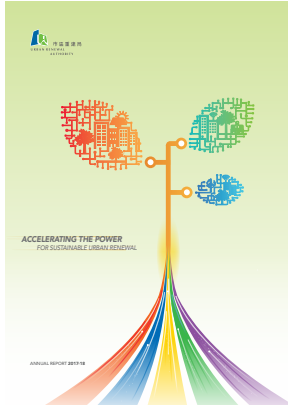


ACCELERATING THE POWER
FOR SUSTAINABLE URBAN RENEWAL



Cover concept:

Fuelling the momentum to sustain urban regeneration

With the adoption of a planning-led approach and applications of smart technologies, the URA pushes forward and looks forward to implementing in full swing a new set of strategies integrating the 5Rs (i.e. redevelopment, rehabilitation, preservation, revitalisation and retrofitting) that fuel the momentum to sustain urban regeneration.

CONTENTS

02	Vision, Mission and Values
04	Chairman's Statement
08	Managing Director's Statement
14	Operating Highlights
16	Highlights of the Year
18	Operating Review
36	Corporate Sustainability
50	Management Discussion and Analysis
60	Project Highlights
72	Corporate Governance
76	Members of Board and Profiles
86	Members of Committees
88	Organisation Structure
90	Members of District Advisory Committees
91	Financial Highlights
92	Report of the Members of the Board
93	Independent Auditor's Report
96	Consolidated Statement of Comprehensive Income
97	Consolidated Statement of Financial Position
98	Consolidated Statement of Cash Flows
100	Consolidated Statement of Changes In Equity
101	Notes to the Financial Statements

VISION, MISSION AND VALUES



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

OUR VISION

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

OUR MISSION

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

Our Priorities are:

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

Our Partners are:

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

Our People are:

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

OUR VISION

LEADERSHIP

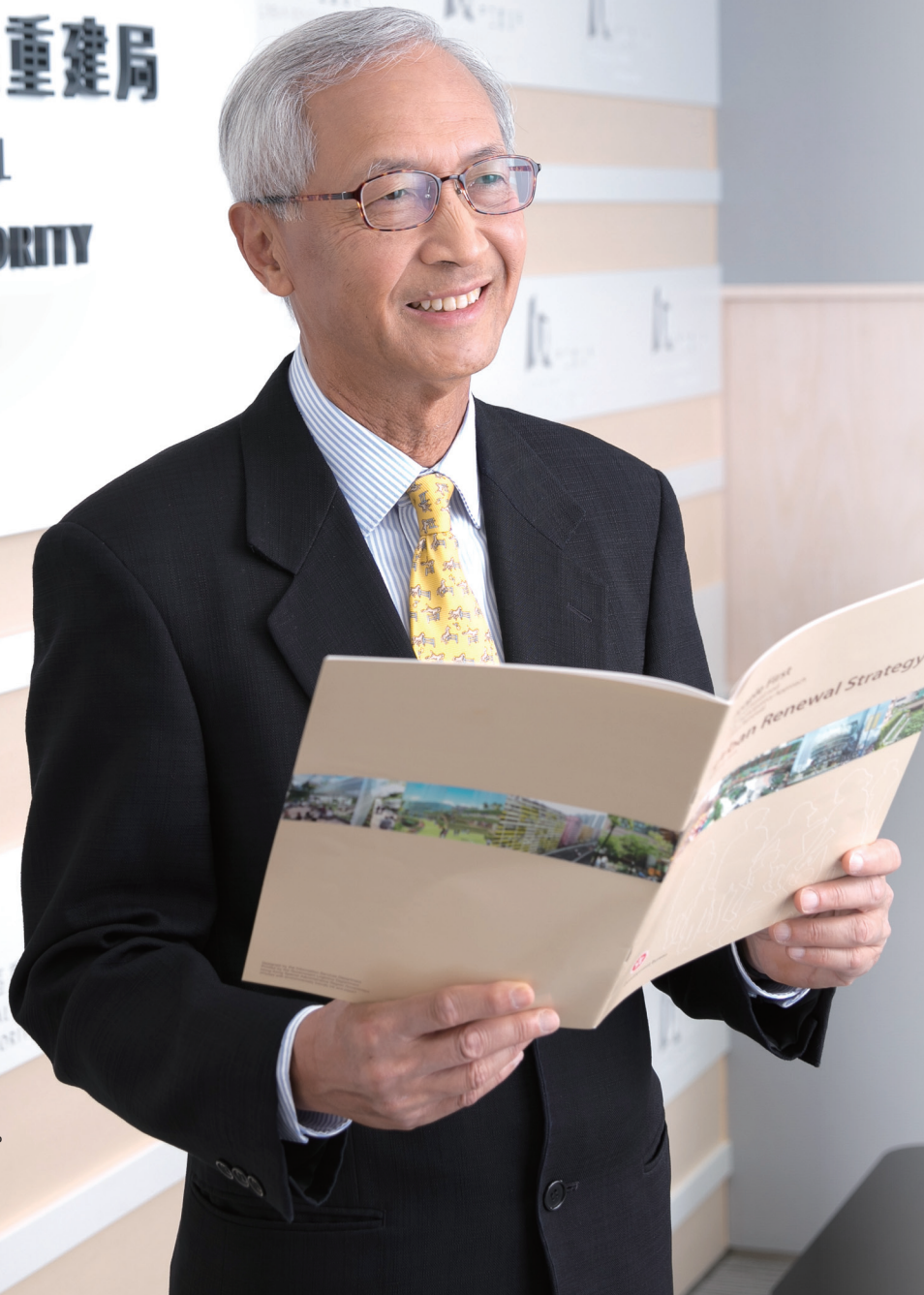
ACCOUNTABILITY

TEAMWORK

PEOPLE-ORIENTED

INNOVATION

VALUE-ASPIRATION



Mr Victor SO Hing-woh, SBS, JP



CHAIRMAN'S STATEMENT

Realising Long-Term Goals of Urban Renewal Strategy through Diversified Approach to Urban Regeneration

The 2017/18 financial year has seen the URA achieve good progress and results in various areas of work with unremitting efforts of our entire team. During the year, the URA recorded an operating surplus of \$12 billion, most of which came from the upfront payment from the tender of Peel Street/Graham Street Project (Site C), and other projects that we originally predicted to suffer a loss but turned out the amount of loss was lowered, or even finished up a surplus, when the account of those projects was settled. However, this optimistic financial condition is exceptional, as projects like the one at Peel Street/Graham Street, which is located in the core business district of Central for commercial development as office, hotel and retail uses, is uncommon. I believe we will not have similar projects in the future that possess high development potential and can bring in such operating surplus.

Notwithstanding its surplus, the URA has been facing with high development costs as the acquisition costs of redevelopment projects have been driven up by rising property prices. For instance, the acquisition offer made by the URA in accordance with the 7-year rule, which is the unit rate of a notional replacement flat of seven years old situated in a similar locality, for a project in Central and Western District in the year under review exceeded \$23,000 per sq. ft., a 130% increase in the acquisition offer made at around \$10,000 per sq. ft. in 2013 when I was appointed the Chairman of the URA. At the same time, in 2017/18, the total value of these types of immovable properties, which include the properties acquired and being acquired by the URA, preserved properties and the four rehousing blocks, has increased by 60% to nearly \$26 billion, representing more than half of the total net assets. As the URA commences more redevelopment projects in larger scale, the amount of immovable properties acquired from projects will increase accordingly and at the same time, the amount of money that needs to be allocated for acquisition will continue to increase, thereby reducing liquidity and bringing financial pressure on the URA. Furthermore, in the face of the uncertain global economic outlook, the URA needs to be more prudent in managing its finances, so as to maintain a good financial position in the long term for ensuring sufficient resources to support the sustainable development of urban renewal.

CHAIRMAN'S STATEMENT

As our redevelopment projects that were commenced under the “district-based” approach become bigger in size and involve more property titles, related acquisition work when projects are being implemented becomes increasingly complex, making the redevelopment process longer. Adding to the challenge for the URA is a strong demand for public housing units, not only from the general public but also from tenants affected by the URA’s redevelopment projects as most of them opt for rehousing to public housing units instead of accepting the ex-gratia allowance provided by the URA. The increasingly long queue for public housing has made the URA’s efforts in rehousing eligible tenants to public housing units more time-consuming, hence prolonging the acquisition and rehousing processes and subsequently the time to take a redevelopment project from commencement through acquisition to completion. If we look back in the early days when the URA was established, this whole process took only about six years, but now it is at least eight to ten years or even longer.

These challenges will undoubtedly put pressure on the operation and finances of the URA. Nonetheless, the URA will continue to take forward urban renewal under the planning-led strategy and approach, for we believe that the “district-based” approach will enable us to better achieve the objectives stipulated in the Urban Renewal Strategy and bring in greater planning and social benefits to the community.

Commencing Strategic Studies to Facilitate Sustainable Urban Renewal

Owing to the current implementation model and development constraints, coupled with the obstacles in pushing forward urban renewal, no matter how fast the URA and private developers undertake their redevelopment projects, the pace still lags behind the speed of urban decay and the ageing of buildings. Moreover, in view of the situation that many old buildings have used up its plot ratios or have even exceeded the limit under the current planning regime, redevelopment of these dilapidated buildings means the development potential of the remaining plot ratio, if any, is insignificant. Urban regeneration should be a continuous process to cope with urban decay in the long run. Thus, it requires efforts from all sectors to formulate more effective urban renewal models with new mindsets, based on insights generated by the strategic researches, to cope with the difficulties and challenges of urban renewal.

With this strategic direction in mind, the URA Board

“Urban regeneration requires efforts from all sectors to formulate more effective urban renewal models with new mindsets, based on insights generated by the strategic researches.”

approved in mid-last year the commencement of “Yau Mong District Study (YMDS)”, which will adopt a forward-looking and planning-led approach to explore more flexible and effective strategies for undertaking future urban renewal work. This will include, amongst others, the “Public-Private Partnership” model, adopted by the former Land Development Corporation, for urban renewal to be more diversified and efficient through encouraging participation of different stakeholders in urban renewal work.

Apart from regenerating old districts through redevelopments, the URA Board and Management team are also well aware that preventing the ageing of buildings and avoiding them from being dilapidated and called for demolition overearly, are crucial to the work of urban renewal. To this end, the URA commenced a study on New Strategy on Building Rehabilitation last year that aims to understand comprehensively the conditions of buildings in Hong Kong, such that specific strategies targeting buildings of different ages can be devised to strengthen owners’ awareness and responsibility in carrying out building repair and maintenance, and to promote a preventive maintenance culture. The study will also review the implementation and limitations of the current regulations, which upon completion, the URA will look forward to proposing appropriate amendments to the Government.

Encouraging Application of New Technology to Keep Pace with the Times



Officiating at the Building Rehabilitation and Smart Tender Concession Scheme Info Truck Launching Ceremony.

As we embrace the new age of technology, digitalisation and artificial intelligence, the URA is actively utilising innovative information technology to enhance its efficiency. In terms of the application of Building Information Modelling (BIM), not only is the



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

URA adopting the technology in its redevelopment, preservation and revitalisation projects, but we are also looking into the possible application of BIM technology in building rehabilitation as well as on facility management. This will enable a better management and more accurate plan in all stages of the work progress of rehabilitation projects. By utilising the comprehensive building data in BIM and integrating them with Building Management System, the efficiency and effectiveness of property management and maintenance would be greatly enhanced.

At the same time, the URA has continued to invest resources to provide different kinds of training and development opportunities for URA colleagues, specifically to encourage them to thirst for innovative thinking and new application of technologies, so that they are able to think divergently, stay abreast of the times and become resourceful, thus enhancing the effectiveness of their work.

Responding to Social Needs While Maintaining Financial Sustainability

During the year under review, the Ma Tau Wai Road/Chun Tin Street Project was assigned as a "Starter Homes" (SH) Pilot Project in response to the Government's new initiatives on housing. Under the Pilot Project, 450 units will be sold at a discounted price that is below market value to help high-income earners and families who are not eligible for the Home Ownership Scheme and cannot afford private housing, on home purchase. In support of this housing initiative to provide an additional home purchase choice to meet public's home ownership aspirations, the URA Board agreed to assign its Ma Tau Wai Road/Chun Tin Street Project, commenced years ago with a lower development cost when acquisitions were conducted at much lower prices back then in the market, as "Starter Homes" to be sold below market

price. Notwithstanding this, should the URA is required to implement another subsidised housing projects of this kind in the future – which would mean selling projects that have been acquired at high costs according to the 7-year rule in recent years, for prices below market value – it would lower the revenue from these projects, thus creating pressure on URA's financial sustainability going forward. In this regard, the URA should prudently manage the risks and explore options that can provide a balance between responding to social needs and maintaining a sustainable development of urban renewal.

Moving Forward with Concerted Efforts

I would like to take this opportunity to express my sincere gratitude to the members of the URA Board for their commitment over the past year in providing support and guidance, through their active participation, among others, at the brainstorming sessions and workshops, to drive the URA team to ensure all works and formulation of strategies were carried out at their best. In particular, their approval for carrying out three strategic studies which will be conducive to our exploration of new directions and models for the sustainable development of urban renewal.

In addition, I would like to offer my sincere thanks to the Management and the entire URA team for their hard work towards urban renewal and for sharing many achievements of the Authority together, which I feel so privileged, not only over the past year but throughout my time as Chairman.

Victor SO Hing-woh, SBS, JP
Chairman
31 July 2018



「油麻地及旺角」地區規劃研究 District Study for Yau Ma Tei and Mong Kok

Yau Mong District Study

Rehabilitation



H6 CONET at The Peel Street / Graham Street



Place
con

Peel Street / Graham

Ir WAI Chi-sing, GBS, JP, FHKEng

MANAGING DIRECTOR'S STATEMENT

Gathering Momentum for New Urban Renewal Strategies

Since the publishing of my last statement in the 2016/17 Annual Report under the theme of "Laying a Solid Foundation to Undertake a Dynamic and Forward-looking Urban Regeneration", I have been delighted to see that a number of initiatives have begun to take shape towards realising the objective. While the URA has been implementing the four core businesses of urban renewal, namely: redevelopment, rehabilitation, revitalisation and preservation, in order to address the aggravating problem of ageing buildings in the long run, we have in parallel actively conducted strategic studies to formulate comprehensive new strategies with the aim of achieving sustainable urban renewal.

At the beginning of my tenure, I took stock of the challenges we faced and soon became aware of the difficulties in racing against time and catching up the pace of urban decay. I contemplated at that time 'how much the URA needed to do', a question which is still relevant today as the pressure posed by ageing buildings has continued to rise over the past two years. The total number of buildings aged over 50 years increased from around 9,000 two years ago to around 10,200, representing an average increase of 600 buildings per year. It is estimated that this number will reach over 20,000 by 2046. Despite the fact that the URA has launched more than 60 redevelopment projects over the past 17 years, only around 1,300 dilapidated buildings have been redeveloped. It is apparent that with this pace and the current mode of urban renewal had failed to meet the challenges of urban decay, a new strategy to guide future urban renewal is much called for.

"This past year has been a time of sustaining efforts and getting ready for the future."

Center

making
concept

Central Market

n Street Project (H18)

Steering from Project-led towards Planning-led

The URA has recently adopted a two-pronged approach to undertake urban renewal more effectively. On the one hand, we continue to adopt a project-led model to deal with individual dilapidated building, complemented by the aspiration of bringing greater benefits to the community by improving the accessibility of public spaces and pedestrian walkways, as well as enhancing the overall townscape of the project area. To this end, the URA has opted for projects that provide opportunities for re-planning and rationalisation of land use. In this regard, three new redevelopment projects, namely: the Sung Hing Lane/Kwai Heung Street project (C&W-005); the Queen's Road West/In Ku Lane project (C&W-006), and the Oak Street/Ivy Street project (YTM-011) were undertaken last year from a planning perspective. On the other hand, the URA also adopts a planning-led model that allows urban renewal to be able to realise more planning benefits, through for example, the development and optimal use of underground spaces to accommodate parking and other building provisions such as machine and refuse rooms, as well as the designing and building of additional quality pedestrian areas that can make communities more liveable.

Apart from moving from a project-led to a planning-led approach, and to effectively implement the direction under the Urban Renewal Strategy (URS) that urban renewal is not a slash-and-burn process, we need to formulate a new set of comprehensive and holistic strategies that integrate our four businesses of redevelopment, rehabilitation, preservation and revitalisation. To achieve this, the URA embarked on three strategic studies last year with a view to exploring new planning and implementation models for urban renewal to be sustainable in the long run.

Yau Mong District Study: Realising Potential from Constraints

Taking Yau Ma Tei and Mong Kok as the study area, the two-year Yau Mong District Study (YMDS) aims to formulate strategies from a holistic perspective for solutions to the current impasse which has seen urban renewal failing to catch up the pace of building deterioration in facing the high density of both population and ageing buildings in the area. The Study strives to make recommendations on how to enhance the efficiency of current land use and the redevelopment potential of the Yau Mong district as well as tackle the constraints to development density under existing urban planning and legal framework, based on a three-step approach. Following the initial step of a holistic planning, the URA will identify appropriate projects and decide on the best business strategy or a combination of strategies for the development before making a final selection of implementation methodology.

First phase of the YMDS being a baseline study on the physical attributes of the Yau Mong district has been completed. Preliminary data revealed that the overall plot ratio of the buildings in the district has reached 90% of the capacity under current planning regime. The remaining plot ratio available for development is only 10% with fragmented ownerships. Benefits of urban planning and land efficiency will be out of the question for URA to redevelop these buildings of which the plot ratio has been nearly used up or has



Visiting the Oak Street/Ivy Street project on the day of project launch and inspecting the varied and poor building condition with URA staff members.



Appreciating the winning design of URA/IVE Innovative Design Competition, which targets to leverage students' creativeness to enhance the living quality of elderly in old districts.

exceeded its approved capacity, if the URA continues to use the prevailing project-led model under the current regulatory framework. In addition, the higher the density of these ageing buildings, the greater the number of households will be affected by the redevelopment, not to mention the large number of subdivided units in these flats, causing serious rehousing burden. It can be foreseen the number of new units that can be built after redevelopment will be much less than that of affected households who have the rehousing needs, hence aggravating the problem of housing unit shortage.

To address this concern, the YMDS is exploring the possibility of plot ratio transfer that would allow the plot ratio residue of some buildings in the district to be transferred to other projects with greater development capacity, thus unleashing the full potential of redevelopment. Meanwhile we are also looking for suitable lots to improve the efficiency of land use by means of upzoning and rezoning. All of these aim at revitalising the redevelopment market and encouraging more stakeholders to participate. The study also includes an integrated planning model with a good mix of redevelopment and rehabilitation. For buildings whose remaining plot ratios are released and whose structures are in good condition, rehabilitation and retrofitting shall be in place to prolong the building serviceability, improve the living environment, and upgrade current facilities to modern standard. The URA is now conducting comprehensive planning on districts with urban renewal potential within the study area and will subsequently formulate a Master Renewal Concept Plan with proposals of three different development density options. We will make reference

to the consultation exercises previously conducted by the Kowloon City District Urban Renewal Forum for collecting public views towards the proposals.

Building Rehabilitation: From Passivity to Proactivity

The problem of urban decay cannot be tackled solely by relying on the URA to take over old and dilapidated buildings for redevelopment. A critical factor in realising sustainable urban renewal is the effectiveness of building rehabilitation, especially when preventive maintenance and regular repair can be introduced to buildings which are still young such that building conditions can be maintained safe and sound, hence alleviating the redevelopment pressure from buildings in poor and varied conditions. We see the increasing importance of building rehabilitation as the key to tackle urban decay and realise we need to be more proactive in adopting a multi-pronged approach in building rehabilitation to promote and encourage owners to undertake maintenance and repair works for their buildings.

Over the years, the URA has been providing technical and financial support to building owners mainly through various rehabilitation schemes. However in the absence of a preventive maintenance culture, owners are often not accustomed to carry out regular maintenance and repair for their properties, resulting in deteriorating building conditions. Since 2016, we have proactively approached building owners in order to find out their reasons for failing to conduct maintenance and repair for their buildings as well as their needs. Schemes were developed addressing such concerns, including the 'Smart Tender' Building Rehabilitation Facilitating Services to alleviate the worry of building owners over the risk of tender rigging at the works procurement stage.

Last year, we took a step forward and commenced the New Building Rehabilitation Strategy Study which aims to formulate an all-round and holistic new strategy for different age groups and categories of buildings. The URA has also successfully conducted an extensive survey on the conditions of around 5,900 domestic and 700 non-domestic building blocks to establish a database encompassing all domestic, commercial and industrial buildings. This information collected will provide us with a comprehensive picture of building

conditions conducive to the formulation of new building rehabilitation strategies addressing specific problems and needs.

The URA also surveyed owners' representatives of 3,000 building blocks to understand their views on building repair and maintenance, and the difficulties encountered therein, with an aim to explore how to put forward supportive measures that address their needs. Initial findings revealed that owners generally lack the professional knowledge to comprehend the scale and complexity of major maintenance works. In response to this, the URA began in last year the setting up of a Building Rehabilitation Platform with its first stage of service to give Owners' Corporations a one-stop access to the practical guidelines and codes of various repair and maintenance works, as well as tender and document templates for appointing consultants and contractors, thereby reducing owners' anxiety about carrying out rehabilitation works for their buildings.

In addition to making reference to the policy, strategy and regulatory framework for building rehabilitation in other countries or regions, the New Building Rehabilitation Strategy Study will also review the roles played by different stakeholders in the long-term building rehabilitation strategy, and make recommendations to the Government on policies including, among others, the establishment of a special fund with mandatory and regular contribution mechanisms for owners in order to promote the culture of preventive maintenance, which is a key to address the fundamentals of building rehabilitation in the long run.

Sustainability Study: Setting Performance Indicators for Urban Renewal

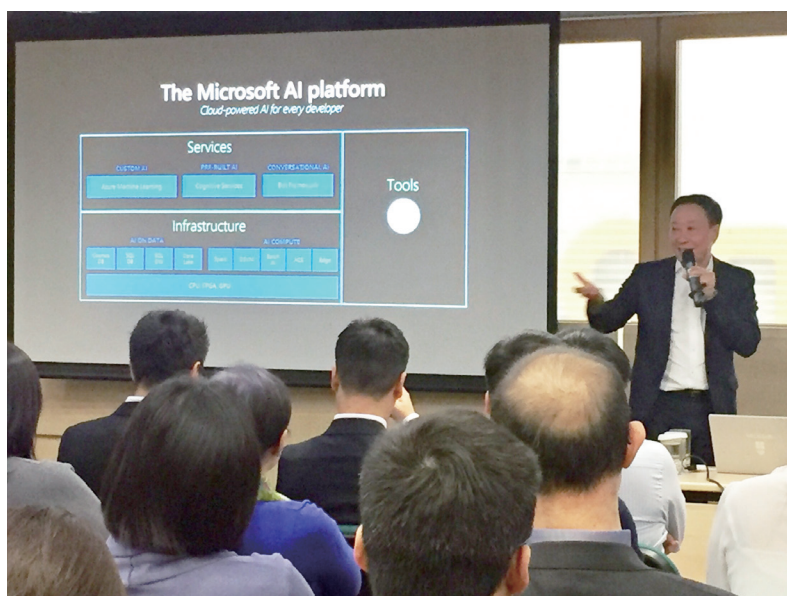
The Urban Renewal Strategy requires the urban renewal process to be forward-looking and to create sustainable, positive impacts for the community, covering not only the financial sustainability of the work of urban renewal, but also lasting results that benefit the socio-economic status, environmental protection, and the living quality of residents. Therefore, a framework is required to measure the impact of urban renewal from various perspectives. Last year, the URA commenced the Sustainability Study that aimed to formulate a framework of the performance indicators for URA's urban renewal works. On top of

a number of sustainability factors which are common criteria of assessing sustainable developments, namely Society, Environment and Economy, the framework also includes Process and People to give a more comprehensive representation. The next phase of the Study will focus on developing a series of indicators for each factor so as to specifically measure and track the impact and benefits of each project on society under the five urban renewal strategies that cover redevelopment, rehabilitation, preservation, revitalisation and retrofitting. The measurement of these social impacts and benefits of our projects, as reflected by the indicators, will be instrumental in the process of formulating URA's business strategies in future.

Science and Technology: Leading the Future

As urban renewal work becomes increasingly arduous while social resources are limited, we need to be more innovative and efficient so as to transcend our current limitations and maintain efficiency and quality through the application of technology in urban renewal work. In the past year, the URA started to introduce the Smart Building concept and incorporated for the first time various smart features, including home energy and water consumption system, home health and wellness system, smart displays, home waste management system, building information modelling (BIM), as well as building management system, in the buildings of Peel Street/Graham Street redevelopment project (Site A) (H18), Fuk Chak Street/Li Tak Street demand-led redevelopment project (DL-6:YTM), and Reclamation Street/Shantung Street development project (YTM-010). In addition, BIM technology has also been applied to the Shanghai Street preservation project to rationalise the engineering procedures and enhance their effectiveness.

To further facilitate its planning and decision-making, the URA is also establishing a geographic, information-based Urban Renewal Information System for the analysis and integration of big data covering statistics on urban land use, district planning, development density, road network, infrastructure, building conditions, population distribution and commercial operations. This will strengthen our ability to process and analyse the vast amount of planning information. The URA is reaching out to different government



Members of staff attending a training session on Artificial Intelligence applications to equip themselves with latest knowledge.

departments to promote the sharing of data as one of its main tools for future urban planning and formulation of a master renewal plan.

Technology advances rapidly, and it's always the masterminds behind the work that have made innovations possible. Amid the fast-changing environment, the URA is in need of a professional team of staff who would constantly equip themselves with latest knowledge and skills and with a crave for innovation to drive the work of urban renewal at various fronts. For this reason we have invested significant resources in enabling our colleagues to learn and acquire new technology over the past year. Of the staff training hours accumulated in 2017/18, more than 30% were technology-related covering BIM application technology, Artificial Intelligence, applications of Big Data, and the development of the Internet of Things.

This past year has been a time of sustaining efforts and getting ready for the future. Our three strategic studies are expected to be completed next year, and I look forward to being inspired by their forward-looking findings and opening up new resolutions in combating the severe urban renewal problems. I wish to extend my gratitude to the Chairman and the Board of the URA for their valuable advice and suggestions over the past year, as well as for their devoted time and energy

in leading the URA to carry out various urban renewal works and strategic studies. Furthermore, I would like to express my appreciation to the URA team for their hard work during the past year in driving our research projects to achieve breakthroughs in urban renewal work and to bring in new prospects that will benefit the whole community. We will continue to work with our stakeholders to realise sustainable urban renewal, and together create a better home for the people of Hong Kong.

WAI Chi-sing, GBS, JP, FHKEng

Managing Director

31 July 2018

OPERATING HIGHLIGHTS

Accelerating The Power in Our Operation

Corporate Sustainability



Economy

4,260 m²
Rental to NGOs and Social Enterprises in URA properties at concessionary rates in 2017/18



Environment

15 projects attained BEAM/BEAM Plus Platinum Rating so far

4.9% Carbon emission drop from own operations in 2017/18



Society

630,000 people benefitted by a series of community services, arts and cultural programmes for the residents in old districts so far



Process

A comprehensive process to facilitate urban renewal for a vibrant, sustainable, safe and hygienic built environment



People

ONE cohesive team of effective and engaging workforce built through training and development

Redevelopment



Benefits brought forward by **67** implemented projects (up to 30 June 2018)



Run-down urban area improved
181,000 m²

Dilapidated building blocks* redeveloped
1,353

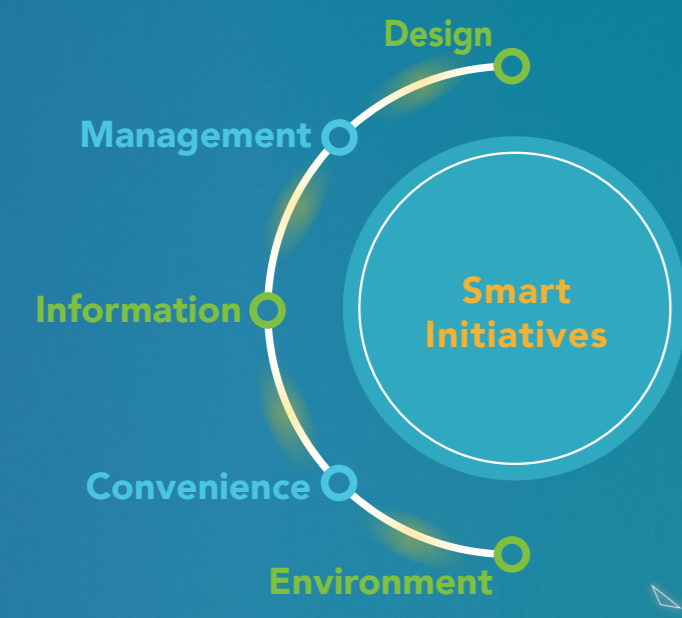
Population benefiting from projects
29,500

New flats
19,400

* Previously the URA has adopted "building site" as the basis of counting the number of buildings redeveloped. Being an industry term, "building site" normally covers several building blocks with common corridor and/or staircase; for ease of public understanding, the basis of counting is now revised to individual "building block".

Paving Way for a Sustainable Future

Forward-looking initiatives that would take urban renewal to a dynamic and sustainable future



Smart Initiatives

Design

Management

Information

Convenience

Environment

Rehabilitation
 3,950 building blocks rehabilitated under various assistance schemes (up to 30 June 2018)

Place-making
 H6 CONET, opened in October 2017, as one of URA's first place-making initiatives, is gaining popularity

6,490 visitors/day (June 2018)

Preservation and Revitalisation
 56 buildings/structures preserved (up to 30 June 2018)

Corporate Sustainability

Sustainability Study
 to formulate a framework of performance indicators to measure the impact of urban renewal works

Going Smart

Geographic and information-based **Urban Renewal Information System** to facilitate urban renewal planning and implementation

Smart City Initiatives embraced through district-based approach

Place-making Initiatives

Explore the applications of place-making concepts, integrating 5Rs, to URA's project portfolio

Holistic Approach

Planning-led Approach
 to increase planning benefits, e.g. development density optimisation, underground space utilisation, road network and pedestrian environment enhancement

Yau Mong District Study
 to explore more flexible and effective strategies for undertaking future urban renewal work

New Building Rehabilitation Strategy Study
 to devise strategies targeting buildings of different ages in order to extend the service life and reduce the number of dilapidated buildings in the future

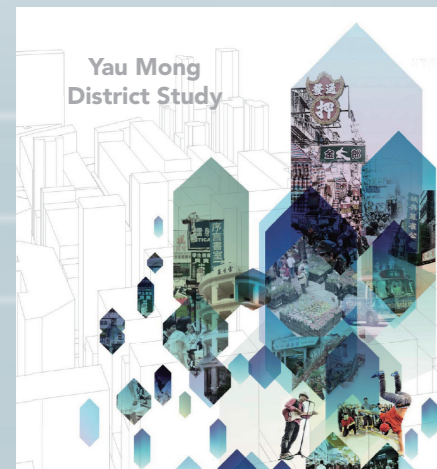
Building Rehabilitation Platform
 an all-in-one information hub to provide information and technical advices on building rehabilitation



HIGHLIGHTS OF THE YEAR

04
APR 2017

- Sale of the Subsidised Sale Flat Scheme in Kai Tak Development is completed as the remaining 16 unsold flats are sold in open market at prevailing market prices.

05
MAY 2017

◀ Commences the two-year **Yau Mong District Study** which is a holistic district-based strategy study aimed at formulating new directions and models for future urban renewal efforts.

- The 12th Demand-led redevelopment project at Man On Street/Tai Kok Tsui Road is aborted as the 80% acceptance threshold cannot be met, necessitating a comprehensive review of the Demand-led Scheme within the Yau Mong District Study framework.

06
JUN 2017

- Policies for ex-gratia payment and rehousing to affected tenants of redevelopment project are enhanced, helping domestic tenants to improve their living conditions, especially those living in subdivided units and cubicles, and also those being evicted by their landlords prior to acquisition of the properties by the URA.
- The initiative to refine rehabilitation schemes through relaxation of rateable value limits of domestic units for owners eligible for the schemes as well as the introduction of the concessionary fees for 'Smart Tender' joiners is geared to encourage more property owners to carry out building rehabilitation works.
- Commences the Sustainability Study with an aim to establish a systematic evaluation framework which will enable the URA to create sustainable and positive impacts from its 5R work to the community.

07
JUL 2017

- Invites expression of interest for the development of Peel Street/Graham Street project (Site C) in Central with initiatives to preserve historic buildings and strengthen local characteristics. The project includes the preservation of the Grade 1 historic building of former Wing Woo Grocery at No. 120 Wellington Street and the building façade of No. 26 A – C Graham Streets.

08
AUG 2017

◀ **Building Rehab Info Net is revamped with new features including service providers reference list and BRbot offering more user-friendly accesses and illustrations to the one-stop online resource centre of building maintenance to help building owners organise building maintenance.**

09
SEP 2017

- The Reclamation Street/Shantung Street development project in Mong Kok is among the first batch of the URA projects that incorporate smart features and building management system into the development with an aim to create a sustainable living environment. Invitation of expression of interest is issued in September.

10
OCT 2017

- The former Central Market is handed over to the URA for revitalisation which is targeted for completion by 2021 for early enjoyment by the public.
- ▶ An "Info Truck" is driven to 30 locations throughout Hong Kong with a roving exhibition to raise public awareness about building rehabilitation while encouraging property owners to join the Smart Tender at a concessionary rate. The roving exhibition has attracted over 30,000 visitors during the month.

- In support of the Chief Executive's Policy Address, the URA takes up the implementation of the Operation Building Bright 2.0 and Fire Safety Improvement Works Subsidy Scheme, to assist building owners to improve their living condition.

- ▶ **H6 CONET opens with a 2,600-square-metre new community space on the ground floor of The Center where local communities and NGOs are encouraged to use the spaces for creating art, holding exhibitions and performances for public enjoyment. The Urban Renewal Exploration Centre of the URA is also relocated to H6 CONET with a facelift to inspire visitors to understand urban renewal issues via various interactive games and presentations.**

12
DEC 2017

- Incorporating public aspirations on the detailed design of the project and maintaining the essence of the original proposal, the latest design of Development Areas 4 and 5 of the Kwun Tong Town Centre project is accepted by Members of the Kwun Tong District Council.

- Leveraging the redevelopment opportunities in Kowloon City, the URA issues acquisition offers to property owners of three Kowloon City redevelopment projects, namely Chun Tin Street/Sung Chi Street development scheme (KC-008(A)), Hung Fook Street/Ngan Hon Street development scheme (KC-010) and Kai Ming Street/Wing Kwong Street development project (KC-013) with an aim to bring in more social benefits with a larger planning scale under the district-based approach. The regenerated district, upon completion, will be furnished with better road network, underground parking facilities and enhanced walkability.

01
JAN 2018

◀ **Teams up with Hong Kong Design Institute to launch a three-week promotion campaign to enhance the vibrancy of Tung Yan Street Interim Hawker Bazaar promotion ahead of Lunar New Year.**

02
FEB 2018

- ▶ A funfair is organised under the Community Service Partnership Scheme (CSPS) among URA staff, tertiary students and NGOs to mark the completion of its 2017-18 programme, in which about 1,450 hours of voluntary service have been undertaken serving elderlies, ethnic minority children and underprivileged families in Sham Shui Po, Yau Tsim Mong, Kowloon City, and Central and Western District.





- The commercial portion of the Tung Chau Street/Kweilin Street Demand-led development project will be designated for the Sham Shui Po Design and Fashion Project to support the Commerce and Economic Development Bureau's initiative to nurture design and fashion talents and turn the district into a design and fashion landmark. Invitation of expression of interest is issued in March.

03

MAR 2018

▲ **Two redevelopment projects targeting to improve the built environment and accessibility through re-planning and rationalising land use of the sites commence with Queen's Road West/In Ku Lane development scheme in the Central and Western District and Oak Street/Ivy Street development project in Tai Kok Tsui.**

- Holds 10 mass briefing sessions to introduce the Operation Building Bright 2.0 and the Fire Safety Improvement Works Subsidy Scheme to property owners and encourage them to make necessary preparation ahead of the launch of the two schemes in mid-2018.

04

APR 2018

- New arrangement for publishing information on joint venture development tender results is approved to increase transparency in response to similar Government's initiative.

05

MAY 2018



- ◀ **Joins hands with Hong Kong Institute of Vocational Education of the Vocational Training Council to co-organise the debut "URA/IVE Innovative Design Competition 2018", which attracts nearly 50 submissions from tertiary students. With the theme of "innovative ideas for old districts", the competition encourages young people to utilise their knowledge and creativity to put together a design concept or tool to enhance the living quality of elderly in old districts.**

06

JUN 2018

- To complete the cluster under the district-based approach, the Wing Kwong Street/Sung On Street development project (KC-014) in Kowloon City is commenced to broaden the planning and social benefits through further enhancing the local road network and pedestrian environment with the adjoining 5 projects.
- The Chief Executive invites URA to assign the Ma Tau Wai Road/Chun Tin Street redevelopment project as a "Starter Homes" Pilot Project as part of the Government's new housing initiatives.
- Announces the preliminary findings of the Archaeological Impact Assessment of the Nga Tsin Wai Village Project as further archaeological investigation and excavation continue on site by independent archaeological experts to assess the overall heritage value of the site.

OPERATING REVIEW



The URA Ordinance (URAO) and the Urban Renewal Strategy (URS) underpin the URA’s mandate to undertake, encourage, promote and facilitate urban renewal through a comprehensive and holistic approach by way of Redevelopment, Rehabilitation, pReservation and Revitalisation – the 4Rs. This comprehensive and holistic approach has now been further developed to embrace the 5th “R” of Retrofitting. To pursue its objectives, the URA has committed to adopt a “people-first, district-based, public participatory” approach and being “forward-looking” to meet Hong Kong’s development needs in the long run.



Our Studies

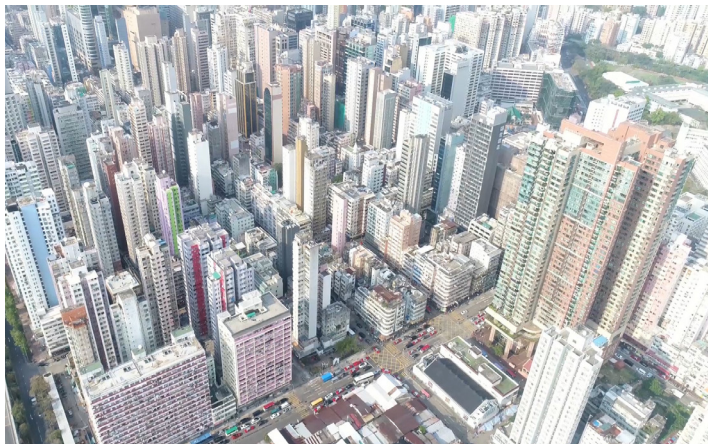
Identifying more effective and sustainable ways to tackle Hong Kong's rapidly ageing building stock has remained at the forefront of the URA's efforts throughout 2017/18. Following the district-based approach, which was first initiated in Kowloon City in 2015, the URA is piloting the Yau Mong district to explore new institutional and implementation strategies for district-based urban renewal through a holistic approach integrating the URA's 5R business strategies. Meanwhile, the study on New Building Rehabilitation Strategy, now in its second year, aims to identify a comprehensive strategy covering buildings of all ages to extend their lifespan and reduce the number of dilapidated buildings in future. To create sustainable and positive impacts for the community, the URA is also carrying out a strategic sustainability study to establish a systematic framework encompassing key performance indicators in various dimensions to further beef up the planning strategy in an all-round modus operandi.

The District-based Approach

Since 2015, and with a preview to tackle the urban decay problem in a more holistic and effective manner, the URA Board has endorsed a new district-based urban renewal approach which could secure far greater planning and social gains than scattered "pencil block" or small-scale redevelopment projects with limited or no such gains. This overall approach aims to better tie-in with the objectives of URAO and URS to restructure and re-plan urban areas with more environmentally-friendly transport networks and rationalised land uses, thus creating more positive impacts via the URA's redevelopment projects. Based on the preliminary planning study on a neighbourhood scale conducted by the URA to carry forward some recommendations from the Kowloon City District Urban Renewal Forum, the URA selected strategic site locations for redevelopment within the neighbourhood, with a wider master plan in mind. The overall proposal covers a communal carpark for provisions of parking and loading/unloading facilities ancillary to development sites and/or redevelopments in the vicinity. This can eliminate piecemeal carpark openings at the ground floor level thereby helping to maximise shop front and retain a more vibrant street environment. On the connectivity and walkability front, the traffic circulation of the locality upon review has been restructured and enhanced to not only create a better pedestrian environment in terms of safety, convenience and comfort, but also entail more organised public accessible open areas for future opportunities of social activities and place-making. Arising from the study, altogether six projects have been launched so far under the district-based approach in To Kwa Wan.

The Yau Mong District Study

The increasing magnitude of Hong Kong's rapidly ageing building stock is well beyond the URA's capacity under its current mode of operation. The Yau Mong District Study (YMDS), which commenced in May 2017, is a holistic strategic study aimed at shifting the URA's focus from the traditional project-based redevelopment approach to a district-based renewal approach. In doing so, it encompasses all the 5Rs, and identifies enhanced institutional and implementation strategies for the formation of the position of URA, as well as new operational and business models. New urban renewal initiatives with planning tools tailored to encourage effective urban renewal will be incorporated into options for the forward-looking and financially sustainable Master Renewal Concept Plan (MRCP), while Action Areas will be identified from the MRCP with implementation plans incorporating the 5Rs, place-making and smart-city concepts. The YMDS plans will serve as pilots, the results of which will guide other districts in seeking urban renewal solutions to various challenges. To date, baseline reviews on the physical attributes of the Yau Mong district and the current institutional framework and implementation measures have been completed. Formulation of Potential Urban Renewal Opportunity Areas (PUROA) is underway, where dedicated urban renewal works and restructuring of urban areas shall be undertaken to optimise the urban environment and liveability of the 212 hectares of land within the Yau Mong District. Additional redevelopment delivery models are also being explored. MRCP options will be formulated after identifying the PUROAs.



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

Study on New Building Rehabilitation Strategy

Building rehabilitation pursues a key purpose and is a core business of the URA designed to prevent the decay of the built environment. As part of a holistic approach to rehabilitation, and as noted in the 2017 Policy Address, the URA has commenced a study on New Building Rehabilitation Strategy through which it aims to formulate comprehensive strategies to reduce the number of buildings in varied and poor condition that otherwise would be in need of redevelopment. Those buildings are divided into three categories: i.e. young (under 30 years old), middle-aged (30 to 49 years old) and old-aged (50 years old and above).

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

For middle-aged buildings, approaches for rehabilitation and retrofitting works to prolong building life need to be developed. The five essential elements of rehabilitation and retrofitting works include: building structure, external façade, fire services, energy efficiency, and barrier-free facilities. New technologies for these elements as well as the practicability of retrofitting these buildings with new features and facilities will also be explored.

For old-aged buildings, an algorithm will be devised for making an initial assessment on the necessity

of redeveloping a building beyond practical repair, while the costs and benefits of redevelopment versus rehabilitation or retrofitting will be compared. Particular difficulties may be faced in the case of dilapidated buildings that lack redevelopment potential unless there is a capacity for transferring unused plot ratio from other sites in the vicinity or relaxation of plot ratio controls.

To provide updated building conditions data to further ascertain the scale of urban decay, an extensive building condition survey covering some 5,900 domestic and 700 non-domestic buildings has been completed. This will facilitate building a comprehensive database for all residential, commercial and industrial buildings.

Sustainability Study

As the URS requires the urban renewal process to be forward-looking and create sustainable and positive impacts for the community, sustainability has always been one of the vital considerations when planning the URA's 5R business strategies. In June 2017, the URA commenced a strategic sustainability study aimed at formulating a systematic framework that is intended to be applied to measure and drive improvement towards the performance of 5R projects within the community, and to facilitate an objective setting in line with business strategies. During the year, a preliminary sustainability framework comprising both objective and subjective sub-domains was being developed. This framework shall be the building block to formulate key performance indicators in various dimensions for evaluating the URA's 5R works.

REDEVELOPMENT



ENHANCE STREET VIBRANCY

RATIONALISE LAND USE

PLANNING-LED

IMPROVE BUILT ENVIRONMENT

MAXIMISE PLANNING AND
SOCIAL BENEFITS

REDEVELOPMENT

Redevelopment is one of the URA's two core businesses under the URS. During the year under review and up to 30 June 2018, the URA has seen the clearance of two projects and the awarding of four joint-venture tenders whilst four other projects were commenced and are being implemented.

Up to 30 June 2018, a total of 61 projects comprising 58 redevelopment projects, two preservation projects and one revitalisation project have been commenced and implemented by the URA. Besides, six redevelopment projects undertaken in association with the Hong Kong Housing Society (HKHS) have been completed. These 67 projects (including the six HKHS redevelopment projects) have provided or will provide around 19,400 new flats; about 412,000 square metres of commercial space, including shops, offices and hotels; 54,000 square metres of Government, Institutional and Community (GIC) facilities; and about 27,000 square metres of open space.

Demand-led 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 Redevelopment Project Pilot Scheme (Demand-led Scheme) was introduced in 2011. Five rounds of application for Demand-led Scheme projects were held between 2011 and 2016. As at 30 June 2018, 12 redevelopment projects under the Demand-led Scheme have 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.

The Demand-led Scheme was first reviewed in 2014 after three rounds of application 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 Scheme. The URA is taking the opportunity of the YMDS, now underway, to conduct a robust review to explore a sustainable mode of Demand-led approach on urban renewal that complements the holistic planning strategy.

New Redevelopment Projects

Sung Hing Lane/Kwai Heung Street (C&W-005), Queen's Road West/In Ku Lane (C&W-006), Sai Ying Pun Oak Street/Ivy Street (YTM-011), Tai Kok Tsui Wing Kwong Street/Sung On Street (KC-014), To Kwa Wan

The URA commenced three new self-initiated projects during 2017/18. Two of these projects are in Sai Ying Pun at Sung Hing Lane/Kwai Heung Street (C&W-005) and Queen's Road West/In Ku Lane (C&W-006). The third project at Oak Street/Ivy Street (YTM-011) is adjacent to the Pine Street/Oak Street Demand-led redevelopment project (DL-3:YTM) in Tai Kok Tsui. The three projects will improve the built environment through re-planning and rationalising the land use enabling enhancements to the townscape of the project areas. Subsequently, the Secretary for Development (SDEV) authorised the URA to proceed with C&W-005 in March 2018, and acquisition offers were made in May 2018.

Additionally, a project at Wing Kwong Street/Sung On Street (KC-014) in To Kwa Wan was launched on 22 June 2018 under the district-based approach. When combined with the five nearby URA projects in the area and integrated with other proposed urban renewal strategies, the resulting redevelopment will achieve greater and holistic planning with an ultimate goal of transforming it into a more walkable and smart district thereby bringing in more social benefits.

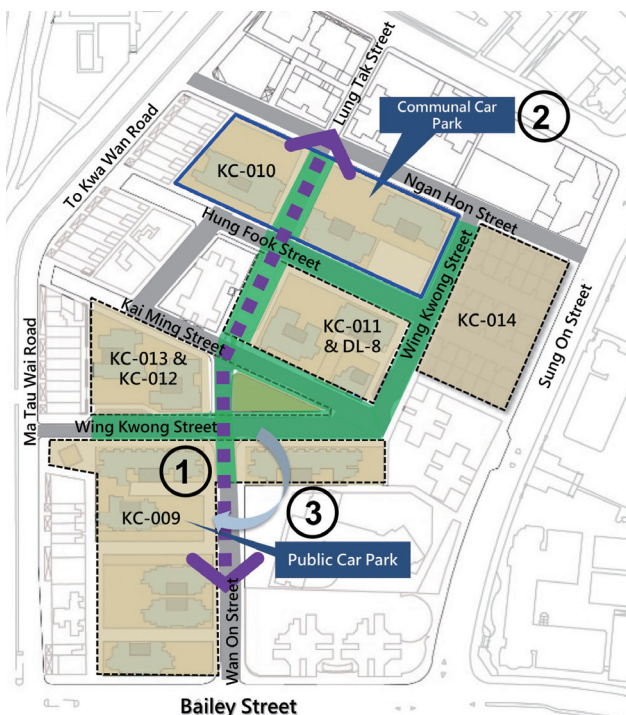
Redevelopment Projects under the District-based Approach

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.

The six projects launched under the district-based approach in To Kwa Wan cover project sites totalling more than 2 hectares by area, and affect an estimated total of 2,730 households. The first project (KC-009) was begun in March 2016, followed shortly thereafter by projects KC-010, KC-011, KC-012 and KC-013 in 2016/17. Project KC-014 was commenced in June 2018. Through the redevelopment of these six projects under a comprehensive planning model, the URA aims to bring about a more holistic improvement of the urban streetscape and built environment, which is something that cannot be realised via pencil block redevelopment of an individual site.

In order to improve the connectivity and traffic in the area, a new north-south connection linking up Bailey Street and Ngan Hon Street will be proposed. The URA has also initiated a wider planning concept of providing an underground communal car park in the KC-010 project to serve the neighbouring URA project sites, and a public carpark at the KC-009 project to address both local and public needs. For better integration and land utilisation, the cleared site of the Kai Ming Street project (DL-8) that commenced in 2013 under the Demand-led Scheme will be combined with KC-011 under comprehensive planning. Temporary beautification of the site is being explored to allow the display of art installations by local stakeholders.

The latest project of KC-014 was commenced as a development project under section 26 of the URAO. Among the five other projects, KC-010 was commenced as a development scheme under section 25 of the URAO and has been approved for implementation by the Chief Executive in Council, whereas KC-009, KC-011, KC-012 and KC-013 were commenced as development projects and have been authorised to proceed by the SDEV. All five projects are now under acquisition.



District-based Approach

- ① Enhance connectivity:
A new north-south connection linking up Bailey Street and Ngan Hon Street will be proposed
- ② Enhance pedestrian safety and street vibrancy:
An underground communal car park to serve the neighbouring URA project sites is in the plan to avoid piecemeal carpark ingress/egress at ground level affecting streetscape
- ③ Improve walkability:
By building an underground public car park to reduce the demand for roadside parking, releasing spaces for pedestrians

District-based development approach adopted in To Kwa Wan allows better planning and social gains.

Cleared and Tendered Projects

The keen pursuit of project site clearance and tendering continued in 2017/18 to sustain the continuity of achievements in delivering community benefits and flat supply. Two projects which were cleared at Castle Peak Road/Un Chau Street (SSP-016) and Hang On Street (DL-10) under the Demand-led Scheme are on schedule. Over the same period, joint-venture tenders were awarded for three projects, namely Peel Street/Graham Street Project (H18 Site C), Reclamation Street/Shantung Street (YTM-010), and the Demand-led Scheme project Fuk Chak Street/Li Tak Street (DL-6). Additionally, the tender for the Demand-led Scheme project Tung Chau St/Kweilin Street (DL-5) was awarded on 12 June 2018. The commercial portion of the 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 and turn the district into a design and fashion landmark, which in turn will support various development needs for Hong Kong.

Other Projects of Note

Yu Chau West Street, Sham Shui Po

The URA launched the Pilot Scheme for Redevelopment of Industrial Buildings in 2012. One project at Yu Chau West Street comprises a 10-storey industrial building built in 1962 occupying a site area of 1,393 square metres. Acquisition commenced in 2013, which turned out that only 27 or around 67% of owners have accepted the URA's offer, thus hindering the project progress. Following the Board's approval, the project is now being assessed for its potential of retrofitting, in a bid to piloting the new 5th R of retrofitting initiatives.

Chun Tin Street/Sung Chi Street, To Kwa Wan

In January 2015, the URA commenced the Chun Tin Street/Sung Chi Street project (KC-008) as a redevelopment project. Subsequently, on 6 May 2016, a new scheme KC-008(A) that covers the entire site of KC-008, including the existing dead-end of Chun Tin Street, was commenced by way of a development scheme under section 25 of the URAO. The new scheme KC-008(A) aims not only to improve the pedestrian environment and vehicular traffic flow, but also to allow closer integration with the adjoining Ma Tau Wai Road/Chun Tin Street project (TKW/1/002) to create a better built environment after the re-planning and restructuring of the urban land use. The project has been approved by the Chief Executive in Council and acquisition offers have been made.



The dead-end of Chun Tin Street is included in the new KC-008(A) development scheme for pedestrian and traffic flow improvement.

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

Following the tragic collapse of a building on Ma Tau Wai Road in January 2010, the URA stepped in and commenced a redevelopment project comprising two rows of over 50-year-old tenement buildings that has affected 350 households. Superstructure construction works are now well underway. At the invitation of the Government, the URA has assigned this project as a "Starter Homes" Pilot Project to provide 450 "Starter Homes" units for sale. The sale mechanism and implementation details are being formulated.

OPERATING REVIEW



Approved Master Layout Plan of Kwun Tong Town Centre scheme.

Kwun Tong Town Centre

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 the footbridge construction across Yuet Wah Street is now completed. Development Area 4 has been vacated for use as interim GIC facilities to re-provision the 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 at the former Mido Mansion site in Development Area 4. Development Area 5 remains in the acquisition and clearance stage.

In light of the progress of clearance of Development Area 5, a revised Master Layout Plan (MLP) to separate Development Areas 4 and 5, and to facilitate their

implementation as stand-alone packages was submitted and approved by the Town Planning Board (TPB). The architectural and landscape design development according to the approved MLP is underway, representing the mainstream aspiration resulting from a series of consultations with the Kwun Tong District Council and relevant stakeholders.

Peel Street/Graham Street, Sheung Wan

The Peel Street/Graham Street redevelopment scheme, comprising three sites (A, B and C), has been encompassed in the master layout approval and is being undertaken in phases. Foundation works at Site A are underway. Superstructure works for the development at Site B are nearing completion and will soon be fit for occupation by around 2019. A public open space abutting the wet market block that is in-use and connecting Graham Street and Peel Street will soon be made available for enjoyment by the community. On the other side, within 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. Together with the preservation of character-defining elements exhibited by the façade of tenement buildings at 26 A-C Graham Street, the street character of the Graham Street Market will be retained. Apart from these, 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 as well as the low-level podium, where a convenient pedestrian accessway will connect the local district to the mid-level escalator. The development tender for Site C was awarded in October 2017 and construction will commence shortly. 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.

Staunton Street/Wing Lee Street, Sheung Wan

In response to the motion passed by the Central & Western District Council, and according to the latest planning intention, the URA will liaise with relevant Government departments to explore alternative urban renewal approaches for the project. As part of place-making initiatives in Central (namely "CONET"), the URA will also explore lining up this area with the nearby nodes, including Pak Tsz Lane Park, which will expand the "node-path-district" concept to cover a wider community.

Nga Tsin Wai Village

After site clearance completed in March 2016, an Archaeological Impact Assessment (AIA) was undertaken by licensed archaeological professionals, who revealed during the process the foundation remains of old village walls and watchtowers at some excavated locations. To better ascertain the archaeological significance and conditions of the foundation remains, the URA liaised with the Antiquities and Monuments Office (AMO) to extend the excavation areas via a new AIA license application, which was later approved in February 2018. Further excavation and field investigation are



The watchtower and village wall remains at the southwest corner of the Nga Tsin Wai village.

being carried out to finalise the conclusion on heritage significance before making any recommendation on preservation measures. The AIA report will be submitted to the AMO when the archaeological excavation and assessment are completed approaching the end of 2018.

Facilitating Services

Under the URS, owners are entitled to request the URA's consultancy/advisory service on assembling their titles for redevelopment. The Facilitating Services (Pilot Scheme) was commenced in 2012; and following a review, the URA has introduced refinements to the Pilot Scheme since November 2015 that included increasing to ten projects which can be handled at any one time. As at 31 March 2018, a total of 34 applications for facilitating services (30 for residential buildings and four for industrial buildings) have been received. One application was successfully processed, with all property interests sold by auction. The joint sale of property interests for four applications were put on the market but failed to reach a successful sale. Of the remaining applications, 27 either failed to fulfil the application criteria or were terminated for failing to reach the required threshold for joint sale whilst two applications (including one industrial building and one residential building) are being handled.

A pilot scheme for building owners under the Civil Servants' Co-operative Building Society Scheme and Government Built Housing Scheme was launched in May 2016. Since its commencement, three applications have been selected as projects for implementation. By 31 March 2018, one project failed to reach the participation rate threshold, and the remaining two projects are in progress.

Subsidised Sale Flats

In response to the Chief Executive's 2015 Policy Address requesting the URA to help increase the supply for Subsidised Sale Flats (SSF), the URA identified 338 units in the Kai Tak Development for the SSF scheme. Among those, the purchases of 322 SSF have been completed, and the flats were handed over to the purchasers. In April 2017, the URA sold the remaining 16 unsold SSF in the open market at prevailing market prices.

REHABILITATION



REHABILITATION

Rehabilitation is the URA's other core business under the URS. The URA is now the primary agent in Hong Kong for building rehabilitation after taking over the HKHS' responsibilities under the Integrated Building Maintenance Assistance Scheme (IBMAS) in July 2015. In 2017/18, the URA continued its rehabilitation efforts through IBMAS, as well as through Operation Building Bright (OBB), the Mandatory Building Inspection Subsidy Scheme (MBISS), and the 'Smart Tender' Building Rehabilitation Facilitating Services Scheme.



Operation Building Bright

The URA has given full support to the Government's OBB 1.0 programme since it began in 2009. By the end of 2017/18, 2,440 building blocks comprising around 62,000 units within the URA's Rehabilitation Scheme Areas (RSAs) had either been rehabilitated or had rehabilitation works substantially completed. OBB 1.0 has raised owners' awareness of the need for rehabilitation as well as created employment opportunities, which was one of the original objectives of the scheme. Through conscientious efforts and collaboration with the Independent Commission Against Corruption (ICAC) and HKHS,

guidelines and procedures have also been published and implemented to tighten requirements for service providers in the building renovation industry so as to mitigate malpractices and promote public education. In addition, a new tendering arrangement for procurement of works contractors was introduced to provide a fair and competitive tendering environment. Since the introduction of these guidelines and procedures, and the new tendering arrangement, the average number of tender returns and the proportion of submitted tendering costs falling within our independent consultants' estimates

OPERATING REVIEW

have both increased by over 50%. Whilst the OBB 1.0 programme has been substantially completed, the 2017 Policy Address announced in October the OBB 2.0 and the Fire Safety Improvement Works Subsidy Scheme. As the Government's partner in implementing these two new initiatives, the URA has conducted ten district briefing sessions from March to early April in 2018 targeting potential applicants and is finalising implementation details with the Government.



10 briefing sessions for building owners on Operation Building Bright 2.0 and Fire Safety Improvement Works Subsidy Scheme were organised in March and early April 2018.

Integrated Building Maintenance Assistance Scheme

Since 2004 and until the end of 2017/18, about 1,490 building blocks comprising around 65,500 units have been rehabilitated under the IBMAS. Out of the 1,490 building blocks, about 220 building blocks (around 7,700 units) were rehabilitated during 2017/18. In addition, about 640 Owners' Corporations (OC) have been formed under the Owners' Corporation Formation Subsidy of IBMAS. Currently, there are a total of 790 IBMAS cases in progress (about 640 cases for common-area repair works and about 150 cases for OC formation).

The subsidiary legislation on the implementation of MBIS covering all buildings of 30 years old or above came into force on 30 June 2012; and the URA duly launched the MBISS in conjunction with the HKHS on 7 August 2012. Under this Scheme, the URA will assist building owners to arrange the first inspections of buildings within its RSAs, subject to statutory

notices issued by the Buildings Department. Owners of buildings that, upon inspection, are required to carry out repair and maintenance works may apply for rehabilitation works assistance under IBMAS, where a one-stop continual building care service by the URA is available. By the end of 2017/18, out of the 1,400 MBIS target buildings (domestic and composite buildings) located in URA's RSAs, owners of about 900 buildings have been contacted. From these 900 buildings, 457 applications have been received, and approvals-in-principle have been granted to 455 buildings.

Apart from implementing the OBB 2.0, of which the URA is the sole administrator, the URA will also take over MBISS in HKHS's Service Areas in order to provide a coherent and effective service. The URA will then act as the single authority to implement MBISS for compliance with MBIS by undertaking inspections and repair works.

'Smart Tender' Building Rehabilitation Facilitating Services

In May 2016, the URA launched the 'Smart Tender' Building Rehabilitation Facilitating Services Scheme (Smart Tender) to provide technical services to the Owners Corporations (OCs) of private buildings and reduce the risk of tender-rigging at the works procurement stage. The Scheme is an initiative introduced in response to the 2016 Policy Address. It seeks to help building owners 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 has earmarked \$300 million to allow property owners to join the Smart Tender at a concessionary rate which will benefit around 3,000 owners' organisations over a period of five years. A Memorandum of Understanding was signed on 3 October 2017 between the Government and the URA that stipulates the establishment of a concession fund and the implementation framework of the concession scheme for Smart Tender. Until 30 June 2018, about 600 applications had been received, of which 445 have been approved with service agreements issued to the concerned OCs.

Building Rehabilitation Strategy Review

Since 2014, the URA's strategy in promoting and facilitating building rehabilitation has been refined. Some example of this include: refining the package for financial subsidy, streamlining IBMAS, and increasing emphasis on promotion and education for building rehabilitation which has included extensive stakeholder briefings on IBMAS refinements and the "Building Rehab INFO-Net".

Building Rehabilitation Platform and Building Rehab Info Net

Furthermore, the URA has set up a new Building Rehabilitation Platform (BRP) as an all-in-one information centre to be run by a subsidiary company supported by committees with government departments and industry stakeholders, giving the BRP a comprehensive expert support. The platform will serve various purposes via a website under the first phase to be launched in late-2018 and a repository of standard documents and guidelines for procurement and appointment of consultants and contractors.

Besides, the URA is exploring with concerned stakeholders the feasibility of developing lists of service providers and a building rehabilitation cost reference centre. The frameworks are under discussion by committee members, and details will be confirmed in the coming year.

Prior to the launch of BRP and as an interim measure, the existing "Building Rehab Info Net" – www.buildingrehab.org.hk website which has served as a one-stop e-platform for building owners, professionals and contractors to access building rehabilitation-related information, has been revamped with more friendly access to information and better linkages with other related organisations to facilitate the sharing of building rehabilitation information. Animated videos, featuring a character called BRbot, has been created to help building owners better understand the various building rehabilitation information on the Info Net.



The URA signs the Memorandum of Understanding with the Development Bureau and the Security Bureau for launching the Operation Building Bright 2.0 scheme and Fire Safety Improvement Works Subsidy Scheme.

Operation Building Bright 2.0 (OBB 2.0) and Fire Safety Improvement Works Subsidy Scheme

The Chief Executive announced on 11 October 2017 in the 2017/18 Policy Address that two rehabilitation-related schemes were to be launched: (a) a subsidy scheme for fire safety improvement works to facilitate owners of old composite buildings to undertake fire safety enhancement measures required by the Fire Safety (Buildings) Ordinance (Cap. 572) (which was later renamed the Fire Safety Improvement Works Subsidy Scheme (FSWS)); and (b) OBB 2.0 to facilitate owner-occupiers of aged residential or composite buildings to carry out rehabilitation works required under the Mandatory Building Inspection Scheme. The Government invited the URA to administer these two schemes.

In response to the invitation, the URA Board approved to partner with the Government to administer and implement the FSWS and OBB 2.0. These two schemes were launched on 9 July 2018.

PRESERVATION AND REVITALISATION





Central Market is now at advance works stage, mainly working at the areas near Queen's Road Central, which will become a new entrance plaza as part of the public open space.

Central Market

In March 2017, the Chief Executive in Council approved a 21-year private treaty grant of the Central Market to the URA at nominal premium and agreed to grant a five-year short term tenancy (STT) to the URA for construction works. With the delivery of vacant possession in late September 2017 and the execution of the STT, the hoarding work for the Central Market and the demolition work of the public toilet fronting Queen's Road Central, which commenced in October 2017, have been completed. Leveraging the Building Information Modelling technology in building construction, advance work for the Central Market (mainly at the backyard area) commenced in April 2018. The URA will endeavour to complete this revitalisation project before the end of 2021 for early enjoyment by the public.

Mong Kok

The URA is enhancing the local characteristics of five themed streets, namely: Flower Market Road, Tung Choi Street, Sai Yee Street, Fa Yuen Street and Nelson Street, by improving the streetscape to enhance the unique characteristics and ambience of each street. 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 completed. Meanwhile, in the final phase of the project, the URA is liaising with Government departments on the detailed design of Nelson Street and other sections of the Sai Yee Street and Fa Yuen Street improvement works.

OPERATING REVIEW

Tai Kok Tsui

Streetscape improvement works in Tai Kok Tsui have been implemented over three phases to minimise local disruptions. Following the completion of the Phases 1 and 2 along the Beech Street and the Cherry Street roundabout, the Phase 3 works covering several other streets in Tai Kok Tsui have now been completed. Packages 1, 2 and 3 of the Phase 3 works covering mainly Fuk Tsun Street, Tai Kok Tsui Road, Fir Street, Larch Street, Beech Street, Pine Street and Ivy Street were completed in mid-2013, early 2016, and mid-2017, respectively.



The streetscape beautification in Tai Kok Tsui integrates with the local characteristics.

Wan Chai

The Hong Kong Arts Centre was operating the “Comix Home Base” at the Mallory Street/Burrows Street Revitalisation Project to provide a platform for local and international art exchange. Since the completion of the project and its official opening in July 2013, the “Comix Home Base” had been used for community and cultural events. From August 2018 onwards, the URA has resumed the management of the project and will oversee its operation with a vision to collaborate with various art, cultural and community organisations.

Shophouse Preservation Projects

The superstructure works for the Shanghai Street/Argyle Street project that were commenced in May 2017 are progressing and due for completion by end-2018. The preserved shop-houses will be designated for restaurant and retail uses to reflect the local character and to meet local needs.



Superstructure works of Shanghai Street/Argyle Street preservation project is now in progress.

Western Market

To allow ample time to work out a better future plan, the URA has requested the Government to extend the URA's holding over the lease of the Western Market to until February 2020.

New Place-making Initiatives

The URA has been making efforts to explore the application of place-making concepts integrating the 5R business strategies in its project portfolio. At Project H6 (The Center) in Sheung Wan, the premises in the basement have been revamped and renovated as "H6 CONET" for community use. The Urban Renewal Exploration Centre is included in 'CONET' to enhance public exposure and awareness of the urban renewal work of the URA. Apart from accommodating non-governmental organisations, an urban shortcut is provided in the premises to connect the adjoining streets and spaces, and to improve walkability. As part of the 'CONET' place-making initiative in the Central & Western District – where two other URA projects, namely H18 and the Central Market Revitalisation Project, are also located – the URA will energise these public spaces through diverse events such as 'art jam' exhibitions, performances and other cultural activities for enjoyment by the local community. Since its opening in October 2017, H6 'CONET' has enjoyed a steady rise in patronage with around 6,500 public members visiting the place on each day of June 2018. The place-making concept will be further extended outdoor to celebrate the local characteristics of a wider area through beautification of adjoining streets.



With various art and cultural activities taking place, H6 CONET is now a popular community space.



CORPORATE SUSTAINABILITY





The Urban Renewal Strategy (URS) advocates adopting a comprehensive and holistic approach through a diversified business strategy to rejuvenate our city. The process should be forward-looking and visionary, and embrace the concepts of sustainable development that we have incorporated into our core business strategies. Together with the joint efforts of our partners and other stakeholders, we aim to create environmentally sustainable, high-quality and vibrant homes to escalate liveability and to sustain the growth of our community. To these ends, we therefore uphold our principal value of “people-first” and strive for environmental excellence while fuelling the vibrancy of urban neighbourhoods.

CORPORATE SUSTAINABILITY

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

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

FOSTER OUR ECONOMY

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

Preserving Local Economic Activities

To maintain economic vibrancy, the URA has leased out all of the acquired units at the Prince Edward Road West revitalisation project after completion of renovation of the project. The ground floors are 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. The whole block of No. 204 Prince Edward Road West is leased to the Hong Kong Council of Social Services (HKCSS) for use as a social enterprise hub named 'GoodPoint'. The overall physical environment has been improved and cultivated as a place where old meets new.

The URA has also pledged to adopt tactical measures along with the implementation of the H18 Peel Street/ Graham Street project in order to keep the nearby century-old market intact and enhance its vibrancy. The revitalised Graham Market with the new market block at Site B of H18 has become an iconic spot for members of the community to purchase a wide variety of their daily needs.

Facilitating a Thriving Social Enterprise

During 2017/18, the URA continued to render more properties for concessionary tenancy in both our acquired properties and dedicated preserved historic buildings to non-governmental organisations (NGOs) and social enterprises (SEs), e.g. the Association of the Hong Kong Central and Western District Limited, Mighty Oaks, Hong Kong Federation of Youth Groups, Light Be, and International Social Service, Social Venture Hong Kong, and New Life Rehabilitation.



The flower shops at Prince Edward Road West revitalisation project retain local characteristics.



The new Market Block at Graham Market becomes an iconic spot for the community.

Green Finance

To support “green sustainability”, the URA has taken its first step toward investing in Green Bonds, the proceeds of which are used to fund environmentally-friendly projects.

CARE FOR OUR ENVIRONMENT

Environmental sustainability interweaves the various stages of urban renewal and is a tenet that drives our strategies and operations. The URA aims to spearhead green-and-smart buildings development and innovative urban design in Hong Kong to create high-quality and vibrant homes for residents.

Promoting Green Buildings

With planning objectives aimed at creating low-carbon neighbourhoods, green building is an essential practice to reduce the environmental impacts on

the built environment and improve quality of life. The environmental impacts associated with our urban renewal projects are more substantial and far-reaching than those from our operations and managed properties. In Hong Kong, building-related activities account for 90% of the city’s total electricity consumption compared to a global average of 40%, and they account for 60% of the city’s greenhouse gas emissions. Green buildings are therefore critical to achieving energy savings in Hong Kong, whilst high environmental standards are required for both our self-developed and joint-venture projects to successfully promote green buildings with our partners. With the combined efforts of the URA and our partners, we have attained the final BEAM Plus rating for two more projects during the year up to June 2018, making a total of 14 projects with a Hong Kong BEAM Platinum rating, plus one project with a BEAM Plus Platinum rating, and one project with a BEAM Plus Gold rating. At the same time, 18 other projects in the design or construction stage have already received a provisional BEAM Plus rating.



The Kai Tak Development has attained the Hong Kong BEAM Plus Platinum rating.

In addition to green buildings of high environmental standard, the URA is incorporating "Smart Building" concepts into its development projects that cover five aspects, namely: "Design", "Information", "Environment", "Convenience" and "Management", for quality and vibrant living in line with the development of Hong Kong as "Smart City". Smart features like home energy and water consumption systems, home health and wellness systems, smart display, home waste management systems, building information modelling (BIM), and building management systems have been incorporated into our projects at Peel Street/Graham Street Site A, Fuk Chak Street/Li Tak Street, Reclamation Street/Shantung Street and Ma Tau Wai Road. The URA received its first-ever Hong Kong BIM award in 2017 for its Shanghai Street/Argyle Street project. The URA will continue to embrace Smart City initiatives not only in its projects but also through its district-based approach to urban renewal.

The URA not only promotes new green buildings but also strives to improve the green elements of existing buildings through rehabilitation. The URA has 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 2018, the URA has approved GIS applications from the owners of about 200 building blocks (around 7,400 units) amounting to a total subsidy of around \$10.5 million.

Applying Green Innovative Technology

To encourage research and development on green initiatives in Hong Kong, the URA has collaborated with universities and other institutions to study innovative measures that preserve the environment.

In the past year, the URA partnered with The University of Hong Kong (HKU) to study a biofilter system to improve indoor air quality. A biofilter system was installed as a green wall at "H6 CONET" to improve the indoor air quality, after which there was a distinctive drop of pollutants (VOC, PM10 and CO2) in the air flow. With the biofilter system, visitors in "H6 CONET" can enjoy clean and fresh air indoors.



The biofilter system installed as a green wall at H6 CONET improves indoor air quality.

Pavegen's energy flooring is another pilot green initiative that is scheduled to be installed at the Tung Man Street entrance of "H6 CONET" in Q3 2018. A versatile, custom-built system, Pavegen's energy flooring generates electricity through electromagnetic induction as pedestrians walk on it. This renewable energy would be accumulated for real time lighting displays used for interactive engagement and educational purposes. We will further explore other suitable applications of the system in our forthcoming projects.

Promoting Walkability

A walkable neighbourhood promotes both personal health and an integrated community. The URA is exploring pedestrian-friendly designs to promote walkability in its district-based approach and in the Yau Mong District Study. 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). A walkable pedestrian neighbourhood can ease the pressure on transport infrastructure, reduce car dependency, alleviate traffic congestion, and support the local economy and mixed communities. Through these measures, the URA hopes to cultivate a healthy and low-carbon neighbourhood and elevate the quality of urban life.

Greening Our Operation

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

In 2017/18, provisional estimated carbon emissions from our own operations have achieved a year-on-year reduction of 4.9%. However, due to the expansion of the physical boundary, the Energy Use Intensity has slightly increased from 75.93 to 75.99 kWh/m² (note: our own operations take place in a mix of properties, either those with central air-conditioning provided separately, tenant-only lighting and power, or whole buildings). Environmental measures will continue to be implemented in the coming year.

In order to track our environmental performance, the URA has participated in environmental audit schemes, including carbon and waste audits. Following the previous introduction of carbon reduction measures and the carbon audit, the URA obtained a Carbon Reduction 5% Certificate (CRC) for its headquarters at COSCO Tower under the Hong Kong Awards for Environmental Excellence (HKAEE) administered by the Environmental Campaign Committee. This CRC

remained valid until 2017, and the result of the URA's application to renew the CRC is expected shortly. The URA has again participated in the HKAEE WasteWi\$e Labelling Scheme in 2017/18 to raise staff awareness and to introduce new waste management measures. By meeting nine of the goals covering reduced resources consumption and waste recycling, the URA has obtained the 'Excellence Class' Level. This year, the URA entered the HKAEE Awards and was awarded a Certificate of Merit under the Public Services category for demonstrating green leadership, the excellent performance of its environmental programmes, and its synergy with its partners. By participating in these HKAEE schemes, the URA has gained the title of a 'Hong Kong Green Organisation'. Furthermore, the URA has obtained Indoor Air Quality Certificates for its offices from the Environmental Protection Department.

First employed in 2016/17, e-freezing surveys have again been undertaken for redevelopment projects using tablet computers as an environmentally-friendly measure, and for fast and efficient data reporting. In 2017/18, the URA also introduced the e-evaluation report to reduce the use of paper when carrying out inspections of affected owners in our projects.

CONTRIBUTE TO OUR SOCIETY

The URA supports various programmes to improve the social inclusiveness and social mobility of the under-resourced. We are dedicated to providing opportunities to youth for learning and development; to bring love and care to the residents; to instil arts and culture in the old districts, and to create a sustainable built environment to serve the community.

Inspiring Youth

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

During the year, a wide range of programmes have been organised for young people to inspire them to explore issues related to urban renewal. The Urban Renewal Exploration Centre (UREC), which was set up in 2009 with an aim to provide information to students about urban renewal in Hong Kong, was relocated to H6 CONET in late October 2017. After being revamped with new approaches and presentations via interactive means, the UREC continued to inspire students to understand urban renewal issues from various perspectives. In order to extend its reach, the new UREC is open to the public during lunchtime. Pre-booked guided tours can be organised for both group



Interactive games in the Urban Renewal Exploration Centre help inspire students to understand URA's work.

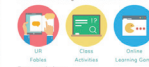




PRIMARY SCHOOL SECTION

Introduction

Complementing the General Studies of Primary Schools, this section emphasizes local investigation, the importance of adopting multiple perspectives and independent thinking. Most of the sample activities / teaching resources can be contextualized campus. Teachers may also adjust the activities / teaching resources according to the actual situations and teaching need of specific subjects.



- Some reminders:
1. Encourage a spirit of enquiry, leading students to think and discuss but avoid dictating the direction.
 2. Create a relaxed and accommodating atmosphere that encourages open-mindedness, objectivity and respect for different views.
 3. Help students understand the background and value of different parties. Guide them to recognize "subjective" concepts, and able to evaluate critically and interpret "objective" information.
 4. Help students realize that the issues covered by the UR Web Academy e-portals involve different stakeholders, and some of them may be controversial.

Commenting – Thinking – Discussing – Attitude building – Understanding

The education portal “Urban Renewal Web Academy” revamped with enriched contents to inspire students to better understand URA’s work and urban renewal issues.

and individual visitors. Besides, the education portal “Urban Renewal Web Academy”, designed in support of secondary and primary schools’ syllabi, was also revamped with enriched content and easier navigation. New stories and interactive games relating to urban renewal topics were added to inspire students to better understand URA’s work and urban renewal issues. The response from the education sector has been very positive. As a new initiative, the URA has also collaborated with HKU’s Education Department in the design of teaching materials relating to urban renewal for respective primary and secondary subjects. The teaching materials were uploaded to the education portal for school teachers’ use.

Another new initiative launched in 2017/18 was a collaboration with the Institute of Vocational Education for an innovative design competition open to their engineering and architectural design students. The competition encouraged students of the various professional disciplines to use innovative ideas to enhance the living quality of the elderly in old districts. The competition also helped improve the participating students’ awareness of the living conditions in old districts, and turned their knowledge and practical technology into a purpose-built living environment (Redevelopment, Rehabilitation, pReservation and Revitalisation) of urban renewal.



The winning entry, named as “DOME”, helps the elderly people reintegrate into the community, adding social harmony to the community.



The winners of the URA/IVE Innovative Design Competition use their creativity to enhance living quality of elderly in old districts.

Reaching Out to the Community

Our care for the people extends beyond our urban renewal works. We bring love and care to the residents of old districts through a series of programmes under the Community Service Partnership Scheme (CSPS), which is a collaboration between the URA, universities and NGOs. A total of six service programmes were organised in 2017/18 to serve underprivileged children and their families, senior citizens and ethnic minorities in Sham Shui Po, Yau Tsim Mong, Kowloon City, and Central and Western District. Among these programmes was a new initiative, in partnership with the Architectural Society of The University of Hong Kong (HKU) and the Hong Kong Young Women's Christian Association (HKYWCA), in which volunteers transformed used wine crates into tailor-made home furniture for low-income families in the Central and Western District. Since the launch of CSPS in 2012, some 7,800 service hours have been logged by over 1,000 URA staff member and university student volunteers for the benefit of over 1,850 people.



A student volunteer is helping a beneficiary of the Community Service Partnership Scheme to make Lunar New Year decorations at one of the Chinese handcraft workshops.



Student volunteers of CSPS programmes and URA staff tailor-make furniture for families in need in Central & Western District by upcycling wine crates.

Caring the Underprivileged

Besides adopting a people-oriented approach when delivering our core businesses of redevelopment and rehabilitation, the URA also seeks opportunities to engage our partners to help people in need with our available resources. The lack of affordable housing is a key issue affecting the state of poverty in Hong Kong. Low-income families not living in public rental housing have no choice but to reside in appalling flats or sub-divided units or cubicles. During 2017/18, the URA has continued to offer some renovated flats in the acquired properties at Wing Lee Street to NGOs and SEs – including the Hong Kong Federation of Youth Groups, Light Be, and the International Social Service (Hong Kong Branch) – so that they can arrange short-term tenancies at below market rent for the underprivileged. The URA has also rendered more properties for concessionary tenancy both in our acquired properties and dedicated preserved historical buildings to these same NGOs and SEs, as well as to the Association of the Hong Kong Central and Western District Limited, Mighty Oaks, Social Venture Hong Kong, and New Life Rehabilitation.

During the year, and with the Transport and Housing Bureau's support, the URA has worked closely with the HKCSS on the Community Housing Movement to provide temporary housing for needy families and individuals. Thus far, at our rehousing blocks in Soy Street, Mong Kok, and Shun Sing Mansion in Kennedy Town, 14 and 39 units respectively have been leased out to the HKCSS.



URA supports the "Community Housing Movement" to provide temporary housing for needy families. Ms Leung and her daughter moved out from sub-divided unit and are now residing in the URA Rehousing Block with better living environment.

Cultivating Arts and Culture in Old Districts

A neighbourhood is more than its physical environment. It is the local culture and characteristics that give it its identity. An appreciation of local arts and culture allows a deeper understanding of the community while enriching the quality of life. In view of this, the URA has implemented the "Arts and Cultural Partnership Programme in Old Urban Districts: Pilot Scheme" (ACPP) for nearly 7 years to support non-profit organisations in organising various arts and cultural programmes to enliven old urban districts and

bring joy and happiness to residents. As of the end of March 2018, the ACPP has supported 52 arts and cultural programmes, benefitting over 630,000 people in old urban areas.



URA-supported art and cultural activities enrich the living quality of residents in old districts.

Diversified Urban Space for Health and Happiness

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

To further and better utilise the open space for public enjoyment, new place-making initiatives have now been commenced in our current project portfolios (as described elsewhere in the Operating Review).

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

FACILITATE THE RENEWAL PROCESS

Our urban renewal efforts may bring entrenched impacts to the community while we are committed to enrich the urban old districts living vibrancy and construct a safe and hygienic built environment with sustainability for the betterment of society. To facilitate the urban renewal process, we provide both financial and technical support to encourage owners taking part in the building rehabilitation to join hands to slow down the urban decay. Assurances of various kinds are also offered to affected residents in our redevelopment projects, among others, the "Project Engagement Programme" is launched to help residents overcome their worries in the acquisition and rehousing process, contributing to expedite the pace of redevelopment.

Encouraging and Facilitating Timely Rehabilitation

The URA is tasked to improve the living standard of families living in older urban districts through urban renewal. Apart from redevelopment, rehabilitation also takes a prime role in the urban renewal process to extend the lifespan of buildings, beautify façades, and slow down the pace of urban decay. Section 19 of the URS emphasises that the proper repair and maintenance of buildings is vital for regenerating ageing districts. As calculated in December 2016, about 3,500 building blocks that are more than 50-years old are in poor and varied condition; yet many building owners lack the confidence to rehabilitate, in part due to concerns of bid-rigging in the building renovation industry. Therefore, to empower the community to tackle the problem of ageing buildings, URA staff need to establish trust with the building owners by providing professional advice and technical support. This personal assistance is valued by the building owners as much as the financial assistance provided through rehabilitation schemes. Since 2004 and up to the end of June 2018, about 3,950 building blocks (around 128,900 units) have been rehabilitated with the support of various URA assistance schemes. On top of personal assistance, an Building Rehab Info Net has been set up to provide



Over \$208 million

Loan and Subsidies Released
(For 2017/18 financial year)

practical information on building rehabilitation and various rehabilitation subsidy schemes to let property owners equip themselves with more relevant knowledge. A new Building Rehabilitation Platform as an all-in-one information centre has also been formed (as described in the Operating Review). The URA is also devising a building rehabilitation strategy to sustain the life-span of buildings in order to improve the standard of the built environment.

Assisting Households in Ageing Districts

Redevelopment is more than just replacing the building stock; it is 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 various serviceability hazards and hygiene problems. During 2017/18, acquisition offers were made to the owners of 1,809 property interests in six 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 residents to retain their social network in the neighbourhood, a flat-for-flat option is also available for domestic owner-occupiers who prefer to buy a flat in the same site after redevelopment. Alternatively, they may also choose to buy a flat in the designated Kai Tak Flat-for-Flat Development.

On the other hand, domestic tenants have also been offered cash compensation or rehousing in public rental flats or units in the URA's Rehousing Blocks. The patience and compassion of URA staff involved in the rehousing arrangements were rewarded with a number of commendation letters in 2017/18 from the beneficiaries of several redevelopment projects, including: Bailey Street/Wing Kwong Street, Hung

Fook Street/Ngan Hon Street, Hung Fook Street/Kai Ming Street, Hang On Street, Kai Ming Street/Wing Kwong Street, Tonkin Street/Fuk Wing Street and Castle Peak Road/Un Chau Street, etc. To facilitate a smooth clearance process, our staff have also gone the extra mile in helping tenants with the retrieval of important documents from Government departments, or in providing temporary storage space for tenants during their relocation.

In its To Kwa Wan projects, the URA has taken extra steps to strengthen outreach and establish relationships with affected residents of redevelopment projects – especially during the period of uncertainty and anxiety prior to project approval – by launching a new “Project Engagement” Programme. The Programme serves to complement the work of project areas' Social Service Teams and helps to directly connect residents to the URA. The Programme, which was kick-started in October 2016, was completed within the year in four of the To Kwa Wan projects (i.e. Bailey Street/Wing Kwong Street project, Hung Fook Street/Ngan Hon Street project, Hung Fook Street/Kai Ming Street project and Wing Kwong Street project), with visits paid to about 2,840 occupiers and owner-landlords. Many of the visits were conducted outside office hours. The Programme has also been extended to Sung Hing Lane/Kwai Heung Street project in Central and Western District. Some 98% of owner-occupiers and owner-landlords have been visited as at June 2018.

Community Engagement

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

CHERISH OUR PEOPLE

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

Building Our Capacity

Without a dedicated and competent team, the URA cannot sustain its urban renewal efforts. During the year, the URA provided over 80 training programmes and offered 13,300 training hours for its employees, which is an average of over 25 hours per head. In 2017/18, the training focus was put on facilitating our staff members at different levels to learn the latest technology, e.g. BIM, Smart City, Artificial Intelligence (AI), Big Data, Internet of Things (IoT), etc. At the same time, effort was also put on reinforcing our staff members' functional know-how and core competency skills, e.g. understanding the media, innovation and creativity, language and management skills. In order to meet staff learning needs and sustain corporate development, a Training and Development Needs Survey was conducted in December 2017 through questionnaires, interviews and focus groups. Looking ahead, the focus of our training will be put on building our staff members' ability to apply the latest technology into our work; widening their horizons and perspectives via local and overseas visits; enhancing their people and leadership skills further through workshops, talks and simulation exercises; and strengthening their agility and intrapreneurship via project study. Work Improvement Teams will be continued to provide an application and collaboration platform for Divisions to develop, communicate and apply their innovative ideas into work to promote a continuous improvement culture within the URA and improve the efficiency of existing work procedures.



Various technical training programmes are offered to URA staff members.

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

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

Attracting, Motivating and Retaining the Right Staff

To ensure competitive remuneration is offered to attract, motivate and retain the right staff to support our mission, a consultant was engaged to conduct a comprehensive remuneration review for all jobs at Director level and below. A new salary structure was recommended and approved for implementation.

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 to improve internal communication. A new Staff Suggestion Scheme was also launched to invite ideas from staff members to improve work efficiency and effectiveness, and to enhance the sense of belonging. Among the 17 submissions received in Q3 and Q4 of 2017/18, five suggestions were assessed with positive impact to the organisation and has been / will be adopted by the URA.

Planning Ahead

With persistent demands from the community and rising expectations from external stakeholders, our staff continuously face more challenges. In a tight labour market, the need for an effective means to attract, retain, train, develop and motivate the right talent remains high.

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



The URA is named Manpower Developer by the Employees Retraining Board in recognition of the outstanding achievements in manpower training and development.

To foster the skills and knowledge for succession assessment and career development, competencies are incorporated into divisional career ladders. The same competencies are also applied to assess potential successors and evaluate their readiness, and to help identify any gaps that may require them to engage in further development.

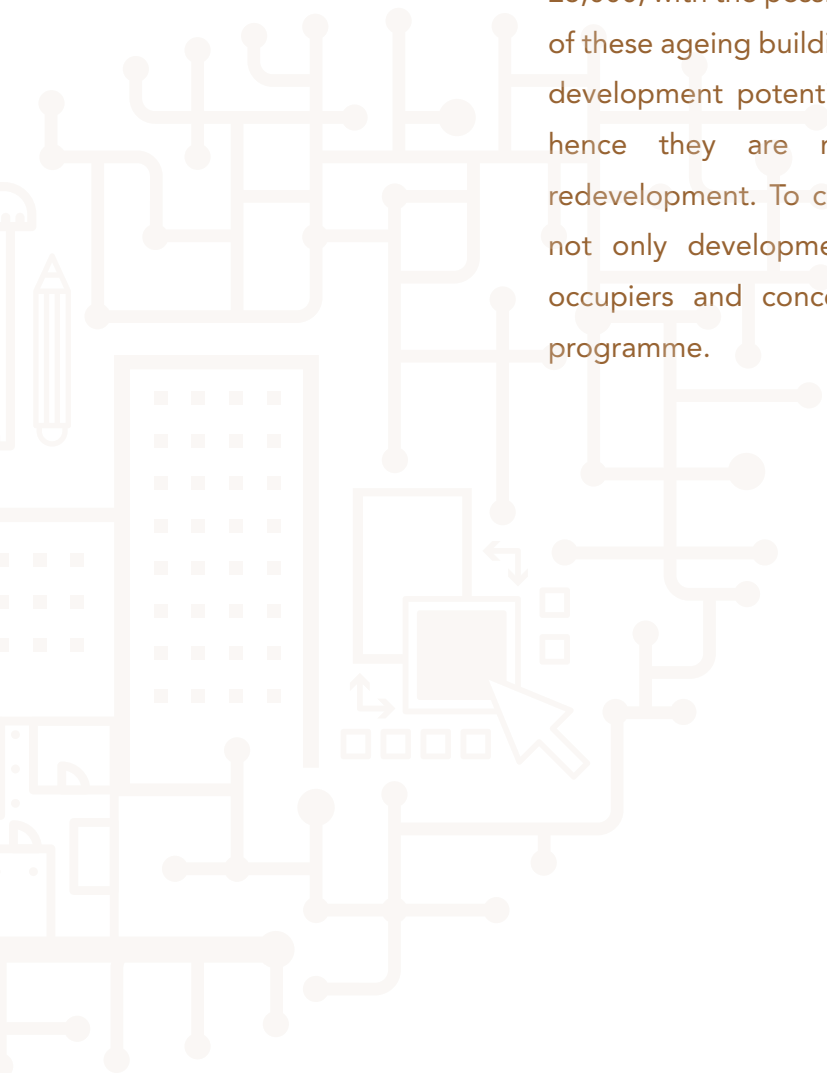
As part of the succession scheme, four management trainees were recruited in 2017/18 and two management trainees will be employed in 2018/19. The URA also strives to groom urban renewal and development talent internally to support the sustainable development of the organisation.

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

MANAGEMENT DISCUSSION AND ANALYSIS



A study conducted in 2016 revealed that about 9,700 building blocks in Hong Kong were more than 50 years old, with about 3,500 building blocks being in either deteriorating or poor condition. By 2046, the number of building blocks over 50 years old will approach 28,000, with the possibility of a parallel increase in dilapidation. Many of these ageing buildings have already used up all or the bulk of their development potential with little or no room for plot-ratio gains, hence they are not attractive to private developers for redevelopment. To cap it all, redevelopment projects will confront not only development risks but also potential resistance from occupiers and concern groups which can lengthen the project programme.



Current Position

Up to 30 June 2018, the URA had commenced and implemented 61 projects, comprising 58 redevelopment projects, two preservation projects and one revitalisation project since its establishment in 2001. Additionally, six redevelopment projects were undertaken in association with the Hong Kong Housing Society (HKHS). Of these 67 projects, 23 have been completed and the remainder are under planning, acquisition or construction.

The URA has also taken over to continue the implementation of ten projects that were being implemented by the former Land Development Corporation before the establishment of the URA.



Challenges of urban renewal: Difficult to race against time and catch up the pace of urban decay

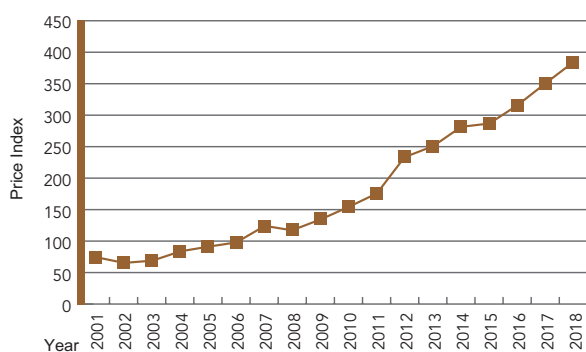
Challenges and Opportunities

To mitigate the risk posed to the value of the URA's properties under development in the event of a property market downturn, the URA has endeavoured to clear and tender two and four projects respectively that have been backlogged over the years.

These tenders have helped to reduce the market exposure of properties under development. Such actions are appropriate at a time when the property market is at an all-time high (see Figure 1) and yet housing supply is rising with some 96,000 units becoming available in the next three to four years. This rising new housing supply, together with an upturn in interest rates, could negatively affect market

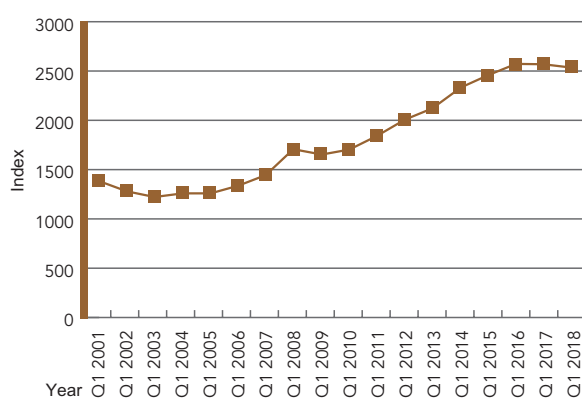
sentiment. The risks are further compounded as the URA is obliged to bear high development costs by acquiring properties in its projects under the "7-year rule" and together with ex-gratia payments, which are markedly higher compared to those incurred by private-sector developers. This has led to a disparity over the past several years between the accommodation value (AV) of our projects at acquisition and at project tender. Our analysis shows that the average AV at acquisition is about \$8,700 per square foot, much higher than the average AV of \$7,300 per square foot at project tender. Construction costs meanwhile, though largely steady in the last two years, remain high (see Figure 2).

**Figure 1: Private Domestic Price Index
May 2001 - April 2018 - All Classes***



*HKSAR Government, Rating & Valuation Department, Hong Kong Property Review Monthly Supplement, July 2018

**Figure 2: Quarterly Construction
Tender Price Index 2001 - 2018***



*Rider Levett Bucknall, Quarterly Construction Cost Update, June 2018

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 and is designed to harness the collective willingness of owners to help initiate urban renewal themselves. The scheme was first reviewed in 2014 with a view to enhancing the planning gains of projects. However, the refinements were still not conducive to the scheme's objectives, necessitating a more holistic review. The scheme is now being reviewed under the strategic Yau Mong District Study (YMDS) described below.

District-based Approach

By commencing a grouping of six projects in To Kwa Wan, the URA has taken steps to optimise the potential of larger clusters of dilapidated buildings in need of redevelopment. This can achieve more meaningful urban renewal benefits by creating a more community-friendly environment with a refined urban grid and appropriate land uses. 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. The chapter on Corporate Sustainability explains the people-oriented "Project Engagement" Programme directed at the affected residents.

The URA commenced the YMDS in 2017. Previous urban renewal studies have sought to identify isolated redevelopment and other opportunities under the 4Rs. The essence of the YMDS, however, is a complete paradigm to achieve a more holistic district-based urban renewal approach by exploring new Institutional and Implementation strategies that integrate the 5Rs, including retrofitting, with a time dimension. It will dissect the often-elusive opportunities to optimise development potential, such as through the transfer of plot ratio, and it will not shirk the formidable task of examining the constraints of the prevailing legislative and institutional framework. The YMDS will make an attempt to formulate implementable and financially-sustainable projects as part of a wider set of district-based renewal strategies under the 5R initiatives that can be readily applied elsewhere in Hong Kong's older districts.

Rehabilitation

Rehabilitation is one of the two core businesses of the URA, the other being redevelopment. The URA is now the primary agent in Hong Kong for building rehabilitation, after taking over the HKHS's responsibilities under the Integrated Building Maintenance Assistance Scheme (IBMAS) in July 2015. Owners are responsible for the maintenance and repair of their buildings. However, the frequent lack of financial means, technical support, organisation power and awareness by owners are persistent hurdles to rehabilitation. To confront these obstacles, the URA has continued its rehabilitation efforts through various loan and subsidy schemes, including: the Mandatory Building Inspection Subsidy Scheme, IBMAS, Operation Building Bright (OBB), and Smart Tender. The financial assistance, technical advice, and coordination services provided by the URA to Owners' Corporations (OCs) under the schemes have been well received, judging by the enthusiastic response and frequent commendations.

Facilitating Rehabilitation through 'Smart Tender'

Launched in 2016 in response to the Chief Executive's Policy Address of that same year, the 'Smart Tender' Building Rehabilitation Facilitating Services seeks to help building owners reduce the risk of tender rigging at the works procurement stage. With over 600 applications received up until 30 June 2018, Smart Tender is already proving its popularity in providing technical services to the OCs of private buildings.

Study on New Building Rehabilitation Strategy

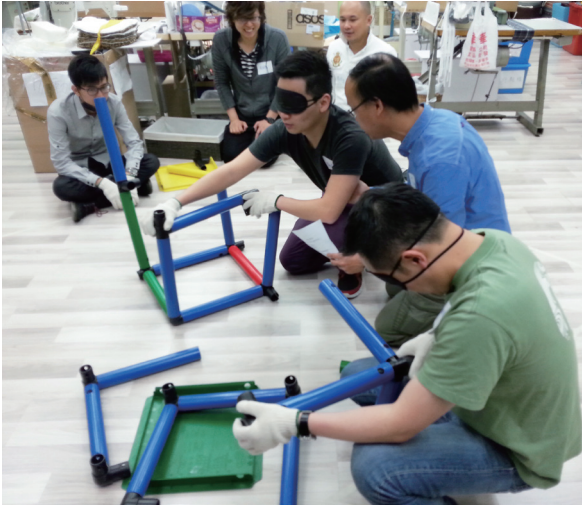
The study on the New Building Rehabilitation Strategy aims to identify a holistic approach to rehabilitation while seeking to reduce the number of buildings in varied and poor condition that may require redevelopment in future. Raising rehabilitation awareness for young buildings under 30 years old has been proposed as a new strategic direction to prolong the service life of buildings and create a new mindset for preventive maintenance amongst owners. For information, owners and other stakeholders can turn to the newly formed Building Rehabilitation

Platform as an all-in-one information centre. Provided in the platform are, among others, information on cost references as well as the standards for rehabilitation and retrofitting, that cover the five essential elements of building structure, external façade, fire services, energy efficiency and barrier free facilities.

Preservation and Revitalisation

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

The Central Market revitalisation, which commenced in 2009 as tasked by the Government under the "Conserving Central" initiative in the 2009/10 Policy Address, is another initiative involving a historic building. A simplified version of the revitalisation scheme has been approved by the Board for earlier completion of the project for public enjoyment. An ad-hoc committee set up by the Board is overseeing the revitalisation of the project, with site works having commenced in October 2017.



Team building training helps to build an effective and engaging team.

Human Resources

With an operating environment that is continuously changing, the URA needs new core competencies and training to match. The necessary technology training programmes for staff at different levels have been launched based on a Training and Development Needs Survey conducted in December 2017 through questionnaires, interviews and focus groups. Looking ahead, training will focus on: building our staff members' capacity to apply the latest technology into our work; widening their horizons and exposure via local and overseas visits; enhancing their people and leadership skills further through workshops, talks and simulation exercises, and strengthening their agility and intrapreneurship via project studies.

At the organisational level, divisional reviews were carried out to support the urban renewal directions and to lead towards better alignment and organisational effectiveness. In addition, to promote a continuous improvement culture and build on a successful earlier pilot run, Work Improvement Teams (WIT) will be continued for divisions to develop, communicate and apply their innovative ideas in order to improve work procedures and to enhance efficiency.

Stringent review of manpower requirements continued in 2017/18 with a headcount reduction of 1.8% despite a noticeable increase in workload on all fronts. Nevertheless, to nurture the leadership

pipeline supply, four management trainees were recruited during the year. At the same time, to ensure competitive remuneration is offered to attract, motivate and retain the right staff to support our mission, an enhanced salary structure at the middle management level was implemented, effective from 1 April 2018.

Outlook

Hong Kong's rapidly ageing building stock remains the key challenge. Besides, the URA's operating environment is facing the continuous flux in the financial world and the sentiment of the wider community. The URA will doubtless encounter hindrances and obstacles to be overcome in pursuing its renewal programmes in the coming years. Whilst continuing with the conventional mode of delivering the 4R initiatives, the URA will look forward to the outcomes of the two strategic studies in hand, and how the proposed changes to strategies could augment our future efforts on urban renewal.

Financial Review

(I) Review of 2017/18 Results

(a) Revenue

The revenue for the year ended 31 March 2018 was \$13,868 million which comprised of upfront payments from tendered projects, share of surplus from joint development projects and proceeds from sale of flats at Kai Tak. The amount is higher than the revenue of \$5,035 million in 2016/17 by \$8,833 million. Three projects, namely Peel Street/Graham Street (Site C), Reclamation Street/Shantung Street and Fuk Chak Street/Li Tak Street, were tendered during the year. The total site area was 4,755 m² as compared with total site area of 2,202 m² from the three redevelopment projects tendered in 2016/17. The higher upfront payments in 2017/18 was as a result of the larger site area tendered and the rising property prices during the year.

The share of sales proceeds from joint development projects of \$1,128 million in 2017/18 (2016/17: \$1,249 million) were revenue from projects where the sales proceeds exceeded the thresholds stipulated in the development agreements. The projects contributed to the surplus during the year are projects with development agreements executed in prior years.

Proceeds of \$157 million from sales of residential flats at Kai Tak was recognized in 2017/18 (2016/17: \$1,763 million). For 2017/18, the flats were sold primarily at prevailing market price. While for 2016/17, the flats were sold under Subsidised Sale Flat Scheme at 86% of the market value assessed by the URA.

(b) Other income

Of the \$451 million (2016/17: \$290 million) in other income for the year, \$320 million (2016/17: \$244 million) was interest income from bank deposits and fixed income investment products, with an average yield of 1.60% p.a. (2016/17: 1.38% p.a.). Other income also included rental income from certain properties retained by the URA.

(c) Administrative expenses

Administrative expenses for the year 2017/18 of \$423 million (2016/17: \$418 million) mainly covered staff costs, accommodation costs and office expenses. Cost control measures were implemented whenever possible to minimize administrative expenses.

The staffing level was reduced from 516 at 31 March 2017 to 501 at 31 March 2018 resulting from recruitment freeze to enhance cost effectiveness and efficiency of manpower investment. Of the 501 staff, 15 (31 March 2017: 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(g) and 2(m) to the financial statements, write back of provision for impairment on properties and committed projects of \$526 million was made in 2017/18. It is primarily due to rising property prices during the year.

(e) Surplus for the year

For the year 2017/18, the URA recorded a net surplus of \$12,038 million, reflecting an increase of \$8,896 million as compared to the \$3,142 million net surplus for the year 2016/17. Before the write back of provision for impairment on properties and committed projects of \$526 million, the surplus in 2017/18 was \$11,512 million in comparison with \$2,312 million reported in 2016/17. Major contributions to the 2017/18 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 2018

(a) Properties under development

Properties under development as at 31 March 2018 was \$25,769 million (31 March 2017: \$19,087 million), representing the acquisition and development costs for projects. This sum comprised of fourteen projects under various states of implementation. The aforesaid value was off-set against the cumulative provision for impairment totalling \$1,980 million (31 March 2017: \$3,305 million), resulting in a net value of \$23,789 million (31 March 2017: \$15,782 million). The increase in the net value was mainly due to accelerated acquisition of Kowloon City projects during the year and the write back of provision for impairment. It was off-set by certain projects being tendered during the year.

(b) Cash and bank balances

As at 31 March 2018, the URA's cash and bank balances and securities holdings totaled \$21,221 million (31 March 2017: \$19,741 million).

The URA placed the surplus cash on short-term deposits with a number of financial institutions. The URA 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 conservation as the priority.

The liquidity position, off-set by the borrowings of \$2,791 million (31 March 2017: \$3,288 million) mentioned in paragraph II (c) below, resulted in the net liquidity position including the securities holdings at 31 March 2018 of \$18,430 million (31 March 2017: \$16,453 million).

(c) Debt securities issued

The URA is rated AA+ by Standard & Poor's. As at 31 March 2018 the outstanding debt securities issued by the URA was \$2,791 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 2018 was \$44,644 million (31 March 2017: \$32,606 million), representing the Government's capital injection of \$10,000 million (31 March 2017: \$10,000 million) and an accumulated surplus of \$34,644 million (31 March 2017: \$22,606 million).

The financial highlights of the past ten years are summarized on page 91 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 2017/18, the land premia waived by the Government on 4 land grants amounted to \$4,077 million. Since May 2001, a total of 40 land grants have been waived in respect of all the tendered projects with aggregate land premia totalling \$19,488 million.

Without this waiver, the URA's net surplus for 2017/18 of \$12,038 million for the year would have been lowered by \$4,077 million to \$7,961 million; its accumulated surplus as at 31 March 2018 would have been lowered by \$19,488 million to \$15,156 million; and its net asset value as at 31 March 2018 would have been decreased to \$25,156 million.

(V) Financial Resources, Liquidity and Commitments

As at 31 March 2018, the URA's net liquidity position, including the securities holdings, totaled \$18,430 million. At the same date, the URA's estimated outstanding commitments to the commenced projects, together with the construction cost on projects based on the valuation carried out by the URA's in-house professionals, stood at \$17,088 million.

In addition to the US\$1,000 million MTN Programme mentioned in paragraph II (c) above, the URA maintained \$700 million in uncommitted bank facilities as at 31 March 2018. Securing the external funding and the credit facilities ensured the URA would have sufficient financial resources to carry out its urban renewal programme as planned.

When implementing its urban renewal programme, the URA is necessarily exposed to financial risks arising from property market fluctuations. Individual projects, with various development potentials, are tendered out at different times during property market cycles after the site clearance. Subject to the market conditions prevailing at the time of tender submission, the upfront payments may be higher or lower than the URA's acquisition costs. As at 31 March 2018, the total costs of properties under development, excluding provision for impairment was \$25,769 million.

The URA estimates a total cash outlay of about \$30,000 million, excluding operational

overheads, will be required in the next five years to meet the costs of both its currently outstanding commitments and its forthcoming cash outlay for the implementation of the projects. This amount covers the URA's work in redevelopment, rehabilitation, preservation and revitalisation. It should be noted that the expenditure may vary subject to the level of interest shown in the various initiatives, including the expanded programme of building rehabilitation and other additional initiatives.

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

PROJECT HIGHLIGHTS

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information		
						Project Site Area m ²	Existing GFA m ²	Building Blocks ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
1-44 - 44 still ongoing URA projects commenced by URA												
1 ⁽⁵⁾	KC-014	Wing Kwong Street / Sung On Street, To Kwa Wan	2018/19	June		3,016	14,853	36	1,060	560	25,713	21,427
2 ⁽⁵⁾	YTM-011	Oak Street / Ivy Street, Tai Kok Tsui	2017/18	March		820	2,959	6	205	115	5,985	4,987
3 ⁽⁵⁾	C&W-006	Queen's Road West / In Ku Lane	2017/18	March		2,046	4,107	6	160	189	11,290	9,690
4 ⁽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
5 ⁽⁵⁾	KC-013	Kai Ming Street / Wing Kwong Street, To Kwa Wan	2016/17	March		1,749	7,458	12	268	See Remark	11,797	9,831
6 ⁽⁵⁾	KC-012	Wing Kwong Street, To Kwa Wan	2016/17	June		1,258	5,023	14	343	See Remark	10,530	8,775
7 ⁽⁵⁾	KC-011	Hung Fook Street / Kai Ming Street, To Kwa Wan	2016/17	June		2,635	12,628	23	821	400	21,960	18,300
8 ⁽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
9 ⁽⁵⁾	KC-008(A)	Chun Tin Street / Sung Chi Street, To Kwa Wan	2016/17	May		2,475	3,738	14	200	310	14,724	12,270
10 ⁽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
11 ^(4,5)	DL-11:YTM	Ash Street, Tai Kok Tsui	2015/16	May		474	3,228	5	234	69	3,522	3,131
12 ^(4,5)	DL-10:KT	Hang On Street, Kwun Tong	2014/15	November		865	5,304	10	393	138	6,663	5,922
13 ⁽⁵⁾	SSP-016	Castle Peak Road / Un Chau Street, Sham Shui Po	2013/14	February		1,900	7,335	16	402	261	14,841	12,367
14 ^(4,5)	DL-8:KC	Kai Ming Street, Ma Tau Kok	2013/14	December		553	2,467	6	122	72	4,545	3,788
15 ^(4,5)	DL-6:YTM	Fuk Chak Street / Li Tak Street, Tai Kok Tsui	2013/14	June		769	3,461	2	171	138	5,915	4,892

Project Development Information				Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/C GFA m ²	Public Open Space ⁽²⁾ m ²		
4,286	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 22-06-18
998	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 16-03-18
740	0	860	538	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	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
1,966	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 20-02-18
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	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
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
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
391	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 29-05-15 Initial acquisition offers issued on 10-08-15 SDEV authorised URA to proceed on 11-01-16 Resumption gazetted on 20-01-17 Site reverted to Government on 20-04-17 Clearance in progress
241	0	500	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 07-11-14 Initial acquisition offers issued on 16-01-15 SDEV authorised URA to proceed on 07-07-15 Resumption gazetted on 15-07-16 Site reverted to Government on 15-10-16 Provisional basic terms offer was accepted by URA on 19-01-18 Site clearance completed on 17-04-18 Demolition works awarded on 02-05-18
2,474	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 21-02-14 SDEV authorised URA to proceed on 15-11-14 Resumption gazetted on 26-02-16 Land Grant application submitted on 17-03-16 Site reverted to Government on 26-05-16 Site clearance completed on 19-03-18 Provisional basic terms offer was accepted by URA on 20-6-18
308	0	450	0	Eligible domestic owners can join the Flat-for-Flat scheme	Project commencement gazetted on 19-12-13 Initial acquisition offers issued on 04-03-14 SDEV authorised URA to proceed on 24-05-14 Resumption gazetted on 27-03-15 Site reverted to Government on 27-06-15 Provisional basic terms offer was accepted by URA on 03-07-15 Site clearance completed on 10-07-15 Demolition works completed STT application for temporary open space submitted on 01-03-17
1,023	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 approved on 26-5-18 Foundation works in progress

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
16 ^(4,5)	DL-4:SSP	Kowloon Road / Kiu Yam Street, Sham Shui Po	2013/14	April		599	3,817	1	229	100	4,884	4,070
17 ^(4,5)	DL-5:SSP	Tung Chau Street / Kweilin Street, Sham Shui Po	2013/14	April		1,640	10,313	1	552	209	13,410	9,090
18 ⁽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
19 ^(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
20 ⁽⁴⁾	DL-1:SSP	229A-G, Hai Tan Street, Sham Shui Po	2012/13	April		483	2,547	1	172	87	3,639	3,235
21 ^(4,5)	DL-2:SSP	205-211A, Hai Tan Street, Sham Shui Po	2012/13	April		470	2,952	1	222	76	3,599	3,132
22 ^(4,5)	DL-3:YTM	Pine Street / Oak Street, Tai Kok Tsui	2012/13	April		865	5,105	11	330	142	6,594	5,610
23 ⁽⁵⁾	YTM-010	Reclamation Street / Shantung Street, Mong Kok	2011/12	February		1,640	10,024	20	637	187	12,510	10,425
24 ⁽⁵⁾	KC-007	Kowloon City Road / Sheung Heung Road, Ma Tau Kok	2011/12	November		1,622	7,258	16	475	294	12,456	10,380
25	SSP-014	Fuk Wing Street, Sham Shui Po	2010/11	March	The Amused	649	2,456	6	194	136	5,030	4,471
26 ⁽⁵⁾	KC-006	Pak Tai Street / San Shan Road, Ma Tau Kok	2010/11	March		1,277	6,389	12	296	228	9,782	8,152

Project Development Information				Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²		
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 GBP approved on 09-06-17 Foundation works completed Superstructure works commenced on 30-04-18
4,320	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 12-04-13 Initial acquisition offers issued on 27-06-13 SDEV authorised URA to proceed on 26-09-13 Resumption gazetted on 06-03-15 Land Grant application submitted on 12-03-15 Site reverted to Government on 06-06-15 Site clearance completed on 14-06-16 S16 approval for amended design granted by TPB on 03-03-17 Demolition works completed Provisional basic terms offer was accepted on 04-12-17 Joint Venture Development tender awarded on 12-06-18 Binding basic terms offer was accepted by URA on 15-06-18
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 application submitted to DEVB on 11-11-14
16,716	0	0	0		Project commencement gazetted on 18-01-13 SDEV authorised URA to proceed on 08-08-13 Initial acquisition offer issued on 17-12-13 Resumption application submitted to DEVB on 07-08-14
404	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 22-12-14 Land Grant executed on 27-02-15 Site handed over to JVP on 02-03-15 GBPs amendment approved on 05-07-16 Pre-sale consent issued on 29-11-17 Sales of residential flats launched on 15-12-17 Fitting out works in progress
467	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 22-12-15 Land Grant executed on 23-03-16 Site handed over to JVP on 20-04-16 GBPs approved on 26-04-18 Foundation works completed Superstructure works in progress
984	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 14-06-16 Land Grant executed on 08-08-16 Site handed over to JVP on 04-10-16 GBPs (2nd amendment) approved on 06-12-17 Foundation works in progress
2,085	0	0	0	Small sized flats of 35 to 65m ² Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 18-12-17 Land Grant executed on 08-03-18 Site handed over to JVP on 18-04-18
2,076	0	0	0	Small sized flats of 35 to 65m ² Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 26-01-16 Land Grant executed on 21-03-16 Site handed over to JVP on 25-04-16 Foundation works completed ELS work completed Superstructure works in progress GBPs amendment approved on 09-05-18
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 Residential flats sale launched in 09-2017 GBPs (amendment) approved on 28-3-18 Fitting-out works in progress
1,630	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 GBP amendment approved on 06-03-18 Superstructure works in progress

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
27 ⁽⁵⁾	TWK/1/002	Ma Tau Wai Road / Chun Tin Street, Ma Tau Kok	2009/10	February		3,377	10,393	33	660	493	24,399	20,332
28	SSP/3/001	Shun Ning Road, Sham Shui Po	2009/10	June	The Ascent	825	3,820	8	130	157	7,159	5,959
29	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
30 ^(5A)	MK/01	Shanghai Street / Argyle Street, Mong Kok	2008/09	September		1,128	3,944	14	157	0	5,175	0
31 ⁽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
32 ⁽⁵⁾	TKT/2/002	Anchor Street / Fuk Tsun Street, Tai Kok Tsui	2007/08	March		726	3,855	11	245	0	6,529	0
33	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
34 ^(5A)	K1	Nga Tsin Wai Village, Wong Tai Sin	2007/08	October		6,013	2,051	116	124	750	37,097	34,778
35 ^(5A)	H18	Peel Street / Graham Street, Sheung Wan	2007/08	July	(H18 - Site B) - My Central	5,267	20,219	47	740	301	67,528	22,638

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		
3,105	962	0	500	Project commenced at request of Government following collapse of one building and demolition of damaged adjacent one Other uses GFA for community use (e.g. social enterprise)	Land Grant executed on 13-04-15 Foundation work completed GBP approved on 08-02-18 Superstructure works in progress
1,200	0	0	0		Joint Venture Development tender awarded on 14-04-14 Land Grant executed on 16-06-14 Site handed over to JVP on 18-06-14 GBPs (amendment) approved on 13-11-15 Presale consent obtained on 19-04-16 Sales of residential flats launched on 17-07-16 Occupation permit obtained on 08-03-18 Fitting-out works in progress
1,567	0	0	0		Joint Venture Development tender awarded on 29-04-14 Land Grant executed 06-08-14 Site formally handed over to JVP on 14-10-14 Presale consent obtained on 22-08-16 Sales of residential flats launched on 29-09-16 GBP (amendment) approved on 30-04-18 Fitting-out works in progress
5,175	0	0	0	Zoned 'Other specified uses' annotated 'Shophouses for commercial and/or cultural uses'	Site clearance completed on 25-07-14 Planning application submitted to TPB approved on 12-12-14 Land Grant executed on 25-01-17 GBP (amendment) approved on 22-12-17 Superstructure works in progress
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
6,529	0	0	0	Commercial space is for hotel with 288 rooms	Joint Venture Development tender awarded on 16-06-15 Site handed over to JVP on 28-08-15 Land Grant executed on 18-09-15 Superstructure works in progress
1,398	0	0	0		Joint Venture Development tender awarded on 27-02-12 Land Grant executed on 18-05-12 Modification letter for loading/unloading provisions executed on 04-12-14 Pre-sale consent obtained on 23-08-16 GBPs (amendment) approved on 08-02-17 Occupation Permit obtained on 25-05-17 Certificate of Compliance obtained on 15-01-18 Sales of residential flats launched on 04-02-18
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 in progress
43,450	180	1,260	2,060	G/IC is a 1,260m ² multi-purpose activity hall Commercial space includes retail space for relocating wet trade market shops, office space and 9,280m ² for a 182 room hotel; 180m ² non-domestic GFA is used for the covered Public Open Space at Site A.	Site A Joint Venture Development tender awarded on 01-03-17 Land Grant executed on 06-06-17 Handed over to Joint Venture Partner on 06-06-17 Foundation works in progress 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 Occupation Permit for Market Block obtained on 25-08-16 Residential flat sale launched in 10-17 Revised LMP approved on 13-04-18 GBP (amendment) approved on 26-04-18 Superstructure works in progress Site C Joint Venture Development tender awarded on 24-10-17 Land Grant executed on 26-01-18 Handed over to Joint Venture Partners on 26-01-18

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
36 ⁽⁵⁾	K7	Kwun Tong Town Centre, Kwun Tong	2006/07	March	Park Metropolitan (YWS site)	53,500	96,104	63	3,139	2,298	401,250	160,610
37	K9	Macpherson Stadium, Mong Kok	2005/06	March	MacPherson Place	2,400	2,788	1	0	293	24,767	16,705
38 ⁽⁵⁾ 39 40	SSP/1/003-005	Hai Tan Street / Kweilin Street & Pei Ho Street, Sham Shui Po	2005/06	February		7,507	25,344	70	1,589	876	57,334	49,962
41	H14	Sai Wan Ho Street, Shau Kei Wan	2005/06	September		710	3,796	2	21	144	5,680	5,680
42 ⁽⁷⁾	WC/001	Mallory Street / Burrows Street, Wan Chai	2004/05	March		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 Launched Sub-Total (A)						134,679	411,112	842	20,261	12,679	1,043,240	635,004

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		
206,140	3,500	31,000	13,348	<p>Commercial GFA include 65,860m² for offices and 32,000m² for hotel G/IC includes 6,200m² for Kwun Tong Jockey Club Health Centre in Yuet Wah Street Site (YWS) and 8,100m² for Government uses in Main Site and 16,700m² for Public Transport Interchange in Main Site Commercial Space includes 1,300m² for social enterprises Other uses GFA includes 3,500m² under 'urban windows'</p> <p>Residential flats include 299 flats in Yuet Wah Street site and 1,999 flats in the main site (A/K14/727) Public space includes a minimum of 9,348m² at-grade public open space as required under the approved S16 A/K14/727 and a minimum of 4,000m² podium public open space as required under the lease</p>	<p>YWS Site Sale of residential units in progress Occupation Permit obtained on 08-07-14 Certificate of Compliance obtained on 29-10-14</p> <p>Main Site (DAs 2, 3, 4 & 5) Resumption for DAs 2, 3 and 4 gazetted on 02-03-12 and reverted to the Government on 02-06-12 General revised offers for DA5 issued on 27-06-13 Property acquisition for DA5 in progress</p> <p>Class B amendments to fulfill SBD Guidelines approved by Plan D on 24-10-12 Occupation Permit for Methadone Clinic obtained on 13-03-14 Occupation Permit for interim G/IC facilities at Kwun Tong District Branch Office Building obtained on 28-03-14, interim minibus terminus and interim hawkers 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 GBPs (amendment) for DAs 2 and 3 approved on 05-09-14 Land Grant executed on 19-12-14 Site handed over to JVP on 19-12-14 BA14A BD for Demolition of public toilet and RCP acknowledged on 25-08-15 Footbridge proposal accepted by ACABAS on 15-09-15 S16 application A/K14/727 to increase flat numbers (from 1,869 to 1,999) approved on 08-01-16 Foundation, ELS, utilities diversion and pile caps works completed Superstructure works in progress Footbridge construction works completed GBPs amendments (Towers) approved on 26-10-17 LMP approved by PlanD on 28-11-17 GBPs amendments (podium) approved on 25-04-18 Occupation Permit phasing Plans for DAs 2 and 3 approved on 18-05-18</p>
2,443	0	5,619	0	Land grantee is Hong Kong Playground Association G/IC is for Indoor Stadium and Youth Centre	Occupation Permit obtained on 31-12-12 Certificate of Compliance obtained on 28-01-14 All residential units sold
5,307	0	2,065	1,500	Three projects taken forward as one G/IC includes 1,900m ² for Special Child Care Centre cum Early Education Centre, Day Care Centre for Elderly and Sub-base for a Neighbourhood Elderly Centre; 150m ² for either social enterprise or non-domestic use	Joint Venture Development tender awarded on 22-12-14 Portion of Pei Ho Street closed on 27-03-15 Land Grant executed on 27-03-15 Site handed over to joint venture partner on 27-03-15 S16 submission approved on 22-01-16 GBP approved on 24-05-17 (Site A), 28-04-17 (Site B), 09-06-17 (Site C) Utility diversion works in progress Superstructure works in progress
0	0	0	0		Joint Venture Development tender awarded on 22-09-15 Land Grant executed on 27-11-15 Site handed over to JVP on 01-02-16 GBP (amendment) approved on 28-02-18 Superstructure works in progress Pre-sale consent approved on 23-04-18
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	Tender for Main Operator awarded on 15-04-11 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
3,492	0	0	450	Public Open Space not required under lease	Flat sale launched on 20-04-12 Occupation Permit obtained on 20-09-12 Certificate of Compliance obtained on 27-12-12 Sale of remaining flats in progress
870	0	0	474	As allowed in the planning brief : (i) The development of Site B will align with Shing Wong Street to maintain its existing streetscape (ii) Site B will not comply with the SBD guidelines. The GFA for green/amenity features and plant rooms that are accountable under the BPR as a result will be disregarded	Amendments to approved DSP to excise Site A published on 08-07-11 The revised DSP with Wing Lee Street area and the Bridges Street Market site (Site A) excised was gazetted on 18-05-12 following approval by CE in C. Draft revised Planning Brief (excluding Site A) endorsed by TPB on 26-09-12 MLP for Sites B and C approved on 24-05-13 General revised offers for Sites B and C issued on 17-12-13 Revised MLP submitted in March 2017 withdrawn
359,406	7,077	41,754	19,320		

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	
0 Projects commenced by HKHS												
All projects were completed by HKHS					0	0	0	0	0	0	0	0
Nil Commenced Sub-total (B)					0	0	0	0	0	0	0	0
45 - 1 Ongoing project taken over from ex-LDC												
45	K11	Hanoi Road, Tsim Sha Tsui	⁽⁹⁾		The Masterpiece	8,299	27,309	35	220	345	102,625	45,600
45 Commenced Sub-Total (C)					8,299	27,309	35	220	345	102,625	45,600	
Commenced Total (A) + (B) + (C)					142,978	438,421	877	20,481	13,024	1,145,865	680,604	
46-62 - 17 Completed projects commenced by URA ⁽⁸⁾												
46	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
47	K30	Bedford Road / Larch Street, Tai Kok Tsui	2003/04	July	i-home	1,229	6,313	13	280	182	10,363	9,215
48	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
49	K27	Reclamation Street, Mong Kok	2002/03	October	MOD 595	535	2,411	7	122	85	4,921	4,119
50 ⁽⁶⁾	H16	Johnston Road, Wan Chai	2001/02	January	J Residence	1,970	7,640	28	333	381	20,567	17,967
51	H17	Queen's Road East, Wan Chai	2002/03	March	Queen's Cube	378	1,806	6	25	96	3,984	3,543
52	K33	Baker Court, Hung Hom	2003/04	July	Baker Residences	277	834	3	9	68	2,338	2,077
53	H20	First Street / Second Street, Sai Ying Pun	2002/03	November	Island Crest	3,536	15,690	41	777	488	38,178	34,259
54	K3	Cherry Street, Tai Kok Tsui	2001/02	January	Floriant Rise	4,510	14,416	64	1,020	522	43,231	36,466
55 56	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
57	TKT/2/ 001	Fuk Tsun Street / Pine Street, Tai Kok Tsui	2005/06	December	Park Ivy	560	4,071	4	273	113	4,843	4,003
58	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
59 ⁽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
60	K31	Larch Street / Fir Street, Tai Kok Tsui	2004/05	December	Lime Stardom	2,195	10,332	29	474	377	19,735	16,425
61 ⁽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
62	K28	Sai Yee Street, Mong Kok	2007/08	December	Skypark	2,478	14,434	25	431	439	22,301	17,346
46-62 Completed Sub-Total ⁽⁸⁾ (D)					34,943	145,617	396	6,923	5,190	328,506	280,973	

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		
0	0	0	0		
57,025	0	0	1,219	Other use is for 381 room hotel	Leasing of commercial space in progress Hotel disposal completed Sale of remaining flats in progress Transfer of shares in Sunfield Investment Ltd. (URA's wholly owned subsidiary) completed
57,025	0	0	1,219		
416,431	7,077	41,754	20,539		
2,083	0	0	251		Project completed in 2010-11
1,148	0	0	0		Project completed in 2010-11 Sales of shops and parking spaces in progress
2,075	0	0	255		Project completed in 2010-11 Leasing of shops in progress
802	0	0	0		Project completed in 2009-10
2,600	0	0	0		Project completed in 2008-09
441	0	0	0		Project completed in 2011-12
261	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
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
4,940	0	0	580	Two projects taken forward as one Commercial space includes some space for social enterprises	Project completed in 2015-16 Sale of remaining car park spaces in progress
840	0	0	0		Project completed in 2015-16 Sale of shops in progress
1,157	0	0	0		Project completed in 2016-17
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
3,310	0	0	0	Commercial space includes the Urban Renewal Resource Centre	Occupation Permit issued on 29-08-11 Certificate of Compliance issued on 24-11-11 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	Occupation permit for Site B issued on 31-03-14 Occupation Permit for Site A issued on 21-04-15 Certificate of Compliance issued on 02-11-15 Project completed in 2017-18 Leasing of remaining shops in progress
4,955	0	0	0		Occupation Permit issued on 14-10-16 Certificate of Compliance issued on 31-03-17 Project completed in 2017-18
40,899	0	6,634	7,057		

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	
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 Sub-Total ⁽⁸⁾ (E)						11,613	58,285	115	2,288	1,531	105,116	87,640
69-77 - 9 Completed projects commenced by ex-LDC and completed by URA ⁽⁸⁾												
69	K17	Yeung Uk Road, Tsuen Wan	⁽⁹⁾		The Dynasty	7,230	0	0	0	256	44,404	27,031
70	K13	Tsuen Wan Town Centre, Tsuen Wan	⁽⁹⁾		Vision City	20,300	56,851	96	7,119	1,466	134,185	107,884
71	H12	Kennedy Town New Praya, Kennedy Town	⁽⁹⁾		The Merton	6,075	24,808	65	1,683	1,182	62,904	62,794
72	H13	Ka Wai Man Road, Kennedy Town	⁽⁹⁾		Mount Davis 33	728	4,000	1	0	89	7,280	7,280
73	K10	Waterloo Road / Yunnan Lane, Yau Ma Tei	⁽⁹⁾		8 Waterloo Road	3,869	6,610	27	444	576	32,012	32,012
74	H1	Queen Street, Sheung Wan	⁽⁹⁾		Queen's Terrace	7,964	25,792	86	648	1,148	66,233	60,579
75	K2	Argyle Street / Shanghai Street, Mong Kok	⁽⁹⁾		Langham Place	11,976	40,810	108	2,603	0	167,414	0
76	K8	Kwong Yung Street, Mong Kok	⁽⁹⁾		Paradise Square	1,607	4,190	19	178	272	15,160	12,746
77 ⁽⁶⁾	H9	Tai Yuen Street / Wanchai Road, Wan Chai	⁽⁹⁾		The Zenith / One Wanchai	6,793	12,555	41	975	889	62,310	52,539
69 - 77 Completed Sub-Total ⁽⁸⁾ (F)						66,542	175,616	443	13,650	5,878	591,902	362,865
Completed Total ⁽⁸⁾ (D) + (E) + (F)						113,098	379,518	954	22,861	12,599	1,025,524	731,478
Commenced + Completed						256,076	817,939	1,831	43,342	25,623	2,171,389	1,412,082
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 19, 21 to 24, 26 to 27, 30, 32, 34 to 36, 38 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 30 and 31 are purely preservation projects. All other projects are redevelopment projects, with redevelopment projects 34, 35, 44, 50, 59, 61 and 77 containing some preservation elements.												
(7) Revitalisation project												
(8) In this table, a project is deemed to be fully completed once all residential units have been sold and all commercial and other accommodation, apart from car and motor cycle parking spaces, have been sold or substantially leased out.												
(9) The project was commenced by ex-Land Development Corporation.												

Project Development Information				Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²		
1,505	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		
17,373	0	0	0		Project completed in 2010-11 Leasing of commercial space in progress
23,221	0	3,080	3,700	G/IC is for transport and community facilities	Project completed in 2010-11 Sales of parking spaces in progress Leasing of commercial space in progress
0	0	110	2,300	G/IC is for public toilet	Project completed in 2007-08
0	0	0	0		Project completed in 2007-08
0	0	0	1,650		Project completed in 2007-08
400	0	5,254	1,200	G/IC includes Single-person Hostel, Care & Attention Home, Day Nursery, Social Centre for the Elderly, Hostel for Moderately Mentally Handicapped and Cooked Food Centre	Project completed in 2007-08
160,866	0	6,548	1,100	Commercial space includes 41,933m ² for 686 room hotel, 65,793m ² for offices and 53,140m ² for retail G/IC includes Cooked Food Centre and transport and community facilities	Project completed in 2005-06
2,414	0	0	0		Project completed in 2005-06
3,453	0	6,318	0	G/IC includes Market, Day Nursery, Refuse Collection Point and Public Toilet	Project completed in 2017-18
207,727	0	21,310	9,950		
260,772	0	33,274	17,307		
677,203	7,077	75,028	37,846		

Glossary of Terms

ACABAS = Advisory Committee on the Appearance of Bridges and Associated Structures	HKHS = Hong Kong Housing Society
ASP = Agreement for Sale and Purchase	JVP = Joint Venture Partner
B(P)R = Building (Planning) Regulations	LandsD = Lands Department
CE in C = Chief Executive in Council	LDC = Land Development Corporation
CDA = Comprehensive Development Area	LMP = Landscape Master Plan
DA = Development Area	MLP = Master Layout Plan
DLC = District Lands Conference	OU = Other Specified Use
DSP = Development Scheme Plan	PlanD = Planning Department
ELS = Excavation and Lateral Support	SBD = Sustainable Building Design
GBP = General Building Plan	SDEV = Secretary for Development
GFA = Gross Floor Area	STT = Short-term Tenancy
G/IC = Government/Institution and Community	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 26 other members. There are three executive Board members who are not public officers, namely the Managing Director, who is by law also the Deputy Chairman, and the two Executive Directors. The Director of Lands, the Director of Planning, the Director of Buildings and the Deputy Director of Home Affairs (2) are Board members who are non-executive directors and public officers. In addition, the current Board includes four legislative councilors plus professionals and academics from various fields, including legal, accounting, finance, property, planning, surveying and social work who are non-executive directors and not public officers. The Board met on six occasions between April 2017 and March 2018.

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 Victor SO Hing-woh (Chairman),
Mr Edward CHOW Kwong-fai,
Mr Laurence HO Hoi-ming,
Dr Lawrence POON Wing-cheung

BACK ROW

The Honourable Alice MAK Mei-kuen, Professor the Honourable Joseph LEE Kok-long,
Mrs Cecilia WONG NG Kit-wah, The Honourable WU Chi-wai,
Mr Thomas CHAN Chung-ching, Mr Evan AU YANG Chi-chun, Mr Roger LUK Koon-hoo,
Mr Stanley WONG Yuen-fai, Mr Michael MA Chiu-tsee (Executive Director),
Mr Raymond LEE Kai-wing

MEMBERS OF
BOARD AND PROFILES

FROM LEFT

FRONT ROW

Ir WAI Chi-sing (Managing Director),
Mr Nelson LAM Chi-yuen,
Mr Timothy MA Kam-wah

BACK ROW

Ms Judy CHAN Ka-pui, Dr Gregg LI G. Ka-lok, Mr Michael WONG Yick-kam,
Mr Laurence LI Lu-jen, Dr CHEUNG Tin-cheung, Miss Vega WONG Sau-wai,
Mr Pius CHENG Kai-wah (Executive Director), Dr the Honourable Ann CHIANG Lai-wan,
Professor Eddie HUI Chi-man, Mr David TANG Chi-fai

MEMBERS OF BOARD AND PROFILES

Chairman :

Mr Victor SO Hing-woh, SBS, JP

Managing Director :

Ir WAI Chi-sing, GBS, JP, FHKEng

Executive Directors :

Mr Pius CHENG Kai-wah

Mr Michael MA Chiu-tsee

Non-Executive Directors (non-official):

Mr Evan AU YANG Chi-chun (from 1 December 2017)

Ms Judy CHAN Ka-pui

Dr the Honourable Ann CHIANG Lai-wan, SBS, JP

Mr Edward CHOW Kwong-fai, JP

Mr Laurence HO Hoi-ming

Professor Eddie HUI Chi-man, MH

Mr Nelson LAM Chi-yuen

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

Dr Gregg LI G. Ka-lok

Mr Laurence LI Lu-jen, JP

Mr Roger LUK Koon-hoo, BBS, JP

Mr Timothy MA Kam-wah, JP

The Honourable Alice MAK Mei-kuen, BBS, JP

Dr Billy MAK Sui-choi (up to 30 November 2017)

Dr Lawrence POON Wing-cheung, JP

Mr David TANG Chi-fai

Mrs Cecilia WONG NG Kit-wah

Mr Michael WONG Yick-kam, MH, JP

Mr Stanley WONG Yuen-fai, SBS, JP

The Honourable WU Chi-wai, MH

Non-Executive Directors (official):

Dr CHEUNG Tin-cheung, JP Director of Buildings

Mr Thomas CHAN Chung-ching, JP Director of Lands

Mr Raymond LEE Kai-wing, JP Director of Planning

Mr Jack CHAN Jick-chi, JP Deputy Director of Home Affairs (2) (up to 22 August 2017)

Miss Vega WONG Sau-wai, JP Deputy Director of Home Affairs (2) (from 1 July 2018)

CHAIRMAN**Mr Victor SO Hing-woh, SBS, JP**

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

MANAGING DIRECTOR**Ir WAI Chi-sing, GBS, JP, FHKEng**

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

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

Ir Wai holds a master's degree in transportation engineering from Purdue University in the United States. He has professional 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 Pius CHENG Kai-wah

Mr Cheng is a qualified solicitor in Hong Kong. He studied law in England and was qualified as solicitor in Hong Kong in 1985. He worked in private practice for 17 years before joining Urban Renewal Authority as General Counsel in 2002. After 3 years with Urban Renewal Authority, he joined Estate Agent Authority in 2005 responsible for legal and disciplinary matters. He rejoined Urban Renewal Authority in 2007. He has profound knowledge and extensive experience in urban renewal work during his nearly 14 years with Urban Renewal Authority. He was appointed as Executive Director of Urban Renewal Authority in January 2014.

Mr Michael MA Chiu-tsee

Mr Michael Ma is a qualified professional town planner. He has served as Director, Planning and Design of the Urban Renewal Authority (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 Asia-Pacific for GLG, the world's leading company for professional learning, running and growing its business across its 10 offices. 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, Executive Committee member of Young Presidents' Organization and Green Monday Ventures. In addition, Mr Au Yang serves on the Transport Policy Committee of the Chartered Institute of Logistics & Transport, the Environment Bureau's Working Group on review of Air Quality Objectives, 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 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.

Dr the Honourable Ann CHIANG Lai-wan, SBS, JP

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

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

Mr Edward CHOW Kwong-fai, JP

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

Mr Laurence HO Hoi-ming

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

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

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

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

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

Professor Eddie HUI Chi-man, MH

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

Professor Hui is currently a member of the Appeal Tribunal Panel under the Buildings Ordinance. He is also a member of the Supervisory Board of the Hong Kong Housing Society.

MEMBERS OF BOARD AND PROFILES

Mr Nelson LAM Chi-yuen

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

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

Prof Hon. Joseph Lee Kok-long is a Member of the Legislative Council of the Hong Kong Special Administrative Region, and Dean & Professor 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, the Equal Opportunities Commission, 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.

Dr Gregg LI G. Ka-lok

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

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

Dr Li graduated from Washington University in St. Louis (Liberal Arts), University of Hawaii in Economics (MA), UCLA (MBA), and University of Warwick (Engineering Doctorate). When he can, he teaches graduate level courses in strategy, innovation, corporate governance, and entrepreneurship -- as a Visiting or Adjunct Professor.

Mr Laurence LI Lu-jen, JP

Mr Laurence Li is a practicing barrister focusing on banking, financial, and securities law. He is Chairman of the Financial Services Development Council and a member of the Social Welfare Advisory Committee. He is also a judge on the Regulatory Tribunal of the Qatar Financial Centre in Doha, Qatar.

Mr Roger LUK Koon-hoo, BBS, JP

Mr Luk is a veteran banker having more than 30 years of experience in money and banking. He was Managing Director and Deputy Chief Executive of Hang Seng Bank before retirement. Currently, Mr Luk is an independent director on the boards of 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.

Mr Timothy MA Kam-wah, JP

Timothy Ma is a registered social worker and a Fellow of Certified Risk Planner. He was appointed JP in 2012. He was the Executive Director and Project Consultant of Project Flame at the City University of Hong Kong from 2012 to 2016. Prior to this, he was the Founding Executive Director of Senior Citizen Home Safety Association from 1996 to 2012.

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

The Honourable Alice MAK Mei-kuen, BBS, JP

Alice Mak has been a member of the Legislative Council (NT West) since 2012. She is also a member of the Kwai Tsing District Council, the Vice Chairman of Hong Kong Federation of Trade Unions, Member of the Complaints Committee of Independent Commission Against Corruption, Member of the Lantau Development Advisory Committee and Member of the Security and Guarding Services Industry Authority.

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

Dr 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.

Mr David TANG Chi-fai

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

MEMBERS OF BOARD AND PROFILES

Mrs Cecilia WONG NG Kit-wah

Mrs Cecilia Wong Ng Kit-wah is a partner of Kevin Ng & Co., Solicitors. She is also a China-Appointed Attesting Officer, mediator and arbitrator. Mrs Wong is an experienced solicitor in private practice and is competent in matrimonial law, criminal and civil litigation, probate commercial and corporate law. She actively participates in promoting the use of mediation 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 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 Stanley WONG Yuen-fai, SBS, JP

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

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

The Honourable WU Chi-wai, MH

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

NON-EXECUTIVE DIRECTORS**(OFFICIAL)****Dr CHEUNG Tin-cheung, JP****Director of Buildings**

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

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

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

Mr Thomas CHAN Chung-ching, JP**Director of Lands**

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

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

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

Mr Raymond LEE Kai-wing, JP**Director of Planning**

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

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

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

Members

Dr Gregg LI G. Ka-lok
(up to 17 December 2017)
Mr Roger LUK Koon-hoo, BBS, JP
Mr Timothy MA Kam-wah, JP
Mr Michael WONG Yick-kam, MH, JP
(from 18 December 2017)

Co-opted Member

Ms Rosanna CHOI

DEVELOPMENT PROJECT OBJECTION CONSIDERATION COMMITTEE

Chairperson

Mr Nelson LAM Chi-yuen

Members

Ms Judy CHAN Ka-pui
Mr Edward CHOW Kwong-fai, JP
Professor Eddie HUI Chi-man, MH
Professor the Honourable Joseph Lee Kok-long
SBS, JP
The Honourable Alice MAK Mei-kuen, BBS, JP
Mrs Cecilia WONG NG Kit-wah
The Honourable WU Chi-wai, MH

Co-opted Members

Ms Crystal CHENG Lai-ling
Mr Alexander LAM
Mr Patrick LAU, SBS
Mr Andy LEUNG
Mrs Karen WONG

FINANCE COMMITTEE

Chairperson

Mr Edward CHOW Kwong-fai, JP

Members

Mr Laurence HO Hoi-ming
Professor Eddie HUI Chi-man, MH
Mr Nelson LAM Chi-yuen
Dr Gregg LI G. Ka-lok
(from 18 December 2017)
Dr Billy MAK Sui-choi
(up to 30 November 2017)
Mr Victor SO Hing-woh, SBS, JP
Mr Stanley WONG Yuen-fai, SBS, JP
Ir WAI Chi-sing, GBS, JP, FHKEng

Co-opted Members

Mr KUNG Kuo-chuan
(up to 11 April 2018)
Mr Alexander LAM

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Chairperson

Mr Victor SO Hing-woh, SBS, JP

Members

Mr Laurence HO Hoi-ming
Dr Gregg LI G. Ka-lok
Mr Timothy MA Kam-wah, JP
The Honourable Alice MAK Mei-kuen, BBS, JP
Dr Billy MAK Sui-choi
(up to 30 November 2017)
Mr David TANG Chi-fai
Mr Stanley WONG Yuen-fai, SBS, JP
Ir WAI Chi-sing, GBS, JP, FHKEng

Co-opted Member

Mrs Mimi CUNNINGHAM

LAND, REHOUSING AND COMPENSATION COMMITTEE**Chairperson**

Dr Billy MAK Sui-choi
(up to 30 November 2017)

Dr Lawrence POON Wing-
cheung, JP
(from 18 December 2017)

Members

Mr Laurence HO Hoi-ming
Professor Eddie HUI Chi-man, MH
Mr Laurence LI Lu-jen, JP
Mr Timothy MA Kam-wah, JP
Dr Lawrence POON Wing-cheung, JP
(up to 17 December 2017)
Mr David TANG Chi-fai
Mr Michael WONG Yick-kam, MH, JP
(from 18 December 2017)
The Honourable WU Chi-wai, MH
Ir WAI Chi-sing, GBS, JP, FHKEng
Mr Pius CHENG

Co-opted Members

Ms Crystal CHENG
Mr Patrick LAU, SBS
Assistant Director / Specialist 3,
Lands Department
(Mr Tony MOYUNG)
(up to 9 July 2017)
(Mr Albert CHEUNG)
(from 10 July 2017)

PLANNING, DEVELOPMENT AND CONSERVATION COMMITTEE**Chairperson**

Mr Laurence HO Hoi-ming

Members

Ms Judy CHAN Ka-pui
(from 18 December 2017)
Professor the Honourable Joseph Lee Kok-long
SBS, JP
Mr Laurence LI Lu-jen, JP
The Honourable Alice MAK Mei-kuen, BBS, JP
Dr Lawrence POON Wing-cheung, JP
Mr Victor SO Hing-woh, SBS, JP
Mr Stanley WONG Yuen-fai, SBS, JP
The Honourable WU Chi-wai, MH
Director of Lands*
(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

Co-opted Members

Mr Alexander LAM
Dr LEE Ho-yin
Mr Andy LEUNG
Assistant Director / New Buildings 1,
Buildings Department
(Mr LEUNG Tung-Choi)
(up to 23 January 2018)
(Mr YEUNG Kar-kui)
(from 24 January 2018)

*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

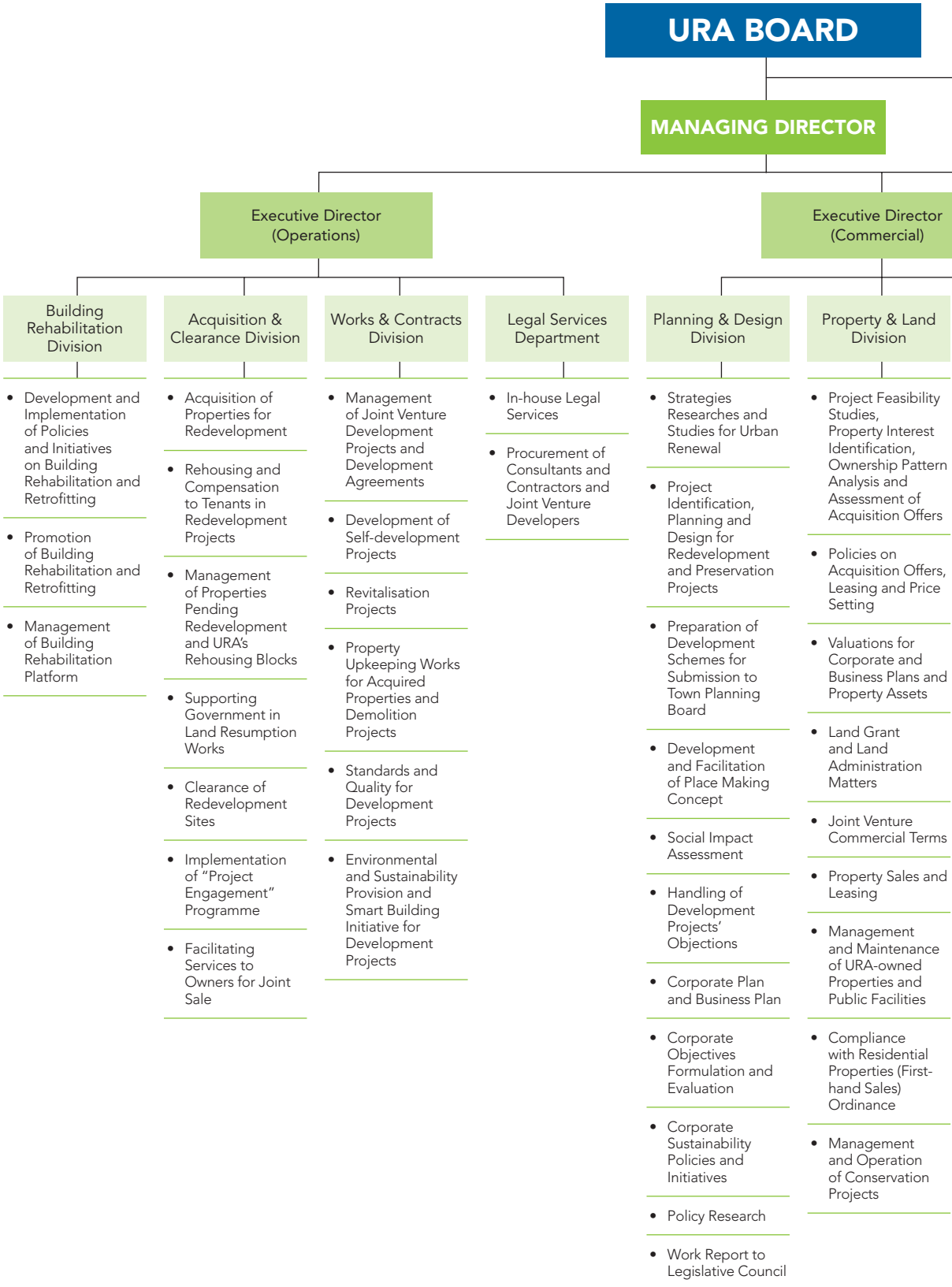
Members

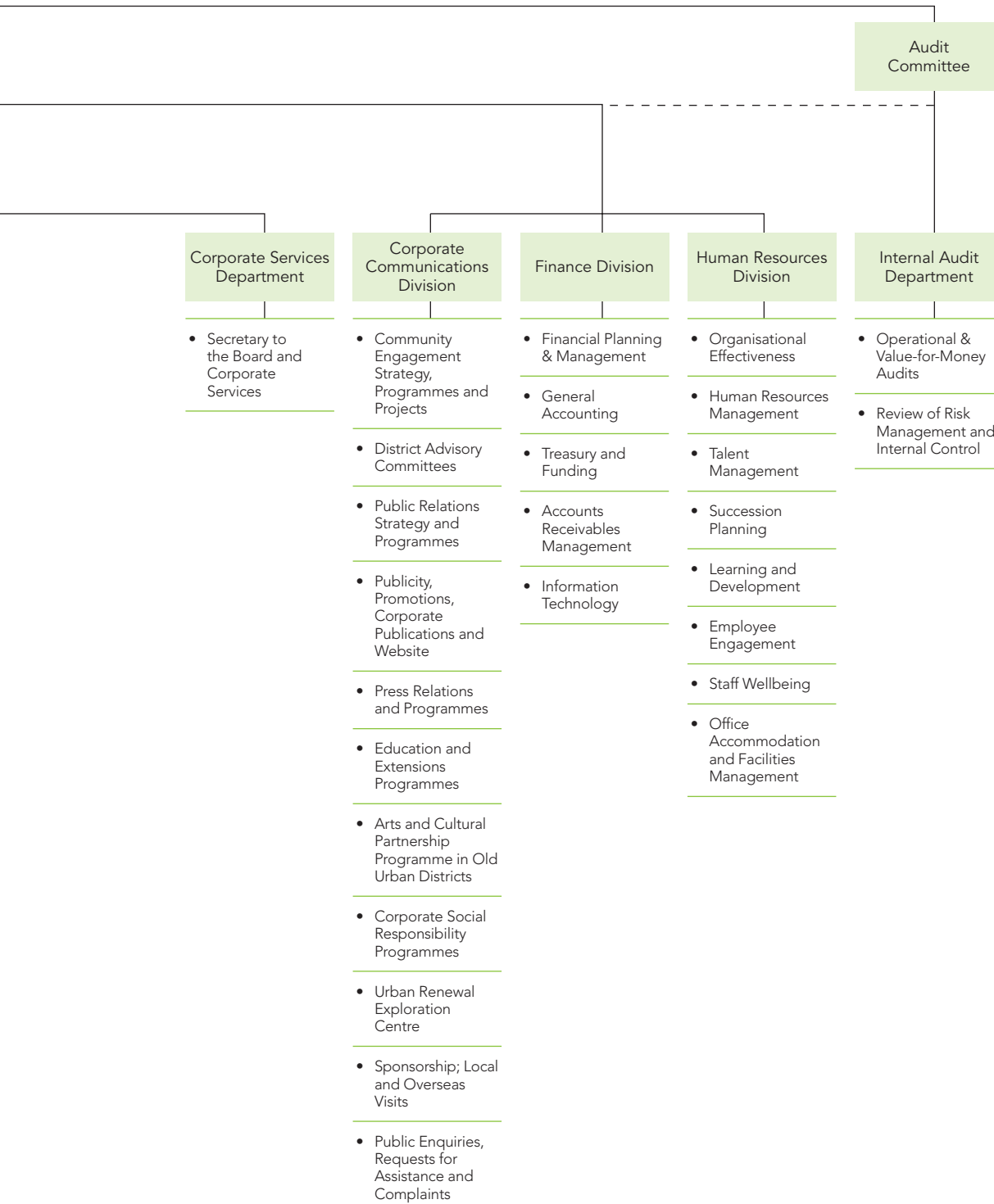
Ms Judy CHAN Ka-pui
(from 18 December 2017)
Dr The Honourable Ann CHIANG Lai-wan,
SBS, JP
Professor Eddie HUI Chi-man, MH
The Honourable WU Chi-wai, MH

Co-opted Members

Mr Andrew CHAN Ping-chiu
Mr Henry CHAN Kai-wing
Mr CHUA Hoi-wai
Dr Amy HO Po-ying
Ms LAM Tze-yan
Ir Kenneth T K LAU
(up to 12 October 2017)
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





MEMBERS OF DISTRICT ADVISORY COMMITTEES

(up to 31 March 2018)

CENTRAL AND WESTERN DISTRICT ADVISORY COMMITTEE

Chairperson

Mr Edward CHOW Kwong-fai, JP

Members

Dr Roger CHAN Chun-kwong
Mr CHAN Hok-fung, MH, JP
Ms CHENG Lai-king
Mr CHENG Po-hung
Mr Paul CHU Hoi-shan
Mr Simon LAM Yiu-man
Mr Sidney LEE Chi-hang, MH
Mr Kenneth LEE Fung-nin

Mr Tommy LI Ying-sang, BBS, MH, JP
Mr MAN Chi-wah, BBS, MH
Ms SIU Ka-yi (up to 22 Aug 2017)
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
Ir KAM Kwai-ki
Mr Roger KWAN Ho-yeung
Mr Jimmy LAM Pok
Ms Rosanda MOK Ka-han
Mr NG Po-keung, MH

Mr NGAN Siu-lun
Dr SIU Miu-man
Mr YEUNG Chun-yu
Mr Admond YUE Chee-wing

District Officer (Kowloon City)

KWUN TONG DISTRICT ADVISORY COMMITTEE

Chairperson

Mr Timothy MA Kam-wah, JP

Members

Mr Jimmy CHAN Yiu-hung
Mr Nelson CHAN Wah-yu, MH, JP
Mr CHEUNG Ki-tang
Mr CHONG Yam-ming, MH
Mr HSU Hoi-shan
Mr Kin HUNG Kam-in, MH
Ms KAM Kin
Mr KAN Ming-tung
Mr KWOK Lit-tung, JP
Mr Patrick LAI Shu-ho, BBS, MH, JP

Mrs LEUNG CHAN Siu-hing
Ms LEUNG Fu-wing, BBS, MH
Mr LI Hung
Mr LING Chi-keung
The Honourable Wilson OR Chong-shing, MH
Mr Kelvin SO Koon-chung
Ms SO Lai-chun, MH, JP

District Officer (Kwun Tong)

SHAM SHUI PO DISTRICT ADVISORY COMMITTEE

Chairperson

Mr Nelson LAM Chi-yuen

Members

Mr CHAN Wai-ming, MH, JP
Mr Vincent CHENG Wing-shun, MH
Mr CHUM Tak-shing
Mr LAM Ka-fai, BBS, JP
Ms LAU Pui-yuk
Mr LEE Wing-man

Dr LEUNG Kai-chi
Mr LEUNG Yau-fong
Mr WAI Woon-nam
Mr YAN Kai-wing

District Officer (Sham Shui Po)

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 LUI Fan-yuk

Mr SUEN Leung-kwong
Mr WONG Kin-san
Ms WONG Shu-ming, MH
Mr Benny YEUNG Tsz-hei, MH

District Officer (Yau Tsim Mong)

FINANCIAL HIGHLIGHTS

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

	In HK\$'million									
Year ended 31 March	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues for the year	1,413	9,663	3,647	3,690	5,341	1,169	9,904	7,422	5,035	13,868
Surplus/(deficit) for the year (before interest income)	(4,685)	6,993	2,159	2,431	4,292	(2,387)	918	4,302	2,898	11,718
Surplus/(deficit) for the year	(4,459)	7,018	2,209	2,584	4,437	(2,270)	1,076	4,451	3,142	12,038
Accumulated surplus/(deficit)	(41)	6,977	9,186	11,770	16,207	13,937	15,013	19,464	22,606	34,644
Capital	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net assets	9,959	16,977	19,186	21,770	26,207	23,937	25,013	29,464	32,606	44,644
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
Properties under development (Note 1)	8,289	14,114	15,956	19,066	22,431	28,113	21,516	20,695	19,028	25,400
Land premia waived by the Government during the year	(216)	(3,177)	(922)	(64)	(1,018)	–	(7,785)	(940)	(180)	(4,077)
Surplus/(deficit) for the year if no land premium waiver	(4,675)	3,841	1,287	2,520	3,419	(2,270)	(6,709)	3,511	2,962	7,961
Accumulated surplus/(deficit) if no land premium waiver	(1,366)	2,475	3,762	6,282	9,701	7,431	722	4,233	7,195	15,156

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 2018.

BOARD MEMBERS

Members of the Board for the year and up to the date of this report are set out on page 78.

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 2018 and the financial position of the Group and of the Authority at that date are set out in the consolidated financial statements on pages 96 to 138.

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 2018, 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
WAI Chi-sing
Managing Director
Hong Kong, 12 June 2018

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 96 to 138, which comprise the consolidated statement of financial position as at 31 March 2018, 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 2018 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.

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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
12 June 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2018
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2018</u> \$'000	<u>2017</u> \$'000
Revenue	5(a)	13,867,908	5,034,519
Direct costs		<u>(2,178,487)</u>	<u>(2,441,350)</u>
Gross surplus		11,689,421	2,593,169
Other income, net	5(b)	451,035	290,429
Administrative expenses		(422,659)	(418,277)
Other expenses	6(c)	(205,502)	(153,460)
Write back of provision for impairment on properties and committed projects, net		<u>525,567</u>	<u>830,796</u>
Operating surplus before income tax	6	12,037,862	3,142,657
Income tax expenses	7(a)	<u>—</u>	<u>—</u>
Surplus and total comprehensive income for the year		<u><u>12,037,862</u></u>	<u><u>3,142,657</u></u>

The notes on pages 101 to 138 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

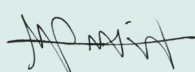
at 31 March 2018
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2018</u> \$'000	<u>2017</u> \$'000
Non-current assets			
Property, plant and equipment	8	2,503,696	2,487,829
Properties under development	9	23,788,950	15,782,466
Building rehabilitation loans	10	10,908	14,301
Prepayments		801,845	256,994
Other receivables	11(a)	2,052,144	728,280
Investments	12	2,761,306	1,434,417
		<u>31,918,849</u>	<u>20,704,287</u>
Current assets			
Properties held for sale	13	852,202	926,217
Amounts due from joint development projects	14	67,789	66,462
Building rehabilitation loans	10	7,389	10,031
Trade and other receivables	11(b)	201,210	162,468
Investments	12	2,224,505	1,056,455
Cash and bank balances	15	16,235,646	17,250,099
		<u>19,588,741</u>	<u>19,471,732</u>
Total assets		<u><u>51,507,590</u></u>	<u><u>40,176,019</u></u>
Capital and reserves			
Capital	16	10,000,000	10,000,000
Accumulated surplus and reserve		34,643,931	22,606,069
		<u>44,643,931</u>	<u>32,606,069</u>
Non-current liabilities			
Trade and other payables	17	676,000	942,200
Debt securities issued	18	2,790,706	2,788,075
		<u>3,466,706</u>	<u>3,730,275</u>
Current liabilities			
Amounts due to joint development projects	14	436,973	125,646
Trade and other payables	17	2,959,980	3,179,155
Debt securities issued	18	–	499,874
Provision for a committed project	19	–	35,000
		<u>3,396,953</u>	<u>3,839,675</u>
Total capital, reserves and liabilities		<u><u>51,507,590</u></u>	<u><u>40,176,019</u></u>

Approved by the Board
On 12 June 2018



Victor SO Hing-woh
Chairman



WAI Chi-sing
Managing Director

The notes on pages 101 to 138 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2018
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2018</u>		<u>2017</u>	
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Operating surplus before income tax		12,037,862		3,142,657	
Adjustments for:					
Interest income	5(b)	(319,899)		(244,444)	
Depreciation	6(c)	56,128		44,705	
(Gain)/loss on disposal of property, plant and equipment	5(b)	(40)		2,479	
Net foreign exchange gain		(14,448)		(1,164)	
Net loss on investments at fair value through profit or loss	5(b)	2,511		734	
Write back of provision for impairment on properties and committed projects		(525,567)		(830,796)	
Operating surplus before working capital changes		11,236,547		2,114,171	
Decrease in receivables from property developers		–		1,716,000	
Changes in balances with joint development projects		310,000		555,543	
Increase in properties under development		(7,424,694)		(481,615)	
Decrease in properties held for sale		74,015		1,507,398	
Decrease in building rehabilitation loans		6,035		6,175	
Increase in prepayments		(583,585)		(94,509)	
Increase in other receivables		(1,323,864)		(85,931)	
(Increase)/decrease in trade and other receivables		(16,024)		8,732	
(Decrease)/increase in trade and other payables		(480,783)		561,344	
Decrease in investments at fair value through profit or loss		385,108		2,226,641	
Cash generated from operations		2,182,755		8,033,949	
Interest received		297,846		167,505	
Interest paid		(69,791)		(73,469)	
Net cash generated from operating activities		2,410,810		8,127,985	

The notes on pages 101 to 138 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2018
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2018</u>		<u>2017</u>	
		\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities					
Decrease/(increase) in bank deposits with original maturities of more than 3 months		3,965,939		(5,510,672)	
Payment for purchase of held-to-maturity investments		(3,066,803)		(1,629,256)	
Payment for purchase of property, plant and equipment		(56,533)		(16,195)	
Redemption of held-to-maturity investments		196,205		–	
Proceeds from sale of property, plant and equipment		45		–	
		<u> </u>		<u> </u>	
Net cash generated from/(used in) investing activities			1,038,853		(7,156,123)
Cash flows from financing activities					
Redemption of debt securities		(500,000)		–	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(500,000)		–
			<u> </u>		<u> </u>
Net increase in cash and cash equivalents			2,949,663		971,862
Cash and cash equivalents at 1 April			1,523,120		551,258
			<u> </u>		<u> </u>
Cash and cash equivalents at 31 March			4,472,783		1,523,120
			<u> </u>		<u> </u>
Analysis of cash and bank balances					
Cash and cash equivalents			4,472,783		1,523,120
Bank deposits with original maturities of more than 3 months			11,762,863		15,726,979
			<u> </u>		<u> </u>
Cash and bank balances at 31 March	15		16,235,646		17,250,099
			<u> </u>		<u> </u>

The notes on pages 101 to 138 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>Capital</u> \$'000	<u>Accumulated</u> <u>Surplus</u> \$'000	<u>Reserve for</u> <u>Facilitation</u> <u>Service</u> \$'000	<u>Total</u> \$'000
Balance at 1 April 2016		10,000,000	19,460,750	2,662	29,463,412
Surplus and total comprehensive income for the year		–	3,142,657	–	3,142,657
Transfer from Reserve for Facilitation Service to Accumulated Surplus for the year	20	–	49	(49)	–
Balance at 31 March 2017		<u>10,000,000</u>	<u>22,603,456</u>	<u>2,613</u>	<u>32,606,069</u>
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>

The notes on pages 101 to 138 form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

1. General information

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

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

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

2. Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation of the financial statements

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at fair value through profit or loss and in accordance with accounting principles generally accepted in Hong Kong and comply with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

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

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in Note 15 to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

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

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2018 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 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
Amendments to HKAS 40, <i>Investment property</i> : <i>Transfers of investment property</i>	1 January 2018
HK(IFRIC) 22, <i>Foreign currency transactions and advance consideration</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have 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 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in the financial statements.

HKFRS 9, Financial instruments

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

Expected impacts of the new requirements on the Group's financial statements are as follows:

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

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

HKFRS 9, Financial instruments (Continued)

(i) Classification and measurement

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

The Group has assessed that its investments currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

(ii) Impairment

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

HKFRS 15, Revenue from contracts with customers

Under HKFRS 15, revenue from sale of goods or provision of services will be recognised when the customer obtains control of the promised goods or service in the contract. The Group assessed that the adoption of HKFRS 15 would have no significant impact on its results of operations and financial position.

HKFRS 16, Leases

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

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

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for certain properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of comprehensive income over the period of the lease. As disclosed in Note 22(b), at 31 March 2018 the Group's future minimum lease payments under non-cancellable operating leases amounted to \$87,682,000. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Authority and all its subsidiaries made up to 31 March.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All intercompany transactions, balances and cash flows within the Group are eliminated in full on consolidation.

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

(e) Revenue recognition

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

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

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(e) Revenue recognition (Continued)

(vi) Rental income net of any incentives given to the lessee is recognised on a straight line basis over the periods of the respective leases.

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

(f) Property, plant and equipment

Building comprises rehousing blocks, preservation properties, retained properties, and commercial premises held for self-use. Rehousing blocks represent properties held by the Group for the intended purpose of providing interim accommodation for affected tenants of development projects who are normally charged a rent which is substantially below the market value, with a view to assist primarily the dispossessed tenants who are yet to obtain public housing units. Preservation properties are properties that are of historical or architectural interest to be preserved by the Group. Retained properties represent redeveloped properties held by the Group for conserving the cultural characteristics of the projects before redevelopment and receives rental income.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (see Note 2(g)). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

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

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(f) Property, plant and equipment (Continued)

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

Leasehold land classified as finance lease	–	Over the period of the unexpired lease
Buildings	–	50 years or over the period of the unexpired lease if less than 50 years
Leasehold improvements	–	Office: Over 10 years or the life of the respective lease, whichever is the shorter Non-office: Over the period of the unexpired terms of the leases if less than 50 years
Plant and machinery	–	10 years
Motor vehicles	–	4 years
Furniture and office equipment	–	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2(g)).

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

(g) Impairment of investments in subsidiaries and non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Financial assets and liabilities

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

(i) Held-to-maturity investments

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

(ii) Investments at fair value through profit or loss

Investments at fair value through profit or loss are financial assets designated at fair value through profit or loss on initial recognition or held for trading. Assets in this category are classified as current assets. Investments at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the "investments at fair value through profit or loss" category are presented in profit or loss within "other income, net" in the period in which they arise. Interest income from investments at fair value through profit or loss is recognised in profit or loss as part of "other income, net" using the effective interest method.

(iii) Loans and receivables

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

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

Purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Financial assets and liabilities (Continued)

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(i) Leases

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

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease except for those incurred for accommodation in project sites which have been capitalised in property under development.

(j) Properties under development

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

Upon disposal of the development properties, the relevant cost of the properties will be apportioned between the part to be retained and the part to be sold on an appropriate basis.

The relevant cost for the part to be sold will be charged as "direct costs" to profit or loss at the inception of the joint development agreement.

(k) Properties held for sale

Property to be sold at the end of the reporting period will be stated at the lower of cost and net realisable value.

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

The Hong Kong Housing Authority and the Hong Kong Housing Society have agreed to provide certain rehousing units to the Group. In return, the Group will pay for the reservation fees until a tenant is moved into the unit and the allocation costs of the rehousing unit. These costs are recognised as part of the cost of properties under development referred to in Note 2(j).

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(m) Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses, except for those cases where the Group has a present obligation as a result of committed events.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of economic benefits with respect to any one item included in the same class of obligations may be small.

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

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

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

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

(n) Current and deferred income tax

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(o) Borrowing costs

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

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

(p) Translation of foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(q) Joint development projects

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

Where property is received by the Group as its share of distribution of assets from joint development projects, such property is recorded within non-current assets at its fair value at the time when agreement is reached or, if a decision is taken for it to be disposed of, at the lower of this value and net realisable value within current assets.

(r) Cash and cash equivalents

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

(s) Employee benefits

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

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

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(t) Related parties

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

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

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

The credit risk on cash and bank balances is limited because most of the funds are placed in banks with credit ratings, ranging from Aa1 to A3 and there is no concentration in any particular bank.

The credit risk on building rehabilitation loans is limited as the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts and place charges on the properties.

(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 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.

(iii) Liquidity risk

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

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts (except for debt securities issued which include interest element), as the impact of discounting is insignificant.

	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Less than 1 year		
Trade and other payables	2,959,980	3,179,155
Amounts due to joint development projects	436,973	125,646
Debt securities issued	65,772	569,791
	<u>3,452,725</u>	<u>3,874,592</u>
Between 1 to 3 years		
Trade and other payables	299,200	529,700
Debt securities issued	1,806,550	1,127,037
	<u>2,105,750</u>	<u>1,656,737</u>
Between 3 to 5 years		
Trade and other payables	7,300	42,200
Debt securities issued	364,462	777,507
	<u>371,762</u>	<u>819,707</u>
Over 5 years		
Trade and other payables	369,500	370,300
Debt securities issued	859,375	1,191,615
	<u>1,228,875</u>	<u>1,561,915</u>

(expressed in Hong Kong Dollars)

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

(a) Financial risk factors (Continued)

(iv) Price risk

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

Price risk sensitivity

As at 31 March 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 (2016/17: \$8,622,000) resulting from the change in fair value of the investments at fair value through profit or loss.

(v) Foreign exchange risk

The Group has certain cash and bank balances 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, held-to-maturity investments and trade and other receivables; and financial liabilities including amounts due to joint development projects and trade and other payables, approximate their fair values.

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

(expressed in Hong Kong Dollars)

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of properties and provision for 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(g).

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past and committed events in accordance with the accounting policy stated in Note 2(m). When the estimated value of the committed project is lower than the estimated development and related costs of the project, a provision would be recognised.

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

Impairment of properties and provision for a committed project sensitivity

As at 31 March 2018, 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 \$400,800,000/\$547,000,000 respectively (2016/17: \$226,900,000) resulting from the change in provision for impairment on properties and committed projects.

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

(expressed in Hong Kong Dollars)

5. Revenue and other income, net

(a) Revenue

Revenue recognised during the year represents:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Upfront premium from property developers	12,582,531	2,022,474
Share of property development surplus on joint development projects	1,128,160	1,249,341
Sale of properties *	<u>157,217</u>	<u>1,762,704</u>
	<u>13,867,908</u>	<u>5,034,519</u>

* For 2016/17, the amount included sales proceeds of certain flats at Kai Tak sold under Subsidised Sale Flat Scheme at 86% of the market value assessed by the Authority.

(b) Other income, net

Other income, net recognised during the year represents:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Interest income	319,899	244,444
Rental income	92,953	41,496
Miscellaneous income	3,573	970
Net loss on investments at fair value through profit or loss	(2,511)	(734)
Gain/(loss) on disposal of property, plant and equipment	40	(2,479)
Net foreign exchange gain	<u>37,081</u>	<u>6,732</u>
	<u>451,035</u>	<u>290,429</u>

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax

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

(a) Direct costs including:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Cost of properties under joint development projects	2,015,257	854,816
Cost of properties sold	<u>94,065</u>	<u>1,498,628</u>

(b) Administrative expenses including:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Staff costs* (excluding directors' remuneration)	343,288	341,799
Operating lease charges in respect of rental of office premises	<u>17,270</u>	<u>20,481</u>

* Including salaries and other benefits of \$319,957,000 (2016/17: \$316,794,000) and contribution to provident fund scheme of \$23,331,000 (2016/17: \$25,005,000).

(c) Other expenses including:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Rehabilitation and retrofit expenses	61,565	46,687
Revitalisation and preservation expenses	5,344	5,880
Outgoings in respect of preservation properties, retained properties and rehousing units	49,695	37,172
Depreciation	56,128	44,705
Auditor's remuneration		
– Audit services	440	424
– Non-audit services	<u>365</u>	<u>–</u>

(d) Impairment on properties and committed projects

	<u>2018</u> \$'000	<u>2017</u> \$'000
Write back of provision for impairment on property, plant and equipment	(15,467)	(53,396)
Write back of provision on properties under development	(510,100)	(812,400)
Provision for a committed project	<u>–</u>	<u>35,000</u>
	<u>(525,567)</u>	<u>(830,796)</u>

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

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

(e) Other items

	<u>2018</u> \$'000	<u>2017</u> \$'000
Interest expenses on debt securities issued	67,956	73,340
Less: Interest expenses capitalised [#]	<u>(67,956)</u>	<u>(73,340)</u>
	<u>–</u>	<u>–</u>

[#] The borrowing costs have been capitalised at rates ranging from 1.50% to 3.85% per annum (2016/17: 1.50% to 3.85% per annum).

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

	2018					
	<u>Fees</u> \$'000	<u>Salaries</u> \$'000	<u>Provident fund scheme contributions</u> \$'000	<u>Sub-total</u> \$'000	<u>Variable pay</u> \$'000	<u>Total</u> \$'000
Managing 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	<u>–</u>	<u>19,910</u>	<u>1,813</u>	<u>21,723</u>	<u>5,357</u>	<u>27,080</u>
Total**	<u>–</u>	<u>30,344</u>	<u>1,864</u>	<u>32,208</u>	<u>8,165</u>	<u>40,373</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

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

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

** Excluding compensation in lieu of leave in the aggregate sum of \$508,000 (2016/17: \$1,125,000).

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

	<u>2018</u>	<u>2017</u>
Their remuneration fell within the following bands:		
	<u>No. of Individuals</u>	<u>No. of Individuals</u>
\$500,000 to \$1,000,000	–	1
\$1,000,001 to \$1,500,000	–	1
\$1,500,001 to \$2,000,000	1	–
\$3,000,001 to \$3,500,000	2	1
\$3,500,001 to \$4,000,000	5	5
\$4,000,001 to \$4,500,000	2	2
\$5,000,001 to \$5,500,000	1	–
Total	<u>11</u>	<u>10</u>

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

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

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

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

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

(g) Other members of the Board

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

	<u>2018</u> \$'000	<u>2017</u> \$'000
Chairman		
Mr Victor So Hing-woh, JP	100	100
Non-Executive Directors (non-public officers)		
Mr Evan Au Yang Chi-chun (from 1 Dec 2017)	22	–
Ms Judy Chan Ka-pui (from 1 May 2016)	65	60
Dr the Honourable Ann Chiang Lai-wan, JP	65	65
Mr Edward Chow Kwong-fai, JP	65	65
Mr Laurence Ho Hoi-ming	65	65
Mr Lester Garson Huang, JP (up to 30 Apr 2016)	–	5
Professor Eddie Hui Chi-man, MH	65	65
Mr Philip Kan Siu-lun (up to 30 Apr 2016)	–	5
The Honourable Dennis Kwok (up to 30 Nov 2016)	–	43
Mr Nelson Lam Chi-yuen	65	65
Professor the Honourable Joseph Lee Kok-long, SBS, JP (from 1 Dec 2016)	65	22
Dr Gregg Li G. Ka-lok	65	65
Mr Laurence Li Lu-jen, JP	65	65
Mr Philip Liao Yi-kang (up to 30 Apr 2016)	–	5
Mr Roger Luk Koon-hoo, BBS, JP (from 1 May 2016)	65	60
Mr Timothy Ma Kam-wah, JP	65	65
The Honourable Alice Mak Mei-kuen, BBS, JP	65	65
Dr Billy Mak Sui-choi (up to 30 Nov 2017)	43	65
Dr Lawrence Poon Wing-cheung, JP	65	65
Mr David Tang Chi-fai	65	65
Mrs Cecilia Wong Ng Kit-wah (from 1 May 2016)	65	60
Mr Stanley Wong Yuen-fai, SBS, JP	65	65
Mr Michael Wong Yick-kam, MH, JP (from 1 Dec 2016)	65	22
The Honourable Wu Chi-wai, MH	65	65
	<u>1,335</u>	<u>1,292</u>

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

(h) Five highest paid individuals

	<u>2018</u> \$'000	<u>2017</u> \$'000
The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2018 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	16,579	15,076
– Provident fund scheme contributions	<u>470</u>	<u>676</u>
Sub-total	17,049	15,752
Variable pay	<u>4,400</u>	<u>3,980</u>
Total **	<u><u>21,449</u></u>	<u><u>19,732</u></u>

Their remuneration fell within the following bands:

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

** For the year ended 31 March 2018, compensation in lieu of leave of \$325,000 (2016/17: \$617,000) 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 (2016/17: Nil).

(b) As at 31 March 2018, the subsidiaries of the Group have unrecognised deductible temporary differences arising from tax losses of \$28,483,000 (31 March 2017: capital allowance of \$7,182,000 and tax losses of \$16,610,000) to carry forward against future taxable income. These tax losses have no expiry date.

(expressed in Hong Kong Dollars)

8. Property, plant and equipment

	Retained* properties \$'000	Preservation properties \$'000	Other property, plant and equipment				Total \$'000
			Land and buildings \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Furniture and equipment and motor vehicles \$'000	
At 31 March 2016							
Cost	–	1,284,919	661,588	68,438	52,146	27,026	2,094,117
Accumulated depreciation	–	(114,489)	(300,565)	(45,228)	(43,832)	(20,490)	(524,604)
Accumulated impairment	–	(199,111)	–	–	–	–	(199,111)
Net book value	–	971,319	361,023	23,210	8,314	6,536	1,370,402
Year ended 31 March 2017							
Opening net book value	–	971,319	361,023	23,210	8,314	6,536	1,370,402
Additions	–	4,545	–	8,168	1,409	2,073	16,195
Transfer from properties under development	958,881	136,139	–	–	–	–	1,095,020
Disposals	–	–	–	(1,582)	(768)	(129)	(2,479)
Depreciation	(625)	(23,281)	(10,220)	(4,936)	(2,507)	(3,136)	(44,705)
Write back of provision for impairment	–	53,396	–	–	–	–	53,396
Closing net book value	958,256	1,142,118	350,803	24,860	6,448	5,344	2,487,829
At 31 March 2017							
Cost	958,881	1,552,003	661,588	73,849	52,216	28,247	3,326,784
Accumulated depreciation	(625)	(137,770)	(310,785)	(48,989)	(45,768)	(22,903)	(566,840)
Accumulated impairment	–	(272,115)	–	–	–	–	(272,115)
Net book value	958,256	1,142,118	350,803	24,860	6,448	5,344	2,487,829
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	950,174	1,133,956	339,366	53,483	17,324	9,393	2,503,696
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	950,174	1,133,956	339,366	53,483	17,324	9,393	2,503,696

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 2018 was \$1,987,500,000 (31 March 2017: \$1,986,500,000).

(expressed in Hong Kong Dollars)

9. Properties under development

As at 31 March 2018, the properties under development are analysed as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Cost, including Home Purchase Allowance ("HPA") (Note (i))		
At 1 April	19,087,066	20,198,963
Add: Additions during the year	9,546,641	1,486,139
Less: Transfer to property, plant and equipment and properties held for sale	–	(1,221,420)
Less: Charged to profit or loss during the year	<u>(2,864,457)</u>	<u>(1,376,616)</u>
At 31 March*	25,769,250	19,087,066
Provision for impairment at 31 March	<u>(1,980,300)</u>	<u>(3,304,600)</u>
Balance as at 31 March	<u><u>23,788,950</u></u>	<u><u>15,782,466</u></u>

* The amount includes accumulated interest and other borrowing costs capitalised of \$278,418,000 (31 March 2017: \$262,594,000).

Notes:

(i) In March 2001, the Finance Committee of the Legislative Council approved, inter alia, the revised basis for calculating the HPA payable to owners of domestic properties and ex-gratia allowances payable to owners and owner-occupiers affected by land resumption. The relevant policies governing the Authority's payment of HPA and ex-gratia allowances for properties acquired/resumed and the clearance of occupiers are based on the above framework which have resulted in a high cost base for the Group's redevelopment projects.

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

As at 31 March 2018, the Group's estimated cash outflow in respect of project under acquisition and resumption as well as construction cost for self-developed projects was \$17.1 billion (31 March 2017: \$8.5 billion), without accounting for any future cash inflow for the projects.

(ii) The Group launched the Flat-for-Flat ("FFF") Scheme to provide domestic owner-occupiers affected by the Group's redevelopment projects commenced after 24 February 2011 with an alternative option to cash compensation. The owner-occupier taking the option of FFF will have to top up if the price of the new flat is higher than the cash compensation for his old flat. The domestic owner-occupiers could have a choice of "in-situ" flats on the lower floors of the new development or flats in an FFF Scheme at Kai Tak.

(expressed in Hong Kong Dollars)

10. Building rehabilitation loans

As at 31 March 2018, the building rehabilitation loans are analysed as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Non-current portion	10,908	14,301
Current portion	<u>7,389</u>	<u>10,031</u>
	<u>18,297</u>	<u>24,332</u>

The building rehabilitation loans are interest-free, except for default, in which case interest will be charged on the overdue amount at the Prime Lending Rate quoted by The Hongkong and Shanghai Banking Corporation Limited. The Group reserves the right to impose legal charges over the properties for loans of amounts between \$25,001 and \$100,000. All non-current portion of building rehabilitation loans are due within five years from the end of the reporting period.

As at 31 March 2018, instalments of building rehabilitation loans of \$199,000 (31 March 2017: \$249,000) were past due but not impaired. These relate to a number of borrowers for whom there are no recent history of bad debt. The ageing analysis of these building rehabilitation loans is as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Less than 3 months	27	93
3 to 6 months	13	12
6 to 12 months	22	23
Over 1 year	<u>137</u>	<u>121</u>
Balance at 31 March	<u>199</u>	<u>249</u>

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

11. Trade and other receivables

(a) Other receivables

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

(expressed in Hong Kong Dollars)

11. Trade and other receivables (Continued)

(b) Trade and other receivables

As at 31 March 2018, the trade and other receivables are current in nature and analysed as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Trade receivables and prepayments	36,411	29,048
Interest receivables	131,019	108,301
Other receivables and deposits	<u>33,780</u>	<u>25,119</u>
Balance at 31 March	<u><u>201,210</u></u>	<u><u>162,468</u></u>

All of trade and other receivables are expected to be recovered within one year. As at 31 March 2018, trade receivables of \$3,388,000 (31 March 2017: \$1,990,000) were past due but not impaired. These relate to a number of tenants for whom there are no recent history of bad debt. The ageing analysis of these trade receivables is as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
3 months or less	2,841	1,356
3 to 6 months	470	514
6 to 12 months	41	41
Over 1 year	<u>36</u>	<u>79</u>
Balance at 31 March	<u><u>3,388</u></u>	<u><u>1,990</u></u>

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

(expressed in Hong Kong Dollars)

12. Investments

As at 31 March 2018, the debt securities investments are analysed as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Non-current portion		
– Held-to-maturity investments	<u>2,761,306</u>	<u>1,434,417</u>
Current portion		
– Held-to-maturity investments	1,746,547	194,230
– Investments at fair value through profit or loss	<u>477,958</u>	<u>862,225</u>
	<u>2,224,505</u>	<u>1,056,455</u>

As at 31 March 2018, 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 2018. The different fair value hierarchy of the Group's investments have been defined as follows:

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

	<u>Level 1</u>		<u>Level 2</u>		<u>Total</u>	
	<u>2018</u> \$'000	<u>2017</u> \$'000	<u>2018</u> \$'000	<u>2017</u> \$'000	<u>2018</u> \$'000	<u>2017</u> \$'000
Debt securities	<u>439,999</u>	<u>363,372</u>	<u>37,959</u>	<u>498,853</u>	<u>477,958</u>	<u>862,225</u>

During the years ended 31 March 2017 and 2018, there were no transfers between Level 1 and Level 2.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

13. Properties held for sale

As at 31 March 2018, properties held for sale were stated at the lower of cost and net realisable value with carrying amounts of \$852,202,000 (31 March 2017: \$926,217,000).

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

	<u>2018</u> \$'000	<u>2017</u> \$'000
Long leases	7,196	7,196
Medium-term leases	845,006	919,021
	<u>852,202</u>	<u>926,217</u>

14. Balances with joint development projects

	<u>2018</u> \$'000	<u>2017</u> \$'000
Amounts due from joint development projects	67,789	66,462
Amounts due to joint development projects	(436,973)	(125,646)
	<u>(369,184)</u>	<u>(59,184)</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 2018.

<u>Project Name/Location</u>	<u>Land use</u>	<u>Total gross floor area (m²)</u>	<u>Actual completion date (calendar year)</u>	<u>Expected completion date (calendar year)</u>
The Zenith/One Wanchai (Wan Chai)	Commercial/Residential	62,310	2006 (Site A & B) 2013 (Site C)	–
* Vision City/Citywalk (Tsuen Wan)	Commercial/Residential	137,885	2007	–
# The Masterpiece/K11 (Tsim Sha Tsui)	Commercial/Hotel/Service Apartment	103,844	2008	–

(expressed in Hong Kong Dollars)

14. Balances with joint development projects (Continued)

<u>Project Name/Location</u>	<u>Land use</u>	<u>Total gross floor area (m²)</u>	<u>Actual completion date (calendar year)</u>	<u>Expected completion date (calendar year)</u>
* The Dynasty/Citywalk 2 (Tsuen Wan)	Commercial/Residential	44,404	2008	–
* Vista (Sham Shui Po)	Commercial/Residential	12,703	2008	–
Lime Stardom (Tai Kok Tsui)	Commercial/Residential	19,735	2011	–
* Park Summit (Tai Kok Tsui)	Commercial/Residential	21,402	2013	–
MacPherson Place (Mong Kok)	Commercial/Stadium and Youth Centre/Residential	24,767	2013	–
Park Metropolitan (Kwun Tong)	Residential	27,830	2014	–
Park Ivy (Tai Kok Tsui)	Commercial/Residential	4,843	2014	–
Trinity Towers (Sham Shui Po)	Commercial/Residential	30,300	2015	–
* The Avenue (Wan Chai)	Commercial/Residential	83,900	2015	–
My Place (Ma Tau Kok)	Commercial/Residential	6,944	2016	–
The Nova (Sai Ying Pun)	Commercial/Residential	17,767	2016	–
SKYPARK (Mong Kok)	Commercial/Residential	22,301	2017	–
City Hub (To Kwa Wan)	Commercial/Residential	8,378	2017	–

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

14. Balances with joint development projects (Continued)

<u>Project Name/Location</u>	<u>Land use</u>	<u>Total gross floor area (m²)</u>	<u>Actual completion date (calendar year)</u>	<u>Expected completion date (calendar year)</u>
My Central (Sheung Wan)	Commercial/Residential	18,248	–	2018
The Ascent (Sham Shui Po)	Commercial/Residential	7,159	–	2018
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	–	2018
Astoria Crest (Sham Shui Po)	Commercial/Residential	3,639	–	2019
205-211A Hai Tan Street (Sham Shui Po)	Commercial/Residential	3,597	–	2019
Pak Tai Street/San Shan Road (Ma Tau Kok)	Commercial/Residential	9,782	–	2020
Sai Wan Ho Street (Sai Wan Ho)	Residential	5,680	–	2020
Hai Tan Street/Kweilin Street/Pei Ho Street (Sham Shui Po)	Commercial/Residential	58,834	–	2020
1-3B Kowloon Road/ 1-5 Kiu Yam Street (Sham Shui Po)	Commercial/Residential	4,884	–	2020
@ Fuk Chak Street/Li Tak Street (Tai Kok Tsui)	Commercial/Residential	5,741	–	2020

(expressed in Hong Kong Dollars)

14. Balances with joint development projects (Continued)

<u>Project Name/Location</u>	<u>Land use</u>	<u>Total gross floor area (m²)</u>	<u>Actual completion date (calendar year)</u>	<u>Expected completion date (calendar year)</u>
Kowloon City Road/ Sheung Heung Road (Ma Tau Kok)	Commercial/Residential	12,455	–	2021
Kwun Tong Town Centre Areas 2 and 3 (Kwun Tong)	Commercial/Residential	175,288	–	2021
Pine Street/Oak Street (Tai Kok Tsui)	Commercial/Residential	6,594	–	2021
Peel Street/ Graham Street – Site A (Sheung Wan)	Commercial/Stadium and Youth Centre/Residential	9,600	–	2022
@ Peel Street/ Graham Street – Site C (Sheung Wan)	Commercial/Office/ Hotel	41,585	–	2022
@ Reclamation Street/ Shantung Street (Yau Ma Tei)	Commercial/Residential	12,510	–	2022

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

Owner participation project

@ Newly awarded project during the year

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

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)

15. Cash and bank balances

	<u>2018</u> \$'000	<u>2017</u> \$'000
Time deposits with banks		
Original maturities of 3 months or less	4,197,146	1,357,604
Original maturities of more than 3 months	11,762,863	15,726,979
	15,960,009	17,084,583
Less: Amounts held in trust for joint development projects	(3,540)	(3,521)
	15,956,469	17,081,062
Cash at banks and in hand	279,179	169,039
Less: Amounts held in trust for joint development projects	(2)	(2)
	279,177	169,037
	<u>16,235,646</u>	<u>17,250,099</u>
Maximum exposure to credit risk	<u>16,235,631</u>	<u>17,250,084</u>

As at 31 March 2018, cash and bank balances of the Group are denominated in Hong Kong Dollars except for an amount of \$2,665,842,000 (31 March 2017: \$2,314,139,000) which is denominated in USD.

The average effective interest rate of time deposits with banks was 1.59% per annum (2016/17: 1.32% per annum). These deposits have an average maturity of 148 days (2016/17: 183 days).

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>2018</u> \$'000	<u>2017</u> \$'000
Aa1 – Aa3	5,563,960	6,252,485
A1 – A3	10,472,217	10,973,146
Others	199,454	24,453
	<u>16,235,631</u>	<u>17,250,084</u>

(expressed in Hong Kong Dollars)

15. Cash and bank balances (Continued)

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.

	Debt securities issued \$'000
At 1 April 2017	3,287,949
Changes from financing cash flows:	
– Redemption of debt securities	(500,000)
Other changes:	
– Amortisation of debt securities issuing costs	2,757
At 31 March 2018	<u>2,790,706</u>

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 2018, the Authority had received all five tranches of equity injection of \$10 billion in total.

17. Trade and other payables

As at 31 March 2018, the trade and other payables are analysed as follows:

	2018 \$'000	2017 \$'000
Trade payables	85,962	75,095
Rental and other deposits received	250,995	1,079,156
Other payables	11,138	12,973
Accrued expenses	3,287,885	2,954,131
Balance at 31 March	<u>3,635,980</u>	<u>4,121,355</u>
Representing:		
– Non-current portion	676,000	942,200
– Current portion	2,959,980	3,179,155
	<u>3,635,980</u>	<u>4,121,355</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

18. Debt securities issued

As at 31 March 2018, the Group has issued the following fixed rate notes under a Medium Term Note programme.

	<u>2018</u> \$'000	<u>2017</u> \$'000
<u>Non-current portion</u>		
HK dollar Fixed rate notes with coupon of 1.75% due 2019	500,000	500,000
HK dollar Fixed rate notes with coupon of 1.64% due 2020	300,000	300,000
HK dollar Fixed rate notes with coupon of 1.65% due 2020	500,000	500,000
HK dollar Fixed rate notes with coupon of 2.92% due 2021	400,000	400,000
HK dollar Fixed rate notes with coupon of 2.18% due 2023	300,000	300,000
HK dollar Fixed rate notes with coupon of 2.15% due 2023	300,000	300,000
HK dollar Fixed rate notes with coupon of 3.85% due 2026	500,000	500,000
Less: Unamortised debt securities issuing costs	(9,294)	(11,925)
	<u>2,790,706</u>	<u>2,788,075</u>
<u>Current portion</u>		
HK dollar Fixed rate notes with coupon of 1.50% due 2017	–	500,000
Less: Unamortised debt securities issuing costs	–	(126)
	<u>–</u>	<u>499,874</u>

19. Provision for a committed project

	<u>2018</u> \$'000	<u>2017</u> \$'000
Balance at 1 April	35,000	–
Reversed during the year	(35,000)	–
Charged to profit or loss	–	35,000
	<u>–</u>	<u>35,000</u>
Balance at 31 March	<u>–</u>	<u>35,000</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.

(expressed in Hong Kong Dollars)

19. Provision for a committed project (Continued)

As at 31 March 2018, the total provision for impairment on projects are analysed as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Provision for impairment classified under properties under development as set out in Note 9	1,980,300	3,304,600
Provision for committed projects as set out above	—	35,000
	<u>1,980,300</u>	<u>3,339,600</u>
Total provision for projects	<u>1,980,300</u>	<u>3,339,600</u>

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 set aside in a reserve account for other facilitation projects.

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 2018 was \$25,195,000 (2016/17: \$26,151,000), net of forfeitures of \$2,131,000 (2016/17: \$677,000), which has been charged to the Group's profit or loss for the year.

22. Commitments

(a) Capital commitments

Capital commitments in respect of acquisition of property, plant and equipment at 31 March 2018 are as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Contracted but not yet incurred	2,403	44,821
	<u>2,403</u>	<u>44,821</u>

(expressed in Hong Kong Dollars)

22. Commitments (Continued)

(b) Operating lease commitments

As at 31 March 2018, the total future minimum lease payments under non-cancellable operating leases in respect of office premises, in which \$63,837,000 (31 March 2017: \$5,065,000) is related to costs to be incurred for accommodating certain Government offices in a project site pursuant to a re-provision arrangement with the Government, are payable as follows:

	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Within 1 year	42,265	19,490
After 1 year but within 5 years	45,417	7,949
	<u>87,682</u>	<u>27,439</u>

(c) Operating lease rental receivable

As at 31 March 2018, the total future aggregate minimum lease rental receipts under non-cancellable operating leases in respect of properties, except for those commercial portions jointly developed by the developer and the Group, are receivable as follows:

	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Within 1 year	32,298	37,241
After 1 year but within 5 years	15,554	33,350
	<u>47,852</u>	<u>70,591</u>

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 \$58,306,000 (2016/17: \$56,650,000) 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 2018, there was an amount of \$4,970,000 (31 March 2017: \$4,610,000) 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 \$1,350,000 (2016/17: \$945,000).

(expressed in Hong Kong Dollars)

23. Significant related party transactions (Continued)

During the year, the Authority received \$284,000 (2016/17: \$285,000) from the said Fund for rental of an office premise.

As at 31 March 2018, there was an amount of \$394,213,000 (31 March 2017: \$423,166,000) 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).

24. Commitments for revitalisation projects

In October 2017, the Central Market building was handed over from the Government to the Authority for commencement of revitalisation works in accordance with a scheme approved by Town Planning Board in March 2016 with less intervention in order to shorten the implementation timeframe for early public enjoyment. Upon completion, the site will be granted to the Authority for 21 years by way of private treaty for subsequent operation. The Authority was tasked to revitalise the Central Market in accordance with Chief Executive Policy Address in October 2009. Preparation of submissions pertaining to complete detail design were underway.

The Authority announced its proposal to implement a major revitalisation plan to uphold and enhance the local characteristics of a number of themed streets in Mong Kok in 2009. The improvement work at Flower Market Road has been completed. The Authority is liaising with Government Departments regarding the detailed design of Nelson Street, Sai Yee Street and Fa Yuen Street at 31 March 2018.

As at 31 March 2018, the costs incurred for these revitalisation projects has been accounted for, with no significant financial impact to the Group.

(expressed in Hong Kong Dollars)

25. 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 2018 is set out as follows:

	<u>Note</u>	<u>2018</u> \$'000	<u>2017</u> \$'000
Non-current assets			
Property, plant and equipment		2,503,696	2,483,787
Properties under development		23,774,350	15,782,466
Interest in subsidiaries	(a)	–	3,612
Loan to a subsidiary		14,600	–
Building rehabilitation loans		10,908	14,301
Prepayments		801,845	256,994
Other receivables		2,052,144	728,280
Investments		2,761,306	1,434,417
		<u>31,918,849</u>	<u>20,703,857</u>
Current assets			
Properties held for sale		852,202	926,217
Amounts due from joint development projects		67,789	66,462
Building rehabilitation loans		7,389	10,031
Trade and other receivables		201,155	162,403
Investments		2,224,505	1,056,455
Cash and bank balances		16,233,095	17,247,098
		<u>19,586,135</u>	<u>19,468,666</u>
Total assets		<u><u>51,504,984</u></u>	<u><u>40,172,523</u></u>
Capital and reserves			
Capital		10,000,000	10,000,000
Accumulated surplus		34,641,893	22,603,997
	(b)	<u>44,641,893</u>	<u>32,603,997</u>
Non-current liabilities			
Trade and other payables		676,000	942,200
Debt securities issued		2,790,706	2,788,075
		<u>3,466,706</u>	<u>3,730,275</u>
Current liabilities			
Amounts due to joint development projects		436,973	125,646
Trade and other payables		2,959,412	3,177,731
Debt securities issued		–	499,874
Provision for a committed project		–	35,000
		<u>3,396,385</u>	<u>3,838,251</u>
Total capital, reserves and liabilities		<u><u>51,504,984</u></u>	<u><u>40,172,523</u></u>

(expressed in Hong Kong Dollars)

25. Statement of Financial Position of the Authority (Continued)

(a) Interest in subsidiaries

	<u>2018</u> \$'000	<u>2017</u> \$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (Note)	22,147	51,782
Less: Provision for impairment	<u>(22,148)</u>	<u>(48,171)</u>
	<u>–</u>	<u>3,612</u>

Note:

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

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

<u>Name</u>	<u>Number of shares</u>	<u>Total share capital</u>
Opalman Limited	2	\$2
Sunfield Investments Limited	2	\$2
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. Western Market Company Limited, a wholly owned subsidiary of the Authority, transferred its operation of Western Market to the Authority during the year and became dormant as of the year ended 31 March 2018. The other subsidiaries are acting as mere trustees for holding properties under certain joint development projects. Sunfield Investments Limited was disposed on 18 April 2018.

(expressed in Hong Kong Dollars)

25. Statement of Financial Position of the Authority (Continued)

(b) Statement of Changes in Equity

	<u>Capital</u> \$'000	<u>Accumulated Surplus</u> \$'000	<u>Total</u> \$'000
Balance at 1 April 2016	10,000,000	19,461,142	29,461,142
Surplus and total comprehensive income for the year	—	3,142,855	3,142,855
	<u>10,000,000</u>	<u>22,603,997</u>	<u>32,603,997</u>
Balance at 31 March 2017	10,000,000	22,603,997	32,603,997
	<u>10,000,000</u>	<u>22,603,997</u>	<u>32,603,997</u>
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
	<u>10,000,000</u>	<u>34,641,893</u>	<u>44,641,893</u>
Balance at 31 March 2018	10,000,000	34,641,893	44,641,893
	<u>10,000,000</u>	<u>34,641,893</u>	<u>44,641,893</u>

26. Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation.

27. Approval of financial statements

The financial statements were approved by the Board on 12 June 2018.



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26/F COSCO Tower, 183 Queen's Road Central, Hong Kong
Tel : (852) 2588 2222 Fax : (852) 2827 0176 / 2827 0085
Website : www.ura.org.hk