



市區重建局

URBAN RENEWAL
AUTHORITY

PLANNING
for Sustainable Urban Renewal
LED
by Collaboration and Vision



2018-19
Annual Report

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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.

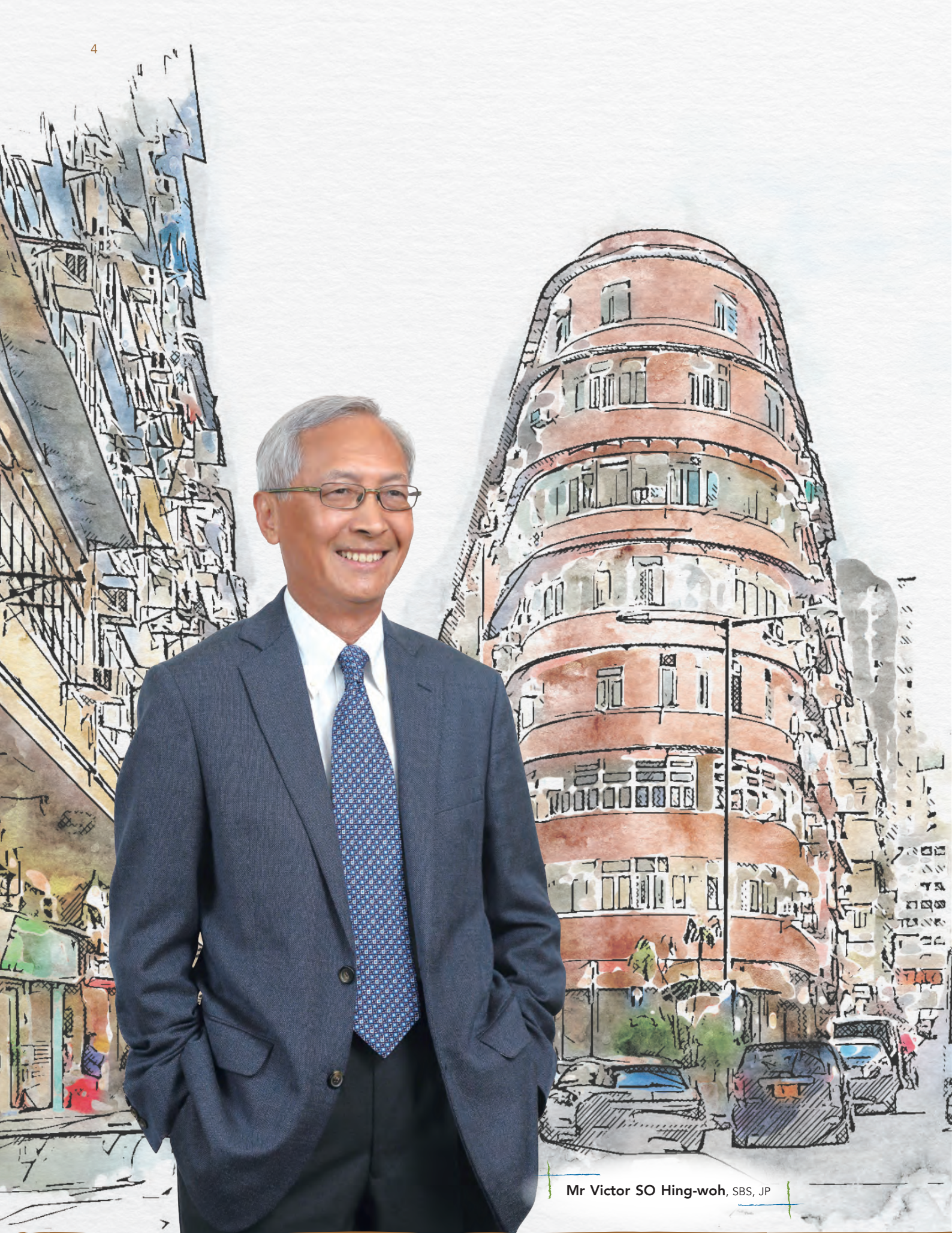
Our Partners are:

- 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.





Mr Victor SO Hing-woh, SBS, JP



CHAIRMAN'S STATEMENT

Gear up and Usher in a Bright Future of Urban Renewal

As I retired from the Chairmanship of the Urban Renewal Authority (URA) at the end of April 2019 and looked back, nothing was more gratifying than seeing the URA had achieved what I set out to do when I first joined — that is more urban renewal projects on a larger scale and magnitude with greater urgency. It is indeed a great honour to have taken on the leadership and steer the URA's urban renewal work in bringing a sustainable Hong Kong through improving the living environment for people living in older districts. Eighteen such redevelopment projects were launched during my six-year tenure as Chairman. Upholding the "people first" principle, the URA stepped up the communications with residents living in these project sites to better understand their aspirations, ultimately helping over 4,200 families enhance their living environments. I am also pleased to see that the URA has adopted a district-based approach in recent years to undertake urban renewal from a more holistic perspective, thereby maximising the benefits that can be brought to the community on a larger scale through enhanced open spaces, road networks and facilities. In this fiscal year, the URA made significant progress on the relocation arrangement of the unauthorised building structures on private land in Development Area 5 of the Kwun Tong Town Centre Project, breaking the decade-long impasse and enabling this single largest project ever undertaken to proceed.

The URA has also been actively promoting and facilitating building rehabilitation in the hope of slowing down the ageing of buildings, so as to alleviate the pressure on urban renewal. The past decade-and-a-half has seen a total of 4,200 building blocks, involving around 140,000 flats, undergo rehabilitation with the support of the URA. Focussing on just the past six years, by way of implementing an array of building rehabilitation subsidy schemes and the offer of technical assistance, such as "Smart Tender" Rehabilitation Facilitating Services, the URA has assisted owners of about 1,700 building blocks, comprising a total of around 58,000 flats, to organise maintenance works, thus facilitating improvement of the conditions of these buildings.

These flourishing accomplishments, together with the various preservation and revitalisation projects implemented over the past six years, would not have been achieved without the concerted efforts of my colleagues at the URA. As Chairman, I am grateful to all the work done in realising the objectives set forth in the Urban Renewal Strategy.

CHAIRMAN'S STATEMENT

However, the road to urban renewal has not been an easy ride during my tenure at the URA. Urban decay is always a pressing problem. The number of building blocks aged 50 years or more is increasing at a staggering rate of 600 annually and will get close to 30,000 by the end of 2046. Urban redevelopment has a long cycle that typically takes eight to 10 years to complete, from commencement, acquisition, construction to completion. With the introduction of a district-based approach to renew old urban district in larger scale projects, the URA will have to deal with more acquisition and relocation cases which are by no means less complex. This will eventually require even longer time to complete the redevelopment cycle. Adding to the challenge is the rising costs that would create an increasingly heavy financial burden for the URA.

Acquisition Cost Pushed up by Soaring Market, Impeding Redevelopment

The rocketing property price of the past six years has caused a knock-on effect on the cost of acquisition for urban renewal projects. In accordance with its acquisition policy, the URA has been offering a Home Purchase Allowance, which is a higher-than-market offer consisting of the market value of a property plus an ex-gratia allowance commonly known as "seven-year rule", to affected owner-occupiers of domestic properties. To illustrate, a redevelopment project in Mong Kok commenced in 2013 when I first took up the Chairmanship had an acquisition cost of HK\$11,832 per square foot based on the seven-year rule. Within just five years, for another redevelopment project also in the same district, the per square foot unit cost was HK\$18,023, representing a 50% increase in the acquisition cost.

Rising acquisition cost poses heavy burdens on the financial stability of the URA. In a soaring property market, in order to maintain the same project scale in redevelopment, the URA will need to incur a greater cash flow to match the increase in acquisition expenses. However, the URA's cash flow was reduced from HK\$21 billion in the 2017/18 financial year to HK\$18 billion in 2018/19. It is anticipated that the URA will need to deploy HK\$34 billion to complete the projects already commenced or planned in the five-year corporate plan which will put further financial burden on the URA given the cash flow for 2019/20 will be reduced by 30% to HK\$12 billion.

Under the conventional urban redevelopment process, the number of projects available for tender every year varies, depending on the progress of acquisition and rehousing, which is a factor of the project scale and the number of interests and tenants involved in the process. Other external factors beyond the control of the URA, such as the buoyant property market, construction costs and interest rates, also affect the revenue generated from these projects, resulting in a fluctuation of URA's annual income. In the face of a bullish property market, the income generated by project tenders from previous years would not be enough to fund the upcoming acquisition cost of redevelopment projects of a similar scale. As a result, the URA would be left with no choice but to commence smaller scale projects with higher acquisition cost, hence, undermining the planning benefits to the community. On the other hand, if the property market subsequently plunges, the URA will receive a major blow to its financial stability because projects that commenced with high acquisition costs will bring about financial loss in terms of a 'buy high, sell low' predicament.

While income remains unstable, the URA's expenditure on acquisition and rehousing of redevelopment projects, building rehabilitation, preservation and revitalisation has been on the rise, causing an unbalanced budget where income falls short of expenses, posing challenges to the financial stability of the URA. However, tasked with the social mission of urban renewal, slowing down the pace is not an option. Instead, the URA endeavours to seek new and innovative solutions in urban renewal to deal with the significant urban ageing issues.

Adopting the District-based Approach for a Liveable Neighbourhood

In accordance with the Urban Renewal Strategy, urban regeneration is not just about redeveloping dilapidated buildings, but more importantly, rationalising land use in old districts by adopting a district-based approach for maximisation of planning benefits. Since 2016, the URA has launched six redevelopment projects in To Kwa Wan that together have created an area totalling 22,000 square metres for a comprehensive and holistic redevelopment plan. This large-scale neighbourhood enables more efficient land use planning for residential,

commercial, road network and leisure purposes. It also opens up the opportunity to explore the feasibility of underground land use for car parking, thus reducing the need for roadside parking space, thereby, releasing more space for pedestrian pathways and the relocation of shops for street vibrancy.

Taking a step further from the district-based approach, the URA has embarked on a new direction of “planning-led” in redevelopment projects where holistic planning of the project site and its vicinity brings long-term benefit to the greater community. The two-year Yau Mong District Study will be completed next year. I look forward to seeing new solutions being formulated to enhance the land use and to unleash development potential of the district, as well as new implementation mechanisms, and regulatory frameworks being developed to undertake urban renewal with greater efficiency and effectiveness. Recommendations will then be fully discussed with the government and the public for consensus on new ways to tackle urban decay.



Commencing six projects under the district-based approach in To Kwa Wan, bringing more planning and social benefit to the community.

Building Rehabilitation Paves the Way to Holistic Urban Renewal

In the face of the aggravating problem of ageing buildings, redevelopment of dilapidated buildings alone could hardly keep pace with the problem. Emphasis should also be put on building maintenance as a way to alleviate the pressure to call for redevelopment. For the past six years, the URA has implemented and enhanced an array of building rehabilitation subsidy schemes and services to offer resources and technical assistance to owners in their building rehabilitation works. Last year, in support of the Government policy, the URA launched the Operation Building Bright 2.0 and the Fire Safety Improvement Works Subsidy Scheme, aiming to help owners of around 7,000 old building blocks to complete their rehabilitation or facilities enhancement works in the next six years. This will roughly translate to one in every three old building blocks, out of the 23,000 aged 30 years or more that require regular maintenance works, to benefit through the schemes. In addition, another new initiative, the Lift Modernisation Subsidy Scheme, to be implemented in two phases over the next six years, will provide support to owners in enhancing the safety of the lifts of their buildings. All of these underpin the URA's commitment to expanding its building rehabilitation works in both intensity and diversity.



The URA signs the Memorandum of Understanding with the Development Bureau for the launch of Lift Modernisation Subsidy Scheme.

While these schemes are all one-off assistance, most owners remain uninterested in organising building maintenance works as they are deterred by a lack of knowledge in the relevant works and the fear of tender rigging. To address this need, the URA launched “Smart Tender” in 2016 to offer technical assistance to owners in procuring contractors and reducing the risks of tender rigging during their procurement of maintenance works. The service was well received among owners and owners' corporations during the three years after launch, with over 900 applications, involving around 124,000 flats.

CHAIRMAN'S STATEMENT

The URA has further taken up the role of a facilitator to promote collaboration among government departments, professional associations and practitioners in the building rehabilitation industry, with an aim to enhance the awareness of building rehabilitation among building owners; while at the same time, to introduce new mindset in the organisation of building rehabilitation works. One example of such URA initiatives is the establishment of the Building Rehabilitation Platform, launched in March this year, to bring together professionals from both public and private sectors to offer professional advice, comprehensive information and technical assistance on building rehabilitation to owners.

Recognising the importance of building rehabilitation in tackling urban decay, the URA continues to step up its efforts in this area. On one hand, we undertake to review policies and measures to encourage building owners to shoulder the responsibilities of building management and maintenance. On the other, we will continue to enhance the Smart Tender services to raise the competitiveness and transparency of the tendering exercises for consultant and construction works, thus reducing the risk of tender rigging and ensuring fair and accurate pricing. Meanwhile, the URA is also studying the possibility of introducing innovative technologies in building rehabilitation to equip owners with better understanding and knowledge of the conditions of their buildings, such that maintenance works can be arranged in a timely and effective way, strengthening their confidence and ability in organising rehabilitation works in the long run.

Putting People First in Our Urban Renewal Work

The URA upholds the principle of putting people first and practises it in our work. The setup of a team of 60 staff in 2016 for a new initiative, named "Project Engagement" programme was a notable example where we proactively visited the many residents affected by our redevelopment projects in To Kwa Wan. A total of over 3,000 residents were visited whom we helped alleviate their reservations about the project by explaining in detail the different phases of the redevelopment process. We did that with care and patience, understanding their needs and difficulties with compassion and, where necessary, referred families with special needs to social workers for timely and appropriate assistance.



Visiting a stall owner in Graham Market in Central whose stall was damaged by the fire. The URA provided emergency financial assistance to affected owners for rebuilding or repairing their stalls.

This people-first principle is also practised in our building rehabilitation business where URA staff join owners' meetings, usually held in the evening, to help resolve disputes among owners and to clear their doubts in organising maintenance works. The great dedication of the URA team is much appreciated by owners, confirming our concerted efforts in putting people first at heart in our work.

Collaborating with Government for New Measures Helping People through Tough Times

Raising living standards is one of the major concerns of the people of Hong Kong. Over the past six years, the URA, as one of the public organisations shouldering this responsibility, not only implemented urban renewal projects to improve living environments, but also responded to government's various policies and initiatives developed to meet the diversified housing needs and improve the living environment for local people through devoting additional resources and manpower.



Proposing a toast together with URA Board members at the annual Spring Dinner.

Following the allocation of its flats at the Kai Tak Development as Subsidised Sale Flats in 2015, the URA further assigned 450 units of its redevelopment project at Ma Tau Wai Road as a “Starter Homes” Pilot Project in 2018 to support the Government’s new initiative on housing. The flats were sold at 62% of market value to first-time home buyers as a measure to satisfy public demand for affordable housing. Meanwhile, the study on the redevelopment of Civil Servants’ Co-operative Building Society Scheme has already identified two candidate sites where the scale of projects should offer the possibility of high-density development for the provision of more housing supply, including the possible appropriation of part of the redevelopment as subsidised sale flats.

Another URA initiative in response to the government’s policy of increasing transitional housing is our support for the Community Housing Movement, led by the Hong Kong Council of Social Service. Some of the rehousing flats and renovated units acquired by the URA have been appropriated to the Community Housing Movement as transitional accommodation to meet the short-term housing needs of people and underprivileged families to alleviate their pressing problems of poor and over-crowded living conditions.

Drawing on the experience from the implementation of Operation Building Bright 2.0 and the Fire Safety Improvement Works Subsidy Scheme, the URA is again partnering with the government to launch the Lift Modernisation Subsidy Scheme in which subsidies and professional assistance will be provided to property owners of old buildings. The URA will facilitate them to expedite the organisation and implementation of improvement works to the lifts, thus raising the safety level of buildings and enhancing the living environment.

The work of the URA has yielded fruitful results and successes in the past six years. I am sincerely grateful for the unwavering support from members of the URA Board, offering invaluable advice and recognition to the work of URA. Through active participation in brainstorming sessions and meetings, they brought profound insights on the development of the URA. Their participation in our community education activities has contributed much in fostering strong connection with the public and its goodwill.

I would like to express my appreciation for everyone at the URA for their dedication to helping our organisation go from strength to strength and to outdo their best in scaling new heights. Urban renewal resembles a marathon in that it is a long-term commitment that requires patience and perseverance to race against time in tackling the staggering rate of building ageing. I wish the new Chairman, Mr Chow Chung-kong, and the new URA Board every success in leading the URA team to conquer this daunting task. I trust that, building on the past, the new leadership will take URA to go further and to continue to achieve even better results in urban renewal.

Victor SO Hing-woh, SBS, JP

Chairman

31 July 2019

MESSAGE FROM THE NEW CHAIRMAN

Mr CHOW Chung-kong, GBS, JP



United Front: Urban Regeneration for Better Living

As I familiarised myself with the work of Urban Renewal Authority (URA) through meetings and visits to URA project sites after assuming the Chairmanship in May 2019, I contemplated the distinctive role of the organisation, and have perceived the fundamental dissimilarities between the URA and private developers in undertaking urban renewal. This was especially true when I visited various URA project sites where I was very impressed by the Authority's urban renewal work under the "5R strategies" — Redevelopment, Rehabilitation, pReservation, Revitalisation and Retrofitting (5R works), carried out in accordance with its vision and mission of creating quality and vibrant urban living in Hong Kong. For years, the URA has committed to fulfilling the great responsibilities entrusted in it, not only for regenerating old districts, but also improving the living environment and fostering the sustainable future development of the city.

During other visits to residents in our renovated rehousing blocks and families affected by our redevelopment projects, who are now rehoused in public rental housing, I felt the pressing need for urban renewal as these people recounted their days of living in dilapidated areas with poor environment. I have also realised that to effectively improve residents' living conditions, the work of urban renewal requires not only an upgrade of hardware provisions, but also on the software side to put people first in our work to address the genuine needs of the residents, thereby bringing benefits to the people and the community at large.

MESSAGE FROM THE NEW CHAIRMAN

Shouldering Social Responsibility for the Greatest Benefits of Community

The URA takes on the social responsibility of pushing forward urban renewal under the directives of the Urban Renewal Strategy. In addition to turning dilapidated structures into buildings that meet modern standards, complemented by environmentally friendly features, the URA also capitalises on the opportunities of redeveloping the built environment to replan and rationalise land use for better design and availability of recreational green space and community facilities for greater public enjoyment.

Through the work of regenerating old districts, not only has the URA enhanced community landscape on a holistic level, but also improved the quality of housing and living environment for local residents. With the offer of ex-gratia payment and rehousing measures, the URA has helped relocate affected tenants from their dilapidated buildings to better new homes. Meanwhile, beyond the scope of helping those affected by its projects, the URA has also appropriated more than 60 flats to the Hong Kong Council of Social Service. These provide transitional housing under the Community Housing Movement to render assistance to people living in poor conditions or those long awaiting public rental accommodation in order to improve their living conditions. I sincerely hope that the living quality of every resident whom we have engaged will be enhanced, thus fulfilling the objectives of urban renewal.



Visiting residents affected by redevelopment project who have been rehoused to public rental housing flat in the same district.

Realising that the living and built environment in old districts cannot be improved by redevelopment alone, the URA attaches great importance to building rehabilitation as one of its two core businesses. Over the years, the URA has proactively offered subsidies and professional support to building owners and assisted them in organising building repair works, thereby improving the safety and hygiene condition of the old buildings, while helping to slow down ageing of buildings and alleviating the pressure for redevelopment. Last year the URA commenced a comprehensive New Building Rehabilitation Strategy Study which aims to review the current regulatory framework and measures on building rehabilitation, with a view to formulating prospective strategies for rehabilitating buildings of different ages. These measures, aimed at establishing a preventive maintenance culture, will furnish building owners with all-round assistance for undertaking building rehabilitation.

Redevelopment, Rehabilitation and Preservation — work in parallel with equal importance

As stipulated in the Urban Renewal Strategy, the URA is required to uphold the long-term objective of a self-financing urban renewal programme. This does not, however, translate into a directive of maximising profits in its operation. In fact, the URA puts much emphasis on the optimal use of resources and its full utilisation, by making use of the income generated from the redevelopment projects to fund its 5R works and to embark on strategic studies in order to explore new innovative ideas and strategies for the implementation of an integrated approach of 5R urban renewal work geared toward sustainable urban regeneration.

To enhance the safety and living environment of buildings, for many years the URA has provided financial and technical assistance to owners of old buildings through various building rehabilitation subsidy schemes. Of equal importance is the awareness of owners to discharge their responsibilities to proactively maintain their own properties for longer serviceability, thereby arresting the problem of building decay. To this end, the URA has allocated additional resources to advocate awareness on building rehabilitation among owners, to enhance their capabilities in organising building repair works and to instill a culture of preventive building maintenance. The all-in-one Building Rehabilitation Platform was launched early this year to equip owners with professional and comprehensive knowledge and technical assistance on building maintenance, thereby strengthening their confidence in carrying out building rehabilitation works. Partnering with the government the URA has launched three subsidy schemes, namely Operation Building Bright 2.0, Fire Safety Improvement Works Subsidy Scheme and Lift Modernisation Subsidy Scheme. It has also added manpower resources, in particular the engagement of legal consultants to help owners of “three nils” buildings (old blocks without owner corporations, resident organisations and property management companies), examine relevant provisions governing the validity of resolutions in their Deeds of Mutual Covenants. These initiatives are designed to help building owners organise building repair works in order to protect the safety of the residents and the public. While it is the owners’ responsibility to undertake building maintenance, which cannot be taken up by the URA, our effort to provide multi-pronged assistances to owners is indispensable.

Noting that public aspiration for urban renewal is more than mere demolition of old buildings and construction of new ones, the URA endeavours to preserve buildings and structures in its project sites that possess historical, cultural or architectural values, such that historical legacies and local characteristics can be passed on. In addition to preservation, the URA also incorporates the concept of “community-making” and deploys extra resources to revitalise preserved architectures and their neighbouring communities, so as to create a harmonious community environment integrated with old and new features for the enjoyment of residents.

In view of a surge in the demand for subsidised housing in recent years, the URA has launched various initiatives in response to the government’s policy to help address housing needs. On the premise of a prudent financial status, the URA has assigned residential units at its Kai Tak development as Subsidised Sale Flats, as well as those in Ma Tau Wai Road/Chun Tin Street Project for sale as Starter Homes, both sold to eligible applicants at prices below market rates, underpinning the URA’s non-profit-driven business model. Despite the fact that these initiatives would inevitably reduce the expected revenue of the URA, we are pleased to shoulder this responsibility in meeting public aspiration for home ownership.

MESSAGE FROM THE NEW CHAIRMAN

Working Hand in Hand for a New Chapter in Urban Renewal

The intensity of ageing of buildings is accelerating and on an irreversible trend. To meet public expectation on the URA in improving old districts, the URA has stepped up its commitment to push forward urban renewal by commencing a forward-looking district study for Yau Ma Tei and Mong Kok (Yau Mong District Study) with an aim to explore more effective approaches for urban renewal. While the Yau Mong District Study is still underway, the URA has applied some of the research insights and mechanisms therein to the preliminary feasibility studies for projects in other districts. Three of these have already been kicked off earlier this year for the old urban districts of Sham Shui Po and Kowloon City. Working to formulate blueprints that cover broader development areas, the Project Planning and Preliminary Feasibility Studies (PPFS) will examine different land uses and road network plans in respective areas, as well as their current planning constraints, in order to explore the feasibility of various planning and design proposals and identify urban renewal projects that can encompass the work of redevelopment, rehabilitation, preservation, revitalisation and retrofitting. These will be further included in the URA's annual Business Plan and its five-year Corporate Plan for accelerating the implementation of urban regeneration that can bring higher effectiveness and greater benefits to meet the needs of the community, thus achieving the long-term goals of urban renewal.

As we push ahead with our initiatives on Yau Mong District Study and PPFS, and in anticipation of the technical complexities and issues arising from policy frameworks, the URA must work closely with the Government, industry players and local communities, so as to garner support for working out concrete plans and implementation details of various proposals and measures.

Meanwhile, another study now underway on new building rehabilitation strategy is expected to be completed within this financial year. This explores new approaches to tackling urban decay through the formulation of holistic strategies for rehabilitating buildings of different ages. The work of building maintenance is never a simple task as it involves a wide range of fields and a great number of owners and industry practitioners. It is, therefore, important for the URA to strengthen its communication and collaboration with different parties and stakeholders to win their support for, and understanding of, joint initiatives on building rehabilitation. This includes raising owners' awareness and ability to organise works and of the availability of financial and technical assistance.

As it is beyond the bounds of possibility for the URA to realise these holistic and forward-looking objectives alone, we will continue to collaborate closely with the Government in various aspects, from policy advisory to the rendering of technical assistance as well as administrative and regulatory support, with a view to taking on board the new initiatives in land uses and planning, as well as building management. I sincerely hope that professional groups, owners, tenants and community stakeholders will continue to offer support to the URA, and to join hands with us in fostering the long-term development of urban regeneration.



Exchanging views with URA staff to understand their daily work.

MESSAGE FROM THE NEW CHAIRMAN

I would like to take this opportunity to express my heartfelt gratitude to our former Chairman Mr Victor So and all URA board members, for their contribution and professional leadership that have made the urban regeneration work of the URA fruitful, thereby laying a solid foundation for our future collaboration with the Government. Looking ahead, the URA will strive for better communication and strong partnership with different stakeholders in Hong Kong, and to push forward urban regeneration with more innovative ideas. In the spirit of 'people first' and fairness, let us join together in building a liveable city in which people will enjoy living, working and visiting.

CHOW Chung-kong, GBS, JP
Chairman

31 July 2019



Ir WAI Chi-sing, GBS, JP, FHKEng

Yau Mong District Study

MANAGING DIRECTOR'S STATEMENT

To overcome the urban decay predicament with New Strategies, Innovative Mechanisms and Concerted Efforts

In June 2019, my new term began at the time when my three previous years serving as the Managing Director of the Urban Renewal Authority (URA) ended. Taking stock of the progress made and initiatives launched during my last tenure, the URA has strived to formulate new implementation mechanisms and strategies gearing for greater effectiveness and impact in its two core businesses of redevelopment and building rehabilitation. On the redevelopment front, the URA is moving from the conventional project-led approach in undertaking urban renewal to a planning-led process for maximisation of benefits to the community through restructuring and re-planning the built environment, as well as rationalising land use. Regarding building rehabilitation, in addition to helping owners overcome the challenges of organising building maintenance works, with financial assistance through various building rehabilitation subsidy schemes, a substantial part of our work has been dedicated to enhancing the respective knowledge and technical capabilities of owners, with a view to instilling a change in attitude towards building maintenance from passivity to proactivity.

In addition to the new implementation approaches in our two core businesses, the URA is committed to devising new urban regeneration strategies from a holistic perspective, which are to be supplemented by findings of two soon-to-be-completed strategic studies on Yau Ma Tei and Mong Kok Districts (Yau Mong District Study), as well as the New Building Rehabilitation Strategy Study. Pooling the efforts from government departments, building owners, community stakeholders and professional institutes, the URA endeavours to change public perception of urban renewal from focusing on the demolition of dilapidated buildings to maintenance and enhancement of building facilities with "new strategies, innovative mechanisms and concerted efforts". Through this we are able to optimise the use of public resources and lands in the old districts, hence catching up with the pace of urban decay and fostering the sustainable development of urban regeneration.

Integrating Projects for Better Planning and Community Gains

In recent years, the URA has stepped up its efforts to reengineer the implementation strategies in its core businesses, in particular the adoption in June 2016 of a district-based approach in redevelopment, an initiative announced when I first took up the office. Under this approach, individual redevelopment projects in To Kwa Wan are integrated and redeveloped under a holistic planning model, so that through re-planning, incompatible land uses in the district can be rationalised, alongside the benefits of alleviating traffic congestion, as well as enhancing open spaces and walkability in the area. Following the launch of Wing Kwong Street/Sung On Street Project (KC-014) in June 2018, the redevelopment in To Kwa Wan under the district-based approach now covers seven linked projects making up a site of 22,000 sq metres, facilitating a holistic planning of the area with synergy to enhance the road network and pedestrian environment.

The 'district-based' approach and the relevant statutory planning procedures for the To Kwa Wan development has gained full support from local communities as well as receiving relevant approvals from the government and Town Planning Board, alongside good progress in the acquisition. At the time of preparing this statement, the URA had already made a land resumption request to the government and completed the consultation process with the District Council. Upon obtaining approval from the Chief Executive in Council, the resumption of land will be gazetted for taking into effect. The district, after regeneration, will be enhanced with a restructured and more efficient road network design, alongside an underground public carpark that can free up on-street parking spaces for installing green pedestrian walkways. Meanwhile, there will also be an underground communal carpark to serve nearby developments with a goal of reducing individual carpark openings at ground level, thereby maximising street frontages for shops and enhancing street vibrancy. I look forward to the fruitful completion of the redevelopment projects under this planning-led approach, that will regenerate the old district of To Kwa Wan into a liveable, accessible and vibrant community.

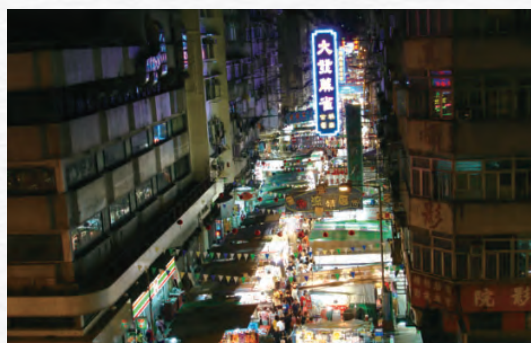
Leveraging District-based Planning Experience for the Development of New Planning-led Approach

Building on the experience in implementing the 'district-based' model in To Kwa Wan redevelopment and the public recognition therefrom, the URA has developed a new approach of urban renewal from the previously adopted model of 'project-led' to 'planning-led', with the Kai Tak Road/Sa Po Road Development Scheme (KC-015) launched early this year as the forerunning project. Through the realignment of a portion of Sa Po Road, the space beneath Prince Edward Road East will be earmarked for building a split-level sunken plaza that will serve as a vital node connecting the old Kowloon City and new Kai Tak Development Area through linkages to the nearby underground shopping streets in Kai Tak, with a view to inject vibrancy to the old area of Kowloon City. To alleviate the problem of inadequate parking spaces in the vicinity of the project area, the plan has also incorporated an underground carpark with 300 public parking spaces. In addition to achieving the single objective of redeveloping dilapidated buildings in project areas, the URA has adopted a more holistic approach in the planning and implementation to enhance the overall walkability and connectivity, as well as greening for the area under redevelopment and also its vicinity, bringing wider benefit.

Nevertheless, to tackle the aggravating problem of urban decay and push sustainable urban renewal forward, the stepping up of such planning initiatives must run in parallel with strategic studies that focus on the longer term. To this end, a two-year Yau Mong District Study (YMDS) was launched in 2017 aiming to review the existing models and implementation mechanism of urban renewal, in order to seek new inspirations in the work of urban regeneration. Given the enormous scale and the complexity of issues of the locality under study, the URA has taken more than a year to complete the baseline study, in which all data concerning buildings' age and condition, as well as the residual development potentials and their distribution among the 3,300 buildings situated in the study area of 212 hectares were gathered, consolidated and analysed. Local traffic capacity and infrastructure were also covered in the baseline study. In parallel, the study also incorporated an in-depth review of the current policy framework and implementation mechanism of urban renewal, including legal provisions governing urban planning and land leases. The URA hopes to leverage the findings to explore more flexible planning and development approaches to include plot ratio transfer, public-private partnerships, and the development of underground space, such that development potentials of land in the old districts can be unleashed to optimise land use and maximise community benefit.

As the YMDS enters the second year, our team will move forward the crucial task of identifying districts with urban renewal potential, followed by the formulation of a Master Renewal Concept Plan (MRCP) according to the analysis of the building conditions and the rate of urban decay in Yau Mong districts from the baseline study. The MRCP will comprise three different development density options, namely a "positive" option with increased development density but the same population, "negative" with reduced density, and "neutral" in which the development density under existing planning frameworks will be retained. Alongside each of the three density options, there will be an inclusion of time dimension of three courses of development — short-term, medium-term and long-term — based on an interval of eight to ten years. Eventually, a total of nine sets of blueprints inclusive of urban regeneration approaches encompassing the 5R strategies of Redevelopment, Rehabilitation, pReservation, Revitalisation and Retrofitting (5R works) will be formulated.

Notwithstanding the development potential, the URA also attaches great importance to the unique local socio-economic characteristics in Yau Ma Tei and Mong Kok districts, in particular the traditional markets or shopping lanes with high clusters of shops of the same trade. These areas are facing problems of traffic congestion, narrow walkways and incompatible socio-economic activities, which are common in most old districts. To this end, our study has also identified six 'nodes' which possess distinctive economic, historical and cultural features as well as geographical landscapes for further enhancement. With regard to their respective building condition and urban layout, the "nodes" would be regenerated through an integrated approach of urban renewal covering redevelopment, rehabilitation, preservation and revitalisation, to become vital hubs in the district.



Traffic congestion and traditional marketplace are among the key features of Yau Mong district.

MANAGING DIRECTOR'S STATEMENT

The Yau Mong District Study is conducive to our long-term urban regeneration work as it brings along strategic proposals and development blueprints formulated from a more holistic perspective. This, in turn, will facilitate the implementation of 5R works under the three-step approach, which refers to holistic planning and project selection, followed by an implementation mechanism, as a way to realise the strategy of adopting a “district-based” approach in urban renewal as stipulated in the Urban Renewal Strategy. Such a strategic move is instrumental to achieve the vision of urban renewal to improve the standard of living for the people and to sustain the development of a quality city.

Instilling Culture of Preventive Maintenance with Proactive Support to Owners

As the problem of building decay is worsening both in terms of pace and scale, solutions to tackle the issue at its root are being sought by encouraging owners to assume more responsibility in carrying out building maintenance on their own properties before the building becomes derelict. In addition to providing various financial assistance and professional support to owners for undertaking building repair work on a continuous basis, the URA has in recent years played the role of a facilitator to proactively reach out to owners and launch new initiatives to help them overcome the difficulties in organising building rehabilitation works.

The “Smart Tender” Building Rehabilitation Facilitating Services (“Smart Tender”), which was launched in May 2016, is one significant initiative of those. With the provision of independent and professional consultancy services and practical tools, such as the electronic tendering platform, Smart Tender helps ensure fairness in the tender process, minimising the risk of bid-rigging, hence bolstering owners’ confidence in pursuing building repair works. The all-in-one Building Rehabilitation Platform (BRP), which was launched in March this year, is another effort aimed at promoting self-assisted building maintenance to owners by equipping them with comprehensive knowledge on building rehabilitation that covers the “Six major steps”, namely the reaching of resolution to implement building maintenance; defining the scope of work; preparing works tender; appointing works contractor; commencing works and conducting works inspection; and completion of works. In setting up the BRP, the URA has pulled together efforts from the industry’s key stakeholders including professional bodies and works contractors’ associations, alongside the support of government departments and law enforcement agencies who play an advisory role, with a view to provide trusted and credible services for building owners to count on.

In addition to empowering building owners with better knowledge and technical know-how, the URA also commenced the New Building Rehabilitation Strategy Study in 2017. This was aimed at conducting in-depth analyses on a territory-wide basis of building age and condition, the degree and complexity of maintenance required for different types of buildings, as well as challenges expected and, hence, the level of assistance needed by owners. The Study will also examine relevant provisions and regulatory framework supervising building maintenance and management in order to formulate a comprehensive and holistic strategy, as well as forward-looking initiatives on building rehabilitation for recommendation to the government and industry.

The New Building Rehabilitation Strategy Study has interviewed owner representatives from 3,000 buildings in order to understand the difficulties they face regarding building maintenance. As reflected in the results, owners of old buildings are often faced with three mounting challenges. They are:

- (1) Lack of financial reserve: The Guidelines for Deeds of Mutual Covenant and the Building Management Ordinance stipulate that a special fund for building repairs should be set up by owners. Yet, in the absence of specifications on the amount and frequency of contribution, most Owners' Corporations (OCs) do not require owners to contribute to the fund. As a result, owners are often left with no financial reserve when they are in need of building maintenance.
- (2) Lack of the capability to organise: Some of the aged buildings are run without any OC or owners' organisation, and worse still, their owners are usually elderly people who have difficulty organising maintenance works and convening meetings for resolving decisions relating to the implementation of building rehabilitation works.
- (3) Lack of relevant knowledge on works: Most owners are unfamiliar with procedures pertaining to tender exercises and works inspections, in addition to lacking knowledge on repair works management.

Working upon these findings, we will embark on the next phase of the New Building Rehabilitation Strategy Study to explore appropriate strategies for tackling maintenance-related problems and challenges for buildings of different ages. For old buildings aged 50 or above, depending on the building condition, appropriate maintenance works should be continued to upkeep the facilities and structural safety until the buildings are no longer serviceable with serious structural defects and redevelopment becomes the last resort. Of these old buildings, more than half are commonly known as "three nils buildings" which have no OCs, owners' organisations or property management companies, and nor do their Deeds of Mutual Covenants stipulate any proper procedures for resolving matters relating to the implementation of building rehabilitation works. To help address this, the URA has appointed legal consultants to study relevant provisions governing the validity of resolutions in their Deeds of Mutual Covenants under the Operation Building Bright 2.0 and the Fire Safety Improvement Works Subsidy Scheme launched last year. This stepped up assistance from the URA has helped around 50 "3-nil buildings", allowing their owners to take the first step to form new OCs, or to convene owners' meetings for reaching a consensus or getting written approvals to pass a resolution in support of organising building rehabilitation under the subsidised schemes.

As for younger buildings, since most have already had their own OCs or owners' organisations formed with statutory capacity to organise building maintenance works, effort should be focused on promoting the formulation of a regular maintenance plan and providing assistance to owners in handling building inspections and works assessment and the organisation of building rehabilitation works, so that the structural safety and liveability of the buildings can be maintained on a continuous basis. To address the issue of inadequate reserves for funding repair works, the study suggests that the government, URA and stakeholders in the financial sector should devise different financial tools to encourage mandatory contribution by owners to a special fund dedicated to the expenses incurred for oncoming building maintenance. As the BRP is established to equip building owners with comprehensive knowledge on building rehabilitation, it will keep refreshing its content and features to acquaint owners with up-to-date information. In addition to providing standard documents and contracts for owners' reference and better understanding during the procurement process, the BRP will further roll out two new services of Cost Reference Centre and Service Providers Directory next year to offer comprehensive information on market rates so as to encourage fair and equitable cost, as well as to identify suitable works contractors during the selection process, thereby easing owners' frustrations over deficiency of information on market practices and services.

With this financial and technical assistance on building rehabilitation in place, I look forward to an increased awareness among owners towards establishing the practice of regular building maintenance, coupled with enhanced capabilities and confidence in organising relevant works so that eventually the perception of "building rehabilitation" will no longer be taken as "one-off repair for dilapidated buildings", but a preventive strategy to be adopted when buildings are still young, thus enabling us to nip the urban decay issue in the bud.

Embracing Data-Driven Decision-making in Business

To keep pace with the government's plan to build a Smart City, our future work of urban regeneration and its related decision-making mechanism shall be enhanced to progress with time. The URA is currently developing its "Urban Renewal Information System" (URIS) based on geographic data to strengthen its ability to process and analyse vast amounts of planning information, enabling more comprehensive reviews on the

impacts to the environment, economy and population from multiple perspectives, thereby helping the URA to formulate urban renewal plans that can better address social needs. Meanwhile, our full application of Building Information Modelling (BIM) has also enhanced the effectiveness in managing our projects, as it helps rationalise engineering procedures and resolve complications that may have occurred in project development. BIM will continue to be adopted, upon completion of construction works, to monitor and document the functionality of various facilities of the project, thereby enhancing the work of property management and maintenance in the long term.



Utilising the BIM (Building Information Modelling) in project management to rationalise complicated procedures for better efficiency.



Members of staff visiting the Construction Innovation and Technology Application Centre to keep abreast of latest construction technology.

In driving "smart urban renewal", we are in need of a team that is proficient in utilising big data to push forward the work of urban regeneration on various fronts. To address this, we have invested significant resources to help our staff acquire specific knowledge and relevant skillsets in the application of the latest technology. Of the 12,800 staff training hours accumulated over the past year, more than 35% were technology-related covering Artificial Intelligence, Big Data, Geographic Information System and BIM application technology, to equip our staff members with the ability to achieve greater results in their respective positions, and to make data analytics part of our business strategy, process and decision-making.

Through strengthening our application of innovative and data-centric technologies, coupled with our training initiatives to elevate performance, I hope for the evolution of the URA to become a data-driven organisation which plays a leading role in spearheading the use of innovative technologies among members in the planning and works sectors, in order to help building Hong Kong into a sustainable and smart city in the 21st century.

Our former Chairman Mr. So Hing-woh left us some words of wisdoms when he retired after his six-year tenure last April. His saying, as I remember rightly and am grateful for, reminds us of the need to deploy 'new strategies, innovative mechanisms and concerted efforts' in order to prevail over the mounting challenges ahead down the bumpy road to urban regeneration. I would like to express my heartfelt gratitude to Mr So and all Board Members, for their valuable advice and guidance, as well as their dedication in leading the URA to various achievements and innovative changes to the organisation. My appreciation also goes out to the URA team for their hard work that has made multiple breakthroughs in various aspects of urban renewal over the past year. I look forward to working with our new Chairman Sir Chow Chung-kong and all Board Members to bring our two strategic studies into effect and foster more forward-looking and diverse initiatives on urban renewal, thereby paving the way for urban regeneration to be effective, efficient, and impactful. We also call on all community stakeholders to join us in realising the objectives of sustainable urban renewal for the future.

WAI Chi-sing, GBS, JP, FHKEng
Managing Director
 31 July 2019

OPERATING HIGHLIGHTS

Formulating sustainable

urban renewal blueprint with

innovative thinking

To integrate local characteristics and strengthen social cohesion for fostering a harmonious community integrating old and new features as well as shared spaces for public enjoyment.

Injecting place-making concept

To restructure the built environment in old districts to unleash the potential of land, bringing maximum planning benefits to the community.

Integrating district planning

Adopting innovative smart technology

To develop, under the concept of smart city, a smart urban planning and project management platform based on geographic and building information; and to master the use of data to drive business operation.

Promoting preventive maintenance

To formulate strategies for buildings of different ages, enabling owners to carry out proper maintenance for their buildings starting at young age so as to impede urban decay.



Solving the deep-rooted problems in dilapidated areas



Improving the built environment in ageing districts

In the 18 years since establishment, the URA has implemented 68 projects and achieved the following accomplishments (As of 30 June 2019):

- Run-down urban area improved: **187,000** m²
- Dilapidated building blocks redeveloped: **1,394**
- Citizens benefitting from projects: **30,900**
- New flats: **19,950**
- Space rented to NGOs and Social Enterprises in URA properties at concessionary rates in 2018/19: **5,000** m²
- Government, Institutional and Community (GIC) facilities: **54,000** m²
- Open space: **28,000** m²

Partnering with district stakeholders



Caring for the community

- Over **400** families benefitted from the "Home Repair Services Community Programmes" in Kowloon City and Sham Shui Po through improving their living environment (As of 30 June 2019)
- The "Project Engagement" programme paid visits to **482** affected residents and owners in the URA's redevelopment projects in 2018/19

Spreading love and care

- The Community Service Partnership Scheme ("CSPS") launched by URA recorded a total of **8,400** service hours, benefitting over **2,000** people

Art and cultural partnership in old districts

- **667,635** residents in old districts benefitted from a series of arts and cultural programmes

Taking Forward Urban Renewal through New Strategies

- Examine the existing policy frameworks and implementation mechanisms involved in urban renewal, including the regulations governing town planning and land lease and develop flexibility in our planning and development measures to unleash the potential of the old districts in achieving the aim of maximising land use and social benefits

Yau Mong District Study

- Recommend strategies and develop blueprints with broader perspectives for efforts in urban renewal in the long run; guided by a three-step approach starting with holistic planning, followed by identifying appropriate projects and finalising the implementation methodology; integrating the 5Rs in urban renewal for drawing up a visionary urban renewal strategy

- Identify nodes that encompass different features related to commerce and economy, history and culture, geography and landscape, etc, and integrated the 5Rs in urban renewal to promote the growth of these nodes to become the hub of the entire Yau Mong area

- Delve into the conditions, rehabilitation needs and challenges encountered for buildings of different age groups and categories; examine laws and regulatory frameworks on building maintenance and management for the purpose of devising a new and comprehensive building rehabilitation strategy and forward-thinking measures to be recommended to the Government and the industry

New Building Rehabilitation Strategy

- Enhance owners' awareness of regular building maintenance and repair and empower them to manage the maintenance projects with confidence; promote preventive maintenance for buildings of young age to tackle urban decay from the start

- Focus on the three problems faced by building owners (lack of financial reserve, lack of the capability to organise and lack of relevant knowledge on works), an array of assistance and subsidy schemes and a professional information platform were launched to help owners organise and conduct building rehabilitation works

Helping owners overcome challenges in building rehabilitation



Support owners in building rehabilitation (As of 30 June 2019)

- **4,200** building blocks were rehabilitated or in the process of rehabilitation under various assistance schemes
- "Smart Tender" Building Rehabilitation Facilitating Services received **880** eligible applications, and benefitted about **120,000** units
- An all-in-one website "Building Rehabilitation Platform" was launched in collaboration with stakeholders in the building rehabilitation sector which included **25** professional bodies and trade associations, and **4** government departments and law enforcement agencies

Facilitating the efficiency of urban renewal



Engaging the community

- Implement "place-making" initiatives in "H6 CONET" and "7 Mallory Street", raising utilisation and attracting an average of about **9,000** visitors per day (As of 30 June 2019)
- The "H6 CONET" received the Bronze **A' Design Award 2018** for Interior Space and Exhibition Design Category

Achieving innovation

- Two URA's projects were awarded the **Hong Kong BIM Award 2018 from Autodesk** for the application of automated calculation of saleable areas in the Ma Tau Wai Road/Chun Tin Street Project (**eResidence**), and application of BIM concept in building rehabilitation works of the **Coral Court** rehabilitation project under Smart Tender Scheme

Drivers of green buildings

- **15** projects attained BEAM/BEAM Plus Platinum Rating (As of 30 June 2019)
- In 2018/19, the carbon emissions from our own operations were reduced by **24** %
- URA obtained the Hong Kong Green Organisation ("HKGO") Certification for waste reduction and recycling as well as the HKGO's WasteWise Certification of 'Excellence Level'

HIGHLIGHTS OF THE YEAR

2018

04

To enhance the transparency of tender results, the URA Board approved a new arrangement for publishing information on joint venture development tender award. In addition to the usual release of details of the successful tenderer and its holding company upon the award of the tender, the URA would disclose the successful tender amount as well as the identities of unsuccessful but conforming tenderers. The tender amounts of those unsuccessful but conforming tenders would also be published anonymously after the execution of the Development Agreement with the successful tenderer.

05

Aiming to encourage young people to apply their knowledge and creativity to innovative designs that could help improve the quality of life and living environment for the elderly in old urban districts, the first-ever URA/IVE Innovative Design Competition 2018 was organised in collaboration with the Hong Kong Institute of Vocational Education (IVE), a member of the Vocational Training Council. A dome-shaped innovative design won the competition from among almost 50 entries for its concept of connecting the elderly with the youth and the overall community.



06



Commenced the Wing Kwong Street/ Sung On Street Development Project in Kowloon City under the district-based approach to bring in more planning and community benefits. This included enhancement of the local transport network and pedestrian environment through integrated planning with the five adjoining projects.

Announced the preliminary findings of the Archaeological Impact Assessment of the Nga Tsin Wai Village Project and proactively expanded the archaeological investigation and excavation work by independent archaeological experts to assess the overall heritage value of the site and came up with recommendations on preservation solutions.

HIGHLIGHTS OF THE YEAR

07

Operation Building Bright 2.0 and Fire Safety Improvement Works Subsidy Scheme started accepting applications to help building owners conduct inspections and repairs required under the Mandatory Building Inspection Scheme, and comply with the fire safety enhancement measures required under the Fire Safety (Buildings) Ordinance. It aimed to tackle potential safety hazards at private domestic/composite buildings and enhance fire safety standards of old composite buildings.



Took over the work of the Hong Kong Housing Society under the Mandatory Building Inspection Subsidy Scheme, to take charge of all new applications, expanding the URA's coverage to the whole area of Hong Kong.

Partnered with major car park operators in the Tsuen Wan South area to launch a smart parking mobile app, TW Smart Parking, to provide mobile phone users with real-time information on available parking spaces at car parks of seven major shopping centres and two public/residential carparks to make trip planning more convenient for drivers.



The URA Board approved to accept an invitation from the Chief Executive to assign the Ma Tau Wai Road/Chun Tin Street Project as the Starter Homes (SH) Pilot Project. It would provide home-purchase choices and help to meet home ownership aspirations for higher-income applicants who were not eligible for the Home Ownership Scheme but unable to afford private housing.

08



Assisted the rebuilding and repair of hawker stalls being affected by a fire accident at Graham Street in Central. The URA provided hawker stall owners with financial assistance for rebuilding or repairing their stalls and reconnecting electricity.

09

To preserve and strengthen the social network of the underprivileged kids and families in To Kwa Wan District, especially those living in URA's project areas or in the vicinity, "oUR Amazing Kid Band" was set up to provide free music training to 30 underprivileged kids.



Handled the relocation issues related to occupiers of unauthorised building structures (UBTs) in Kwun Tong Town Centre Project pragmatically through sincere communications with the occupiers. One-off special package issued to 116 occupiers with over 80% accepting the offers and handed over the UBT before the expiry of deadline.

10

To enhance living space in its development, the URA increased the minimum flat size for each residential unit to a saleable area of not less than 300 square feet with the Castle Peak Road / Un Chau Street Development Project being the first project adopting this practice. The respective development contract was awarded in October 2018.

HIGHLIGHTS OF THE YEAR

11

Collaborated with local community groups to launch a “Home Repair Services Community Programme” since June 2018, providing free repair services to a total of over 100 grassroots families and elderly people living in Kowloon City to improve their living conditions. In view of the positive feedback from the assisted residents, the URA launched a second round of the programme starting November 2018. The service was also expanded to Sham Shui Po.



12

Unveiled the projection art mapping entitled Snowing Market Light Show@CONET* on the façade of the Central Market, with multimedia displays of the architectural features of the Central Market and Hong Kong cityscape. Complemented by snowfall projections within the 24-hour public passageway, the Light Show brought a sense of festivity to town during holidays.



* CONET stands for Community, Open space and NETwork.

2019

01



Received more than 20,000 valid applications for the eResidence “Starter Homes” (SH) Pilot Project, which comprised of 450 SH units, reflecting an overwhelming response.

To enhance the vibrancy of Tung Yan Street Interim Hawker Bazaar (IHB) in Kwun Tong, a two-week promotion campaign was organised in collaboration with New Life Psychiatric Rehabilitation Association and IHB hawkers in creating a range of handmade gifts for the Chinese New Year.

An appreciation ceremony was organised to commend the participating volunteers of Community Service Partnership Scheme (CSPS) for 660 hours of voluntary service during the year. Partnering with tertiary institutions and social service organisations, a series of volunteer programme under the theme of environmental protection and sustainable development was completed last year, benefitting the physical and mental well-being of the underprivileged families.



HIGHLIGHTS OF THE YEAR



02

The Kai Tak Road/Sa Po Road Development Scheme was launched to take forward urban renewal in the district by pioneering a “planning-led” approach for bringing in more planning benefits. Complementing the Government’s Kai Tak Development, the project would emerge as a connecting point between the old and new districts in Kowloon City and Kai Tak Development Area as well as provide a solution to address the issue of shortage of car park.

04

Co-organised by URA and Tung Wah Group of Hospitals (TWGHs), the 2nd Youth Leadership Programme concluded. 87 students from six participating schools adapted the insights they gained from the Programme to initiate creative proposals in promoting urban renewal, enhancing the living environments of old districts while strengthening local characteristics. The participating students also hosted presentations on “Urban Renewal Day” in their schools to share their new district knowledge with other schoolmates.

05

Mr Chow Chung-kong began his three-year term as Chairman of the URA on 1 May 2019, taking over the office from Mr Victor So Hing-woh who retired on 30 April 2019 after some six years of dedicated services on the Board.

03



Under the joint efforts of the private, public and professional sectors in building rehabilitation, the URA launched the Building Rehabilitation Platform (www.brplatform.org.hk) providing all-in-one information and technical support for building owners.

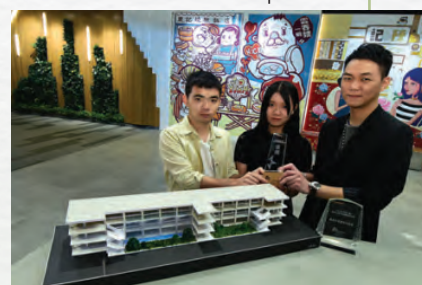
The Government allocated \$2.5 billion to partner with the URA for launch of the Lift Modernisation Subsidy Scheme (LIMSS), encouraging owners in need with professional support to gear up for the implementation of lift improvement works. LIMSS opened for application in March 2019.

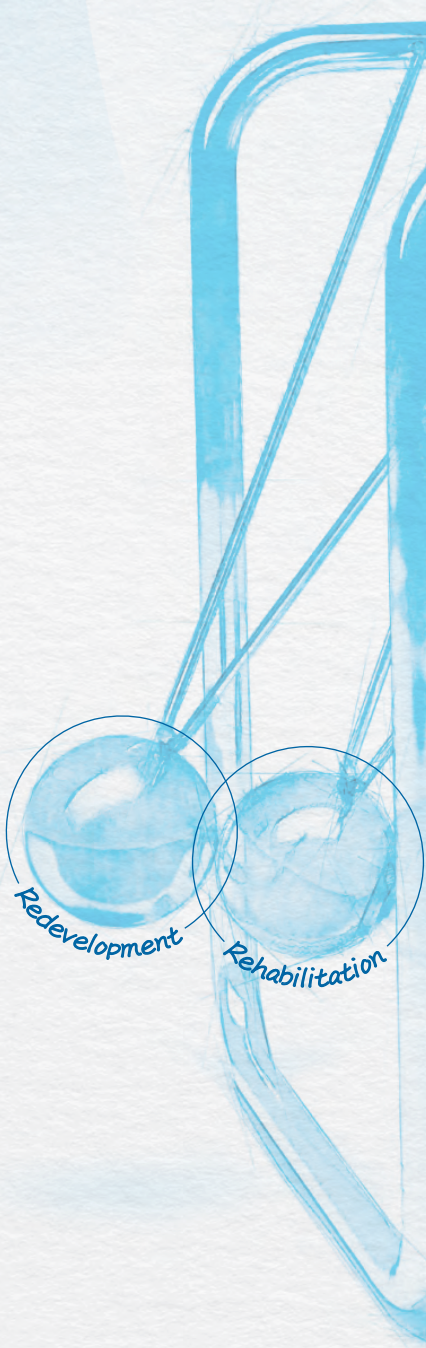
06

Well received by the applicants, all 450 “Starter Homes” (SH) Pilot Project units were selected in just six working days. The URA would conduct a comprehensive review of the project and provide recommendation to the Government for implementing future SH projects.

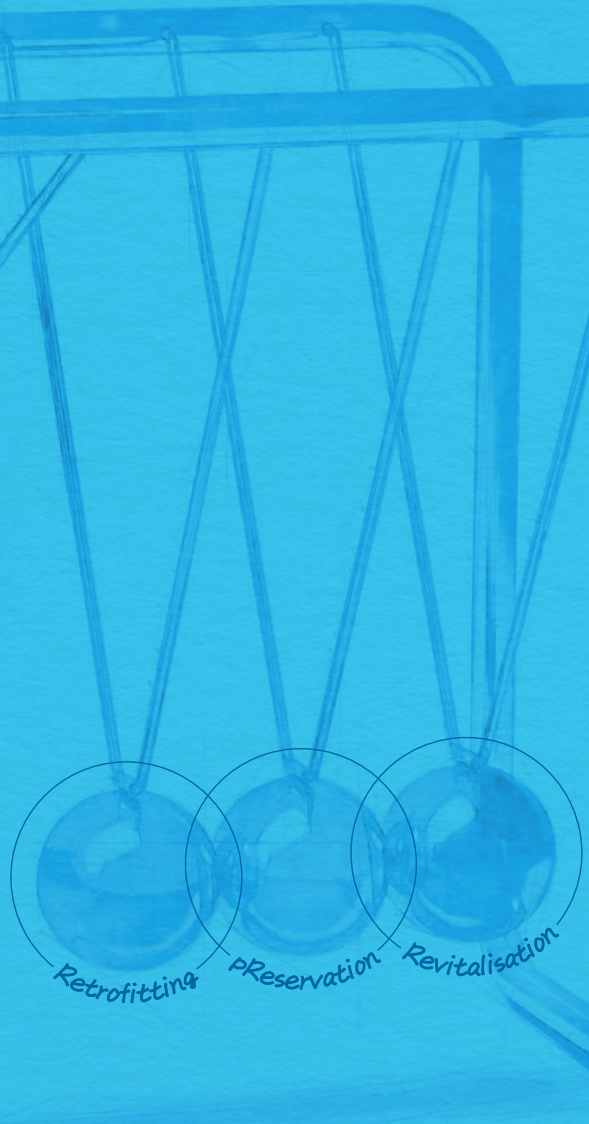
07

The URA joined hands with Hong Kong Institute of Vocational Education (IVE) and Hong Kong Design Institute (HKDI) for the second year in organising URA/IVE/HKDI Innovative Design Competition which aimed at encouraging students to apply their knowledge, innovation and smart-living concepts to unique designs, carrying Central and Sheung Wan characteristics while focussing on youth-elderly integration and sustainable development. The innovative design, “Invisible Oasis”, which featured a water curtain at the open space of Central Market won the competition.



A Newton's cradle with five spheres. The two spheres on the left are highlighted with blue circles and labeled. The background is split vertically into light blue and dark blue sections.

Redevelopment
Rehabilitation

A Newton's cradle with five spheres. The three spheres in the middle are highlighted with blue circles and labeled. The background is split vertically into light blue and dark blue sections.

Retrofitting
Preservation
Revitalisation

OPERATING REVIEW

The URA is mandated under the URA Ordinance (URAO) and the Urban Renewal Strategy (URS) to conduct urban renewal by way of four key business strategies: Redevelopment, Rehabilitation, Heritage pReservation and Revitalisation, known as the “4Rs”.

In the face of the rapidly ageing building stocks, the URA has stepped up its work in building rehabilitation with different focuses for buildings of different ages, from promoting preventive maintenance to proposing Retrofitting, the 5th “R” to furnish old buildings with new and up-to-date features and technology, with an aim to prolong building serviceability for alleviation of redevelopment needs. The URA has also revolutionalised its conventional project-led redevelopment approach in favour of a more holistic planning-led approach. To facilitate sustainable urban renewal, the URA also commenced three strategic studies in 2017 to identify strategies and solutions to take forward urban renewal projects in a more effective and efficient manner, bringing enhanced values to the community.

In light of the importance of urban renewal to the sustainable development of Hong Kong, concerted effort of URA and stakeholders is the key to success.

To this end, the URA has substantiated its efforts to work closer than ever with different stakeholders and assisted the Government on a number of its initiatives during the year, joining hands to improve the living environment while fostering sustainable development of Hong Kong in the long run.

Three Strategic Studies for Sustainable Urban Renewal

Target: To develop a set of integrated strategies embracing the “5Rs” for conducting sustainable urban renewal projects.

To proactively drive planning-driven urban renewal under a holistic approach aimed at addressing Hong Kong’s rapidly ageing building stock in an effective and sustainable manner, the URA commenced three strategic studies in 2017/18, namely the Yau Mong District Study, the Study on New Strategy on Building Rehabilitation, and the Sustainability Study, all of which have achieved remarkable progress and were continued through 2018/19.

Yau Mong District Study (YMDS)

Objectives:



to tackle the scale of urban decay in the district in a timely and economically sustainable manner



to set the YMDS as a pointer to facilitate future urban renewal projects in other districts

The sheer magnitude of Hong Kong’s rapidly-ageing building stock is well beyond the URA’s capabilities under its current mode of operation. Commenced in May 2017, the YMDS is a pilot study to explore new strategies for urban renewal with a holistic district-based approach. It aims at shifting the URA’s focus from the conventional project-driven redevelopment approach to a district-based renewal approach encompassing all the “5Rs”, and identifying enhanced Institutional and Implementation (I&I) strategies for formation of new operational and business models. New urban renewal initiatives with planning tools tailored to encourage effective urban renewal will be incorporated into options for forward-looking and financially sustainable Master Renewal Concept Plan (MRCP).



An aerial view of the Yau Mong District, the most densely developed area in Hong Kong.

In 2018/19, MRCP and I&I Strategies Studies, including baseline reviews, examination of opportunities and constraints and identification of Potential Urban Renewal Opportunity Areas were completed. Strategy development for institutional framework, implementation mechanisms, business and operation models, as well as proposals on more efficient application and rationalisation of planning, buildings and land controls are being finalised. These strategies will guide the formulation of MRCP with options to select and implement future district-based “5R” projects and other URA initiatives like place-making and smart-city concepts. Once the MRCP options have been formulated, public engagement will be carried out to solicit the community’s views. The YMDS is expected to be completed in early 2020.

Study on New Strategy on Building Rehabilitation

Objectives:



to formulate a comprehensive rehabilitation strategy, including preventive maintenance, to reduce the number of dilapidated buildings which may otherwise require redevelopment

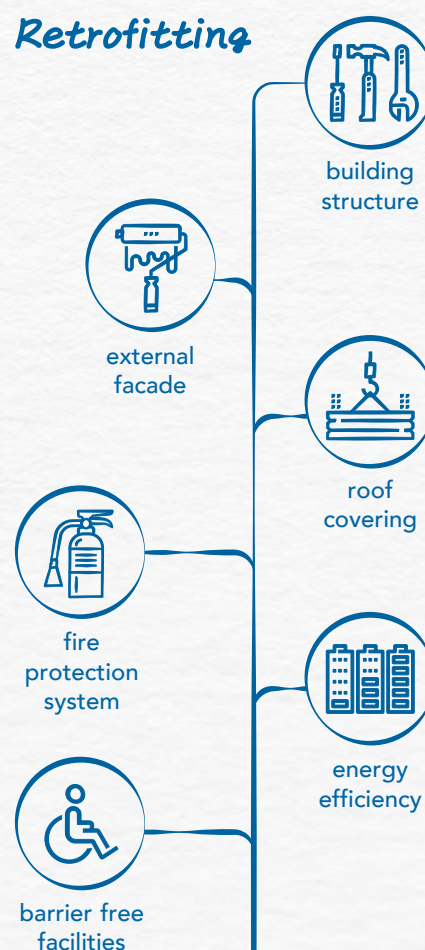
Building rehabilitation is one of URA's key purposes and core businesses to prevent the decay of the built environment. From a social and environmental sustainability perspective, the rehabilitation of buildings is also a very promising way to improve the quality of life of local residents. Launched in mid-2017, the URA's study on New Strategy on Building Rehabilitation aims primarily at formulating a comprehensive rehabilitation strategy covering buildings of all ages with focus on the preventive maintenance of existing buildings in line with the building maintenance cycle.

On the one hand, the URA has studied the existing regulatory framework and practices with a view to formulating relevant proposals; while on the other hand, property owners would be educated on the methods and importance of preventive maintenance. The study will be completed in 2019/20.

Essential elements for proper repair and maintenance, as well as areas for retrofitting, have been identified to prolong the life of ageing buildings. Examples of such essential elements include building structure, external façade, roof covering, fire protection system, energy efficiency and barrier free facilities.

To identify buildings near the end of their physical life where rehabilitation works are no longer economically viable, an evaluation model has been devised for making an initial assessment on the necessary rehabilitation or retrofit cost of a building, which is then compared with the cost and benefit of redevelopment. Although there may be issues for buildings in this state which lack redevelopment potential due to plot ratio controls, the holistic renewal approach has the advantage of taking the livability of the entire district into consideration in its long-term strategic plan which would help make redevelopment of such buildings practical.

Retrofitting



OPERATING REVIEW

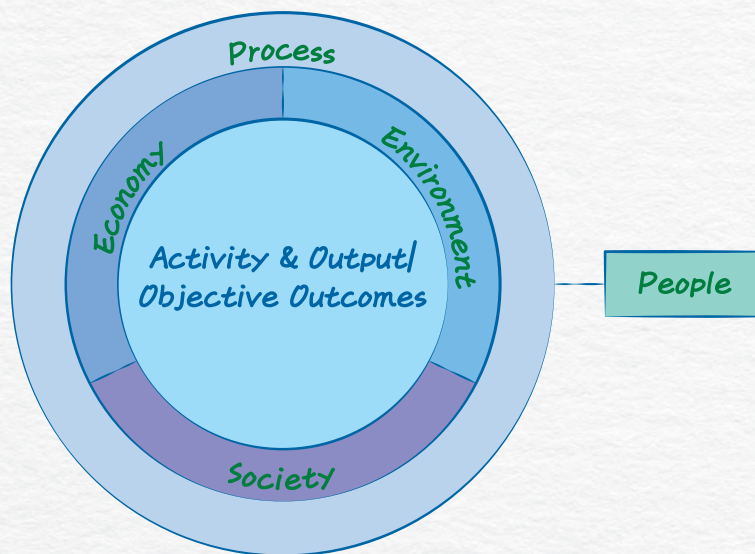
Sustainability Study

Objectives:



to ensure the urban renewal process addresses relevant sustainability challenges for creating an innovative, sustainable and resilient urban renewal plan for the well-being of the community

In line with the URS which requires the urban renewal process to be forward-looking and to create sustainable, positive impacts for the community, the URA commenced a strategic sustainability study in June 2017 with a goal to establish a systematic framework comprising a set of indicators as the basis for measuring and tracking the impacts of "5R" projects within the community, and to help set objectives in line with sustainable business strategies.



The study has resulted in a preliminary sustainability framework with five key domains, namely Economy, Environment, Society, Process and People, with some key performance indicators for evaluating the URA's work. The application of the preliminary sustainability framework is being tested with a number of applied cases.

The District-based and Integrated Approach

To take urban renewal forward in a more holistic manner and with the support of the URA Board, the URA has, since 2015, adopted a district-based and integrated approach to the urban renewal process in order to secure greater planning and social gains for the wider community.

Compared to the traditional scattered “pencil blocks” or other small scale redevelopment projects, the district-based approach to urban renewal will allow the URA to explore restructuring and replanning in older urban areas which achieves urban planning objectives and rationalises land use patterns from a sustainability perspective. It also allows the URA to integrate the “5R” initiative in a district-wide urban renewal process, thereby creating synergies among the different interventions. This overall approach aims to better tie in with the objectives of the URAO and URS to restructure and re-plan urban areas with more environmentally-friendly transport networks and rationalised land uses, thus creating more positive impact.

Based on the preliminary findings of a neighbourhood scale planning study conducted by the URA to carry forward recommendations from the Kowloon City District Urban Renewal Forum, the URA selected strategic site locations for redevelopment in the neighbourhood with a wider master plan in mind. Altogether six projects have been launched under the district-based approach in To Kwa Wan aimed at restructuring and re-planning the existing pedestrian and vehicular traffic network to create a pedestrian friendly neighbourhood with more community facilities and open space.



REDEVELOPMENT



- + Enhance Walkability
- + Rationalise Land Use
- + Enhance Street Vibrancy
- + Improve Built Environment



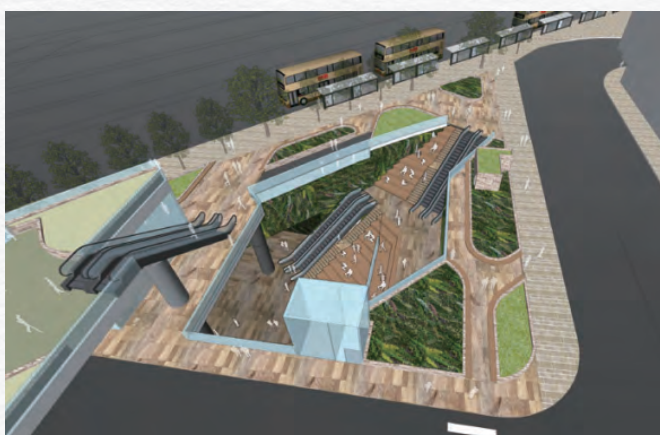
Redevelopment is one of the URA's two core business under the URS. During 2018/19 and including up to 30 June 2019, it has completed the clearance of one project site, awarded three joint venture tenders and commenced and implemented two additional projects under the planning-led approach bringing planning benefits to the community and facilitating sustainable urban renewal.

Up to 30 June 2019, a total of 62 projects comprising 59 redevelopment projects, two preservation projects and one revitalisation project have been commenced and implemented by the URA. Another six redevelopment projects undertaken in collaboration with the Hong Kong Housing Society (HKHS) have also been completed. The end result of these 68 projects is about 19,950 new residential flats, 423,000 square metres of commercial space including shops, offices and hotels, 54,000 square metres of Government, Institutional and Community (GIC) facilities and 28,000 square metres of public open space.

New Redevelopment Projects

Wing Kwong Street/Sung On Street (KC-014), To Kwa Wan; Kai Tak Road/Sa Po Road (KC-015), Kowloon City

The URA commenced two new self-initiated projects, namely Wing Kwong Street/Sung On Street Project (KC-014) and Kai Tak Road/Sa Po Road Project (KC-015), during 2018/19. Wing Kwong Street/Sung On Street (KC-014) in To Kwa Wan was launched in June 2018 under the district-based approach. When combined with the five other nearby commenced URA projects in the area, the resulting redevelopment integrated with other proposed urban renewal strategies will achieve greater and holistic planning and social benefits for the district aiming to create a more walkable and smarter district. Subsequently, the Secretary for Development (SDEV) authorised the URA to proceed with the project in February 2019 and acquisition offers were made in May 2019.

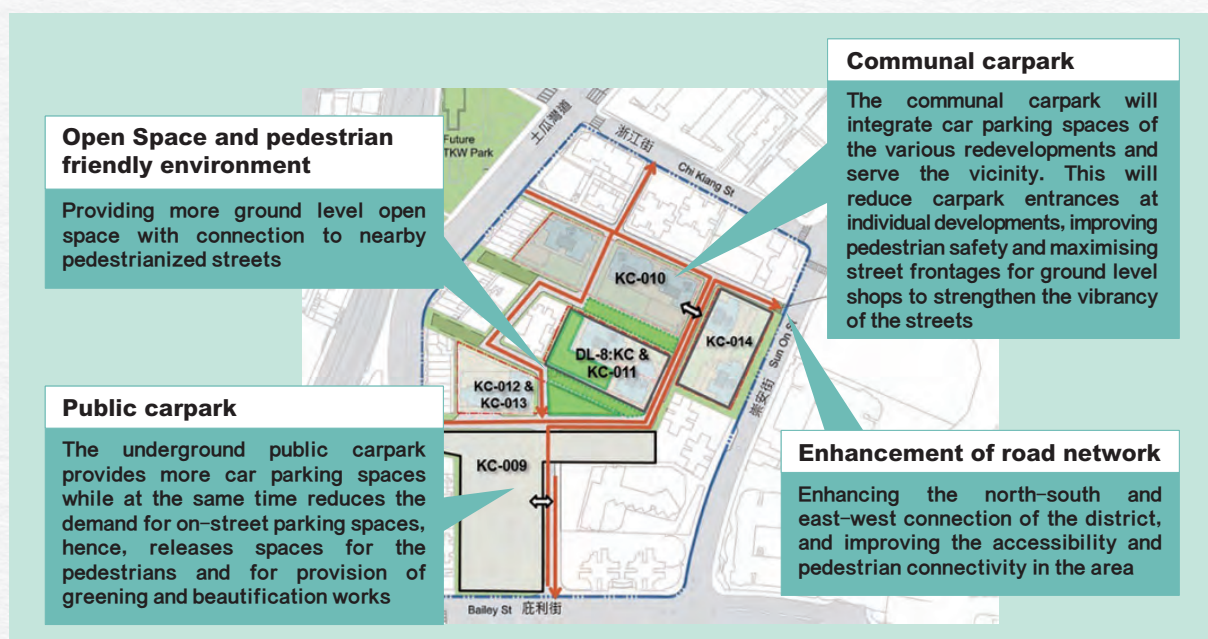


The split-level sunken plaza will become a vital node connecting the new Kai Tak Development Area and the old area of Kowloon City, enhancing the connectivity and injecting vibrancy.

The Kai Tak Road/Sa Po Road Project (KC-015) in Kowloon City, which commenced in February 2019, will restructure the urban fabric and road layout with the provision of public car parks and community facilities. The project will also create a node between the Kai Tak Development Area and Kowloon City through a proposed sunken plaza connecting the project to the Kai Tak underground shopping street, thus linking the "old" and "new" districts. An integrated approach will be adopted by leveraging the provision of public car park at KC-015 to explore pavement widening at nearby streets in order to enhance the walkability and street vibrancy and preserve the local character of the district.

Redevelopment Projects under the District-based Approach

Bailey Street/Wing Kwong Street (KC-009), Hung Fook Street/Ngan Hon Street (KC-010), Hung Fook Street/Kai Ming Street (KC-011), Wing Kwong Street (KC-012), Kai Ming Street/Wing Kwong Street (KC-013) and Wing Kwong Street/Sung On Street (KC-014) Projects, To Kwa Wan



Commenced under the district-based approach, the projects in To Kwa Wan will bring about a more holistic improvement of urban streetscape and built environment.

The six projects launched under the district-based approach in To Kwa Wan cover project sites totaling more than 2 hectares by area have affected an estimated total of 2,730 households. The first project KC-009 was commenced in March 2016, followed by projects KC-010, KC-011, KC-012 and KC-013 in 2016/17, and project KC-014 in June 2018. For better integration and land utilisation, the cleared site of Kai Ming Street project (DL-8), commenced in 2013 under the Demand-led Redevelopment Project (Demand-led Pilot Scheme), will be combined with KC-011 under a comprehensive planning approach. Through comprehensive planning and redevelopment of these seven projects, the URA aims to bring about a more holistic improvement of urban streetscape and built environment which cannot be realised via pencil block redevelopment of individual sites.

In order to improve the connectivity in the area, a new north-south connection linking Bailey Street and Ngan Hon Street will be proposed. The traffic circulation of the locality will be restructured and enhanced to not only create a better pedestrian environment in terms of safety, convenience and comfort, but also provide more organised public accessible open areas for future social activities and place-making. The URA also initiated a wider planning concept of providing a communal carpark in the KC-010 project including parking and loading/unloading facilities to serve the neighbouring URA project sites. This will eliminate piecemeal carpark openings at ground floor level thereby maximising shop front space and retaining a more vibrant street environment. The KC-009 project will also be provisioned with a public carpark.

Among the six projects, KC-010 was commenced as a development scheme under section 25 of the URAO and approved for implementation by the Chief Executive in Council, whereas KC-009, KC-011, KC-012, KC-013 and KC-014 were commenced as development projects and have been authorised to proceed by the Secretary for Development. All six projects are now under acquisition. Apart from KC-014, application for resumption of unacquired interests for the other five projects has been submitted to the Development Bureau.

Cleared and Tendered Projects

The keen pursuit of project site clearance and tendering continued in 2018/19 to sustain the continuity of achievement in delivering community benefits and flat supply. One project, namely Demand-led Pilot Scheme Project at Ash Street (DL-11), was cleared on schedule. Over the same period, joint venture tenders were awarded for three projects, namely Castle Peak Road/Un Chau Street (SSP-016) and Demand-led Pilot Scheme projects at Tung Chau Street/Kweilin Street (DL-5) and Hang On Street (DL-10). The commercial portion of the DL-5 project will be designated for the Sham Shui Po Design and Fashion Project in response to the initiatives of the Commerce and Economic Development Bureau to nurture design and fashion talents. The project will turn the district into a design and fashion landmark supporting various development needs for Hong Kong.

Other Projects of Note

Civil Servants' Co-operative Building Society (CBS)

In order to release the redevelopment potential of CBS buildings to increase housing supply, as stated in the 2018 Policy Address, the Government invited the URA to identify one or two clusters of CBS sites suitable for high-density development as pilot projects for implementation under URA's usual project implementation approach. In response, the URA has identified two clusters of suitable CBS sites based on a set of selection criteria, and is seeking approval from the Financial Secretary to include them in URA's Business Plan/Corporate Plan for implementation.

Yu Chau West Street, Sham Shui Po

Yu Chau West Street Project was commenced in 2013 under the Pilot Scheme for Redevelopment of Industrial Buildings. The project comprises a 10-storey industrial building built in 1962 and occupies a site area of 1,393 square metres. Acquisition commenced in 2013, however, only 27, around 67%, of owners have accepted the URA's offer, thus hindering project progress. Following the Board's approval, the feasibility of retrofitting for this project is being explored piloting the new 5th "R" of retrofitting initiatives, with a view to tallying with the 2018 Policy Address to reactivate the revitalisation of industrial buildings in Hong Kong.

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

煥然懿居 e-RESIDENCE

With a view to helping higher-income families who are not eligible for Home Ownership Scheme but cannot afford private housing to meet their home ownership aspirations, the Government has introduced the "Starter Homes" Pilot Scheme (SH Scheme) for Hong Kong residents in June 2018 and invited the URA to assign the project at Ma Tau Wai Road/Chun Tin Street as the pilot project for the SH Scheme. A total of 450 units have been assigned under the SH Scheme and were sold at about 62% of market value to eligible purchasers. The invitation for application for the SH Scheme was launched on 3 January 2019 and closed on 23 January 2019. A total of 20,886 applications were received, over-subscribed by about 46 times. Random assignment of priority numbers to applicants was completed in March 2019. URA commissioned HKHS to vet the applications and eligible applicants were invited in batches for flat selection from 12 June 2019 onwards. All flats were selected within six working days.

With a view to helping higher-income families who are not eligible for Home Ownership Scheme but cannot afford private housing to meet their home ownership aspirations, the Government has introduced the "Starter Homes" Pilot Scheme (SH Scheme) for Hong Kong residents in June 2018 and invited the URA to assign the project at Ma Tau Wai Road/



People checking the floor plan while visiting the show flats of e-Residence.

OPERATING REVIEW

Kwun Tong Town Centre



Current view of Kwun Tong Town Centre Project.

URA's largest single project to date, the Kwun Tong Town Centre Project, covers a total site area of 5.3 hectares and has affected around 1,300 households. Altogether, 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 phases, with the site divided into five Development Areas. Development Area 1 at Yuet Wah Street was completed in June 2014 and the flats have almost been sold out. Superstructure works for the podium and residential towers in Development Areas 2 and 3 are in progress and sales of residential flats were launched in December 2018. Development Area 4 has been vacated for use as interim GIC facilities to re-provision hawker bazaars, 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. Development Area 5 remains in the acquisition and clearance stage. Special offers for occupiers of the unauthorised structures (UBTs) were issued in September 2018. With the effort of stakeholder engagement, over 85% acceptance was achieved upon the expiry of the offer. Vacant possession had been successfully obtained for 63 UBTs (about 89% of accepted cases) in February 2019 without confrontation. Land resumption for Development Area 5 was gazetted in May 2019.

In light of the progress of the clearance, Development Areas 4 and 5 of Kwun Tong Town Centre Project will proceed to the stage of gazettal of proposed road scheme within 2019 and, later on, land grant preparation based on the approved Master Layout Plan (MLP), which was the result of a series of consultations with the Kwun Tong District Council and relevant stakeholders. On the same basis, the detailed design of the development will be further elaborated and developed with a view to realising the key design features and merits as aspired in the approved MLP and for the preparation of the joint venture tender in forthcoming years.

Artist impression of Kwun Tong Town Centre Project after redevelopment.



Peel Street/Graham Street, Sheung Wan



The Graham Market is an iconic spot for the community.

This redevelopment scheme, comprising three sites (A, B and C), has been incorporated into a master layout approval to be undertaken in phases. Foundation works at Sites A and C are underway. Superstructure works for Site B have been completed and an Occupation Permit obtained in December 2018. A public open space abutting the wet market block to connect Graham Street and Peel Street will soon be available for community to enjoy. At Site C, a more than a century-old shop house at 120 Wellington Street will be retained for adaptive reuse as a ground floor retail shop along with the preservation of character-defining elements of the façade of tenement buildings at 26 A-C Graham Street in order to preserve the street character of Graham Street Market. In addition, some of the old brick structures at Cochrane Street and the concrete signage of 118 Wellington Street will be incorporated into the public open space. The low-level podium will also serve as a convenient pedestrian access way connecting to the mid-level escalator. The whole complex in H18 will form one of the three strategic nodes under the URA's "CONET"* place-making concept in Central and Western district.

* CONET stands for Community, Open space and NETWORK.

OPERATING REVIEW

Staunton Street/Wing Lee Street, Sheung Wan

As announced in the 2018 Policy Address, having conserved the buildings in Wing Lee Street, the URA will carry out further study with a view to revitalising the building clusters it owns to preserve the heritage urban fabric at and nearby Staunton Street/Wing Lee Street Project through place-making in synergy with nearby revitalisation projects. The URA has commissioned a community-making study to better understand the needs of the local community and to develop a vision and theme for community-making initiatives. These initiatives will be explored with a view to expand by phases to embrace the adjoining neighbourhood holistically and by integrating the URA's various business strategies. Renovation of six units is in progress for interim social housing uses, whilst preparation of rezoning by the Planning Department is under way.



Current view of Staunton Street/Wing Lee Street Project.



The community-making study comprises a series of engagement events and focus group sessions which aims to better understand the needs of the local community.

Nga Tsin Wai Village

Following site clearance in March 2016, an Archaeological Impact Assessment (AIA) undertaken by licensed archaeological professionals has revealed foundation remains of old village walls and watchtowers at some excavated locations. A new AIA licence was obtained from the Antiquities and Monuments Office (AMO) in February 2018. Further excavation and field investigation to rank the findings regarding their heritage significance was completed in early 2019. The new AIA report will be submitted to the AMO for the formulation of possible preservative measures after it is completed by the appointed archaeologist.

Demand-led Pilot Scheme Projects

Under the URS, the URA may respond to a joint approach from building owners to initiate redevelopment of their buildings. In view of this, the Demand-led Pilot Scheme was introduced in 2011. Five rounds of application for Demand-led Pilot Scheme projects were held between 2011 and 2016. As at 30 June 2019, 12 redevelopment projects under the Demand-led Pilot Scheme had been commenced, with nine under active implementation. The remaining three projects were terminated due to their failure to meet the 80% threshold on owners' consent. Construction is underway for six of the nine projects while site clearance has been completed in the other three.

The Demand-led Pilot Scheme was first reviewed in 2014 after three rounds with a view to enhancing the planning gains of projects under the Scheme. However, applications received in the fifth round in 2016 were still not conducive to its objectives, necessitating a holistic review of the Demand-led Pilot Scheme. By adopting a planning-led approach to create a greater planning impact whilst owners' demand could be properly addressed, the URA is taking the opportunity to review the Scheme comprehensively in the YMDS.

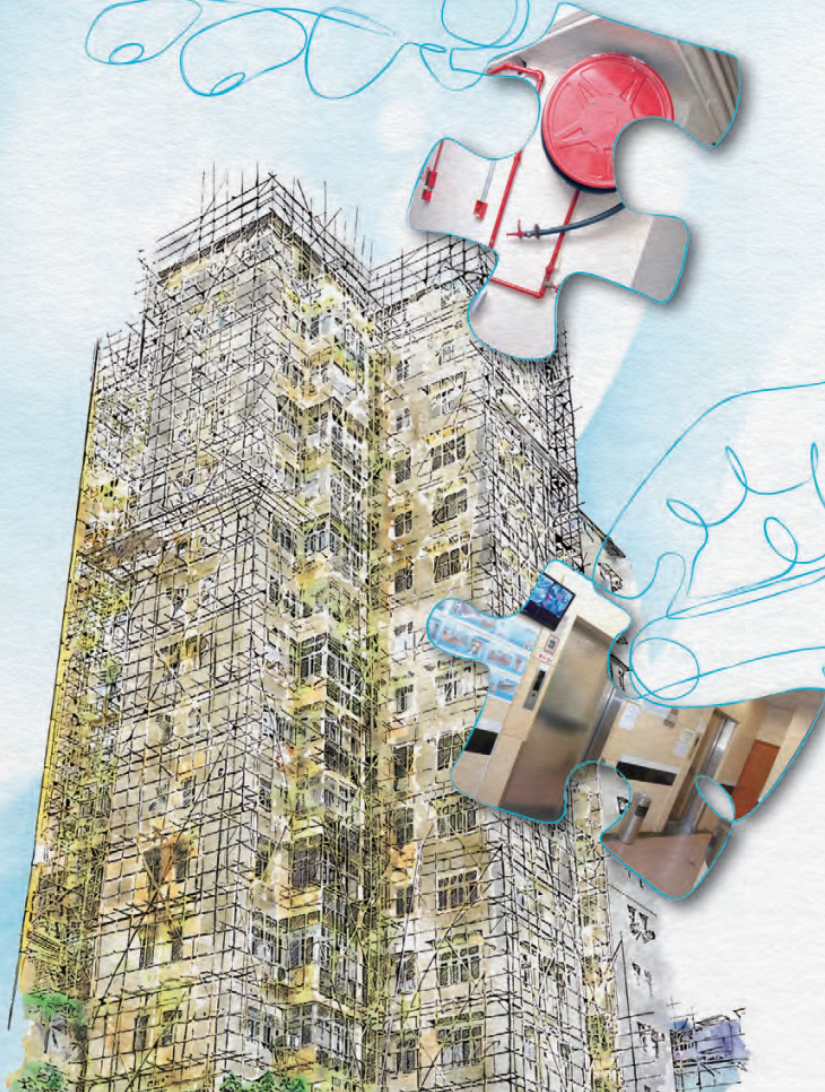
Facilitating Services

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 to provide consultation services to interested owners of domestic and non-domestic buildings to help them assemble titles for commencing owner-initiated redevelopment through joint sale of the assembled titles in the market. Up to 31 March 2019, a total of 39 applications for facilitating services (35 for residential buildings and four for industrial buildings) had been received. One application had been successfully processed with its property interests sold by auction. The joint sale of property interests for five applications were put on the market but failed to reach a successful sale. Of the remaining applications, 28 either failed to fulfil the application criteria or were terminated for failing to reach the required threshold for joint sale. Meanwhile, three applications were selected as facilitation projects to be implemented while two applications were under review.

A pilot scheme for building owners under the CBS and Government Built Housing Scheme was launched in May 2016. Since its commencement, three applications from owners of CBS buildings had been received and selected for implementation as facilitation projects. One project had been put up for sale by public tender with no bid received. Two projects had been terminated as they failed to reach the relevant threshold for joint sale.

REHABILITATION

- + Upgrade to Modern Standard
- + Prolong Building Serviceability
- + Enhance Liveability



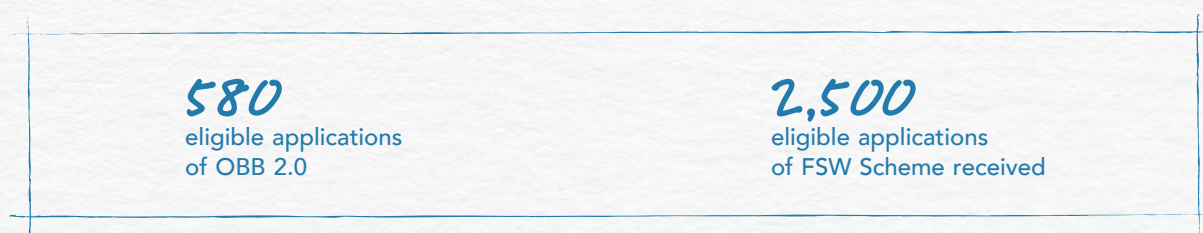
Rehabilitation is the URA's other core business under the URS. During the past year, the URA has set up its efforts in raising building owners' awareness of the importance of rehabilitation and promoting preventive maintenance with an aim to prolong building serviceability contributing to preventing urban decay.

After taking over the HKHS's responsibilities under the Integrated Building Maintenance Assistance Scheme (IBMAS) in July 2015, the URA has been the primary agent in Hong Kong for building rehabilitation. In 2018/19, the URA continued its rehabilitation efforts through IBMAS, Mandatory Building Inspection Subsidy Scheme, Operation Building Bright 1.0 and 2.0, Fire Safety Improvement Works Subsidy Scheme, Lift Modernisation Subsidy Scheme and "Smart Tender" Building Rehabilitation Facilitating Services Scheme. In July 2018, to facilitate owners joining the various building rehabilitation schemes, the URA has consolidated the various building assistance and subsidy schemes into the Integrated Building Rehabilitation Assistance Scheme for an easy one-stop application.

Operation Building Bright 1.0 (OBB 1.0)

The URA has given full support to the Government's OBB 1.0 programme since its launch in 2009 and it is now substantially completed. About 2,440 building blocks (approximately 62,000 units) within URA's Rehabilitation Scheme Areas (RSAs) have either been rehabilitated or had their rehabilitation works substantially completed. OBB 1.0 has successfully raised owners' awareness of the need for rehabilitation as well as created employment opportunities, which was one of the original objectives of the scheme.

Operation Building Bright 2.0 (OBB 2.0), Fire Safety Improvement Works Subsidy Scheme (FSW Scheme) and Lift Modernisation Subsidy Scheme (LIMS Scheme)



In the 2017 Policy Address (October), the Government announced the launch of OBB 2.0 and the FSW Scheme. The primary scope of works to be subsidised under OBB 2.0 covers the prescribed inspection and repair works under the Mandatory Buildings Inspection Scheme (MBIS). Applications for OBB 2.0 (first round) and FSW Scheme ended on 31 October 2018 with about 580 eligible applications of OBB 2.0 and about 2,500 eligible applications of FSW Scheme received. Eligible applicants are being approached in phases to assist them in carrying out the necessary works under the schemes.

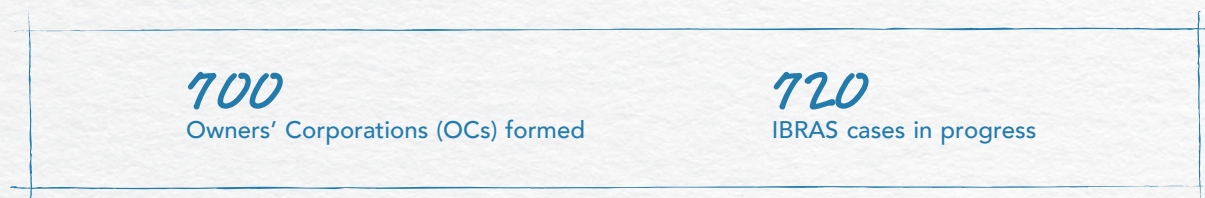
OPERATING REVIEW



A series of promotional materials and activities including poster and briefing sessions help building owners understand the details of Lift Modernisation Subsidy Scheme.

In the 2018 Policy Address, the Government announced the launch of LIMS Scheme at a cost of around \$2.5 billion. Modelled on the OBB 2.0 and FSW Scheme, the LIMS Scheme promotes lift modernisation in the community through financial incentives with professional support to building owners in need, and is aimed at enhancing the safety of aged lifts, and thereby public safety. The Government partnered with URA in the implementation of the scheme. It is estimated to benefit around 5,000 aged lifts within six years, taking into consideration the industry's capacity to handle the additional lift modernisation works under the LIMS Scheme. The first round of application for the LIMS Scheme started on 29 March 2019 and closed on 1 August 2019 and applicants will be notified of the results in the 4th quarter of 2019. In the meantime, promotion activities of the LIMS Scheme, such as public briefing sessions, announcements in TV and radio and briefings to district councils are in progress.

Integrated Building Rehabilitation Assistance Scheme (IBRAS), previously known as Integrated Building Maintenance Assistance Scheme



Beginning in 2004 and until June 2019, about 1,680 building blocks (around 73,100 units) have been rehabilitated under various URA assistance schemes. About 700 Owners' Corporations (OCs) have been formed under the Owners' Corporation Formation Subsidy of IBRAS. Currently, there are a total of 720 IBRAS cases in progress (about 610 cases for common area repair works and 110 cases for OC formation).

Mandatory Building Inspection Subsidy Scheme (MBISS)

The implementation of MBIS covering all buildings 30 years of age or older 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, URA assists building owners to arrange first inspections of buildings within its RSAs, which are subject to statutory notices issued by the Buildings Department. Owners of buildings, which on inspection are found to require rehabilitation, may apply for rehabilitation works assistance under IBRAS, with URA providing a one-stop continual building care service. Until 30 June 2019, about 600 building blocks (approximately 15,600 units) have begun or completed inspection under the MBISS.

Since the URA is the Government's sole partner in OBB 2.0, all buildings in Hong Kong eligible for OBB 2.0, whether they are located in HKHS Service Areas or URA Service Areas, will be assisted by URA for compliance with MBIS regarding inspections and repair works. To provide coherent and effective services, URA has taken over MBISS in HKHS's Service Areas and acts as a single authority to implement MBISS with effect from the launch of OBB 2.0 in July 2018.

“Smart Tender” Building Rehabilitation Facilitating Services Scheme (Smart Tender)

In May 2016, the URA launched Smart Tender which aims to provide technical services to the OCs of private domestic/composite buildings and reduce the risk of tender-rigging at the works procurement stage. Smart Tender provides building owners with help to procure contractors independently to carry out rehabilitation works with practical tools, independent professional advice and an electronic tendering platform.

The Government’s 2017/18 Budget earmarked \$300 million to enable property owners to participate in Smart Tender at a concessionary rate, which is expected to benefit about 3,000 owners’ organisations over five years. A Memorandum of Understanding was signed on 3 October 2017 between the Government and the URA, which stipulated the establishment of a concession fund and the implementation framework of the concession scheme for Smart Tender. Up until 30 June 2019, around 880 valid applications have been received, of which about 660 have been approved and service agreements issued to the owners’ organisations concerned. Since 27 May 2019, the Smart Tender has been expanded to cover the procurement of consultants and registered fire service installation contractors.



Smart Tender helps building owners procure consultants and contractors to carry out rehabilitation works.

Building Rehabilitation Platform (BRP)



The all-in-one Building Rehabilitation Platform website provides building owners with comprehensive information and technical support on building rehabilitation.

On 25 March 2019, the URA launched the BRP, an all-in-one information platform, to provide building owners with professional and comprehensive information and technical support on building rehabilitation. The BRP (<https://www.brplatform.org.hk>) was built to officially replace the former Building Rehab INFO-Net through the concerted efforts of the public, private and professional sectors, with the support of the Government, public institutions, professional institutes and bodies, as well as contractor associations. Apart from retaining the existing information on different subsidy schemes and application functions available on the former Building Rehab INFO-Net, BRP has also introduced a variety of new functions and content, offering more diversified and holistic building rehabilitation information and support services for owners and different stakeholders. Currently, a building rehabilitation guidebook with a broad range of information on preparatory

work, appointment of consultants and contractors, as well as monitoring of works, is available for download to help owners better understand the work, procedures and legal requirements involved in each step of building rehabilitation. The BRP will continue to enhance its content and is planning to include a cost reference centre to provide the range of costs of typical rehabilitation works items. The feasibility of establishing an assessment system on the quality of service providers for users’ reference is also being explored.



A set of specially-designed WhatsApp Stickers featuring the building rehabilitation ambassador BRbot helps promote Building Rehabilitation Platform.

PRESERVATION AND REVITALISATION



- + *Bring New Life and Vibrancy*
- + *Reflect Local Character*
- + *Facilitate Community Sharing*



The URA preserves and revitalises buildings, sites and structures of historical, cultural or architectural value within its urban renewal projects, and other self-standing heritage preservation project, subject to policy support from the Administration. In the process of preservation and revitalisation, the URA has recently adopted the place-making concepts to better recognise and preserve the heritage as well as local characteristics. Urban renewal has been further taken forward by the community-making initiatives through re-building community network so as to create a more harmonious society.



The Mallory Street/Burrows Street Revitalisation Project, now known as "7 Mallory Street", fosters art and cultural activities for the community.

7 Mallory Street, Wan Chai

Since August 2018, URA has taken over the management and operation of 7 Mallory Street (formerly known as Comix Home Base). Since then, about 100 community activities ranging from performances to workshops have taken place. URA will continue to collaborate with a wider spectrum of art, cultural and community organisations to help foster further art and cultural activities for the community.

Central Market

Following the approval of the Chief Executive in Council for a 21-year private treaty grant of the site of the former Central Market to URA at nominal premium, and the grant of a five-year short-term tenancy in 2017, URA commenced main revitalisation works in November 2018, applying the Building Information Modelling (BIM) technology in building construction. The project will be completed in two phases, with the first phase to be tentatively completed around early 2021 for the public's early enjoyment.

Mong Kok

URA is enhancing the local characteristics through streetscape improvement of five themed streets, namely Flower Market Road, Tung Choi Street, Sai Yee Street, Fa Yuen Street and Nelson Street to enrich their unique characteristics and ambience. The improvement works at Flower Market Road have been completed. The implementation of the improvement works at Tung Choi Street will be taken up by Government departments. Improvements for Sai Yee Street and Fa Yuen Street have been partially finished along with the completion of URA's Sai Yee Street redevelopment project. Local consultation of the final phase of the project at Nelson Street and other sections of Sai Yee Street and Fa Yuen Street improvement works will be conducted soon.

OPERATING REVIEW

Shophouse Preservation Project

The construction works in the Shanghai Street/Argyle Street Project (MK/01) have been completed and fitting-out works are now in progress. The preserved shop houses will be reserved for restaurant and retail uses to celebrate the local character whilst meeting local needs.

Building Information Modelling (BIM) technology was employed in Shanghai Street/ Argyle Street Project throughout the preservation cycle, bringing higher precision and efficiency from construction, project management to facility management.



Shanghai Street/Argyle Street Project preserves the veranda façade and the character-defining elements of the pre-war buildings. Photo shows a section of the building cluster.

Western Market

To work out a better future plan for the Western Market, Lands Department has agreed to a further 12-month extension of holding over of the land lease until February 2020.



Place-making Initiatives



Since 2017/18, URA has been exploring the application of place-making concepts to its project portfolio. As a pilot, and to showcase the potential of place-making, three projects in the Central and Western District, namely The Center (H6), Peel Street/Graham Street (H18) and the Central Market Revitalisation Project, have been pulled together and developed under the concept of place-making, named "CONET". The purpose is to develop a "net" of these community spaces through diverse events such as exhibitions, performance and other cultural activities for the enjoyment of the local community. At H6, the venue at the ground floor, which is designated for G/IC uses, has been revamped for community use since October 2017 and re-named as "H6 CONET". It includes The Urban Renewal Exploration Centre, which is designed to enhance public awareness of the urban renewal work of URA. "H6 CONET", which also serves as an urban shortcut for the district, has gradually increased in popularity to become a hang-out space and exhibition cum performance hub, which local people, office workers and tourists can enjoy. In 2018 alone, 58 events, including exhibitions, workshops and performances, were organised by the community at the community exhibition space (Community CONET) of "H6 CONET". The number of visitors to "H6 CONET" has doubled since its opening in 2017, with over 7,000 visitors on a regular weekday now. In 2018/19, various initiatives were developed to take the place-making concept forward in order to better recognise and preserve local heritage and characteristics of a wider area through beautification of adjoining streets, setting up of tripartite collaboration for street art (including URA-hawkers-artists and URA-external wall owners-artists) and place-making partnership with neighbouring domestic building owners on building rehabilitation aesthetic direction. In coming years, the "CONET" concept of place-making will be further explored to connect H6, H18 and the Central Market Revitalisation Project to further celebrate the local characteristics and heritage richness.



Place-making concept is further injected to "H6 CONET" through the street beautification initiative to highlight local characteristics.

Community Making Initiatives

Urban renewal is not only about redevelopment, rehabilitation, preservation and revitalisation of a place, but is also the re-building of a community and re-establishment of social network among the community members for a more harmonious society. A new community making concept is being explored in Staunton Street/Wing Lee Street Project (H19) as stated in page 44. Through engagement of community stakeholders, core values that define the community will be identified and community-making initiatives will be piloted in H19 project with an aim to expand to other URA projects.



CORPORATE SUSTAINABILITY

The URA takes forward the work of urban renewal in accordance with the Urban Renewal Strategy with the primary goal to improve the quality of life of residents in the urban areas. Through a comprehensive and holistic approach of urban renewal, the URA embraces the visionary concepts of sustainable development in its diversified business strategy to create a quality urban built environment that can sustain the growth and development of our city.

In pursuit of this vision and mission, our work has adopted a people-oriented approach and strived for environmental excellence while fuelling the vibrancy of the neighbourhood.

With the complex evolution of urban renewal in terms of public aspirations, the diversified needs for our city's growth and the challenges and opportunities arising from urban decay, four related planning objectives (high density environment, low-carbon neighbourhood, smart-living and walkability), are now part and parcel of our core business strategies to optimise the benefits of urban renewal to Hong Kong for ourselves and future generations.

In this section, we will discuss our sustainability performance from five domains, comprising Economy, Environment, Society, Process and People, as demonstrated through our core businesses, our various initiatives and our internal operation.

Drive Our Economy

The URA endeavours to revitalise the urban neighbourhood through strengthening the economic, social and environmental fabrics for the benefit of communities. Urban renewal brings space for business as well as job opportunities and re-composition of the social landscape.

Preserving Local Economic Activities

To maintain economic vibrancy, the URA has leased out all the acquired units at the Prince Edward Road West revitalisation project after completing renovation of the project. The ground floor shops were mainly leased to flower shops to retain local characteristics while the upper floors were leased to various tenants for commercial use related to art, culture and community services. In addition, the preserved shophouses at the Shanghai Street/Argyle Street preservation project, which is currently undergoing fitting-out works, have been allocated for restaurant and retail use to reflect the local character and to meet local needs. The overall physical environment of the two projects has been improved and cultivated as a place where old meets new.

The URA has also adopted tactical measures along with the implementation of the H18 Peel Street/Graham Street Project in order to keep the nearby century-old market intact as well as to enhance vibrancy. The revitalised Graham Market, with the new market block at Site B of H18, has become an iconic spot for local residents to purchase a vast variety of their daily needs.

Facilitating Social Enterprises to Thrive

During 2018/19, the URA continued to render more properties for concessionary tenancy to non-governmental organisations (NGOs) and social enterprises (SEs), e.g. The Association of the Hong Kong Central and Western District Limited, The Hong Kong Council of Social Service, The Procurator in Hong Kong of the Salesian Society, Church Body of the Hong Kong Sheng Kung Hui, The Hong Kong Federation of Youth Groups, Light Be, International Social Service (Hong Kong Branch), Social Ventures Hong Kong, New Life Charitable Foundation Limited and Mighty Oaks Foundation Limited, in our rehousing blocks, acquired properties, URA-owned properties and dedicated preserved historic buildings.



5,000 m²

URA properties leased to NGOs and SEs

3,890 m²

URA-managed Government, Institutional and Community (GIC) areas for various community purposes (in 2018/19 financial year)

Care for Our Environment

Environmental sustainability interweaves the various stages of urban renewal as well as being a tenet that drives our strategies and operations. We aim to spearhead the development of green-and-smart buildings and innovative urban design in order to provide high quality and vibrant homes for our citizens.

Promoting Green Buildings

We are aware that impacts on the environment associated with our urban renewal projects are substantial and far-reaching. With planning objectives to create low-carbon neighbourhoods, 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 URA has continued to embrace green building design in its redevelopment projects, thereby improving the energy efficiency of buildings, reducing water consumption and waste generation and providing more green areas to the local community. With the combined efforts of both the URA and our joint-venture partners, the URA attained the final BEAM Plus rating in one more project during 2018/19, bringing the total to 14 projects with Hong Kong BEAM Platinum rating in addition to one project with BEAM Plus Platinum rating and two projects with BEAM Plus Gold rating. Another 19 projects in the design or construction stage have already received provisional BEAM Plus rating.

The URA not only dedicates effort to promoting new green buildings, but also strives to improve the green elements of existing buildings through rehabilitation. The URA introduced the Green Item Subsidy (GIS) (which won a Hong Kong Green Building Council Award in 2016) 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. Up to 30 June 2019, the URA had approved GIS applications from the owners of about 290 building blocks (approximately 10,800 units) amounting to a total subsidy of around \$15 million.

In addition to green buildings of high environmental standards, we are incorporating "Smart Building" concepts into development projects covering five aspects, namely "Design", "Information", "Environment", "Convenience" and "Management". Smart Building will create smart quality and vibrant living 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 displays, home waste management systems, building information modelling (BIM) and building management systems have been incorporated into the URA projects at Peel Street/Graham Street Site A, Fuk Chak Street/Li Tak Street, Reclamation Street/Shantung Street and Ma Tau Wai Road "e-Residence", Castle Peak Road/Un Chau Street, Hang On Street and Tung Chau Street/Kweilin Street.

The URA intends to expand its Smart City initiatives to not only buildings, but also as a district wide approach. A study on smart use of underground space and smart provisions of city infrastructural facilities in the Kowloon City area will commence in 2019.

Applying Green Innovative Technology

At “H6 CONET”, a biofilter system was installed as a green wall to improve the indoor air quality. A distinctive drop of pollutants such as VOC, PM10 and CO₂ in the air flow has been realised since the installation. With the biofilter system, visitors in “H6 CONET” can enjoy clean and fresh indoor air. Meanwhile, an energy flooring, another pilot green initiative, was installed at the Tung Man Street entrance of “H6 CONET”. It is a versatile custom-built flooring system generating electricity via walk-through electro-magnetic induction of pedestrians. The renewable energy can be stored and used in real-time lighting displays for interactive engagement and educational purpose. We will further explore other suitable applications of the system in our forthcoming projects.



The energy flooring at “H6 CONET” aims not only for energy saving but also for interactive engagement and educational purpose.

The URA is also exploring the feasibility of using Modular Integrated Construction (MiC) in its redevelopment projects. Under MiC, free-standing integrated modules are manufactured in a prefabrication factory and then transported to the site for installation in a building. MiC is therefore a sustainable and environment-friendly construction method which can reduce dust and noise pollution from construction sites, minimise construction waste and improve construction waste management.

Greening Our Operation

We are also aware of the implications on the environment of our own operations and managed properties. We conduct an annual carbon audit of our owned/managed premises which allows us to measure our environmental performance, and instigate more conscientious behaviour among our colleagues and business partners. The Environmental Campaign Committee (ECC) awarded the Carbon Reduction Certificate to URA’s headquarters premises in 2018 for achieving 24% carbon reduction, which is valid until 2021. Furthermore, under the ECC’s schemes in 2018, the URA obtained Hong Kong Green Organisation Certification (HKGOC) for waste reduction and recycling as well as the HKGOC’s Wastewi\$e Certification at the “Excellence Level”.

Also in 2018/19, Indoor Air Quality Certificates for URA offices have once more been issued by the Environmental Protection Department. The URA continued to adopt e-Freezing Surveys for redevelopment projects commenced in 2018/19 by using tablet computers as an environmentally friendly measure and for enhancing efficiency in data reporting. E-evaluation reports were also introduced for affected property owners’ inspection to reduce paper usage.

The URA has continued to adopt BIM in its business operations to achieve the goals of sustainable construction. The “Starter Homes” Pilot Project at Ma Tau Wai Road, “eResidence”, was awarded the Hong Kong BIM Award 2018 from Autodesk for its development of automated calculation of saleable areas. Central Market Revitalisation Project has also leveraged the BIM technology in building construction. Besides, the URA engaged a consultant to develop a 6D BIM – Facility Management for Shanghai Street/Argyle Street Project, which could be expanded to cover future projects retained by the URA.

Contribute to Our Society

The URA supports various programmes to improve the social inclusiveness and mobility of under-resourced people. We are committed to providing opportunities for the public to learn, to bring love and care to the residents, to instill arts and culture in old districts and to create a sustainable built environment for the community. We care about the building and housing quality, employ design measures to harmonise our projects with the surroundings and contribute to improve land use efficiency and walkability.

Educating the Community

As an ongoing effort to enhance public understanding of the issues of urban renewal from various perspectives, the URA continued to organise guided tours and docents for schools and organisations, reaching out to about 4,000 participants in the year 2018/19. Over the past year, the Urban Renewal Exploration Centre located in “H6 CONET” received almost 10,000 visitors, including those from local and overseas Government departments, business sectors, NGOs and the education community. Meanwhile, the Urban Renewal Resource Centre (URRC) at Tai Kok Tsui has also served around 17,000 members of the public for making enquiries, briefings and meetings, as well as community activities on matters relating to building repair and maintenance. It has also served as a meeting venue for mediation relating to building repair and maintenance, property valuation and construction, arranged by the Joint Mediation Helpline Office since 2014. A total of 53 mediation meetings were held at URRC in the year 2018/19.

The URA showcased a model and information display panels to enhance public understanding of the redevelopment of the Kwun Tong Town Centre Project (K7) during a three-week period between 11 and 31 October 2018. Over 4,700 visitors and 19 local organisations, schools and Government departments visited the display venue and learned about the holistic design and proposed features of the future development of K7.



Public visit the construction model of Development Areas 4 and 5 of Kwun Tong Town Centre Project.

Reaching Out to the Community

Our care for the people extends beyond our urban renewal works. In 2018/19, we continued to 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 between the URA, universities and social service organisations. The upcycling programme under the CSPS, which transformed discarded wood planks into tailor-made home furniture for low-income families, was in its second year of running with service extended from the Central and Western District to Kwun Tong District. Separately, a series of CSPS activities themed under "Green and Sustainability" were organised for children from low-income families to enhance their understanding of environmental protection. Since the launch of the CSPS in 2012/13, more than 1,100 volunteers have achieved a total of 8,400 service hours, benefitting over 2,000 people.



CSPS volunteers bring love and care to the residents of old districts through a series of volunteering programmes.

Caring for 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 and help people in need. It is widely acknowledged that the lack of affordable housing is a top issue affecting poverty in Hong Kong. Low-income households not currently covered by public rental housing have no choice but to reside in appalling flats or sub-divided units or cubicles. During 2018/19, the URA continued to offer some renovated flats in the acquired properties at Wing Lee Street and Staunton Street, as well as units at our rehousing blocks to NGOs and SEs including The Hong Kong Council of Social Service, The Hong Kong Federation of Youth Groups, Light Be and International Social Service (Hong Kong Branch), so that they may arrange short-term tenancies at below market rent for underprivileged residents. The URA has also rendered more properties for concessionary tenancy in our acquired properties, URA-owned properties and dedicated preserved historical buildings to these NGOs and SEs in addition to The Association of the Hong Kong Central and Western District Limited, Social Ventures Hong Kong, New Life Charitable Foundation Limited and Mighty Oaks Foundation Limited.

As an initiative to offer assistance to families residing in poor living conditions of aged buildings, especially the elderly, the URA sponsored two local organisations to launch services titled "Home Repair Services Community Programme" in Kowloon City and Sham Shui Po. The programme included home visits to the underprivileged families and free repair of household appliances. The programme received positive responses from local residents in the two districts, and more than 400 households benefited since the launch of this community service.



Volunteer repairmen help solitary elderly repair household appliances under the "Home Repair Services Community Programme".

Cultivating Arts and Culture in Old Districts

Neighbourhood is more than its physical environment. It is the local culture and characteristics that shape its identity. An appreciation of the local arts and culture will allow for a deeper understanding of the community while enriching quality of life. In 2018/19, the URA's "Arts and Cultural Partnership Programme in Old Urban Districts: Pilot Scheme" supported a total of nine new and ongoing programmes. These covered an array of activities such as music and dance, graffiti painting and urban sketching, etc., to enliven old urban districts by bringing enjoyment to local residents. 'Hidden Art in TKW', one of the programmes with place-making element, has engaged more than 100 residents in the To Kwa Wan (TKW) district to sketch local landmarks. The art pieces were then made as art installations and exhibited in TKW for public enjoyment. Since the launch of the scheme, the URA has supported a total of 57 arts and cultural programmes, enhancing the living quality of about 667,635 people.



Urban sketching activity allows local residents to enjoy art while building bonds with the community.

Community Making

During the year, the URA has appointed Social Ventures Hong Kong to conduct a Community Making study to gather inputs from the stakeholders of Staunton Street/Wing Lee Street Project (H19) for building a harmonious community, which can be served as an example to illustrate the “5Rs” of urban renewal from the “people” perspective. The URA believes that the real meaning of urban renewal lies in the re-building of the community network of the residents in order to achieve social cohesion. Collaboration with external parties such as local organisations, public bodies or Government departments would be required to create synergy. The URA’s community making efforts will go hand in hand with its place-making efforts with an aim to create a better home for people residing in old urban districts.

Diversified Urban Space for Health and Happiness

As a mission-driven organisation, the URA sees its role as a catalyst for the development of a sustainable built environment to serve the community that goes beyond green buildings. Over the years, as far as practicable, we have endeavoured to include open space and community/institutional areas in our moderate to large scale projects. Our redevelopment projects in various districts 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.

For better utilisation of open space for public enjoyment, place-making initiatives have been initiated in our current project portfolios (as described in the Operating Review).



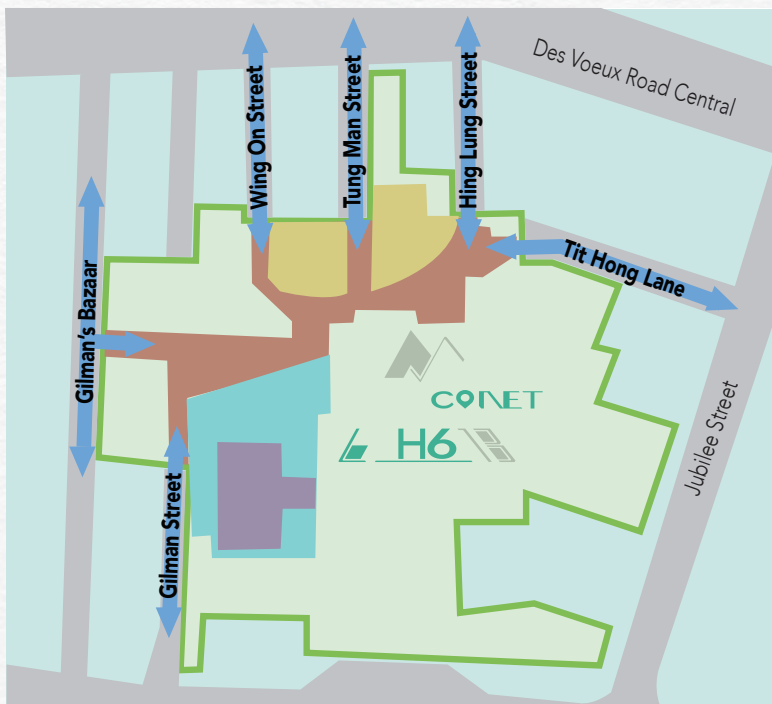
Community events held in URA premise promote health and happiness.

The URA also supplies space for various Government departments and organisations to carry out a wide range of activities, training, displays and exhibitions, including art, youth activities, education, tourism, hobbies and so on. With the URA’s support, events have been staged at venues operated by the URA and its joint-venture partners such as the URRC, Citywalk, “H6 CONET” and “7 Mallory Street”.



Promoting Walkability

Health promotion is an obvious benefit from a walkable urban neighbourhood. A walkable urban neighbourhood can also ease the pressure on transport infrastructure, reduce car dependency, alleviate traffic congestion, and support the local economy and mixed communities. To achieve a walkable neighbourhood, the concept of pedestrian priority must be embraced in all levels of planning and design. In line with planning objectives, the URA is exploring pedestrian-friendly designs to promote walkability in its district-based approach and the Yau Mong District Study. Redevelopment projects in To Kwa Wan district, launched under the district-based approach, will create a pedestrian-friendly neighbourhood through restructuring and re-planning the existing pedestrian and vehicular traffic network. Pedestrian connectivity is also being realised between the URA's existing facilities and new projects, such as the community corridor in the revamped "H6 CONET" described in the Operating Review. We aim to cultivate a healthy and low-carbon neighbourhood and elevate the urban quality of life.



"H6 CONET" re-opens the connection with six nearby streets, promoting walkability.

Facilitate the Renewal Process

Our urban renewal efforts bring profound impacts to the community as we are committed to enriching the urban old districts living vibrancy and constructing a safe and hygienic built environment for the betterment of society. One of the critical success factors of urban renewal is how well our works have created satisfaction, happiness, goodwill and values among the community stakeholders.

Encouraging and Facilitating Timely Rehabilitation

The URA is tasked with improving the living standard of households in the older urban districts through urban renewal. In this process, rehabilitation takes a prime role in helping to extend the lifespan of buildings, beautifying the façade and slowing down the pace of urban decay. Section 19 of the URS emphasises that proper maintenance of buildings is vital for regenerating ageing districts. As calculated in December 2018, about 3,600 building blocks more than 50-years old are in poor and varied conditions and yet many building owners

over **\$65** million
Loan and Subsidies Released (in 2018/19 financial year)

lack the confidence to rehabilitate, in part due to concerns of bid rigging in the building renovation industry. To empower the community to tackle the problem of ageing buildings, URA staff

strive to establish trust among building owners by providing professional advice and technical support. The personal assistance is as valued by the building owners as the financial assistance provided through the rehabilitation schemes. From 2004 up to the end of June 2019, about 1,680 building blocks (around 73,100 units) have been rehabilitated through the various URA assistance schemes. To tackle building safety hazards and enhance the fire and lift safety standards, three new schemes, namely Operation Building Bright 2.0, Fire Safety Improvement Works Subsidy Scheme and Lift Modernisation Subsidy Scheme, were introduced in 2018/19. A new Building Rehabilitation Platform as an all-in-one information centre was also formed to provide comprehensive building rehabilitation information and technical support, including Building Rehabilitation Guidebook, standard documents to building owners and its Owners' Corporation for reference (as described in the Operating Review). The URA is now devising a new building rehabilitation strategy to sustain the life span of buildings to further improve the standard of the built environment.

Assisting Households in Ageing Districts

Redevelopment is more than just replacing buildings with new stock, but also about improving the living standards of displaced households, including owner-occupiers and tenants. A majority of the buildings in our redevelopment projects are severely dilapidated, with safety hazards and hygiene problems. During 2018/19, acquisition offers were made to the owners of 164 property interests in two projects. The cash compensation and ex-gratia payments allow affected domestic owner-occupiers to purchase replacement 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 buy a flat at the same site after redevelopment or a flat at a new development in the same district. Alternatively, they may also choose to buy a flat 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 the URA's Rehousing Blocks. To facilitate a smooth clearance process, our staff have also gone the extra mile, such as helping tenants with the retrieval of important documents from Government departments, or providing temporary storage space during relocation.

Community Engagement

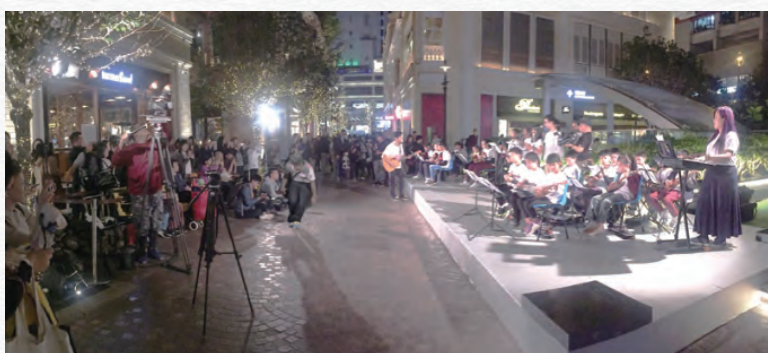
The URA attaches importance in engaging the community with a view to enhancing the understanding of URA's vision and mission. During the year, we implemented a structured, message-driven and proactive communication programme through a series of media activities, Managing Director's Blog and articles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

Care about People

We care about people, in particular those who are affected by our urban renewal projects. This group of stakeholders include domestic property owners and tenants, shop and business operators, as well as kids, students, workers and visitors within the neighbourhood of our projects. Just as those affected by the URA's work and the community at large are our key stakeholders, so too are our staff members.

Our Next Generation

In view of several redevelopment projects being launched in the To Kwa Wan (TKW) area, the URA formed its first-ever "oUR Amazing Kid Band" for the local community in 2018/19, aiming at strengthening the social network for participating kids and their families through regular training lessons, performances and other activities. A total of 30 underprivileged children residing and/or studying in TKW, who had no prior music training, were invited to join the band and enjoy free music lessons through a full sponsorship from the URA. Four performances were arranged during the year. Positive feedback was received from the participants who enjoyed the training and performances as well as the friendships they established through the programme.



"oUR Amazing Kid Band" serves to strengthen the social network of participating kids and their parents who live in the URA project area.

Inspiring Youth

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



Winning piece of the Innovative Design Competition on display for public viewing.



CORPORATE SUSTAINABILITY

During the year, a wide range of programmes were organised for young people in order to inspire them to explore issues related to urban renewal. A series of education and extension programmes (E&E) was organised during 2018/19 to reach out to the younger generation, aimed at enhancing understanding and fostering a positive image of the URA. The E&E efforts covered a wide range of activities, including summer programmes run in collaboration with the Planning Department with briefings and field trips for primary school students; and the Innovative Design Competition run in collaboration with the Institute of Vocational Education and Hong Kong Design Institute for students to unleash their creativity in improving the living environment of old urban areas through smart design. The URA also supported activities run by different institutions to encourage young minds to apply their knowledge in urban renewal as “Create Your District” Competition organised by The Hong Kong Institute of Surveyors. In the 2018/19 Young Leaders Programme co-organised with the Tung Wah Group of Hospitals, case studies on “place-making”, “smart-living” and “building rehabilitation” were assigned to participating students. A series of activities including guided tours, docents, school talks and workshops was organised to equip students with leadership skills as well as information and knowledge relating to their assigned topics. The students were also required to share the knowledge they acquired about urban renewal with their schoolmates.



A series of education and extension programmes related to urban renewal is organised to inspire the younger generation.

Mitigation Measures for Those Affected

Since October 2016, the URA has implemented a “Project Engagement” programme to strengthen outreach support and establish relationships with affected residents and owners of the properties in the URA’s redevelopment projects, especially during the period of uncertainty and anxiety prior to project approval and property acquisition. In 2018/19, the programme was conducted for four redevelopment projects, namely Sung Hing Lane/Kwai Heung Street (C&W-005) and Queen’s Road West/In Ku Lane (C&W-006) in Central and Western District; Oak Street/Ivy Street (YTM-011) in Tai Kok Tsui and Wing Kwong Street/Sung On Street (KC-014) in Tse Kwa Wan, with visits paid to 482 residents and owners.

Building Our Capacity

Without a dedicated and competent team, the URA cannot sustain its urban renewal efforts. In 2018/19, the training focus remained on facilitating our staff members at different levels to learn the latest technologies e.g. BIM, Smart City, Artificial Intelligence (AI), Big Data, Internet of Things (IoT), etc. At the same time, effort was also put into reinforcing our staff members’ functional know-how and core competence skills in communication, stakeholder engagement, innovation, personal development and leadership. During the year, around 12,800 training hours were provided for around 4,000 participants with over 20 new training programmes, and 40 visits and talks, mostly related to innovation and technology



Various technical training programmes are offered to URA staff members.

which could be applied to the work of the URA. In order to meet staff learning needs and sustain corporate development, a Training and Development Task Force has been set up to identify and prioritise training and development needs through input from staff members of different Divisions/Departments. Looking ahead, we will continue to put emphasis on building our staff members' capabilities to apply the latest technology into their work; widen their horizons and exposure via talks and visits; further enhance their people and leadership skills through workshops and simulation exercises and strengthen their agility and entrepreneurship via project studies. Work Improvement Teams (WITs) will continue to provide an application and collaboration platform for staff members to develop, communicate and apply their innovative ideas into work in order to promote a continuous improvement culture within the URA and improve existing work procedures and efficiency.

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

To foster the skills and knowledge for succession assessment and career development, core competencies which define the knowledge, skills and attitude for different staff levels are incorporated into divisional career ladders. The same competencies are also applied to assess potential successors in order to evaluate their readiness and to identify any gaps for further development.

Attracting, Motivating and Retaining the right staff

In a tight labour market, the need for effective means to identify, employ, retain and motivate the right talent remains high. In order to attract, motivate and retain young qualified professionals with satisfactory performance, combined establishment at Assistant Manager and Manager levels was introduced to allow more upward movement for these professional staff.

For the talent management, the URA Future Leaders Programme has been implemented to identify promising General Managers and Senior Managers for further developing their capacities and competencies so as to take up key positions in the future.

Building an Effective and Engaging Workforce

In response to the feedback collected from the Employee Engagement Survey conducted in 2016/17, a Staff Newsletter was introduced in 2017 to improve internal communication. Eight issues have been published since the introduction. In addition, our Staff Suggestion Scheme continues to invite ideas from staff members to improve work efficiency and effectiveness and to enhance a sense of belonging. Suggestions with positive impact to the organisation will be explored and, where feasible, adopted by the URA.



MANAGEMENT
DISCUSSION
AND ANALYSIS

The problem of urban decay in Hong Kong remains daunting. According to a study conducted in 2017, about 10,000 of our buildings were over 50 years old and more than a third of those were in deteriorating or poor condition.

By 2046, the number of building blocks over 50 years old would approach 28,000, with the possibility of a parallel increase in dilapidation if no action is taken.

Moreover, the development potential of many of these high-density old buildings have already reached their limits without much room for plot ratio gains after redevelopment. To address the redevelopment dilemma and tackle the problem in urban decay, the URA takes the initiatives to carry out urban renewal in a more holistic and visionary approach including district-based planning and strategic studies.

MANAGEMENT DISCUSSION AND ANALYSIS

Current Position

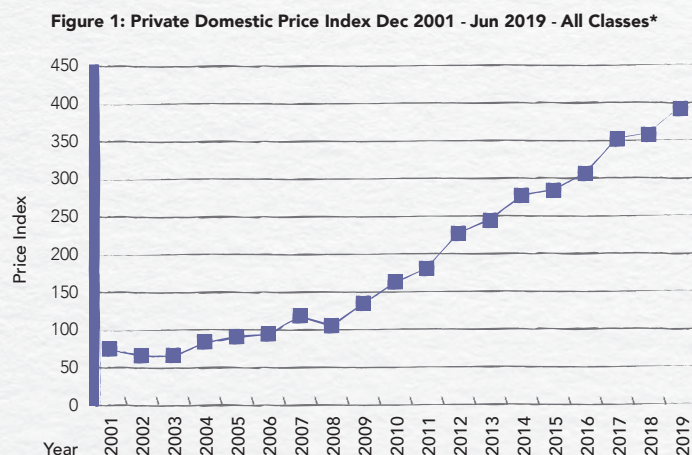
Since its establishment in 2001 and up until 30 June 2019, the URA had commenced and implemented 62 projects comprising 59 redevelopment projects, two preservation projects and one revitalisation project. A further of six redevelopment projects were undertaken in association with the Hong Kong Housing Society (HKHS). Of these 68 projects, 24 have been completed and the remaining are at various stages of implementation. The URA's notable achievements can be measured through the scale of urban decay that has been successfully addressed, the consequent benefits to the affected people, the contributions to new flat supply and the new facilities created for communities, as highlighted below:



At the time of its establishment, the URA also took over 10 projects which were under implementation by its predecessor, the Land Development Corporation. All of these have now been completed.

Challenges and Opportunities

The property market is now in the 16th year of an upward trend, which began in 2003 and has seen prices for all classes of accommodation in the private domestic market rise about six-fold (see Figure 1). This price increase poses a growing risk to the value of the URA's acquired building stock in the event of a market downturn. The risk is further compounded as the URA is obliged to bear higher development costs by acquiring properties under the "7-year rule" and is subject to ex-gratia payments markedly higher than those incurred by private sector developers. The URA is also obliged to commence acquisition as soon as possible after authorisation by the Secretary for Development or approval by Executive Council. This exacerbates the risk of "buy high, sell low" as URA does not have the flexibility to slow the acquisition process under unfavourable market conditions. The URA mitigates this risk by targeting the clearance and tender of projects which can help reduce the value and market exposure of properties under development. The URA has cleared and tendered one and three



*HKSAR Government, Rating & Valuation Department, Hong Kong Property Review Monthly Supplement, August 2019.

projects respectively during the year to 30 June 2019. Construction costs, meanwhile, though largely steady in the last few years, remain high (see Figure 2).

Meanwhile, the URA has kept in view the effectiveness of the Demand-led Pilot Scheme, which began after the Urban Renewal Strategy was issued in 2011 in an effort to harness the collective willingness of owners to help initiate urban renewal themselves. The refinements in 2014 were not conducive to the scheme's overall objectives and the scheme is now being reviewed holistically under the strategic Yau Mong District Study (YMDS) with a view to creating a greater planning impact by adopting a planning-led approach without compromising owners' demands.

In response to an invitation from the Government, the URA has identified two clusters of suitable Civil Servants' Co-operative Building Society (CBS) Scheme sites as pilot projects for implementation, subject to the approval of the Financial Secretary, in order to release their redevelopment potential and increase housing supply. The experience gained from these two pilot projects will help to establish an efficient policy and procedure for the implementation of future CBS projects.

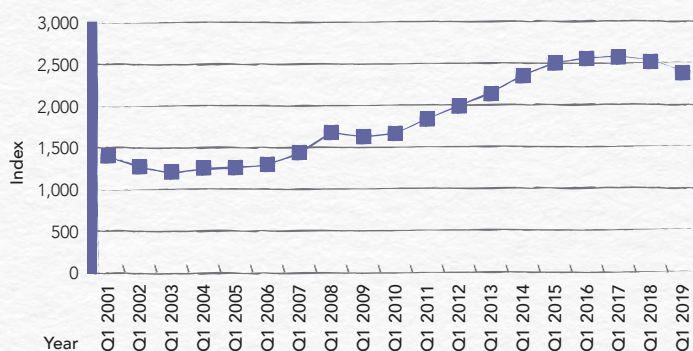
District-based Approach

By commencing a grouping of six projects in To Kwa Wan, the URA has taken a monumental step toward optimising the potential from larger clusters of dilapidated buildings in need of redevelopment. This can achieve more meaningful urban renewal benefits through the creation of a more community-friendly environment with a refined urban grid and appropriate land usage. It is important that this district-based approach ushers in alternative development outcomes which provide a tangible reflection of people-first urban renewal, designed with the community in mind. The Operating Review of this report introduces the district-based approach and provides details of these To Kwa Wan projects and their related planning and social gains.

To optimise the planning benefits from our redevelopment projects, the URA is now promulgating a shift in its urban renewal focus from the traditional project-led approach to a more holistic planning-led approach to urban renewal. Based on this approach, district-based and integrated "5R" projects can only be properly designed after comprehensive planning strategies for the sites and the surrounding areas have been carried out.

The URA commenced the YMDS in 2017. Previous urban renewal studies have sought to identify isolated redevelopment and other opportunities under the "4Rs". The brief to the YMDS, however, is an altogether new paradigm aimed at achieving holistic urban renewal by exploring new Institutional and Implementation strategies integrating the "5Rs" with a temporal progression. Upon the completion of the study, the YMDS will formulate feasible and financially sustainable projects as part of a wider set of district-based renewal strategies under the "5R" initiatives which can be readily replicated in other older districts.

Figure 2: Quarterly Construction Tender Price Index 2001-2019*



*Rider Levett Bucknall, Quarterly Construction Cost Update, June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Rehabilitation

Rehabilitation is one of the two URA's core businesses targets, with the other being redevelopment. The URA has become the primary agent in Hong Kong for building rehabilitation after taking over the Hong Kong Housing Society (HKHS) responsibilities under the Integrated Building Maintenance Assistance Scheme (IBMAS) in July 2015. As a rule, it should always be the owners' responsibility to ensure timely repair and maintenance of their buildings. However, frequent lack of financial means, technical support, organisation and awareness among owners are persistent hurdles to proper rehabilitation. To confront these obstacles, the URA has supplemented its rehabilitation efforts through various loan and subsidy schemes. Three new schemes, namely Operation Building Bright 2.0, Fire Safety Improvement Works Subsidy Scheme and Lift Modernisation Subsidy Scheme, were introduced in 2018/19 to tackle building safety hazards and enhance fire and lift safety standards. In addition, various building assistance and subsidy schemes have been consolidated into the IBMAS for an easy one-stop application procedure which helps owners take advantage of various building assistance and subsidy schemes. The financial assistance, technical advice and coordination services provided by the URA under these schemes have been well received, judging by the enthusiastic response and commendations received from Owners' Corporations.

New Building Rehabilitation Strategy Study

Noting the increasing pace of building deterioration and the substantial cost of maintenance and repair, the New Building Rehabilitation Strategy Study was launched in 2017. This is aimed at developing strategies to maximise benefits of building rehabilitation in the urban renewal process by improving the condition of buildings and extending their effective lifetime, thus reducing the number of buildings requiring immediate redevelopment. To create a mindset of preventive maintenance amongst owners, raising rehabilitation awareness for buildings under 30 years old has been proposed as the first step to prolong the service life of buildings. Owners and other stakeholders can turn to the newly-formed Building Rehabilitation Platform as an all-in-one information centre. This platform provides building owners and Owners' Corporations with comprehensive building rehabilitation information and technical support, including practice notes and guidelines, and standardised documents. The URA will continue updating the information contained in the Platform, including the provision of cost references and list of service providers.

Preservation and Revitalisation

The URA is mandated under Section 5 of the URS to preserve buildings, sites and structures of historical, cultural or architectural value. There are 10 such projects now in the URA's portfolio which contain buildings for preservation or revitalisation. Three of these projects at Prince Edward Road West, Shanghai Street/Argyle Street and Mallory Street are dedicated preservation or revitalisation projects, whereas preserved buildings form part of a larger redevelopment project site in seven other projects.

The Shanghai Street/Argyle Street preservation project is at a vital stage. The construction of new building blocks to be integrated with the preserved shophouse cluster have been completed, and the fitting-out works are in progress. Another initiative involving a historic building at an important stage is the Central Market revitalisation project, which commenced in 2009 as tasked by the Government under the "Conserving Central" initiative in the 2009/10 Policy Address. The main revitalisation works of this project commenced in November 2018 with the first phase to be tentatively completed in early 2021 for the public's early enjoyment.

There was a new beginning for the Mallory Street revitalisation project in 2018/19 as it has renamed to "7 Mallory Street". The URA took over the management and operation of the project in August 2018 and will continue to collaborate with a wider spectrum of art, cultural and community organisations.

Human Resources

To better equip the URA with sufficient manpower to take up the challenges, there was a slight increase in the actual headcount in 2018/19 compared to the previous year. To nurture a leadership pipeline, the URA Future Leaders Programme has been implemented to develop promising General Managers and Senior Managers. Core Career Ladders which provide clear and transparent career paths for URA staff were also introduced in 2018/19. At the same time, in order to attract, motivate and retain young qualified professionals with satisfactory performance, combined establishment was introduced to allow more upward move for these professional staff.

To equip the workforce with the proper mind-set, knowledge and skills required to apply innovation and technology in their work, training programmes in 2018/19 focussed on building our staffs' ability to apply the latest technology into their work; broadening their horizon and exposure via visits and talks delivered by external experts; and further enhancing their skills through various Big Data, Artificial Intelligence (AI), BIM and GIS workshops.

At the organisation level, and to support the urban renewal directions, divisional reviews were carried out leading towards better alignment and organisational effectiveness. To promote a culture of continuous improvement, Staff Suggestion Scheme and Work Improvement Team initiatives have been sustained to help our staff develop and apply their innovative ideas into tasks, in order to improve work procedures and to enhance efficiency.

Outlook

Hong Kong's rapidly ageing building stock remains the key challenge. Implementing urban renewal in a sustainable manner is the overarching goal of the holistic approach adopted by the URA. Through the strategically important YMDS and New Building Rehabilitation Strategy Study, the URA has taken a forward-looking vision towards devising ways to address the rising tide of urban decay. Although the URA currently enjoys a strong cash position, the financial ground has inevitably shifted beneath us with high acquisition costs, relatively high construction costs and cautious outlook on future property market. The URA has taken a critical look at various means to continue to chart our way forward. The objective remains to deliver a sustainable and holistic urban renewal programme that meets the needs and expectations of the community in changing economic and market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

(I) Review of 2018/19 Results

(a) Revenue

The revenue for the year ended 31 March 2019 was \$3,423 million, which comprised upfront payments from tendered projects, share of surplus from joint development projects and proceeds from sale of flats at Kai Tak. The amount was lower than the revenue of \$13,868 million in 2017/18 by \$10,445 million.

The upfront payments in 2018/19 of \$2,833 million were significantly lower than that of 2017/18 as there were only two projects tendered during the year, namely Tung Chau Street/Kweilin Street and Castle Peak Road/Un Chau Street with a total site area of 3,540 m², compared to three tendered projects in 2017/18 with a total site area of 4,755 m² and including a commercial/office/hotel development in Central area which brought in an upfront payment of \$10 billion.

The share of sales proceeds from joint development projects of \$445 million in 2018/19 (2017/18: \$1,128 million) was revenue from projects where the sales proceeds exceeded the thresholds stipulated in the development agreements. The decrease in the share of sales proceeds reflected that the majority of the residential units of the projects had been sold in prior years, and only a small number of unsold flats were left for proceeds sharing upon sale.

The revenue from sale of properties of \$144 million mainly related to the proceeds of \$139 million from sale of 14 residential flats at Kai Tak (2017/18: \$157 million for 18 flats) and these flats were sold at prevailing market price.

(b) Other income

Of the \$536 million (2017/18: \$451 million) in other income for 2018/19, \$436 million (2017/18: \$320 million) was interest income from bank deposits and fixed income investment products, with an average yield of 2.31% p.a. (2017/18: 1.60% p.a.). The higher average yield reflected the increase in interest rates in the money market during the year. Other income also included rental income from certain properties retained by the URA.

(c) Administrative expenses

Administrative expenses for 2018/19 of \$449 million (2017/18: \$423 million) mainly covered staff costs, accommodation costs and office expenses. Cost control measures were implemented whenever possible to minimise administrative expenses.

To cope with the expansion of urban renewal activities, including the increased level of rehabilitation works arising from the new subsidy schemes, including the Operation Building Bright 2.0, the Fire Safety Improvement Works Subsidy Scheme and the Lift Modernisation Subsidy Scheme, the staffing level was increased from 501 at 31 March 2018 to 517 at 31 March 2019. Of the 517 staff, 15 (31 March 2018: 15) were employed on contracts of less than three years.

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

Based on the accounting policy detailed in Notes 2(h) and 2(n) to the financial statements, write back of provision for impairment on properties and committed projects of \$841 million was made in 2018/19 in view of rising property prices during the year.

(e) Surplus for the year

For the year 2018/19, the URA recorded a net surplus of \$2,330 million, showing a decrease of \$9,708 million as compared to \$12,038 million for 2017/18. Major contributions to the 2018/19 net surplus were (a) the surplus from tendered projects, (b) the share of surplus sales proceeds from various joint development projects, and (c) the write back of provision for impairment on properties and committed projects on various projects previously made as a result of the rising property prices during the year.

(II) Financial Position at 31 March 2019

(a) Properties under development

Properties under development before provision for impairment of \$29,609 million as at 31 March 2019 (31 March 2018: \$25,769 million) reached record high level. This sum represented the acquisition and development costs of 18 projects under various states of implementation.

The aforesaid value was off-set against the cumulative provision for impairment totalling \$1,181 million (31 March 2018: \$1,980 million), resulting in a net value of \$28,428 million (31 March 2018: \$23,789 million). The increase in the net value was mainly due to continued acquisition of Kowloon City projects during 2018/19 and the write back of provision for impairment. It was off-set by certain projects being tendered during the year.

(b) Total liquidity

As at 31 March 2019, the URA's total liquidity, including cash, bank deposits and debt securities investments, was \$18,107 million (31 March 2018: \$21,221 million).

The URA placed the surplus cash on deposits with a number of financial institutions, and also invested in fixed income products of the required credit rating in accordance with the investment guidelines as approved by the Financial Secretary with capital preservation as the priority.

The liquidity position, off-set by the borrowings of \$2,793 million (31 March 2018: \$2,791 million) mentioned in paragraph II (c) below, resulted in the net liquidity position including the securities holdings at 31 March 2019 of \$15,314 million (31 March 2018: \$18,430 million).

MANAGEMENT DISCUSSION AND ANALYSIS

(c) Debt securities issued

The URA is rated AA+ by Standard & Poor's Rating Services. As at 31 March 2019, the outstanding debt securities issued by the URA was \$2,793 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 2019 was \$46,974 million (31 March 2018: \$44,644 million), representing the Government's capital injection of \$10,000 million (31 March 2018: \$10,000 million) and an accumulated surplus of \$36,974 million (31 March 2018: \$34,644 million).

The financial highlights of the past ten years are summarised on page 113 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 2018/19, the land premia waived by the Government on three land grants amounted to \$190 million. Since May 2001, a total of 43 land grants have been waived in respect of all the tendered projects with aggregate land premia totalling \$19,678 million.

Without this waiver, the URA's net surplus for 2018/19 of \$2,330 million for the year would have been lowered by \$190 million to \$2,140 million; its accumulated surplus as at 31 March 2019 would have been lowered by \$19,678 million to \$17,296 million; and its net asset value as at 31 March 2019 would have been decreased to \$27,296 million.

(V) Financial Resources, Liquidity and Commitments

As at 31 March 2019, the URA's net liquidity position totaled \$15,314 million. At the same date, the URA's 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, were estimated at \$9,134 million.

In addition to the US\$1,000 million MTN Programme mentioned in paragraph II (c) above, the URA also maintained uncommitted credit facilities with major banks in Hong Kong. The external funding and credit facilities ensured the URA would have sufficient financial resources to carry out its urban renewal programme as planned.

MANAGEMENT DISCUSSION AND ANALYSIS

Individual projects, with various development potentials, are tendered out at different times during property market cycles. 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 2019, the total costs of properties under development, excluding provision for impairment, was \$29,609 million. The value of properties under development is exposed to the risk of property price fluctuation. Should the projected future value of the properties under development is lower than its actual/estimated acquisition and clearance costs, impairment loss will be recognised in the URA's books.

It is estimated that a total cash outlay of about \$34,000 million, excluding operational overheads, will be required in the coming five years to meet both of the URA's currently outstanding commitments and its forthcoming cash outlay for the implementation of the projects. This amount covers the URA's work in redevelopment, rehabilitation, preservation and revitalisation.

The URA will continue to review its businesses with an aim to maintaining a highly prudent financial position and having due regard for commercial principles in its operations so that the urban renewal programme could 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	Building Blocks ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²	
1-44 - 44 Ongoing projects commenced by URA												
1 ⁽⁵⁾	KC-015	Kai Tak Road / Sa Po Road, Kowloon City	2018/19	February		6,106	23,204	41	1,410	810	48,168	40,140
2 ⁽⁵⁾	KC-014	Wing Kwong Street / Sung On Street, To Kwa Wan	2018/19	June		3,016	16,874	36	831	560	25,713	21,427
3 ⁽⁵⁾	YTM-011	Oak Street / Ivy Street, Tai Kok Tsui	2017/18	March		820	2,999	6	205	115	5,985	4,987
4 ⁽⁵⁾	C&W-006	Queen's Road West / In Ku Lane, Sai Ying Pun	2017/18	March		2,046	4,107	6	160	189	11,290	9,690
5 ⁽⁵⁾	C&W-005	Sung Hing Lane / Kwai Heung Street, Sai Ying Pun	2017/18	July		1,120	3,984	9	231	165	8,666	8,266
6 ⁽⁵⁾	KC-013	Kai Ming Street / Wing Kwong Street, To Kwa Wan	2016/17	March		1,749	7,458	12	463	see Remarks	11,800	9,833
7 ⁽⁵⁾	KC-012	Wing Kwong Street, To Kwa Wan	2016/17	June		1,258	5,023	14	389	see Remarks	10,530	8,775
8 ⁽⁵⁾	KC-011	Hung Fook Street / Kai Ming Street, To Kwa Wan	2016/17	June		2,635	12,628	23	822	400	21,960	18,300
9 ⁽⁵⁾	KC-010	Hung Fook Street / Ngan Hon Street, To Kwa Wan	2016/17	June		4,951	21,495	43	1,468	750	41,058	34,215
10 ⁽⁵⁾	KC-008(A)	Chun Tin Street / Sung Chi Street, To Kwa Wan	2016/17	May		2,475	3,738	14	179	310	14,724	12,270
11 ⁽⁵⁾	KC-009	Bailey Street / Wing Kwong Street, To Kwa Wan	2015/16	March		8,042	39,644	94	2,640	1,152	66,627	55,522
12 ^(4,5)	DL-11:YTM	Ash Street, Tai Kok Tsui	2015/16	May		474	3,228	5	206	69	3,522	3,131
13 ^(4,5)	DL-10:KT	Hang On Street, Kwun Tong	2014/15	November		865	5,304	10	387	138	6,663	5,922

PROJECT HIGHLIGHTS

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		
7,228	800	0	1,000	Eligible domestic owner-occupiers can join the Flat for Flat scheme Other uses GFA for community facilities	Project commencement gazetted on 22-02-19
4,286	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 22-06-18 SDEV authorised URA to proceed on 18-02-19 Initial acquisition offers issued on 03-05-19
998	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 16-03-18 SDEV authorised URA to proceed on 19-11-18 Initial acquisition offers issued on 30-11-18
540	200	860	538	Eligible domestic owner-occupiers can join the Flat for Flat scheme Other uses GFA for elderly facilities	Project commencement gazetted on 16-03-18
400	0	0	150	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 28-07-17 SDEV authorised URA to proceed on 23-03-18 Initial acquisition offers issued on 14-05-18 Resumption application submitted to DEVB on 12-03-19
1,967	0	0	0	Project KC-013 will combine with KC-012 with a total flat production of 414 for the combined site Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 17-03-17 SDEV authorised URA to proceed on 13-10-17 Initial acquisition offers issued on 06-12-17 Resumption application submitted to DEVB on 28-09-18
1,755	0	0	0	Project KC-012 will combine with KC-013 with a total flat production of 414 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 Initial acquisition offers issued on 07-07-17 Resumption application submitted to DEVB on 20-02-18
3,660	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme The project will combine with DL-8 for tender	Project commencement gazetted on 03-06-16 SDEV authorised URA to proceed on 03-03-17 Initial acquisition offers issued on 07-07-17 Resumption application submitted to DEVB on 20-02-18
6,843	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 03-06-16 DSP approved by CE in Council on 31-10-17 Initial acquisition offers issued on 06-12-17 Resumption application submitted to DEVB on 28-09-18
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 DSP approved by CE in Council on 31-10-17 Second round acquisition offers issued on 06-12-17 Resumption application submitted to DEVB on 28-09-18
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 Initial acquisition offers issued on 07-07-17 Resumption application submitted to DEVB on 23-11-17 S.16 approval for provision of underground public carpark granted by TPB on 21-12-18
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 Site Clearance completed on 16-07-18 Land Grant approved by DLC on 15-11-18 Demolition works completed
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 Site reverted to Government on 15-10-16 Provisional basic terms offer for Land Grant accepted by URA on 19-01-18 Site Clearance completed on 17-04-18 Joint Venture Development tender awarded on 30-04-19 Demolition works completed

Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information			Project Development Information				Remarks	Status	
					Project Site Area m ²	Existing GFA m ²	Building Blocks ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²	Commercial GFA m ²	Other Uses GFA m ²	G/I/C GFA m ²	Public Open Space ⁽²⁾ m ²			
14 ⁽⁵⁾	SSP-016	Castle Peak Road / Un Chau Street, Sham Shui Po	2013/14	February		1,900	7,335	16	476	261	14,841	12,367	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 Initial acquisition offers issued on 27-02-15 Resumption gazetted on 26-02-16 Site reverted to Government on 26-05-16 Site clearance completed on 19-03-18 Joint Venture Development tender awarded on 23-10-18 Site handed over to JVP on 22-11-18 Land Grant executed on 24-01-19 Site investigation works completed	
15 ^(4,5)	DL-8:KC	Kai Ming Street, To Kwa Wan	2013/14	December		553	2,467	6	122	72	4,545	3,788	308	0	450	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme The project will combine with KC-011 for tender 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	
16 ^(4,5)	DL-6:YTM	Fuk Chak Street / Li Tak Street, Tai Kok Tsui	2013/14	June		769	3,461	2	171	144	5,733	5,095	638	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme Joint Venture Development tender awarded on 13-06-17 Land Grant executed on 07-09-17 Site handed over to JVP on 07-09-17 GBP amendment approved on 22-11-18 Foundation works in progress	
17 ⁽⁴⁾	DL-4:SSP	Kowloon Road / Kiu Yam Street, Sham Shui Po	2013/14	April	Madison Park	599	3,817	1	229	100	4,884	4,070	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 Land Grant executed on 05-01-17 Pre-sale consent was issued on 08-08-18 Sales of residential flats launched on 29-08-18 GBP amendment approved on 28-02-19 Superstructure works in progress	
18 ^(4,5)	DL-5:SSP	Tung Chau Street / Kweilin Street, Sham Shui Po	2013/14	April		1,490	10,313	1	552	262	13,410	9,090	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 Site reverted to Government on 06-06-15 Site clearance completed on 14-06-16 S16 approval for amended design granted by TPB on 03-03-17 Joint Venture Development tender awarded on 12-06-18 Land Grant executed on 21-08-18 Site handed over to JVP on 21-08-18 GBP approved on 17-05-19 Foundation works in progress	
19 ⁽⁵⁾	SSP-015	Tonkin Street / Fuk Wing Street, Sham Shui Po	2012/13	March		1,268	4,964	13	270	175	9,513	7,927	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 project 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 gazetted on 19-10-18 Site reverted to Government on 19-01-19	
20 ^(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	16,716	0	0	0	Feasibility study of partial retrofitting works for the project is being conducted by URA 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	
21 ⁽⁴⁾	DL-1:SSP	229A-G, Hai Tan Street, Sham Shui Po	2012/13	April	Astoria Crest	483	2,547	1	172	87	3,640	3,235	405	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 Pre-sale consent issued on 29-11-17 Sales of residential flats launched on 15-12-17 GBP amendment approved on 27-09-18 Occupation Permit issued on 31-12-18 Certificate of Compliance issued on 03-04-19	
22 ^(4,5)	DL-2:SSP	205-211A, Hai Tan Street, Sham Shui Po	2012/13	April		470	2,952	1	222	76	3,600	3,132	468	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 GBP amendment approved on 24-08-18 Superstructure works completed Fitting-out works in progress	

Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information			Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space (2) m ²	Remarks	Status	
					Project Site Area m ²	Existing GFA m ²	Building Blocks (1)	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²							
23 (4,5)	DL-3:YTM	Pine Street / Oak Street, Tai Kok Tsui	2012/13	April	L • Living 23	865	5,105	11	330	142	6,590	5,609	981	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 GBP amendment approved on 24-04-19 Foundation works in progress
24 (5)	YTM-010	Reclamation Street / Shantung Street, Mong Kok	2011/12	February		1,640	10,024	20	637	319	12,510	10,425	2,085	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Joint Venture Development tender awarded on 18-12-17 Land Grant executed on 08-03-18 Site handed over to JVP on 18-04-18 GBP amendment approved on 01-02-19 Foundation works in progress
25	KC-007	Kowloon City Road / Sheung Heung Road, Ma Tau Kok	2011/12	November	Artisan Garden	1,622	7,258	16	475	294	12,456	10,380	2,076	0	0	0	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 GBP amendment approved on 16-11-18 Presale consent issued on 17-01-19 Sales of residential flats launched on 19-03-19 Superstructure works in progress
26	SSP-014	Fuk Wing Street, Sham Shui Po	2010/11	March	The Amused	649	2,456	6	194	136	5,030	4,471	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 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 Presale consent issued on 25-07-17 Sales of residential flats launched on 01-09-17 GBP amendment approved on 06-08-18 Occupation Permit issued on 16-08-18 Certificate of Compliance issued on 28-12-18
27	KC-006	Pak Tai Street / San Shan Road, Ma Tau Kok	2010/11	March	Downtown 38	1,277	6,389	12	296	228	9,783	8,152	1,631	0	0	0	Small sized flats of 25 to 36m ² Eligible domestic owner-occupiers can join 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 Presale consent issued on 28-09-18 Sales of residential flats launched on 15-01-19 GBP amendment approved on 15-03-19 Fitting-out works in progress
28	TKW/1/002	Ma Tau Wai Road / Chun Tin Street, Ma Tau Kok	2009/10	February	eResidence	3,377	10,393	33	660	493	24,398	20,332	3,114	952	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 450 flats were assigned for sale as "Starter Homes"	Land Grant executed on 13-04-15 Modification Letter for "Starter Homes" executed on 14-11-18 GBP amendment approved on 09-04-19 Selection and sale of "Starter Homes" flat commenced on 12-06-19 Fitting-out works in progress
29	SSP/3/001	Shun Ning Road, Sham Shui Po	2009/10	June	The Ascent	825	3,820	8	130	157	7,159	5,959	1,200	0	0	0		Presale consent issued on 19-04-16 Sales of residential flats launched on 17-07-16 Occupation Permit issued on 08-03-18 Certificate of Compliance issued on 27-07-18
30	MTK/1/002	San Shan Road / Pau Chung Street, Ma Tau Kok	2009/10	May	93 Pau Chung Street	1,171	6,046	14	290	209	10,345	8,778	1,567	0	0	0		Presale consent issued on 22-08-16 Sales of residential flats launched on 29-09-16 Occupation Permit issued on 27-07-18 Certificate of Compliance issued on 26-11-18
31 (6)	MK/01	Shanghai Street / Argyle Street, Mong Kok	2008/09	September	618 Shanghai Street	1,128	3,944	14	157	0	5,223	0	5,223	0	0	0	Zoned 'Other specified uses' annotated 'Shophouses for commercial and/or cultural uses'	Land Grant executed on 25-01-17 GBP amendment approved on 25-04-19 Occupation Permit issued on 07-05-19 Fitting-out works in progress
32 (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	6,126	0	0	0	Zoned 'Other specified uses' annotated 'Shophouses for commercial and/or cultural uses'	Renovation works of all phases completed and handed over to tenants
33	TKT/2/002	Anchor Street / Fuk Tsun Street, Tai Kok Tsui	2007/08	March	iclub Mong Kok Hotel	726	3,855	11	245	0	6,529	0	6,529	0	0	0	Commercial space is for hotel with 288 rooms	Occupation Permit issued on 11-10-18 Certificate of Compliance issued on 20-05-19
34	TKW/1/001	Chi Kiang Street / Ha Heung Road, Ma Tau Kok	2007/08	February	City Hub	931	5,226	10	302	175	8,378	6,980	1,398	0	0	0		Pre-sale consent issued on 23-8-16 Occupation Permit issued on 25-05-17 Certificate of Compliance issued on 15-01-18 Sales of residential flats launched on 04-02-18
35 (5,6)	K1	Nga Tsin Wai Village, Wong Tai Sin	2007/08	October		6,013	2,051	116	124	300	16,219	13,900	2,319	0	0	0	At-grade conservation park accessible to public will be provided Commercial space includes preserved buildings/elements, temple office, village committee's office, reprovisioning of public toilet and other covered areas but actual area still subject to detailed design	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 Archaeological Impact Assessment completed and the report is under preparation, which will be submitted to AMO in Q2/Q3 2019

Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information			Project Development Information				Remarks	Status
					Project Site Area m ²	Existing GFA m ²	Building Blocks ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²	Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²		
36 ^(5A)	H18 Peel Street / Graham Street, Sheung Wan	2007/08	July	(H18-Site B) - My Central	5,267	20,219	47	740	306	67,528	22,638	43,450	180	1,260	2,060	<p>Site A Joint Venture Development tender awarded on 01-03-17 Land Grant executed on 06-06-17 Handed over to JVP on 06-06-17 Foundation works in progress GBP amendment approved on 11-09-18</p> <p>Site B Joint venture development tender awarded on 30-04-12 Land Grant executed on 24-07-12 Handed over to JVP on 10-10-12 Phased OP for Market Block issued on 25-08-16 Sales of residential flats launched on 12-10-17 Final GBP amendment approved on 07-12-18 Occupation Permit issued on 28-12-18 Fitting-out works in progress</p> <p>Site C Joint Venture Development tender awarded on 24-10-17 Land Grant executed on 26-01-18 Site handed over to JVP on 26-01-18 Foundation works in progress</p>	<p>Site A Joint Venture Development tender awarded on 01-03-17 Land Grant executed on 06-06-17 Handed over to JVP on 06-06-17 Foundation works in progress GBP amendment approved on 11-09-18</p> <p>Site B Joint venture development tender awarded on 30-04-12 Land Grant executed on 24-07-12 Handed over to JVP on 10-10-12 Phased OP for Market Block issued on 25-08-16 Sales of residential flats launched on 12-10-17 Final GBP amendment approved on 07-12-18 Occupation Permit issued on 28-12-18 Fitting-out works in progress</p> <p>Site C Joint Venture Development tender awarded on 24-10-17 Land Grant executed on 26-01-18 Site handed over to JVP on 26-01-18 Foundation works in progress</p>
37 ⁽⁵⁾	K7 Kwun Tong Town Centre, Kwun Tong	2006/07	March	Park Metropolitan (DA 1) Grand Central (DAs 2&3)	53,500	96,104	63	3,139	2,298	401,250	160,610	209,640	0	31,000	13,350	<p>YWS Site (DA 1) Occupation Permit obtained on 08-07-14 Certificate of Compliance obtained on 29-10-14 Sale of remaining flats in progress</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 Special offers for occupiers of the unauthorized structures in DA5 issued on 07-09-18 Resumption for DA5 gazetted on 17-05-19</p> <p>Class B amendments to fulfill SBD Guidelines approved by Plan D on 24-10-12 Occupation Permit for Methadone Clinic issued on 13-03-14 Occupation Permit for interim G/IC facilities at Kwun Tong District Branch Office Building issued on 28-03-14, interim minibus terminus and interim hawker bazaar started operation in 05-14 Interim bus terminus at former Mido Mansion Site started operation on 30-11-14 Revised MLP separating DAs 4 and 5 approved by TPB on 09-02-18</p> <p>DAs 2 & 3 (Post JVP tender award) Joint Venture Development tender awarded on 01-09-14 Land Grant executed on 19-12-14 Site handed over to JVP on 19-12-14 S16 application A/K14/727 to increase flat numbers (from 1,869 to 1,999) approved on 08-01-16 LMP approved by PlanD on 28-11-17 Occupation Permit phasing Plans for DAs 2 and 3 approved on 14-09-18 Footbridge construction works completed and temporary Occupation Permit obtained on 08-10-18 GBP amendments (Podium) approved on 27-11-18 GBP amendments (Towers) approved on 27-11-18 Presale consent issued on 29-11-18 Sales of residential flats launched on 09-12-18 Superstructure works in progress</p>	<p>YWS Site (DA 1) Occupation Permit obtained on 08-07-14 Certificate of Compliance obtained on 29-10-14 Sale of remaining flats in progress</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 Special offers for occupiers of the unauthorized structures in DA5 issued on 07-09-18 Resumption for DA5 gazetted on 17-05-19</p> <p>Class B amendments to fulfill SBD Guidelines approved by Plan D on 24-10-12 Occupation Permit for Methadone Clinic issued on 13-03-14 Occupation Permit for interim G/IC facilities at Kwun Tong District Branch Office Building issued on 28-03-14, interim minibus terminus and interim hawker bazaar started operation in 05-14 Interim bus terminus at former Mido Mansion Site started operation on 30-11-14 Revised MLP separating DAs 4 and 5 approved by TPB on 09-02-18</p> <p>DAs 2 & 3 (Post JVP tender award) Joint Venture Development tender awarded on 01-09-14 Land Grant executed on 19-12-14 Site handed over to JVP on 19-12-14 S16 application A/K14/727 to increase flat numbers (from 1,869 to 1,999) approved on 08-01-16 LMP approved by PlanD on 28-11-17 Occupation Permit phasing Plans for DAs 2 and 3 approved on 14-09-18 Footbridge construction works completed and temporary Occupation Permit obtained on 08-10-18 GBP amendments (Podium) approved on 27-11-18 GBP amendments (Towers) approved on 27-11-18 Presale consent issued on 29-11-18 Sales of residential flats launched on 09-12-18 Superstructure works in progress</p>
38 ⁽⁵⁾ 39 40	SSP/1/003- 005 Hai Tan Street / Kweilin Street & Pei Ho Street, Sham Shui Po	2005/06	February	Seaside Sonata	7,507	25,344	70	1,589	876	57,399	50,024	5,317	0	2,058	1,500	<p>Three projects taken forward as one G/IC includes 1,900m² for Special Child Care Centre cum Early Education Centre, Day Care Centre for Elderly and Sub-base for a Neighbourhood Elderly Centre; 150m² for either social enterprise or non-domestic use</p> <p>Joint Development tender awarded on 22-12-14 Land Grant executed on 27-03-15 Site handed over to JVP on 27-03-15 S16 submission approved on 22-01-16 GBP amendment approved on 26-06-18 Utility diversion works completed Superstructure works in progress</p>	<p>Three projects taken forward as one G/IC includes 1,900m² for Special Child Care Centre cum Early Education Centre, Day Care Centre for Elderly and Sub-base for a Neighbourhood Elderly Centre; 150m² for either social enterprise or non-domestic use</p> <p>Joint Development tender awarded on 22-12-14 Land Grant executed on 27-03-15 Site handed over to JVP on 27-03-15 S16 submission approved on 22-01-16 GBP amendment approved on 26-06-18 Utility diversion works completed Superstructure works in progress</p>

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	Building Blocks ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²	
41	H14	Sai Wan Ho Street, Shau Kei Wan	2005/06	September	Monti	710	3,796	2	21	144	5,680	5,680
42 ⁽⁷⁾	WC/001	Mallory Street / Burrows Street, Wan Chai	2004/05	March	7 Mallory Street	780	2,687	10	122	0	2,435	0
43	K32	Pine Street / Anchor Street, Tai Kok Tsui	2004/05	December	Park Summit	2,328	11,802	30	518	462	20,952	17,460
44 ^(5,6)	H19	Staunton Street / Wing Lee Street, Sheung Wan	2002/03	March		1,997	3,049	24	98	154	6,117	5,247
1-44 Ongoing Projects Total						138,235	433,589	882	21,703	12,942	1,045,695	637,827
45-62 - 18 Completed projects commenced by URA ⁽⁸⁾												
45	MTK/1/001	Pak Tai Street / Mok Cheong Street, Ma Tau Kok	2007/08	February	My Place	772	3,772	9	229	168	6,944	5,787
46	K28	Sai Yee Street, Mong Kok	2007/08	December	Skypark	2,478	14,434	25	431	439	22,301	17,346
47	K9	MacPherson Stadium, Mong Kok	2005/06	March	MacPherson Place	2,400	2,788	1	0	293	24,767	16,705
48	TKT/2/001	Fuk Tsun Street / Pine Street	2005/06	December	Park Ivy	560	4,071	4	273	113	4,843	4,003
49 ⁽⁶⁾	SYP/1/001	Third Street / Yu Lok Lane / Centre Street, Sai Ying Pun	2005/06	December	The Nova	2,150	4,140	22	213	255	16,463	16,218
50	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	33	551	402	29,720	24,780
52	K31	Larch Street / Fir Street, Tai Kok Tsui	2004/05	December	Lime Stardom	2,195	10,332	29	474	377	19,735	16,425
53 ⁽⁶⁾	H15	Lee Tung Street / McGregor Street, Wan Chai	2003/04	October	The Avenue	8,236	36,534	85	1,613	1,275	79,931	67,939
54	K33	Baker Court, Hung Hom	2003/04	July	Baker Residences	277	834	3	9	68	2,338	2,077
55	K30	Bedford Road / Larch Street, Tai Kok Tsui	2003/04	July	i-home	1,229	6,313	13	280	182	10,363	9,215
56	H17	Queen's Road East, Wan Chai	2002/03	March	Queen's Cube	378	1,806	6	25	96	3,984	3,543
57	H20	First Street / Second Street, Sai Ying Pun	2002/03	November	Island Crest	3,536	15,690	41	777	488	38,178	34,259

PROJECT
HIGHLIGHTS

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		
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 GBP amendment approved on 24-11-18 Pre-sale consent approved on 23-04-18 Sale of residential flats launched on 01-09-18 Superstructure 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 façade at Burrows Street and two elevated walkways	Land Grant executed on 13-10-11 Occupation Permit issued on 20-05-13 Official opening event held on 18-07-13 Certificate of Compliance issued on 04-08-17 URA took over the management and operation of the project in 08-18
3,492	0	0	450	Public Open Space not required under lease	Occupation Permit issued on 20-09-12 Sale of residential flats launched on 20-04-12 Certificate of Compliance issued on 27-12-12 Sale of remaining flats in progress
870	0	0	474	The number of residential flat of the project will be deleted after PlanD commences the rezoning process	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 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 submitted in March 2017 withdrawn Preparation of rezoning of the project by PlanD is under way.
367,174	4,567	36,128	20,322		
1,157	0	0	0		Project completed in 2016-17
4,955	0	0	0		Project completed in 2017-18
2,443	0	5,619	0	Land grantee is Hong Kong Playground Association G/IC is for Indoor Stadium and Youth Centre	Occupation Permit issued on 31-12-12 Certificate of Compliance issued on 28-01-14 Project completed in 2018-19
840	0	0	0		Project completed in 2015-16
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	Project completed in 2016-17
4,940	0	0	580	Two projects taken forward as one	Project completed in 2015-16
3,310	0	0	0	Commercial space includes the Urban Renewal Resource Centre	Project completed in 2017-18
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	Project completed in 2017-18
261	0	0	0		Project completed in 2011-12
1,148	0	0	0		Project completed in 2010-11
441	0	0	0		Project completed in 2011-12
1,722	0	2,197	700	Commercial space excludes G/IC area G/IC is for Residential Care Home for Elderly	Project completed in 2012-13

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	Building Blocks ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
58	K27	Reclamation Street, Mong Kok	2002/03	October	MOD 595	535	2,411	7	122	85	4,921	4,119
59	K19	Po On Road / Shun Ning Road, Sham Shui Po	2002/03	July	Beacon Lodge	1,394	4,898	14	327	166	12,534	10,451
60	K26	Fuk Wing Street / Fuk Wa Street, Sham Shui Po	2001/02	January	Vista	1,384	5,129	13	246	173	12,453	10,378
61 ⁽⁶⁾	H16	Johnston Road, Wan Chai	2001/02	January	J Residence	1,970	7,640	28	333	381	20,567	17,967
62	K3	Cherry Street, Tai Kok Tsui	2001/02	January	Floriant Rise	4,510	14,416	64	1,020	522	43,231	36,466
45-62 Completed Projects Sub-Total ⁽⁸⁾ (A)						37,343	148,405	397	6,923	5,483	353,273	297,678
63-68 - 6 Completed projects commenced by HKHS ⁽⁸⁾												
63	K20	Castle Peak Road / Cheung Wah Street, Sham Shui Po	2004/05	April	Heya Delight	1,003	5,935	22	158	130	9,030	7,525
64	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
65	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
66	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
67	H21	Shau Kei Wan Road, Shau Kei Wan	2003/04	November	Harmony Place	1,871	9,834	17	400	274	19,555	16,338
68	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
63-68 Completed Projects Sub-Total ⁽⁸⁾ (B)						11,613	58,285	115	2,288	1,531	105,116	87,640
69-78 - 10 Completed projects commenced by ex-LDC and completed by URA ⁽⁸⁾												
69	K11	Hanoi Road, Tsim Sha Tsui	⁽⁹⁾		The Masterpiece	8,299	27,309	35	220	345	102,625	45,600
70 ⁽⁶⁾	H9	Wanchai Road / Tai Yuen Street	⁽⁹⁾		The Zenith/One Wanchai	6,793	12,555	41	975	889	62,310	52,539
71	K17	Yeung Uk Road, Tsuen Wan	⁽⁹⁾		The Dynasty	7,230	0	0	0	256	44,404	27,031
72	K13	Tsuen Wan Town Centre, Tsuen Wan	⁽⁹⁾		Vision City	20,300	56,851	96	7,119	1,466	134,185	107,884
73	H12	Kennedy Town, New Praya, Kennedy Town	⁽⁹⁾		The Merton	6,075	24,808	65	1,683	1,182	62,904	62,794
74	H13	Ka Wai Man Road, Kennedy Town	⁽⁹⁾		Mount Davis 33	728	4,000	1	0	89	7,280	7,280
75	K10	Waterloo Road / Yunnan Lane, Yau Ma Tei	⁽⁹⁾		8 Waterloo Road	3,869	6,610	27	444	576	32,012	32,012
76	H1	Queen Street, Sheung Wan	⁽⁹⁾		Queen's Terrace	7,964	25,792	86	648	1,148	66,233	60,579

PROJECT
HIGHLIGHTS

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		
802	0	0	0		Project completed in 2009-10
2,083	0	0	251		Project completed in 2010-11
2,075	0	0	255		Project completed in 2010-11
2,600	0	0	0		Project completed in 2008-09
4,916	0	1,849	0	Commercial space excludes G/IC area G/IC is for Residential Care Home for Elderly	Project completed in 2014-15
43,342	0	12,253	7,057		
1,505	0	0	0		Occupation Permit issued on 20-05-15 Certificate of Compliance issued on 30-09-15
3,921	0	0	150		Occupation Permit issued on 23-08-16 Certificate of Compliance issued on 07-12-16
448	0	2,753	150	G/IC is for Residential Care Home for the Elderly	Occupation Permit issued on 12-09-16 Certificate of Compliance issued on 01-03-17
2,098	0	0	0		Occupation Permit issued on 26-08-15 Certificate of Compliance issued on 22-01-16
3,217	0	0	0		Occupation Permit issued on 13-11-14 Certificate of Compliance issued on 11-02-15
957	0	2,577	0	G/IC is for Residential Care Home for the Elderly	Occupation Permit issued on 15-10-13 Certificate of Compliance issued on 30-12-13
12,146	0	5,330	300		
57,025	0	0	1,219	Commercial space includes 25,816m ² for 381 room hotel	Transfer of shares in Sunfield Investment Ltd. (URA's wholly owned subsidiary) completed Project Completed in 2018-19
3,453	0	6,318	0	G/IC includes Market, Day Nursery, Refuse Collection Point and Public Toilet	Project completed in 2017-18
17,373	0	0	0		Project completed in 2010-11
23,221	0	3,080	3,700	G/IC is for transport and community facilities	Project completed in 2010-11
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

Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information				Project Development Information				Remarks	Status	
					Project Site Area m ²	Existing GFA m ²	Building Blocks ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²	Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²				
77	K2	Argyle Street / Shanghai Street, Mong Kok	(9)		Langham Place	11,976	40,810	108	2,603	0	167,414	0	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	
78	K8	Kwong Yung Street, Mong Kok	(9)		Paradise Square	1,607	4,190	19	178	272	15,160	12,746	2,414	0	0	0		Project completed in 2005-06	
69-78 Completed Projects Sub-Total ⁽⁸⁾ (C)						74,841	202,925	478	13,870	6,223	694,527	408,465	264,752	0	21,310	11,169			
Completed Projects Total ⁽⁸⁾ (A) + (B) + (C)						123,797	409,615	990	23,081	13,237	1,152,916	793,783	320,240	0	38,893	18,526			
Ongoing + Completed Projects						262,032	843,204	1,872	44,784	26,179	2,198,611	1,431,610	687,414	4,567	75,021	38,848			
Note (1) This table includes the number of building blocks 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 16, 18 to 20, 22 to 24, 35 to 40 and 44 have yet to be finalised and are still subject to change during the statutory, planning and land grant approval processes. (6) Projects 31 and 32 are purely preservation projects. All other projects are redevelopment projects, with redevelopment projects 35, 36, 44, 49, 53, 61 and 70 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-LDC.													Glossary of Terms CE in C = Chief Executive in Council DA = Development Area DEVB = Development Bureau DLC = District Lands Conference DSP = Development Scheme Plan GBP = General Building Plan GFA = Gross Floor Area G/IC = Government/Institution and Community HKHS = Hong Kong Housing Society JVP = Joint Venture Partner LDC = Land Development Corporation LMP = Landscape Master Plan MLP = Master Layout Plan PlanD = Planning Department SBD = Sustainable Building Design SDEV = Secretary for Development STT = Short-term Tenancy TPB = Town Planning Board URA = Urban Renewal Authority YWS = Yuet Wah Street						

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 25 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 councillors 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 six occasions between April 2018 and March 2019.

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

- 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

- 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 authorisation 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 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 RIGHT

FRONT ROW

Mr CHOW Chung-kong (Chairman),
Ir WAI Chi-sing (Managing Director),
Ms Judy CHAN Ka-pui

BACK ROW

The Honourable Alice MAK Mei-kuen,
Mr Andy TONG Sze-hang,
Ms Judy TONG Kei-yuk,
Mr Ben LUI Sau-shun (Executive Director),
Ms Ivy CHUA Suk-lin,
Dr CHEUNG Tin-cheung,
Ms Elaine LO Yuen-man,
Mr Andy HO Wing-cheong,
The Honourable Vincent CHENG Wing-shun,
Mr Stephen WONG Yuen-shan

MEMBERS OF BOARD
AND PROFILES

FROM LEFT

FRONT ROW

Dr Lawrence POON Wing-cheung,
Mr Roger LUK Koon-hoo,
Mr Michael MA Chiu-tsee (Executive Director)

BACK ROW

Professor the Honourable Joseph LEE Kok-long,
The Honourable WU Chi-wai,
Mr Michael WONG Yick-kam,
Mr Thomas CHAN Chung-ching,
Mr Evan AU YANG Chi-chun,
Mr Raymond LEE Kai-wing,
Mrs Cecilia WONG NG Kit-wah,
Dr LEE Ho-yin,
Professor TANG Bo-sin,
Miss Vega WONG Sau-wai

MEMBERS OF BOARD AND PROFILES

Chairman:

Mr CHOW Chung-kong, GBS, JP (from 1 May 2019)
Mr Victor SO Hing-woh, SBS, JP (up to 30 April 2019)

Managing Director:

Ir WAI Chi-sing, GBS, JP, FHKEng

Executive Directors:

Mr Pius CHENG Kai-wah (up to 31 December 2018)
Mr Ben LUI Sau-shun (from 1 January 2019)
Mr Michael MA Chiu-tsee

Non-Executive Directors (non-official):

Mr Evan AU YANG Chi-chun
Ms Judy CHAN Ka-pui
The Honourable Vincent CHENG Wing-shun, MH, JP (from 1 May 2019)
Dr the Honourable Ann CHIANG Lai-wan, SBS, JP (up to 30 April 2019)
Mr Edward CHOW Kwong-fai, JP (up to 30 April 2019)
Ms Ivy CHUA Suk-lin (from 1 May 2019)
Mr Laurence HO Hoi-ming (up to 30 April 2019)
Mr Andy HO Wing-cheong (from 1 May 2019)
Professor Eddie HUI Chi-man, MH (up to 30 April 2019)
Mr Nelson LAM Chi-yuen (up to 30 April 2019)
Dr LEE Ho-yin (from 1 May 2019)
Professor the Honourable Joseph LEE Kok-long, SBS, JP
Dr Gregg LI G. Ka-lok (up to 30 April 2019)
Mr Laurence LI Lu-jen, JP (up to 30 April 2019)
Ms Elaine LO Yuen-man (from 1 May 2019)
Mr Roger LUK Koon-hoo, BBS, JP
Mr Timothy MA Kam-wah, JP (up to 30 April 2019)
The Honourable Alice MAK Mei-kuen, BBS, JP
Dr Lawrence POON Wing-cheung, JP
Professor TANG Bo-sin (from 1 May 2019)
Mr David TANG Chi-fai (up to 30 April 2019)
Ms Judy TONG Kei-yuk (from 1 May 2019)
Mr Andy TONG Sze-hang (from 1 May 2019)
Mrs Cecilia WONG Ng Kit-wah
Mr Michael WONG Yick-kam, MH, JP
Mr Stanley WONG Yuen-fai, SBS, JP (up to 30 April 2019)
Mr Stephen WONG Yuen-shan (from 1 May 2019)
The Honourable WU Chi-wai, MH

Non-Executive Directors (official):

Dr CHEUNG Tin-cheung, SBS, JP Director of Buildings
Mr Thomas CHAN Chung-ching, JP Director of Lands
Mr Raymond LEE Kai-wing, JP Director of Planning
Miss Vega WONG Sau-wai, JP Deputy Director of Home Affairs (2)

MEMBERS OF BOARD AND PROFILES

CHAIRMAN

Mr CHOW Chung-kong, GBS, JP

Mr Chow Chung-kong is a non-official member of the Executive Council of the Hong Kong Special Administrative Region (HKSAR) and Chairman of the Advisory Committee on Admission of Quality Migrants and Professionals. He is also member of various committees established by the HKSAR Government, including Financial Leaders Forum, Human Resources Planning Commission and InnoHK Steering Committee. Mr Chow is currently an independent non-executive director of AIA Group Limited and an independent non-executive representative of the Global Governance Council of EYG. He also serves as a Steward of the Hong Kong Jockey Club.

Mr Chow was previously Chairman of the Board of the Hong Kong Exchanges and Clearing Limited (2012–2018) and Chief Executive Officer of the MTR Corporation Limited (2003–2011). Prior to his return to Hong Kong in 2013, Mr Chow was a global executive managing companies in the United Kingdom, United States, Japan and Australia.

Mr Chow is a Chartered Engineer, with a Bachelor of Science degree and a Master of Science degree from the University of Wisconsin and the University of California respectively. He holds a MBA degree from the Chinese University of Hong Kong and attended the Advanced Management Program of Harvard Business School. He was awarded Honorary Doctor of Engineering degree by the University of Bath. He was knighted in the United Kingdom in 2000, and was awarded the Gold Bauhinia Star in 2015.

MANAGING DIRECTOR

Ir WAI Chi-sing, GBS, JP, FHKEng

Ir Wai Chi-sing has been appointed the Managing Director of the Urban Renewal Authority (URA) 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 experience in civil, structural and geotechnical engineering and is a fellow of the Hong Kong Academy of Engineering Sciences.

MEMBERS OF BOARD AND PROFILES

EXECUTIVE DIRECTORS

Mr Ben LUI Sau-shun

Mr Ben Lui is a professional engineer.

Prior to joining Urban Renewal Authority (URA), Mr Lui was Vice President (Projects & Facilities) and Chief Project Development Officer of Hong Kong Science and Technology Parks Corporation from 2011 to 2017. He was Project Director of Kerry Development (China) Limited and Group Director of Projects of Shangri-La International Hotel Management Limited from 2006 to 2011. He was appointed as Executive Director of the URA with effect from 1 January 2019.

Mr Lui holds a bachelor's degree in Civil Engineering and a master's degree in Construction Project Management both from the University of Hong Kong. He is an Authorized Person (Engineer), Registered Structural Engineer and Registered Inspector under the Building Ordinance of Hong Kong.

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 (URA) since mid 2006. He was appointed as Executive Director of the URA 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)

Mr Evan AU YANG Chi-chun

Mr Evan Au Yang is the Managing Director and Head of GLG International, the world's leading company for professional learning, running and growing its business spanning Europe, Middle East, Africa & Asia-Pacific across 15 locations. He is also the Chairman of the Board of Civic Exchange, a non-partisan public policy think tank. Mr Au Yang also serves on the Board of Sun Hung Kai & Co. Ltd. as an independent non-executive director. He is a Steering Committee member of Business for Social Good for Our Hong Kong Foundation, member of the Advisory Committee on Corruption of the Independent Commission Against Corruption (ICAC), Membership Committee member of Young Presidents' Organization and Executive Committee member of Green Monday Ventures. In addition, Mr Au Yang serves on the Transport Policy Committee of the Chartered Institute of Logistics & Transport, the Development Fund Committee of the Hong Kong Council of Social Service, the Development Committee of the World Wide Fund, as well as the Board of Advisors of the Kellogg School of Management Alumni Club.

Prior to joining GLG, Mr Au Yang was the Deputy Managing Director of the Kowloon Motor Bus Company (KMB) and a Board Director of Transport International Holdings Limited, the parent company of KMB. Prior to joining Transport International and KMB, Mr Au Yang was an Associate Partner at McKinsey & Company. Before management consultancy, Mr Au Yang was at Citigroup's derivatives structuring and marketing unit. He obtained his undergraduate degree in Economics and Political Science from Brown University, and his MBA degree from the Kellogg School of Management.

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.

The Honourable Vincent CHENG Wing-shun, MH, JP

Hon. Vincent Cheng is an incumbent Member of the Legislative Council for the geographical constituency of Kowloon West and has been elected as a Member of the Sham Shui Po District Council since 2007. He has served in different public services, currently at the Appeal Tribunal Panel (Buildings) and the Equal Opportunities Commission. He graduated from the University of Auckland and holds a Bachelor of Science degree in Statistics. Hon. Cheng is a Member of the Democratic Alliance for the Betterment and Progress of Hong Kong and has served as its Deputy Secretary General since 2017.

Ms Ivy CHUA Suk-lin

Ms Ivy Chua is a practicing accountant in Hong Kong, a fellow member of the Hong Kong Institute of Company Secretaries and the Taxation Institute of Hong Kong. She is also the past president and council member of the Society of Chinese Accountants & Auditors. Ms Chua holds a Master of Business Administration from University of Warwick and holds a number of overseas professional qualifications, including Fellow member of the Association of Chartered Certified Accountants and Fellow member of the Institute of Chartered Secretaries and Administrators. Ms Chua was appointed as a committee member of Securities and Futures Commission Process Review Panel in November 2018 and currently a committee member of Disciplinary Panel of Hong Kong Institute of Certified Public Accountants.

Ms Chua is currently a partner, Head of Audit and Insolvency & Restructuring Department of Crowe (HK) CPA Limited. Ms Chua has extensive experience in auditing, taxation, internal control, insolvency and restructuring.

Mr Andy HO Wing-cheong

Mr Andy Ho is the Executive Director of The Hong Kong Federation of Youth Groups (HKFYG).

As a Registered Social Worker in Hong Kong, with a M.A. from The Hong Kong Polytechnic University and an B.Soc.Sc. (Hons.) from The Chinese University of Hong Kong, Mr Ho has a life-long commitment to serving young people and has tirelessly worked for their whole person development.

Mr Ho continues to actualise a solid vision of leadership and management, with innovative ideas and an analytical approach towards organisational development and strategic planning for the Federation and its services to young people. Mr Ho seeks results that actually impacts young people, motivating them to be creative, forward looking and well supported in developing their future skills. He also prioritises wellness and a dedication to caring for others.

Mr Ho's management experience ensures a high quality of collaboration with partners and supporters, as illustrated by his current positions as a Non-Executive Director of the Urban Renewal Authority, as well as a Non-official Member of both the Social Welfare Advisory Committee and the Human Resources Planning Commission of the Hong Kong Special Administrative Region Government. He is also a Member of the Consultation Panel of the West Kowloon Cultural District Authority and an elected Executive Committee Member of the Hong Kong Council of Social Service. In addition, Mr Ho is a Director of The Dragon Foundation.

MEMBERS OF BOARD AND PROFILES

Dr LEE Ho-yin

Dr Lee Ho-yin is a founder of the postgraduate and undergraduate programmes in the Division of Architectural Conservation Programmes (ACP) at The University of Hong Kong. He was instrumental in amalgamating the conservation programmes to establish the Division in 2015, and became the Founding Head of the Division. Before joining HKU in 2000, he was an Associate Director of an architectural practice, and has been involved in architectural projects in Hong Kong, Indonesia, Mainland China and Singapore. A well-published academic and an experienced practitioner in built-heritage conservation, he has been appointed by government agencies in Hong Kong, Mainland China and overseas as an expert advisor or a consultant for conservation projects and the designation and monitoring of UNESCO World Heritage Sites. He has been appointed to a number of heritage conservation statutory boards and committees, including the Hong Kong Government's Antiquities Advisory Board, Tai Kwun Advisory Committee, Tai Kwun Heritage Working Group (as Chairman), and Urban Renewal Authority Board of Directors (as a Non-Executive Director). In 2017, he was cited in the award certificate for the highest UNESCO conservation award for the "Blue House Cluster" revitalisation project.

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

Prof. Hon. Joseph Lee is a Member of the Legislative Council of the Hong Kong Special Administrative Region, and Founding Dean and Honorary Professor & Advisor of School 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 and the Lantau Development Advisory Committee.

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.

Ms Elaine LO Yuen-man

Ms Elaine Lo is the Hong Kong Senior Partner of Jingtian & Gongcheng LLP (競天公誠律師事務所有限法律責任合夥). She previously served as the Hong Kong Senior Partner and Asia Chair of Mayer Brown JSM (孖士打律師行), and on Mayer Brown's Global Management Committee from January 2008 to May 2016. Ms Lo is a corporate lawyer who focuses on cross-border mergers and acquisitions, structuring joint ventures, infrastructure project financing and corporate restructuring. She has extensive experience in acting for government authorities, project sponsors, lenders and equity participants in project finance deals. She advises banks and financial institutions on M&A, asset and project finance.

Ms Lo was named "Managing Partner of the Year" by Asian Legal Business Awards in 2008, 2009 and 2015.

Ms Lo actively participates in public service. She has been appointed by the Chief Executive of the Hong Kong Special Administrative Region (HKSAR) to various government advisory and statutory bodies, including:

- the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials of the HKSAR
- the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR
- the Independent Commission on Remuneration for Members of the District Councils of the HKSAR
- the Standing Commission on Civil Service Salaries and Conditions of Service of the HKSAR
- the Women's Commission

Ms Lo is admitted to practise in Hong Kong, England, Australia and Singapore, and is also a China Appointed Attesting Officer.

Mr Roger LUK Koon-hoo, BBS, JP

Mr Roger 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 companies including China Properties Group Limited, Computime Group Limited, Hung Hing Printing Group Limited, i-Cable Communications Limited and Octopus Cards 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.

The Honourable Alice MAK Mei-kuen, BBS, JP

Hon. 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 Vice Chairman of Hong Kong Federation of 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, Member of Foshan Municipality of the Chinese People's Political Consultative Conference and a Sponsoring Body Manager of Shun Tak Fraternal Association Ho Yat Tung Primary School.

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

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 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.

Professor TANG Bo-sin

Prof. Tang Bo-sin is currently Professor at the Department of Urban Planning and Design of the University of Hong Kong. Before joining this University, he was Professor and Associate Head at the Department of Building and Real Estate of the Hong Kong Polytechnic University.

Prof. Tang received his PhD in urban and regional planning from the London School of Economics and Political Science. He is a Registered Professional Planner (Hong Kong) and holds professional memberships with the Hong Kong Institute of Planners (HKIP), the Royal Town Planning Institute (RTPI), the Royal Institution of Chartered Surveyors (RICS), and the Hong Kong Institute of Surveyors (HKIS). He is also a Fellow of the UK Academy of Social Sciences.

He previously served as chairman of the Appeal Panel (Estate Agents Ordinance), chairman of Planners' Registration Board, member of the Town Planning Appeal Board and member of Kowloon City District Urban Renewal Forum.

Ms Judy TONG Kei-yuk

Ms Judy Tong is a practicing barrister. She graduated from University of California, Berkeley, USA major in marketing and finance. After marriage, she undertook further studies in laws and was called to the bar.

Mr Andy TONG Sze-hang

Mr Andy Tong is a Registered Structural Engineer and a member of The Hong Kong Institution of Engineers. He is the Vice President (Campus Development and Facilities) of The Hong Kong Polytechnic University. Prior to joining the University in 2015, he was the Head of Property Projects with the MTR Corporation overseeing the master planning and project management of railway related property developments.

MEMBERS OF BOARD AND PROFILES

Mrs Cecilia WONG NG Kit-wah

Mrs Cecilia Wong 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 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, member 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 Michael 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 in Shek Kip Mei. 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 Stephen WONG Yuen-shan

Mr Stephen Wong received a B.A. Degree in Economics from the University of Chicago, Phi Beta Kappa, and an M.A. Degree in East Asian Studies (Whitney and Betty MacMillan Center for International and Area Studies) from Yale University. Since then, he worked for a number of global financial institutions, including as an Executive Director in UBS (London) and a Managing Director at RBS. Mr Wong joined Our Hong Kong foundation as Senior Consultant in May 2015, and was appointed Deputy Executive Director and Head of Public Policy in November of the same year. He is now Deputy Executive Director and Head of Public Policy Institute.

Mr Wong's public service includes various advisory roles appointed by the Hong Kong Government, including Board Member of the Financial Services Development Council, Board Member of the Urban Renewal Authority, Member of Investment Committee of the Beat Drugs Fund, Member of Investment Sub-Committee of the Housing Authority, Member of Feasibility Study Working Group of "Special Needs Public Trust", Co-opted Member of Social Innovation & Entrepreneurship Development Fund Task Force of Commission on Poverty, Non-official Member of the Assessment Panel of the "Innovation and Technology Fund for Application in Elderly and Rehabilitation Care" of the Social Welfare Department, and ex-Member of Task Force on Land Supply, etc.

Mr Wong is also active in community service. He is Chairman of the Clean Air Network, Vice Chairman of the Admissions, Budgets & Allocations Committee and Investment Sub-Committee Member of the Community Chest, and Executive Committee Member & Chairman of the Advisory Committee of Social Enterprise and Innovation Platform of the Hong Kong Council of Social Service. Mr Wong is also an Adjunct Associate Professor at the Hong Kong University SPACE for the Institute for China Business.

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.

NON-EXECUTIVE DIRECTORS (OFFICIAL)

Dr CHEUNG Tin-cheung, SBS, 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.

Mr Thomas CHAN Chung-ching, JP Director of Lands

Mr Thomas 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 review of the Town Planning Ordinance, planning for the old airport site at Kai Tak, harbour-front area, boundary closed area and new development areas in the New Territories.

Miss Vega WONG Sau-wai, JP Deputy Director of Home Affairs (2)

Miss Vega Wong is currently the Deputy Director of Home Affairs. Prior to this, Miss Wong has been in various directorate positions in a number of departments, including the Assistant Director of the Home Affairs Department and Assistant-Director General of the Trade and Industry Department, etc.

MEMBERS OF COMMITTEES

AUDIT COMMITTEE

Chairperson

Mr Nelson LAM Chi-yuen
(up to 30 April 2019)

Mr Roger LUK Koon-hoo,
BBS, JP (from 16 May 2019)

Members

Ms Ivy CHUA Suk-lin
(from 16 May 2019)

Mr Andy HO Wing-cheong
(from 16 May 2019)

Mr Roger LUK Koon-hoo, BBS, JP
(up to 30 April 2019)

Mr Timothy MA Kam-wah, JP
(up to 30 April 2019)

Mr Michael WONG Yick-kam, MH, JP

Co-opted Member

Ms Rosanna CHOI Yi-tak

DEVELOPMENT PROJECT OBJECTION CONSIDERATION COMMITTEE

Chairperson

Mr Nelson LAM Chi-yuen
(up to 30 April 2019)

Professor the Honourable
Joseph LEE Kok-long,
SBS, JP (from 16 May 2019)

Members

Ms Judy CHAN Ka-pui

The Honourable Vincent CHENG Wing-shun, MH, JP
(from 16 May 2019)

Mr Edward CHOW Kwong-fai, JP
(up to 30 April 2019)

Professor Eddie HUI Chi-man, MH
(up to 30 April 2019)

Dr LEE Ho-Yin (from to 16 May 2019)

Professor the Honourable Joseph LEE Kok-long
SBS, JP (up to 30 April 2019)

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
(up to 2 July 2019)

Mr Alexander LAM Tsan-wing
(up to 30 April 2019)

Mr Patrick LAU Lai-chiu, SBS

Mr Andy LEUNG Kit-man
(up to 30 April 2019)

Mr Timothy MA Kam-wah, JP
(from 16 May 2019)

Mrs Karen WONG LAW Kwai-wa

FINANCE COMMITTEE

Chairperson

Mr Edward CHOW
Kwong-fai, JP
(up to 30 April 2019)

Mr CHOW Chung-kong,
GBS, JP (from 16 May 2019)

Members

Mr Evan AU YANG Chi-chun
(from 1 January 2019)

Ms Ivy CHUA Suk-lin
(from 16 May 2019)

Mr Laurence HO Hoi-ming
(up to 30 April 2019)

Professor Eddie HUI Chi-man, MH
(up to 30 April 2019)

Mr Nelson LAM Chi-yuen
(up to 30 April 2019)

Dr Gregg LI G. Ka-lok
(up to 30 April 2019)

Ms Elaine LO Yuen-man
(from 16 May 2019)

Mr Victor SO Hing-woh, SBS, JP
(up to 30 April 2019)

Professor TANG Bo-sin
(from 16 May 2019)

Mr Andy TONG Sze-hang
(from 16 May 2019)

Mr Stanley WONG Yuen-fai, SBS, JP
(up to 30 April 2019)

Mr Stephen WONG Yuen-shan
(from 16 May 2019)

Ir WAI Chi-sing, GBS, JP, FHKEng

Co-opted Members

Mr Pius CHENG Kai-wah
(from 1 January 2019)

Mr Alexander LAM Tsan-wing

HUMAN RESOURCES AND REMUNERATION COMMITTEE**Chairperson**

Mr Victor SO Hing-woh,
SBS, JP (up to 30 April 2019)

Mr CHOW Chung-kong,
GBS, JP (from 16 May 2019)

Members

Mr Evan AU YANG Chi-chun
(from 1 January 2019)

Mr Laurence HO Hoi-ming
(up to 30 April 2019)

Dr Gregg LI G. Ka-lok
(up to 30 April 2019)

Ms Elaine LO Yuen-man
(from 16 May 2019)

Mr Timothy MA Kam-wah, JP
(up to 30 April 2019)

The Honourable Alice MAK Mei-kuen, BBS, JP

Professor TANG Bo-sin
(from 16 May 2019)

Mr David TANG Chi-fai
(up to 30 April 2019)

Mr Stanley WONG Yuen-fai, SBS, JP
(up to 30 April 2019)

Mr Stephen WONG Yuen-shan
(from 16 May 2019)

Ir WAI Chi-sing, GBS, JP, FHKEng

Co-opted Members

Mrs Mimi CUNNINGHAM
(up to 30 April 2019)

Mr William CHAN Fu-keung, BBS
(from 16 May 2019)

LAND, REHOUSING AND COMPENSATION COMMITTEE**Chairperson**

Dr Lawrence POON
Wing-cheung, JP

Members

Mr Laurence HO Hoi-ming
(up to 30 April 2019)

Professor Eddie HUI Chi-man, MH
(up to 30 April 2019)

Mr Laurence LI Lu-jen, JP
(up to 30 April 2019)

Ms Elaine LO Yuen-man
(from 16 May 2019)

Mr Timothy MA Kam-wah, JP
(up to 30 April 2019)

Mr David TANG Chi-fai
(up to 30 April 2019)

Ms Judy TONG Kei-yuk
(from 16 May 2019)

Mr Michael WONG Yick-kam, MH, JP

Mr Stephen WONG Yuen-shan
(from 16 May 2019)

The Honourable WU Chi-wai, MH

Ir WAI Chi-sing, GBS, JP, FHKEng

Mr Pius CHENG Kai-wah
(up to 31 December 2018)

Mr Ben LUI Sau-shun
(from 1 January 2019)

Co-opted Members

Ms Crystal CHENG Lai-ling
(up to 2 July 2019)

Mr Patrick LAU Lai-chiu, SBS

Mr Timothy MA Kam-wah, JP
(from 16 May 2019)

Assistant Director / Specialist 3,
Lands Department
(Mr Albert CHEUNG Ka-lok)

MEMBERS OF COMMITTEES

PLANNING, DEVELOPMENT AND CONSERVATION COMMITTEE

Chairperson

Mr Laurence HO Hoi-ming
(up to 30 April 2019)

Mr Michael MA Chiu-tsee
(from 16 May 2019)

Members

Ms Judy CHAN Ka-pui

The Honourable Vincent CHENG Wing-shun, MH, JP
(from 16 May 2019)

Mr Andy HO Wing-cheong
(from 16 May 2019)

Dr LEE Ho-yin
(from 16 May 2019)

Professor the Honourable Joseph LEE Kok-long
SBS, JP

Mr Laurence LI Lu-jen, JP
(up to 30 April 2019)

The Honourable Alice MAK Mei-kuen, BBS, JP

Dr Lawrence POON Wing-cheung, JP

Mr Victor SO Hing-woh, SBS, JP
(up to 30 April 2019)

Professor TANG Bo-Sin
(from 16 May 2019)

Ms Judy TONG Kei-yuk
(from 16 May 2019)

Mr Andy TONG Sze-hang
(from 16 May 2019)

Mr Stanley WONG Yuen-fai, SBS, JP
(up to 30 April 2019)

The Honourable WU Chi-wai, MH

Director of Lands[△]
(Mr Thomas CHAN Chung-ching, JP)

Director of Planning[△]
(Mr Raymond LEE Kai-wing, JP)

Ir WAI Chi-sing, GBS, JP, FHKEng

Mr Michael MA Chiu-tsee
(up to 30 April 2019)

Co-opted Members

Mr Alexander LAM Tsan-wing

Mr Freeman LAU Siu-hong
(from 16 May 2019)

Dr LEE Ho-yin
(up to 30 April 2019)

Mr Andy LEUNG kit-man

Assistant Director /

New Buildings 1,
Buildings Department
(Mr YEUNG Kar-kui)

(up to 27 March 2019)

(Ms Karen CHEUNG Yuk-ching)
(from 28 March 2019)

[△]Director of Lands/Director of Planning
as members of the committee can be
represented by their representatives at
Assistant Director rank or above

REVIEW COMMITTEE**Chairperson**

Mr Timothy MA Kam-wah, JP
(up to 30 April 2019)

Ms Judy CHAN Ka-pui
(from 16 May 2019)

Members

Ms Judy CHAN Ka-pui
(up to 30 April 2019)

The Honourable Vincent CHENG Wing-shun,
MH, JP (from 16 May 2019)

Dr the Honourable Ann CHIANG Lai-wan,
SBS, JP (up to 30 April 2019)

Professor Eddie HUI Chi-man, MH
(up to 30 April 2019)

Dr LEE Ho-yin
(from 16 May 2019)

Ms Elaine LO Yuen-man
(from 16 May 2019)

The Honourable WU Chi-wai, MH

Co-opted Members

Mr Andrew CHAN Ping-chiu, BBS

Mr Henry CHAN Kai-wing

Mr CHUA Hoi-wai, JP

Dr Amy HO Po-ying

Ms LAM Tze-yan

Dr LEE Yok-shiu

Mr Tony LUK Ka-luen

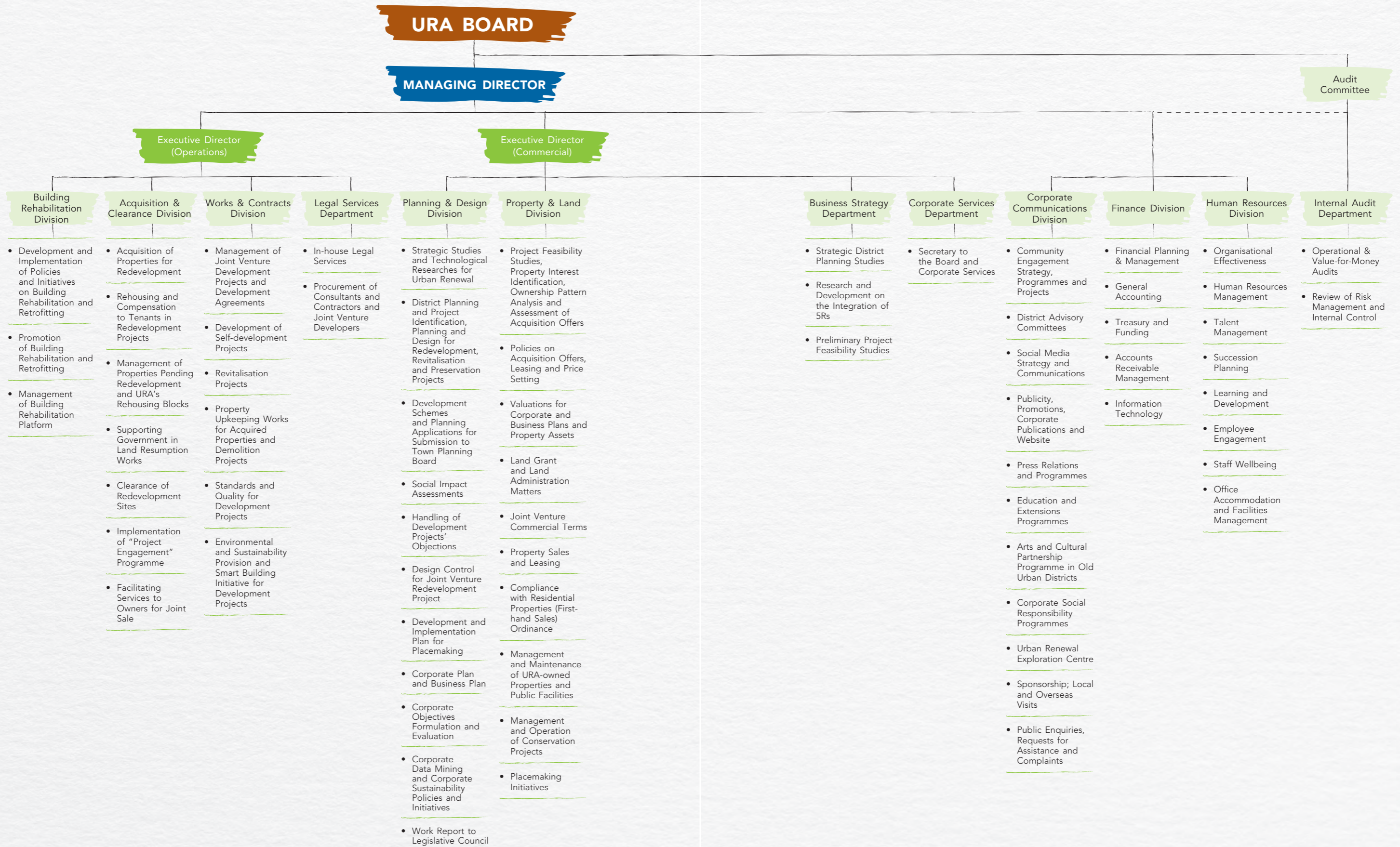
Mr MOK Hing-luen

Mr Dickson PANG Kam-fai

Mr YUNG Ching-tat, BBS, JP

ORGANISATION STRUCTURE

ORGANISATION STRUCTURE



MEMBERS OF DISTRICT ADVISORY COMMITTEES

(as at 31 March 2019)

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 Simon LAM Yiu-man
Mr Sidney LEE Chi-hang, MH
Mr Kenneth LEE Fung-nin

Dr Edmund LEE Tak-yue
Mr MAN Chi-wah, BBS, MH
Mr YEUNG Hoi-wing
Mr YEUNG Hok-ming

District Officer (Central & Western)

KOWLOON CITY DISTRICT ADVISORY COMMITTEE

Chairperson

Professor Eddie HUI Chi-man, MH

Members

Mr HE Huahan
Mr Joseph HO Hin-ming, BBS, MH
Mr Roger KWAN Ho-yeung
Mr LAI Kwong-wai
Mr Jimmy LAM Pok
Mr NG Po-keung, MH
Mr NGAN Siu-lun

Dr SIU Miu-man, MH
Mr YEUNG Chun-yu
Mr YU Yuet-charm
Mr Admond YUE Chee-wing

District Officer (Kowloon City)

KWUN TONG DISTRICT ADVISORY COMMITTEE

Chairperson

Mr Timothy MA Kam-wah, MH, JP

Members

Mr AU YEUNG Kwan-nok
Mr Nelson CHAN Wah-yu, MH, JP
Mr CHEUNG Ki-tang
Mr CHONG Yam-ming, MH
Mr CHOW Yiu-ming, BBS, MH
Mr Kin HUNG Kam-in, MH
Mr HSU Hoi-shan
Ms KAM Kin
Mr KAN Ming-tung, MH
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 MOK Kin Shing
Mr Kevin SO Koon-chung
Ms SO Lai-chun, MH, JP
Mr TAM Siu-cheuk

District Officer (Kwun Tong)

SHAM SHUI PO DISTRICT ADVISORY COMMITTEE

Chairperson

Mr Nelson LAM Chi-yuen

Members

Mr CHAN Wai-ming, MH, JP
Mr Waillen CHUI Wai-lan
Mr CHUM Tak-shing
Mr CHUNG On-chu
Mr Aaron LAM Ka-fai, BBS, JP
Dr LAU Kwok-yu, JP

Ms LAU Pui-yuk, MH
Dr LEUNG Kai-chi
Mr LEUNG Yau-fong
Sr Kenny TSE Chi-kin
Mr WAI Woon-nam
Mr YAN Kai-wing

District Officer (Sham Shui Po)

YAU TSIM MONG DISTRICT ADVISORY COMMITTEE

Chairperson

Mr Laurence HO Hoi-ming

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 Edward LEUNG Wai-kuen, JP
Mr LUI Fan-yuk

Mr SUEN Leung-kwong
Mr WONG Kin-san
Ms WONG Shu-ming, MH
Mr Benny YEUNG Tsz-hei, MH
Dr Simon YUEN Sheung-man

District Officer (Yau Tsim Mong)

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues for the year	9,663	3,647	3,690	5,341	1,169	9,904	7,422	5,035	13,868	3,423
Surplus/(deficit) for the year (before interest income)	6,993	2,159	2,431	4,292	(2,387)	918	4,302	2,898	11,718	1,895
Surplus/(deficit) for the year	7,018	2,209	2,584	4,437	(2,270)	1,076	4,451	3,142	12,038	2,330
Accumulated surplus	6,977	9,186	11,770	16,207	13,937	15,013	19,464	22,606	34,644	36,974
Capital	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net assets	16,977	19,186	21,770	26,207	23,937	25,013	29,464	32,606	44,644	46,974
Debt securities issued less unamortised finance charges	1,497	1,498	1,699	3,288	4,777	4,582	3,285	3,288	2,791	2,793
Properties under development (Note 1)	14,114	15,956	19,066	22,431	28,113	21,516	20,695	19,028	25,400	29,413
Land premia waived by the Government during the year	(3,177)	(922)	(64)	(1,018)	–	(7,785)	(940)	(180)	(4,077)	(190)
Surplus/(deficit) for the year if no land premium waiver	3,841	1,287	2,520	3,419	(2,270)	(6,709)	3,511	2,962	7,961	2,140
Accumulated surplus if no land premium waiver	2,475	3,762	6,282	9,701	7,431	722	4,233	7,195	15,156	17,296

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 2019.

BOARD MEMBERS

Members of the Board for the year and up to the date of this report are set out on page 98.

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 2019 and the financial position of the Group and of the Authority at that date are set out in the consolidated financial statements on pages 118 to 168.

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 2019, 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 23 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
CHOW Chung-kong
Chairman
Hong Kong, 11 June 2019

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 118 to 168, which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019 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 ("HKSAs") 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.

INDEPENDENT AUDITOR'S REPORT

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 the 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 HKSAs 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 HKSAs, 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.

INDEPENDENT AUDITOR'S REPORT

- 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
11 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2019
(expressed in Hong Kong Dollars)

	Note	2019 \$'000	2018 \$'000
Revenue	5(a)	3,422,640	13,867,908
Direct costs		<u>(1,738,751)</u>	<u>(2,178,487)</u>
Gross surplus		1,683,889	11,689,421
Other income, net	5(b)	536,407	451,035
Administrative expenses		(448,680)	(422,659)
Other expenses	6(c)	(282,425)	(205,502)
Write back of provision for impairment on properties and committed projects, net	6(d)	<u>841,326</u>	<u>525,567</u>
Operating surplus before income tax	6	2,330,517	12,037,862
Income tax expenses	7(a)	<u>—</u>	<u>—</u>
Surplus and total comprehensive income for the year		<u><u>2,330,517</u></u>	<u><u>12,037,862</u></u>

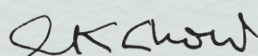
The notes on pages 123 to 168 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

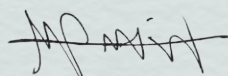
at 31 March 2019
(expressed in Hong Kong Dollars)

	Note	2019 \$'000	2018 \$'000
Non-current assets			
Property, plant and equipment	8	2,522,658	2,503,696
Properties under development	9	25,930,743	23,788,950
Building rehabilitation loans	10	8,496	10,908
Prepayments		855,885	801,845
Other receivables	11(a)	2,465,169	2,052,144
Investments	12	1,253,000	2,761,306
Bank deposits	13	2,562,000	–
		<u>35,597,951</u>	<u>31,918,849</u>
Current assets			
Properties held for sale	14	778,706	852,202
Properties under development for sale	9	2,497,549	–
Amounts due from joint development projects	15	62,168	67,789
Building rehabilitation loans	10	5,016	7,389
Trade and other receivables	11(b)	311,402	201,210
Investments	12	3,158,065	2,224,505
Cash and bank balances	13	11,134,125	16,235,646
		<u>17,947,031</u>	<u>19,588,741</u>
Total assets		<u><u>53,544,982</u></u>	<u><u>51,507,590</u></u>
Capital and reserves			
Capital	16	10,000,000	10,000,000
Accumulated surplus and reserve		36,974,448	34,643,931
		<u>46,974,448</u>	<u>44,643,931</u>
Non-current liabilities			
Trade and other payables	17	412,300	676,000
Debt securities issued	18	1,793,811	2,790,706
		<u>2,206,111</u>	<u>3,466,706</u>
Current liabilities			
Amounts due to joint development projects	15	257,442	436,973
Trade and other payables	17	3,107,455	2,959,980
Debt securities issued	18	999,526	–
		<u>4,364,423</u>	<u>3,396,953</u>
Total capital, reserves and liabilities		<u><u>53,544,982</u></u>	<u><u>51,507,590</u></u>

Approved by the Board
On 11 June 2019



CHOW Chung-kong
Chairman



WAI Chi-sing
Managing Director

The notes on pages 123 to 168 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2019
(expressed in Hong Kong Dollars)

	Note	2019		2018	
		\$'000	\$'000	Note A \$'000	\$'000
Cash flows from operating activities					
Operating surplus before income tax		2,330,517		12,037,862	
Adjustments for:					
Interest income	5(b)	(435,724)		(319,899)	
Depreciation	6(c)	73,118		56,128	
Gain on disposal of property, plant and equipment	5(b)	–		(40)	
Property, plant and equipment written off	5(b)	5,672		–	
Net foreign exchange gain		(7,617)		(14,448)	
Net (gain)/loss on investments at fair value through profit or loss	5(b)	(1,778)		2,511	
Write back of provision for impairment on properties and committed projects, net		<u>(841,326)</u>		<u>(525,567)</u>	
Operating surplus before working capital changes		1,122,862		11,236,547	
Changes in balances with joint development projects		(173,910)		310,000	
Increase in properties under development		(3,723,951)		(7,424,694)	
Decrease in properties held for sale		73,496		74,015	
Decrease in building rehabilitation loans		4,785		6,035	
Increase in prepayments		(103,756)		(583,585)	
Increase in other receivables		(413,025)		(1,323,864)	
Decrease/(increase) in trade and other receivables		9,051		(16,024)	
Decrease in trade and other payables		(113,662)		(480,783)	
Decrease in investments at fair value through profit or loss		<u>482,736</u>		<u>385,108</u>	
Cash (used in)/generated from operations		(2,835,374)		2,182,755	
Interest received		316,923		297,846	
Interest paid		<u>(65,772)</u>		<u>(69,791)</u>	
Net cash (used in)/generated from operating activities			(2,584,223)		2,410,810

The notes on pages 123 to 168 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2019
(expressed in Hong Kong Dollars)

	Note	2019		2018	
		\$'000	\$'000	Note A \$'000	\$'000
Cash flows from investing activities					
(Increase)/decrease in bank deposits with original maturities of more than 3 months		(1,128,285)		3,965,939	
Payment for purchase of investments at amortised cost (2018: held-to-maturity investments)		(1,438,163)		(3,066,803)	
Payment for purchase of property, plant and equipment		(56,261)		(56,533)	
Redemption of investments at amortised cost (2018: held-to-maturity investments)		1,534,684		196,205	
Proceeds from sale of property, plant and equipment		—		45	
Net cash (used in)/generated from investing activities			(1,088,025)		1,038,853
Cash flows from financing activities					
Redemption of debt securities		—		(500,000)	
Net cash used in financing activities			—		(500,000)
Net (decrease)/increase in cash and cash equivalents			(3,672,248)		2,949,663
Cash and cash equivalents at 1 April			4,472,783		1,523,120
Cash and cash equivalents at 31 March			<u>800,535</u>		<u>4,472,783</u>
Analysis of cash and bank balances					
Cash and cash equivalents			800,535		4,472,783
Bank deposits with original maturities of more than 3 months			12,895,590		11,762,863
Cash and bank balances at 31 March	13		<u>13,696,125</u>		<u>16,235,646</u>

Note A: The Group has initially applied HKFRS 9 at 1 April 2018. Under the transition method chosen, comparative information is not restated. See note 2(b).

The notes on pages 123 to 168 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2019
(expressed in Hong Kong Dollars)

	Note	Capital \$'000	Accumulated Surplus \$'000	Reserve for Facilitation Service \$'000	Total \$'000
Balance at 1 April 2017		10,000,000	22,603,456	2,613	32,606,069
Surplus and total comprehensive income for the year		–	12,037,862	–	12,037,862
Transfer from Reserve for Facilitation Service to Accumulated Surplus for the year	20	–	195	(195)	–
Balance at 31 March 2018		<u>10,000,000</u>	<u>34,641,513</u>	<u>2,418</u>	<u>44,643,931</u>
Balance at 1 April 2018		10,000,000	34,641,513	2,418	44,643,931
Surplus and total comprehensive income for the year		–	2,330,517	–	2,330,517
Transfer from Reserve for Facilitation Service to Accumulated Surplus for the year	20	–	2,418	(2,418)	–
Balance at 31 March 2019		<u>10,000,000</u>	<u>36,974,448</u>	<u>–</u>	<u>46,974,448</u>

The notes on pages 123 to 168 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 individual 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 new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- (i) HKFRS 9, *Financial instruments*
- (ii) HKFRS 15, *Revenue from contracts with customers*

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

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

The Group has been impacted by HKFRS 9 in relation to measurement of credit losses, and impacted by HKFRS 15 in relation to presentation of contract liabilities. Details of the changes in accounting policies are disclosed in Notes 2(h) and 2(i) for HKFRS 9 and Note 2(f) for HKFRS 15. Under the transition methods chosen, comparative information is not restated. There is no cumulative effect that requires an adjustment to the opening balance of equity at 1 April 2018.

(i) **HKFRS 9, Financial instruments**

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

A. *Classification of financial assets and financial liabilities*

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The measurement categories for all financial assets and liabilities of the Group remain the same. The carrying amounts for all financial assets and financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

B. *Credit losses*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and bank balances, trade receivables, investments at amortised cost, financial assets included in prepayments, deposits and other receivables, building rehabilitation loans and amounts due from joint development projects); and
- lease receivables.

For further details on the Group's accounting policy for accounting for credit losses, see Note 2(h).

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

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

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

There is no significant impact on the Group's financial position and financial result upon initial application at 1 April 2018. Comparative information continues to be reported under HKAS 18.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. Timing of revenue recognition

Previously, revenue arising from provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sale of properties.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

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

(ii) HKFRS 15, Revenue from contracts with customers (Continued)

b. Presentation of contract liabilities

Under HKFRS 15, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Group recognises the related revenue.

To reflect these changes in presentation, the Group has made the reclassification adjustments at 1 April 2018 set out in Note 17 as a result of the adoption of HKFRS 15.

(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, new standards and interpretations which are not yet effective for the year ended 31 March 2019 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
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, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have an impact on the consolidated financial statements and further details of the expected impacts are discussed below. While the assessment has been substantially completed, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's financial statements for the year ending 31 March 2020. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in the financial statements.

HKFRS 16, Leases

As disclosed in Note 2(j), 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.

NOTES TO THE FINANCIAL STATEMENTS

(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 16, Leases (Continued)

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 22(b), at 31 March 2019 the Group's future minimum lease payments under non-cancellable operating leases amounted to \$70,812,000. 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.

(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(h)). Any such provisions are recognised as an expense in profit or loss.

(e) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Further details of the Group's revenue and other income recognition policies are as follows:

- (i) Income from sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in contract liabilities (see Note 2(f)).

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(e) Revenue recognition (Continued)

- (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 control 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) 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.
- (iv) Interest income is recognised on a time-proportion basis using the effective interest method.
- (v) Rental income net of any incentives given to the lessee is recognised on a straight line basis over the periods of the respective leases.
- (vi) 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) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(e)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(i)).

(g) 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(h)). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(g) Property, plant and equipment (Continued)

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.

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(h)).

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

A. Policy applicable from 1 April 2018

The Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including cash and bank balances, trade receivables, investments at amortised cost, financial assets included in prepayments, deposits and other receivables, building rehabilitation loans and amounts due from joint development projects); and
- lease receivables.

Financial assets measured at fair value, including investments measured at FVPL, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

A. Policy applicable from 1 April 2018 (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)**(h) Credit losses and impairment of assets (Continued)****(i) Credit losses from financial instruments and lease receivables (Continued)****A. Policy applicable from 1 April 2018 (Continued)**

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

B. Policy applicable prior to 1 April 2018

Prior to 1 April 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables, loans receivable and held-to-maturity debt securities). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence existed, an impairment loss was determined and recognised as follows:

- For trade and other receivables and other financial assets carried at amortised cost, impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting was material. This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

When the recovery of a trade debtor or other receivable carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(ii) *Impairment of other 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.

(i) Financial assets and liabilities

The Group classifies its financial assets in the following categories: financial assets measured at amortised cost, at FVPL and at FVOCI. The classification of the financial asset is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Management determine the classification of its financial assets at initial recognition.

The Group's policies for investments in debt securities are set out below.

Investments in debt securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 12. These investments are subsequently accounted for as follows, depending on their classification.

(i) *Policy applicable from 1 April 2018*

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(i) Financial assets and liabilities (Continued)

(ii) Policy applicable prior to 1 April 2018

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.

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 FVPL 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(j) 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.

(k) 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(m)) and other direct costs incurred in connection with the development, less any provisions for impairment losses (see Note 2(h)). 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.

(l) Properties held for sale and properties under development for sale

Properties held for sale and properties under development for sale at the end of the reporting period are stated at the lower of cost and net realisable value.

(m) Costs of rehousing units provided by the Hong Kong Housing Authority and the Hong Kong Housing Society

The Hong Kong Housing Authority and the Hong Kong Housing Society have agreed to provide certain rehousing units to the 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(k).

(n) 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.

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.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(n) Provisions and contingencies (Continued)

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.

(o) 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.

(p) Borrowing costs

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

Other borrowing costs are charged to profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(q) Translation of foreign currencies

(i) *Functional and presentation currency*

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

(r) 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) and (iii).

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.

(s) 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.

(t) Employee benefits

Salaries and annual leave are accrued and recognised as an expense in the year in which the associated services are rendered by the employees of the Group.

The Group operates defined contribution schemes and pays contributions to scheme administrators on a mandatory or voluntary basis. The contributions are recognised as an expense when they are due.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(u) 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, and trade and other receivables.

The credit risk on investments at amortised cost 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.

NOTES TO THE FINANCIAL STATEMENTS

(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 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 trade receivables is limited as rental deposits in the form of cash are usually received from tenants.

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.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Given the Group has not experienced any significant credit losses in the past, the allowance for expected credit losses is insignificant.

Comparative information under HKAS 39

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment (see note 2(h)(i) – policy applicable prior to 1 April 2018). As at 31 March 2018, trade receivables of \$3,388,000 and instalments of building rehabilitation loans of \$199,000 were past due but not impaired. These relate to a number of tenants/borrowers for whom there are no recent history of bad debt.

The aging analysis of trade receivables and building rehabilitation loans that were not considered to be impaired was as follows:

	Trade receivables	Building rehabilitation loans
	\$'000	\$'000
Less than 3 months	2,841	27
3 to 6 months	470	13
6 to 12 months	41	22
Over 1 year	36	137
	<u>3,388</u>	<u>199</u>
Balance at 31 March 2018	<u><u>3,388</u></u>	<u><u>199</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

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

(a) Financial risk factors (Continued)

(iii) Liquidity risk

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

Management monitors rolling forecasts of the Group's cash and bank balances 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.

	2019	2018
	\$'000	\$'000
Less than 1 year		
Trade and other payables	2,560,714	2,959,980
Amounts due to joint development projects	257,442	436,973
Debt securities issued	1,061,265	65,772
	<u> </u>	<u> </u>
Between 1 to 3 years		
Trade and other payables	42,000	299,200
Debt securities issued	777,507	1,806,550
	<u> </u>	<u> </u>
Between 3 to 5 years		
Trade and other payables	10,600	7,300
Debt securities issued	653,168	364,462
	<u> </u>	<u> </u>
Over 5 years		
Trade and other payables	359,700	369,500
Debt securities issued	538,447	859,375
	<u> </u>	<u> </u>

(iv) Price risk

Price risk arising from uncertainties about future prices of the underlying investments held at FVPL.

Price risk sensitivity

As at 31 March 2018, 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 \$4,780,000 resulting from the change in fair value of the investments at FVPL. All of the Group's investments at FVPL had been disposed of during the year ended 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

3. Financial risk management and fair value of financial instruments (Continued)**(a) Financial risk factors (Continued)****(v) Foreign exchange risk**

The Group has certain cash and bank balances and investments 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 amounts due from joint development projects, cash and bank balances, investments at amortised cost 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.

NOTES TO THE FINANCIAL STATEMENTS

(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 a committed project

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(h).

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past and committed events in accordance with the accounting policy stated in Note 2(n). When the estimated value of the committed project is lower than the 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 a committed project sensitivity

As at 31 March 2019, 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 for the year would increase/decrease by approximately \$57,600,000/\$66,700,000 respectively (2017/18: \$400,800,000/\$547,000,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

5. Revenue and other income, net**(a) Revenue****(i) Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2019	2018
	\$'000	\$'000
Revenue recognised outside the scope of HKFRS 15		
– Upfront premium from property developers	2,833,400	12,582,531
– Share of property development surplus on joint development projects	444,877	1,128,160
Revenue from contracts with customers within the scope of HKFRS 15		
– Sale of properties	144,363	157,217
	<u>3,422,640</u>	<u>13,867,908</u>

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

At 31 March 2019, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of comprehensive income in the future from pre-completion sales contracts entered into in relation to the Group's properties under development for sale pending transfer of control amounted to \$4,135,000 which will be recognised when the pre-sold properties are assigned to the customers. The Group will recognise the expected revenue in future on the basis that control over ownership of the property has been passed to the customer, which is expected to occur over the next 12 months.

(b) Other income, net

Other income, net recognised during the year represents:

	2019	2018
	\$'000	\$'000
Interest income	435,724	319,899
Rental income	100,213	92,953
Miscellaneous income	2,532	3,573
Net gain/(loss) on investments at fair value through profit or loss	1,778	(2,511)
Property, plant and equipment written off	(5,672)	–
Gain on disposal of property, plant and equipment	–	40
Net foreign exchange gain	1,832	37,081
	<u>536,407</u>	<u>451,035</u>

NOTES TO THE FINANCIAL STATEMENTS

(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:

	2019	2018
	\$'000	\$'000
Cost of properties under joint development projects	1,596,191	2,015,257
Cost of properties sold	73,496	94,065
	<u>1,669,687</u>	<u>2,109,322</u>

(b) Administrative expenses including:

	2019	2018
	\$'000	\$'000
Staff costs* (excluding directors' remuneration)	359,715	343,288
Operating lease charges in respect of rental of office premises	17,127	17,270
	<u>376,842</u>	<u>360,558</u>

* Including salaries and other benefits of \$335,447,000 (2017/18: \$319,957,000) and contribution to provident fund scheme of \$24,268,000 (2017/18: \$23,331,000).

(c) Other expenses including:

	2019	2018
	\$'000	\$'000
Rehabilitation and retrofit expenses	73,064	61,565
Revitalisation and preservation expenses	2,413	5,344
Place making expenses	9,440	–
Outgoings in respect of preservation properties, retained properties and rehousing units	58,290	49,695
Depreciation	73,118	56,128
Auditor's remuneration		
– Audit services	467	440
– Non-audit services	1,479	365
	<u>218,801</u>	<u>173,537</u>

NOTES TO THE FINANCIAL STATEMENTS

(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)

(d) Impairment on properties

	2019	2018
	\$'000	\$'000
Write back of provision for impairment on property, plant and equipment	(41,491)	(15,467)
Write back of provision for impairment on properties under development	(799,835)	(510,100)
	<u>(841,326)</u>	<u>(525,567)</u>

(e) Other items

	2019	2018
	\$'000	\$'000
Interest expenses on debt securities issued	65,840	67,956
Less: Interest expenses capitalised [#]	(65,840)	(67,956)
	<u>-</u>	<u>-</u>

[#] The borrowing costs have been capitalised at rates ranging from 1.64% to 3.85% per annum (2017/18: 1.50% to 3.85% per annum).

NOTES TO THE FINANCIAL STATEMENTS

(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)

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

	2019					
	Fees	Salaries	Provident fund scheme contributions	Sub-total	Variable pay	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managing Director						
– Wai Chi-sing	–	4,042	18	4,060	1,212	5,272
Executive Directors						
– Pius Cheng Kai-wah [#]	–	2,484	–	2,484	617	3,101
– Ben Lui Sau-shun ^{##}	–	715	4	719	179	898
– Michael Ma Chiu-tsee	–	3,142	18	3,160	785	3,945
9 Senior management staff & 1 Ex-senior management staff	–	19,540	2,086	21,626	5,493	27,119
Total**	–	29,923	2,126	32,049	8,286	40,335
	2018					
	Fees	Salaries	Provident fund scheme contributions	Sub-total	Variable pay	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managing Director						
– Wai Chi-sing	–	4,042	18	4,060	1,212	5,272
Executive Directors						
– Pius Cheng Kai-wah	–	3,295	15	3,310	822	4,132
– Michael Ma Chiu-tsee	–	3,097	18	3,115	774	3,889
7 Senior management staff & 1 Ex-senior management staff	–	19,910	1,813	21,723	5,357	27,080
Total**	–	30,344	1,864	32,208	8,165	40,373

** Excluding compensation in lieu of leave in the aggregate sum of \$406,000 (2017/18: \$508,000).

[#] The Executive Director retired on 31 December 2018.^{##} The Executive Director assumed his role with effect from 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

(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)

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

	<u>2019</u>	<u>2018</u>
Their remuneration fell within the following bands:		
	<u>No. of Individuals</u>	<u>No. of Individuals</u>
\$500,000 to \$1,000,000	3	–
\$1,000,001 to \$1,500,000	2	–
\$1,500,001 to \$2,000,000	–	1
\$3,000,001 to \$3,500,000	2	2
\$3,500,001 to \$4,000,000	5	5
\$4,000,001 to \$4,500,000	1	2
\$5,000,001 to \$5,500,000	1	1
	<u>14</u>	<u>11</u>
Total	<u>14</u>	<u>11</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

(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)

(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:

	2019	2018
	\$'000	\$'000
Chairman		
Mr Victor So Hing-woh, SBS, JP	100	100
Non-Executive Directors (non-public officers)		
Mr Evan Au Yang Chi-chun	65	22
Ms Judy Chan Ka-pui	65	65
Dr the Honourable Ann Chiang Lai-wan, SBS, JP	65	65
Mr Edward Chow Kwong-fai, JP	65	65
Mr Laurence Ho Hoi-ming	65	65
Professor Eddie Hui Chi-man, MH	65	65
Mr Nelson Lam Chi-yuen	65	65
Professor the Honourable Joseph Lee Kok-long, SBS, JP	65	65
Dr Gregg Li G. Ka-lok	65	65
Mr Laurence Li Lu-jen, JP	65	65
Mr Roger Luk Koon-hoo, BBS, JP	65	65
Mr Timothy Ma Kam-wah, JP	65	65
The Honourable Alice Mak Mei-kuen, BBS, JP	65	65
Dr Billy Mak Sui-choi (<i>up to 30 Nov 2017</i>)	–	43
Dr Lawrence Poon Wing-cheung, JP	65	65
Mr David Tang Chi-fai	65	65
Mrs Cecilia Wong Ng Kit-wah	65	65
Mr Stanley Wong Yuen-fai, SBS, JP	65	65
Mr Michael Wong Yick-kam, MH, JP	65	65
The Honourable Wu Chi-wai, MH	65	65
	<u>1,335</u>	<u>1,335</u>

NOTES TO THE FINANCIAL STATEMENTS

(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)

(h) Five highest paid individuals

	2019	2018
	\$'000	\$'000
The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2019 include the Managing Director, Executive Directors and two senior management staff.		
The total emoluments earned by the five highest paid individuals during the year are as follows:		
Fixed – Salaries	16,050	16,579
– Provident fund scheme contributions	1,075	470
Sub-total	17,125	17,049
Variable pay	4,357	4,400
Total**	<u>21,482</u>	<u>21,449</u>

Their remuneration fell within the following bands:

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

** For the year ended 31 March 2019, compensation in lieu of leave of \$254,000 (2017/18: \$325,000) 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 (2017/18: Nil).

- (b) As at 31 March 2019, the subsidiaries of the Group have unrecognised deductible temporary differences arising from tax losses of \$31,607,000 (31 March 2018: \$28,483,000) to carry forward against future taxable income. These tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

8. Property, plant and equipment

	Retained* properties	Preservation properties	Other property, plant and equipment				Total
			Land and buildings	Leasehold improvements	Plant and machinery	Furniture and equipment and motor vehicles	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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	<u>958,256</u>	<u>1,142,118</u>	<u>350,803</u>	<u>24,860</u>	<u>6,448</u>	<u>5,344</u>	<u>2,487,829</u>
Year ended 31 March 2018							
Opening net book value	958,256	1,142,118	350,803	24,860	6,448	5,344	2,487,829
Additions	–	270	–	34,993	13,856	7,414	56,533
Disposals	–	–	–	–	–	(5)	(5)
Depreciation	(8,082)	(25,116)	(10,220)	(6,370)	(2,980)	(3,360)	(56,128)
Write back of provision/ (provision) for impairment	–	16,684	(1,217)	–	–	–	15,467
Closing net book value	<u>950,174</u>	<u>1,133,956</u>	<u>339,366</u>	<u>53,483</u>	<u>17,324</u>	<u>9,393</u>	<u>2,503,696</u>
At 31 March 2018							
Cost	958,881	1,552,273	661,588	95,380	60,831	34,013	3,362,966
Accumulated depreciation	(8,707)	(162,886)	(321,005)	(41,897)	(43,507)	(24,620)	(602,622)
Accumulated impairment	–	(255,431)	(1,217)	–	–	–	(256,648)
Net book value	<u>950,174</u>	<u>1,133,956</u>	<u>339,366</u>	<u>53,483</u>	<u>17,324</u>	<u>9,393</u>	<u>2,503,696</u>
Year ended 31 March 2019							
Opening net book value	950,174	1,133,956	339,366	53,483	17,324	9,393	2,503,696
Additions	1,289	3,879	–	41,631	1,926	7,536	56,261
Write-off	–	–	–	–	–	(5,672)	(5,672)
Depreciation	(21,254)	(25,900)	(10,190)	(7,760)	(3,452)	(4,562)	(73,118)
Write back of provision/ (provision) for impairment	–	41,871	(380)	–	–	–	41,491
Closing net book value	<u>930,209</u>	<u>1,153,806</u>	<u>328,796</u>	<u>87,354</u>	<u>15,798</u>	<u>6,695</u>	<u>2,522,658</u>
At 31 March 2019							
Cost	960,170	1,556,152	661,588	136,846	62,630	18,766	3,396,152
Accumulated depreciation	(29,961)	(188,786)	(331,195)	(49,492)	(46,832)	(12,071)	(658,337)
Accumulated impairment	–	(213,560)	(1,597)	–	–	–	(215,157)
Net book value	<u>930,209</u>	<u>1,153,806</u>	<u>328,796</u>	<u>87,354</u>	<u>15,798</u>	<u>6,695</u>	<u>2,522,658</u>

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 2019 was \$2,017,500,000 (31 March 2018: \$1,987,500,000).

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

9. Properties under development

As at 31 March 2019, the properties under development are analysed as follows:

	2019	2018
	\$'000	\$'000
Cost, including Home Purchase Allowance ("HPA") (Note (i))		
At 1 April	25,769,250	19,087,066
Add: Additions during the year	5,628,405	9,546,641
Less: Charged to profit or loss during the year	(1,788,898)	(2,864,457)
At 31 March*	29,608,757	25,769,250
Provision for impairment at 31 March	(1,180,465)	(1,980,300)
Balance as at 31 March	<u>28,428,292</u>	<u>23,788,950</u>

* The amount includes HPA accumulated interest and other borrowing costs capitalised of \$317,892,000 (31 March 2018: \$278,418,000).

As at 31 March 2019, the properties under development are analysed as follows:

	2019	2018
	\$'000	\$'000
Non-current portion	25,930,743	23,788,950
Current portion (development for sale)	2,497,549	–
	<u>28,428,292</u>	<u>23,788,950</u>

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 2019, the Group's estimated cash outflow in respect of project under acquisition and resumption as well as construction cost for self-developed projects was \$9.1 billion (31 March 2018: \$17.1 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.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

10. Building rehabilitation loans

As at 31 March 2019, the building rehabilitation loans are analysed as follows:

	2019	2018
	\$'000	\$'000
Non-current portion	8,496	10,908
Current portion	5,016	7,389
	<u>13,512</u>	<u>18,297</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.

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.

(b) Trade and other receivables

As at 31 March 2019, the trade and other receivables are current in nature and analysed as follows:

	2019	2018
	\$'000	\$'000
Trade receivables and prepayments	35,492	36,411
Interest receivables	250,262	131,019
Other receivables and deposits	25,648	33,780
Balance at 31 March	<u>311,402</u>	<u>201,210</u>

All of trade and other receivables are expected to be recovered within one year.

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

12. Investments

As at 31 March 2019, the debt securities investments are analysed as follows:

	2019	2018
	\$'000	\$'000
Non-current portion		
– Investments at amortised cost (2018: Held-to-maturity investments)	1,253,000	2,761,306
Current portion		
– Investments at amortised cost (2018: Held-to-maturity investments)	3,158,065	1,746,547
– Investments at fair value through profit or loss	–	477,958
	<u>3,158,065</u>	<u>2,224,505</u>

As at 31 March 2019, 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 2019. 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).

	Level 1		Level 2		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Debt securities	–	439,999	–	37,959	–	477,958
	<u>–</u>	<u>439,999</u>	<u>–</u>	<u>37,959</u>	<u>–</u>	<u>477,958</u>

During the years ended 31 March 2018 and 2019, there were no transfers between Level 1 and Level 2.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

13. Cash and bank balances

	2019	2018
	\$'000	\$'000
Bank deposits		
Original maturities of 3 months or less	749,085	4,197,146
Original maturities of more than 3 months	12,895,590	11,762,863
	13,644,675	15,960,009
Less: Amounts held in trust for joint development projects	(3,592)	(3,540)
	13,641,083	15,956,469
Cash at banks and in hand	55,044	279,179
Less: Amounts held in trust for joint development projects	(2)	(2)
	55,042	279,177
	<u>13,696,125</u>	<u>16,235,646</u>
Maximum exposure to credit risk	<u>13,696,110</u>	<u>16,235,631</u>
Representing:		
Non-current portion		
– Bank deposits	<u>2,562,000</u>	<u>–</u>
Current portion		
– Cash at banks and in hand	55,042	279,177
– Bank deposits	11,079,083	15,956,469
	<u>11,134,125</u>	<u>16,235,646</u>

As at 31 March 2019, cash and bank balances of the Group are denominated in Hong Kong Dollars except for an amount of \$2,467,595,000 (31 March 2018: \$2,665,842,000) which is denominated in USD.

The average effective interest rate of time deposits with banks was 2.41% per annum (2017/18: 1.59% per annum). These deposits have an average maturity of 200 days (2017/18: 148 days).

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

13. 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>2019</u>	<u>2018</u>
	\$'000	\$'000
Aa1 – Aa3	3,124,084	5,563,960
A1 – A3	10,548,417	10,472,217
Others	23,609	199,454
	<u>13,696,110</u>	<u>16,235,631</u>

Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities and liabilities for which cash flows were, or future cash flow will be, classified in the Group's consolidated statement of cash flows as cash flow from financing activities.

	<u>Debt securities issued</u>	
	<u>2019</u>	<u>2018</u>
	\$'000	\$'000
At 1 April	2,790,706	3,287,949
Changes from financing cash flows:		
– Redemption of debt securities	–	(500,000)
Other changes:		
– Amortisation of debt securities issuing costs	2,631	2,757
Balance as at 31 March	<u>2,793,337</u>	<u>2,790,706</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

14. Properties held for sale

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

	2019	2018
	\$'000	\$'000
Long leases	7,196	7,196
Medium-term leases	771,510	845,006
	<u>778,706</u>	<u>852,202</u>

15. Balances with joint development projects

	2019	2018
	\$'000	\$'000
Amounts due from joint development projects	62,168	67,789
Amounts due to joint development projects	(257,442)	(436,973)
	<u>(195,274)</u>	<u>(369,184)</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 2019.

Project Name/Location	Land use	Total gross floor area (m ²)	Actual completion date (calendar year)	Expected completion date (calendar year)
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 Dynasty/Citywalk 2 (Tsuen Wan)	Commercial/Residential	44,404	2008	–

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

Project Name/Location	Land use	Total gross floor area (m ²)	Actual completion date (calendar year)	Expected completion date (calendar year)
* Vista (Sham Shui Po)	Commercial/Residential	12,708	2009	–
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	–
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	83,898	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	–
City Hub (To Kwa Wan)	Commercial/Residential	8,378	2018	–
The Ascent (Sham Shui Po)	Commercial/Residential	7,159	2018	–

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

Project Name/Location	Land use	Total gross floor area (m ²)	Actual completion date (calendar year)	Expected completion date (calendar year)
93 Pau Chung Street (Ma Tau Kok)	Commercial/Residential	10,345	2018	–
The Amused (Sham Shui Po)	Commercial/Residential	5,030	2018	–
Anchor Street/ Fuk Tsun Street (Tai Kok Tsui)	Hotel	6,529	–	2019
My Central (Sheung Wan)	Commercial/Residential	18,240	–	2019
Astoria Crest (Sham Shui Po)	Commercial/Residential	3,640	–	2019
Downtown 38 (Ma Tau Kok)	Commercial/Residential	9,783	–	2019
205–211A Hai Tan Street (Sham Shui Po)	Commercial/Residential	3,600	–	2020
The Monti (Sai Wan Ho)	Residential	5,680	–	2020
Hai Tan Street/Kweilin Street/Pei Ho Street (Sham Shui Po)	Commercial/Residential	58,899	–	2020
Madison Park (Sham Shui Po)	Commercial/Residential	4,884	–	2020
Fuk Chak Street/ Li Tak Street (Tai Kok Tsui)	Commercial/Residential	5,733	–	2021
Artisan Garden (Ma Tau Kok)	Commercial/Residential	12,456	–	2021

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

Project Name/Location	Land use	Total gross floor area (m ²)	Actual completion date (calendar year)	Expected completion date (calendar year)
Grand Central (Kwun Tong)	Commercial/Residential	179,248	–	2021
L•LIVING 23 (Tai Kok Tsui)	Commercial/Residential	6,594	–	2021
Reclamation Street/ Shantung Street (Yau Ma Tei)	Commercial/Residential	12,510	–	2022
Peel Street/Graham Street – Site A (Sheung Wan)	Commercial/Stadium and Youth Centre/Residential	9,583	–	2022
Peel Street/ Graham Street – Site C (Sheung Wan)	Commercial/Office/Hotel	41,585	–	2023
@ Tung Chau St/Kweilin St (Sham Shui Po)	Commercial/Residential	13,410	–	2023
@ Castle Peak Rd/Un Chau St (Sham Shui Po)	Commercial/Residential	14,841	–	2023

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

@ 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

16. 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 2019, the Authority had received all five tranches of equity injection of \$10 billion in total.

17. Trade and other payables

The trade and other payables are analysed as follows:

	Note	31 March 2019 \$'000	1 April 2018 \$'000	31 March 2018 \$'000
Contract liabilities	(i) & (ii)	1,241	6,660	–
Trade payables		86,184	85,962	85,962
Rental and other deposits received		49,689	244,335	250,995
Proceeds received in advance from sale of properties of joint development projects		545,500	–	–
Other payables		11,206	11,138	11,138
Accrued expenses		2,825,935	3,287,885	3,287,885
		<u>3,519,755</u>	<u>3,635,980</u>	<u>3,635,980</u>

Representing:

	2019 \$'000	2018 \$'000
Non-current portion	412,300	676,000
Current portion	<u>3,107,455</u>	<u>2,959,980</u>
	<u>3,519,755</u>	<u>3,635,980</u>

Notes:

- (i) The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 April 2018.
- (ii) Upon the adoption of HKFRS 15, deposits and instalments received from customers on sale of properties which were previously classified as rental and other deposits received are now reclassified as contract liabilities under trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

17. Trade and other payables (Continued)

Contract liabilities recognised arise from property development activities. Typical payment terms are as follows:

The Group receives certain percentage of the contract value as deposit from customers when they sign the sale and purchase agreement. The deposit is recognised as a contract liability until the properties are completed and transferred to the customers. The rest of the consideration is typically paid when the property is assigned to the customer.

Movements in contract liabilities

	\$'000
Balance at 1 April 2018	6,660
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(6,660)
Increase in contract liabilities as a result of receiving forward sales deposits and instalments during the year in respect of properties still under construction as at 31 March 2019	1,241
Balance at 31 March 2019	<u>1,241</u>

18. Debt securities issued

As at 31 March 2019, the Group has issued the following fixed rate notes under a Medium Term Note programme.

	2019	2018
	\$'000	\$'000
Non-current portion		
HK dollar Fixed rate notes with coupon of 1.75% due 2019	–	500,000
HK dollar Fixed rate notes with coupon of 1.65% due 2020	–	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 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 debt securities issuing costs	(6,189)	(9,294)
	<u>1,793,811</u>	<u>2,790,706</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

18. Debt securities issued (Continued)

	2019	2018
	\$'000	\$'000
Current portion		
HK dollar Fixed rate notes with coupon of 1.75% due 2019	500,000	–
HK dollar Fixed rate notes with coupon of 1.65% due 2020	500,000	–
Less: Unamortised debt securities issuing costs	(474)	–
	<u>999,526</u>	<u>–</u>

19. Provision for a committed project

	2019	2018
	\$'000	\$'000
Balance at 1 April	–	35,000
Reversed during the year	–	(35,000)
	<u>–</u>	<u>–</u>
Balance at 31 March	<u>–</u>	<u>–</u>

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

20. 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 originally set aside in a reserve account for other facilitation projects. This arrangement has ceased during the year ended 31 March 2019 and the balance of the reserve account was transferred to the accumulated surplus accordingly.

21. 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 2019 was \$26,394,000 (2017/18: \$25,195,000), net of forfeitures of \$1,726,000 (2017/18: \$2,131,000), which has been charged to the Group's profit or loss for the year.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

22. Commitments**(a) Capital commitments**

Capital commitments in respect of acquisition of property, plant and equipment at 31 March 2019 are as follows:

	2019	2018
	\$'000	\$'000
Contracted but not yet incurred	43,688	2,403

(b) Operating lease commitments

As at 31 March 2019, the total future minimum lease payments under non-cancellable operating leases in respect of office premises, in which \$34,997,000 (31 March 2018: \$63,837,000) is related to costs to be incurred for accommodating certain Government offices in a project site pursuant to a reprovision arrangement with the Government, are payable as follows:

	2019	2018
	\$'000	\$'000
Within 1 year	45,243	42,265
After 1 year but within 5 years	25,569	45,417
	<u>70,812</u>	<u>87,682</u>

(c) Operating lease rental receivable

As at 31 March 2019, 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:

	2019	2018
	\$'000	\$'000
Within 1 year	36,901	32,298
After 1 year but within 5 years	29,607	15,554
	<u>66,508</u>	<u>47,852</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

23. 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 \$62,602,000 (2017/18: \$58,306,000) 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 2019, there was an amount of \$5,242,000 (31 March 2018: \$4,970,000) 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 \$1,738,000 (2017/18: \$1,350,000).

During the year, the Authority received \$275,000 (2017/18: \$284,000) from the said Fund for rental of an office premise.

As at 31 March 2019, there was an amount of \$370,035,000 (31 March 2018: \$394,213,000) 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).

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

24. Statement of Financial Position of the 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 2019 is set out as follows:

	Note	2019 \$'000	2018 \$'000
Non-current assets			
Property, plant and equipment		2,522,658	2,503,696
Properties under development		25,916,143	23,774,350
Interest in subsidiaries	24(a)	–	–
Loan to a subsidiary		14,600	14,600
Building rehabilitation loans		8,496	10,908
Prepayments		855,885	801,845
Other receivables		2,465,169	2,052,144
Investments		1,253,000	2,761,306
Bank deposits		2,562,000	–
		<u>35,597,951</u>	<u>31,918,849</u>
Current assets			
Properties held for sale		778,706	852,202
Properties under development for sale		2,497,549	–
Amounts due from joint development projects		62,168	67,789
Building rehabilitation loans		5,016	7,389
Trade and other receivables		311,340	201,155
Investments		3,158,065	2,224,505
Cash and bank balances		11,134,125	16,233,095
		<u>17,946,969</u>	<u>19,586,135</u>
Total assets		<u><u>53,544,920</u></u>	<u><u>51,504,984</u></u>
Capital and reserves			
Capital		10,000,000	10,000,000
Accumulated surplus		36,974,448	34,641,893
	24(b)	<u>46,974,448</u>	<u>44,641,893</u>
Non-current liabilities			
Trade and other payables		412,300	676,000
Debt securities issued		1,793,811	2,790,706
		<u>2,206,111</u>	<u>3,466,706</u>
Current liabilities			
Amounts due to joint development projects		257,442	436,973
Trade and other payables		3,107,393	2,959,412
Debt securities issued		999,526	–
		<u>4,364,361</u>	<u>3,396,385</u>
Total capital, reserves and liabilities		<u><u>53,544,920</u></u>	<u><u>51,504,984</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

24. Statement of Financial Position of the Authority (Continued)**(a) Interest in subsidiaries**

	2019	2018
	\$'000	\$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (Note)	23,224	22,147
Less: Provision for impairment	(23,225)	(22,148)
	<u> </u>	<u> </u>
	<u> </u>	<u> </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:

Name	Number of shares	Total share capital
Opalman Limited	2	\$2
Urban Redevelopment Facilitating Services Company Limited	1	\$10

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.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

24. Statement of Financial Position of the Authority (Continued)**(b) Statement of Changes in Equity**

	Capital	Accumulated Surplus	Total
	\$'000	\$'000	\$'000
Balance at 1 April 2017	10,000,000	22,603,997	32,603,997
Surplus and total comprehensive income for the year	—	12,037,896	12,037,896
Balance at 31 March 2018	<u>10,000,000</u>	<u>34,641,893</u>	<u>44,641,893</u>
Balance at 1 April 2018	10,000,000	34,641,893	44,641,893
Surplus and total comprehensive income for the year	—	2,332,555	2,332,555
Balance at 31 March 2019	<u>10,000,000</u>	<u>36,974,448</u>	<u>46,974,448</u>

25. Approval of financial statements

The financial statements were approved by the Board on 11 June 2019.



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