over to JVP on 14-10-14 GBP amendment approved on 21-11-16 Construction works in progress Pre-sale consent obtained on 22-08-16 Sales of residential flats launched on 29-09-16
5,194	0	0	0	Zoned 'Other specified uses' annotated 'Shophouses for commercial and/or cultural uses'	Site clearance completed on 25-07-14 Planning application submitted to TPB approved on 12-12-14 GBP amendment approved on 16-12-16 Land Grant executed on 25-01-17 Superstructure works commenced on 19-05-17
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 Renovation works at Phase 1 (202-204 PERW) completed Renovation works for all Phase 2 units completed Phase 3 renovation works completed and handed over to tenants
6,529	0	0	0	Commercial space is for hotel with 288 rooms	Joint Venture Development tender awarded on 16-06-15 Land Grant executed on 18-09-15 Site handed over to JVP on 28-08-15 Foundation works completed on 08-02-17 Superstructure works in progress
1,398	0	0	0		Joint Venture Development tender awarded on 27-02-12 Land Grant executed on 18-05-12 Modification letter for loading/unloading provisions executed on 04-12-14 Pre-sale consent obtained on 23-08-16 GBPs amendment approved on 08-02-17 Occupation Permit obtained on 25-05-17 Fit-out works in progress
4,955	0	0	0		Joint Venture Development tender awarded on 24-09-12 Land Grant executed on 21-12-12 Pre-sale consent obtained on 29-05-15 GBPs amendment approved on 02-06-16 Occupation Permit obtained on 14-10-16 Certificate of Compliance obtained on 31-03-17
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, provisioning of public toilet and other covered areas but actual area still subject to detailed design.	Resumption gazetted on 15-07-11 Site reverted to Government on 15-10-11 Site clearance completed on 26-01-16 Provisional basic terms offer was accepted by URA on 04-03-16

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information		
						Project Site Area m ²	Existing GFA m ²	Buildings ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
32 ^(5A)	H18	Peel Street / Graham Street, Sheung Wan	2007/08	July		5,267	20,219	37	740	301	67,528	22,638
33 ⁽⁵⁾	K7	Kwun Tong Town Centre, Kwun Tong	2006/07	March	Park Metropolitan (YWS site)	53,500	96,104	24	3,139	2,298	401,250	160,610

Project Development Information				Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²		
43,450	180	1,260	2,060	<p>G/IC is a 1,260m² multi-purpose activity hall Commercial space includes retail space for relocating wet trade market shops, office space and 9,280m² for a 182 room hotel; 180m² non-domestic GFA is used for the covered Public Open Space at Site A.</p>	<p>Site B: Joint Venture Development tender awarded on 30-04-12 Land Grant executed on 24-07-12 Site B handed over to JVP on 10-10-12 Superstructure works in progress Phased Occupation Permit for Market Block obtained on 25-08-16</p> <p>Sites A & C: Class A amendments at MLP parameters approved by Plan D on 07-03-13 Resumption gazetted on 06-12-13 Site reverted to Government on 06-03-14 Proposed road scheme and road closure gazetted on 14-11-14 Authorisation of the proposed road works and road closure scheme gazetted on 27-11-15 Site clearance completed on 16-11-16 Demolition works for Site A completed Demolition works for Site C in progress Joint Venture Development tender for Site A awarded on 01-03-17 Provisional basic terms offer (Site C) accepted by URA on 26-05-17 Closure of section of Staveley Street gazetted on 26-05-17 and closed on 06-06-17 Site A Land Grant executed on 06-06-17 Site A handed over to Joint Venture Partner on 06-06-17</p>
206,140	3,500	31,000	13,348	<p>Commercial GFA include 65,860m² for offices and 32,000m² for hotel G/IC includes 6,200m² for Kwun Tong Jockey Club Health Centre in Yuet Wah Street Site (YWS) and 8,100m² for Government uses in Main Site and 16,700m² for Public Transport Interchange in Main Site. Commercial Space includes 1,300m² for social enterprises Other uses GFA includes 3,500m² under 'urban windows'.</p> <p>Residential flats include 299 flats in Yuet Wah Street site and 1,999 flats in the main site (A/K14/727) Public space includes a minimum of 9,348m² at-grade public open space as required under the approved S16 A/K14/727 and a minimum of 4,000m² podium public open space as required under the lease.</p>	<p>YWS Site: Sale of residential units in progress Occupation Permit obtained on 08-07-14 Certificate of Compliance obtained on 29-10-14</p> <p>Main Site (DAs 2, 3, 4 & 5): Resumption for DAs 2, 3 and 4 gazetted on 02-03-12 and reverted to the Government on 02-06-12 General revised offers for DA5 issued on 27-06-13 Property acquisition for DA5 in progress</p> <p>Class B amendments to fulfill SBD Guidelines approved by Plan D on 24-10-12 Occupation Permit for Methadone Clinic obtained on 13-03-14 Occupation Permit for interim G/IC facilities at Kwun Tong District Branch Office Building obtained on 28-03-14, interim minibus terminus and interim hawker bazaar started operation in 05-2014 Interim bus terminus at former Mido Mansion Site started operation on 30-11-14 Revised MLP separating DAs 4 and 5 published on 09-06-17</p> <p>DAs 2 & 3 (Post JVP tender award): Joint Venture Development tender awarded on 01-09-14 GBPs amendment for DAs 2 and 3 approved on 05-09-14 Occupation Permit phasing Plans for DAs 2 and 3 approved on 04-11-14 Land Grant executed on 19-12-14 Site handed over to JVP on 19-12-14 BA14A BD for Demolition of public toilet and RCP acknowledged on 25-08-15 Footbridge proposal accepted by ACABAS on 15-09-15 S16 application A/K14/727 to increase flat numbers (from 1,869 to 1,999) approved on 08-01-16 GBPs amendments for DAs 2 and 3 approved on 05-09-16 Foundation, ELS, utilities diversion and pile caps works completed Footbridge construction works in progress</p>

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information		
						Project Site Area m ²	Existing GFA m ²	Buildings ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
34	K9	Macpherson Stadium, Mong Kok	2005/06	March	MacPherson Place	2,400	2,788	1	0	293	24,767	16,705
35 ⁽⁵⁾ 36 37	SSP/1/ 003-005	Hai Tan Street / Kweilin Street & Pei Ho Street, Sham Shui Po	2005/06	February		7,507	25,344	37	1,589	877	57,400	50,025
38 ⁽⁵⁾	H14	Sai Wan Ho Street, Shau Kei Wan	2005/06	September		710	3,796	2	21	144	5,680	5,680
39 ⁽⁷⁾	WC/001	Mallory Street / Burrows Street, Wan Chai	2004/05	March		780	2,687	5	122	0	2,435	0
40	K32	Pine Street / Anchor Street, Tai Kok Tsui	2004/05	December	Park Summit	2,328	11,802	12	518	462	20,952	17,460
41	K31	Larch Street / Fir Street, Tai Kok Tsui	2004/05	December	Lime Stardom	2,195	10,332	12	474	377	19,735	16,425
42 ⁽⁶⁾	H15	Lee Tung Street / McGregor Street, Wan Chai	2003/04	October	The Avenue	8,236	36,534	52	1,613	1,275	79,931	67,939
43 ^(5,A)	H19	Staunton Street / Wing Lee Street, Sheung Wan	2002/03	March		1,997	3,049	16	98	154	6,117	5,247
1-43 Launched Sub-Total(A)						140,584	446,509	454	21,241	13,699	1,113,369	692,570
44-49 - 6 Projects commenced by HKHS												
44	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
45	K21	Castle Peak Road / Un Chau Street, Sham Shui Po	2004/05	April	Heya Crystal	2,614	14,193	24	496	350	23,526	19,605
46	K22	Un Chau Street / Fuk Wing Street, Sham Shui Po	2004/05	April	Heya Aqua	2,134	10,114	22	362	275	19,206	16,005
47	K23	Castle Peak Road / Hing Wah Street, Sham Shui Po	2004/05	April	Heya Star	1,399	8,286	11	344	175	12,585	10,487
48	H21	Shau Kei Wan Road, Shau Kei Wan	2003/04	November	Harmony Place	1,871	9,834	17	400	274	19,555	16,338

Project Development Information				Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²		
2,443	0	5,619	0	Land grantee is Hong Kong Playground Association G/IC is for Indoor Stadium and Youth Centre	Occupation Permit obtained on 31-12-12 Certificate of Compliance obtained on 28-01-14 Sale of remaining flats in progress
5,317	0	2,058	1,500	Three projects taken forward as one G/IC includes 1,900m ² for Special Child Care Centre cum Early Education Centre, Day Care Centre for Elderly and Sub-base for a Neighbourhood Elderly Centre; 150m ² for either social enterprise or non-domestic use	Joint Venture Development tender awarded on 22-12-14 Portion of Pei Ho Street closed on 27-03-15 Land Grant executed on 27-03-15 Site handed over to joint venture partner on 27-03-15 Site investigation works completed S16 submission approved on 22-01-16 Utility diversion works in progress Foundation works in progress
0	0	0	0		Joint Venture Development tender awarded on 22-09-15 Land Grant executed on 27-11-15 Site handed over to JVP on 01-02-16 GBPs approved on 06-05-16 Foundation works in progress
0	2,435	0	300	Zoned 'Other specified uses' annotated 'Open space and historical buildings preserved for cultural and commercial uses' GFA includes retained facade at Burrows Street and two elevated walkways	Tender for Main Operator awarded on 15-04-11 Land Grant executed on 13-10-11 Occupation Permit obtained on 20-05-13 Official opening event held on 18-07-13
3,492	0	0	450	Public Open Space not required under lease	Flat sale launched on 20-04-12 Occupation Permit obtained on 20-09-12 Certificate of Compliance obtained on 27-12-12 Sale of remaining flats in progress
3,310	0	0	0	Commercial space includes the Urban Renewal Resource Centre	Occupation Permit obtained on 29-08-11 Certificate of Compliance obtained on 24-11-11 Sale of remaining parking space in progress
9,404	0	2,588	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 Modification letter for additional commercial GFA executed on 29-08-11 Modification Letter for receiving Hopewell's proposed subway executed by LandsD on 03-07-13 Construction work for the MTR Johnston Rd Pedestrian Subway works in progress Occupation Permit for Site B obtained on 31-03-14 Consent to assign for Site B obtained on 19-12-14 Occupation Permit for Site A obtained on 21-04-15 Certificate of Compliance obtained on 02-11-15 Sales of residential units completed Leasing of shops in progress
870	0	0	474	As allowed in the planning brief : (i) The development of Site B will align with Shing Wong Street to maintain its existing streetscape (ii) Site B will not comply with the SBD guidelines. The GFA for green/amenity features and plant rooms that are accountable under the B(P)R as a result will be disregarded	Amendments to approved DSP to excise Site A published on 08-07-11 The revised DSP with Wing Lee Street area and the Bridges Street Market site (Site A) excised was gazetted on 18-05-12 following approval by CE in C Draft revised Planning Brief (excluding Site A) endorsed by TPB on 26-09-12 MLP for Sites B and C approved on 24-05-13 General revised offers for Sites B and C issued on 17-12-13 Revised MLP with increased overall Plot Ratio published on 21-04-17
370,210	7,115	43,475	22,599		
1,505	0	0	0		Pre-sale conducted in 11-2014 Occupation Permit obtained on 20-05-15 Certificate of Compliance obtained on 30-09-15
3,921	0	0	150		Pre-sale conducted in 07-2015 Occupation Permit obtained on 23-08-16 Certificate of Compliance obtained on 07-12-16
448	0	2,753	150	G/IC is for Residential Care Home for the Elderly	Pre-sale conducted in 08-2015 Occupation Permit obtained on 12-09-16 Certificate of Compliance obtained on 01-03-17
2,098	0	0	0		Pre-sale conducted in 12-2014 Occupation Permit obtained on 26-08-15 Certificate of Compliance obtained on 22-01-16
3,217	0	0	0		Pre-sale conducted in 12-2013 Occupation Permit obtained on 13-11-14 Certificate of Compliance obtained on 11-02-15

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information		
						Project Site Area m ²	Existing GFA m ²	Buildings ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
49	K25	Po On Road / Wai Wai Road, Sham Shui Po	2003/04	July	Heya Green	2,592	9,923	19	528	327	21,214	17,680
44-49 Commenced Sub-Total(B)						11,613	58,285	103	2,288	1,531	105,116	87,640
50-51 - 2 Ongoing projects taken over from ex-LDC												
50	K11	Hanoi Road, Tsim Sha Tsui	⁽⁹⁾		The Masterpiece	8,299	27,309	20	220	345	102,625	45,600
51 ⁽⁶⁾	H9	Tai Yuen Street / Wanchai Road, Wan Chai	⁽⁹⁾		The Zenith/ One Wanchai	6,793	12,555	31	975	889	62,310	52,539
50-51 Commenced Sub-Total(C)						15,092	39,864	51	1,195	1,234	164,935	98,139
Commenced Total (A) + (B) + (C)						167,289	544,658	608	24,724	16,464	1,383,420	878,349
52-65 - 14 Completed projects commenced by URA ⁽⁸⁾												
52	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
53	K30	Bedford Road / Larch Street, Tai Kok Tsui	2003/04	July	i-home	1,229	6,313	7	280	182	10,363	9,215
54	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
55	K27	Reclamation Street, Mong Kok	2002/03	October	MOD 595	535	2,411	4	122	85	4,921	4,119
56 ⁽⁶⁾	H16	Johnston Road, Wan Chai	2001/02	January	J Residence	1,970	7,640	21	333	381	20,567	17,967
57	H17	Queen's Road East, Wan Chai	2002/03	March	Queen's Cube	378	1,806	5	25	96	3,984	3,543
58	K33	Baker Court, Hung Hom	2003/04	July	Baker Residences	277	834	2	9	68	2,338	2,077
59	H20	First Street / Second Street, Sai Ying Pun	2002/03	November	Island Crest	3,536	15,690	30	777	488	38,178	34,259
60	K3	Cherry Street, Tai Kok Tsui	2001/02	January	Florient Rise	4,510	14,416	33	1,020	522	43,231	36,466
61 62	SSP/1/ 001-002	Lai Chi Kok Road / Kweilin Street & Yee Kuk Street, Sham Shui Po	2004/05	March	Trinity Towers	3,339	13,197	17	551	402	29,720	24,780
63	TKT/2/ 001	Fuk Tsun Street / Pine Street, Tai Kok Tsui	2005/06	December	Park Ivy	560	4,071	3	273	113	4,843	4,003
64	MTK/1/ 001	Pak Tai Street / Mok Cheong Street, Ma Tau Kok	2007/08	February	My Place	772	3,772	5	229	168	6,944	5,787

Project Development Information				Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²		
957	0	2,577	0	G/IC is for Residential Care Home for the Elderly	Pre-sale conducted in 06-2012 Occupation Permit obtained on 15-10-13 Certificate of Compliance obtained on 30-12-13
12,146	0	5,330	300		
57,025	0	0	1,219	Other use is for 381 room hotel	Leasing of commercial space in progress Hotel disposal completed Sale 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 of Sites A and B completed; leasing of vacant shops in progress. Occupation Permit (Site C) obtained on 10-09-12 Certificate of Compliance (Site C) obtained on 10-01-13 All residential units (Site C) sold. Preparation for sale of commercial units of Sites A and B underway.
60,478	0	6,318	1,219		
442,834	7,115	55,123	24,118		
2,083	0	0	251		Project completed in 2010-11
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
2,600	0	0	0		Project completed in 2008-09
441	0	0	0		Occupation Permit obtained in 04-2010 Certificate of Compliance obtained in 07-2010 Assignment for unsold units completed on 26-08-11 Project completed in 2011-12
261	0	0	0		Occupation Permit obtained on 29-07-11 Certificate of Compliance obtained on 28-10-11 Project completed in 2011-12 All residential units and shop units sold out
1,722	0	2,197	700	Commercial space excludes G/IC area G/IC is for Residential Care Home for Elderly	Occupation Permit obtained on 30-10-09 Certificate of Compliance obtained in 06-2010 Project completed in 2012-13 All residential units, commercial accommodation and residential and commercial car parking spaces sold out.
4,916	0	1,849	0	Commercial space excludes G/IC area G/IC is for Residential Care Home for Elderly	Occupation Permit obtained on 09-10-08 Certificate of Compliance obtained on 31-07-09 Project completed in 2014-15
4,940	0	0	580	Two projects taken forward as one Commercial space includes some space for social enterprises	Occupation Permit obtained on 10-11-14 Certificate of Compliance obtained on 17-07-15 Sale of residential units completed Project completed in 2015-16 Sale of remaining car park spaces in progress
840	0	0	0		Occupation Permit obtained on 24-07-14 Certificate of Compliance obtained on 23-09-14 Project completed in 2015-16 Sale of shops in progress
1,157	0	0	0		Occupation Permit obtained on 28-08-15 Certificate of Compliance obtained on 24-02-16 Project completed in 2016-17

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information		
						Project Site Area m ²	Existing GFA m ²	Buildings ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
65 ⁽⁶⁾	SYP/1/001	Third Street / Yu Lok Lane / Centre Street, Sai Ying Pun	2005/06	December	The Nova	2,150	4,140	14	213	255	16,463	16,218
52-65 Completed Sub-Total ⁽⁶⁾ (D)						22,034	84,317	157	4,405	3,099	206,539	179,263
0 Completed projects commenced by HKHS ⁽⁸⁾ All projects still underway						0	0	0	0	0	0	0
Nil Completed Sub-Total ⁽⁶⁾ (E)						0	0	0	0	0	0	0
66-73 - 8 Completed projects commenced by ex-LDC ⁽⁸⁾												
66	K17	Yeung Uk Road, Tsuen Wan	⁽⁹⁾		The Dynasty	7,230	N/A	0	0	256	44,404	27,031
67	K13	Tsuen Wan Town Centre, Tsuen Wan	⁽⁹⁾		Vision City	20,300	56,851	22	7,119	1,466	134,185	107,884
68	H12	Kennedy Town New Praya, Kennedy Town	⁽⁹⁾		The Merton	6,075	24,808	15	1,683	1,182	62,904	62,794
69	H13	Ka Wai Man Road, Kennedy Town	⁽⁹⁾		Mount Davis 33	728	4,000	1	0	89	7,280	7,280
70	K10	Waterloo Road / Yunnan Lane, Yau Ma Tei	⁽⁹⁾		8 Waterloo Road	3,869	6,610	19	444	576	32,012	32,012
71	H1	Queen Street, Sheung Wan	⁽⁹⁾		Queen's Terrace	7,964	25,792	50	648	1,148	66,233	60,579
72	K2	Argyle Street / Shanghai Street, Mong Kok	⁽⁹⁾		Langham Place	11,976	40,810	58	2,603	0	167,414	0
73	K8	Kwong Yung Street, Mong Kok	⁽⁹⁾		Paradise Square	1,607	4,190	10	178	272	15,160	12,746
66-73 Completed Sub-Total ⁽⁶⁾ (F)						59,749	163,061	175	12,675	4,989	529,592	310,326
Completed Total ⁽⁶⁾ (D) + (E) + (F)						81,783	247,378	332	17,080	8,088	736,131	489,589
Commenced + Completed						249,072	792,036	940	41,804	24,552	2,119,551	1,367,938

Note

- (1) This table includes the number of buildings within a project.
(2) This table includes only Public Open Space and not any private open space.
(3) Industrial Building Redevelopment Project
(4) Demand-led project
(5) The details of projects 1 to 20, 22 to 23, 26, 31 to 33, 35 to 38 and 43 have yet to be finalised and are still subject to change during the statutory, planning and land grant approval processes.
(6) Projects 26 and 27 are purely preservation projects. All other projects are redevelopment projects, with redevelopment projects 31, 32, 42, 43, 51, 56 and 65 containing some preservation elements.
(7) Revitalisation project
(8) 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.
(9) The project was commenced by ex-Land Development Corporation.

Glossary of Terms

ACABAS = Advisory Committee on the Appearance of Bridges and Associated Structures	G/IC = Government/Institution and Community
ASP = Agreement for Sale and Purchase	HKHS = Hong Kong Housing Society
B(P)R = Building (Planning) Regulations	JVP = Joint Venture Partner
CE in C = Chief Executive in Council	LandsD = Lands Department
CDA = Comprehensive Development Area	LDC = Land Development Corporation
DA = Development Area	MLP = Master Layout Plan
DLC = District Lands Conference	OU = Other Specified Use
DSP = Development Scheme Plan	PlanD = Planning Department
ELS = Excavation and Lateral Support	SBD = Sustainable Building Design
GBP = General Building Plan	SDEV = Secretary for Development
GFA = Gross Floor Area	TPB = Town Planning Board
	URA = Urban Renewal Authority
	YWS = Yuet Wah Street

Project Development Information				Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²		
245	0	0	1,304	Commercial space includes 24.9m ² for shop and 84.4m ² other covered areas and 135.5m ² like preserved buildings and covered public open space	Occupation Permit obtained on 19-02-16 Certificate of Compliance obtained on 06-05-16 Project completed in 2016-17
23,230	0	4,046	3,090		
0	0	0	0		
0	0	0	0		
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 ² for 686 room hotel, 65,793m ² for offices and 53,140m ² 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
204,274	0	14,992	9,950		
227,504	0	19,038	13,040		
670,338	7,115	74,161	37,158		

CORPORATE GOVERNANCE

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 URA Ordinance, currently comprising a Chairman and 26 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 Deputy Director of Home Affairs (2) 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 legal, accounting, finance, property, planning, surveying and social work who are non-executive directors and not public officers. The Board met on seven occasions between April 2016 and March 2017.

For the better carrying out of the purposes and powers of the URA, the Board has established seven 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
Audit Committee	<ul style="list-style-type: none"> • Internal control and risk management • Reliability, integrity, timeliness and conformity of financial and operational information • Compliance of business operations and management practices • Economy, efficiency and effectiveness in the employment of URA's resources • Special projects and investigations • Accounting policies • External audit reviews and internal audit charter • Annual financial reporting and auditing
Development Project Objection Consideration Committee	<ul style="list-style-type: none"> • To consider and deliberate on objections lodged under Section 24(1) of the URA ordinance • To prepare URA's deliberations on the objections, which will be submitted to SDEV in accordance with Section 24(3)(b) of the URA ordinance.

Committees	Function Areas
Finance Committee	<ul style="list-style-type: none"> • URA's funding requirements • Financial and treasury policies • Investment of surplus funds • Financial aspects of the Annual Business Plan and Five-year Corporate Plan • Annual budgets • Market selling prices and target rents of development projects
Human Resources and Remuneration Committee	<ul style="list-style-type: none"> • Remuneration policies (level and mix) of senior and general staff • Proposals for adjustments to salary and variable pay • Organisation effectiveness and human resources management
Land, Rehousing and Compensation Committee	<ul style="list-style-type: none"> • Policies and matters relating to land grants, property acquisition, compensation and rehousing • Acquisition strategies, approaches and offers for individual projects • Policy and criteria for loans under Section 12 of the URA Ordinance
Planning, Development and Conservation Committee	<ul style="list-style-type: none"> • Selection of projects in the Five-year Corporate Plan and Annual Business Plan • Submission of Development Scheme Plan to the Town Planning Board • Planning and development parameters and design issues • Conservation proposals • Revitalisation proposals
Review Committee	<ul style="list-style-type: none"> • Review of the Management's decisions on application of relevant URA's policies as requested by affected owners or occupiers

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 authorised 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 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 organisation-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 upon the commencement of urban redevelopment 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 and 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 five District Advisory Committees comprising representatives of the local communities including district councillors, affected owners/tenants and district organisations 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.

Corporate decisions and issues discussed by the Board are briefed to the media via management representatives from time to time. These interactive media sessions, together with other media interviews throughout the year, seek to promote better understanding of the mission and role of the URA and the rationale and objectives of its work.

The URA's website 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. Bilingual press statements issued on important occasions or after major events and e-newsletters published quarterly are both accessible from the URA's website.

As a further measure to publicise 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 BOARD AND PROFILES



MEMBERS OF THE BOARD

FROM LEFT

FRONT ROW

Mr Timothy MA Kam-wah
 Mr Laurence HO Hoi-ming
 Mr Edward CHOW Kwong-fai
 Mr Victor SO Hing-woh (Chairman)

BACK ROW

Mr Stanley WONG Yuen-fai
 Mr David TANG Chi-fai
 Professor Eddie HUI Chi-man
 Mr Laurence LI Lu-jen
 Mr Michael MA Chiu-tsee (Executive Director)
 Dr CHEUNG Tin-cheung
 Dr Gregg LI G. Ka-lok
 Dr Lawrence POON Wing-cheung
 Ms Judy CHAN Ka-pui



FROM LEFT

FRONT ROW

Mr Wai Chi Sing (Managing Director)
Mr Nelson LAM Chi-yuen
Dr Billy MAK Sui-choi

BACK ROW

The Honourable Alice MAK Mei-kuen
Mrs Cecilia WONG Ng Kit-wah
Mr Michael WONG Yick-kam
Mr Jack CHAN Jick-chi
Mr Roger LUK Koon-hoo
Mr Pius CHENG Kai-wah (Executive Director)
Professor the Honourable Joseph LEE Kok-long
Dr the Honourable Ann CHIANG Lai-wan
The Honourable WU Chi-wai
Ms Bernadette LINN Hon-ho (up to 30 June 2017)
Mr Raymond LEE Kai-wing

Chairman:

Mr Victor SO Hing-woh, SBS, JP

Managing Director:

Ir WAI Chi-sing, GBS, JP, FHKEng

Executive Directors:

Mr Pius CHENG Kai-wah

Mr Michael MA Chiu-tsee

Non-Executive Directors (non-official):

Ms Judy CHAN Ka-pui

Dr the Honourable Ann CHIANG Lai-wan, JP

Mr Edward CHOW Kwong-fai, JP

Mr Laurence HO Hoi-ming

Professor Eddie HUI Chi-man, MH

The Honourable Dennis KWOK (up to 30 November 2016)

Mr Nelson LAM Chi-yuen

Professor the Honourable Joseph LEE Kok-long, SBS, JP (from 1 December 2016)

Dr Gregg LI G. Ka-lok

Mr Laurence LI Lu-jen, JP

Mr Roger LUK Koon-hoo, BBS, JP

Mr Timothy MA Kam-wah, JP

The Honourable Alice MAK Mei-kuen, BBS, JP

Dr Billy MAK Sui-choi

Dr Lawrence POON Wing-cheung, JP

Mr David TANG Chi-fai

Mrs Cecilia WONG NG Kit-wah

Mr Michael WONG Yick-kam, MH, JP (from 1 December 2016)

Mr Stanley WONG Yuen-fai, SBS, JP

The Honourable WU Chi-wai, MH

Non-Executive Directors (official):

Mr HUI Siu-wai, JP Director of Buildings (up to 22 January 2017)

Dr CHEUNG Tin-cheung, JP Director of Buildings (from 23 January 2017)

Ms Bernadette LINN Hon-ho, JP Director of Lands (up to 30 June 2017)

Mr Thomas CHAN Chung-ching, JP (from 1 July 2017)

Mr LING Kar-kan, JP Director of Planning (up to 21 November 2016)

Mr Raymond LEE Kai-wing, JP Director of Planning (from 22 November 2016)

Mr Jack CHAN Jick-chi, JP Deputy Director of Home Affairs (2)

CHAIRMAN

Mr Victor SO Hing-woh, SBS, JP

Mr Victor So has been appointed Chairman of the Board of the Urban Renewal Authority since 15 June 2013. Mr So has extensive experience in the development and management of commercial and residential portfolios. He was the executive director of Kerry Properties Limited from 2008 to 2010, executive director and chief executive officer of the Link Management Limited from 2004 to 2007, executive director of Sun Hung Kai Properties Limited from 2002 to 2004, executive director of the Hong Kong Housing Society from 1990 to 2002 and property director of Mass Transit Railways Corporation from 1981 to 1990. Mr So holds a Master's degree in Business Administration from the Chinese University of Hong Kong. He is a Fellow Member of the Royal Institution of Chartered Surveyors, Hong Kong Institute of Surveyors and Hong Kong Institute of Housing. Mr So had been member of a number of statutory bodies including the Town Planning Board, the Hong Kong Housing Authority, the Land and Buildings Advisory Committee, the Long Term Housing Strategy Advisory Committee (1999 - 2003), the Kowloon-Canton Railway Corporation Managing Board, the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption and the Supervisory Board of the Hong Kong Housing Society. Currently, he is a council member of Mental Health Foundation and a member of the Hong Kong Housing Society.

MANAGING DIRECTOR

Ir WAI Chi-sing, GBS, JP, FHKEng

Ir Wai Chi-sing has been appointed the Managing Director of the Urban Renewal Authority since 15 June 2016. By virtue of holding that office, he is also the Deputy Chairman of the Board. He has also been appointed a Director of the Board of Urban Renewal Fund since 13 July 2016.

Ir Wai is an engineer by profession. He joined the Hong Kong Government in August 1980, and has since served in the Transport Department, the Highways Department, and the former Environment, Transport and Works Bureau. He was the Director of Highways from November 2006 to June 2010 and was Permanent Secretary for Development (Works) from June 2010 to April 2015 before retirement.

Ir Wai holds a master's degree in transportation engineering from Purdue University in the United States. He has professional qualifications in civil, structural and geotechnical engineering.

EXECUTIVE DIRECTORS

Mr Pius CHENG Kai-wah

Mr Cheng is a qualified solicitor in Hong Kong. He studied law in England and was qualified as solicitor in Hong Kong in 1985. He worked in private practice for 17 years before joining Urban Renewal Authority as General Counsel in 2002. After 3 years with Urban Renewal Authority, he joined Estate Agent Authority in 2005 responsible for legal and disciplinary matters. He rejoined Urban Renewal Authority in 2007. He has profound knowledge and extensive experience in urban renewal work during his nearly 13 years with Urban Renewal Authority. He was appointed as Executive Director of Urban Renewal Authority in January 2014.

Mr Michael MA Chiu-tsee

Mr Michael Ma is a qualified professional town planner. He has served as Director, Planning and Design of the Urban Renewal Authority since mid 2006. He was appointed as Executive Director of the Urban Renewal Authority with effect from July 2016.

Mr Ma holds a master's degree from the Bartlett School of Architecture and Planning, University College London. He joined Hong Kong Government in 1980 and had served in the Planning Department, the then Port Development Board and the then Housing Bureau.

NON-EXECUTIVE DIRECTORS (NON-OFFICIAL)

Ms Judy CHAN Ka-pui

Ms Judy Chan is an elected member of the Southern District Council, representing the South Horizons West constituency. She joined the New People's Party in 2011 as a founding member. Ms Chan graduated from Monash University in Australia with a business degree in marketing.

Dr the Honourable Ann CHIANG Lai-wan, JP

Dr Chiang Lai-wan has been a member of the Legislative Council since 2012. She is committee advisor of Democratic Alliance for the Betterment and Progress of Hong Kong. She held a Master of Arts degree from the Chinese University of Hong Kong and a Doctoral degree from the Chinese Academy of Social Sciences, and was awarded Honorary Fellow by the City University of Hong Kong.

She was previously Member of the Hong Kong Regional Council, Member of the Town Planning Board, Member of Operations Review Committee of the ICAC, Member of Sports Commission, Member of Administrative Appeals Board, and Council Members of Lingnan University, City University of Hong Kong and University of Hong Kong.

Mr Edward CHOW Kwong-fai, JP

Mr Edward Chow is the founder of China Infrastructure Group and a chartered accountant. He is a core member of the OECD/World Bank Asian Corporate Governance Roundtable, chairman of the Hong Kong Chapter of the Institute of Chartered Accountants in England and Wales and an advisor of the Business and Professionals Federation of Hong Kong. He is also a standing committee member and convenor of the Chinese People's Political Consultative Conference of Zhejiang Province. Mr Chow is currently a Court Member and a Council Member of the University of Hong Kong. Mr Chow was a past president of the Hong Kong Institute of Certified Public Accountants, a past chairman of the Professional Accountants in Business Committee of the International Federation of Accountants, a past deputy chairman of the Hong Kong Institute of Directors and a former expert advisor of the Accounting Standards Committee of the Ministry of Finance, the PRC. In business, Mr Chow serves as an independent non-executive director of Wing Lung Bank, Melco International Development Limited, Redco Properties Group Limited and China Aircraft Leasing Group Holdings Limited; and served as an independent non-executive director of COSCO Pacific Limited from 2005 to 2013 and China Merchants Bank from 2006 to 2012 respectively.

Mr Laurence HO Hoi-ming

Mr Ho holds a Master of City Planning degree from the University of California, Berkeley. He worked in the Centre for Housing, Building and Planning of the United Nations in New York for one year before joining the Government of Hong Kong in 1978.

Between 1978 and 2003, Mr Ho held various senior posts in the Hong Kong Government, including Assistant Director of Housing, Principal Assistant Secretary for Home Affairs, Deputy Secretary for Health and Welfare, and Deputy Director for Leisure and Cultural Services.

He worked as Chief Executive at the Hong Kong Policy Research Institute between 2003 and 2005. In the following 10 years, he wrote commentaries on public policy issues in newspapers, and was often invited by TV and radio stations to comment on public policy issues. He played host to a current affairs program of Now TV between 2010 and 2011.

From 2003 to early 2016, Mr Ho had been teaching part time at HKU Space, Chinese University of Hong Kong, Hong Kong Polytechnic University, and other educational institutes for training programs for visiting mainland officials and senior executives. Since summer 2013, Mr Ho has served as Managing Director of Kingsford Far East Limited.

He has been serving the community through sitting on boards of NGOs, social organisations and secondary school.

Professor Eddie HUI Chi-man, MH

Professor Eddie Hui is Professor of Real Estate at the Department of Building and Real Estate, the Hong Kong Polytechnic University. He graduated from Hong Kong University with first class honours, scholarly prizes and scholarships. With full Commonwealth scholarships, he obtained his MPhil and PhD at the Department of Land Economy, University of Cambridge, UK, where he is now a fellow of the Cambridge Commonwealth Trust. Also, he is visiting and/or adjunct professor at various universities and research centres, both locally and overseas. His expertise is in real estate, urban land and housing and his research papers were published in international academic journals.

Professor Hui is currently a member of Expert Panel for Hung Shui Kiu New Development Area and Appeal Tribunal Panel under the Buildings Ordinance, and Chairman of the Property and Facility Management Division, the Hong Kong Institute of Surveyors. He is also a member of the Supervisory Board of the Hong Kong Housing Society.

Mr Nelson LAM Chi-yuen

Mr Lam is a Certified Public Accountant practising in Hong Kong and has his own professional accountancy and consulting firms. He is currently Chairman of Accounting Development Foundation Limited, Council Member and Past President of the Society of Chinese Accountants and Auditors, and Council Member of the Hong Kong Institute of Certified Public Accountants.

Mr Lam has a MSc degree in finance from the Chinese University of Hong Kong, an MBA degree from the Hong Kong University of Science and Technology, and BBA degree from the Hong Kong Baptist University. He has several local and overseas accounting and finance qualifications, including being a CFA charter holder, a fellow member of ACCA, a fellow member of CPA Australia, a member of the American Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants of England and Wales. He has extensive experience in professional accountancy in Hong Kong and has also co-authored and adapted several accounting and auditing books with professors from Hong Kong and the United States.

Professor the Honourable Joseph LEE Kok-long, SBS, JP

Prof Hon. Joseph Lee Kok-long is a Member of the Legislative Council of the Hong Kong Special Administrative Region, and Professor & Head of Division of Nursing & Health Studies at the Open University of Hong Kong.

Prof Lee was awarded Justice of Peace in 2006 and the Silver Bauhinia Star in 2009 by the Government of the HKSAR.

He has been appointed by the Chief Executive of the HKSAR as member of a number of community services, including the Housing Authority, the Equal Opportunities Commission and the Commission on Strategic Development.

Prof Lee is also the Chairman of Association of Hong Kong Nursing Staff, member of the Hospital Governing Committee of Ruttonjee & Tang Shiu Kin Hospitals, and honorary research fellow of the Asia-Pacific Institute of Ageing Studies at Lingnan University of Hong Kong.

Dr Gregg LI G. Ka-lok

Dr Gregg Li G. Ka-Lok is a professional management consultant, an industrial engineer, an independent non-executive director, and a teacher. Dr Li is the founding and past Chairman of Invotech, an independent not-for-profit do-tank in innovation and technology in Hong Kong, which explores ways to reinvent Hong Kong, such as in the development of Smart Cities and Smart Communities. Dr Li started his career in internal and external management consulting in Washington, D.C in the United States, and since then has worked with consulting teams and practices at American Express TRS, Citibank, the World Bank, Aon Corporation, TWGHs, IBM, HKU, PWC, McKinsey, and G. Li & Company Limited which is a strategy and governance practice.

Dr Li is the founding and past President of the Institute of Management Consultants of Hong Kong and was the apex body's Ambassador to China, and later as the Chairman for Asia. In independent board level advisory, he is an adviser to the Business and Professionals Federation of Hong Kong; the Advisory Board of the Center of Family Business at the Chinese University of Hong Kong, as well as, at the School of Design at the Hong Kong Polytechnic University.

Dr Li graduated from Washington University in St. Louis (Liberal Arts), University of Hawaii in Economics (MA), UCLA (MBA), and University of Warwick (Engineering Doctorate). He is currently a Professor of Practice at the Hong Kong Polytechnic University. From time to time, he teaches graduate level courses outside Hong Kong -- in strategy, innovation, corporate governance, and entrepreneurship -- as a Visiting or Adjunct Professor.

Mr Laurence LI Lu-jen, JP

Mr Laurence Li is a practicing barrister focusing on financial and financial services law. He is a member of the Financial Services Development Council and convener of its research committee. He serves as a judge on the Regulatory Tribunal of the Qatar Financial Centre in Doha, Qatar. He is also a member of the Social Welfare Advisory Committee.

Mr Roger LUK Koon-hoo, BBS, JP

Mr Luk is a veteran banker having more than 30 years of experience in money and banking. He was Managing Director and Deputy Chief Executive of Hang Seng Bank before retirement. Currently, Mr Luk is an independent director on the boards of listed companies including China Properties Group Limited, Computime Group Limited, Hung Hing Printing Group Limited and i-CABLE Communications Limited as well as private companies including AXA General Insurance (Hong Kong) Limited, Octopus Cards Limited and QBE Mortgage Insurance (Asia) Limited. He is also a Council Member of the Chinese University of Hong Kong and has served on many government boards and committees. He holds an MBA degree and is a Fellow of Hong Kong Institute of Bankers.

Mr Timothy MA Kam-wah, JP

Timothy Ma is a registered social worker and a Fellow of Certified Risk Planner. He was appointed JP in 2012. He is now the Project Consultant of Project Flame at the City University of Hong Kong. Prior to this, he was the Executive Director of Senior Citizen Home Safety Association from 1996 to 2012.

Timothy currently serves as member of Social Workers Registration Board, Social Innovation and Entrepreneurship Development Fund Task Force of Commission on Poverty, Lottery Fund Advisory Committee, Executive Committee of the Hong Kong Housing Society, Special Committee on Elderly Housing of the Hong Kong Housing Society and Land Development Advisory Committee. He was an ex-member of Social Welfare Advisory Committee, Elderly Commission, Guardianship Board, Town Planning Board and Kowloon City District Urban Renewal Forum. He also served as the only overseas Director at the Board of Centre for Enabled Living, Singapore from 2011 to 2013.

The Honourable Alice MAK Mei-kuen, BBS, JP

Alice Mak has been a member of the Legislative Council (NT West) since 2012. She is also a member of the Kwai Tsing District Council, the Chief Executive Officer of the Federation of the Service Trade Unions, Member of the Complaints Committee of ICAC, Member of the Lantau Development Advisory Committee and Member of the Security and Guarding Services Industry Authority.

Alice is the President of the Hong Kong Ladies' Dynamic, a charitable organisation focusing on women services. She is also the Executive Member of All-China Women's Federation.

Dr Billy MAK Sui-choi

Dr Billy Mak is currently Associate Professor of the Department of Finance and Decision Sciences and Associate Director of the Master of Business Administration Program of the Hong Kong Baptist University, and Member of the Hong Kong Securities and Investment 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 always contributes articles to various newspapers.

On professional and community services, Dr Mak is currently the member of the following committees: Finance Committee, Hong Kong Housing Authority; Business Facilitation Advisory Committee; Energy Advisory Committee; Academic and Accreditation Advisory Committee, Securities and Futures Commission; Investor Education Centre (IEC) Advisory Committee; Securities and Futures Appeals Tribunal; Process Review Panel, Securities and Futures Commission; Appeal Board (Betting Duty Ordinance); Steering Committee on the Pilot Programme to Enhance Talent Training for the Asset and Wealth Management Sector and Licensing Committee, the Chinese Gold and Silver Exchange Society.

Dr Lawrence POON Wing-cheung, JP

Dr Lawrence Poon is a fellow of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). He is a Senior Lecturer of the Division of Building Science and Technology of the City University of Hong Kong. He is currently a member of the Town Planning Board, a member of the Appeal Tribunal Panel under the Buildings Ordinance and a Director of the Board of Urban Renewal Fund. He was Chairman of the General Practice Division of the Hong Kong Institute of Surveyors (2007-2009) and was appointed Justice of the Peace in 2013.

Mr David TANG Chi-fai

Mr Tang has been the Property Director and a Member of the Executive Directorate of MTR Corporation since 1 October 2011. He is responsible for all of the property development projects of the Company from layout planning, scheme design through to project construction completion as well as asset and leasing management of investment properties (including shopping malls and offices) and property management of office buildings and residential units. Mr Tang graduated from the University of the West of England (formerly Bristol Polytechnic) in the United Kingdom and holds a Bachelor of Science (Honours) degree in Quantity Surveying. He also completed the International Executive Programme at INSEAD (an executive business school), France in 2006. Mr Tang is a Chartered Surveyor and a member of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors.

Mrs Cecilia WONG NG Kit-wah

Mrs Cecilia Wong Ng Kit-wah is a partner of Kevin Ng & Co., Solicitors. She is also a China-Appointed Attesting Officer, mediator and arbitrator. Mrs Wong is an experienced solicitor in private practice and is competent in matrimonial law, criminal and civil litigation, probate commercial and corporate law. She actively participates in promoting the use of mediation in Hong Kong and has enormous experience in mediation and arbitration for various matters. She was appointed as a member of the Chief Justice's Working Party on Mediation, and member of Secretary for Justice's Working Group on Mediation. She took part in the drafting of the Mediation Ordinance. Mrs Wong is currently a Council member of the Law Society of Hong Kong, Chairlady of the Duty Lawyer Service Council, and Chairlady of Hong Kong Mediation Accreditation Association Limited (HKMAAL). She is also the Chairlady of the Appeal Tribunal Panel under the Buildings Ordinance.

Mr Michael WONG Yick-kam, MH, JP

Mr Wong obtained his Bachelor of Business Administration and Master of Business Administration degrees from the Chinese University of Hong Kong. He served as an Executive Director of Sun Hung Kai Properties Group prior to his retirement in December 2009, and thereafter as a Non-Executive Director and also as Group Principal Advisor until December 2013. He resigned as a Non-Executive Director in November 2015.

In community service, Mr Wong was the Chairman of the Hong Kong Youth Hostels Association and participated in the revitalisation programme of Mei Ho House. He is now a member of the Executive Committee of the Association. In addition, he has served on a number of Government advisory committees. Currently, Mr Wong is a member of the Social Innovation and Entrepreneurship Development Fund Task Force of the Commission on Poverty, a member of the Board of Trustees of New Asia College, the Chinese University of Hong Kong, and Chairman of the Council of the Open University of Hong Kong.

Mr Stanley WONG Yuen-fai, SBS, JP

Mr Stanley Wong holds a Master's Degree in Applied Finance from the Macquarie University, Australia, a Master's Degree in Arts from the Chinese University of Hong Kong and is a fellow member of the Hong Kong Institute of Bankers. Mr Wong is currently member of the Hong Kong Housing Authority and Chairman of its Subsidised Housing Committee, Member of the Hong Kong Housing Society, Chairman of the Museum Advisory Committee, Associate Member of the Central Policy Unit and Member of the Advisory Committee on Post-Service Employment of Civil Servants. On the environmental front, Mr Wong is Chairman of the Advisory Council on the Environment and Member of the Energy Advisory Committee.

Mr Wong started his banking career, which spans over 37 years, in 1974 with Standard Chartered Bank. He became the treasurer of Standard Chartered Bank in 1991 and was further promoted in 1995 to the position of Regional Treasurer of North East Asia and eventually the Chief Executive Officer of Standard Chartered Bank's China operations from 2001 to 2003. He joined Industrial and Commercial Bank of China (Asia) Limited as Executive Director and Deputy General Manager with effect from July 2004 until retirement in August 2011.

The Honourable WU Chi-wai, MH

Hon. Wu Chi-wai held a Master of Art Degree (Economics) from the University of Wisconsin, USA. He has been a LegCo Member representing Kowloon East since 2012. He was formerly a Member of the Urban Council and Provisional Urban Council from 1995 to 1999. He has been a Member of Wong Tai Sin District Council since 1999, and is also serving as a Member of Lantau Development Advisory Committee.

NON-EXECUTIVE DIRECTORS (OFFICIAL)

Dr CHEUNG Tin-cheung, JP**Director of Buildings**

Dr Cheung Tin-cheung is currently the Director of the Buildings Department in the Government of the Hong Kong Special Administrative Region. He joined the Hong Kong Government in September 1982, and has since served in the former Building Development Department and the former Buildings and Lands Department.

Dr Cheung holds a Bachelor of Science Degree in Estate Management from the University of Reading, UK, a Master of Science Degree in Construction Management from the University of Bath, UK, and a Doctor of Philosophy Degree in Fire Engineering from the City University of Hong Kong. He has professional qualifications in building surveying, property management and facility management.

Dr Cheung currently sits on the Hong Kong Housing Society and the Construction Industry Council as member.

Ms Bernadette LINN Hon-ho, JP
Director of Lands (up to 30 June 2017)

Ms Bernadette Linn joined the civil service as an Administrative Officer in 1989. She was Deputy Secretary for Education from 2005 to 2008, Deputy Secretary for Financial Services and the Treasury from 2008 to 2010, and Private Secretary to the Chief Executive from 2010 to 2012. She has been Director of Lands since 31 July 2012.

Ms Linn holds a Bachelor of Arts Degree from the University of Hong Kong and a Master Degree in Communication Studies from the University of Michigan, Ann Arbor.

Ms Linn currently sits on the Hong Kong Housing Authority, the Hong Kong Housing Society and the Town Planning Board as member.

Mr Thomas CHAN, JP
Director of Lands (from 1 July 2017)

Mr Chan joined the civil service as an Administrative Officer in June 1991. He served as Deputy Secretary for Food and Health from 2008 to 2012 and Deputy Secretary for Development from 2012 to 2017. He has served as Director of Lands since 1 July 2017.

Mr Chan has a Bachelor of Science Degree in Physics from the Chinese University of Hong Kong and a Master of Business Administration from the Hong Kong University of Science and Technology.

Mr Chan currently serves on the Hong Kong Housing Authority, the Hong Kong Housing Society Supervisory Board and the Town Planning Board as member.

Mr Raymond LEE Kai-wing, JP
Director of Planning

Mr Raymond Lee is currently the Director of Planning Department in the Government of the Hong Kong Special Administrative Region. He is also a member of the Planners Registration Board. From late October 2012 to May 2014, Mr Lee was the Head of Energizing Kowloon East Office responsible for facilitating the transformation of Kowloon East into another core business district of Hong Kong. He was the Secretary to the Town Planning Board from May 2014 to November 2016.

Mr Lee has extensive experiences in town planning. He has previously been involved in planning for the old airport site at Kai Tak, review of the Town Planning Ordinance, harbour-front planning and development, boundary closed area and cross-boundary planning, and planning for new development areas in the New Territories.

Mr Jack CHAN Jick-chi, JP
Deputy Director of Home Affairs (2)

Mr Jack Chan is currently the Deputy Director of Home Affairs. Prior to this, Mr Chan has been in various directorate positions in a number of policy bureaux and departments, including the first Commissioner for Heritage of the Development Bureau, Principal Assistant Secretary for Development, Deputy Secretary-General of the University Grants Committee, etc.

MEMBERS OF COMMITTEES

AUDIT COMMITTEE

Chairperson Mr Nelson LAM Chi-yuen	Members Dr Gregg LI G. Ka-lok Mr Roger LUK Koon-hoo, BBS, JP Mr Timothy MA Kam-wah, JP	Co-opted Member Ms Rosanna CHOI
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DEVELOPMENT PROJECT OBJECTION CONSIDERATION COMMITTEE

Chairperson Mr Nelson LAM Chi-yuen	Members Ms Judy CHAN Ka-pui Mr Edward CHOW Kwong-fai, JP Professor Eddie HUI Chi-man, MH The Honourable Dennis KWOK (up to 30 November 2016) Professor the Honourable Joseph Lee Kok-long SBS, JP (from 20 December 2016) The Honourable Alice MAK Mei-kuen, BBS, JP Mrs Cecilia WONG NG Kit-wah The Honourable WU Chi-wai, MH	Co-opted Members Ms Crystal CHENG Lai-ling Mr Alexander LAM Mr Patrick LAU, SBS Mr Andy LEUNG Mrs Karen WONG
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FINANCE COMMITTEE

Chairperson Mr Edward CHOW Kwong-fai, JP	Members Mr Laurence HO Hoi-ming Professor Eddie HUI Chi-man, MH Mr Nelson LAM Chi-yuen Dr Billy MAK Sui-choi Mr Victor SO Hing-woh, SBS, JP Mr Stanley WONG Yuen-fai, SBS, JP Ir WAI Chi-sing, GBS, JP, FHKEng	Co-opted Members Mr KUNG Kuo-chuan Mr Alexander LAM
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HUMAN RESOURCES AND REMUNERATION COMMITTEE

Chairperson Mr Victor SO Hing-woh, SBS, JP	Members Mr Laurence HO Hoi-ming Dr Gregg LI G. Ka-lok Mr Timothy MA Kam-wah, JP The Honourable Alice MAK Mei-kuen, BBS, JP Dr Billy MAK Sui-choi Mr David TANG Chi-fai Mr Stanley WONG Yuen-fai, SBS, JP Ir WAI Chi-sing, GBS, JP, FHKEng	Co-opted Member Mrs Mimi CUNNINGHAM
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LAND, REHOUSING AND COMPENSATION COMMITTEE

<p>Chairperson Dr Billy MAK Sui-choi</p>	<p>Members Mr Laurence HO Hoi-ming Professor Eddie HUI Chi-man, MH Mr Laurence LI Lu-jen, JP Mr Timothy MA Kam-wah, JP Dr Lawrence POON Wing-cheung, JP Mr David TANG Chi-fai The Honourable WU Chi-wai, MH Ir WAI Chi-sing, GBS, JP, FHKEng Mr Pius CHENG</p>	<p>Co-opted Members Ms Crystal CHENG Mr Patrick LAU, SBS Assistant Director, Lands Department (Mr Tony MOYUNG)</p>
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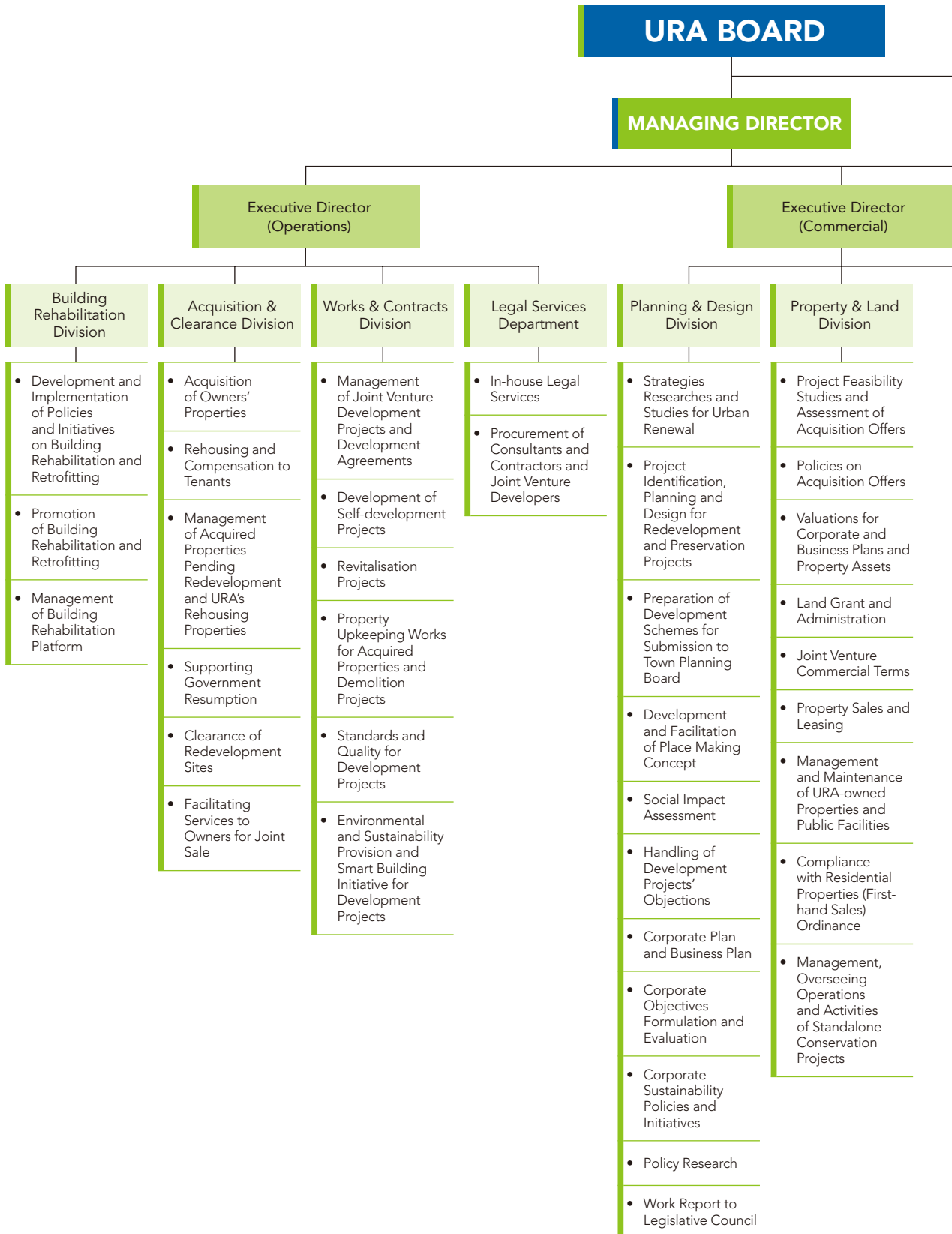
PLANNING, DEVELOPMENT AND CONSERVATION COMMITTEE

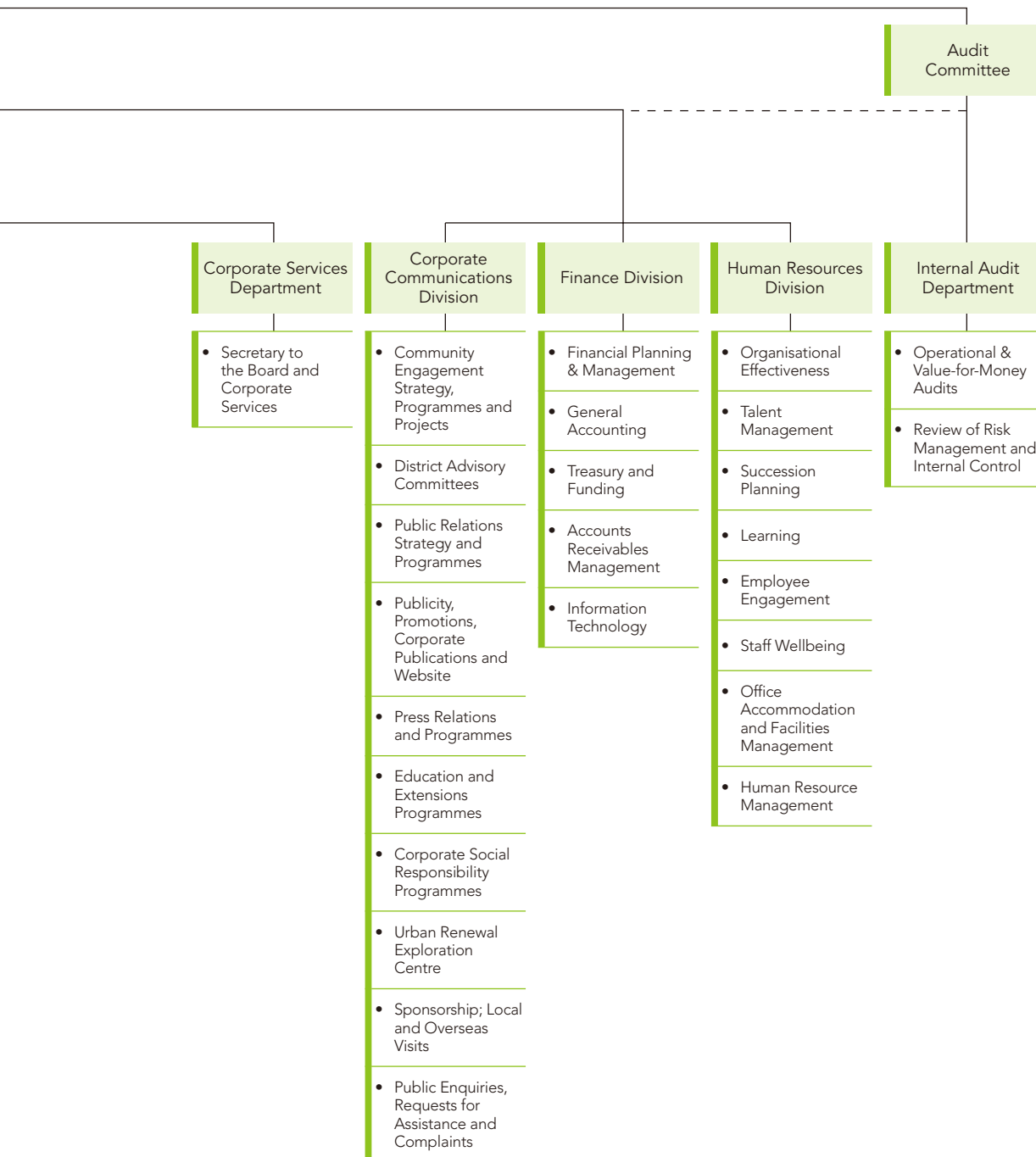
<p>Chairperson Mr Laurence HO Hoi-ming</p>	<p>Members Professor the Honourable Joseph Lee Kok-long SBS, JP (from 20 December 2016) The Honourable Dennis KWOK (up to 30 November 2016) Mr Laurence LI Lu-jen, JP The Honourable Alice MAK Mei-kuen, BBS, JP Dr Lawrence POON Wing-cheung, JP Mr Victor SO Hing-woh, SBS, JP Mr Stanley WONG Yuen-fai, SBS, JP The Honourable WU Chi-wai, MH Director of Lands* (Ms Bernadette LINN Hon-ho, JP) (up to 30 June 2017) (Mr Thomas Chan Chung-ching, JP) (from 1 July 2017) Director of Planning* (Mr LING Kar-kan, JP) (up to 21 November 2016) (Mr Raymond LEE Kai-wing, JP) (from 22 November 2016) Ir WAI Chi-sing, GBS, JP, FHKEng Mr Michael MA Chiu-tsee (from 26 July 2016)</p>	<p>Co-opted Members Mr Alexander LAM Dr LEE Ho-yin Mr Andy LEUNG Assistant Director / New Buildings 1, Buildings Department (Mr LEUNG Tung-Choi)</p> <p>*Director of Lands / Director of Planning as members of the committee can be represented by their representatives at Assistant Director rank or above</p>
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REVIEW COMMITTEE

<p>Chairperson Mr Timothy MA Kam-wah, JP</p>	<p>Members Dr The Honourable Ann CHIANG Lai-wan, JP Professor Eddie HUI Chi-man, MH The Honourable WU Chi-wai, MH</p>	<p>Co-opted Members Mr Andrew CHAN Ping-chiu Mr Henry CHAN Kai-wing Mr CHUA Hoi-wai Dr Amy HO Po-ying Ms LAM Tze-yan Ir Kenneth T K LAU Dr LEE Yok-shiu Mr Tony LUK Ka-luen Mr MOK Hing-luen Mr Dickson PANG Kam-fai Mr YUNG Ching-tat, BBS, JP</p>
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ORGANISATION STRUCTURE





MEMBERS OF DISTRICT ADVISORY COMMITTEES

CENTRAL AND WESTERN DISTRICT ADVISORY COMMITTEE

Chairperson Mr Edward CHOW Kwong-fai, JP	Members Dr Roger CHAN Chun-kwong Mr CHAN Hok-fung, MH, JP Ms CHENG Lai-king Mr CHENG Po-hung Mr Paul CHU Hoi-shan Mr Simon LAM Yiu-man Mr Sidney LEE Chi-hang, MH Mr Kenneth LEE Fung-nin	Mr Tommy LI Ying-sang, BBS, MH, JP Mr MAN Chi-wah, BBS, MH Mr Thomas NG Siu-keung, MH, JP (up to 22 Feb 2017) Ms SIU Ka-yi Mr YEUNG Hok-ming District Officer (Central & Western)
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KOWLOON CITY DISTRICT ADVISORY COMMITTEE

Chairperson Professor Eddie HUI Chi-man, MH	Members Mr HO Hin-ming, BBS, MH Mr HE Huahan Ir KAM Kwai-ki Mr KWAN Ho-yeung Mr Jimmy LAM Pok Ms Rosanda MOK Ka-han	Mr NG Po-keung Mr NGAN Siu-lun Dr SIU Miu-man Mr YEUNG Chun-yu Mr Admond YUE Chee-wing District Officer (Kowloon City)
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KWUN TONG DISTRICT ADVISORY COMMITTEE

Chairperson Mr Timothy MA Kam-wah, JP	Members Mr Jimmy CHAN Yiu-hung Mr Nelson CHAN Wah-yu, MH, JP Mr CHEUNG Ki-tang Mr CHONG Yam-ming, MH Mr Kin HUNG Kam-in, MH Mr HSU Hoi-shan Ms KAM Kin Mr KAN Ming-tung Mr KWOK Lit-tung, JP Mr Patrick LAI Shu-ho, BBS, MH, JP	Mrs LEUNG CHAN Siu-hing Ms LEUNG Fu-wing, BBS, MH Mr LI Hung Mr LING Chi-keung Mr Wilson OR Chong-shing, MH Mr Kevin SO Koon-chung Ms SO Lai-chun, MH, JP District Officer (Kwun Tong)
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SHAM SHUI PO DISTRICT ADVISORY COMMITTEE

Chairperson Mr Nelson LAM Chi-yuen	Members Mr CHAN Wai-ming, MH, JP Mr Vincent CHENG Wing-shun, MH Mr CHUM Tak-shing Mr LAM Ka-fai, BBS, JP Ms LAU Pui-yuk Mr LEE Wing-man	Dr LEUNG Kai-chi Mr LEUNG Yau-fong Mr WAI Woon-nam Mr YAN Kai-wing District Officer (Sham Shui Po)
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YAU TSIM MONG DISTRICT ADVISORY COMMITTEE

Chairperson Dr Billy MAK Sui-choi	Members Mr Benjamin CHOI Siu-fung Mr CHOW Chun-fai, BBS, JP Mr CHUNG Chak-fai Mr LAU Pak-kei Mr Eric LEE Chung-ming Mr LUI Fan-yuk	Mr SUEN Leung-kwong Mr WONG Kin-san Ms WONG Shu-ming, MH Mr Benny YEUNG Tsz-hei, MH District Officer (Yau Tsim Mong)
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FINANCIAL HIGHLIGHTS

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

	In HK\$'million									
Year ended 31 March	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues for the year	5,266	1,413	9,663	3,647	3,690	5,341	1,169	9,904	7,422	5,035
Surplus/(deficit) for the year (before interest income)	1,718	(4,685)	6,993	2,159	2,431	4,292	(2,387)	918	4,302	2,898
Surplus/(deficit) for the year	2,095	(4,459)	7,018	2,209	2,584	4,437	(2,270)	1,076	4,451	3,142
Accumulated surplus/(deficit)	4,418	(41)	6,977	9,186	11,770	16,207	13,937	15,013	19,464	22,606
Capital	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net assets	14,418	9,959	16,977	19,186	21,770	26,207	23,937	25,013	29,464	32,606
Debt securities issued less unamortised finance charges	–	–	1,497	1,498	1,699	3,288	4,777	4,582	3,285	3,288
Properties under development (Note 1)	4,779	8,289	14,114	15,956	19,066	22,431	28,113	21,516	20,695	19,028
Land premia waived by the Government during the year	(90)	(216)	(3,177)	(922)	(64)	(1,018)	–	(7,785)	(940)	(180)
Surplus/(deficit) for the year if no land premium waiver	2,005	(4,675)	3,841	1,287	2,520	3,419	(2,270)	(6,709)	3,511	2,962
Accumulated surplus/(deficit) if no land premium waiver	3,309	(1,366)	2,475	3,762	6,282	9,701	7,431	722	4,233	7,195

Note:

1. "Properties under development" includes properties under development before provision for impairment and joint development projects.

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 2017.

BOARD MEMBERS

Members of the Board for the year and up to the date of this report are set out on page 82.

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 Urban Renewal Strategy promulgated on 24 February 2011, the Group is to focus on redevelopment and rehabilitation as its core business.

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group for the year ended 31 March 2017 and the financial position of the Group and of the Authority at that date are set out in the consolidated financial statements on pages 103 to 144.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 8 to the consolidated financial statements.

WORKING CAPITAL

At 31 March 2017, 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 TRANSACTIONS, ARRANGEMENTS OR 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 other than Note 24 to the consolidated financial statements.

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 KPMG who retire and, being eligible, offer themselves for re-appointment.

By order of the Board
WAI Chi-sing
Managing Director
Hong Kong, 13 June 2017

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF THE BOARD OF THE URBAN RENEWAL AUTHORITY
(Incorporated in Hong Kong under the Urban Renewal Authority Ordinance)

OPINION

We have audited the consolidated financial statements of Urban Renewal Authority (the "Authority") and its subsidiaries (together the "Group") set out on pages 103 to 144, which comprise the consolidated statement of financial position as at 31 March 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Board members are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. We obtained Report of the Members of the Board prior to the date of this auditor's report and expect the remaining other information to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD MEMBERS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board members are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of Hong Kong Companies Ordinance and for such internal control as the Board members determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board members are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board members either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Board members are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board members.
- Conclude on the appropriateness of the Board members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
13 June 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2017
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Revenue	5(a)	5,034,519	7,421,968
Direct costs		<u>(2,441,350)</u>	<u>(1,811,191)</u>
Gross surplus		2,593,169	5,610,777
Other income, net	5(b)	290,429	157,863
Administrative and operating expenses		(445,216)	(449,987)
Other expenses	6(c)	(126,521)	(103,585)
Write back of provision/(provision) for impairment on properties and committed projects, net		<u>830,796</u>	<u>(764,408)</u>
Operating surplus before income tax	6	3,142,657	4,450,660
Income tax expenses	7(a)	<u>—</u>	<u>—</u>
Surplus and total comprehensive income for the year		<u><u>3,142,657</u></u>	<u><u>4,450,660</u></u>

The notes on pages 108 to 144 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

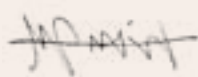
at 31 March 2017
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Non-current assets			
Property, plant and equipment	8	2,487,829	1,370,402
Properties under development	9	15,782,466	15,433,763
Building rehabilitation loans	10	14,301	19,543
Prepayments		256,994	238,853
Other receivables	11(a)	728,280	642,349
Investments	12	1,434,417	–
		<u>20,704,287</u>	<u>17,704,910</u>
Current assets			
Properties held for sale	13	926,217	2,433,615
Receivables from property developers	14	–	1,716,000
Amounts due from joint development projects	15	66,462	713,261
Building rehabilitation loans	10	10,031	10,964
Trade and other receivables	11(b)	162,468	93,653
Investments	12	1,056,455	3,087,742
Cash and bank balances	16	17,250,099	10,768,258
		<u>19,471,732</u>	<u>18,823,493</u>
Total assets		<u><u>40,176,019</u></u>	<u><u>36,528,403</u></u>
Capital and reserves			
Capital	17	10,000,000	10,000,000
Accumulated surplus and reserve		<u>22,606,069</u>	<u>19,463,412</u>
		<u>32,606,069</u>	<u>29,463,412</u>
Non-current liabilities			
Trade and other payables	18	942,200	1,052,200
Debt securities issued	19	2,788,075	3,284,873
		<u>3,730,275</u>	<u>4,337,073</u>
Current liabilities			
Amounts due to joint development projects	15	125,646	216,902
Trade and other payables	18	3,179,155	2,511,016
Debt securities issued	19	499,874	–
Provision for a committed project	20	35,000	–
		<u>3,839,675</u>	<u>2,727,918</u>
Total capital, reserves and liabilities		<u><u>40,176,019</u></u>	<u><u>36,528,403</u></u>

Approved by the Board
on 13 June 2017



Victor So Hing-woh
Chairman



WAI Chi-sing
Managing Director

The notes on pages 108 to 144 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2017
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2017</u>		<u>2016</u>	
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Operating surplus before income tax		3,142,657		4,450,660	
Adjustments for:					
Interest income	5(b)	(244,444)		(149,336)	
Depreciation	6(b)	44,705		50,260	
Loss on disposal of property, plant and equipment	5(b)	2,479		71	
Net foreign exchange (gain)/loss		(1,164)		18,007	
Net loss/(gain) on investments at fair value through profit or loss	5(b)	734		(7,504)	
(Write back of)/provision for impairment on properties and committed projects		(830,796)		764,408	
Operating surplus before working capital changes		2,114,171		5,126,566	
Decrease in receivables from property developers		1,716,000		2,996,000	
Changes in balances with joint development projects		555,543		36,288	
Increase in properties under development		(481,615)		(2,865,404)	
Decrease in properties held for sale		1,507,398		–	
Decrease in building rehabilitation loans		6,175		6,539	
(Increase)/decrease in prepayments		(94,509)		100,721	
Increase in other receivables		(85,931)		(117,633)	
Decrease/(increase) in trade and other receivables		8,732		(12,388)	
Increase/(decrease) in trade and other payables		561,344		(2,820,525)	
Decrease/(increase) in investments at fair value through profit or loss		2,226,641		(67,791)	
Cash generated from operations		8,033,949		2,382,373	
Interest received		167,505		171,223	
Interest paid		(73,469)		(76,894)	
Net cash generated from operating activities			8,127,985		2,476,702

The notes on pages 108 to 144 form part of these consolidated financial statements.

for the year ended 31 March 2017
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2017</u>		<u>2016</u>	
		\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities					
Increase in bank deposits with original maturities of more than 3 months		(5,510,672)		(1,032,037)	
Payment for purchase of held-to-maturity investments		(1,629,256)		–	
Payment for purchase of property, plant and equipment		(16,195)		(3,652)	
Proceeds from sale of property, plant and equipment		–		73	
		<u>–</u>		<u>73</u>	
Net cash used in investing activities			(7,156,123)		(1,035,616)
Cash flows from financing activity					
Redemption of debt securities		–		(1,300,000)	
		<u>–</u>		<u>(1,300,000)</u>	
Net cash used in financing activity			–		(1,300,000)
Net increase in cash and cash equivalents			971,862		141,086
Cash and cash equivalents at 1 April			551,258		410,172
			<u>551,258</u>		<u>410,172</u>
Cash and cash equivalents at 31 March			<u>1,523,120</u>		<u>551,258</u>
Analysis of cash and bank balances					
Cash and cash equivalents			1,523,120		551,258
Bank deposits with original maturities of more than 3 months			15,726,979		10,217,000
			<u>15,726,979</u>		<u>10,217,000</u>
Cash and bank balances at 31 March	16		<u>17,250,099</u>		<u>10,768,258</u>

The notes on pages 108 to 144 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>Capital</u> \$'000	<u>Accumulated</u> <u>Surplus</u> \$'000	<u>Reserve for</u> <u>Facilitation</u> <u>Service</u> \$'000	<u>Total</u> \$'000
Balance at 1 April 2015		10,000,000	15,008,633	4,119	25,012,752
Surplus and total comprehensive income for the year		–	4,450,660	–	4,450,660
Transfer from Reserve for Facilitation Service to Accumulated Surplus for the year	21	–	1,457	(1,457)	–
Balance at 31 March 2016		<u>10,000,000</u>	<u>19,460,750</u>	<u>2,662</u>	<u>29,463,412</u>
Balance at 1 April 2016		10,000,000	19,460,750	2,662	29,463,412
Surplus and total comprehensive income for the year		–	3,142,657	–	3,142,657
Transfer from Reserve for Facilitation Service to Accumulated Surplus for the year	21	–	49	(49)	–
Balance at 31 March 2017		<u>10,000,000</u>	<u>22,603,456</u>	<u>2,613</u>	<u>32,606,069</u>

The notes on pages 108 to 144 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 Government of the Hong Kong Special Administrative Region ("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 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 significant 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 consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments 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 ("HKFRSs") (which include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) 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 Group'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.

(b) Relevant standards, amendments to standards and interpretations effective in the current year

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(c) Standards, amendments to standards and interpretations that are not yet effective for the current year

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2017 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, <i>Statement of cash flows: Disclosure initiative</i>	1 January 2017
Amendments to HKAS 12, <i>Income taxes: Recognition of deferred tax assets for unrealised losses</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements and further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date, and which transitional approach to take where there are alternative approaches allowed under the new standards. The Group does not intend to early adopt any of these amendments or new standards.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's financial statements are as follows:

(i) *Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI). The classification for debt instruments is determined based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the asset.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(c) Standards, amendments to standards and interpretations that are not yet effective for the current year (Continued)

HKFRS 9, Financial instruments (Continued)

(i) Classification and measurement (Continued)

Based on the preliminary assessment, the Group expects that its investments currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

(ii) Impairment

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, the Group is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group’s trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

HKFRS 15, Revenue from contracts with customers

Under HKFRS 15, revenue from sale of goods or provision of services will be recognised when the customer obtains control of the promised goods or service in the contract. The Group is assessing the impact of the adoption of HKFRS 15 and is not yet in a position to state whether this would have a significant impact on its results of operations and financial position.

HKFRS 16, Leases

As disclosed in note 2(i), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

Once HKFRS 16 is adopted, the Group will no longer distinguish between finance leases and operating leases when it is the lessee under the lease. Instead, the Group will account for all leases of more than 12 months in a similar way to current finance lease accounting.

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for certain properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of comprehensive income over the period of the lease. As disclosed in note 23(b), at 31 March 2017 the Group’s future minimum lease payments under non-cancellable operating leases amounted to \$27,439,000. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

(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 entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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 intercompany transactions, balances and cash flows within the Group are eliminated in full on consolidation.

In the Authority's statement of financial position, investments in subsidiaries are stated at cost less any provision for impairment losses (see Note 2(g)). Any such provisions are recognised as an expense in profit or loss.

(e) Revenue recognition

Revenue is measured at fair value of consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) Income from sale of properties is recognised upon the risks and rewards of ownership have been passed.
- (ii) Where the Group receives its share of surplus from property development projects undertaken as joint development projects, sharing of such surplus is recognised in accordance with the terms of the joint development agreements, unless the significant risks and rewards of ownership of the underlying properties under development have not been transferred. Proceeds received in advance from sale of properties of joint development projects prior to their completion are included in trade and other payables.
- (iii) Where the Group receives a distribution of the assets of a joint development project, 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 developer is obligated to settle the upfront premium to the Group at the inception of joint development agreement, such upfront premium is recognised as revenue when the Group has no further substantial acts to complete. Generally, such revenue is recognised as soon as the Group has performed its obligations in respect of the upfront premium and it has become non-refundable/non-cancellable.
- (v) Interest income is recognised on a time-proportion basis using the effective interest method.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(e) Revenue recognition (Continued)

(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) Income from Urban Redevelopment Facilitating Services Company Limited ("Facilitating Services") is recognised upon completion of the sale of the properties by the owners in accordance with the terms of the sale agreement.

(f) Property, plant and equipment

Building comprises rehousing blocks, preservation properties, retained properties, and commercial premises held for self-use. Rehousing blocks represent properties held by the Group 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 assist primarily the dispossessed tenants who are yet to obtain public housing units. Preservation properties are properties that are of historical or architectural interest to be preserved by the Group. Retained properties represent redeveloped properties held by the Group for conserving the cultural characteristics of the projects before redevelopment and receives rental income.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (see Note 2(g)). 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 profit or loss 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.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(f) Property, plant and equipment (Continued)

Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated to write off their costs less residual values, if any, 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	–	50 years 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 years
Motor vehicles	–	4 years
Furniture and office equipment	–	3 to 5 years

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

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount. These are included in profit or loss.

(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 of disposal 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.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Financial assets and liabilities

The Group classifies its financial assets in the following categories: held-to-maturity investments, investments 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) Held-to-maturity investments

Debt securities that the Group has the positive ability and intention to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost less impairment losses, if any. Interest income from held-to-maturity investments is recognised in profit or loss as part of "other income, net" using the effective interest method.

(ii) Investments at fair value through profit or loss

Investments at fair value through profit or loss are financial assets designated at fair value through profit or loss on initial recognition or held for trading. Assets in this category are classified as current assets. Investments 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 "investments at fair value through profit or loss" category are presented in profit or loss within "other income, net" in the period in which they arise. Interest income from investments at fair value through profit or loss is recognised in profit or loss as part of "other income, net" using the effective interest method.

(iii) 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 asset's original effective interest rate. The amount of the provision is recognised in profit or loss.

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. Investments at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. 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.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Financial assets and liabilities (Continued)

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 profit or loss 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 is 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 profit or loss on a straight-line basis over the period of the lease except for those incurred for accommodation in project sites which have been capitalised in property under development.

(j) Properties under development

Properties under development represent all costs incurred by the Group in connection with property development, and include mainly acquisition costs, cost of development, borrowing costs, costs of rehousing units (see Note 2(l)) and other direct costs incurred in connection with the development, less any provisions for impairment losses (see Note 2(g)). For preservation properties and retained properties, the properties are transferred to property, plant and equipment at cost upon completion.

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 as "direct costs" to profit or loss at the inception of the joint development agreement.

(k) 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.

(l) 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 Group. In return, the Group will pay for the reservation fees until a tenant is moved into the unit and the allocation costs of the rehousing unit. These costs are recognised as part of the cost of properties under development referred to in Note 2(j).

(m) Provisions and contingencies

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 economic benefits will be required to settle the obligation; and the amount can be 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.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(m) Provisions and contingencies (Continued)

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 of economic benefits with respect to any one item included in the same class of obligations may be small.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic benefits will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow of economic benefits occurs so that the outflow is probable, it will then be recognised as a provision.

(n) Current and deferred income tax

Income tax expenses comprise current tax and movements in deferred tax assets and liabilities.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes profit or loss items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted at substantially enacted at 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 at 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.

(o) 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 profit or loss in the period in which they are incurred.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(p) 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 Group's 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 profit or loss.

(q) Joint development projects

The arrangements entered into by the Group with property developers for redevelopment projects are considered to be joint development and are accounted for in accordance with the terms of the development agreements. The Group's share of income earned from such development is recognised in profit or loss in accordance with the bases set out in Notes 2 (e) (ii), (iii) and (iv).

Where property is received by the Group as its share of distribution of assets from joint 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.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits held at call with banks with original maturities of three months or less.

(s) 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.

(t) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of the key management personnel of the Group or the Group's parent.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(t) Related parties (Continued)

(ii) An entity is related to the Group if any of the following conditions applies:

- (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (2) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (3) The entity is controlled or jointly controlled by a person identified in (i).
- (4) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Financial risk management and fair value of financial instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: cash flow 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 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.

(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 held-to-maturity investments and investments at fair value through profit or loss is limited as issuers are mainly with high credit ratings assigned by international credit rating agencies.

The credit risk on cash and bank balances is limited because most of the funds are placed in banks with credit ratings, 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 Group 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 deposits in the form of cash are usually received from tenants.

(expressed in Hong Kong Dollars)

3. Financial risk management and fair value of financial instruments (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

The credit risk on other receivables is limited as the Group is entitled to refund and has monitoring procedures to claim for refund of Buyer's Stamp Duty and Ad Valorem Double Stamp Duty from the Government upon the happening of the refund event in accordance with Stamp Duty Ordinance Chapter 117.

(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 on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period 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 amounts (except for debt securities issued which include interest element), as the impact of discounting is insignificant.

	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Less than 1 year		
Trade and other payables	3,179,155	2,511,016
Amounts due to joint development projects	125,646	216,902
Debt securities issued	<u>569,791</u>	<u>73,469</u>
Between 1 to 3 years		
Trade and other payables	529,700	398,600
Debt securities issued	<u>1,127,037</u>	<u>635,563</u>
Between 3 to 5 years		
Trade and other payables	42,200	277,900
Debt securities issued	<u>777,507</u>	<u>1,806,550</u>
Over 5 years		
Trade and other payables	370,300	375,700
Debt securities issued	<u>1,191,615</u>	<u>1,223,838</u>

(expressed in Hong Kong Dollars)

3. Financial risk management and fair value of financial instruments (Continued)

(a) Financial risk factors (Continued)

(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 2017, if the respective market price of the quoted investments had been increased/decreased by 1% with all other variables held constant, the surplus of the Group would increase/decrease by approximately \$8,622,000 (2015/16: \$30,333,000) resulting from the change in fair value of the investments at fair value through profit or loss.

(v) Foreign exchange risk

The Group has certain cash and bank balances denominated in United States Dollars ("USD"), which are exposed to foreign currency risk. When the exchange rates of USD against the Hong Kong dollar fluctuate, the value of the USD-denominated cash and bank balances and investments translated into Hong Kong dollar will vary accordingly.

Foreign exchange risk sensitivity

There would have no significant effect on the surplus of the Group resulting from the foreign exchange gains/losses on translation of USD-denominated cash and bank balances and investments as the Group currently considered the risk of movements in exchange rates between the Hong Kong dollars and USD to be insignificant.

(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 measurement

(i) Financial assets and liabilities measured at fair value

The fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement" is set out in Note 12.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets including receivables from property developers, amounts due from joint development projects, cash and bank balances, held-to-maturity investments and trade and other receivables; and financial liabilities including amounts due to joint development projects and trade and other payables, approximate their fair values.

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 judgments

Estimates and judgments 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.

Impairment of properties and provision for committed projects

Properties 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(m). When the estimated value of the committed project is lower than the estimated development and related costs of the project, a provision would be recognised.

The valuations of properties 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; (iv) estimated development and related costs and allocation thereof; and (v) discount rate used in land value assessment, which is made with reference to the Prime Rate.

Impairment of properties and provision for committed projects sensitivity

As at 31 March 2017, if the respective estimated upfront premium to be received on the projects had been increased/decreased by 5% with all other variables held constant, the surplus of the Group would increase/decrease by approximately \$226,900,000 (2015/16: \$222,000,000) resulting from the change in provision for impairment on properties and committed projects.

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

(expressed in Hong Kong Dollars)

5. Revenue and other income, net

(a) Revenue

Revenue recognised during the year represents:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Upfront premium from property developers	2,022,474	2,972,292
Share of property development surplus on joint development projects	1,249,341	4,449,676
Sale of properties *	<u>1,762,704</u>	<u>—</u>
	<u><u>5,034,519</u></u>	<u><u>7,421,968</u></u>

* Including sales proceeds of certain flats at Kai Tak sold under Subsidised Sale Flat Scheme at 86% of the market value assessed by the Authority.

(b) Other income, net

Other income, net recognised during the year represents:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Interest income	244,444	149,336
Rental income	41,496	35,880
Miscellaneous income	970	3
Net (loss)/gain on investments at fair value through profit or loss	(734)	7,504
Loss on disposal of property, plant and equipment	(2,479)	(71)
Net foreign exchange gain/(loss)	<u>6,732</u>	<u>(34,789)</u>
	<u><u>290,429</u></u>	<u><u>157,863</u></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) Direct costs including:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Cost of properties under joint development projects	854,816	1,753,452
Cost of properties sold	<u>1,498,628</u>	<u>–</u>

(b) Administrative and operating expenses including:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Staff costs* (excluding directors' remuneration)	341,799	340,064
Depreciation	44,705	50,260
Operating lease charges in respect of rental of office premises	<u>20,481</u>	<u>20,949</u>

* Including salaries and other benefits of \$316,794,000 (2015/16: \$316,639,000) and contribution to provident fund scheme of \$25,005,000 (2015/16: \$23,425,000).

(c) Other expenses including:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Rehabilitation expenses	46,687	24,873
Revitalisation and preservation expenses	5,880	5,752
Outgoings in respect of preservation properties, retained properties and rehousing units	37,172	34,103
Auditor's remuneration		
– Audit services	424	411
– Non-audit services	<u>–</u>	<u>1,332</u>

(d) Impairment on properties and committed projects

	<u>2017</u> \$'000	<u>2016</u> \$'000
Write back of provision for impairment on property, plant and equipment	(53,396)	(10,214)
(Write back of provision)/provision for impairment on properties under development	(812,400)	774,622
Provision for committed projects	<u>35,000</u>	<u>–</u>
	<u>(830,796)</u>	<u>764,408</u>

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

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

(e) Other items

	<u>2017</u> \$'000	<u>2016</u> \$'000
Interest expenses on debt securities issued	73,340	75,015
Less: Interest expenses capitalised [#]	<u>(73,340)</u>	<u>(75,015)</u>
	<u>–</u>	<u>–</u>

[#] The borrowing costs have been capitalised at rates ranging from 1.50% to 3.85% per annum (2015/16: 1.15% to 3.85% per annum).

(f) Managing Directors, Executive Directors and senior management's remuneration paid or payable during the year

	2017					
	<u>Fees</u> \$'000	<u>Salaries</u> \$'000	<u>Provident fund scheme contributions</u> \$'000	<u>Sub-total</u> \$'000	<u>Variable pay</u> \$'000	<u>Total</u> \$'000
Managing Directors						
– Daniel Lam Chun	–	943	–	943	–	943
– Wai Chi-sing	–	3,208	15	3,223	963	4,186
Executive Directors						
– Pius Cheng Kai-wah	–	3,065	18	3,083	766	3,849
– Michael Ma Chiu-tsee [#]	–	2,130	13	2,143	532	2,675
5 Senior management staff & 2 Ex-senior management staff [#]	<u>–</u>	<u>15,885</u>	<u>1,100</u>	<u>16,985</u>	<u>3,816</u>	<u>20,801</u>
Total**	<u>–</u>	<u>25,231</u>	<u>1,146</u>	<u>26,377</u>	<u>6,077</u>	<u>32,454</u>

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)**(f) Managing Directors, Executive Directors and senior management's remuneration paid or payable during the year (Continued)**

	2016					
	<u>Fees</u>	<u>Salaries</u>	<u>Provident fund scheme contributions</u>	<u>Sub-total</u>	<u>Variable pay</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managing Directors						
– Daniel Lam Chun	–	3,645	–	3,645	–	3,645
– Iris Tam Siu-ying	–	588	5	593	176	769
Executive Directors						
– Pius Cheng Kai-wah	–	2,990	18	3,008	748	3,756
7 Senior management staff & 1 Ex-senior management staff	–	19,413	916	20,329	4,980	25,309
Total **	–	26,636	939	27,575	5,904	33,479

The Executive Director ceased to be a senior management staff on 14 July 2016 and assumed his role with effect from 15 July 2016.

** Excluding compensation in lieu of leave in the aggregate sum of \$1,125,000 (2015/16: \$1,116,000).

	<u>2017</u>	<u>2016</u>
	<u>No. of Individuals</u>	<u>No. of Individuals</u>
\$500,000 to \$1,000,000	1	1
\$1,000,001 to \$1,500,000	1	–
\$1,500,001 to \$2,000,000	–	1
\$2,000,001 to \$2,500,000	–	1
\$2,500,001 to \$3,000,000	–	1
\$3,000,001 to \$3,500,000	1	1
\$3,500,001 to \$4,000,000	5	5
\$4,000,001 to \$4,500,000	2	1
Total	<u>10</u>	<u>11</u>

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

(f) Managing Directors, Executive Directors and senior management's remuneration paid or payable during the year (Continued)

There were no payments made or benefits provided in respect of the termination of director service or consideration provided to/receivable by third parties in respect of the services of directors, whether in the capacity of directors or in any other capacity while directors.

There were no loans, quasi-loans provided to the directors.

No significant transactions, arrangements or contracts in relation to the Group's business to which the Authority was a party, and in which a director of the Authority had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(g) Other members of the Board

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

	<u>2017</u> \$'000	<u>2016</u> \$'000
<u>Chairman</u>		
Mr Victor So Hing-woh, JP	100	100
<u>Non-Executive Directors (non-public officers)</u>		
Ms Judy Chan Ka-pui (from 1 May 2016)	60	–
Dr the Honourable Ann Chiang Lai-wan, JP	65	65
Mr Edward Chow Kwong-fai, JP	65	65
Mr Laurence Ho Hoi-ming	65	65
Mr Lester Garson Huang, JP (up to 30 Apr 2016)	5	65
Professor Eddie Hui Chi-man, MH	65	65
Mr Philip Kan Siu-lun (up to 30 Apr 2016)	5	65
The Honourable Dennis Kwok (up to 30 Nov 2016)	43	65
Mr Nelson Lam Chi-yuen	65	65
Mr Daniel Lam Chun, SBS, JP (up to 11 Jun 2015)	–	13
Professor the Honourable Joseph Lee Kok-long, SBS, JP (from 1 Dec 2016)	22	–
Dr Gregg Li G. Ka-lok	65	65
Mr Laurence Li Lu-jen, JP	65	65
Mr Philip Liao Yi-kang (up to 30 Apr 2016)	5	65
Mr Roger Luk Koon-hoo, BBS, JP (from 1 May 2016)	60	–
Mr Timothy Ma Kam-wah, JP	65	65
The Honourable Alice Mak Mei-kuen, BBS, JP	65	65
Dr Billy Mak Sui-choi	65	65
Dr Lawrence Poon Wing-cheung, JP	65	65
Mr David Tang Chi-fai	65	65
Mrs Cecilia Wong Ng Kit-wah (from 1 May 2016)	60	–
Mr Stanley Wong Yuen-fai, SBS, JP	65	65
Mr Michael Wong Yick-kam, MH (from 1 Dec 2016)	22	–
The Honourable Wu Chi-wai, MH	65	65
	<u>1,292</u>	<u>1,283</u>

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

(h) Five highest paid individuals

	<u>2017</u>	<u>2016</u>
	\$'000	\$'000

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2017 include the Managing Director, Executive Directors and two senior management staff (among the five highest paid individuals, one of them ceased to be a senior management staff during the year, but continued to serve the Authority as Executive Director).

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

Fixed – Salaries	15,076	15,591
– Provident fund scheme contributions	676	430
	15,752	16,021
Sub-total	15,752	16,021
Variable pay	3,980	3,078
	19,732	19,099
Total **	19,732	19,099

Their remuneration fell within the following bands:

	<u>No. of</u>	<u>No. of</u>
	<u>Individuals</u>	<u>Individuals</u>
\$3,500,001 to \$4,000,000	3	4
\$4,000,001 to \$4,500,000	2	1
	5	5
Total	5	5

** For the year ended 31 March 2017, compensation in lieu of leave of \$617,000 (2015/16: Nil) were excluded from the aggregate sum.

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 they have no estimated assessable income for the year (2015/16: Nil).

(b) As at 31 March 2017, the subsidiaries of the Group have unrecognised deductible temporary differences arising from capital allowance of \$7,182,000 (31 March 2016: \$7,983,000) and tax losses of \$16,610,000 (31 March 2016: \$12,129,000) to carry forward against future taxable income. These tax losses have no expiry date.

(expressed in Hong Kong Dollars)

8. Property, plant and equipment

	Retained properties* \$'000	Preservation properties \$'000	Other property, plant and equipment				Total \$'000
			Land and buildings \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Furniture and equipment and motor vehicles \$'000	
At 1 April 2015							
Cost	–	996,688	661,588	68,083	52,165	26,913	1,805,437
Accumulated depreciation	–	(91,525)	(290,796)	(35,871)	(39,362)	(19,849)	(477,403)
Accumulated impairment	–	(129,023)	–	–	–	–	(129,023)
Net book value	–	776,140	370,792	32,212	12,803	7,064	1,199,011
Year ended 31 March 2016							
Opening net book value	–	776,140	370,792	32,212	12,803	7,064	1,199,011
Additions	–	–	–	446	22	3,184	3,652
Transfer from properties under development	–	207,929	–	–	–	–	207,929
Disposals	–	–	–	(16)	(7)	(121)	(144)
Depreciation	–	(22,964)	(9,769)	(9,432)	(4,504)	(3,591)	(50,260)
Write back of provision for impairment	–	10,214	–	–	–	–	10,214
Closing net book value	–	971,319	361,023	23,210	8,314	6,536	1,370,402
At 31 March 2016							
Cost	–	1,284,919	661,588	68,438	52,146	27,026	2,094,117
Accumulated depreciation	–	(114,489)	(300,565)	(45,228)	(43,832)	(20,490)	(524,604)
Accumulated impairment	–	(199,111)	–	–	–	–	(199,111)
Net book value	–	971,319	361,023	23,210	8,314	6,536	1,370,402
Year ended 31 March 2017							
Opening net book value	–	971,319	361,023	23,210	8,314	6,536	1,370,402
Additions	–	4,545	–	8,168	1,409	2,073	16,195
Transfer from properties under development	958,881	136,139	–	–	–	–	1,095,020
Disposals	–	–	–	(1,582)	(768)	(129)	(2,479)
Depreciation	(625)	(23,281)	(10,220)	(4,936)	(2,507)	(3,136)	(44,705)
Write back of provision for impairment	–	53,396	–	–	–	–	53,396
Closing net book value	958,256	1,142,118	350,803	24,860	6,448	5,344	2,487,829
At 31 March 2017							
Cost	958,881	1,552,003	661,588	73,849	52,216	28,247	3,326,784
Accumulated depreciation	(625)	(137,770)	(310,785)	(48,989)	(45,768)	(22,903)	(566,840)
Accumulated impairment	–	(272,115)	–	–	–	–	(272,115)
Net book value	958,256	1,142,118	350,803	24,860	6,448	5,344	2,487,829

The Group'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.

* The Group receives rental income for the retained properties and their fair value as at 31 March 2017 was \$1,986,500,000 (31 March 2016: Nil).

(expressed in Hong Kong Dollars)

9. Properties under development

As at 31 March 2017, the properties under development are analysed as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Cost, including Home Purchase Allowance ("HPA") (Note (i))		
At 1 April	20,198,963	20,983,788
Add: Additions during the year	1,486,139	4,758,203
Less: Transfer to property, plant and equipment and properties held for sale	(1,221,420)	(2,706,576)
Less: Charged to profit or loss during the year	<u>(1,376,616)</u>	<u>(2,836,452)</u>
At 31 March*	19,087,066	20,198,963
Provision for impairment at 31 March	<u>(3,304,600)</u>	<u>(4,765,200)</u>
Balance as at 31 March	<u><u>15,782,466</u></u>	<u><u>15,433,763</u></u>

* The amount includes accumulated interest and other borrowing costs capitalised of \$262,594,000 (31 March 2016: \$209,394,000).

Notes:

(i) 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 Group'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 2017, the Group's estimated cash outflow in respect of project under acquisition and resumption as well as construction cost for self-developed projects was \$8.5 billion (31 March 2016: \$10.0 billion), without accounting for any future cash inflow for the projects.

(ii) The Group launched the Flat-for-Flat ("FFF") Scheme to provide domestic owner-occupiers affected by the Group'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 at Kai Tak.

(expressed in Hong Kong Dollars)

10. Building rehabilitation loans

As at 31 March 2017, the building rehabilitation loans are analysed as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Non-current portion	14,301	19,543
Current portion	<u>10,031</u>	<u>10,964</u>
	<u>24,332</u>	<u>30,507</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 Group reserves the right to impose legal charges over the properties for loans of amounts between \$25,001 and \$100,000. All non-current portion of building rehabilitation loans are due within five years from the end of the reporting period.

As at 31 March 2017, instalments of building rehabilitation loans of \$249,000 (31 March 2016: \$296,000) were past due but not impaired. These relate to a number of borrowers for whom there are no recent history of bad debt. The ageing analysis of these building rehabilitation loans is as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Less than 3 months	93	180
3 to 6 months	12	12
6 to 12 months	23	20
Over 1 year	<u>121</u>	<u>84</u>
Balance at 31 March	<u>249</u>	<u>296</u>

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

11. Trade and other receivables

(a) Other receivables

Other receivables under non-current assets represent Buyer's Stamp Duty and Ad Valorem Double Stamp Duty that the Group will claim for refund from the Government upon the happening of the refund event in accordance with Stamp Duty Ordinance Chapter 117.

(expressed in Hong Kong Dollars)

11. Trade and other receivables (Continued)

(b) Trade and other receivables

As at 31 March 2017, the trade and other receivables are current in nature and analysed as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Trade receivables and prepayments	29,048	37,243
Interest receivables	108,301	30,754
Other receivables and deposits	<u>25,119</u>	<u>25,656</u>
Balance at 31 March	<u><u>162,468</u></u>	<u><u>93,653</u></u>

All of trade and other receivables are expected to be recovered within one year. As at 31 March 2017, trade receivables of \$1,990,000 (31 March 2016: \$2,125,000) were past due but not impaired. These relate to a number of tenants for whom there are no recent history of bad debt. The ageing analysis of these trade receivables is as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
3 months or less	1,356	1,554
3 to 6 months	514	173
6 to 12 months	41	159
Over 1 year	<u>79</u>	<u>239</u>
Balance at 31 March	<u><u>1,990</u></u>	<u><u>2,125</u></u>

The maximum exposure to credit risk of the Group is the carrying amount of trade and other receivables.

12. Investments

As at 31 March 2017, the debt securities investments are analysed as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Non-current portion		
– Held-to-maturity investments	<u><u>1,434,417</u></u>	<u><u>–</u></u>
Current portion		
– Held-to-maturity investments	194,230	–
– Investments at fair value through profit or loss	<u>862,225</u>	<u>3,087,742*</u>
	<u><u>1,056,455</u></u>	<u><u>3,087,742</u></u>

* As at 31 March 2016, cash of \$54,490,000 was held by investment fund manager for investment purpose.

(expressed in Hong Kong Dollars)

12. Investments (Continued)

As at 31 March 2017, the Group's debt securities represent high quality corporate and government bonds.

The following table presents the Group's assets that are measured at fair value at 31 March 2017. The different fair value hierarchy of the Group's investments have been defined as follows:

- Level 1 valuations: Quoted prices in active markets for identical assets or liabilities. No adjustments are made to the quoted price for these investments.
- Level 2 valuations: Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotation or alternative pricing sources supported by observable inputs.
- Level 3 valuations: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	<u>Level 1</u>		<u>Level 2</u>		<u>Total</u>	
	<u>2017</u> \$'000	<u>2016</u> \$'000	<u>2017</u> \$'000	<u>2016</u> \$'000	<u>2017</u> \$'000	<u>2016</u> \$'000
Debt securities	<u>363,372</u>	<u>555,391</u>	<u>498,853</u>	<u>2,477,861</u>	<u>862,225</u>	<u>3,033,252</u>

13. Properties held for sale

As at 31 March 2017, properties held for sale were stated at the lower of cost and net realisable value with carrying amounts of \$926,217,000 (31 March 2016: \$2,433,615,000).

The Group's properties held for sale are located in Hong Kong and their carrying amounts are analysed as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Long leases	7,196	7,196
Medium-term leases	<u>919,021</u>	<u>2,426,419</u>
	<u>926,217</u>	<u>2,433,615</u>

14. Receivables from property developers

As at 31 March 2016, no receivables from property developers were past due.

(expressed in Hong Kong Dollars)

15. Balances with joint development projects

	<u>2017</u> \$'000	<u>2016</u> \$'000
Amounts due from joint development projects	66,462	713,261
Amounts due to joint development projects	<u>(125,646)</u>	<u>(216,902)</u>
	<u>(59,184)</u>	<u>496,359</u>

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

The Group have the following active joint development projects as at 31 March 2017.

<u>Project Name/Location</u>	<u>Land use</u>	<u>Total gross floor area (m²)</u>	<u>Actual completion date (calendar year)</u>	<u>Expected completion date (calendar year)</u>
The Zenith/One Wanchai (Wan Chai)	Commercial/Residential	62,310	2006 (Site A & B) 2013 (Site C)	–
* Vision City/Citywalk (Tsuen Wan)	Commercial/Residential	137,885	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	–
Lime Stardom (Tai Kok Tsui)	Commercial/Residential	19,735	2011	–
* Park Summit (Tai Kok Tsui)	Commercial/Residential	21,402	2013	–
MacPherson Place (Mong Kok)	Commercial/Stadium and Youth Centre/Residential	24,767	2013	–
Park Metropolitan (Kwun Tong)	Residential	27,830	2014	–

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

<u>Project Name/Location</u>	<u>Land use</u>	<u>Total gross floor area (m²)</u>	<u>Actual completion date (calendar year)</u>	<u>Expected completion date (calendar year)</u>
Park Ivy (Tai Kok Tsui)	Commercial/Residential	4,843	2014	–
Trinity Towers (Sham Shui Po)	Commercial/Residential	30,300	2015	–
* The Avenue (Wan Chai)	Commercial/Residential	83,900	2015	–
My Place (Ma Tau Kok)	Commercial/Residential	6,944	2016	–
The Nova (Sai Ying Pun)	Commercial/Residential	17,767	2016	–
SKYPARK (Mong Kok)	Commercial/Residential	22,301	–	2017
Chi Kiang Street/ Ha Heung Road (To Kwa Wan)	Commercial/Residential	8,378	–	2017
Peel Street/Graham Street – Site B (Sheung Wan)	Commercial/Residential	18,240	–	2018
The Ascent (Sham Shui Po)	Commercial/Residential	7,159	–	2018
93 Pau Chung Street (Ma Tau Kok)	Commercial/Residential	10,346	–	2018
229A-G Hai Tan Street (Sham Shui Po)	Commercial/Residential	3,639	–	2018
Fuk Wing Street (Sham Shui Po)	Commercial/Residential	5,030	–	2018
Anchor Street/Fuk Tsun Street (Tai Kok Tsui)	Hotel	6,529	–	2018

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

<u>Project Name/Location</u>	<u>Land use</u>	<u>Total gross floor area (m²)</u>	<u>Actual completion date (calendar year)</u>	<u>Expected completion date (calendar year)</u>
Pak Tai Street/San Shan Road (Ma Tau Kok)	Commercial/Residential	9,780	–	2019
Sai Wan Ho Street (Sai Wan Ho)	Residential	5,680	–	2019
205-211A Hai Tan Street (Sham Shui Po)	Commercial/Residential	3,596	–	2019
Hai Tan Street/Kweilin Street/ Pei Ho Street (Sham Shui Po)	Commercial/Residential	58,900	–	2020
@ 1-3B Kowloon Road/ 1-5 Kiu Yam Street (Sham Shui Po)	Commercial/Residential	4,887	–	2020
Kowloon City Road/ Sheung Heung Road (Ma Tau Kok)	Commercial/Residential	12,455	–	2021
Kwun Tong Town Centre Areas 2 and 3 (Kwun Tong)	Commercial/Residential	175,288	–	2021
@ Pine Street/Oak Street (Tai Kok Tsui)	Commercial/Residential	6,521	–	2021
@ Peel Street/Graham Street – Site A (Sheung Wan)	Commercial/Residential	9,763	–	2021

* Projects with commercial portions jointly held by the developer and the Group for letting and pending for sale

Owner participation project

@ Newly awarded project during the year

The Group is entitled to returns which are predetermined in accordance with the provisions of the joint development agreements.

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

In respect of the commercial portions of certain projects, the Group has reached supplemental agreements with the respective developers to extend the sale of the commercial portions to a few years after the issuance of the occupation permits. The Group shares certain 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. The Group would account for its share of sales proceeds as surplus from the joint development projects when these commercial portions are sold in the future.

16. Cash and bank balances

	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Time deposits with banks		
Original maturities of 3 months or less	1,357,604	530,886
Original maturities of more than 3 months	15,726,979	10,217,000
	<u>17,084,583</u>	<u>10,747,886</u>
Less: Amounts held in trust for joint development projects	(3,521)	(3,510)
	17,081,062	10,744,376
Cash at banks and in hand	169,039	23,884
Less: Amounts held in trust for joint development projects	(2)	(2)
	<u>169,037</u>	<u>23,882</u>
	<u>17,250,099</u>	<u>10,768,258</u>
Maximum exposure to credit risk	<u>17,250,084</u>	<u>10,768,243</u>

As at 31 March 2017, cash and bank balances of the Group are denominated in Hong Kong Dollars except for an amount of \$2,314,139,000 which is denominated in USD. As at 31 March 2016, all cash and bank balances of the Group are denominated in Hong Kong Dollars.

The average effective interest rate of time deposits with banks was 1.32% per annum (2015/16: 1.08% per annum). These deposits have an average maturity of 183 days (2015/16: 160 days).

(expressed in Hong Kong Dollars)

16. Cash and bank balances (Continued)

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

<u>Rating (Moody's)</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Aa1 – Aa3	6,252,485	2,687,882
A1 – A3	10,973,146	7,883,425
Baa1 – Baa2	–	177,000
Others	24,453	19,936
	<u>17,250,084</u>	<u>10,768,243</u>

17. 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 injected the equity into the Authority in phases over the five financial years from 2002/03 to 2006/07. At 31 March 2017, the Authority had received all five tranches of equity injection of \$10 billion in total.

18. Trade and other payables

As at 31 March 2017, the trade and other payables are analysed as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Trade payables	75,095	62,717
Rental and other deposit received	1,079,156	196,784
Other payables	12,973	13,102
Accrued expenses	2,954,131	3,290,613
Balance at 31 March	<u>4,121,355</u>	<u>3,563,216</u>
Representing:		
Non-current portion	942,200	1,052,200
Current portion	<u>3,179,155</u>	<u>2,511,016</u>
	<u>4,121,355</u>	<u>3,563,216</u>

(expressed in Hong Kong Dollars)

19. Debt securities issued

As at 31 March 2017, the Group has issued the following fixed rate notes under a Medium Term Note programme.

	<u>2017</u> \$'000	<u>2016</u> \$'000
<u>Non-current portion</u>		
HK dollar Fixed rate notes with coupon of 1.50% due 2017	–	500,000
HK dollar Fixed rate notes with coupon of 1.75% due 2019	500,000	500,000
HK dollar Fixed rate notes with coupon of 1.64% due 2020	300,000	300,000
HK dollar Fixed rate notes with coupon of 1.65% due 2020	500,000	500,000
HK dollar Fixed rate notes with coupon of 2.92% due 2021	400,000	400,000
HK dollar Fixed rate notes with coupon of 2.18% due 2023	300,000	300,000
HK dollar Fixed rate notes with coupon of 2.15% due 2023	300,000	300,000
HK dollar Fixed rate notes with coupon of 3.85% due 2026	500,000	500,000
Less: Unamortised finance charges	(11,925)	(15,127)
	<u>2,788,075</u>	<u>3,284,873</u>
<u>Current portion</u>		
HK dollar Fixed rate notes with coupon of 1.50% due 2017	500,000	–
Less: Unamortised finance charges	(126)	–
	<u>499,874</u>	<u>–</u>

20. Provision for a committed project

	<u>2017</u> \$'000	<u>2016</u> \$'000
Balance at 1 April	–	459,000
Reversed during the year	–	(459,000)
Charged to profit or loss	35,000	–
Balance at 31 March	<u>35,000</u>	<u>–</u>

The amount represents the provision for committed projects where acquisition was commenced before financial year end. The provision charge/reversed is recognised in profit or loss.

(expressed in Hong Kong Dollars)

20. Provision for a committed project (Continued)

As at 31 March 2017, the total provision for impairment on projects are analysed as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Provision for impairment classified under properties under development as set out in Note 9	3,304,600	4,765,200
Provision for committed projects as set out above	<u>35,000</u>	<u>–</u>
Total provision for projects	<u><u>3,339,600</u></u>	<u><u>4,765,200</u></u>

21. Reserve for Facilitation Service

Fee paid by the owners and the purchasers to the Urban Redevelopment Facilitating Services Company Limited, a wholly owned subsidiary of the Authority, is set aside in a reserve account for other facilitation projects.

22. 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 2017 was \$26,151,000 (2015/16: \$24,364,000), net of forfeitures of \$677,000 (2015/16: \$2,127,000), which has been charged to the Group's profit or loss for the year.

23. Commitments

(a) Capital commitments

Capital commitments in respect of acquisition of property, plant and equipment at 31 March 2017 are as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Contracted but not yet incurred	<u><u>44,821</u></u>	<u><u>95</u></u>

(expressed in Hong Kong Dollars)

23. Commitments (Continued)

(b) Operating lease commitments

As at 31 March 2017, the total future minimum lease payments under non-cancellable operating leases in respect of office premises, in which \$5,065,000 (31 March 2016: \$33,069,000) 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>2017</u>	<u>2016</u>
	\$'000	\$'000
Within 1 year	19,490	47,218
After 1 year but within 5 years	<u>7,949</u>	<u>26,747</u>
	<u><u>27,439</u></u>	<u><u>73,965</u></u>

(c) Operating lease rental receivable

As at 31 March 2017, the total future aggregate minimum lease rental receipts under non-cancellable operating leases in respect of properties, except for those commercial portions jointly developed by the developer and the Group, are receivable as follows:

	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Within 1 year	37,241	23,756
After 1 year but within 5 years	<u>33,350</u>	<u>12,951</u>
	<u><u>70,591</u></u>	<u><u>36,707</u></u>

24. Significant related party transactions

Transactions entered into by the Group 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 (Revised) "Related Party Disclosures".

During the year, the Authority reimbursed the Government an amount of \$56,650,000 (2015/16: \$52,717,000) 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 2017, there was an amount of \$4,610,000 (31 March 2016: \$4,755,000) 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.

In 2011/12, the Authority has contributed \$500,000,000 to Urban Renewal Trust Fund (the "Fund"). During the year, the Authority provided administrative and support services to the Fund for \$945,000 (2015/16: \$948,000).

(expressed in Hong Kong Dollars)

24. Significant related party transactions (Continued)

During the year, the Authority received \$285,000 (2015/16: \$993,000) from the said Fund for rental of an office premise.

As at 31 March 2017, there was an amount of \$423,166,000 (31 March 2016: \$449,222,000) remained in the Fund. The Authority has committed to make further contribution to the Fund in future in the event that its fund balance is fully utilised.

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

25. Commitments for revitalisation projects

In August 2009, the Authority announced its proposal to implement a major revitalisation plan to uphold and enhance the local characteristics of a number of themed streets in Mong Kok. The improvement work at Flower Market Road has been completed. Detailed design of Nelson Street, Sai Yee Street and Fa Yuen Street is in progress at 31 March 2017.

In October 2009 Chief Executive Policy Address, the Authority was tasked to revitalise the Central Market. With a view to shorten the implementation timeframe for early public enjoyment, a revitalisation scheme with less interventions was proposed and approved by Town Planning Board in March 2016. In March 2017, the Chief Executive-in-Council approved the granting of the site to the Authority for 21 years by way of private treaty for the revitalisation of the building and its future operation. Preparation of submissions pertaining to complete detail design were underway.

As at 31 March 2017, the costs incurred for these revitalisation projects has been accounted for, with no significant financial impact to the Group.

(expressed in Hong Kong Dollars)

26. Statement of Financial Position of Urban Renewal Authority

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the statement of financial position of the Authority as at 31 March 2017 is set out as follows:

	<u>Note</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Non-current assets			
Property, plant and equipment		2,483,787	1,367,785
Properties under development		15,782,466	15,433,763
Interest in subsidiaries	(a)	3,612	2,186
Building rehabilitation loans		14,301	19,543
Prepayments		256,994	238,853
Other receivables		728,280	642,349
Investments		1,434,417	–
		<u>20,703,857</u>	<u>17,704,479</u>
Current assets			
Properties held for sale		926,217	2,433,615
Receivables from property developers		–	1,716,000
Amounts due from joint development projects		66,462	713,261
Building rehabilitation loans		10,031	10,964
Trade and other receivables		162,403	93,591
Investments		1,056,455	3,087,742
Cash and bank balances		17,247,098	10,764,719
		<u>19,468,666</u>	<u>18,819,892</u>
Total assets		<u><u>40,172,523</u></u>	<u><u>36,524,371</u></u>
Capital and reserves			
Capital		10,000,000	10,000,000
Accumulated surplus		22,603,997	19,461,142
	(b)	<u>32,603,997</u>	<u>29,461,142</u>
Non-current liabilities			
Trade and other payables		942,200	1,052,200
Debt securities issued		2,788,075	3,284,873
		<u>3,730,275</u>	<u>4,337,073</u>
Current liabilities			
Amounts due to joint development projects		125,646	216,902
Trade and other payables		3,177,731	2,509,254
Debt securities issued		499,874	–
Provision for a committed project		35,000	–
		<u>3,838,251</u>	<u>2,726,156</u>
Total capital, reserves and liabilities		<u><u>40,172,523</u></u>	<u><u>36,524,371</u></u>

(expressed in Hong Kong Dollars)

26. Statement of Financial Position of Urban Renewal Authority (Continued)**(a) Interest in subsidiaries**

	<u>2017</u> \$'000	<u>2016</u> \$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (Note)	51,782	43,907
Less: Provision for impairment	<u>(48,171)</u>	<u>(41,722)</u>
	<u>3,612</u>	<u>2,186</u>

Note:

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The balances are expected to be recovered more than one year.

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

<u>Name</u>	<u>Number of shares</u>	<u>Total share capital</u>
Opalman Limited	2	\$2
Sunfield Investments Limited	2	\$2
Western Market Company Limited	2	\$2
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 joint development projects.

(expressed in Hong Kong Dollars)

26. Statement of Financial Position of Urban Renewal Authority (Continued)

(b) Statement of Changes in Equity

	<u>Capital</u> \$'000	<u>Accumulated Surplus</u> \$'000	<u>Total</u> \$'000
Balance at 1 April 2015	10,000,000	15,008,930	25,008,930
Surplus and total comprehensive income for the year	<u>–</u>	<u>4,452,212</u>	<u>4,452,212</u>
Balance at 31 March 2016	<u>10,000,000</u>	<u>19,461,142</u>	<u>29,461,142</u>
Balance at 1 April 2016	10,000,000	19,461,142	29,461,142
Surplus and total comprehensive income for the year	<u>–</u>	<u>3,142,855</u>	<u>3,142,855</u>
Balance at 31 March 2017	<u>10,000,000</u>	<u>22,603,997</u>	<u>32,603,997</u>

27. Approval of financial statements

The financial statements were approved by the Board on 13 June 2017.



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