

Urban Renewal Authority

**Responses to Questions raised by the
Legislative Council Panel on Planning, Lands & Works
at its Meeting held on 23 April 2007**

a) The financial results / status (profit / loss) of individual completed/on-going projects launched by URA so far

From its inception up to 31 March 2007, URA has commenced 23 projects out of which nine have reached the construction stage. Of these nine, none have yet been completed although the first is scheduled for completion before the end of this year. A further eight have been commenced by the HKHS, our strategic partner, and acquisition and clearance for seven of them has yet to be completed. A list of the projects is attached at **Appendix A** for Members' reference.

The URA discloses its overall financial results in its annual report and accounts which are tabled before the Legislative Council each year. The relevant information relating to URA's financial balance, income and expenditure and cash flow status as at 31 March 2006 is enclosed at **Appendix B** for ease of reference. However, the Authority is not in a position to disclose financial information about individual projects because this is commercially sensitive for both the Authority and the developers and other partners with which it works.

b) The estimated profits of the respective developers / partners for projects undertaken through cooperation between URA and developers / partners

URA does not have such commercially sensitive information. It has no right under its development agreements to demand disclosure of such information from project developers / partners, and it is not a market practice to disclose such information. We have looked at the annual reports of the former LDC and records of LegCo Panel discussion in connection with the LDC and have not found any records of disclosure of financial information in respect of individual projects in the past by LDC.

c) A comparison of the average rentals and average premiums in the respective districts at the time when the respective redevelopment projects were announced and after completion of those redevelopment projects

The URA is not able to provide information on the average rental levels in the respective areas as property owners are not obliged to provide such information to us. As regards land premiums, there is no relationship between the timing and locations of our redevelopment projects and Government's land auction programmes or payment by individual developers of premiums for lease modifications. It is, therefore, not possible to draw meaningful comparisons.

d) A comparison of the gross floor areas of the respective sites before and after redevelopment

A table giving a comparison of these gross floor areas for a number of URA's projects is at **Appendix C**.

e) The vision and future work plan of URA

Our Vision is to create quality and vibrant urban living in Hong Kong – a better home in a world-class city.

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; and
- to revitalise through enhancing and strengthening the socio-economic and environmental fabric for the benefit of our urban communities.

The URA will continue to apply its 4Rs approach to the Target Areas identified in the Urban Renewal Strategy (URS).

Over the next five years, having regard to the requirements set out in the URS, and taking into account URA's overall capacity and financial resources and barring any unforeseen circumstances such as changes in community attitudes to our 4Rs strategy and current approaches, the URA intends to continue implementation of the 39 projects now underway including complex ex-LDC projects such as H15 Lee Tung Street, H19 Staunton Street/Wing Lee Street and K7 Kwun Tong Town Centre, and to commence the three remaining complex ex-LDC projects, namely, H18 Peel Street/Graham Street, K1 Nga Tsing Wai and K28 Sai Yee Street plus new redevelopment projects.

In terms of rehabilitation, the URA will continue with its pioneering Building Rehabilitation Schemes, namely, the Materials Incentive Scheme and the Loan Scheme, which promote and facilitate building rehabilitation. In addition to these schemes, the URA has arranged for third party liability insurance subsidy and preferential bank mortgage terms with some 17 banks. The URA will also continue to provide technical advice and co-ordination services to owners' corporations. URA concentrates its rehabilitation promotional efforts in localized areas so as to create prominent 'cluster' effects, maximizing the visual impacts and complementing its redevelopment, revitalization and preservation efforts in the same localities. Where opportunities arise, we assist owners of buildings or groups of buildings to produce quality design or colour schemes for building facades in order to enhance the appearance of the entire neighbourhood. URA also works closely with non-government organizations (NGOs) in the scheme areas to promote better building care culture.

By end of December 2006, about 23,900 units or 285 buildings had benefited from these schemes. Expenditure committed under these schemes up to end March 2007 was around \$110 million as was highlighted in the panel paper for the meeting of 23 April on "Work of the Urban Renewal Authority".

It is expected that in the next five years, some 850 buildings or some 50,000 units would benefit from either the Materials Incentive Scheme and/or the Loan Scheme.

As for preservation, the URA has been a pioneer in terms of planning for and achieving adaptive re-use of pre-war shophouses (tong lau)

and/or retention of the street-scape scales, vibrancy and building morphologies in several of its projects, including in particular four shophouses in H16 Johnston Road (J Residence), three shophouses in H15 Lee Tung Street, and four shophouses in H18 Peel Street/ Graham Street, six shophouses in WC/001 Mallory Street/Burrows Street and eight shophouses in H05-026 Stone Nullah Lane/Hing Wan Street. This is by far the largest group of shophouses preserved by any single organization in Hong Kong.

Whilst other projects with elements of significant historic value have been identified, the extent of URA's achievements in respect of preservation of such elements will depend greatly on the outcome of review of Government's Policy on Built Heritage Conservation as well as on resolution of practical issues relating to how modern building and fire safety standards should be applied to old buildings, and identification of suitable modern viable uses for such preserved buildings.

The URA's revitalisation initiatives are aimed, but not solely restricted to, districts and areas where URA is already active in implementing redevelopment projects, rehabilitation, and / or preservation initiatives. The intention of this approach is to maximise the synergies created by utilizing all of URA's 4Rs strategies in any given Target Area.

The URA will continue to work closely with the various Government departments and other stakeholders such as District Councils, local bodies and communities whose involvement and participation are necessary to ensure that URA's revitalisation initiatives are welcomed and tailored to meet local needs and environments. In order to achieve the desired outcomes, positive support and co-operation is needed from all of these parties and stakeholders, especially in regard to their respective responsibilities for capital costs, maintenance and management.

Looking ahead, URA aims to enhance its rehabilitation, revitalization and preservation work in order to fulfill all aspects of URA's social mission which has always extended beyond redevelopment and compensation. The 'loss making' 3Rs activities, by improving living conditions, will bring about environmental improvements and contributing to maintenance of social networks. To this end, URA is expanding its Social Service Teams whose role is to assist people affected by URA's projects before, during and after acquisition of relevant sites.

In addition, URA has taken the initiative to reserve premises in certain redevelopment projects for community/commercial use. When available, these premises will be leased to appropriate agencies/organizations, which will be selected having due regard for the needs and aspirations of the local communities concerned as well as relevant currently evolving Government policies and pledges concerning social enterprises.

The range of revitalisation initiatives taken by URA range from physical improvements and environmental upgrading through pedestrianization, street furniture, public art, street side greening and streetscape enhancement, to street performances and community activities, to leasing of space to NGOs and social enterprises in various Target Areas.

Completed revitalization initiatives include upgrading of Morrison Street, creation of Sheung Wan Fong and its use for several community activities, upgrading of Portland Street and Nelson Street around Langham Place and facilitating its use for several street carnival activities, upgrading of Pitt Street and Temple Street in Yau Ma Tei, and upgrading of Kok Cheung Street, Po Man Street and Ho King Street in Tai Kok Tsui and Ho Pui Street in Tsuen Wan.

On-going revitalization initiatives which are awaiting appropriate Government department support or commencement of work include street improvements to Tung Street in Sheung Wan, Chung On Street in Tsuen Wan, Hanoi Road, Bristol Avenue, and Minden Row in Tsim Sha Tsui, and Ivy Street and Fuk Tsun Street in Tai Kok Tsui.

In addition, relevant stakeholders and Government departments are being consulted on various preliminary proposals for street improvements and local revitalization efforts around and between commenced projects in Tai Kok Tsui and Sham Shui Po, including Kweilin Street and Pei Ho Street. The objective is to integrate the four elements of the 4Rs strategy to upgrade and revitalize local areas, known as 'Action Areas', in a holistic manner.

Urban Renewal Authority
June 2007

Status of 31 projects launched by URA including 8 projects by HS

	Project Code	Project Name	Action by	Brief Details	Current Progress
1.	H16	Johnston Road	URA	Residential /Retail development with total GFA of 20,567m ² and 381 residential units. Preservation of 5 historical buildings.	- Construction in progress and is scheduled to complete by mid 2007.
2.	K3	Cherry Street	URA	Residential /Retail development with total GFA of 43,165m ² and 522 residential units.	- Construction in progress and scheduled to complete by late 2008.
3.	K26	Fuk Wing Street / Fuk Wa Street	URA	Residential /Retail development with total GFA of 12,662m ² and 155 residential units. 250m ² public open space.	- Construction in progress and scheduled to complete by mid 2008.
4.	K19	Po On Road / Shun Ning Road	URA	Residential /Retail development with total GFA of 12,534m ² and 166 residential units. 250m ² public open space.	- Construction in progress and scheduled to complete by early 2008.
5.	K27	Reclamation Street	URA	Residential /Retail development with total GFA of 4,921m ² and 85 residential units.	- Construction in progress and scheduled to complete by late 2007.
6.	H20	First Street / Second Street	URA	Residential/Retail development with total GFA of 38,954m ² and 470 residential units. Residential care home for the elderly. 700 m ² public open space.	- Construction in progress and scheduled to complete by late 2008.
7.	H17	Queen's Road East	URA	Residential/Retail development with total GFA of 3,952m ² and 66 residential units.	- Demolition completed - JV tender awarded in early 2007.

	Project Code	Project Name	Action by	Brief Details	Current Progress
8.	K30	Larch Street / Bedford Street	URA	Residential/Retail development with total GFA of 10,327m ² and 192 residential units.	- Construction in progress and scheduled to be completed by late 2009
9.	K33	Baker Court	URA	Residential/Retail development with total GFA of 2,109m ² and 46 residential units.	- Buildings cleared - Pursuing court enforcement of right of way issue
10.	H15	Lee Tung Street / McGregor Street	URA	Residential/Retail development with total GFA of 84,355 m ² including 2,110 m ² GFA for residential care home for the elderly, refuse collection point and public toilet, and 1,415 residential units. 550m ² public open space. Preservation of 3 historical buildings.	- Phased demolition in progress
11.	H19	Staunton Street / Wing Lee Street	URA	Residential/Retail development with total GFA of 34,325m ² including 150m ² GFA for public toilet and 519 residential units. Around 855m ² public open space.	- Development Scheme gazetted on 21 March 2003. - The Court of Appeal ruled the appeal in favour of the appellant. - TPB reheard the objection raised by the appellant on 15 June 2007 and decided to exclude the subject site of the appellant from the boundary of the H19 project.
12.	H21	Shau Kei Wan Road	HS	Residential /Retail development with total GFA of 19,467m ² and 296 residential units.	- Clearance in progress
13.	K25	Po On Street / Wai Wai Road	HS	Residential /Retail development with total GFA of 23,382m ² including 2,200m ² G/IC	- Demolition in progress

	Project Code	Project Name	Action by	Brief Details	Current Progress
				GFA and 384 residential units.	
14.	K20	Castle Peak Road / Cheung Wah Street	HS	Residential /Retail development with total GFA of 8,910m ² and 149 residential units.	- Clearance in progress
15.	K21	Castle Peak Road / Un Chau Street	HS	Residential /Retail development with total GFA of 23,482m ² and 356 residential units. 150m ² public open space.	- Clearance in progress
16.	K22	Un Chau Street / Fuk Wing Street	HS	Residential /Retail development with total GFA of 19,998m ² including 2,200 m ² G/IC GFA and 333 residential units. 150m ² public open space.	- Clearance in progress
17.	K23	Castle Peak Road / Hing Wah Street	HS	Residential /Retail development with total GFA of 12,438m ² and 180 residential units.	- Clearance in progress
18.	K31	Larch St/Fir Street	URA	Residential/Retail development with total GFA of 19,584m ² and 251 residential units.	- JV tender invited in early 2007
19.	K32	Pine St/Anchor Street	URA	Residential/Retail development with total GFA of 20,700m ² and 314 residential units. 450m ² public open space.	- Clearance in progress
20.- 21.	SSP/1/001 & 002	Lai Chi Kok Road / Kweilin Street & Yee Kuk Street	URA	Residential/Retail development with total GFA of 30,106m ² and 420 residential units. Around 400m ² of public open space.	- Development Scheme approved by CE in C on 20 June 2006 - Acquisition in progress

	Project Code	Project Name	Action by	Brief Details	Current Progress
22.	WC/001	Mallory Street/ Burrows Street	URA	Retention and refurbishment of 2,140m ² of existing space for cultural and creative industries and around 300m ² of public open space	<ul style="list-style-type: none"> - Development Scheme approved by CE in C on 30 May 2006 - Acquisition in progress.
23.	H14	Sai Wan Ho Street	HS	Residential/Retail development with total GFA of 5,791m ² and 88 residential flats.	<ul style="list-style-type: none"> - Acquisition in progress
24.	SYP/1/ 001	Yu Lok Lane/Centre Street	URA	Residential/Retail development with total GFA of 17,320m ² and 279 residential flats. Around 1,100m ² public open space.	<ul style="list-style-type: none"> - Development Scheme gazetted on 2 December 2005 - Project enlarged by TPB in November 2006 - Awaiting CE in C approval of scheme
25.	TKT/2/ 001	Fuk Tsun Street/ Pine Street	URA	Residential/Retail development with total GFA of 4,824m ² and 72 residential flats	<ul style="list-style-type: none"> - Authorisation from SHPL under sec 24(4) URAO to proceed with project received June 2006 - Acquisition in progress
26.- 28.	SSP/1/ 003, 004 & 005	Hai Tan Street/ Kweilin Street & Pei Ho Street	URA	Residential/Retail development with total GFA of 66,960m ² including 2,200m ² G/IC reserve and 880 residential units. Around 1,500m ² public open space.	<ul style="list-style-type: none"> - 3 projects processed as 1 Development Scheme and gazetted on 17 February 2006 - Planning approval of the DSP underway
29.	K9	MacPherson Stadium	URA	Residential/Retail development with total GFA of 24,663m ² including 5,716m ² of G/IC for indoor stadium	<ul style="list-style-type: none"> - Agreement reached with HKPA in March 2006 to proceed with redevelopment - Design feasibility under

	Project Code	Project Name	Action by	Brief Details	Current Progress
				and youth centre and 253 residential units.	study
30.	H05-026	Stone Nullah Lane/Hing Wan Street	HS	Retention and refurbishment of 2,317m ² existing GFA for cultural, community and commercial use with around 220m ² of public open space	<ul style="list-style-type: none"> - Development Scheme gazetted on 31 March 2006 - Planning approval of the DSP underway
31	K7	Kwun Tong Town Centre Project	URA	2,000 residential flats 199,780 m ² of commercial space 16,300 m ² of G/IC GFA 15,700 m ² of PTI area 8,700 m ² of open space	<ul style="list-style-type: none"> - Draft Development Scheme gazetted on 30 March 2007 - On 17 May, Kwun Tong DC passed unanimous motion for submission of DSPs to TPB - Now awaiting TPB consideration of two draft DSPs and gazettal under section 5 of TPO

Urban Renewal Authority
June 2007

綜合收支表

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

截至二零零六年三月三十一日
止年度（以港元為單位）

for the year ended 31 March 2006
(expressed in Hong Kong Dollars)

		Note	2006 \$'000	重列 Restated 2005 \$'000
營業額	Turnover	5(a)	2,765,917	4,936,401
直接成本	Direct costs	6	(702,347)	(2,128,501)
毛利	Gross profit		2,063,570	2,807,900
其他淨收入	Other income, net	5(b)	199,163	29,041
行政費用	Administrative expenses		(154,500)	(167,374)
其他營運費用	Other operating expenses		(37,086)	(25,941)
物業減值(準備)/撥回	(Provision for) / write back of impairment on properties		(494,536)	358,461
除所得稅前營運盈餘	Operating surplus before income tax	7	1,576,611	3,002,087
所得稅	Income tax expenses	8(a)	-	-
年度盈餘	Surplus for the year	9	1,576,611	3,002,087

第九十五頁至一百三十頁之
附註乃本財務報表的一部份。

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

綜合資產負債表

CONSOLIDATED BALANCE SHEET

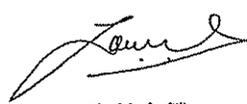
二零零六年三月三十一日 at 31 March 2006
(以港元為單位) (expressed in Hong Kong Dollars)

			重列
	Note	2006 \$'000	Restated 2005 \$'000
非流動資產	Non-current assets		
租賃土地	Leasehold land	76,783	78,082
物業、機器及設備	Property, plant and equipment	57,456	60,905
已購入有待重建物業	Properties acquired pending redevelopment	10,558	10,551
發展中物業	Properties under development	2,639,022	1,908,501
共同控制發展項目	Jointly controlled development projects	486,807	606,023
樓宇復修貸款	Building rehabilitation loans	17,821	5,610
		<u>3,288,447</u>	<u>2,669,672</u>
流動資產	Current assets		
待售物業	Properties held for sale	269,298	278,646
樓宇復修貸款	Building rehabilitation loans	4,501	1,035
貿易及其他應收帳款	Trade and other receivables	42,269	9,716
現金及現金等價物	Cash and cash equivalents	6,195,033	3,194,092
		<u>6,511,101</u>	<u>3,483,489</u>
總資產	Total assets	<u>9,799,548</u>	<u>6,153,161</u>
資金及儲備	Capital and reserves		
資金	Capital	8,000,000	6,000,000
累積盈餘 / (虧損)	Accumulated surplus / (deficit)	1,552,746	(23,865)
		<u>9,552,746</u>	<u>5,976,135</u>
流動負債	Current liabilities		
貿易及其他應付帳款	Trade and other payables	246,802	177,026
總資金、儲備及負債	Total capital, reserves and liabilities	<u>9,799,548</u>	<u>6,153,161</u>

於二零零六年六月十九日經董事會批核

Approved by the Board
on 19 June 2006


主席鄭維新
Edward CHENG Wai-sun
Chairman


行政總監 林中麟
Billy LAM Chung-lun
Managing Director

第九十五頁至一百三十
頁之附註乃本財務報表
的一部份。

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

綜合現金流量表

CONSOLIDATED CASH FLOW STATEMENT

截至二零零六年三月三十一日 for the year ended 31 March 2006
 日止年度 (以港元為單位) (expressed in Hong Kong Dollars)

	Note	2006	重列
		\$'000	Restated 2005
		\$'000	\$'000
營運活動現金流量	Cash flows from operating activities		
除所得稅前營運盈餘	Operating surplus before income tax	1,576,611	3,002,087
調整：	Adjustments for:		
利息收入	Interest income	(182,455)	(11,607)
折舊及攤銷	Depreciation and amortisation	30,713	18,451
出售物業、機器及設備虧損	Loss on disposal of property, plant and equipment	11	43
物業減值準備/(撥回)	Provision for /(write back of) impairment on properties	494,536	(358,461)
營運資金變動前營運盈餘	Operating surplus before working capital changes	1,919,416	2,650,513
共同控制發展項目減少/(增加)	Decrease/(increase) in jointly controlled development projects	124,722	(23,108)
發展中物業增加	Increase in properties under development	(1,243,583)	(174,219)
樓宇復修貸款增加	Increase in building rehabilitation loans	(15,677)	(6,645)
貿易及其他應收帳款減少/(增加)	Decrease/(increase) in trade and other receivables	754	(597)
待售物業減少/(增加)	Decrease/(increase) in properties held for sale	5,076	(9,565)
貿易及其他應付帳款增加	Increase in trade and other payables	64,271	100,629
來自營運之現金	Cash generated from operations	854,979	2,537,008
利息收入	Interest received	149,150	9,741
支付利息	Interest paid	-	(336)
來自營運活動之淨現金	Net cash generated from operating activities	1,004,129	2,546,413
投資活動現金流量	Cash flows from investing activities		
購置物業、機器及設備	Purchase of property, plant and equipment	(3,189)	(3,881)
出售物業、機器及設備收入	Proceeds from sale of property, plant and equipment	1	97
用於投資活動之淨現金	Net cash used in investing activities	(3,188)	(3,784)
融資活動現金流量	Cash flows from financing activities		
資金增加	Increase in capital	21 2,000,000	2,000,000
無抵押銀行計息貸款減少	Decrease in unsecured interest-bearing bank loans	21 -	(1,355,000)
來自融資活動之淨現金	Net cash generated from financing activities	2,000,000	645,000
現金及現金等價物淨增加	Net increase in cash and cash equivalents	3,000,941	3,187,629
於年初的現金及現金等價物	Cash and cash equivalents at the beginning of the year	3,194,092	6,463
於年末的現金及現金等價物	Cash and cash equivalents at the end of the year	18 6,195,033	3,194,092

第九十五頁至一百三十頁之附註乃本財務報表的一部份。

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

Launched URA Projects: Comparison of GFA before and after Redevelopment

Project	OZP Zonings	Project area (m ²)	Total Existing GFA (m ²)	Total Proposed GFA (m ²)
H16 (Johnston Road)	CDA	1,970	7,640	20,567
K26 (Fuk Wing Street)	R(A)	1,384	5,129	12,662
K3 (Cherry Street)	CDA	4,510	14,416	43,097
H17 (Queen's Road East)	R(A)	378	1,806	3,952
H20 (First Street)	CDA	3,536	15,690	38,954
K19 (Po On Road)	R(A)	1,394	4,898	12,511
K27 (Reclamation Street)	R(A)	535	2,411	4,921
H15 (Lee Tung Street)	CDA	8,900	36,534	79,697
K30 (Bedford Road)	R(A)	1,229	6,313	10,327
K33 (Baker Court)	R(A)	250	834	2,109
SSP/1/001-002 (Lai Chi Kok Road)	CDA	3,345	13,197	29,682
K31 (Larch Street)	R(A)	2,176	10,332	19,584
K32 (Pine Street)	R(A)	2,300	11,802	20,700
TKT/2/001 (Fuk Tsun Street)	R(A)	536	4,071	4,824
K9 (MacPherson Stadium)	G/IC	2,400	2,788	24,663
K7 (Kwun Tong Town Centre)	C, R(A), O, G/IC, Road	53,500	105,124	401,250
H18 (Peel Street)	CDA	5,320	20,219	68,620
Total*			263,204	798,120

NB: * Existing GIC GFA totalling 19,988 m² and proposed GIC GFA totalling 45,088 m²

Existing Open Space totalling 2,985 m² and proposed Open Space totalling 12,300 m²

- With the exception of K7, which has yet to be considered by the Town Planning Board, this table only includes Development Schemes with approved Planning Briefs and/or Layout Plans i.e. with confirmed development parameters

Launched HS Projects: Comparison of GFA before and after Redevelopment

Project	OZP Zonings	Project area (m ²)	Total Existing GFA (m ²)	Total Proposed GFA (m ²)
K20 (Cheung Wah St/Shun Ning Road)	R(A)	990	5,935	8,910
K21 (Castle Peak Road/Un Chau Street)	R(A)	2,609	14,193	23,482
K22 (Un Chau Street/Fuk Wing Street)	R(A)	2,222	10,114	19,998
K23 (Castle Peak Road/Hing Wah Street)	R(A)	1,382	8,286	12,438
K25 (Po On Road)	R(A)	2,598	9,923	23,382
H14 (Sai Wan Ho Street)	R(A)	712	3,796	5,791
H21 (Shau Kei Wan Road)	C/R	1,890	9,834	19,467
Total#			62,081	113,468

NB: # Nil existing GIC GFA and total proposed GIC GFA totalling 4,400 m²;
 Nil existing Open Space and proposed Open Space totalling 300 m²