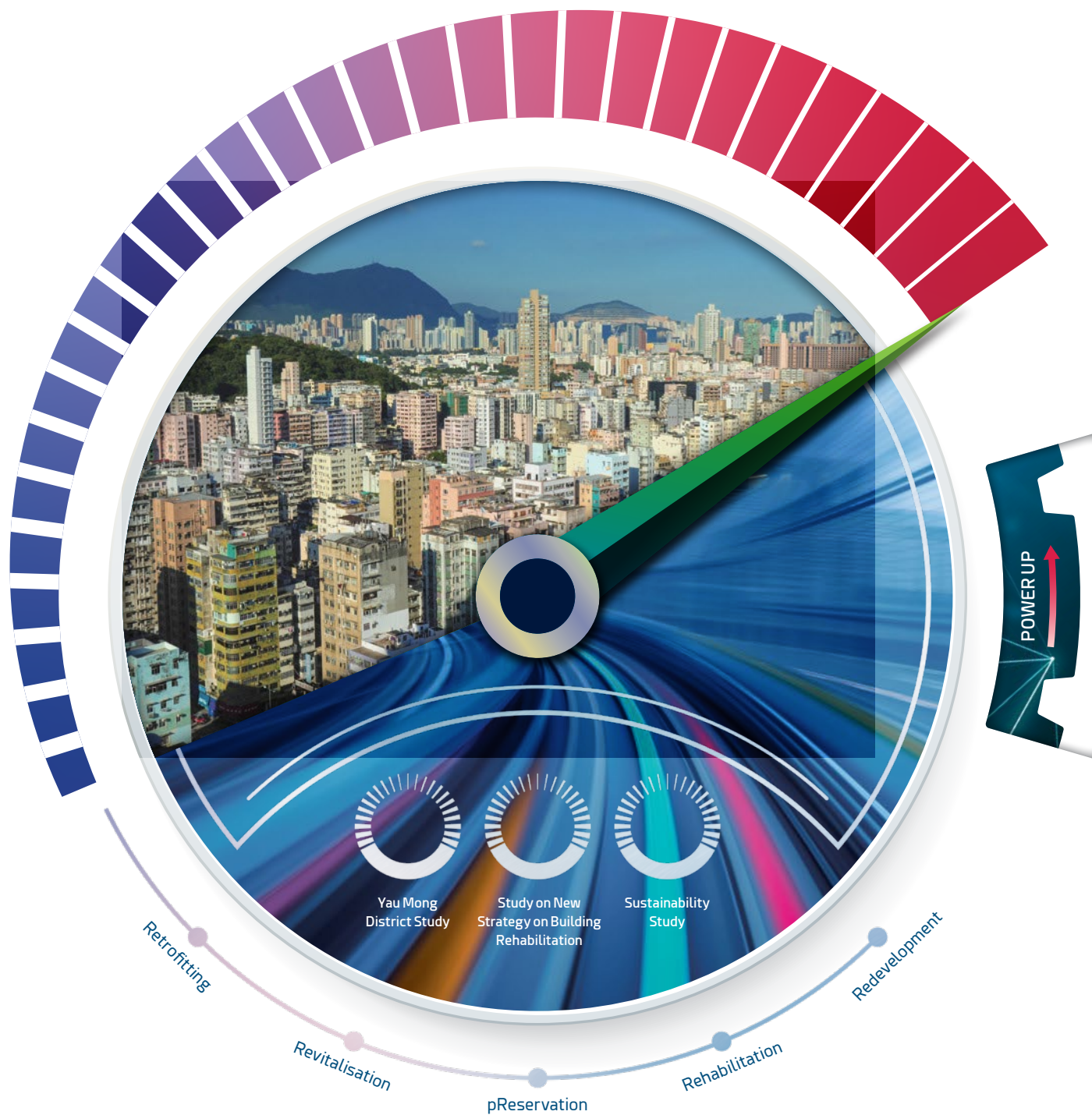
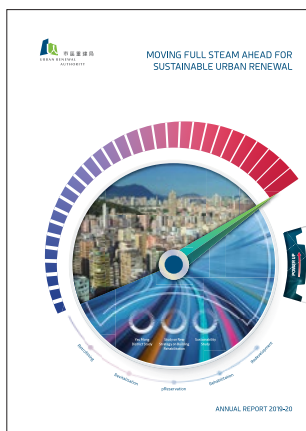


MOVING FULL STEAM AHEAD FOR SUSTAINABLE URBAN RENEWAL



MOVING FULL STEAM AHEAD FOR SUSTAINABLE URBAN RENEWAL





Cover Concept

Moving Full Steam Ahead for Sustainable Urban Renewal

Backed by the three strategic studies and utilising digital intelligence, the URA powers up its effort and resources in full swing to accelerate the implementation of the 5Rs (Redevelopment, Rehabilitation, pReservation, Revitalisation and Retrofitting), transforming dilapidated areas into innovative and smart districts, and realising sustainable urban renewal.

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VISION, MISSION AND VALUES

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

OUR VISION

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

OUR MISSION

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

Our Priorities are:

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

Our Partners are:

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

Our People are:

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



A professional portrait of Mr. CHOW Chung-kong, an elderly man with short grey hair, smiling warmly. He is wearing a dark navy blue suit jacket over a white dress shirt and a light pink patterned tie. His hands are tucked into his jacket pockets. The background is a vibrant blue gradient with a faint, stylized cityscape and glowing light effects on the right side.

Mr CHOW Chung-kong, GBS, JP

CHAIRMAN'S STATEMENT

Optimising Urban Renewal
by Making Full Use of Resources

"We shall continue to adopt prudent fiscal management to ensure financial and operational sustainability while at the same time, to make full use of our resources in fulfilling the mission of urban renewal."



CHAIRMAN'S STATEMENT

"The URA changed from the conventional building-by-building process, to a more planning-led strategy."

Since assuming chairmanship in May last year, I have been working with the URA team in formulating our strategies for the coming years. During which, I have come to appreciate, more than ever, our responsibilities in the work of urban renewal and the long journey it entails.

URA is tasked to improve the overall built environment of old districts in Hong Kong and the living standards of its people by replanning land use, which includes better-designed road networks and pedestrian walkways, to maximise the benefits to the community.

Meanwhile, we have also been supporting Government housing policies by supplying subsidised flats to qualified first-time owners; and managing various Government assistance programmes that promote the maintenance of older buildings.

Urban renewal is a lengthy process: the "long journey" of our projects, which involve multiple dilapidated buildings or even multiple adjoining blocks, usually takes at least six to eight years to complete. It is therefore important for us to maintain sufficient liquidity to cover the huge acquisition costs needed for instigating new redevelopments, in order to fulfil our mission of advancing urban renewal in a sustainable manner over the prolonged timescale.

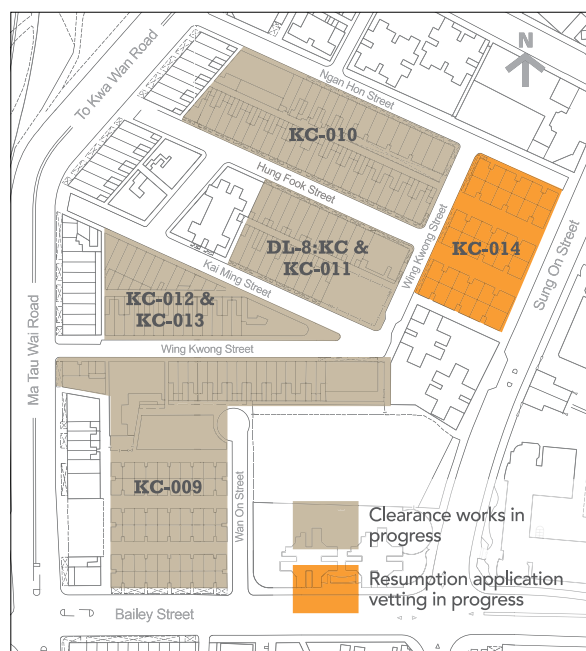
In the past year, some URA projects have inevitably been delayed by social disturbances and the COVID-19 pandemic. Fortunately, through the joint efforts of our team, we have been able to make advancements in several major areas.

As we are living in an uncertain world with the future full of unknowns, we shall continue to adopt prudent fiscal management to ensure financial and operational sustainability while at the same time, to make full use of our resources in fulfilling the mission of urban renewal.

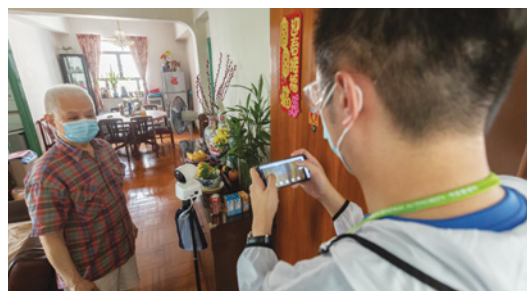
Taking a planning-led approach to boost land development potential

During the year, the URA has made good progress in a number of large-scale redevelopment projects. We have reviewed and replanned existing land uses to maximise the development potential of a number of sites, including six redevelopment projects in To Kwa Wan under a district-based approach. Five sites are now being prepared for clearance, while a land resumption application is under review for the remaining project in Wing Kwong Street/Sung On Street.

This year, we have also added the Civil Servants' Co-operative Building Society Scheme (CBS) buildings, also in To Kwa Wan, to our redevelopment portfolio. Despite a three-month delay due to the COVID-19 pandemic, we were able to commence two CBS projects in May 2020, and have successfully completed the "freezing surveys" to determine the eligibility of those affected for ex-gratia allowances or rehousing. Statutory planning and consultation are now under way.



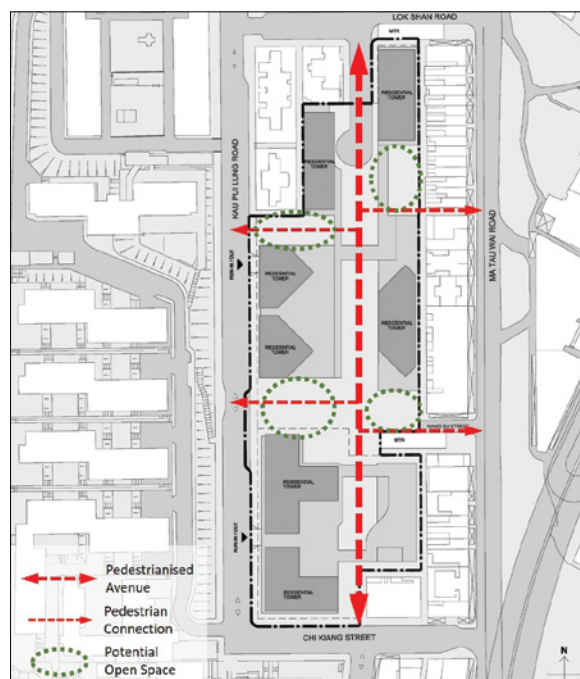
The six district-based development projects in To Kwa Wan, Kowloon City are making good progress.



Amid the COVID-19 pandemic, URA staff adopts smart camera devices to conduct freezing survey, observing social distance with the residents thus mitigating the infection risk.

The commencement of the six urban renewal projects under a district-based approach, along with the two pilot CBS redevelopments, mark a new milestone in the URA's redevelopment approach which changed from the conventional building-by-building process, to a more planning-led strategy. This is a more holistic and comprehensive planning approach which will not only turn dilapidated structures into new buildings of modern standards, but also allow the provision of greener and more diversified amenities, in line with our goal of optimising urban renewal for maximum community benefits.

It is estimated that over the next five years, the total number of new flats to be provided by the projects under the URA's approved Corporate Plan will amount to over 12,000, which is 2.7 times the existing number. In other words, about 2,400 flats will be created per annum.



The notional design of the recently launched Kau Pui Lung Road / Chi Kiang Street Development Scheme reflects URA's comprehensive planning approach to provide more diversified urban space, and improved connectivity of road and pedestrian networks.

Adopting prudent risk management to ensure sufficient liquidity

While the URA has a long-term business development plan in place to increase the scope and speed of urban renewal, it must also ensure that sufficient liquidity is maintained to support the high costs of developing new projects, especially in the acquisition of existing property interests.

The URA received upfront payments from joint venture partners in tendered projects, after acquiring existing property interests and implementing site formation. These upfront payments are URA's main cash receipts which provide sufficient cash flows for acquisitions in subsequent redevelopment projects, thus ensuring that urban renewal can be a sustainable process.

In the coming year, we shall be concentrating resources and intensifying our efforts to accelerate the pace of implementation of the four or five projects, including the two redevelopments of CBS buildings, currently in the 2020/21 business plan. As the total liquidity of URA is only about HK\$11 billion, we expect in the coming two to three years, the URA will face a liquidity crunch for the substantial funding required in property acquisition of these projects.

To prepare for and mitigate this eventuality, and also take into account potential downturns in the economy and market environment, we have strengthened our financial risk management and adjusted project planning procedures. Also, we shall make good and full use of our resources to take urban renewal forward. In this regard, we shall optimise our borrowing capacity to maintain sufficient liquidity, in order to achieve the objectives set out in the URA's Corporate Plan.

"Taking into account potential downturns in the economy and market environment, we have strengthened our financial risk management and adjusted project planning procedures."

"The URA takes on wider social responsibilities by assisting the Government in implementing new initiatives and policies, using its own resources."



Welcoming the first owner of eResidence coming for flat handover.

Giving back to society

The URA has a unique role. In addition to improving the living environment of local residents and promoting the city's sustainable development, it takes on wider social responsibilities by assisting the Government in implementing new initiatives and policies, using its own resources.

In response to the home ownership aspirations of the public and to assist the Government in piloting the "Starter Homes" concept and mode of operation, the URA has allocated a substantial number of newly-built flats in its "eResidence" redevelopment project as subsidised units to be sold at a discount. The public response has been enthusiastic, with all 450 subsidised units quickly sold.

To extend this initiative, we are studying the feasibility of designating the Chun Tin Street/Sung Chi Street redevelopment project in To Kwa Wan as a second phase of "eResidence", offering some 260 flats under the Starter Homes Scheme.

In addition, one third of the total development area of the CBS redevelopment on Kau Pui Lung Road/Chi Kiang Street will be allocated for the purpose of public housing, providing around 1,000 units for the public in need.

Meanwhile, we are also assisting the Government in implementing two transitional housing projects in Ta Kwu Ling and Hung Shui Kiu. Consultants are being engaged to conduct planning and feasibility studies, estimated for completion in the third quarter of 2020 for Government's consideration. URA will help the relevant non-government organisations, who will run the projects, to prepare and submit planning applications, and assist them to conduct local consultation in the fourth quarter of this year. If things go smoothly, completion of the projects is expected in 2022 or early 2023, producing about 1,000 transitional housing units.



The artist impression of the transitional housing project in Hung Shui Kiu.

As regards the rehabilitation of older buildings, complementing its ongoing assistance to the Government in implementing Operation Building Bright 2.0, the Fire Safety Improvement Works Subsidy Scheme and the Lift Modernisation Subsidy Scheme, the URA has in early July 2020, taken over from the Hong Kong Housing Society to administer the rechristened Building Maintenance Grant Scheme for Needy Owners (BMGSNO) with an expanded scope of services to cover more beneficiaries.

As a result, the URA is now the sole organisation to administer Government subsidy schemes for building rehabilitation, facilitating applications by property owners in an integrated manner to take forward maintenance works to improve building condition and thus the living quality. In total, these subsidy schemes carry a value of more than HK\$18 billion.

Over the next decade, we shall use our own resources to strengthen the promotion and implementation of these four subsidy schemes. In addition to providing financial aid, we shall also make full use of technology and diverse platforms to assist property owners to overcome technical constraints in organising building maintenance works.

On top of its two core strategies of redevelopment and rehabilitation, the URA is adopting an innovative community revitalisation approach in its Staunton Street/ Wing Lee Street project in Sheung Wan in which, local residents and stakeholders are engaged through various community-based studies and activities, to devise together plans and programmes for the long-term development of the community.

In 2020, the COVID-19 pandemic has severely hit the Hong Kong economy. We have swiftly responded to the situation by introducing rent relief measures for both domestic and commercial tenants in our properties, as a way to tide Hong Kong people over difficult times to alleviate the economic impact on them, and help preserve jobs.



Setting up Urban Farm at the Staunton Street / Wing Lee Street Project as one of the pilot initiatives of community making which aims to connect and engage the local residents in the revitalisation of the community.



Primary school students paint a mural in their community at Shing Wong Street under the guidance of an artist, adding colours to the vicinity of the Staunton Street / Wing Lee Street Project.

Working diligently and breaking through barriers

Over the past year, Hong Kong has faced very significant challenges in terms of social and economic development, and the urban renewal environment has been no exception.

I should like to thank the URA team for their untiring efforts during the year, working diligently and breaking through barriers to achieve exceptional results in several major areas. I am delighted to see some of the projects have received awards and public commendations for their excellences. I should also like to express sincere gratitude to all members of the Board for their contributions and valuable advice in their respective professional areas.

Given the economic uncertainty and challenges ahead, we will need to strive even harder in the coming years, making good and full use of resources to speed up the urban renewal process through our "5R" strategies. As the URA continues to push forward urban regeneration and support the Government in implementing new and existing housing policies as well as building rehabilitation measures, we pledge to respond to the needs of the public and live up to our important mission of bringing long-term benefits to the Hong Kong community.

CHOW Chung-kong, GBS, JP
Chairman
 31 July 2020



Ir WAI Chi-sing, GBS, JP, FHKEng

MANAGING DIRECTOR'S STATEMENT

Formulating a Forward-looking Approach for Urban Renewal with Teamwork and Innovative Mechanisms

Last June, I started another three-year term as Managing Director of the URA. I find it most fulfilling to work with the URA Board and its devoted team to promote sustainable urban renewal in Hong Kong.

The URA was established in 2001, after the Government enacted the Urban Renewal Authority Ordinance with the aim of implementing urban renewal under a new statutory framework and vision. Through nearly two decades of hard work, we have redeveloped around 1,500 dilapidated buildings in old districts and thereby helped over 30,000 residents improve their living conditions. These achievements demonstrate that under the new framework and vision, the living environment of many older districts has been improved.

collaboration
reduced travel and time
for a project in the
district in the world



MANAGING DIRECTOR'S STATEMENT

"The URA team is now much better geared towards realising the sustainable development of urban renewal in Hong Kong and advancing quality urban living for its residents."

Despite these successes, our redevelopment work is still being outpaced by urban decay. Moreover, the conventional project-led approach, being a building-by-building redevelopment method, makes it difficult to achieve the longer-term objective of urban renewal, which is to significantly enhance the look and ambience of the built environment of old districts by means of restructuring and replanning.

Since I took office as Managing Director, I have been committed to working with the URA team to address these issues and embrace future challenges. With the Board's support, we have formulated a new approach and direction for more forward-looking urban regeneration, thus enhancing its effectiveness and benefits. I am pleased to say that, through constant innovation and practice, we have made achievements in areas covering strategy formulation, project planning, execution mechanisms, technology applications and human resources training. This means the URA team is now much better geared towards realising the sustainable development of urban renewal in Hong Kong and advancing quality urban living for its residents.

Using new strategic studies to set new directions

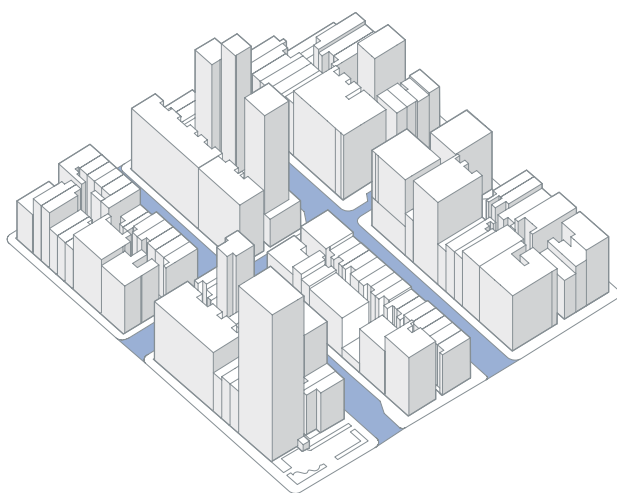
After several decades of Hong Kong's urban development, many of its infrastructural and community facilities, including pedestrian and road networks, amenity and green spaces, and residential facilities in the community, are outdated and ageing, and thus unable to meet social development needs. Currently more than 10,000 buildings across the city are aged 50 years or above, and the number is estimated to increase to about 28,000 by 2046.

To address effectively this aggravating problem of the "double-ageing" of urban districts and buildings, a more holistic and macroscopic approach is needed. We have embodied this in our '5R' set of strategies, which integrates the use of redevelopment, rehabilitation, preservation, revitalisation and retrofitting to achieve urban regeneration with greater impact.

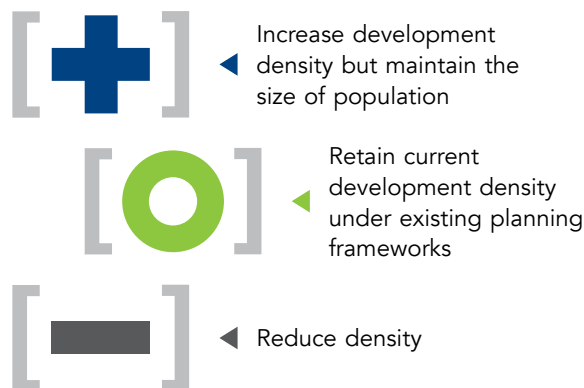
With this in mind, we launched the Yau Mong District Study (YMDS) and New Strategy on Building Rehabilitation (NSBR) in 2017 to address the problems that hinder sustainable development in urban renewal, and explore a new direction and implementation mechanism to take forward the work of urban renewal. With cross-divisional co-operation and efforts, both studies have been largely completed, making valuable findings and recommendations.

Completion of the initial YMDS baseline study last year has given us a clearer understanding of the building conditions, built environment and rate of urban decay in Yau Ma Tei and Mong Kok. The URA has hence focused on identifying locations with urban renewal potential within these two districts and the formulation of a Master Renewal Concept Plan (MRCP). So far, we have completed the first version of the MRCP, which comprises three different development density options: a "positive" option which increases development density but maintains the size of population; a "negative" option with reduced density; and a "neutral" option retaining the current development density under existing planning frameworks.

Given the lack of new land resources in urban areas for rehousing, we will try to start with the "positive" option by identifying a few renewal projects among the three options that appear worthy of further in-depth studies. If these projects then appear to be financially viable, they will be included in URA's Business Plan for commencement, in accordance with the prevailing project implementation and public consultation processes under the Urban Renewal Authority Ordinance.



Three development density options



If the “positive” option is adopted, it is initially estimated that about two million square metres of gross floor area can be added in Yau Ma Tei and Mong Kok for various development purposes of housing (including public housing), commercial and community facilities, to meet the long-term development needs of different sectors of the local community. Under this high-density development option, various planning approaches such as opening up underground spaces, optimising building layouts and reorganising the street network will be explored such that more above-ground spaces can be freed up for green amenities and community facilities, thus improving the overall living environment and building liveable high-density communities.

Promoting preventive building maintenance with new strategies

However, redevelopment alone can hardly keep up with the ageing of urban buildings. We also need to promote building rehabilitation to prolong the lifespan of buildings and alleviate the pressure for redevelopment. To this end, the URA has conducted the NSBR to formulate a comprehensive rehabilitation strategy that promotes building repair and maintenance for buildings of all ages.

The study included a questionnaire survey of 3,000 property owners, whose responses show that owners of old buildings tend to face three main challenges that hinder their willingness to instigate repair and maintenance work on their own. These include their lack of professional knowledge, lack of financial reserves, and lack of organisational capabilities.

To address these challenges, the NSBR adopts a “stakeholder-based” promotional strategy focusing on building owners, owners’ corporations (OCs), Government departments, professional societies and others, to promote building rehabilitation. Efforts will be geared towards enhancing owners’ awareness of the importance of both regular and preventive maintenance, strengthening their organisational capabilities and encouraging greater participation by providing professional knowledge and technical support.



Sharing the strategies on slowing down urban decay at the “Delivering an Elderly-friendly City” Symposium.

MANAGING DIRECTOR'S STATEMENT



The electronic tendering platform enables a more systemic tendering process and strengthens the capabilities of owners and owners' corporations to organise rehabilitation works.

The URA will also intensify its role as a facilitator of building rehabilitation in two major respects. First, with the taking-up of responsibility to administer all Government building rehabilitation subsidy schemes since July 2020, the URA can now provide integrated and one-stop service to property owners on building rehabilitation. Second, the Building Rehabilitation Platform (BRP) set up last year will further complement the findings of the NSBR and its promotional strategy to better educate property owners on the professional and technical fronts. Accordingly, owners and OCs can be better equipped in the planning of rehabilitation projects, in terms of the professional knowledge required, the procedures and requirements for organising maintenance works at different stages, market reference rates for project costs, and even the know-how on quality supervision.

Property owners are often particularly perplexed by the variety of works contracts and standards adopted by different consultants and contractors in the trade. In view of this, the URA has consolidated a set of sample contract and tender documents, with a view to maximising the standardisation of tender and contract terms, the scope of works and the rights and responsibilities of contractual parties.

In addition, we have established an electronic tendering platform and a new central tender management facility to offer a more systematic tendering process, covering all stages from the issuance of tender documents by owners to the downloading and submission of tender documents by interested contractors/consultants, the storage of tender documents and the tender opening by owners, as well as the archival of records. These services can now greatly strengthen the capabilities of owners and OCs to organise maintenance works.

Adopting a planning-led approach for greater benefits

In addition to implementing these two strategic studies, the URA has moved from a project-led urban renewal approach to a planning-led model, in which holistic planning comes before project selection as a means of bringing the full planning gains into play and allowing more efficient urban renewal with greater community benefits.

This new "planning-led" model has been adopted in a number of recent projects, including the six redevelopment projects commenced in To Kwa Wan under a "district-based" approach since 2016, the Kai Tak Road/Sa Po Road Development Scheme in Kowloon City launched last year, and the pilot redevelopment of Civil Servants' Co-operative Building Society Scheme (CBS) buildings commenced in May this year.



The aerial view of Kau Pui Lung Road / Chi Kiang Street Development Scheme.

"The URA has moved to a planning-led model, in which holistic planning comes before project selection as a means of bringing the full planning gains into play and allowing more efficient urban renewal with greater community benefits."

During the planning process, the URA team explores the feasibility of potential redevelopment schemes from a macro perspective, with an overall objective of identifying those that could bring holistic improvement of the built environment in old districts through integration of the 5R strategies of redevelopment, rehabilitation, preservation, revitalisation and retrofitting. Concurrently, we conduct feasibility studies on restructuring land uses, redesigning road networks, opening up underground spaces and freeing up above-ground areas for green and community facilities for implementation when appropriate. In this way, we strive to ensure that future urban renewal works can be more extensive, more cost-effective, and more forward-looking.

In the past year, the URA has launched three Preliminary Project Feasibility Studies under the "planning-led" and "district-based" approaches in the old districts of Sham Shui Po and Kowloon City. Building conditions, land uses, road planning, walking environment, open spaces and community facilities of the selected areas are being reviewed to identify future projects of a larger scale with development potential. After conducting further detailed planning studies, we will include these projects in a "5R Planning Reserve", where a number of similar projects have already been formulated within just a year, potentially involving more than HK\$100 billion in acquisition costs. Upon completion of the relevant preparatory work, we will then incorporate them into the URA's Corporate Plan for the next decade, aiming to implement them in an orderly manner befitting the social and economic environment.

Making good use of technology for greater efficiency

Urban renewal involves multiple professional areas and work levels. The aforementioned transformation and re-engineering of our urban renewal approach has never been due to the sole contribution of any single individual; rather, its success results from the collective effort, determination and hard work of the entire URA team. To achieve our goals, we actively apply intelligent technologies in various urban renewal tasks and data analysis, enhancing the effectiveness and efficiency of the team with innovative solutions. At the same time, we encourage colleagues to think out of the box and acquire new knowledge and skills, so that they can be more empowered and capable to do their jobs and achieve good results.

In line with the URA's new planning-led direction, our planning team has been proactive in developing an Urban Renewal Information System, which is intended to strengthen our ability to process and analyse vast amounts of planning information. By integrating information and data on land uses, development density, infrastructure, building conditions, population distribution, commercial operations and community facilities in old districts, this new information system will allow the planning team to review and analyse different development parameters more precisely, such that urban renewal plans can more holistically cater to future social needs and promote sustainable development. The new system can be further connected to the Common Spatial Data Infrastructure being constructed by the Government, thus enabling the extraction of real-time geographic and environmental data in urban areas and improving further our work efficiency.

In terms of project execution and management, the URA team has successfully applied Building Information Modelling (BIM) techniques throughout its project development cycle. This technology helps improve project efficiency and quality by integrating and visualising architectural information and data such as building structures, electrical and mechanical facilities, pipelines and spatial layout. We first applied BIM technology in the entire building lifecycle of 618 Shanghai Street conservation and revitalisation project, which was completed last November, deploying it for all three stages of project design, construction, then facilities management upon completion. It enabled us to meet the challenges of serious structural ageing on the one hand, and historic building revitalisation on the other by preserving the historical elements of the tenement building cluster and giving it a new purpose of use.

The innovativeness and hard work of the project team has brought extensive recognition to the 618 Shanghai Street project, both internationally and locally, including the world-renowned 2019 AEC Excellence Award last November, and more recently the Structural Excellence Award from the Structural Division of Hong Kong Institution of Engineers. Furthermore, under the BEAM Plus New Buildings Assessment Scheme run by the Hong Kong Green Building Council, this project has become the first preservation project in Hong Kong to receive a final rating of Platinum under the version 1.2 rating scheme for its achievements in sustainable architectural design.

MANAGING DIRECTOR'S STATEMENT

In the coming few years, the work involved in our larger urban renewal projects will become more arduous. In order to manage the large workload of occupant registration involved in freezing surveys for the redevelopment projects, we are studying the feasibility of making the entire process electronic, so as to increase our operational efficiency. The resulting digitised data will also facilitate subsequent analysis and planning to meet the different needs of residents affected by our redevelopment.

Achieving greater capability through e-learning platform

Adopting these new strategies and implementation mechanisms successfully requires a more efficient training approach that can enhance the URA team's knowledge and skills. In the past year, we invested substantial resources in employee training, offering our staff more than 12,500 hours of training, with the focus on improving employees' capabilities in artificial intelligence, big data processing and analysis, geo-information systems and BIM.

In June 2020, we complemented these initiatives with our first one-stop online learning platform, allowing URA staff to choose courses, study times and targets appropriate to their own interests and learning needs. This breaks through the limits of conventional classroom teaching in terms of the time, venue and even the number of participants, heralding a new approach of "self-initiated learning". It is my hope that this learning platform will help our colleagues accumulate experience through continuous learning and application which, coupled with our new development orientation of innovative technology applications and data-driven decision making, will enable them to fully demonstrate their strengths and excellence in different areas of urban renewal.



The URA promotes self-learning among its staff by introducing a one-stop "e-learning platform".

Learning Platform

Breaking the resource deadlock by means of planning

Looking ahead, the URA will invest greater efforts in taking forward urban renewal work to maximise planning benefits for the community at large. To achieve these targets and ensure that our urban renewal mission can be fulfilled in a sustainable way, we must also take steps to secure financial viability, especially in terms of maintaining sufficient liquidity to support the development of ongoing projects while launching further renewal initiatives in old districts.

We estimate that total acquisition costs of up to HK\$60 billion will be required for the nine redevelopment projects included in the URA's approved 19th Corporate Plan (2020/21 to 2024/25). At present, however, we have total liquidity of only about HK\$11 billion to pay for ongoing or upcoming acquisitions. In the next year or two, even if we can obtain upfront payments from some tendered projects upon property interest acquisition and site formation, the resulting incomes are still estimated to be inadequate to cover the shortage in cash. It is foreseeable that without external borrowings, it will be basically impossible to complete all the urban renewal projects in our 19th Corporate Plan. As an alternative, we may have to give up some of the larger projects involving higher acquisition costs, and instead develop single redevelopment projects of a smaller scale. This would inevitably contradict the urban renewal objective of rejuvenating the older urban areas, as stipulated in the Urban Renewal Strategy.

Although the URA could raise funds by means of external borrowings, as a public organisation, it must uphold the principle of prudent financial management to avoid exposing itself to high interest costs and severe financial risks due to over-borrowing. With a current net asset value of about HK\$50 billion, and as per the prevailing acquisition policies and offers, it is estimated that the URA could borrow external funds sufficient for acquiring and launching three larger redevelopment projects with a site area of more than 10,000 square metres each, as well as a few smaller redevelopment projects. With this approach, however, the URA would in five years or so no longer have adequate funds to launch more urban renewal projects. In this situation, urban redevelopment work could only be resumed once upfront payments were received from joint venture partners in tendered projects, after the completion of acquisition and clearance work. The pace of urban renewal would thereby be seriously slowed down.

To ensure that the URA can fulfil its urban renewal mission with continuity, in addition to pursuing sustainable financial capabilities, we seek breakthroughs to current regime in local planning mechanisms and building regulations, by exploring room for appropriate adjustments and amendments. Examples include integrating and transferring residual plot ratios, partially and suitably increasing the development density for greater development space, and opening up underground spaces by adopting the "single site, multiple use" model. In this way, we can further release the development potential of existing sites in old districts, thus providing sufficient resources and a favourable environment for urban renewal in the long term.

The URA team will select an appropriate project in the YMDS for a "district-based" feasibility study, in order to explore ways to remove existing statutory barriers and facilitate the redevelopment. Under the current constraints of limited financial and land resources, this process of exploring practical and effective solutions for sustainable development in urban renewal, and improving the living environment of residents in old districts will require the support of relevant policy bureaux and departments, as well as recognition by the public.

I would like to express my heartfelt gratitude to the Chairman and Members of the Board, who have provided much valuable advice on our business strategies and implementation mechanism, as well as leadership in steering the URA during some very challenging times, enabling us to complete our tasks over the past year. Most importantly, my appreciation goes out to all URA colleagues for their hard work, especially in standing fast at their posts amid the severe difficulties posed by the COVID-19 pandemic. I have every confidence that our innovative, resolute and courageous team can lead URA to greater achievements in urban renewal despite the various challenges ahead, thereby meeting public aspirations and making Hong Kong a better home for all.

"This process of exploring practical and effective solutions for sustainable development in urban renewal, and improving the living environment of residents in old districts will require the support of relevant policy bureaux and departments, as well as recognition by the public."

WAI Chi-sing, GBS, JP, FHKEng
Managing Director
 31 July 2020

OPERATING HIGHLIGHTS

ACHIEVING URBAN REGENERATION TARGETS THROUGH SUSTAINABLE STRATEGIES

Raising awareness on preventive building maintenance

To combat urban decay by prompting owners to carry out proper and regular maintenance for their buildings at a young age, and to equip them with more useful tools and knowledge.

Maintaining financial prudence

To maintain financial prudence while delivering greater social impact through optimal allocation and full utilisation of resources.

Adopting holistic planning-led strategy

To maximise development potentials of strategically selected sites through restructuring and replanning, bringing along benefits of improved living conditions with open spaces, as well as enhanced district connectivity and pedestrian environment in addition to increased flat supply.

Deploying innovative technologies

To actively develop and adopt smart urban planning and project management systems based on geographic and building information for the creation of smart buildings and city infrastructural facilities, paving the way for building a smart city.

TOWARDS A SUSTAINABLE AND SMART CITY

Fuelling Urban Regeneration

As of 30 June 2020, a total of **70** projects have been undertaken since the establishment of URA in 2001.

Redevelopment

- Urban area improved: **208,000** m²
- Dilapidated building blocks redeveloped or to be redeveloped: **1,495**
- New flats built: **23,200**
- Residents benefitting from projects: **32,600**
- Government, Institutional and Community (GIC) facilities: **56,000** m²
- Open space: **28,100** m²

Rehabilitation

- Building blocks rehabilitated or in the process of rehabilitation under various assistance schemes: **4,300**; flat units benefitted: **143,000**
- Building rehabilitation loan and subsidies released: around **\$1,630** million
- "Smart Tender" applications received: **1,180**; flat units benefitted: **150,000**
- Traffic to Building Rehabilitation Platform (www.brplatform.org.hk) since launch: over **99,000** visitors

Preservation and Revitalisation

- No. of buildings/structures preserved or to be preserved: **86**
- Place-making
 - "H6 CONET" and "7 Mallory Street" community open space (in 2019/20): **8,600** visitors/day; no. of events held: **174**

Yau Mong District Study

- To formulate a visionary and financially sustainable Master Renewal Concept Plan for the Yau Mong area that maps out a holistic approach integrating the 5Rs urban regeneration strategies, and identifies 'nodes' that possess distinctive economic, historical and cultural features along with enhancement proposals for future implementation.
- To review existing policy frameworks and identify enhanced institutional and implementation tools that would allow more flexibility in planning and development, thereby maximising land use and social benefits.

Study on New Strategy on Building Rehabilitation

- To devise a comprehensive building rehabilitation strategy, including initiatives supporting preventive maintenance, to reduce the number of dilapidated buildings which may otherwise require redevelopment.
- Forward-thinking measures will be recommended to the Government and the industry, alongside other initiatives to enhance owners' awareness and knowledge on regular building maintenance.

Taking on Wider Social Responsibilities

- No. of "Starter Homes" flats provided: **450**
- Number of community housing flats provided: **125**
- Number of commercial and residential tenants benefitted from COVID-19 epidemic rental concession: **720**
- Spaces rented to NGOs and Social Enterprises in URA Properties at concessionary rates in 2019/20: **5,000** m²
- "Home Repair Services Community Programmes" beneficiaries: more than **600** residents
- No. of service hours attained by volunteers under Community Service Partnership Scheme ("CSPS"): **8,500**, benefitting over **2,400** people (up to 31 March 2020)
- No. of old district residents benefitted from Arts and Cultural Partnership Programme in Old Urban Districts: Pilot Scheme: **677,104** (up to 31 March 2020)

Driving towards Sustainable Future

Implementing the smart city concept through innovative technologies

- URIS system being developed to facilitate data-driven decision making process and to pave the way for interfacing with Common Spatial Data Infrastructure
- The use of BIM technology in facility management of '618 Shanghai Street' Project won multiple accolades:
 - US Autodesk AEC Excellence Award 2019**
 - Autodesk Hong Kong BIM Awards 2019**

Environment

- Projects attained BEAM Platinum/BEAM Plus Platinum Rating: **15**
- With '618 Shanghai Street' being the first preservation project to receive BEAM Plus Final Assessment Platinum Rating under BEAM Plus New Buildings Version 1.2 rating scheme

MAJOR EVENTS OF THE YEAR

04



- 87 secondary school students from six schools joined the 2nd Young Leaders Programme co-organised by the URA and Tung Wah Group of Hospitals. Gaining insights from the Programme, the students initiated creative proposals in promoting urban renewal, enhancing the living environments of old districts while strengthening local characteristics.



05

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



06

- All 450 units of the eResidence "Starter Homes" Pilot Project were selected by eligible applicants. The project offered home-purchase choices for higher-income persons and families who were neither eligible for Home Ownership Scheme nor able to afford private housing.



2019

07

- Aiming at encouraging students to apply their knowledge to smart-living concepts and use their innovation to design works showcasing the local characteristics of Central and Sheung Wan, the URA joined hands with Hong Kong Institute of Vocational Education (IVE) and Hong Kong Design Institute (HKDI) in organising URA/IVE/HKDI Innovative Design Competition. The award-winning design "Invisible Oasis" featured a water curtain at the open space of Central Market to provide office workers with a tranquil place.



08

- The URA issued acquisition offers to owners affected by the Queen's Road West/In Ku Lane Development Scheme. The project site covers an area of approximately 2,040 square metres, involving approximately 70 property interests. The planning intention is to rationalise the land uses and layout within the area, thereby linking up open spaces surrounded by buildings and improving connectivity, accessibility and comfort of the users. The existing refuse collection point and public toilet will be re-provisioned in-situ and integrated within the future development for better serviceability.



09



- To promote local sports and enhance local characteristics, a sports-themed interactive information hub, SPORTS EXPO, was set up at the commercial portion (namely "THE FOREST") of the Sai Yee Street Project in Mong Kok. It began to accept appointments in September before the official opening in October. Introducing technological elements including multimedia and virtual reality (VR) in the virtual arena, motion game zone and VR games zone, SPORTS EXPO enables the public to experience various sports in an innovative and interactive way.

10

- The URA began to send the notice of application result and priority of the first round of application to about 1,200 applicants under the Lift Modernisation Subsidy Scheme. By providing building owners of old buildings with financial assistance and professional support, the URA encouraged them to expedite the organisation and implementation of enhancement works to the lifts, thus raising the safety level of aged lifts.



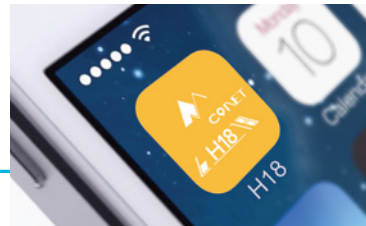
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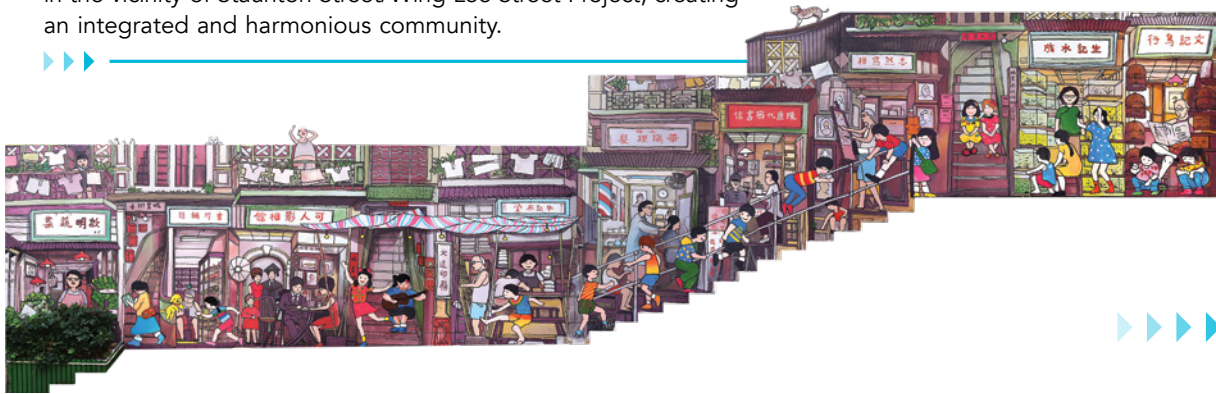
- "618 Shanghai Street", the Shanghai Street/Argyle Street preservation and revitalisation project, commenced operation. In addition to the preservation of the architectural features of pre-war shophouses, the project was revitalised and adaptive re-used for commercial and cultural purposes with an integration of old and new elements of the locality. Community spaces were provided for local organisations to organise cultural and arts activities, injecting vibrancy into the buildings and the district.

12

- The URA worked with the tenants of the Peel Street/Graham Street Development Scheme (H18) to launch the H18 mobile app. The app aims to maintain the networks of the Graham Market, H18 CONET tenants and the community, preserving local characteristics while promoting retail business to keep up with the changing urban contexts.



- The URA organised a communal mural project at Shing Wong Street, in which students from King's College Old Boys' Association Primary School were led by an artist to paint a 17-metre-long mural. As one of the "community making" initiatives, the project connects stakeholders in the vicinity of Staunton Street/Wing Lee Street Project, creating an integrated and harmonious community.



MAJOR EVENTS OF THE YEAR



01

- The second round of Lift Modernisation Subsidy Scheme started accepting applications from January. The URA and the Electrical and Mechanical Services Department jointly organised online briefing sessions to enable the public to better understand the details and application methods of the scheme.



- An appreciation ceremony was organised to commend volunteers from the URA and tertiary institutions who participated in the Community Service Partnership Scheme. In the past year, the scheme partnered with social service organisations to carry out a series of volunteer programmes enhancing the physical and mental well-being of underprivileged families. Among these, the upcycling programme which transformed discarded wood planks into tailor-made home furniture for families in need in old districts was in the third year of its running.

2020

02

- A new round of Home Repair Services Community Programme began to accept applications. The URA continued to partner with local community groups and volunteer technicians to provide free repair services to families of elderly people in poor living conditions in Kowloon City and Yau Tsim Mong. Since the launch of the programme in June 2018, the volunteers had helped more than 600 residents solve various problems in their homes and daily life such as repair of lights, water tank, etc.



03

- The URA launched the "URAmity" page on Facebook and Instagram, with a view to building a closer tie with the public and enabling them to better understand the work and latest developments of the URA.



🔍 開心建城 URAmity

04

- The URA Board approved rent relief measures to the domestic and commercial tenants in URA's properties, as well as the commercial tenants in its joint ventured shopping malls. Aiming to assist tenants in the face of current economic challenges and support employment over difficult times, the initiative lasted for nine months till the end of December.



05

- The completed units of the “Starter Homes” Pilot Project eResidence were handed over to buyers. To facilitate the handover process and improve service quality and efficiency, a mobile app was introduced for making appointments and following up on procedures and workflows including appointment for handover, inspection of unit facilities and rectifications follow-up.



- The URA commenced two pilot projects in Kowloon City to redevelop buildings under the Civil Servants’ Co-operative Building Society Scheme. Through maximisation of development potential, the two projects would increase housing supply by providing more than 3,000 units which is about five times of the existing number of units. The two projects would also enhance district connectivity and accessibility while creating a more liveable community through appropriate landscaping and urban design.

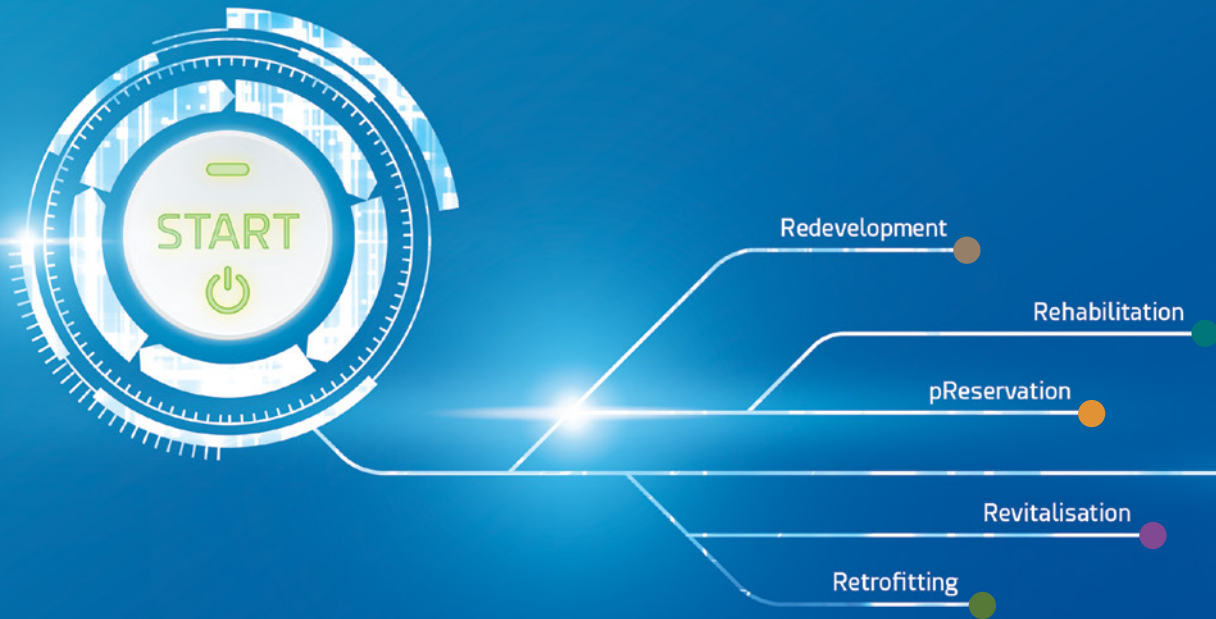


06


- With the signing of the Memorandum of Understanding (MOU) with the Development Bureau on launching the Building Maintenance Grant Scheme for Needy Owners (BMGSNO) with an expanded scope of beneficiaries, the URA became the sole organisation to administer all Government building rehabilitation subsidy schemes in an integrated manner.



OPERATING REVIEW



The vision of URA is to create quality and vibrant urban living in Hong Kong. Over the years, we have striven to realise this vision by implementing the 5Rs in our business strategy, namely “Redevelopment”, “Rehabilitation”, “Retrofitting”, “pReservation” and “Revitalisation”.



The stock of 50-year-old buildings is growing at an alarming rate of about 600 a year and we need to continuously re-engineer our 5R strategies to create synergy for tackling the increasing challenge of urban decay. Hence, we have taken a more holistic approach, moving from a project-led to a planning-led model in redevelopment to maximise benefits to the community, through replanning and restructuring to optimise land uses, improve walkability and connectivity, and provide spaces for amenity and community use.

As regards rehabilitation, the URA encourages and facilitates owners to implement improvement works through different financial incentives and user-friendly tools; in addition, we actively promote the preventive maintenance of buildings at a young age. Through building rehabilitation and our newest “R” strategy of Retrofitting, it aims to extend building life, slow down the issue of ageing and hence alleviating the pressure on redevelopment needs.

To upkeep our capability in fulfilling the URA’s vision, and as continuous improvement efforts to tackle challenges timely, the URA commenced three strategic studies in 2017/18, namely, the Yau Mong District Study, the Study on New Strategy on Building Rehabilitation, and the Sustainability Study, all aiming to address Hong Kong’s rapid urban decay in an effective and sustainable manner. The studies are currently at their final stages with notable progress achieved in 2019/20.

Three Strategic Studies for Sustainable Urban Renewal

Yau Mong District Study (YMDS)

Objectives:

- To explore and innovate solutions to tackle the scale of urban decay in a high-density district in a socially and financially sustainable manner
- To set the YMDS as a pointer to facilitate future urban renewal projects in other districts



The sheer magnitude of Hong Kong's rapidly-ageing building stock is well beyond the URA's capabilities under its current mode of operation. Commenced in May 2017, the YMDS is a strategic planning study which aims at a district-based renewal approach encompassing all the "5Rs" in a holistic manner.

Several deliverables were achieved for YMDS in 2019/20, including baseline reviews, examination of opportunities and constraints, formulation of Urban Renewal Opportunity Areas ("UROAs") and the draft Institutional and Implementation strategy. New planning tools to tackle the urban renewal challenges such as upzoning at strategic nodes, transfer of plot ratio, new concept of "Superblock" through the assembly of street blocks for restructuring and replanning as well as the incorporation of inclusionary zoning for multiple uses are being explored. Some development nodes are being identified as well. Apart from redevelopment and rehabilitation, historical local characteristics and vibrancy of character streets in Yau Mong District were also identified for preservation and revitalisation, which would be sustained through appropriate place-making strategy.

Taking forward, the development of draft Master Renewal Concept Plans ("MRCPs") with three different density and development intensity scenarios (i.e. "+", "0" and "-") as well as various technical assessments and resource implications for the scenarios is underway. Subject to resources and assessment results, the URA will also identify viable initiatives which are in common across the three MRCPs for implementation by adopting the current mechanism for commencing projects. YMDS is expected to be completed in 2020/21.

Study on New Strategy on Building Rehabilitation (NSBR)

The NSBR which commenced in 2017 aims to formulate a comprehensive rehabilitation strategy covering buildings of all ages to reduce the number of decaying buildings, which may otherwise require redevelopment. Findings revealed that the culture of building maintenance is generally not strong amongst building owners, and the lack of capability to organise rehabilitation works and affordability are major reasons for the buildings to become disrepair. A package of recommendations has therefore been suggested to foster the culture of building maintenance and bridge the capability and affordability gaps.

Objectives:

- To formulate a comprehensive rehabilitation strategy, targeting buildings at all ages, to promote building rehabilitation and regular maintenance, including preventive maintenance across building owners

Over the years, the URA has stepped up its efforts to raise building owners' awareness on the importance of rehabilitation and promote preventive maintenance. Apart from providing supporting measures to assist building owners in carrying out rehabilitation works, the URA has formulated a promotion strategy focusing on promotion of good practices on preventive maintenance and the operation of maintenance fund.

In general, the promotion strategy will take a two-pronged approach, viz. general public promotion and stakeholder-oriented promotion. For general public promotion, the URA will raise the public awareness of the need of preventive maintenance, building rehabilitation and regular contribution to special fund for maintenance. Such messages will be further promulgated through stakeholder-oriented promotion to owners of different groups of buildings as well as industry practitioners. For a newly completed building, owners should be aware of the need of preventive maintenance right from the first occupation of the building. To enhance the effectiveness of the promotion for existing buildings, the URA will dispatch the messages with the assistance of property management companies ("PMC") and Owners' Corporation ("OC") to building owners. For those 3-nil buildings (i.e. without PMC or OC or any owners' organisation), building owners will be encouraged to form OC for the sake of better management and maintenance of their buildings and of carrying out building rehabilitation and preventive maintenance.

The URA will endeavour to provide supporting measures to assist building owners in carrying out building rehabilitation and preventive maintenance such as maintenance manual, guidelines in formulating maintenance schedule and making contribution to special fund through the one-stop service Building Rehabilitation Platform (www.brplatform.org.hk). With the above strategy, we look forward to a change in building owners' perspective of the importance of timely building maintenance.

Sustainability Study

Objectives:

- To strive for our best effort in urban renewal process to address relevant sustainability challenges in order to create and innovate sustainable and resilient urban renewal strategy

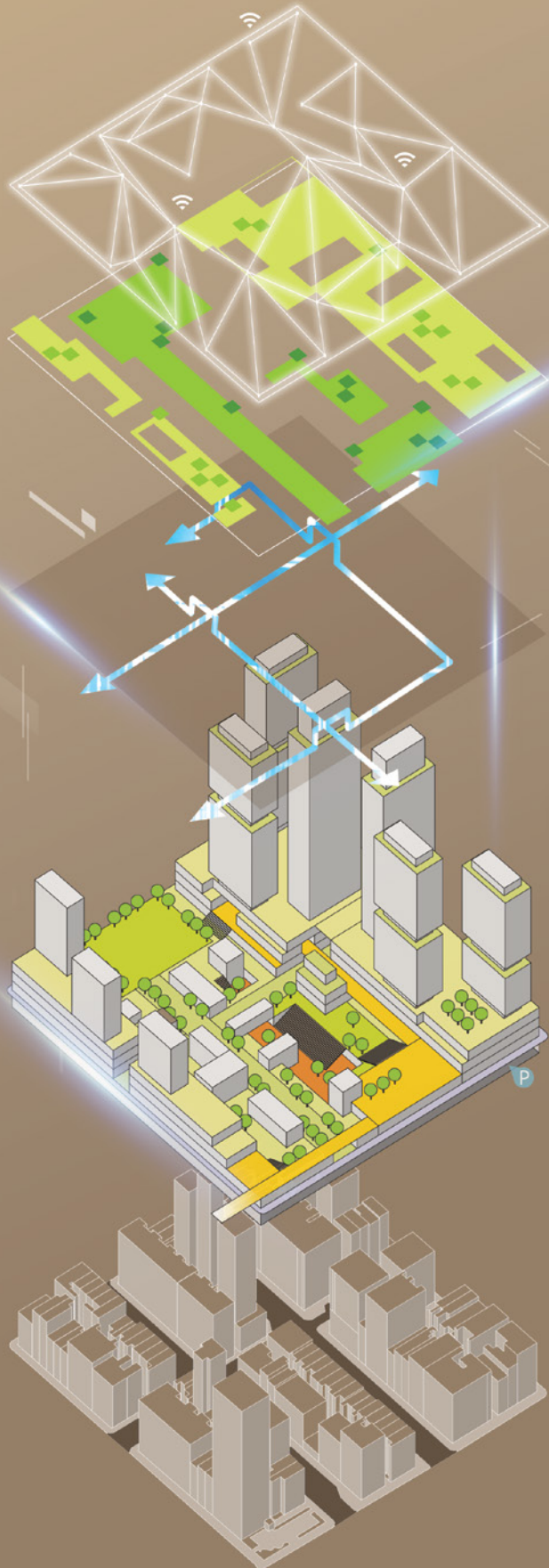
To ensure that the urban renewal process should be forward-looking, and create sustainable and positive impacts for the community as stipulated in URS, the URA commenced a strategic sustainability study in 2017 to establish a systematic framework comprising a set of indicators for measuring and tracking the impacts of 5R projects within the community, and for facilitating the setting of objectives in line with business strategies.

In 2019/20, a sustainability framework consisting of five domains, namely, Economy, Environmental, Social, Process and People, was formulated to measure performance of urban renewal. Draft key performance indicators ("KPIs") were also validated through hypothetical testing to evaluate the constraints and opportunities of applying the framework. The practicality of application of each KPI to measure the effectiveness of urban renewal works is being evaluated to provide indicators guiding our continuous improvement to our work.

Preliminary Project Feasibility Studies ("PPFSs")

To pilot the integrated and district-based urban renewal approach, along with the three strategic studies, PPFSs in three Action Areas were commenced in 2019/20 to provide solid planning basis and opportunities pertaining to the integrated implementation of 5Rs under a planning-led approach. The baseline review and key analysis under the PPFSs for two Action Areas in Kowloon City and one Action Area in Sham Shui Po were completed with key planning objectives and restructuring opportunities identified. Subject to further discussion with the Government, 5R projects would be incorporated into future Business Plans / Corporate Plans for Government's approval. URA will continue to explore and carry out PPFSs at various districts with urban renewal needs, so as to build up the planning reserve under the planning-led urban renewal approach.

REDEVELOPMENT



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

While redevelopment of existing ageing buildings continues to be URA's linchpin activity, the outbreak of COVID-19 in the later part of 2019/20 has however presented us with an unprecedented challenge. Three projects as described in the 2019/20 Annual Business Plan originally scheduled for commencement in early February and mid-March 2020 respectively, were delayed to 2020/21. Nonetheless we were able to commence two pilot Civil Servants' Co-operative Building Society (CBS) projects in Kowloon City this year. Not only will these two projects help tackle the housing shortage in urban Hong Kong through unleashing development potential of the sites and pave the way for redevelopment of other CBS buildings in accordance with the Policy Address; it will also enhance connectivity and accessibility in the vicinity and provide a better pedestrian environment through replanning, landscaping and urban design.

Kwun Tong Town Centre, our largest scale redevelopment project to date, has seen major progress. After years of consultations with relevant stakeholders under statutory procedures, the majority of occupants have accepted our offers and vacated the site, facilitating demolition of the vacant building blocks at Yue Man Square. Meanwhile the new indoor and air-conditioned public transport interchange, the first of its kind in Hong Kong, will be completed in the coming year, providing hundreds of thousands of commuters with a more convenient and comfortable experience.

In light of the acute housing shortage situation, the Government has asked the URA to allot certain units in its redevelopment projects as "Starter Homes" (SH), to be offered to eligible first-time home purchasers at a discounted price. The 450 SH units in our Ma Tau Wai Road project, now named eResidence, were launched for sale during the year and recorded an over-subscription of more than 45 times. Going forward, URA will, under viable financial circumstances, gradually increase its supply of SH units to meet the strong public demand.

Redevelopment Projects under the District-based and Integrated Approach

Since 2015, the URA has adopted a district-based approach integrating the 5Rs in the urban renewal process in order to secure greater planning and social gains for the wider community. This overall approach aims to better tie in with the objectives of the URAO and URS to restructure and re-plan urban areas with more environmentally-friendly transport networks and rationalised land uses, thus creating more positive impact towards sustainable urban renewal.

OPERATING REVIEW

Six projects, namely Bailey Street / Wing Kwong Street Project (KC-009), Hung Fook Street / Ngan Hon Street Project (KC-010), Hung Fook Street / Kai Ming Street Project (KC-011), Wing Kwong Street Project (KC-012), Kai Ming Street / Wing Kwong Street Project (KC-013) and Wing Kwong Street / Sung On Street Project (KC-014), have been launched so far under the district-based approach in Kowloon City. These six projects, together with Demand-led Pilot Scheme project at Kai Ming Street (DL-8) covering a total site area of more than two hectares and involving about 2,700 households, have formed a cluster of projects in the Action Area in Kowloon City. One of the visions is to create a walkable and smart living neighbourhood with good accessibility, connectivity, environmental quality and vibrant street life, to be achieved through restructuring and re-planning of the existing pedestrian and vehicular traffic network, building block disposition, land use optimisation, provision of public square and landscaped pedestrianisation with place making elements.

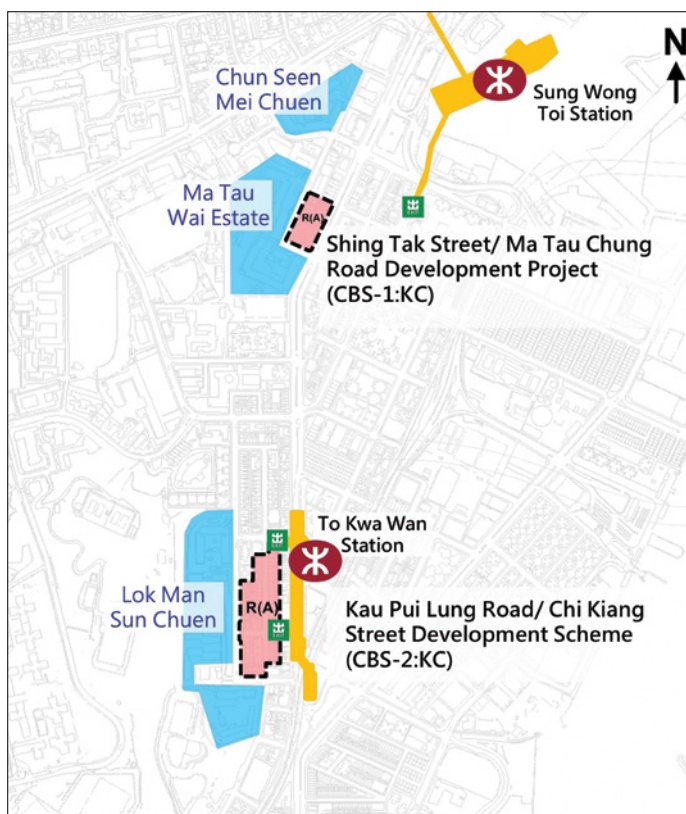
While site clearance for DL-8 was completed in 2015, the URA submitted resumption applications to the Government in 2019/20 for the other six projects (KC-009 to KC-014) in the cluster, of which five out of them (KC-009 to KC-013) were approved in July 2019. Reversion of unacquired property interests to the Government took place in December 2019 and clearance works are underway. The resumption application of KC-014 is now being processed by the Government. All these preparation works pertaining to the tendering of these projects will be timely completed for the upcoming tender invitation.

Commencement of Pilot Projects to Redevelop Buildings under the Civil Servants' Co-operative Building Society (CBS) Scheme

In response to the Government's invitation in the 2018 Policy Address to identify one or two clusters of CBS sites suitable for high-density development as pilot projects for implementation under URA's redevelopment mechanism, the URA commenced the two pilot CBS projects at Shing Tak Street / Ma Tau Chung Road (CBS-1:KC) and Kau Pui Lung Road / Chi Kiang Street (CBS-2:KC) on 22 May 2020 which had been deferred for three months due to the pandemic. The commencement decision was made after careful assessment of the pandemic situation in May 2020, with appropriate precautionary measures introduced to reduce personal contacts during freezing surveys. The two projects would boost housing supply by providing more than 3,000 units, which is about five times of the existing number of flats.

Cleared and Tendered Projects

The keen pursuit of project site clearance and tendering has been ongoing in 2019/20. Over the period, the site clearance of Tonkin Street / Fuk Wing Street Project (SSP-015) was completed and the joint venture tender was awarded for a Demand-led Pilot Scheme project at Hang On Street (DL-10); and the tender for SSP-015 was invited in March 2020.



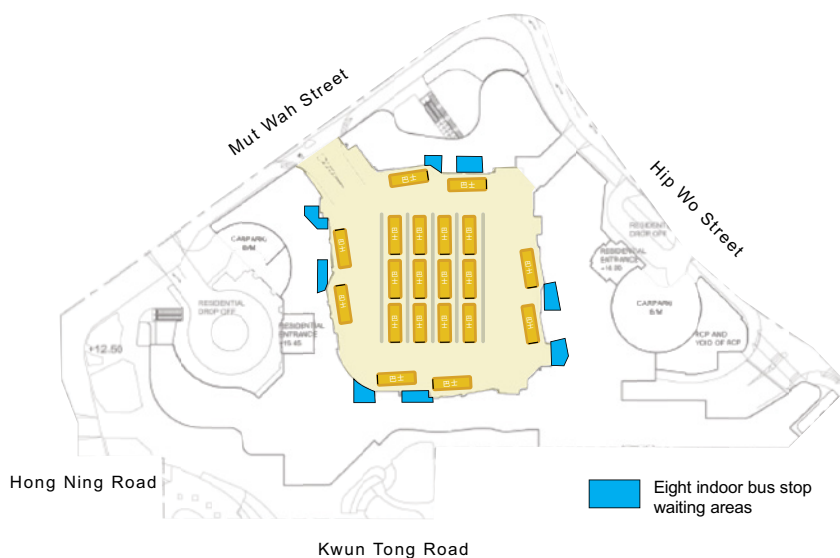
Through restructuring and replanning, both Shing Tak Street / Ma Tau Chung Road and Kau Pui Lung Road / Chi Kiang Street projects will enhance connectivity and accessibility of the district, hence providing a better pedestrian environment.

Other Ongoing Projects of Note

Kwun Tong Town Centre



Hong Kong's first indoor air-conditioned bus waiting area in the Kwun Tong Town Centre Project enhances commuting experience.



The Kwun Tong Town Centre is the URA's largest single project to date in term of site coverage with a total site area of 5.3 hectares. 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, including the indoor Public Transport Interchange equipped with smart facilities, and over 13,000 square metres of public open space.

The project is being implemented in phases, with the site divided into five Development Areas (DAs). DA 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 DAs 2 and 3 were generally completed and fitting-out works are in progress. The sales of residential flats were launched in December 2018 and has been ongoing in 2019/20. DA 4 has been vacated for use as interim GIC facilities to reprovision hawker bazaars, public light bus termini and refuse collection point/public toilet from DAs 2 and 3. An interim bus terminus has also been provided on the former Mido Mansion site in DA 4.

DA 5 is approaching the end of the acquisition and clearance stage. Special offers for occupiers of the unauthorised building structures ("UBTs") in DA5 were issued in September 2018. Over 93% of such offers were accepted, and vacant possession was successfully obtained for 77 UBTs. Land resumption for DA5 was gazetted in May 2019 and reversion of unacquired property interests took place in August 2019. The Government's resumption offers and URA's top-up offers were issued to occupiers in September 2019 to facilitate the clearance. The URA has proceeded to demolition of vacant building blocks at Yue Man Square in DA5. A special package, which was approved by the URA Board, was also offered to hawkers of the Interim Hawker Bazaar at DA4 in December 2019 to facilitate the clearance. All the 117 hawkers have accepted the offers and vacant possession of over 110 stalls have been obtained.

Gazettal of the proposed road closure scheme of DAs 4 & 5 is under preparation. The Lands Department is finalising the draft land grant conditions in consultation with relevant Government departments. Going forward, the URA will press on with the timely implementation of the project and subsequent preparation of the joint venture tender in forthcoming years.

OPERATING REVIEW

Nga Tsin Wai Village

Following site clearance in March 2016, an Archaeological Impact Assessment (“AIA”) was undertaken in 2016 on site, and foundation remains of old village walls and watchtowers at some excavated locations were revealed. Further excavation according to the AIA licence granted by the Antiquities and Monuments Office (“AMO”) and field investigation to update the findings on heritage significance was completed in February 2019. The AIA report with these updated findings was then submitted to AMO in July 2019. Upon finalisation, the AIA report will be submitted to the Antiques Advisory Board.

KC-015 (Kai Tak Road / Sa Po Road Project)

The project, which commenced in February 2019, aims to restructure the urban fabric and road layout with provision of public car parks and community facilities. The project will also create a node between Kai Tak Development Area and Kowloon City through a proposed sunken plaza connecting the project to Kai Tak underground shopping street linking the “old” and “new” districts. The URA will also explore pavement widening at nearby streets to enhance the walkability and street vibrancy, and preserve local character for the district. The Development Scheme Plan of KC-015 is being processed by the Town Planning Board.

eResidence - “Starter Homes” Pilot Project

In June 2018, the Government introduced the Starter Homes (“SH”) Pilot Scheme and invite the URA to assign its project as SH units. A total of 450 units at the URA project at Ma Tau Wai Road (TKW/1/002), later named “eResidence”, was assigned as SH units. Applications were invited in January 2019 for sale at discounted prices of 62% of the then assessed market values. A total of 20,878 applications were received representing an over-subscription of more than 45 times. Flat selection took place in June 2019, and all 450 SH units were sold. The Occupation Permit and the Certificate of Compliance were issued in September 2019 and April 2020 respectively. Execution of Assignments and handover of units to purchasers were all completed in August 2020.



“eResidence” provides a quality living environment for “Starter Homes” owners.

Demand-led Pilot Scheme Projects

Under the URS, the URA may respond to a joint approach from building owners to initiate redevelopment of their buildings. A Demand-led Pilot Scheme (“the Scheme”) was hence introduced in 2011 with five rounds of application being held between 2011 and 2016. Out of the 12 redevelopment projects commenced under the Scheme, only nine projects were successfully implemented while the remaining three were terminated due to their failure to meet the 80% threshold on owners’ consent.

The Scheme was first reviewed in 2014, with a view to enhancing the planning gains of projects under the Scheme. Subsequent applications received, however, were still not conducive to the Scheme’s objectives, thus necessitating a holistic review of the Scheme in 2016.

By adopting a planning-led approach to create a greater planning impact whilst ensuring owners’ demand could be properly addressed, the URA is devising a preliminary framework for the new Demand-led approach comprising a registration system to register owner’s aspiration for various urban renewal initiatives including redevelopment, rehabilitation and retrofitting. The URA will further explore details of the framework and will examine its opportunities and constraints within the context of the YMDS.

Facilitating Services

Urban Redevelopment Facilitating Services Co. Ltd. ("URFSL") was set up in 2011 as a subsidiary wholly-owned by the URA to help interested property owners assemble titles for joint sale in the market, which is another way to respond to the joint approach from building owners to initiate redevelopment of their buildings. Up to June 2020, a total of 40 applications for facilitating services (36 for residential buildings and four for industrial buildings) have been received.

Status of the 40 applications for facilitating services

Completed/terminated	
Failed to fulfil the application criteria/failed to reach the required threshold for joint sale	31
Failed to reach a successful sale on the market	5
Sold by Auction	1
In Progress	
Put on market for joint sale in June 2020*	1
Implementation underway	2

* The tender was originally scheduled in 2019/20 but deferred to June 2020 due to the pandemic.

Since the launch of a pilot scheme for buildings developed under CBS and Government Built Housing Scheme in May 2016, three applications from owners of CBS buildings have been received and selected for implementation as facilitation projects. One project was put up for sale by public tender in the market with no bid received. The remaining two projects were terminated as they failed to reach the relevant thresholds for joint sale.

In April 2019, the URA Board approved a new service to be provided by URFSL for facilitating the dissolution of CBS within the boundaries of redevelopment projects commenced by the URA. The new facilitating service will be provided for members of the undissolved CBS affected by URA's projects to assist them in obtaining legal titles of their CBS flats. After dissolution, they will have the capacity to sell their properties to the URA and / or to receive resumption offers from the Government. This facilitating service to undissolved CBSs is available to those within the boundary area of two commenced pilot CBS projects at Shing Tak Street and Kau Pui Lung Road, i.e. CBS-1:KC and CBS-2:KC.

New Initiatives under the 2019 Policy Address

The 2019 Policy Address entrusted the URA with a new mission to actively provide more SH or other types of subsidised sale flats in its redevelopment projects in light of the successful implementation of the first SH Pilot Project, i.e. eResidence. The Government would provide resources as appropriate to enable the URA to continue carrying out its urban renewal mission. As a prompt response to fulfil this new mandate, the URA Board approved in February 2020 the assignment of the remaining 43 units in eResidence for sale as SH units; while a proposal to further assign KC-008(A) (Chun Tin Street / Sung Chi Street Project) as the URA's second SH project was approved by the URA Board in July 2020.

The Government also announced in the 2019 Policy Address, the provision of a total of 10,000 transitional housing units within the next three years to relieve the pressure of families living in unpleasant conditions and those who has been waiting for Public Rental Housing for a long time. The Government then further increased the three-year target to 15,000 units. The URA has been invited to provide professional advice and project management support at cost to assist NGOs in developing transitional housing. The URA will liaise with NGO operator to work out the implementation programme of relevant projects, and is currently preparing planning submissions of two potential sites for transitional housing.



KC-008(A) Project

eResidence

Current view of Chun Tin Street / Sung Chi Street Development Scheme with eResidence in its neighbourhood.



REHABILITATION AND RETROFITTING

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

At URA, we strive to raise building owners' awareness of the importance of rehabilitation and preventive maintenance, as well as implement subsidy schemes to help owners tackle general building decay, fire safety and lift improvements in ageing buildings.

During the year, government subsidies for building maintenance covered all buildings over 50 years of age with Mandatory Building Inspection Notices, while a new lift improvement scheme was implemented with some 1,400 multi-decade old lifts being included in the first round for subsidy.

We also took over the administration of all Government building rehabilitation subsidy schemes this year, facilitating the provision of an integrated one-stop service to the public, encompassing both financial assistance and technical support to eligible owners for their building rehabilitation work.

This year we launched a content-rich, all-in-one web platform to help owners better understand the works, procedures and legal requirements involved in each step of undertaking building rehabilitation works. Included in the web resources are intuitive guides and videos, along with sample tender and contract documents. We are also producing a database to include expected cost ranges for typical items of rehabilitation work items for owners' reference.

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

In the 2017 Policy Address, the Government announced the launch of OBB 2.0 and the FSW Scheme to tackle safety hazards and enhance the fire safety standards. The primary scope of works to be subsidised under OBB 2.0 covers the prescribed inspection and repair works under the Mandatory Buildings Inspection Scheme (MBIS). The applications for the first round of OBB 2.0 and FSW Scheme ended on 31 October 2018 with about 580 and 2,500 eligible applications respectively. Eligible applicants were approached in phases for assisting them in organising repair works, covering the arrangement of independent consultants for provision of professional support services on budget estimation of works, review of tender documents and tendering for registered inspectors, works consultants and contractors through the e-tendering platform. In addition, the URA has also engaged legal consultants to help owners of "three nils" buildings (old blocks without owner corporations, resident organisations and property management companies) examine relevant provisions governing the validity of resolutions in their Deeds of Mutual Covenants in order to take forward repair works for their buildings.



1,200
valid applications
(involved around 5,000 lifts)

In the 2018 Policy Address, the Government announced the launch of LIMS Scheme to promote lift modernisation in the community and enhance lift safety through providing financial incentive with professional support to building owners in need. The first round of application for the LIMS Scheme started in March 2019 and closed in August 2019 with around 1,200 valid applications (involved around 5,000 lifts). After prioritisation of eligible cases based on risk assessment, about 1,400 lifts have been included in the first round of LIMS Scheme. The URA has arranged case officers to assist the respective applicants in organising and conducting lift modernisation works; and provision of free consultancy service to assist the owners in budget estimation of works, preparation of tender documents, tendering for contractors through electronic platform, management of works contract etc.

The second round of application was commenced in January 2020 with the deadline extended from 30 June 2020 to September 2020 due to the impact of COVID-19 pandemic on convening owners' meetings. This extension allows sufficient time for building owners to deliberate and resolve on filling an application.

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

IBRAS was launched in 2018 to replace previous IBMAS as an all-in-one platform to integrate multiple building rehabilitation assistance schemes and services to facilitate owners in need of joining various schemes. Since 2004 and up to the end of 2019/20, about 1,750 building blocks (around 75,500 units) have been rehabilitated under various assistance schemes. Out of the 1,750 building blocks, about 70 building blocks (around 4,100 units) were rehabilitated in 2019/20. Currently, a total of 960 IBRAS cases for common area repair works are in progress.

960
IBRAS cases in
progress



Mandatory Building Inspection Subsidy Scheme (MBISS)

The implementation of MBIS, covering all buildings at the age of 30 or older, came into force in June 2012. The URA duly launched the MBISS in conjunction with the HKHS in the same year, and later become the single authority to administer the scheme when it took over the work from HKHS in July 2018. Under MBISS, the URA assists building owners to arrange first inspections of buildings, which are subject to statutory notices issued by the Buildings Department under the MBIS. Owners of buildings requiring rehabilitation on inspection, may apply for rehabilitation works assistance under IBRAS. In 2019/20, about 630 building blocks (around 15,900 units) have commenced / completed building inspections under MBISS.

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

In May 2016, the URA launched Smart Tender which aims to provide technical support to OCs of private buildings and reduce the risk of bid rigging at the works procurement stage. Smart Tender seeks to help building owners procure contractors independently to carry out rehabilitation works with practical tools, independent professional advice and an electronic tendering platform. In 2017, the Government has committed \$300 million to enable owners to participate in Smart Tender at a concessionary rate which was expected to benefit around 3,000 owners' organisations in five years.



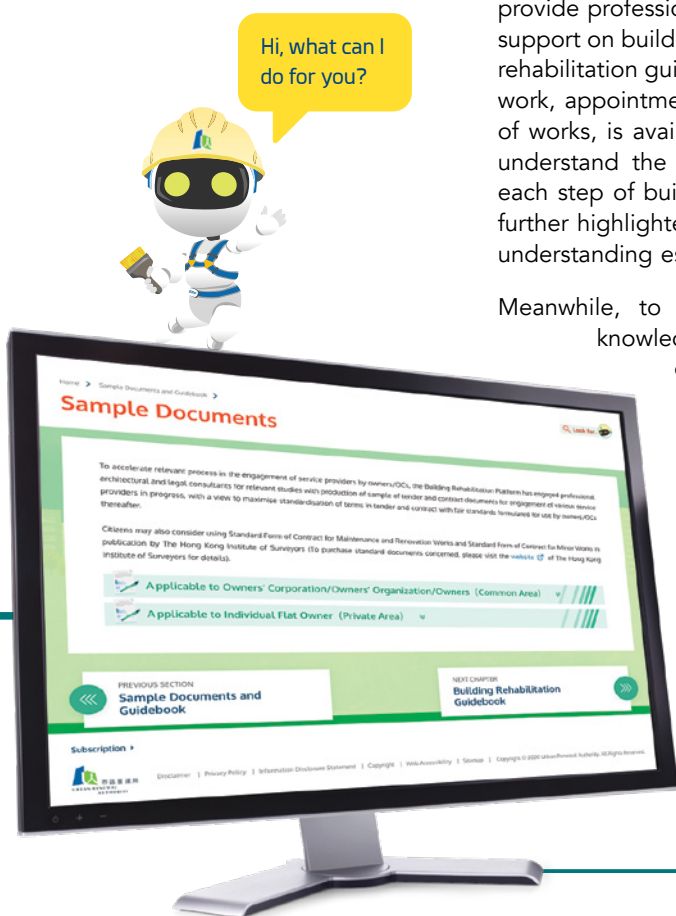
To provide more comprehensive service and complementing LIMSS and FSWS in specific, Smart Tender has been expanded to cover the procurement of consultants, registered lift contractors and registered fire service installation contractors since 2019. Up till 31 March 2020, around 1,180 valid applications have been received, of which about 1,060 have been approved and service agreements issued to the owners' organisations concerned.

Findings from a review completed by early 2020 showed encouraging feedbacks from building owner applicants, consultants and contractors. The e-tendering platform of the Smart Tender was proven to be effective as more competitive tendering prices were obtained and some 90 registered general building contractors joined to submit tenders.

Building Rehabilitation Platform (BRP)

The BRP launched in March 2019, is an all-in-one information platform to provide professional and comprehensive information along with technical support on building rehabilitation to building owners. Currently, a building rehabilitation guidebook with a broad range of information on preparatory work, appointment of consultants and contractors, as well as monitoring of works, is available for download from the BRP to help owners better understand the works, procedures and legal requirements involved in each step of building rehabilitation. The key rehabilitation information is further highlighted through 51 sets of trilingual videos to enhance better understanding especially among elderly owners.

Meanwhile, to support building owners who lack the professional knowledge in preparing tender and contract documents, a total of nine sets of sample tender and contract documents for procurement of consultants and contractors were prepared and uploaded onto the BRP website for public use and reference. Going forward, the BRP will continue to enrich its content. Specifically, it will include a cost reference centre to provide the cost range of typical rehabilitation works items. The feasibility of establishing an assessment mechanism on the quality system adopted by service providers for users' reference is also being explored.



New Rehabilitation Initiatives in 2019 Policy Address

The Government has obtained additional funding of \$3 billion for OBB 2.0, \$3.5 billion for FSW Scheme, and \$2 billion for LIMS Scheme. The funding would benefit some additional 2,500 buildings and 3,500 to 4,000 buildings under OBB 2.0 and FSW Scheme respectively, and around 3,000 additional lifts under LIMS Scheme. The URA planned to approach around 13,000 potential applicants in the second round of OBB 2.0, FSW Scheme and LIMS Scheme in 2020/21.

On top of the above, the Government has committed to injecting \$2 billion into the existing \$1 billion funding of the Building Maintenance Grant Scheme for Elderly Owners, previously administered by HKHS, to implement enhancement measures to provide financial assistance to owner-occupiers in need to repair and maintain their own properties. To reflect its enhanced scope, the scheme was rechristened as the Building Maintenance Grant Scheme for Needy Owners (“BMGSNO”), launched on 30 June 2020 and centrally administered by the URA to provide more integrated services to owners who may benefit from various building maintenance assistance schemes under the purview of URA.



Retrofitting

Yu Chau West Street, Sham Shui Po

The project first commenced in 2013 under the Pilot Scheme for Redevelopment of Industrial Buildings. Due to the low acquisition rate, the URA Board, in 2018, decided that the redevelopment project should be halted. Instead, the URA will carry out retrofitting works at the acquired premises to support rehabilitation initiatives in particular the application of retrofitting to extend the serviceability of old industrial buildings.

Major progress was made in 2019/20 as the statutory approval for partial retrofitting design was obtained in Q4 2019 and procurement for construction works was scheduled in mid-2020, with a view to commencing the works in Q4 2020, subject to further discussion on some outstanding issues with the Government.

Apart from the URA-owned premises, the retrofitting works will also cover the common area of the building. The URA has been consulting other owners on their willingness to join a wholesale conversion and to explore collaborative efforts to enhance the value of the building as well as to extend its building life through retrofitting works.



Retrofitting works to be carried out at Yu Chau West Street Project allows the URA to explore retrofitting initiatives to extend the serviceability of old industrial buildings.

URA's Rehousing Blocks

The URA is keen to pioneering the implementation of retrofitting at its properties. Retrofitting and improvement works for one-person and two-person units as well as the common area in three rehousing blocks at Soy Street, Lai Chi Kok Road and Bedford Road were completed in 2019/20. For the rehousing block at 466 Des Voeux Road West, the URA has completed the design and awarded the tender for the retrofitting works in February 2020. The retrofitting works for this rehousing block will introduce a co-living concept to three floors and provide recreational areas for tenants' use.



The flat units and facilities of the rehousing block at Soy Street are renovated to provide the tenants a more comfortable living environment.



PRESERVATION AND REVITALISATION

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



The transplant of the endangered *Aquilaria Sinensis* (aka Incense Tree) in the URA's project sites conserves harmony and peace in the old urban area while the blooming and fruiting team the areas with life and vitality.

In fast moving Hong Kong, the preservation of heritage buildings always presents a daunting challenge. Two of URA's five key businesses are "pRreservation and Revitalisation", and our focus is not only on buildings, sites and structures of historical or architectural value, but also on intangible heritage and cultural elements.

Fresh conservation concepts have been adopted by the URA including "place-making" and "community-making" with the objective of preserving local heritage and characteristics through rebuilding community networks and creating a more harmonious society.

Our two most important revitalisation initiatives in this area have been the Central Market project at the very heart of urban Hong Kong; and a "tong lau" project at 618 Shanghai Street in Kowloon. The 618 Shanghai Street project, completed during the year, has become a trendy and lively destination for locals and visitors who enjoy a nostalgic trip to vintage Hong Kong. The Central Market revitalisation works are on schedule and the first phase of this project will be ready for public enjoyment in 2021.



Enriched with local characteristics, 618 Shanghai Street was open for operation in late 2019.

618 Shanghai Street

In 2019/20, the URA pressed on with the Shanghai Street/Argyle Street preservation project with Certificate of Compliance issued in July 2019. The project, now named 618 Shanghai Street, commenced operation in November 2019. The building not only preserved key architectural features of historical significance, but also brought in new functions and vitality to the community by hosting a number of shops with local character, heritage, community and creative elements. In particular, a social enterprise named Dignity Kitchen with the mission to build and return dignity to the disadvantaged and disabled through vocation and passion were invited to operate in the building to provide hawker stalls Singaporean food to match local character of Mong Kok. The project also won multiple accolades for the adoption of Building Information Modelling (BIM) technology across the project's lifecycle and, in specific, in facility management after the completion of works, as well as for its structural excellence in preserving historical and architectural elements. In recognition of its sustainable architectural design, the project was also the first preservation project in receiving BEAM Plus Final Assessment Platinum rating under Hong Kong Green Building Council's BEAM Plus New Buildings Version 1.2 rating scheme.

OPERATING REVIEW

Western Market

To work out a future plan for the Western Market, the Lands Department has agreed to a further two-year extension of holding over of the land lease until February 2022.



7 Mallory Street, Wan Chai

7 Mallory Street is managed and operated by the URA with continuous collaborations, comprising a wide spectrum of art, cultural and community organisations. In 2019/20, over 120 activities including exhibitions, performances and workshops were held at the indoor and outdoor community areas of the project.



(Left) The future view of Central Market as depicted in the Building Information Model.

(Below) The Central Market, built in 1939, is a Grade 3 Historic Building.



Central Market

The URA commenced the main contract for the preservation works of Central Market in November 2018, with the application of BIM technology throughout its construction process. The past year has made good progress in repairing the dilapidated columns, beams, floor slabs and architectural fins of this 80-year-old building by introducing a new material, Fiber-Reinforced Polymer Composites, hence strengthening the building's structure while preserving its historical appearance. The project is expected to complete in two phases, with the first phase works, covering the majority of the building, to be completed tentatively by late 2020 for operation in 2021. The proposed land grant of the site was in-principle approved by the Lands Department in May 2020. Procurement for the operator of Central Market has commenced, and tenders will be invited around the second half of 2020. The revitalised Central Market Building will create a unique identity of heritage conservation and become an approachable, energetic, and gregarious quality space, meeting diversified uses for public enjoyment, according to the mainstream public aspirations collected in previous engagement process.

Mong Kok Streetscape Improvement

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 involving streetscape improvement to enhance their unique characteristics and ambience. The improvement works at Flower Market Road were completed while 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 with the completion of URA's Sai Yee Street redevelopment project. Local consultation on the final phase of the improvement project at Nelson Street and other sections of Sai Yee Street and Fa Yuen Street was conducted in Q2 2019. Detailed design was completed in Q1 2020 and procurement of construction works will take place in Q3 2020.

Staunton Street/Wing Lee Street, Sheung Wan

As announced in the 2018 Policy Address, the URA, having conserved the buildings in Wing Lee Street, will carry out a further study with a view to revitalising the building clusters owned by the URA to preserve the heritage urban fabric at and near the Staunton Street / Wing Lee Street Project (H19) and to synergise with revitalisation projects nearby through community making initiatives. Since then, the URA has adopted an integrated approach to renew the neighbourhood replacing the previous redevelopment mode. To gauge support from the local community and solicit insights from key stakeholders / Central and Western District Council, the URA commissioned a Community Making Study which was completed in mid-2019. The community making process and key findings from the study have enabled the establishment of several key visions and directions for urban renewal in the area, which would be supported by various initiatives in coming years.

Quick-win community making initiatives in collaboration with local schools / social groups / artists were identified for pilot implementation within the neighbourhood. As a start, the art wall / hoarding paintings co-created by artists and schools were completed in January 2020, while an urban farm was established in March 2020 to encourage community participation and ownership. In parallel, Planning Department has commenced the rezoning process in August 2019 to reflect the latest planning intention of preserving the building clusters to supersede early planning intention as indicated in previous Development Scheme Plan for the project.



The Community Making Study reflects the visions of the locals towards the H19 Project.

Place-making Initiatives

The URA keeps up its efforts in exploring the application of place-making concepts to its project portfolio, including three projects in the Central and Western District, namely, The Center (H6), Peel Street / Graham Street (H18), and the Central Market being developed under "CONET"¹, to connect the community spaces through diverse events, exhibitions, performances and cultural activities for public enjoyment. In 2019, over 70 events were organised by the community at the community exhibition space of H6 CONET, including exhibitions, workshops and performances. The number of visitors to H6 CONET have increased by over 25% (year-on-year), with around 8,000 on a regular weekday.

This "CONET" concept of place-making was further explored in 2019/20 to connect the three sites through integration of the renewed built environment and the local community. For instance, 2019/20 saw the completion of the beautification of 11 hawker stalls and the extension of mural art walls to H6 entrance connecting Queen's Road Central near H18 as well as the standardisation of signage graphics at both H6 and H18 areas. Specifically, two mural art walls featuring local artists' creativity in expressing district culture and history were implemented at Hing Lung Street adjoining H6 CONET. H18 mobile app was launched in December 2019 to provide functions like shopping guide, recipe creation and featured stories to promote the unique historical Graham Market while at the same time help sustain its business development.

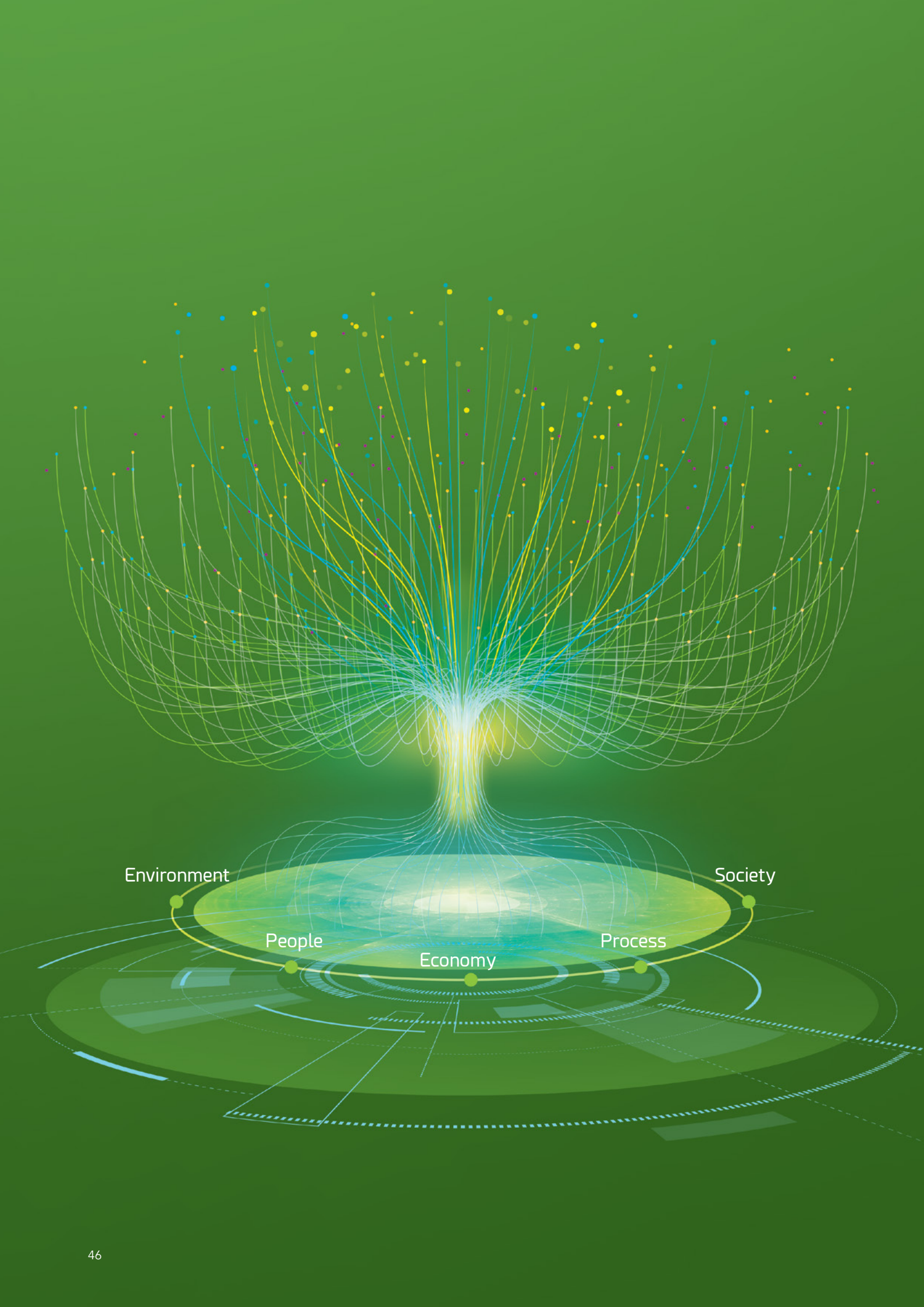


A mural wall at the Hing Lung Street entrance of H6 CONET.



Cultural and art activities are organised at H6 CONET.

¹ CONET stands for Community, Open space and NETWORK



CORPORATE SUSTAINABILITY

Urban renewal is about people. Adopting a holistic approach, the URA embraces visionary concepts of sustainable development in its diversified business strategy to create quality spaces for people to live in, to run their business, to explore and enjoy. To achieve this, we forge strong and constructive partnerships with the community, NGOs and our many relevant stakeholders.

Our sustainable urban renewal strategy not only yields new, smart and green buildings but also embraces revitalisation and the maintenance of existing buildings, so as to improve the living standard of households in older districts. This helps extend the lifespan of buildings, beautify their façades and slow down the pace of urban decay.

Hardware aside, the URA is also proactive in communicating and engaging the community, such as our efforts to listen and respond to the views of a wide cross-section of stakeholders in the Staunton Street vicinity in Central and find a consensual way forward on revitalisation, and the city-wide briefings for building owners held over the year on various rehabilitation schemes.

The COVID-19 pandemic has brought Hong Kong to a halt this year and dealt a severe blow to our economy and small businesses. We have offered rent relief to help tide some 700 tenants over the difficult times.

CORPORATE SUSTAINABILITY

Drive Our Economy

The URA endeavours to revitalise the urban neighbourhood through strengthening the economic, social and environmental fabrics for the benefit of the community. Through a process of careful planning for sustainable urban renewal, we create space for business and job opportunities while bringing re-composition of the social landscape.

Special Measures under COVID-19

To complement the package of measures announced by the Government in April 2020 to help businesses stay afloat and to keep workers in employment amidst the pandemic, the URA offered rent relief to its residential tenants from March to September 2020 and commercial tenants from April to September 2020, involving a total of around \$100 million. This measure would benefit over 720 residential and commercial tenants of the URA's premises, as well as the shop operators of the malls in joint-venture development projects who were in such needs. Additionally, the URA implemented an advance payment scheme to support its contractors and consultancy firms, and expedited the recruitment process of about 100 job vacancies in 2020.

rent relief involving
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\$100
million

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100
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Preserving Local Economic Activities

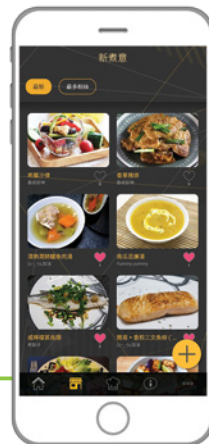
Similar to the URA's Prince Edward Road West revitalisation project, the recently opened 618 Shanghai Street (details covered in page 43 of the Operating Review Chapter) serves to showcase how the overall physical environment could be improved to cultivate a place where old meets new while espousing economic vibrancy for the local community.



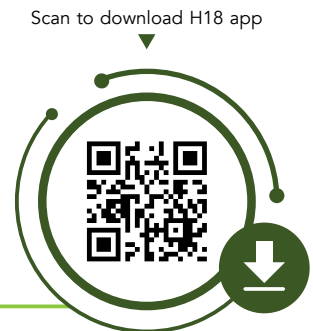
Unique local shops at 618 Shanghai Street.



The URA continued 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 as well as to enhance vibrancy. The revitalised Graham Market, with the new market block at Site B of H18, has become an iconic spot for local residents to purchase a vast variety of their daily needs. A tailor-made mobile app was developed and launched in December 2019 to provide users with shopping guides and cooking ideas with recipes as a way to promote business of the Graham Market, connect it with the community, thereby enhancing market vibrancy.



The "H18" Mobile App connects Graham Market, H18 CONET merchants and the community.



Facilitating Social Enterprises to Thrive

During 2019/20, the URA continued to render properties for concessionary tenancy to non-governmental organisations (NGOs) and social enterprises (SEs), e.g. The Association of the Hong Kong Central and Western District Limited, The Hong Kong Council of Social Service, The Procurator in Hong Kong of the Salesian Society, Church Body of the Hong Kong Sheng Kung Hui, The Hong Kong Federation of Youth Groups, Light Be, International Social Service (Hong Kong Branch), Social Ventures Hong Kong, New Life Charitable Foundation Limited and Mighty Oaks Foundation Limited, in our rehousing blocks, acquired properties, URA-owned properties and dedicated preserved historic buildings. In particular, the URA has invited a social enterprise named Dignity Kitchen to operate on the second floor of 618 Shanghai Street, appreciating their mission of revitalising the lives of the disadvantaged and disabled people through employment and vocational training, and echoing URA's mandate in revitalising the community in old urban area through urban renewal works.



5,000m²
 URA properties leased to NGOs and SEs

3,890m²
 URA-managed Government, Institutional and Community (GIC) areas for various community purposes (in 2019/20 financial year)



CORPORATE SUSTAINABILITY

Care for Our Environment

Environmental sustainability interweaves various stages of urban renewal as well as being a tenet that guides our strategies and operations. The URA aims to spearhead the development of green-and-smart buildings and innovative urban design in order to provide high quality homes and sustainable living for our citizens.

Promoting Green Buildings

While acknowledging that redevelopment and construction works would inevitably pose impacts on the environment, the URA has put in effort in its planning objectives to create low-carbon neighbourhoods and green buildings for a sustainable development of the environment. The URA has continued to embrace green building design in its redevelopment projects, thereby improving the energy efficiency of buildings, reducing water consumption and waste generation as well as providing more green areas for the local community. With the combined efforts of both the URA and our joint-venture partners, the URA attained the final BEAM Plus rating in five more projects during 2019/20, aggregating to a total of 14 projects with Hong Kong BEAM Platinum rating plus one project with BEAM Plus Platinum rating and seven projects with BEAM Plus Gold rating. At the same time, 17 projects in the design or construction stage have already received provisional BEAM Plus rating.

The URA not only dedicates effort to promote new green buildings, but also strives to improve the green elements of existing buildings through rehabilitation. The URA introduced the Green Item Subsidy (GIS) (which won a Hong Kong Green Building Council Award in 2016) under the “Common Area Repair Works Subsidy” to encourage property owners to use environmentally-friendly building materials and to install energy-saving facilities when carrying out building maintenance and repair works. Up to 30 June 2020, the URA had approved GIS applications from the owners of about 320 building blocks (approximately 15,600 units) amounting to a total subsidy of around \$18 million.

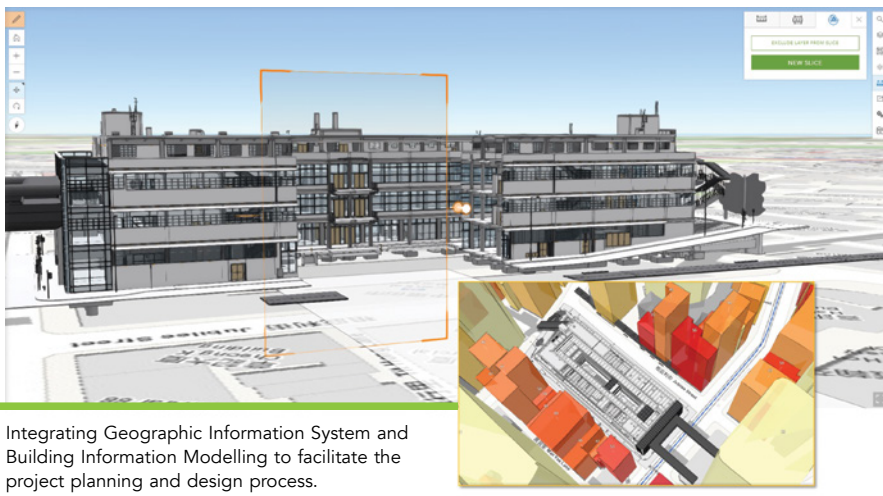
Envisioning a smart city

In addition to green buildings of high environmental standards, we have pressed on to incorporate “Smart Building” concepts into development projects covering five aspects, namely “Design”, “Information”, “Environment”, “Convenience” and “Management”. Smart Building will create smart quality and vibrant living and advocate the development of “Smart City” in Hong Kong. Smart features like home energy and water consumption systems, home health and wellness systems, smart displays, home waste management systems, building information modelling (BIM) and building management systems have been adopted in various URA projects. eResidence, the first URA project to incorporate these smart features was completed in 2019/20.

The URA intends to expand its Smart City initiatives to not only buildings, but also as a district wide approach. A study on smart use of underground space and smart provisions of city infrastructural facilities in the Kowloon City area was commenced in 2019/20 with target to be completed in early 2021.

The smart display provides residents of e-Residence with various useful information including the availability status of the “e-laundry”.





Integrating Geographic Information System and Building Information Modelling to facilitate the project planning and design process.

In 2019/20, the URA continued its development of an Urban Renewal Information System ("URIS"), a map-based integrated and shared platform for more effective and efficient information management and sharing within the URA. The BIM-Geographic Information System integration tools and environmental assessment tools, was developed under the URIS to facilitate project planning and design. Applications facilitating URA's operations in urban renewal are also under development. In addition, the URIS is expected to augment the development of common spatial data infrastructure by the Government and enhance data sharing with Government departments. It is envisioned that URIS would ultimately become a smart governance tool to facilitate urban renewal planning and implementation. The system is expected to be completed in 2021/22.

The URA has also continued to forge BIM in its business operations, not only to build smarter buildings with smarter management but also to reduce carbon footprints through efficient project management, thereby achieving sustainable construction. The BIM-Facility Management ("FM") system for 618 Shanghai Street was completed in Q4 2019 to enhance the efficiency of property management of the project. This BIM-FM platform will be further applied to the commercial portion of eResidence and the Central Market, and possibly other future projects to be retained by the URA.



Applying BIM Technology to property management of 618 Shanghai Street for enhancement of work efficiency through remote control of devices and automatic reminders for regular maintenance inspection to upkeep the facilities.



The application of BIM in the 618 Shanghai Street project has won a number of accolades, including the US AEC Excellence Awards 2019 and the Hong Kong BIM Award 2019 by Autodesk for its comprehensive application of BIM across the project's entire building lifecycle and development of a sustainable BIM-FM platform. The Central Market was also awarded the Hong Kong BIM Award 2019 by Autodesk for its application of BIM. The URA has received the Autodesk Hong Kong BIM Awards for three consecutive years.

CORPORATE SUSTAINABILITY

Applying Green Innovative Technology

The URA has always been keen to explore the applicability of green innovative technology in its projects. For example, a biofilter system was installed at H6 CONET¹ as a green wall to improve the indoor air quality. A distinctive drop of pollutants such as VOC, PM10 and CO₂ in the air flow has been realised since the installation. With the biofilter system, visitors in H6 CONET can enjoy clean and fresh indoor air. Meanwhile, an energy flooring, a versatile custom-built flooring system generating electricity via walk-through electro-magnetic induction of pedestrians, was another pilot green initiative installed at the Tung Man Street entrance of H6 CONET. The renewable energy can be used in real-time lighting displays for interactive engagement and educational purpose.

Various green technology installations in H6 CONET, such as energy floor (below) and biofiltration wall (right), are open for public enjoyment.



In addition, the URA will use Modular Integrated Construction (MiC) method, which is sustainable and environment-friendly, for the construction of Project DL-11 at Ash Street. Under MiC, free-standing integrated modules are manufactured in a prefabrication factory and then transported to the site for installation into a building, hence reducing dust and noise pollution from construction sites, minimising construction waste and improving construction waste management. It is anticipated that this URA's first MiC project for private residential development would set an example for private developers to follow suit.

Greening Our Operation

We are conscious of the implications on the environment as a result of our own operations and managed properties. As a recognition of our efforts to maintain green operation, the Environmental Campaign Committee (ECC) awarded the Carbon Reduction Certificate to URA's headquarters premises in 2018, which is valid until 2021. Furthermore, under the ECC's schemes in 2019, the URA has again obtained the Hong Kong Green Organisation Certification (HKGOC) for waste reduction and recycling as well as the HKGOC's Wastewi\$e Certification at the "Excellence Level". During the same period, the Environmental Protection Department again accredited the URA's offices with the Indoor Air Quality Certificates.

To support environmental protection and enhance efficiency in data reporting, the URA has been adopting the e-Freezing Survey using tablet computers in its redevelopment project since 2017. URA is currently developing an electronic document management system to reduce the filing of hard copies of documents to save paper usage as another initiative to promote green operation.

¹ CONET stands for Community, Open space and NETWORK

Contribute to Our Society

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

Educating the Community

The social movement since June 2019 and the COVID-19 pandemic have significantly affected a number of URA activities planned to enhance public understanding of urban renewal. The disruption includes the suspension of guided tours and docents for schools and organisations, the temporary closure of the Urban Renewal Exploration Centre ("UREC") located in H6 CONET and the Urban Renewal Resource Centre ("URRC") at Tai Kok Tsui, and the cancellation of briefings/talks for stakeholders as well as education programmes for the local communities.

In 2019/20, the UREC received more than 3,000 visitors and the URRC served around 16,000 members of the public making enquiries and conducting briefings, meetings and community activities on matters relating to building repair and maintenance. The URRC has also served as a venue for mediation meetings relating to building repair and maintenance, property valuation and construction, arranged by the Joint Mediation Helpline Office since 2014. A total of 44 mediation meetings were held at URRC during the year.

To support students' online study at home during school suspension due to the implementation of infection control measures, the URA ran an educational series on its Facebook to enhance students' knowledge on urban renewal. A total audience reach of over 190,000 was achieved in about three months' time.



Enhancing students' understanding of urban renewal through UREC guided tours and activities.



CORPORATE SUSTAINABILITY



Reaching Out to the Community

Our care for the people extends beyond our urban renewal works. As part of its Corporate Social Responsibility programme, the URA has partnered with local universities and NGOs in the Community Service Partnership Scheme ("CSPS") where URA colleagues and university students join hands to serve residents of old districts under various programmes. In 2019/20, the upcycling programme, which transforms discarded wood plank into tailor-made home furniture for low-income families, has extended its service scope by partnering with The Hong Kong University of Science and Technology, in addition to The University of Hong Kong and The Chinese University of Hong Kong, to form a total of 15 volunteer teams with over 80 students participated in the project, thereby increasing the number of low-income family beneficiaries from 12 to 15. Since the launch of the CSPS in 2012/13, more than 1,300 volunteers have achieved a total of 8,500 service hours, benefitting over 2,400 people.



more than **1,300** volunteers
8,500 service hours
benefitting over **2,400** people

Caring for the Underprivileged

Besides adopting a people-oriented approach when delivering our core businesses of redevelopment and rehabilitation, the URA also seeks opportunities to engage our partners and help people in need. During 2019/20, the URA continued to offer some renovated flats in the acquired properties at Wing Lee Street and Staunton Street, as well as units at our rehousing blocks to NGOs and SEs for them to provide short-term tenancies at below market rent for underprivileged residents.

As an initiative to offer assistance to families residing in poor living environment of aged buildings, especially the elderly, the URA sponsored two local organisations to launch services titled "Home Repair Services Community Programmes" in Kowloon City and Sham Shui Po districts in 2018/19 home visits to and free repair of household appliances for about 600 underprivileged families. In view of the positive response, the programme was expanded with more local NGO partners engaged, serving a larger catchment area in the old districts in 2019/20. The programme was also expanded in scope to improve the living condition of elderly tenants of the URA projects by providing a comprehensive refurbishment of the public rental housing units where they would be rehoused.



The "Home Repair Services Community Programme" provides free repair services to the grassroots.

Cultivating Arts and Culture in Old Districts

Neighbourhood is more than its physical environment. It is the local culture and characteristics that create its identity. An appreciation of the local arts and culture will allow for a deeper understanding of the community while providing enjoyment. In 2019/20, URA's "Arts and Cultural Partnership Programme in Old Urban Districts: Pilot Scheme" supported a total of eight new and ongoing programmes, reaching out to 41,813 people. These programmes covered an array of activities to enliven the old urban districts by bringing enjoyment to local residents, and for other members of the public to appreciate the local characteristics. Since the launch of the scheme, the URA has supported a total of 61 arts and cultural programmes, benefitting about 677,104 people in enhancing their living quality.



A variety of arts and cultural events are held in the old districts. Residents are encouraged to participate for appreciation of the characteristics of their community.

Diversified Urban Space for Health and Happiness

Over the years, as far as practicable, the URA has endeavoured to include open space and community/institutional areas in our moderate to large scale projects. Our redevelopment projects in various districts have provided easily accessible community and institutional facilities, including residential care homes for the elderly, youth centres, health centres, markets, cooked food centres and an indoor stadium to meet different needs of the residents. For better utilisation of open space for public enjoyment, the URA continued its place-making initiatives to create synergies of the open spaces of its projects, as described in page 45 of the Operating Review Chapter.

Promoting Walkability

The URA puts much effort in creating walkable urban neighbourhood to improve the living quality of residents and brings social benefits by easing the pressure on transport infrastructure, reducing car dependency, alleviating traffic congestion, and supporting the local economy and mixed communities. To this end, the concept of pedestrian priority must be embraced in all levels of planning and design in its projects to promote walkability. Redevelopment projects in Kowloon City and To Kwa Wan, launched under the district-based approach, envision to create a pedestrian-friendly and accessible neighbourhood through restructuring and re-planning of the existing pedestrian and vehicular traffic network. The URA will continue to hasten efforts to cultivate a healthy and low-carbon neighbourhood and elevate the urban quality of life for the local community.

Facilitate the Renewal Process

One of the critical success factors of urban renewal is how well our works have created satisfaction, happiness, goodwill and values among the community stakeholders. It is therefore vital to ensure effective renewal processes are in place to enhance understanding, address needs and promote collaboration with our stakeholders in redevelopment projects. On rehabilitation side, our initiatives to equip building owners with self-help tools and relevant knowledge have not only facilitated, but also empowered them to take part in the urban renewal process with much ease and confidence.

Assisting Households in Ageing Districts

Redevelopment is more than just replacing buildings with new stock, but also about improving the living standards of displaced households. A majority of the buildings in our redevelopment projects are dilapidated, with safety hazards and hygiene problems. During 2019/20, acquisition offers were made to the owners of 374 property interests in two projects. The cash compensation and ex-gratia payments allow affected domestic owner-occupiers to purchase replacement premises that are in better condition than their existing ones.

With a view to enabling the residents to retain their social network in the neighbourhood, a flat-for-flat (“FFF”) option is also available for those domestic owner-occupiers who prefer to buy a flat at the same site after redevelopment (“in-situ FFF units) or a flat at a new development in the same district. Alternatively, they may also choose to buy a flat at the completed Kai Tak Development. As of June 2020, a total of 31 owners had taken up the offers comprising 27 FFF units in the Kai Tak Development and four in-situ FFF units.

The URA also takes responsibility to look after the need of affected domestic tenants by offering cash compensation or rehousing in public rental flats or units in the URA’s Rehousing Blocks. Our staff often go the extra mile to help, whenever practicable, the affected tenants to address individual needs.

Engaging the Community and Promoting Understanding

The URA commits to take forward the “people-first” approach in its urban renewal work across different stakeholders – the affected households and community members.

The URA has implemented a Project Engagement Programme since 2016 to strengthen out-reach support and establish relationships with affected residents and owners of the properties in URA’s redevelopment projects which brought positive outcomes to its acquisition and rehousing process. In 2019/20, the programme was conducted for three redevelopment projects, namely Queen’s Road West / In Ku Lane (C&W-006) in Central and Western District; Wing Kwong Street / Sung On Street (KC-014) in To Kwa Wan and Kai Tak Road / Sa Po Road (KC-015) in Kowloon City, with visits paid to about 645 residents and owners.

In building a cohesive community, the URA appointed Social Ventures Hong Kong to conduct a Community Making study to gather inputs from the stakeholders of the Staunton Street/ Wing Lee Street Project (H19) for building a pilot project that endeavours to integrate residents’ aspiration in the planning process for deriving a proposal that could connect people and places. The study was completed in 2019 and its key findings enabled the establishment of several key visions and directions for urban renewal in the area, which would be supported by various community making initiatives in the coming years.



The URA organises the Urban Farm to connect the residents and build the community.



Briefing of the URA's work to the newly elected DC members.

On promoting public understanding on the work of URA, a series of briefings was arranged following the 2019 District Council ("DC") Election, to introduce to newly elected DC members of designated districts with URA projects the issues of urban decay and urban renewal work and initiatives undertaken by the URA. Meanwhile, briefing sessions were also held across the city to brief the public on the implementation details and application of various building rehabilitation.

Equipping Owners with Knowledge and Empowering Them to Organise Rehabilitation Works

Proper building rehabilitation and regular maintenance is the key to extend the serviceability and structural stability of buildings and hence help to slow down the pace of urban decay. The success of urban renewal therefore hinges very much upon building rehabilitation, which explains the substantial emphasis and effort the URA has involved in the implementation and promotion of proper maintenance of buildings.

A comprehensive survey conducted by the URA under its New Strategy on Building Rehabilitation revealed that building owners lack the capability to organise rehabilitation works, nor can they afford the rehabilitation costs. To bridge the affordability gaps, the URA provides building owners with financial support through various subsidy schemes, in particular, extra assistance is given to elderly and needy owners.

In addition to financial assistance, the URA also empowers building owners to organise maintenance works through equipping them with knowledge ranging from procurement of contractors and consultants, specifications of work scope, to responsibilities and liabilities of the parties involved, as well as professional advices and technical assistances by way of an all-in-one information platform – Building Rehabilitation Platform, as described in page 39 of the Operating Review Chapter.



around **\$1,630** million
 loan and subsidies released
 (up to 30 June 2020)

Care about People

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

Caring for and Inspiring our Next Generation

The URA formed its first-ever 'oUR Amazing Kid Band' in 2018/19, aiming to maintain the social network of the participating kids and their families in our redevelopment projects through regular training lessons, performances and other activities even after they have moved out from the project sites. In 2019/20, the Kid Band recruited six new members from the URA project sites in To Kwa Wan. Some of them had moved out of the project site but returned to the Band for regular trainings and networking activities. A total of three performances and two networking events were conducted in 2019/20, while another three performances originally lined up and scheduled for February and March 2020 had to be postponed due to the COVID-19 pandemic.



Children from To Kwa Wan District are recruited to form the URA's "oUR Amazing Kid Band" in a bid to maintain their social network through music training and performance opportunities.



To introduce the URA's work and the significance of urban renewal to the general public, in particular our younger generation, the URA offered a series of education and extension programmes (E&E) to the community and schools during the year, covering a wide range of activities from educational workshops for primary and secondary students to innovative design competition targeting tertiary students participants.

Students were able to learn about living condition of people in the old districts and local characteristics during the programmes, and were inspired to explore innovative ideas and solutions that can alleviate the poor living condition, revitalise the old urban district while respecting the local characteristics, with an ultimate aim to facilitate a sustainable living.



On-the-job training are provided to URA staff on the latest online technology and skills.



URA staff are encouraged to self-learn through the URA's new "e-learning platform" in order to equip themselves with knowledge and skills.

Building Our Capacity

Technology advances in leaps and bounds, staff members of the URA have to keep abreast of the latest innovations in order to optimise efficiency, effectiveness and impacts of urban renewal. In 2019/20, the training focus remained on facilitating our staff members at different levels to learn the latest technologies e.g. BIM, Smart City, Artificial Intelligence (AI), Big Data, Internet of Things (IoT), etc. At the same time, effort was also put into reinforcing our staff members' functional know-how and core competence skills in communication, stakeholder engagement, innovation, personal development and leadership. During the year, around 12,500 training hours were provided for around 4,500 participants with over 60 new training programmes, visits and talks, mostly related to innovation and technology which could be applied to the work of the URA. Our training and development needs were gathered through a Training and Development Task Force composed of members from various Divisions and Departments of the URA.

We have continued to put emphasis on building our staff members' capabilities to apply the latest technology into their work; widen their horizons and exposure via talks and visits; further enhance their people and leadership skills through workshops and simulation exercises and strengthen their agility and entrepreneurship via project studies. An interactive Learning Platform has been launched in June 2020 to preserve the critical knowledge and project experience of the Authority and provide a user-friendly and flexible learning experience for all staff members.

Divisional Career Ladders describing the minimum requirements for progression from entry level positions to the highest level position of different divisions were launched for the use in recruitment, training and development. The Career Ladders serve as an open source channel for staff to identify their needs for enhancing and developing their knowledge, skills and competencies in order to prepare for future career moves.

A Successor Identification Model is under development to apply human resources data analysis to identify potential succession candidates for the managerial grade and above in order to formulate talent pools to succeed key positions. In addition to the Future Leaders Programme that develops promising General Managers and Senior Managers, a Manager Development Programme was launched during the year to identify and develop a pool of promising managers for our leadership pipeline.

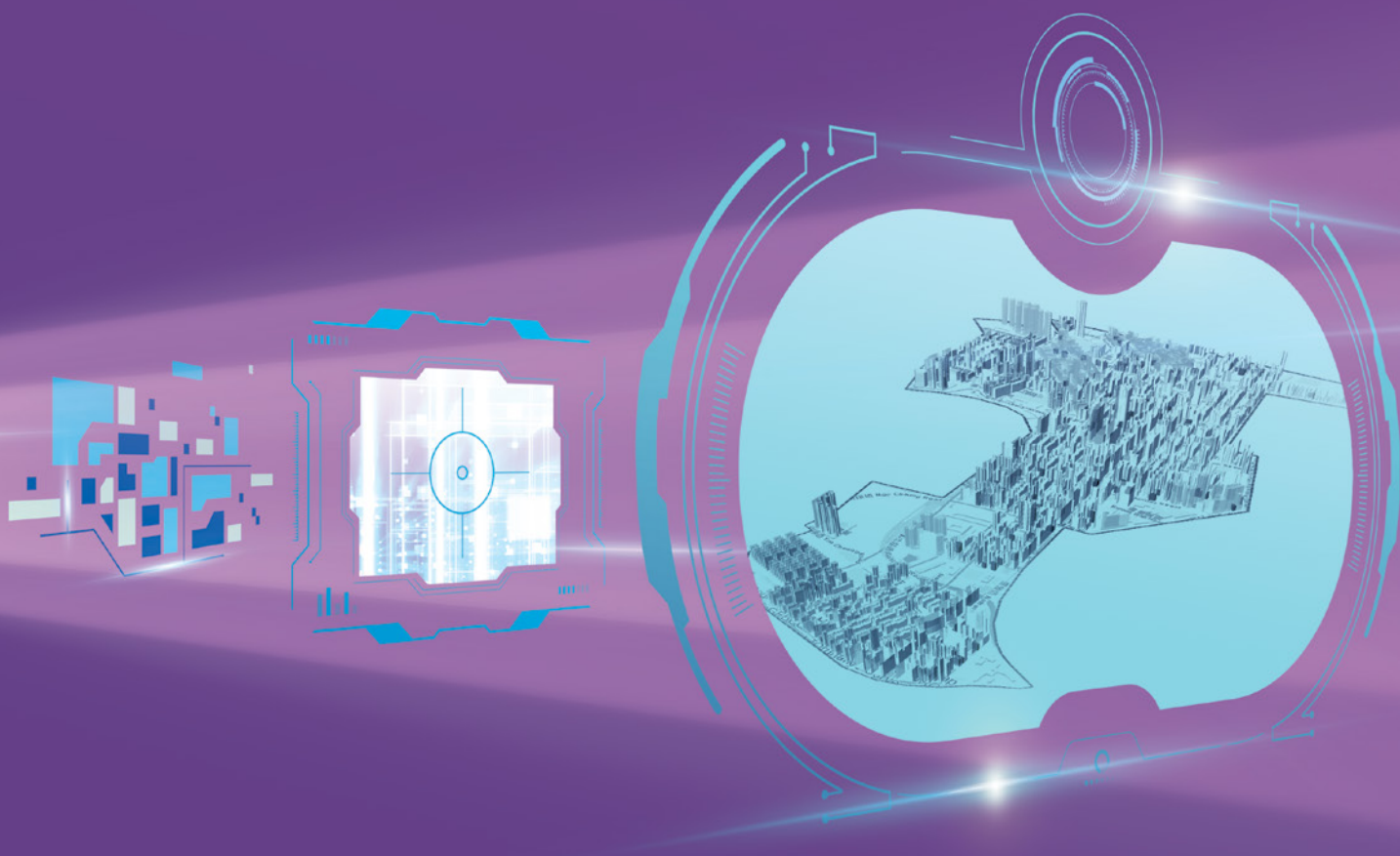
Attracting, Motivating and Retaining the right staff

In a tight labour market, the need for effective means to identify, employ, retain and motivate the right talent remains high. In order to attract, motivate and retain young qualified professionals with satisfactory performance, combined establishment at Assistant Manager and Manager levels was introduced to allow more upward movement for these professional staff. Professionals holding key strategic positions were closely managed to ensure healthy career exposure and proper coaching. A two-year Planner Trainee Programme was launched to recruit fresh graduates of urban planning study with an aim to groom them into qualified urban planners who would be strategically important to our urban renewal process.

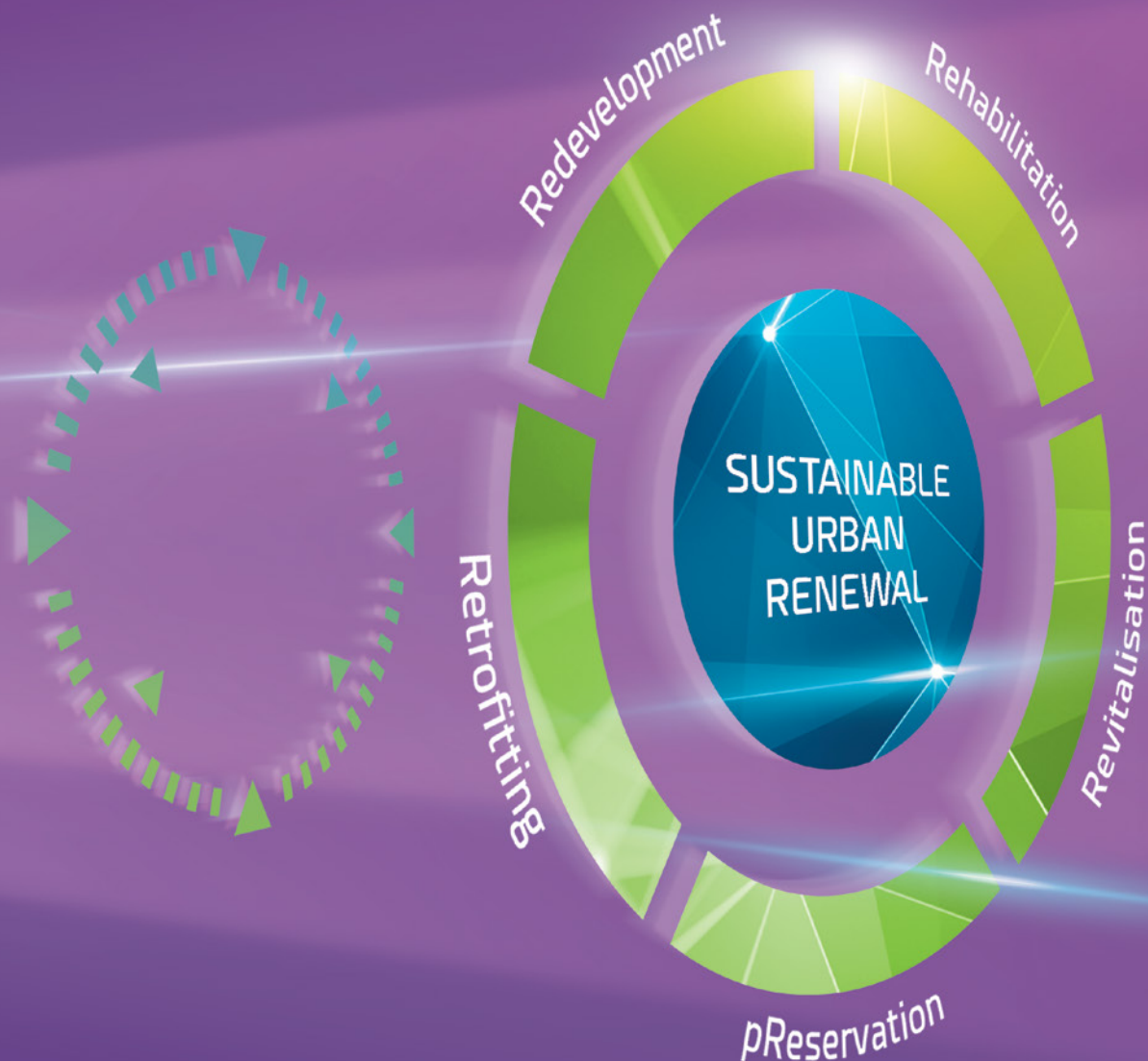
Building an Effective and Engaging Workforce

To strengthen internal communication across the URA, 12 issues of Staff Newsletter have been published since its introduction in 2017. In addition, our Staff Suggestion Scheme continues to invite ideas from staff members to improve work efficiency and effectiveness and to enhance a sense of belonging. Around 30% of the staff suggestions were assessed with positive impact and has been adopted in 2019/20.

MANAGEMENT DISCUSSION AND ANALYSIS



Looking ahead, URA will make good and full use of its available resources to speed up urban renewal through our strategies and plans, while at the same time, take on the task of supporting the Government in addressing the provision of adequate affordable housing to the public.



MANAGEMENT DISCUSSION AND ANALYSIS

The past year has been one of the most difficult for URA during its 20-year history and it has been challenging to just carry on business as usual. With some of our redevelopment projects inevitably delayed, we now need to make up for lost time to keep up with the pace of urban renewal.

On a more positive note, the eventful year has seen some softening of property prices and construction costs. However, unlike developers in the commercial sector, we do not have the luxury or flexibility to “buy low, sell high” by taking full advantage of the market cycle, owing to the statutory procedures and schedules the URA has to adhere to. Faced with volatility, we have to exercise extra caution in our business decisions requiring us to devise forward-looking project plans, comprehensive mitigating measures, and prudent financial and risk management to ensure that our business operation and financial position remain robust and urban renewal work can be sustained in the long run.

Two Core Businesses – Redevelopment & Rehabilitation

Performance Review of Redevelopment

The URA has weathered an unprecedented operating environment in 2019/20. In spite of the challenges arising from public health crisis, the URA managed to commence two redevelopment projects in May 2020 albeit with a three-month delay from their original schedules to mitigate the infection risk of COVID-19. This demonstrated our persistent effort to maintain a steady pace of urban renewal while exercising vigilance and flexibility in our planning.

Since its establishment in 2001 and up until 30 June 2020, the URA has commenced and implemented a total of 64 projects comprising of 61 redevelopment projects, two preservation projects and one revitalisation project. A further of six redevelopment projects were undertaken in association with the Hong Kong Housing Society. Of these 70 projects, 26 were completed and the remaining are at various stages of implementation.

The URA's notable achievements can be measured through the scale of urban decay that has been successfully addressed, the consequent benefits to the affected people, the contributions to new flat supply and the new facilities created for communities, as highlighted below:

Urban area improved	Dilapidated buildings redeveloped or to be redeveloped	Rehoused/compensated households	Residents benefitting from projects
20.8 hectares	1,495 building blocks	14,250	32,600
New domestic gross floor area	New flats	New commercial gross floor area	New GIC floor space
1,178,000 square metres	23,200	438,000 square metres	56,000 square metres

The URA has also completed 10 projects which were taken over for implementation from its predecessor, the Land Development Corporation. Adding this to the count, a population of around 46,000 previously living in dilapidated housing condition has been benefitted with improved living environment.

Challenges and Opportunities

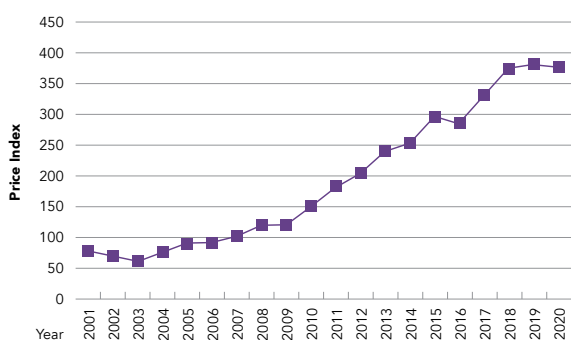
Following the Sino-US trade war, the local social movements and the subsequent outbreak of COVID-19 in early 2020 which abruptly disrupted the city's economy, have negatively impacted the residential property market with consecutive price drops for a few months. Meanwhile, the retail property market has taken a direct hit, as the risks continue to surge affecting market sentiments. Street shop vacancy rates soar to a record high in traditional retail districts. All these have alerted the URA to carry out its projects with extra caution and exercise prudence in its financial arrangement to be able to weather the volatilities. Maintaining a cautious outlook would be conducive to the URA's ultimate objective of taking forward urban renewal in a sustainable manner for the city's long term development.

Notwithstanding the drop in recent months, the property market has followed a largely upward path since 2003, and has seen an about six-fold surge in prices for all classes of accommodation in the private domestic market (see Figure 1). With the blooming property market, the URA has been acquiring its building stock at soaring prices, making it more vulnerable to market downturn.

The URA is obliged to bear higher development costs by acquiring properties under the "7-year rule" and is subject to ex-gratia payments markedly higher than those incurred by private sector developers. The URA is also obliged to commence acquisition as soon as possible after authorisation by the Secretary for Development or approval by the Executive Council. This practice exacerbates the risk of "buy high, sell low" since the URA lacks flexibility to slow down acquisition process in view of unfavourable market condition. To mitigate the risk, the URA is exploring ways to optimise the implementation schedule of different projects such that property acquisition of one project which requires significant cash outflow, could tie in with tender award of another, providing cash inflow, to ease the pressure on cash shortage.

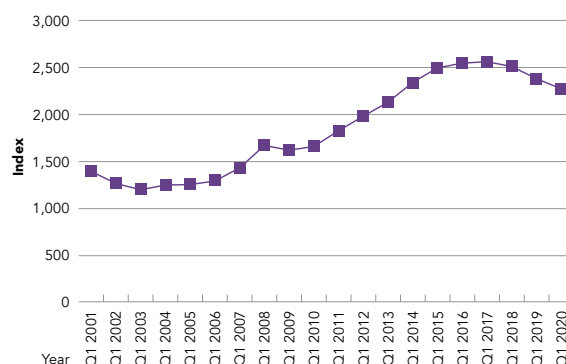
Meanwhile, construction costs though have dropped slightly in recent two years, remained at the higher end of the cost range compared with historical years, making it another financial burden to urban renewal (see Figure 2).

Figure 1:
Private Domestic Price Index
2001-2020 (up to June) - All Classes*



* HKSAR Government, Rating & Valuation Department, Hong Kong Property Review Monthly Supplement, August 2020.

Figure 2:
Quarterly Construction Tender Price Index
2001-2020*



* Rider Levett Bucknall, Quarterly Construction Cost Update, June 2020

On top of our existing urban renewal works, the URA has taken up a number of new initiatives under the 2019 Policy Address, among others, to actively provide more Starter Homes (SH) or other types of subsidised sale flats in its redevelopment projects, and to provide advisory and project management support to assist NGOs in developing transitional housing. While the URA would deploy resources in response to the Government's housing initiatives in particular to develop SH projects, it is also important for the URA to achieve a balance between sustainable development of its core businesses in urban renewal and the provision of SH flats which would cause cash flow issue to the URA.

MANAGEMENT DISCUSSION AND ANALYSIS

Rehabilitation

In view of the increasing pace of building deterioration and the substantial cost of maintenance and repair, the importance of rehabilitation and preventive maintenance cannot be underestimated. Rehabilitation as one of the two URA's core businesses is a linchpin of URA's efforts to tackle the problem of urban decay in Hong Kong. Through proper maintenance, the service life of buildings can be extended thus reducing the pressure on redevelopment, and thereby relieving the financial burden on URA. While repairing and maintaining one's building has always been the responsibility of building owners, the lack of awareness, financial means and technical support to organise building rehabilitation works among owners has become a major obstacle towards proper and regular maintenance.

The URA has pressed on with our rehabilitation efforts to help building owners overcome these hurdles. The Building Rehabilitation Platform, launched in March 2019 as an all-in-one information platform, aims to provide professional and comprehensive information together with technical support on building rehabilitation to building owners as described in page 39 of the Operating Review Chapter.

Holistic Urban Renewal Approach

Planning-led. The URA has strived to pursue a holistic approach to optimise the planning benefits from our urban renewal efforts, by shifting its approach from the traditional project-based to planning-led. Two important strategic studies, namely Yau Mong District Study (YMDS) and Study on New Strategy on Building Rehabilitation (NSBR), were envisaged to establish new integrated business directions and executions embracing redevelopment, rehabilitation, preservation, revitalisation and retrofitting. The Preliminary Project Feasibility Studies (PPFSs) would further embrace a forward-looking and holistic long-term urban renewal planning mind-set, identifying 5R urban renewal projects with replanning and restructuring opportunities for building up a project reserve.

In addition to new strategies and project planning, the URA has kept in view the effectiveness of the Demand-led Pilot Scheme in an effort to harness the collective willingness of owners to help initiate urban renewal in both redevelopment and rehabilitation. The refinement to the scheme's overall objectives and framework is being reviewed under the purview of the YMDS, with a view to creating a greater planning impact by adopting a planning-led approach incorporating owners' needs at large while formulating urban renewal projects with bigger planning gain to the community or neighbourhood.

Integrated and District-based. The district-based model was piloted through the implementation of a group of six projects in To Kwa Wan since 2015 in a bid to take forward redevelopment in a more holistic approach, bringing greater planning gain and community benefits through replanning and restructuring of a larger cluster of dilapidated buildings. The creation of a more community-friendly environment with a refined urban grid and optimised land use are the main focuses of these redevelopment projects under the district-based approach. The shift in our fundamental planning paradigm brings in enhanced development outcomes designed with the larger community in mind, echoing the principle of people-first in urban renewal.

The YMDS and PPFSs are means to build up "planning reserves" comprising a wider set of integrated and district-based 5R renewal strategies.

The Operating Review of this report provides the latest status of key initiatives under the district-based approach along with their related planning and social gains.

Human Resources

To cope with the strategic move and new initiatives under the Policy Address, there was a slight increase in the actual headcount in 2019/20 compared with the previous year. To nurture a leadership pipeline, following the launch of the Future Leaders Programme in 2018/19 for General Managers and Senior Managers, a Manager Development Programme targeting middle management and selected promising managers was launched in this year. In addition, the Divisional Career Ladders were introduced for different divisions to help staff plan their own career development while a Successor Identification Model is being developed to identify successors for key positions using data analytics.

To equip the workforce with the proper mind-set, knowledge and skills required to apply innovation and technology in their work, training programmes in 2019/20 continued to focus on building our staff members' ability to apply the latest technology into their work; broadening their horizon and exposure via visits and talks delivered by external experts; and advancing their skills through various Big Data, Artificial Intelligence (AI), BIM and GIS workshops.

Outlook

At the URA, we are committed to implementing urban renewal in a sustainable and forward-looking manner to support the development of Hong Kong in the long run. While Hong Kong's rapidly ageing building stock remains a daunting task and challenge to overcome in the short run, the URA will press on to pursue the overarching goal of the holistic approach embracing its 5Rs to maximise benefits of urban renewal. Findings of the YMDS and NSBR will underpin the future direction and implementation of our urban renewal works. Going forward, the URA will endeavour to maximise planning gain through our 5R urban renewal projects, while promoting maintenance and improvement of the ageing building blocks through various financial subsidies and technical support to building owners. Moreover, the URA will continue to support the Government in supplying more affordable housing for the general public as promulgated in the 2019 Policy Address.

Although the URA currently enjoys a strong cash position, we will continue to uphold the core principle of prudent financial management, especially given the recent downturn of the economy and the uncertain outlook of the future property market, while balancing the enduring risks of high acquisition and construction costs. In the coming year, the URA will continue to stride towards a sustainable and holistic urban renewal programme that meets the needs and expectations of the community at large.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

(I) Review of 2019/20 Results

(a) Revenue

The revenue for the year ended 31 March 2020 was \$2,107 million, which comprised upfront payment from a tendered project, share of surplus from joint development projects and proceeds from flat sale. The amount was lower than the revenue of \$3,423 million in 2018/19 by \$1,316 million.

The upfront payment in 2019/20 of \$883 million was lower than that of 2018/19 of \$2,833 million as there was only one project tendered during the year, namely Hang On Street with site area of 865 m², compared to two tendered projects in 2018/19 with a total site area of 3,540 m².

The share of surplus from joint development projects of \$1,185 million in 2019/20 (2018/19: \$445 million) was revenue from projects where the sales proceeds exceeded the thresholds stipulated in the development agreements.

The revenue from sale of properties of \$39 million in 2019/20 mainly related to the proceeds from sale of residential flats under the Flat-for-Flat Scheme where the flats were sold at prevailing market price at the time of acquisition offer issuance.

(b) Other income

Of the \$479 million (2018/19: \$536 million) in other income for 2019/20, \$396 million (2018/19: \$436 million) was interest income from bank deposits and fixed income investment products, with an average yield of 2.61% p.a. (2018/19: 2.31% p.a.). The higher average yield reflected the increase in interest rates in the money market during the year. Other income also included rental income from certain properties retained by the URA.

(c) Administrative expenses

Administrative expenses for 2019/20 of \$515 million mainly covered staff costs, accommodation costs and office expenses. Cost control measures were implemented whenever possible to minimise administrative expenses.

To cope with the expansion of urban renewal activities, including the increased level of rehabilitation works arising from the new subsidy schemes, such as the Operation Building Bright 2.0, the Fire Safety Improvement Works Subsidy Scheme and the Lift Modernisation Subsidy Scheme, the staffing level was increased from 517 at 31 March 2019 to 557 at 31 March 2020. Of the 557 staff, 27 (31 March 2019: 15) were employed on contracts of less than three years.

(d) Provision for impairment on properties and committed projects

Based on the accounting policy detailed in Notes 2(h) and 2(n) to the financial statements, provision for impairment on properties and committed projects of \$1,025 million was made in 2019/20 in view of weakened property market during the year.

(e) Surplus for the year

For the year 2019/20, the URA recorded a net surplus of \$118 million, showing a decrease of \$2,212 million as compared to \$2,330 million for 2018/19. Major contributions to the 2019/20 net surplus were (a) surplus from a tendered project, and (b) share of surplus sales proceeds from various joint development projects, partially off-set by (c) provision for impairment on properties and committed projects as a result of the weakened property market during the year.

The higher net surplus in 2018/19 was largely attributable to (a) upfront payments from two tendered projects and (b) the write back of provision for impairment on properties and committed projects of \$841 million, as compared to one tendered project only and additional provision for impairment made in 2019/20.

(II) Financial Position at 31 March 2020

(a) Properties under development

Properties under development before provision for impairment of \$33,494 million as at 31 March 2020 (31 March 2019: \$29,609 million) reached record high level. This sum represented the acquisition and development costs of 16 projects under various states of implementation.

The aforesaid value was off-set against the cumulative provision for impairment totalling \$1,221 million (31 March 2019: \$1,181 million), resulting in a net value of \$32,273 million (31 March 2019: \$28,428 million). The increase in the net value was mainly due to continued acquisition of Kowloon City projects during 2019/20. It was off-set by Hang On Street Project already tendered and certain projects which construction works were completed during the year.

(b) Total liquidity

As at 31 March 2020, the URA's total liquidity, including cash, bank deposits and debt securities investments, was \$11,067 million (31 March 2019: \$18,107 million).

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

The liquidity position, off-set by the borrowings of \$1,796 million (31 March 2019: \$2,793 million) mentioned in paragraph II (c) below, resulted in the net liquidity position including the securities holdings at 31 March 2020 of \$9,271 million (31 March 2019: \$15,314 million).

MANAGEMENT DISCUSSION AND ANALYSIS

(c) Debt securities issued

The URA is rated AA+ by Standard & Poor's Rating Services. As at 31 March 2020, the outstanding debt securities issued by the URA was \$1,796 million under the Medium Term Note (MTN) Programme.

(d) Net asset value

The URA's net asset value as at 31 March 2020 was \$47,092 million (31 March 2019: \$46,974 million), representing the Government's capital injection of \$10,000 million (31 March 2019: \$10,000 million) and an accumulated surplus of \$37,092 million (31 March 2019: \$36,974 million).

The financial summary of the past ten years is described on page 103 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 2019/20, the land premia waived by the Government on a land grant amounted to \$4 million. Since May 2001, a total of 44 land grants have been waived in respect of all the tendered projects with aggregate land premia totalling \$19,682 million.

Without this waiver, the URA's net surplus for 2019/20 of \$118 million for the year would have been lowered by \$4 million to \$114 million; its accumulated surplus as at 31 March 2020 would have been lowered by \$19,682 million to \$17,410 million; and its net asset value as at 31 March 2020 would have been decreased to \$27,410 million.

(V) Financial Resources, Liquidity and Commitments

As at 31 March 2020, the URA's net liquidity position totaled \$9,271 million. At the same date, the URA's outstanding commitments to the commenced projects, together with the construction cost on projects based on the valuation carried out by the URA's in-house professionals, were estimated at \$7,470 million.

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

Individual projects, with various development potentials, are tendered out at different times during property market cycles. Subject to the market conditions prevailing at the time of tender submission, the upfront payments may be higher or lower than the URA's acquisition costs. As at 31 March 2020, the total costs of properties under development, excluding provision for impairment, was \$33,494 million. The value of properties under development is exposed to the risk of property price fluctuation. Should the projected future value of the properties under development is lower than its actual/estimated acquisition and clearance costs, impairment loss will be recognised in the URA's books.

It is estimated that a total cash outlay of about \$60,000 million, excluding operational overheads, will be required in the coming five years to meet both of the URA's currently outstanding commitments and its forthcoming cash outlay for the implementation of the projects. This amount covers the URA's work in redevelopment, rehabilitation, preservation, revitalisation and retrofitting.

The URA will continue to review its businesses with an aim to maintaining a highly prudent financial position and having due regard for commercial principles in its operations so that the urban renewal programme could be sustainable in the long term.

PROJECTS AT A GLANCE

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Site Information before Development				Project Development Information		
						Project Site Area m ²	Existing GFA m ²	Building Blocks ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
1-44: 44 Ongoing projects commenced by URA												
1 ⁽⁵⁾	CBS-1:KC	Shing Tak Street / Ma Tau Chung Road	2020/21	May		5,164	15,446	30	540	640	38,692	32,243
2 ⁽⁵⁾	CBS-2:KC	Kau Pui Lung Road / Chi Kiang Street	2020/21	May		16,473	43,447	71	1,200	2,491	134,495	122,263
3 ⁽⁵⁾	KC-015	Kai Tak Road / Sa Po Road, Kowloon City	2018/19	February		6,106	23,204	41	1,410	810	48,168	40,140
4 ⁽⁵⁾	KC-014	Wing Kwong Street / Sung On Street, To Kwa Wan	2018/19	June		3,016	16,874	36	831	560	25,713	21,427
5 ⁽⁵⁾	YTM-011	Oak Street / Ivy Street, Tai Kok Tsui	2017/18	March		820	2,999	6	205	115	5,985	4,987
6 ⁽⁵⁾	C&W-006	Queen's Road West / In Ku Lane, Sai Ying Pun	2017/18	March		2,046	4,107	6	160	189	11,290	9,690
7 ⁽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
8 ⁽⁵⁾	KC-013	Kai Ming Street / Wing Kwong Street, To Kwa Wan	2016/17	March		1,749	7,458	12	463	see Remarks	11,800	9,833
9 ⁽⁵⁾	KC-012	Wing Kwong Street, To Kwa Wan	2016/17	June		1,258	5,023	14	388	see Remarks	10,530	8,775
10 ⁽⁵⁾	KC-011	Hung Fook Street / Kai Ming Street, To Kwa Wan	2016/17	June		2,635	12,628	23	788	400	21,960	18,300
11 ⁽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
12 ⁽⁵⁾	KC-008(A)	Chun Tin Street / Sung Chi Street, To Kwa Wan	2016/17	May		2,475	3,738	14	179	310	14,724	12,270
13 ⁽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

	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		
	6,449	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 22-5-20
	10,082	0	2,150	400	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 22-5-20
	7,228	800	0	1,000	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 22-02-19
	4,286	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 22-06-18 SDEV authorised URA to proceed on 18-02-19 Initial acquisition offers issued on 03-05-19 Resumption application submitted to DEVB on 03-10-19
	998	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 16-03-18 SDEV authorised URA to proceed on 19-11-18 Initial acquisition offers issued on 30-11-18 Resumption application submitted to DEVB on 09-07-19
	540	0	1,060	538	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 16-03-18 DSP approved by CE in Council on 09-07-19 Initial acquisition offers issued on 02-08-19
	400	0	0	150	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 28-07-17 SDEV authorised URA to proceed on 23-03-18 Initial acquisition offers issued on 14-05-18 Resumption application submitted to DEVB on 12-03-19
	1,967	0	0	0	Project KC-013 will combine with KC-012 with a 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 gazetted on 06-09-19 Site reverted to Government on 06-12-19 Clearance works in progress
	1,755	0	0	0	Project KC-012 will combine with KC-013 with a 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 gazetted on 06-09-19 Site reverted to Government on 06-12-19 Clearance works in progress
	3,660	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme The project will combine with DL-8 for tender	Project commencement gazetted on 03-06-16 SDEV authorised URA to proceed on 03-03-17 Initial acquisition offers issued on 07-07-17 Resumption gazetted on 06-09-19 Site reverted to Government on 06-12-19 Clearance works in progress
	6,843	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 03-06-16 DSP approved by CE in Council on 31-10-17 Initial acquisition offers issued on 06-12-17 Resumption gazetted on 06-09-19 Site reverted to Government on 06-12-19 Clearance works in progress
	2,454	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 06-05-16 Initial acquisition offers issued on 05-07-16 under special arrangement DSP approved by CE in Council on 31-10-17 Second round acquisition offers issued on 06-12-17 Resumption gazetted on 06-9-19 Site reverted to Government on 06-12-19 Clearance works in progress
	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 S.16 approval for provision of underground public carpark granted by TPB on 21-12-18 Resumption gazetted on 06-09-19 Site reverted to Government on 06-12-19 Clearance works in progress

PROJECTS AT A GLANCE

	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
14 ^(4,5)	DL-11:YTM	Ash Street, Tai Kok Tsui	2015/16	May		474	3,228	5	206	69	3,522	3,131
15 ^(4,5)	DL-10:KT	Hang On Street, Kwun Tong	2014/15	November		865	5,304	10	387	161	6,661	5,920
16 ⁽⁵⁾	SSP-016	Castle Peak Road / Un Chau Street, Sham Shui Po	2013/14	February		1,900	7,335	16	476	337	14,841	12,367
17 ^(4,5)	DL-8:KC	Kai Ming Street, To Kwa Wan	2013/14	December		553	2,467	6	122	75	4,545	3,788
18 ^(4,5)	DL-6:YTM	Fuk Chak Street / Li Tak Street, Tai Kok Tsui	2013/14	June		769	3,461	2	171	144	5,739	5,101
19 ⁽⁴⁾	DL-4:SSP	Kowloon Road / Kiu Yam Street, Sham Shui Po	2013/14	April	Madison Park	599	3,817	1	229	100	4,884	4,070
20 ^(4,5)	DL-5:SSP	Tung Chau Street / Kweilin Street, Sham Shui Po	2013/14	April		1,490	10,313	1	552	262	13,396	9,353
21 ⁽⁵⁾	SSP-015	Tonkin Street / Fuk Wing Street, Sham Shui Po	2012/13	March		1,268	4,964	13	270	175	9,675	8,062
22 ^(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
23 ⁽⁴⁾	DL-1:SSP	229A-G, Hai Tan Street, Sham Shui Po	2012/13	April	Astoria Crest	483	2,547	1	172	87	3,640	3,235

	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		
391	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 29-05-15 Site Clearance completed on 16-07-18 Land Grant executed on 25-03-19 Demolition works completed Ground investigation works completed	
222	0	519	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Joint Venture Development tender awarded on 30-04-19 Land Grant executed on 17-06-19 Site was handed over to JVP on 09-08-19 GBP approved on 24-06-20 Foundation works in progress	
2,474	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Joint Venture Development tender awarded on 23-10-18 Site handed over to JVP on 22-11-18 Land Grant executed on 24-01-19 GBP (1st amendment) approved on 24-12-19 Superstructure works in progress	
308	0	450	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme The project will combine with KC-011 for tender	Project commencement gazetted on 19-12-13 Initial acquisition offers issued on 04-03-14 SDEV authorised URA to proceed on 24-05-14 Resumption gazetted on 27-03-15 Site reverted to Government on 27-06-15 Provisional basic terms offer was accepted by URA on 03-07-15 Site clearance completed on 10-07-15 Demolition works completed STT application for temporary open space submitted on 01-03-17	
638	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Joint Venture Development tender awarded on 13-06-17 Land Grant executed on 07-09-17 Site handed over to JVP on 07-09-17 GBP amendment approved on 03-06-20 Superstructure works in progress	
814	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Joint Venture Development tender awarded on 25-10-16 Site handed over to JVP on 05-12-16 Land Grant executed on 05-01-17 Pre-sale consent was issued on 08-08-18 Sales of residential flats launched on 29-08-18 GBP amendment approved on 21-04-20 Occupation Permit issued on 20-05-20 Fitting-out works in progress	
4,043	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Joint Venture Development tender awarded on 12-06-18 Land Grant executed on 21-08-18 Site handed over to JVP on 21-08-18 GBP amendment approved on 19-12-19 Superstructure works in progress	
1,613	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Project commencement gazetted on 08-03-13 Resumption gazetted on 19-10-18 Site reverted to Government on 20-01-19 Site clearance completed on 20-12-19 Joint Venture Development tender awarded on 23-04-20 Land Grant executed on 02-07-20	
16,716	0	0	0	Partial retrofitting works for the project will commence in Q4/2020	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 GBP amendment approved on 23-06-20	
405	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Pre-sale consent issued on 29-11-17 Sales of residential flats launched on 15-12-17 Occupation Permit issued on 31-12-18 Certificate of Compliance issued on 03-04-19	

PROJECTS AT A GLANCE

	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
24 ⁽⁴⁾	DL-2:SSP	205-211A, Hai Tan Street, Sham Shui Po	2012/13	April	Hyde Park	470	2,952	1	222	76	3,600	3,132
25 ^(4,5)	DL-3:YTM	Pine Street / Oak Street, Tai Kok Tsui	2012/13	April	L • Living 23	865	5,105	11	330	142	6,596	5,607
26 ⁽⁵⁾	YTM-010	Reclamation Street / Shantung Street, Mong Kok	2011/12	February		1,640	10,024	20	637	322	12,510	10,425
27	KC-007	Kowloon City Road / Sheung Heung Road, Ma Tau Kok	2011/12	November	Artisan Garden	1,622	7,258	16	475	294	12,456	10,380
28	SSP-014	Fuk Wing Street, Sham Shui Po	2010/11	March	The Amused	649	2,456	6	194	136	5,030	4,471
29	KC-006	Pak Tai Street / San Shan Road, Ma Tau Kok	2010/11	March	Downtown 38	1,277	6,389	12	296	228	9,783	8,152
30	TKW/1/002	Ma Tau Wai Road / Chun Tin Street, Ma Tau Kok	2009/10	February	eResidence	3,377	10,393	33	660	493	24,398	20,332
31	SSP/3/001	Shun Ning Road, Sham Shui Po	2009/10	June	The Ascent	825	3,820	8	130	157	7,159	5,959
32 ⁽⁶⁾	MK/01	Shanghai Street / Argyle Street, Mong Kok	2008/09	September	618 Shanghai Street	1,128	3,944	14	157	0	5,223	0
33 ⁽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
34	TKW/1/001	Chi Kiang Street / Ha Heung Road, Ma Tau Kok	2007/08	February	City Hub	931	5,226	10	302	175	8,378	6,980
35 ^(5,6)	K1	Nga Tsin Wai Village, Wong Tai Sin	2007/08	October		6,013	2,051	116	124	300	16,219	13,900

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			
468	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme	Joint Venture Development tender awarded on 22-12-15 Land Grant executed on 23-03-16 GBP amendment approved on 20-03-20 Occupation Permit issued on 09-04-20 Fitting out works in progress	
989	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 Pre-sale consent issued on 22-08-19 GBP amendment approved on 20-04-20 Superstructure works in progress	
2,085	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme Small sized flats of 35 to 65m ²	Joint Venture Development tender awarded on 18-12-17 Land Grant executed on 08-03-18 Site handed over to JVP on 18-04-18 GBP amendment approved on 13-03-20 Foundation works in progress	
2,076	0	0	0	Eligible domestic owner-occupiers can join the Flat for Flat scheme Small sized flats of 35 to 65m ²	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 Presale consent issued on 17-01-19 Sales of residential flats launched on 19-03-19 GBP amendment approved on 12-06-20 Fitting-out works in progress	
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	Presale consent issued on 25-07-17 Sales of residential flats launched in 09-17 Occupation Permit issued on 16-08-18 Certificate of Compliance issued on 28-12-18	
1,631	0	0	0	Small sized flats of 25 to 36m ² Eligible domestic owner-occupiers can join Flat for Flat scheme	Presale consent issued on 28-09-18 Sales of residential flats launched on 15-01-19 Occupation Permit issued on 12-07-19 Certificate of Compliance issued on 24-03-20	
3,114	952	0	500	Project commenced at request of Government following collapse of one building and demolition of damaged adjacent one Other uses GFA for community use All 493 flats were assigned for sale as "Starter Homes"	Land Grant executed on 13-04-15 Modification Letter for "Starter Homes" executed on 14-11-18 Selection and sale of 450 "Starter Homes" flat commenced on 12-06-19 Occupation Permit issued on 20-09-19 Certificate of Compliance issued on 28-04-20	
1,200	0	0	0		Presale consent issued on 19-04-16 Sales of residential flats launched on 17-07-16 Occupation Permit issued on 08-03-18 Certificate of Compliance issued on 27-07-18	
5,223	0	0	0	Zoned 'Other specified uses' annotated 'Shophouses for commercial and/or cultural uses'	Land Grant executed on 25-01-17 GBP amendment approved on 25-04-19 Occupation Permit issued on 07-05-19 Certificate of Compliance issued on 05-07-19	
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	
1,398	0	0	0		Pre-sale consent issued on 23-8-16 Occupation Permit issued on 25-05-17 Certificate of Compliance issued on 15-01-18 Sales of residential flats launched on 04-02-18	
2,319	0	0	0	At-grade conservation park accessible to public will be provided. Commercial space includes preserved buildings/ elements, temple office, village committee's office, reprovisioning of public toilet and other covered areas but actual area still subject to detailed design.	Resumption gazetted on 15-07-11 Site reverted to Government on 15-10-11 Site clearance completed on 26-01-16 Provisional basic terms offer was accepted by URA on 04-03-16 Archaeological Impact Assessment completed and the report was submitted to AMO in 07-19 URA and JVP are in the process of addressing AMO's comments	

PROJECTS AT A GLANCE

	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 ^(5,6)	H18	Peel Street / Graham Street, Sheung Wan	2007/08	July	(H18 - Site B) - My Central	5,267	20,219	47	740	306	67,131	22,638
37 ⁽⁵⁾	K7	Kwun Tong Town Centre, Kwun Tong	2006/07	March	Park Metropolitan (DA 1) Grand Central (DAs 2&3)	53,500	96,104	63	3,139	2,298	401,250	160,610
38 39 40	SSP/1/003-005	Hai Tan Street / Kweilin Street & Pei Ho Street, Sham Shui Po	2005/06	February	Seaside Sonata	7,507	25,344	70	1,589	876	57,399	50,024
41	H14	Sai Wan Ho Street, Shau Kei Wan	2005/06	September	Monti	710	3,796	2	21	144	5,680	5,680

	Project Development Information				Remarks	Status
	Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽²⁾ m ²		
	43,003	230	1,260	2,060	<p>G/IC is a 1,260m² multi-purpose activity hall Commercial space includes Market Block for relocating wet trade market shops, office space and 9,280m² for a 135 room hotel; 230m² non-domestic GFA is used for the covered Public Open Space at Site A.</p>	<p>Site A Joint Venture Development tender awarded on 01-03-17 Land Grant executed on 06-06-17 Handed over to JVP on 06-06-17 GBP amendment approved on 30-08-19 Foundation works in progress</p> <p>Site B Phased OP for Market Block issued on 25-08-16 Pre-sale consent issued on 26-09-17 Sales of residential flats launched in 10-17 Occupation Permit issued on 28-12-18 Certificate of Compliance issued on 20-06-19</p> <p>Site C Joint Venture Development tender awarded on 24-10-17 Land Grant executed on 26-01-18 Site handed over to JVP on 26-01-18 GBP amendment approved on 12-03-20 Foundation works in progress</p>
	209,523	0	31,117	13,350	<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 YWS Site 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. Residential flats include 299 flats in YWS site and 1,999 flats in the main site (A/K14/727) Public space includes a minimum of 9,350m² at-grade public open space as required under the approved s.16 A/K14/745 and a minimum of 4,000m² podium public open space as required under the lease.</p>	<p>YWS Site (DA 1) Occupation Permit obtained on 08-07-14 Certificate of Compliance obtained on 29-10-14 Sale of residential units in progress</p> <p>Main Site (DAs 2, 3, 4 & 5) Resumption for DAs 2, 3 and 4 gazetted on 02-03-12 and reverted to Government on 02-06-12 General revised offers for DAs issued on 27-06-13 Special offers for occupiers of the unauthorized structures in DA5 issued on 07-09-18 Resumption for DA5 gazetted on 17-05-19 Site of DA5 reverted to Government on 17-08-19 Demolition works for DA5 in progress Class B amendments to fulfill SBD Guidelines approved by PlanD on 24-10-12 Occupation Permit for Methadone Clinic issued on 13-03-14 Occupation Permit for interim G/IC facilities at Kwun Tong District Branch Office Building issued on 28-03-14, interim minibus terminus and interim hawker bazaar started operation in 05-14 Interim bus terminus at former Mido Mansion Site started operation on 30-11-14 Revised MLP separating DAs 4 and 5 approved by TPB on 09-02-18</p> <p>DAs 2 & 3 (Post JVP tender award) Footbridge construction works completed and temporary Occupation Permit obtained on 08-10-18 Presale consent issued on 29-11-18 Sales of residential flats launched on 09-12-18 GBP amendments (podium) approved on 02-03-20 GBP amendments (Towers) approved on 02-03-20 Phase OP for early completion portion issued on 09-04-20 Fitting-out works in progress</p>
	5,317	0	2,058	1,500	<p>Three projects taken forward as one G/IC includes 1,900m² for Special Child Care Centre cum Early Education Centre, Day Care Centre for Elderly and Sub-base for a Neighbourhood Elderly Centre; 150m² for either social enterprise or non-domestic use</p>	<p>Joint Development tender awarded on 22-12-14 Land Grant executed on 27-03-15 Site handed over to JVP on 27-03-15 S16 submission approved on 22-01-16 GBP amendment approved on 18-05-20 Pre-sale consent issued on 18-09-19 Sales of residential flats launched on 17-10-19 Fitting-out works in progress</p>
	0	0	0	0		<p>Pre-sale consent approved on 23-04-18 Sale of residential flats launched on 01-09-18 Occupation Permit issued on 28-10-19 Certificate of Compliance issued on 30-03-20</p>

PROJECTS AT A GLANCE

	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
42 ⁽⁷⁾	WC/001	Mallory Street / Burrows Street, Wan Chai	2004/05	March	7 Mallory Street	780	2,687	10	122	0	2,435	0
43	K32	Pine Street / Anchor Street, Tai Kok Tsui	2004/05	December	Park Summit	2,328	11,802	30	518	462	20,952	17,460
44 ^(5,6)	H19	Staunton Street / Wing Lee Street, Sheung Wan	2002/03	March		1,997	3,049	24	98	154	6,117	5,247
1-44 Commenced Sub-Total (A)						157,975	482,581	958	22,873	15,969	1,201,769	783,955

0 Ongoing projects commenced by HKHS

All projects were completed by HKHS						0	0	0	0	0	0	0
Nil Commenced Sub-total (B)						0	0	0	0	0	0	0

0 Ongoing project taken over from ex-LDC

All projects were completed by ex-LDC						0	0	0	0	0	0	0
Nil Commenced Sub-Total (C)						0	0	0	0	0	0	0
Commenced Total (A) + (B) + (C)						157,975	482,581	958	22,873	15,969	1,201,769	783,955

45-64 - 20 Completed projects commenced by URA ⁽⁸⁾

45	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
46	TKT/2/002	Anchor Street / Fuk Tsun Street, Tai Kok Tsui	2007/08	March	iclub Mong Kok Hotel	726	3,855	11	245	0	6,529	0
47	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
48	K28	Sai Yee Street, Mong Kok	2007/08	December	Skypark	2,478	14,434	25	431	439	22,301	17,346
49	K9	MacPherson Stadium, Mong Kok	2005/06	March	MacPherson Place	2,400	2,788	1	0	293	24,767	16,705
50	TKT/2/001	Fuk Tsun Street / Pine Street	2005/06	December	Park Ivy	560	4,071	4	273	113	4,843	4,003
51 ⁽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
52 53	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
54	K31	Larch Street / Fir Street, Tai Kok Tsui	2004/05	December	Lime Stardom	2,195	10,332	29	474	377	19,735	16,425
55 ⁽⁶⁾	H15	Lee Tung Street / McGregor Street, Wan Chai	2003/04	October	The Avenue	8,236	36,534	85	1,613	1,275	79,932	67,939

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	2,435	0	300	Zoned 'Other specified uses' annotated 'Open space and historical buildings preserved for cultural and commercial uses' GFA includes retained façade at Burrows Street and two elevated walkways	Land Grant executed on 13-10-11 Occupation Permit issued on 20-05-13 Official opening event held on 18-07-13 Certificate of Compliance issued on 04-08-17 URA took over the management and operation of the project in 08-18	
3,492	0	0	450	Public Open Space not required under lease	Flat sale launched on 20-04-12 Occupation Permit issued on 20-09-12 Certificate of Compliance issued on 27-12-12 Sale of remaining flats in progress	
870	0	0	474	The number of residential flat of the project will be taken out after PlanD completes the rezoning process	TPB hearing for rezoning of H19 held on 17-07-20 Pending CE in C's approval	
374,784	4,417	38,614	20,722			

0	0	0	0		
0	0	0	0		

0	0	0	0		
0	0	0	0		
374,784	4,417	38,614	20,722		

1,567	0	0	0		Project completed in 2019-20
6,529	0	0	0	Commercial space is for hotel with 288 rooms	Project completed in 2019-20
1,157	0	0	0		Project completed in 2016-17
4,955	0	0	0		Project completed in 2017-18
2,443	0	5,619	0	Land grantee is Hong Kong Playground Association G/IC is for Indoor Stadium and Youth Centre	Project completed in 2018-19
840	0	0	0		Project completed in 2015-16
245	0	0	1,304	Commercial space includes 24.9m ² for shop and 84.4m ² other covered areas and 135.5m ² like preserved buildings and covered public open space	Project completed in 2016-17
4,940	0	0	580	Two projects taken forward as one Commercial space includes some space for social enterprises	Project completed in 2015-16
3,310	0	0	0	Commercial space includes the Urban Renewal Resource Centre	Project completed in 2017-18
9,405	0	2,588	3,972	Commercial space includes some space for social enterprises and three historical buildings G/IC includes Residential Care Home for Elderly/ Community Service Support Centre, Refuse Collection Point and Public Toilet	Project completed in 2017-18

PROJECTS AT A GLANCE

	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
56	K33	Baker Court, Hung Hom	2003/04	July	Baker Residences	277	834	3	9	68	2,338	2,077
57	K30	Bedford Road / Larch Street, Tai Kok Tsui	2003/04	July	i-home	1,229	6,313	13	280	182	10,363	9,215
58	H17	Queen's Road East, Wan Chai	2002/03	March	Queen's Cube	378	1,806	6	25	96	3,984	3,543
59	H20	First Street / Second Street, Sai Ying Pun	2002/03	November	Island Crest	3,536	15,690	41	777	488	38,178	34,259
60	K27	Reclamation Street, Mong Kok	2002/03	October	MOD 595	535	2,411	7	122	85	4,921	4,119
61	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
62	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
63 ⁽⁶⁾	H16	Johnston Road, Wan Chai	2001/02	January	J Residence	1,970	7,640	28	333	381	20,567	17,967
64	K3	Cherry Street, Tai Kok Tsui	2001/02	January	Florient Rise	4,510	14,416	64	1,020	522	43,231	36,466
45-64 Completed Sub-Total ⁽⁸⁾ (D)						39,240	158,306	422	7,458	5,692	370,148	306,456

65-70 - 6 Completed projects commenced by HKHS ⁽⁸⁾

65	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
66	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
67	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
68	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
69	H21	Shau Kei Wan Road / Nam On Street, Shau Kei Wan	2003/04	November	Harmony Place	1,871	9,834	17	400	274	19,555	16,338
70	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
65-70 Completed Sub-Total ⁽⁸⁾ (E)						11,613	58,285	115	2,288	1,531	105,116	87,640

71-80 - 10 Completed projects commenced by ex-LDC and completed by URA ⁽⁸⁾

71	K11	Hanoi Road, Tsim Sha Tsui	⁽⁹⁾		The Masterpiece	8,299	27,309	35	220	345	102,625	45,600
72 ⁽⁶⁾	H9	Wanchai Road / Tai Yuen Street, Wan Chai	⁽⁹⁾		The Zenith / One Wanchai	6,793	12,555	41	975	889	62,310	52,539
73	K17	Yeung Uk Road, Tsuen Wan	⁽⁹⁾		The Dynasty	7,230	0	0	0	256	44,404	27,031
74	K13	Tsuen Wan Town Centre, Tsuen Wan	⁽⁹⁾		Vision City	20,300	56,851	96	7,119	1,466	134,185	107,884
75	H12	Kennedy Town, Kennedy Town	⁽⁹⁾		The Merton	6,075	24,808	65	1,683	1,182	62,904	62,794
76	H13	Ka Wai Man Road, Kennedy Town	⁽⁹⁾		Mount Davis 33	728	4,000	1	0	89	7,280	7,280

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			
261	0	0	0		Project completed in 2011-12	
1,148	0	0	0		Project completed in 2010-11	
441	0	0	0		Project completed in 2011-12	
1,722	0	2,197	700	Commercial space excludes G/IC area G/IC is for Residential Care Home for Elderly	Project completed in 2012-13	
802	0	0	0		Project completed in 2009-10	
2,083	0	0	251		Project completed in 2010-11	
2,075	0	0	255		Project completed in 2010-11	
2,600	0	0	0		Project completed in 2008-09	
4,916	0	1,849	0	Commercial space excludes G/IC area G/IC is for Residential Care Home for Elderly	Project completed in 2014-15	
51,439	0	12,253	7,062			

1,505	0	0	0		Occupation Permit issued on 20-05-15 Certificate of Compliance issued on 30-09-15
3,921	0	0	150		Occupation Permit issued on 23-08-16 Certificate of Compliance issued on 07-12-16
448	0	2,753	150	G/IC is for Residential Care Home for the Elderly	Occupation Permit issued on 12-09-16 Certificate of Compliance issued on 01-03-17
2,098	0	0	0		Occupation Permit issued on 26-08-15 Certificate of Compliance issued on 22-01-16
3,217	0	0	0		Occupation Permit issued on 13-11-14 Certificate of Compliance issued on 11-02-15
957	0	2,577	0	G/IC is for Residential Care Home for the Elderly	Occupation Permit issued on 15-10-13 Certificate of Compliance issued on 30-12-13
12,146	0	5,330	300		

57,025	0	0	1,219	Commercial space includes 25,816m ² for 381 room hotel	Project Completed in 2018-19
3,453	0	6,318	0	G/IC includes Market, Day Nursery, Refuse Collection Point and Public Toilet	Project completed in 2017-18
17,373	0	0	0		Project completed in 2010-11
23,221	0	3,080	3,700	G/IC is for transport and community facilities	Project completed in 2010-11
0	0	110	2,300	G/IC is for public toilet	Project completed in 2007-08
0	0	0	0		Project completed in 2007-08

PROJECTS AT A GLANCE

						Site Information before Development				Project Development Information		
	Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m ²	Existing GFA m ²	Building Blocks ⁽¹⁾	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
77	K10	Waterloo Road / Yunnan Lane, Yau Ma Tei	⁽⁹⁾		8 Waterloo Road	3,869	6,610	27	444	576	32,012	32,012
78	H1	Queen Street, Sheung Wan	⁽⁹⁾		Queen's Terrace	7,964	25,792	86	648	1,148	66,233	60,579
79	K2	Argyle Street / Shanghai Street, Mong Kok	⁽⁹⁾		Langham Place	11,976	40,810	108	2,603	0	167,414	0
80	K8	Kwong Yung Street, Mong Kok	⁽⁹⁾		Paradise Square	1,607	4,190	19	178	272	15,160	12,746
71-80 Completed Sub-Total ⁽⁸⁾ (F)						74,841	202,925	478	13,870	6,223	694,527	408,465
Completed Total ⁽⁸⁾ (D) + (E) + (F)						125,694	419,516	1,015	23,616	13,446	1,169,791	802,561
Commenced + Completed						283,669	902,097	1,973	46,489	29,415	2,371,560	1,586,516

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 18, 20 to 22, 25 to 26, 35 to 37 and 44 have yet to be finalised and are still subject to change during the statutory, planning and land grant approval processes.
- (6) Projects 32 and 33 are purely preservation projects. All other projects are redevelopment projects, with redevelopment projects 35, 36, 44, 51, 55, 63 and 72 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					
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			
264,752	0	21,310	11,169					
328,337	0	38,893	18,531					
703,121	4,417	77,507	39,253					
<p>Glossary of Terms</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> AMO = Antiquities and Monuments Office CE in C = Chief Executive in Council DA = Development Area DEVB = Development Bureau DLC = District Lands Conference DSP = Development Scheme Plan GBP = General Building Plan GFA = Gross Floor Area G/IC = Government / Institution and Community HKHS = Hong Kong Housing Society </td> <td style="width: 50%; vertical-align: top;"> JVP = Joint Venture Partner LDC = Land Development Corporation MLP = Master Layout Plan PlanD = Planning Department SBD = Sustainable Building Design SDEV = Secretary for Development STT = Short-term Tenancy TPB = Town Planning Board URA = Urban Renewal Authority YWS = Yuet Wah Street </td> </tr> </table>							AMO = Antiquities and Monuments Office CE in C = Chief Executive in Council DA = Development Area DEVB = Development Bureau DLC = District Lands Conference DSP = Development Scheme Plan GBP = General Building Plan GFA = Gross Floor Area G/IC = Government / Institution and Community HKHS = Hong Kong Housing Society	JVP = Joint Venture Partner LDC = Land Development Corporation MLP = Master Layout Plan PlanD = Planning Department SBD = Sustainable Building Design SDEV = Secretary for Development STT = Short-term Tenancy TPB = Town Planning Board URA = Urban Renewal Authority YWS = Yuet Wah Street
AMO = Antiquities and Monuments Office CE in C = Chief Executive in Council DA = Development Area DEVB = Development Bureau DLC = District Lands Conference DSP = Development Scheme Plan GBP = General Building Plan GFA = Gross Floor Area G/IC = Government / Institution and Community HKHS = Hong Kong Housing Society	JVP = Joint Venture Partner LDC = Land Development Corporation MLP = Master Layout Plan PlanD = Planning Department SBD = Sustainable Building Design SDEV = Secretary for Development STT = Short-term Tenancy TPB = Town Planning Board URA = Urban Renewal Authority YWS = Yuet Wah Street							

CORPORATE GOVERNANCE

Introduction

The URA places high priority on the standard of Corporate Governance to ensure accountability, openness and transparency in the work of its Board and Committees.

Board and Committees

The URA is governed by a Board appointed by the Chief Executive under Section 4 of the URA Ordinance, currently comprising a Chairman and 25 other members. There are three executive Board members who are not public officers, namely the Managing Director, who is by law also the Deputy Chairman, and the two Executive Directors. The Director of Lands, the Director of Planning, the Director of Buildings and the Deputy Director of Home Affairs (2) are Board members who are non-executive directors and public officers. In addition, the current Board includes four legislative councillors plus professionals and academics from various fields, including legal, accounting, finance, property, planning, surveying and social work who are non-executive directors and not public officers. The Board met on five occasions between April 2019 and March 2020.

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

- 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

- 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

- 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

- Selection of redevelopment 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

Review Committee

- 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 extent 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

Chairman & Managing Director



Mr CHOW Chung-kong,
GBS, JP
Chairman



Ir WAI Chi-sing,
GBS, JP, FHKEng
Managing Director

Executive Directors



Mr Ben LUI Sau-shun



Mr Eric POON Shun-wing

Non-Executive Directors (Non-Official)



Mr Evan AU YANG Chi-chun



Ms Judy CHAN Ka-pui



The Honourable Vincent
Cheng Wing-shun, MH, JP



Ms Ivy CHUA Suk-lin



Mr Andy HO Wing-cheong



Dr LEE Ho-yin



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



Ms Elaine LO Yuen-man



Mr Roger Luk Koon-hoo, BBS, JP



The Honourable Alice Mak Mei-kuen, BBS, JP



Dr Lawrence Poon Wing-cheung, JP



Professor Tang Bo-sin, MH



Ms Judy TONG Kei-yuk



Mr Andy TONG Sze-hang



Mrs Cecilia WONG Ng Kit-wah



Mr Michael Wong Yick-kam, MH, JP



Mr Stephen WONG Yuen-shan



The Honourable Wu Chi-wai, MH

Non-Executive Directors (Official)



Mr Raymond LEE Kai-wing, JP
 Director of Planning



Mr Andrew LAI Chi-wah, JP
 Director of Lands



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



Mr YU Tak-cheung, JP
 Director of Buildings

MEMBERS OF BOARD AND PROFILES

Chairman:

Mr CHOW Chung-kong, GBS, JP

Managing Director:

Ir WAI Chi-sing, GBS, JP, FHKEng

Executive Directors:

Mr Ben LUI Sau-shun

Mr Michael MA Chiu-tsee (up to 14 July 2020)

Mr Eric POON Shun-wing (from 15 July 2020)

Non-Executive Directors (Non-Official):

Mr Evan AU YANG Chi-chun

Ms Judy CHAN Ka-pui

The Honourable Vincent CHENG Wing-shun, MH, JP

Ms Ivy CHUA Suk-lin

Mr Andy HO Wing-cheong

Dr LEE Ho-yin

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

Ms Elaine LO Yuen-man

Mr Roger LUK Koon-hoo, BBS, JP

The Honourable Alice MAK Mei-kuen, BBS, JP

Dr Lawrence POON Wing-cheung, JP

Professor TANG Bo-sin, MH

Ms Judy TONG Kei-yuk

Mr Andy TONG Sze-hang

Mrs Cecilia WONG Ng Kit-wah

Mr Michael WONG Yick-kam, MH, JP

Mr Stephen WONG Yuen-shan

The Honourable WU Chi-wai, MH

Non-Executive Directors (Official):

Dr CHEUNG Tin-cheung, SBS, JP Director of Buildings (up to 27 October 2019)

Mr YU Tak-cheung, JP Director of Buildings (from 28 October 2019)

Mr Thomas CHAN Chung-ching, JP Director of Lands (up to 4 May 2020)

Mr Andrew LAI Chi-wah, JP Director of Lands (from 5 August 2020)

Mr Raymond LEE Kai-wing, JP Director of Planning

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

Chairman

Mr CHOW Chung-kong, GBS, JP

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

Mr Chow was previously Chairman of the Board of the Hong Kong Exchanges and Clearing Limited (2012-2018), Chief Executive Officer of the MTR Corporation Limited (2003-2011) and Steward of The Hong Kong Jockey Club (2011-2020). Prior to his return to Hong Kong in 2013, Mr Chow was a global executive managing companies in the United Kingdom, United States, Japan and Australia.

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

Managing Director

Ir WAI Chi-sing, GBS, JP, FHKEng

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

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

Ir Wai holds a master's degree in transportation engineering from Purdue University in the United States. He has professional experience in civil, structural and geotechnical engineering and is a fellow of the Hong Kong Academy of Engineering Sciences.

MEMBERS OF BOARD AND PROFILES

Executive Directors

Mr Ben LUI Sau-shun

Mr Ben Lui is a professional engineer.

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

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

Mr Eric POON Shun-wing

Mr Eric Poon is a professional quantity surveyor. He joined the former Land Development Corporation in 1997 and has been working in the Urban Renewal Authority (URA) since its establishment in 2001. In 2017, he assumed the position of Director (Works and Contracts) of the URA to take charge of project and contract management for all of the redevelopment projects. He is currently a Director of the Hong Kong Green Building Council, and a member of the Committee on Building Information Modelling as well as the Committee on Environment of the Construction Industry Council.

Non-Executive Directors (Non-Official)

Mr Evan AU YANG Chi-chun

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

Prior to 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 joined the New People's Party in 2011 as a founding member. Ms Chan graduated from Monash University in Australia with a business degree in marketing.

The Honourable Vincent CHENG Wing-shun, MH, JP

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

Ms Ivy CHUA Suk-lin

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

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

Mr Andy HO Wing-cheong

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

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

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

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

MEMBERS OF BOARD AND PROFILES

Dr LEE Ho-yin

Dr Lee Ho-yin is a co-founder of the postgraduate and undergraduate programmes in the Division of Architectural Conservation Programmes (ACP) at The University of Hong Kong. He was instrumental in amalgamating the conservation programmes to establish the Division in 2015, and became the Founding Head of the Division. Before joining HKU in 2000, he was an Associate Director of an architectural practice, and has been involved in architectural projects in Hong Kong, Indonesia, Mainland China and Singapore. A well-published academic and an experienced practitioner in built-heritage conservation, he has been appointed by government agencies in Hong Kong, Mainland China and overseas as an expert advisor or a consultant for conservation projects and the designation and monitoring of UNESCO World Heritage Sites. In 2017, he was cited in the award certificate for the highest UNESCO conservation award for the "Blue House Cluster" revitalisation project.

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

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

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

Ms Elaine LO Yuen-man

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

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

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

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

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

Mr Roger LUK Koon-hoo, BBS, JP

Mr Roger Luk is a veteran banker having more than 30 years of experience in money and banking. He was Managing Director and Deputy Chief Executive of Hang Seng Bank before retirement. Currently, Mr Luk is an independent director on the boards of companies including China Properties Group Limited, Computime Group Limited, Hung Hing Printing Group Limited, I-Cable Communications Limited and Harbour Centre Development Limited. He is also a Council Member of the Chinese University of Hong Kong and has served on many government boards and committees. He holds an MBA degree and is a Fellow of Hong Kong Institute of Bankers.

The Honourable Alice MAK Mei-kuen, BBS, JP

Hon. Alice Mak has been a member of the Legislative Council (NT West) since 2012. She is also the Vice Chairman of Hong Kong Federation of Trade Unions, Member of the Lantau Development Advisory Committee and Member of the Security and Guarding Services Industry Authority, Member of Foshan Municipality of the Chinese People's Political Consultative Conference and a Sponsoring Body Manager of Shun Tak Fraternal Association Ho Yat Tung Primary School.

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

Dr Lawrence POON Wing-cheung, JP

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

Professor TANG Bo-sin, MH

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

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

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

Ms Judy TONG Kei-yuk

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

Mr Andy TONG Sze-hang

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

MEMBERS OF BOARD AND PROFILES

Mrs Cecilia WONG NG Kit-wah

Mrs Cecilia Wong 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 was a 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 a Director of Joint Mediation Helpline Office (JMHO). She is also the Chairlady of the Appeal Tribunal Panel under the Buildings Ordinance.

Mr Michael WONG Yick-kam, MH, JP

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

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

Mr Stephen WONG Yuen-shan

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

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

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

The Honourable WU Chi-wai, MH

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

Non-Executive Directors (Official)

**Mr YU Tak-cheung, JP
 Director of Buildings**

Mr Yu is a professional building surveyor and a member of Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. He has been working in the government for over 30 years, mainly in the administration of the Buildings Ordinance on the control of new private building developments and existing private buildings.

**Mr Andrew LAI Chi-wah, JP
 Director of Lands**

Mr Andrew Lai joined the Administrative Service in July 1992. He served in various bureaux and departments, including the former City and New Territories Administration, the former Planning, Environment and Lands Branch, the Housing Department, the Civil Service Bureau and the Home Affairs Department.

He was Deputy Commissioner for Innovation and Technology from February 2009 to April 2012, Deputy Director of Environmental Protection from April 2012 to July 2016, and Deputy Secretary for Financial Services and the Treasury (Treasury) from August 2016 to August 2020. Mr Lai has been Director of Lands since 5 August 2020.

**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. 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. Since December 2016, Mr Lee has been the Chairman of the Metro Planning Committee and the Rural and New Town Planning Committee of the Town Planning Board.

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

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

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

MEMBERS OF COMMITTEES

AUDIT COMMITTEE

Chairperson

Mr Roger LUK Koon-hoo,
BBS, JP

Members

Ms Ivy CHUA Suk-lin
Mr Andy HO Wing-cheong
Mr Michael WONG Yick-kam, MH, JP

Co-opted Member

Ms Rosanna CHOI Yi-tak

DEVELOPMENT PROJECT OBJECTION CONSIDERATION COMMITTEE

Chairperson

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

Members

Ms Judy CHAN Ka-pui
The Honourable Vincent CHENG Wing-shun,
MH, JP
Dr LEE Ho-yin
The Honourable Alice MAK Mei-kuen, BBS, JP
Mrs Cecilia WONG NG Kit-wah
The Honourable WU Chi-wai, MH

Co-opted Members

Mr Patrick LAU Lai-chiu, SBS
Mr Timothy MA Kam-wah, JP
Mrs Karen WONG LAW Kwai-wa

FINANCE COMMITTEE

Chairperson

Mr CHOW Chung-kong,
GBS, JP

Members

Mr Evan AU YANG Chi-chun
Ms Ivy CHUA Suk-lin
Ms Elaine LO Yuen-man
Professor TANG Bo-sin, MH
Mr Andy TONG Sze-hang
Mr Stephen WONG Yuen-shan
Ir WAI Chi-sing, GBS, JP, FHKEng

Co-opted Members

Mr Pius CHENG Kai-wah
Mr Alexander LAM Tsan-wing

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Chairperson

Mr CHOW Chung-kong,
GBS, JP

Members

Mr Evan AU YANG Chi-chun
Ms Elaine LO Yuen-man
The Honourable Alice MAK Mei-kuen, BBS, JP
Professor TANG Bo-sin, MH
Mr Stephen WONG Yuen-shan
Ir WAI Chi-sing, GBS, JP, FHKEng

Co-opted Member

Mr William CHAN Fu-keung, BBS

LAND, REHOUSING AND COMPENSATION COMMITTEE

Chairperson

Dr Lawrence POON
Wing-cheung, JP

Members

Ms Elaine LO Yuen-man
 Ms Judy TONG Kei-yuk
 Mr Michael WONG Yick-kam, MH, JP
 Mr Stephen WONG Yuen-shan
 The Honourable WU Chi-wai, MH
 Ir WAI Chi-sing, GBS, JP, FHKEng
 Mr Ben LUI Sau-shun

Co-opted Members

Mr Patrick LAU Lai-chiu, SBS
 Mr Timothy MA Kam-wah, JP
 Assistant Director / Specialist 3,
 Lands Department
 (Mr Albert CHEUNG Ka-lok)

PLANNING, DEVELOPMENT AND CONSERVATION COMMITTEE

Chairperson

Mr Michael MA Chiu-tsee
(up to 14 July 2020)
 Dr LEE Ho-yin
(from 30 July 2020)

Members

Ms Judy CHAN Ka-pui
 The Honourable Vincent CHENG Wing-shun,
 MH, JP
 Mr Andy HO Wing-cheong
 Professor the Honourable Joseph LEE Kok-long,
 SBS, JP
 The Honourable Alice MAK Mei-kuen, BBS, JP
 Dr Lawrence POON Wing-cheung, JP
 Professor TANG Bo-Sin, MH
 Ms Judy TONG Kei-yuk
 Mr Andy TONG Sze-hang
 The Honourable WU Chi-wai, MH
 Director of Lands[△]
 (Mr Thomas CHAN Chung-ching, JP)
 (up to 4 May 2020)
 Mr Andrew LAI Chi-wah, JP
 (from 5 August 2020)
 Director of Planning[△]
 (Mr Raymond LEE Kai-wing, JP)
 Ir WAI Chi-sing, GBS, JP, FHKEng
 Mr Eric POON Shun-wing
 (from 30 July 2020)

Co-opted Members

Mr Alexander LAM Tsan-wing
 Mr Freeman LAU Siu-hong, BBS
 (up to 3 August 2020)
 Mr Andy LEUNG kit-man
 Assistant Director /
 New Buildings 1,
 Buildings Department
 (Ms Karen CHEUNG Yuk-ching)

[△]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

Ms Judy CHAN Ka-pui

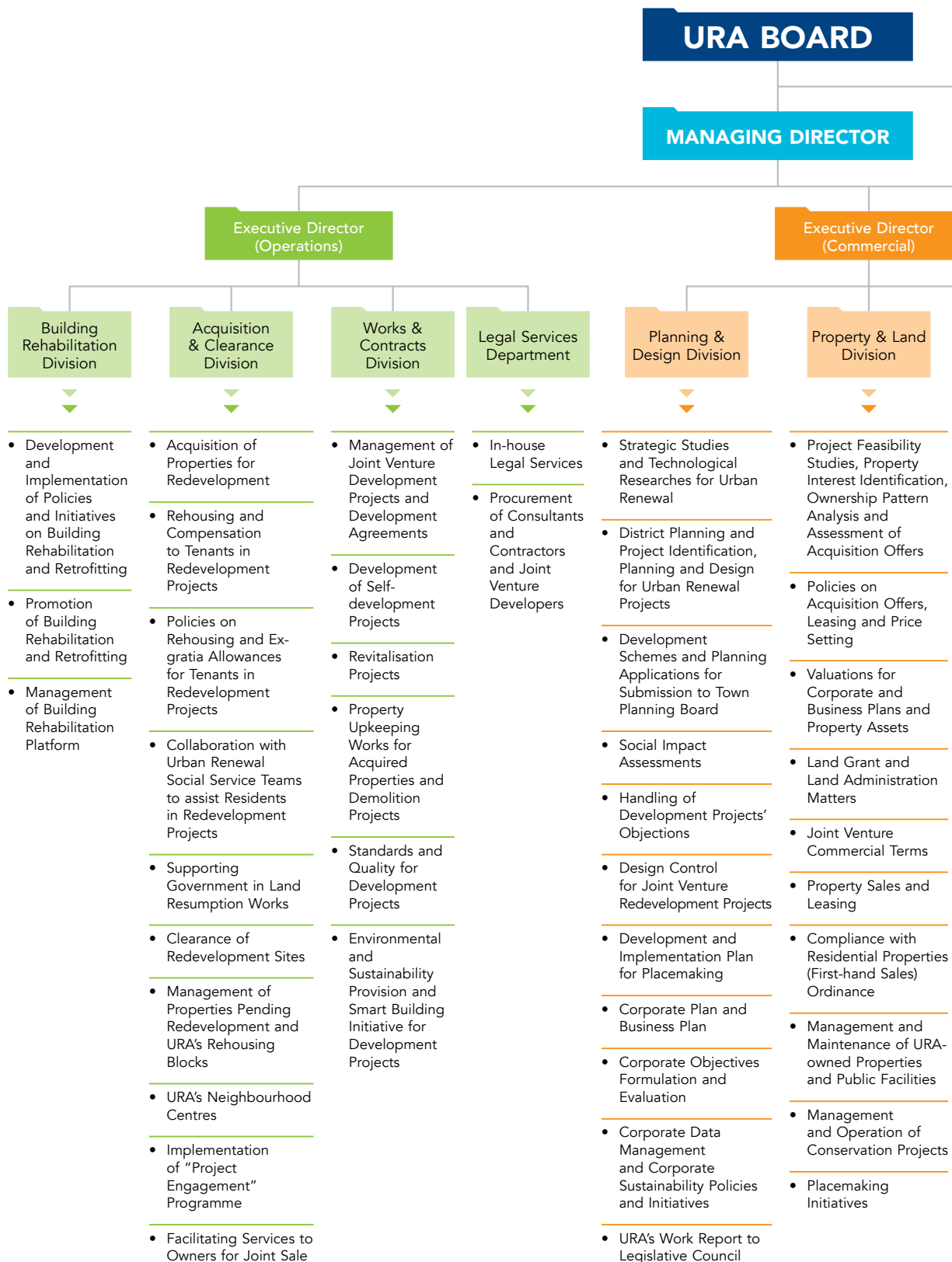
Members

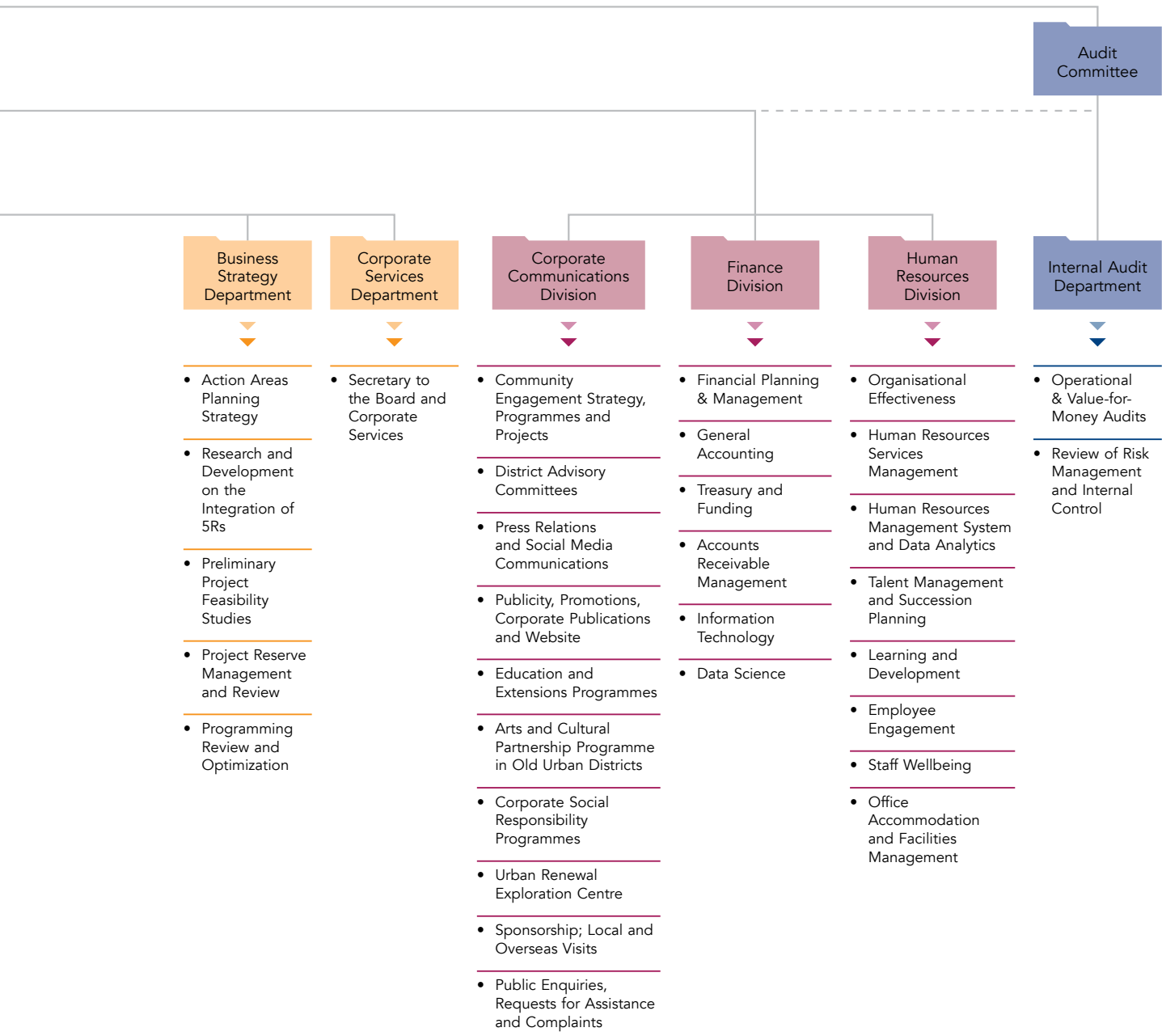
The Honourable Vincent CHENG Wing-shun,
 MH, JP
 Dr LEE Ho-yin
 Ms Elaine LO Yuen-man
 The Honourable WU Chi-wai, MH

Co-opted Members

Dr Andrew CHAN Ping-chiu, BBS
 Mr Henry CHAN Kai-wing
 Mr CHUA Hoi-wai, JP
 Dr Amy HO Po-ying
 Ms LAM Tze-yan
 Dr LEE Yok-shiu
 Mr Tony LUK Ka-luen
 Mr MOK Hing-luen
 Mr Dickson PANG Kam-fai
 Mr YUNG Ching-tat, BBS, JP

ORGANISATION STRUCTURE





MEMBERS OF DISTRICT ADVISORY COMMITTEES

(as at 31 March 2020)

CENTRAL AND WESTERN DISTRICT ADVISORY COMMITTEE

Chairperson	Dr LEE Ho-yin (from 8 July 2019)	Mr Edward CHOW Kwong-fai, JP (up to 30 April 2019)	
Members	Dr Roger CHAN Chun-kwong Mr CHAN Hok-fung, MH, JP Ms CHENG Lai-king Mr CHENG Po-hung District Officer (Central & Western)	Mr Simon LAM Yiu-man Mr Sidney LEE Chi-hang, MH Mr Kenneth LEE Fung-nin Dr Edmund LEE Tak-yue	Mr MAN Chi-wah, BBS, MH Mr YEUNG Hoi-wing Mr YEUNG Hok-ming

KOWLOON CITY DISTRICT ADVISORY COMMITTEE

Chairperson	Professor TANG Bo-sin, MH (from 8 July 2019)	Professor Eddie HUI Chi-man, MH (up to 30 April 2019)	
Members	Mr HE Huahan Mr Joseph HO Hin-ming, BBS, MH Mr Roger KWAN Ho-yeung Mr LAI Kwong-wai District Officer (Kowloon City)	Mr Jimmy LAM Pok Mr NG Po-keung, MH Mr NGAN Siu-lun Dr SIU Miu-man, MH	Mr YEUNG Chun-yu Mr YU Yuet-charm Mr Admond YUE Chee-wing

KWUN TONG DISTRICT ADVISORY COMMITTEE

Chairperson	Mr Evan AU YANG Chi-chun (from 24 July 2019)	Mr Timothy MA Kam-wah, MH, JP (up to 30 April 2019)	
Members	Mr AU YEUNG Kwan-nok Mr Nelson CHAN Wah-yu, MH, JP Mr CHEUNG Ki-tang Mr CHONG Yam-ming, MH Mr CHOW Yiu-ming, BBS, MH Mr Kin HUNG Kam-in, MH Mr HSU Hoi-shan District Officer (Kwun Tong)	Ms KAM Kin Mr KAN Ming-tung, MH Mr KWOK Lit-tung, JP Mr Patrick LAI Shu-ho, BBS, MH, JP Mrs LEUNG CHAN Siu-hing Ms LEUNG Fu-wing, BBS, MH Mr LI Hung	Mr LING Chi-keung Mr MOK Kin-shing Mr Kevin SO Koon-chung Ms SO Lai-chun, MH, JP Mr TAM Siu-cheuk

SHAM SHUI PO DISTRICT ADVISORY COMMITTEE

Chairperson	The Honorable Vincent CHENG Wing-shun, MH, JP (from 8 July 2019)	Mr Nelson LAM Chi-yuen (up to 30 April 2019)	
Members	Mr CHAN Wai-ming, MH, JP Mr Waillen CHUI Wai-lan Mr CHUM Tak-shing Mr CHUNG On-chu District Officer (Sham Shui Po)	Mr Aaron LAM Ka-fai, BBS, JP Dr LAU Kwok-yu, JP Ms LAU Pui-yuk, MH Dr LEUNG Kai-chi	Mr LEUNG Yau-fong Sr Kenny TSE Chi-kin Mr WAI Woon-nam Mr YAN Kai-wing

YAU TSIM MONG DISTRICT ADVISORY COMMITTEE

Chairperson	Ms Judy CHAN Ka-pui (from 8 July 2019)	Mr Laurence HO Hoi-ming (up to 30 April 2019)	
Members	Mr Benjamin CHOI Siu-fung Mr CHOW Chun-fai, BBS, JP Mr CHUNG Chak-fai Mr LAU Pak-kei District Officer (Yau Tsim Mong)	Mr Eric LEE Chung-ming Mr Edward LEUNG Wai-kuen, JP Mr LUI Fan-yuk Mr SUEN Leung-kwong	Mr WONG Kin-san Ms WONG Shu-ming, MH Mr Benny YEUNG Tsz-hei, MH Dr Simon YUEN Sheung-man

FINANCIAL SUMMARY

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues for the year	3,647	3,690	5,341	1,169	9,904	7,422	5,035	13,868	3,423	2,107
Surplus/(deficit) for the year (before interest income)	2,159	2,431	4,292	(2,387)	918	4,302	2,898	11,718	1,895	(278)
Surplus/(deficit) for the year	2,209	2,584	4,437	(2,270)	1,076	4,451	3,142	12,038	2,330	118
Accumulated surplus	9,186	11,770	16,207	13,937	15,013	19,464	22,606	34,644	36,974	37,092
Capital	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net assets	19,186	21,770	26,207	23,937	25,013	29,464	32,606	44,644	46,974	47,092
Debt securities issued less unamortised finance charges	1,498	1,699	3,288	4,777	4,582	3,285	3,288	2,791	2,793	1,796
Properties under development (Note 1)	15,953	19,212	22,421	27,677	20,984	20,199	19,087	25,769	29,609	33,494
Land premia waived by the Government during the year	(922)	(64)	(1,018)	–	(7,785)	(940)	(180)	(4,077)	(190)	(4)
Surplus/(deficit) for the year if no land premium waiver	1,287	2,520	3,419	(2,270)	(6,709)	3,511	2,962	7,961	2,140	114
Accumulated surplus if no land premium waiver	3,762	6,282	9,701	7,431	722	4,233	7,195	15,156	17,296	17,410

Note:

1. "Properties under development" represents properties under development before provision for impairment.

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 2020.

BOARD MEMBERS

Members of the Board for the year and up to the date of this report are set out on page 90.

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 2020 and the financial position of the Group and of the Authority at that date are set out in the consolidated financial statements on pages 108 to 157.

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 2020, 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 22 to the consolidated financial statements.

At no time during the year was the Authority or any of its subsidiaries a party to any arrangement to enable the members of the Board to acquire benefits by means of the acquisition of shares in or debentures of any body corporate.

AUDITOR

The financial statements have been audited by KPMG who retire and, being eligible, offer themselves for re-appointment.

By order of the Board
CHOW Chung-kong
Chairman
Hong Kong, 15 June 2020

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 108 to 157, which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020 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
15 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2020
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2020</u> \$'000	<u>2019</u> \$'000 (Note)
Revenue	5(a)	2,107,486	3,422,640
Direct costs		<u>(632,747)</u>	<u>(1,738,751)</u>
Gross surplus		1,474,739	1,683,889
Other income, net	5(b)	478,923	536,407
Administrative expenses		(515,309)	(448,680)
Other expenses		(295,423)	(282,425)
(Provision for)/ Write back of impairment on properties and committed projects, net		<u>(1,025,193)</u>	<u>841,326</u>
Operating surplus before income tax	6	117,737	2,330,517
Income tax expenses	7(a)	<u>-</u>	<u>-</u>
Surplus and total comprehensive income for the year		<u><u>117,737</u></u>	<u><u>2,330,517</u></u>

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(b).

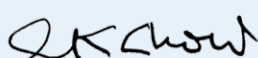
The notes on pages 113 to 157 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

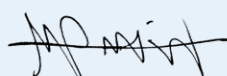
at 31 March 2020
(expressed in Hong Kong Dollars)

	Note	2020 \$'000	2019 \$'000 (Note)
Non-current assets			
Property, plant and equipment	8	4,497,556	2,522,658
Properties under development	9	29,676,941	25,930,743
Building rehabilitation loans	10	6,470	8,496
Prepayments		743,447	855,885
Other receivables	11(a)	3,164,628	2,465,169
Investments	12	-	1,253,000
Bank deposits	13	-	2,562,000
		<u>38,089,042</u>	<u>35,597,951</u>
Current assets			
Properties held for sale	14	826,948	778,706
Properties under development for sale	9	2,595,685	2,497,549
Amounts due from joint development projects	15	49,528	62,168
Building rehabilitation loans	10	3,193	5,016
Trade and other receivables	11(b)	466,344	311,402
Investments	12	1,253,000	3,158,065
Cash and bank balances	13	9,814,297	11,134,125
		<u>15,008,995</u>	<u>17,947,031</u>
Total assets		<u><u>53,098,037</u></u>	<u><u>53,544,982</u></u>
Capital and reserves			
Capital	16	10,000,000	10,000,000
Accumulated surplus and reserve		37,092,185	36,974,448
		<u>47,092,185</u>	<u>46,974,448</u>
Non-current liabilities			
Trade and other payables	17	431,366	412,300
Debt securities issued	18	1,096,051	1,793,811
		<u>1,527,417</u>	<u>2,206,111</u>
Current liabilities			
Amounts due to joint development projects	15	120,474	257,442
Trade and other payables	17	3,658,455	3,107,455
Debt securities issued	18	699,506	999,526
		<u>4,478,435</u>	<u>4,364,423</u>
Total capital, reserves and liabilities		<u><u>53,098,037</u></u>	<u><u>53,544,982</u></u>

Approved by the Board
On 15 June 2020



CHOW Chung-kong
Chairman



WAI Chi-sing
Managing Director

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(b).

The notes on pages 113 to 157 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2020
(expressed in Hong Kong Dollars)

	Note	2020		2019	
		\$'000	\$'000	\$'000	\$'000
				(Note)	
Cash flows from operating activities					
Operating surplus before income tax		117,737		2,330,517	
Adjustments for:					
Interest income	5(b)	(395,550)		(435,724)	
Depreciation	6(a)	114,221		73,118	
Interest expense	6(a)	1,385		-	
Property, plant and equipment written off	5(b)	-		5,672	
Net foreign exchange loss/(gain)		4,158		(7,617)	
Net gain on investments at fair value through profit or loss	5(b)	-		(1,778)	
Provision for/(write back of) impairment on properties and committed projects, net		<u>1,025,193</u>		<u>(841,326)</u>	
Operating surplus before working capital changes		867,144		1,122,862	
Changes in balances with joint development projects		(124,328)		(173,910)	
Increase in properties under development		(6,659,559)		(3,723,951)	
Decrease in properties held for sale		19,482		73,496	
Decrease in building rehabilitation loans		3,849		4,785	
Decrease/(increase) in prepayments		9,555		(103,756)	
Increase in other receivables		(699,459)		(413,025)	
(Increase)/decrease in trade and other receivables		(213,419)		9,051	
Increase/(decrease) in trade and other payables		478,681		(113,662)	
Decrease in investments at fair value through profit or loss		<u>-</u>		<u>482,736</u>	
Cash used in operations		(6,318,054)		(2,835,374)	
Interest received		454,031		316,923	
Interest paid		<u>(61,435)</u>		<u>(65,772)</u>	
Net cash used in operating activities			(5,925,458)		(2,584,223)

The notes on pages 113 to 157 form part of these consolidated financial statements.

for the year ended 31 March 2020
(expressed in Hong Kong Dollars)

	Note	2020		2019	
		\$'000	\$'000	\$'000	\$'000
				(Note)	
Cash flows from investing activities					
Decrease/(increase) in bank deposits with original maturities of more than 3 months		5,251,115		(1,128,285)	
Payment for purchase of investments at amortised cost		-		(1,438,163)	
Payment for purchase of property, plant and equipment		(64,421)		(56,261)	
Redemption of investments at amortised cost		<u>3,158,061</u>		<u>1,534,684</u>	
Net cash generated from/(used in) investing activities			8,344,755		(1,088,025)
Cash flows from financing activities					
Redemption of debt securities	13	(1,000,000)		-	
Capital element of lease rentals paid	13	(42,206)		-	
Interest element of lease rentals paid	13	<u>(3,647)</u>		-	
Net cash used in financing activities			<u>(1,045,853)</u>		-
Net increase/(decrease) in cash and cash equivalents					
			1,373,444		(3,672,248)
Cash and cash equivalents at 1 April					
Exchange loss on cash and cash equivalents			<u>(585)</u>		-
Cash and cash equivalents at 31 March					
			<u><u>2,173,394</u></u>		<u><u>800,535</u></u>
Analysis of cash and bank balances					
Cash and cash equivalents			2,173,394		800,535
Bank deposits with original maturities of more than 3 months			<u>7,640,903</u>		<u>12,895,590</u>
Cash and bank balances at 31 March					
	13		<u><u>9,814,297</u></u>		<u><u>13,696,125</u></u>

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets and lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Previously, cash payments under operating leases made by the Group as a lessee of \$40,863,000 were classified as operating activities in the consolidated statement of cash flows. Under HKFRS 16, except for short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of lease liabilities, all other rentals paid on leases are now split into capital element and interest element (see note 13) and classified as financing cash outflows. Under the modified retrospective approach, the comparative information is not restated. Further details on the impact of the transition to HKFRS 16 are set out in note 2(b).

The notes on pages 113 to 157 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020
(expressed in Hong Kong Dollars)

	Note	Capital \$'000	Accumulated Surplus \$'000 (Note)	Reserve for Facilitation Service \$'000	Total \$'000
Balance at 1 April 2018		10,000,000	34,641,513	2,418	44,643,931
Surplus and total comprehensive income for the year		-	2,330,517	-	2,330,517
Transfer from Reserve for Facilitation Service to Accumulated Surplus for the year	19	-	2,418	(2,418)	-
Balance at 31 March 2019		<u>10,000,000</u>	<u>36,974,448</u>	<u>-</u>	<u>46,974,448</u>
Balance at 1 April 2019		10,000,000	36,974,448	-	46,974,448
Surplus and total comprehensive income for the year		-	117,737	-	117,737
Balance at 31 March 2020		<u>10,000,000</u>	<u>37,092,185</u>	<u>-</u>	<u>47,092,185</u>

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(b).

The notes on pages 113 to 157 form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

1. General information

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

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

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

2. Significant accounting policies

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

(a) Basis of preparation of the financial statements

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

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

(b) Relevant standards effective in the current year

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases* and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(b) Relevant standards effective in the current year (Continued)

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 and remain substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach to measure the right-of-use assets at an amount equal to the amount recognised for the remaining lease liabilities. Therefore, the adoption of HKFRS 16 does not result in an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 8. For an explanation of how the Group applies lessee accounting, see note 2(j).

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(b) Relevant standards effective in the current year (Continued)

b. Lessee accounting and transitional impact (Continued)

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3.75%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- (iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as disclosed in note 21(b) as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	\$'000
Operating lease commitments at 31 March 2019	70,812
Less: commitments relating to leases exempt from capitalisation:	
- short-term leases and other leases with remaining lease term ending on or before 31 March 2020	(648)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	47,709
	<u>117,873</u>
Less: total future interest expenses	<u>(6,596)</u>
Total lease liabilities recognised at 1 April 2019	<u><u>111,277</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(b) Relevant standards effective in the current year (Continued)

b. Lessee accounting and transitional impact (Continued)

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 March 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019 \$'000	Capitalisation of operating lease contracts \$'000	Carrying amount at 1 April 2019 \$'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	2,522,658	111,277	2,633,935
Total non-current assets	35,597,951	111,277	35,709,228
Trade and other payables (current)	3,107,455	40,118	3,147,573
Current liabilities	4,364,423	40,118	4,404,541
Net current assets	13,582,608	(40,118)	13,542,490
Total assets less current liabilities	49,180,559	71,159	49,251,718
Trade and other payables (non-current)	412,300	71,159	483,459
Total non-current liabilities	2,206,111	71,159	2,277,270
Net assets	46,974,448	-	46,974,448

c. Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported surplus in the Group's consolidated statement of comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(b) Relevant standards effective in the current year (Continued)

c. Impact on the financial result and cash flows of the Group (Continued)

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see note 13). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a change in presentation of cash flows within the consolidated statement of cash flows.

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

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 March 2020 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, <i>Definition of a business</i>	1 January 2020
Amendments to HKAS 1 and HKAS 8, <i>Definition of material</i>	1 January 2020

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

(d) Basis of consolidation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(e) Revenue recognition

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

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

- (i) Income from sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in contract liabilities (see Note 2(f)).
- (ii) Where the Group receives its share of surplus from property development projects undertaken as joint development projects, sharing of such surplus is recognised in accordance with the terms of the joint development agreements, unless the control of the underlying properties under development have not been transferred. Proceeds received in advance from sale of properties of joint development projects prior to their completion are included in trade and other payables.
- (iii) When the developer is obligated to settle the upfront premium to the Group at the inception of joint development agreement, such upfront premium is recognised as revenue when the Group has no further substantial acts to complete. Generally, such revenue is recognised as soon as the Group has performed its obligations in respect of the upfront premium and it has become non-refundable/non-cancellable.
- (iv) Interest income is recognised on a time-proportion basis using the effective interest method.
- (v) Rental income net of any incentives given to the lessee is recognised on a straight line basis over the periods of the respective leases.
- (vi) Income from Urban Redevelopment Facilitating Services Company Limited ("Facilitating Services") is recognised upon completion of the sale of the properties by the owners in accordance with the terms of the sale agreement.

(f) Contract liabilities

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

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(g) Property, plant and equipment

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

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

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.

Interests in leasehold land	–	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
Properties leased for own use	–	Over the period of the lease

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit loss ("ECLs") on the following items:

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

Financial assets measured at fair value, including investments measured at fair value through profit or loss ("FVPL"), are not subject to the ECLs assessment.

Measurement of ECLs

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

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

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

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

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

ECLs are measured on either of the following bases:

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

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

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

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

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

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

Significant increases in credit risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

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

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

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

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

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

Write-off policy

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

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

(ii) Impairment of other assets

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

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(i) Financial assets and liabilities

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(A) Policy applicable from 1 April 2019

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and presents lease liabilities under "trade and other payables" in the statement of financial position.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(j) Leased assets (Continued)

(B) Policy applicable prior to 1 April 2019

In the comparative period, 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 properties under development.

(k) Properties under development

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

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

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

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

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

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

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

(n) Provisions and contingencies

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

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(n) Provisions and contingencies (Continued)

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

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

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

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

(o) Current and deferred income tax

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

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

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

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

(p) Borrowing costs

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

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

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(q) Translation of foreign currencies

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

(r) Joint development projects

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

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

(s) Cash and cash equivalents

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

(t) Employee benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(u) Related parties

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

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

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

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

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

3. Financial risk management and fair value of financial instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: cash flow interest rate risk, credit risk, liquidity risk, price risk and foreign exchange risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance.

(i) Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits. Nevertheless, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(ii) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and bank balances, building rehabilitation loans, and trade and other receivables.

The credit risk on investments at amortised cost 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.

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

(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.

	2020	2019
	\$'000	\$'000
Less than 1 year		
Trade and other payables	3,018,396	2,560,714
Amounts due to joint development projects	120,474	257,442
Debt securities issued	<u>745,285</u>	<u>1,061,265</u>
Between 1 to 3 years		
Trade and other payables	70,556	42,000
Debt securities issued	<u>364,462</u>	<u>777,507</u>
Between 3 to 5 years		
Trade and other payables	19,434	10,600
Debt securities issued	<u>340,125</u>	<u>653,168</u>
Over 5 years		
Trade and other payables	343,160	359,700
Debt securities issued	<u>519,250</u>	<u>538,447</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

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

(a) Financial risk factors (Continued)

(iv) 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 credit facilities to ensure the availability of funding when needed.

(c) Fair value measurement

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

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

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.

(expressed in Hong Kong Dollars)

4. Critical accounting estimates and judgments (Continued)

Impairment of properties and provision for a committed project

Properties are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired in accordance with the accounting policy stated in Note 2(h).

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

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

Impairment of properties and provision for a committed project sensitivity

As at 31 March 2020, 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 \$152,600,000/\$219,400,000 respectively (2018/19: \$57,600,000/\$66,700,000) resulting from the change in provision for impairment on properties and committed projects.

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

5. Revenue and other income, net

(a) Revenue

(i) Disaggregation of revenue

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

	2020	2019
	\$'000	\$'000
Revenue recognised outside the scope of HKFRS 15		
- Upfront premium from property developers	883,000	2,833,400
- Share of property development surplus on joint development projects	1,184,851	444,877
Revenue from contracts with customers within the scope of HKFRS 15		
- Sale of properties	39,635	144,363
	<u>2,107,486</u>	<u>3,422,640</u>

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

At 31 March 2020, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of comprehensive income in the future from pre-completion sales contracts entered into in relation to the Group's properties under development for sale pending transfer of control amounted to \$2,075,793,000 (2018/19: \$4,135,000) which will be recognised when the pre-sold properties are assigned to the customers. The Group will recognise the expected revenue in future on the basis that control over ownership of the property has been passed to the customer, which is expected to occur over the next 12 months.

(b) Other income, net

Other income, net recognised during the year represents:

	2020	2019
	\$'000	\$'000
Interest income	395,550	435,724
Rental income	97,921	100,213
Miscellaneous income	2,705	2,532
Net gain on investments at fair value through profit or loss	-	1,778
Property, plant and equipment written off	-	(5,672)
Net foreign exchange (loss)/gain	(17,253)	1,832
	<u>478,923</u>	<u>536,407</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) Other items:

	2020	2019
	\$'000	\$'000
		(Note)
Cost of properties under joint development projects	555,895	1,596,191
Cost of properties sold	7,081	73,496
Staff costs* (excluding directors' remuneration)	403,178	359,715
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	-	17,127
Rehabilitation and retrofit expenses	37,103	73,064
Revitalisation and preservation expenses	11,868	2,413
Place making expenses^	12,213	9,440
Outgoings in respect of preservation properties, retained properties and rehousing units	<u>68,204</u>	<u>58,290</u>
Depreciation		
- Depreciation	138,774	73,118
- Less: Depreciation capitalised	<u>(24,553)</u>	<u>-</u>
	<u>114,221</u>	<u>73,118</u>
Auditor's remuneration		
- Audit services	491	467
- Non-audit services	<u>2,299</u>	<u>1,479</u>
Impairment on properties		
- Provision for impairment on properties held for sale	3,676	-
- Provision for/(write back of provision for) impairment on property, plant and equipment	52,617	(41,491)
- Provision for/(write back of provision for) impairment on properties under development	<u>968,900</u>	<u>(799,835)</u>
	<u>1,025,193</u>	<u>(841,326)</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

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

(a) Other items (Continued)

	2020	2019
	\$'000	\$'000
		(Note)
Interest expenses		
- Interest on lease liabilities	3,647	-
- Less: Interest on lease liabilities capitalised [#]	<u>(2,262)</u>	-
	1,385	-
- Interest expenses on debt securities issued	58,500	65,840
- Less: Interest expenses capitalised [#]	<u>(58,500)</u>	<u>(65,840)</u>
	-	-
	<u>1,385</u>	<u>-</u>

* Including salaries and other benefits of \$375,400,000 (2018/19: \$335,447,000) and contribution to provident fund scheme of \$27,778,000 (2018/19: \$24,268,000).

^ Excluding depreciation of \$1,101,000 (2018/19: Nil) and finance cost of \$46,000 (2018/19: Nil) for properties leased for own use.

The borrowing costs have been capitalised at rates ranging from 1.64% to 3.85% per annum (2018/19: 1.64% to 3.85% per annum).

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 2(b).

(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)

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

	2020					
	Fees \$'000	Salaries \$'000	Provident fund scheme contributions \$'000	Sub-total \$'000	Variable pay \$'000	Total \$'000
Managing Director						
- Wai Chi-sing	-	4,374	18	4,392	1,312	5,704
Executive Directors						
- Ben Lui Sau-shun	-	2,864	18	2,882	686	3,568
- Michael Ma Chiu-tsee	-	3,146	18	3,164	785	3,949
9 Senior management staff	-	23,854	2,517	26,371	6,724	33,095
Total**	-	34,238	2,571	36,809	9,507	46,316
	2019					
	Fees \$'000	Salaries \$'000	Provident fund scheme contributions \$'000	Sub-total \$'000	Variable pay \$'000	Total \$'000
Managing Director						
- Wai Chi-sing	-	4,042	18	4,060	1,212	5,272
Executive Directors						
- Pius Cheng Kai-wah [#]	-	2,484	-	2,484	617	3,101
- Ben Lui Sau-shun ^{##}	-	715	4	719	179	898
- Michael Ma Chiu-tsee	-	3,142	18	3,160	785	3,945
9 Senior management staff & 1 Ex-senior management staff	-	19,540	2,086	21,626	5,493	27,119
Total**	-	29,923	2,126	32,049	8,286	40,335

** Excluding compensation in lieu of leave in the aggregate sum of \$432,000 (2018/19: \$406,000).

[#] The Executive Director retired on 31 December 2018.

^{##} The Executive Director assumed his role with effect from 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

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

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

	2020	2019
Their remuneration fell within the following bands:		
	No. of Individuals	No. of Individuals
\$500,000 to \$1,000,000	-	3
\$1,000,001 to \$1,500,000	-	2
\$2,500,001 to \$3,000,000	1	-
\$3,000,001 to \$3,500,000	2	2
\$3,500,001 to \$4,000,000	6	5
\$4,000,001 to \$4,500,000	1	1
\$4,500,001 to \$5,000,000	1	-
\$5,000,001 to \$5,500,000	-	1
\$5,500,001 to \$6,000,000	1	-
Total	<u>12</u>	<u>14</u>

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

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

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

(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)

(c) 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:

	2020	2019
	\$'000	\$'000
Chairman		
Mr Victor So Hing-woh, SBS, JP <i>(up to 30 Apr 2019)</i>	8	100
Mr Chow Chung-kong, GBS, JP <i>(from 1 May 2019)</i>	92	-
Non-Executive Directors (non-public officers)		
Mr Evan Au Yang Chi-chun	65	65
Ms Judy Chan Ka-pui	65	65
The Honourable Vincent Cheng Wing-shun, MH, JP <i>(from 1 May 2019)</i>	60	-
Dr the Honourable Ann Chiang Lai-wan, SBS, JP <i>(up to 30 Apr 2019)</i>	5	65
Mr Edward Chow Kwong-fai, JP <i>(up to 30 Apr 2019)</i>	5	65
Ms Ivy Chua Suk-lin <i>(from 1 May 2019)</i>	60	-
Mr Andy Ho Wing-cheong <i>(from 1 May 2019)</i>	60	-
Mr Laurence Ho Hoi-ming <i>(up to 30 Apr 2019)</i>	5	65
Professor Eddie Hui Chi-man, MH <i>(up to 30 Apr 2019)</i>	5	65
Mr Nelson Lam Chi-yuen <i>(up to 30 Apr 2019)</i>	5	65
Dr Lee Ho-yin <i>(from 1 May 2019)</i>	60	-
Professor the Honourable Joseph Lee Kok-long, SBS, JP	65	65
Dr Gregg Li G. Ka-lok <i>(up to 30 Apr 2019)</i>	5	65
Mr Laurence Li Lu-jen, JP <i>(up to 30 Apr 2019)</i>	5	65
Ms Elaine Lo Yuen-man <i>(from 1 May 2019)</i>	60	-
Mr Roger Luk Koon-hoo, BBS, JP	65	65
Mr Timothy Ma Kam-wah, JP <i>(up to 30 Apr 2019)</i>	5	65
The Honourable Alice Mak Mei-kuen, BBS, JP	65	65
Dr Lawrence Poon Wing-cheung, JP	65	65
Professor Tang Bo-sin, MH <i>(from 1 May 2019)</i>	60	-
Mr David Tang Chi-fai <i>(up to 30 Apr 2019)</i>	5	65
Ms Judy Tong Kei-yuk <i>(from 1 May 2019)</i>	60	-
Mr Andy Tong Sze-hang <i>(from 1 May 2019)</i>	60	-
Mrs Cecilia Wong Ng Kit-wah	65	65
Mr Michael Wong Yick-kam, MH, JP	65	65
Mr Stanley Wong Yuen-fai, SBS, JP <i>(up to 30 Apr 2019)</i>	5	65
Mr Stephen Wong Yuen-shan <i>(from 1 May 2019)</i>	60	-
The Honourable Wu Chi-wai, MH	65	65
	<u>1,275</u>	<u>1,335</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

6. Operating surplus before income tax (Continued)

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

(d) Five highest paid individuals

	2020	2019
	\$'000	\$'000
The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2020 include the Managing Director, Executive Director and three senior management staff.		
The total emoluments earned by the five highest paid individuals during the year are as follows:		
Fixed – Salaries	16,655	16,050
– Provident fund scheme contributions	1,074	1,075
Sub-total	17,729	17,125
Variable pay	4,567	4,357
Total **	<u>22,296</u>	<u>21,482</u>

Their remuneration fell within the following bands:

	No. of Individuals	No. of Individuals
\$3,500,001 to \$4,000,000	2	3
\$4,000,001 to \$4,500,000	1	1
\$4,500,001 to \$5,000,000	1	-
\$5,000,001 to \$5,500,000	-	1
\$5,500,001 to \$6,000,000	1	-
Total	<u>5</u>	<u>5</u>

** For the year ended 31 March 2020, compensation in lieu of leave of \$432,000 (2018/19: \$254,000) 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 (2018/19: Nil).

- (b) As at 31 March 2020, the subsidiaries of the Group have unrecognised deductible temporary differences arising from tax losses of \$34,925,000 (31 March 2019: \$31,607,000) to carry forward against future taxable income. These tax losses have no expiry date.

(expressed in Hong Kong Dollars)

8. Property, plant and equipment

(a) Reconciliation of carrying amount

	Other property, plant and equipment							Total
	Retained properties*	Preservation properties	Land and buildings	Leasehold improvements	Plant and machinery	Furniture and equipment and motor vehicles	Properties leased for own use	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 31 March 2018								
Cost	958,881	1,552,273	661,588	95,380	60,831	34,013	-	3,362,966
Accumulated depreciation	(8,707)	(162,886)	(321,005)	(41,897)	(43,507)	(24,620)	-	(602,622)
Accumulated impairment	-	(255,431)	(1,217)	-	-	-	-	(256,648)
Net book value	<u>950,174</u>	<u>1,133,956</u>	<u>339,366</u>	<u>53,483</u>	<u>17,324</u>	<u>9,393</u>	<u>-</u>	<u>2,503,696</u>
Year ended 31 March 2019								
Opening net book value	950,174	1,133,956	339,366	53,483	17,324	9,393	-	2,503,696
Additions	1,289	3,879	-	41,631	1,926	7,536	-	56,261
Write-off	-	-	-	-	-	(5,672)	-	(5,672)
Depreciation	(21,254)	(25,900)	(10,190)	(7,760)	(3,452)	(4,562)	-	(73,118)
Write back of provision / (provision) for impairment	-	41,871	(380)	-	-	-	-	41,491
Closing net book value	<u>930,209</u>	<u>1,153,806</u>	<u>328,796</u>	<u>87,354</u>	<u>15,798</u>	<u>6,695</u>	<u>-</u>	<u>2,522,658</u>
At 31 March 2019								
Cost	960,170	1,556,152	661,588	136,846	62,630	18,766	-	3,396,152
Accumulated depreciation	(29,961)	(188,786)	(331,195)	(49,492)	(46,832)	(12,071)	-	(658,337)
Accumulated impairment	-	(213,560)	(1,597)	-	-	-	-	(215,157)
Net book value	<u>930,209</u>	<u>1,153,806</u>	<u>328,796</u>	<u>87,354</u>	<u>15,798</u>	<u>6,695</u>	<u>-</u>	<u>2,522,658</u>
Year ended 31 March 2020								
Opening net book value	930,209	1,153,806	328,796	87,354	15,798	6,695	-	2,522,658
Impact on initial application of HKFRS 16 (Note)	-	-	-	-	-	-	111,277	111,277
Additions	1,824	5,875	-	32,470	17,006	7,246	29,731	94,152
Transfer from properties under development	287,786	698,170	974,904	-	-	-	-	1,960,860
Depreciation	(26,851)	(37,117)	(10,879)	(10,016)	(4,966)	(3,740)	(45,205)	(138,774)
Write back of provision / (provision) for impairment	-	(149,100)	96,483	-	-	-	-	(52,617)
Closing net book value	<u>1,192,968</u>	<u>1,671,634</u>	<u>1,389,304</u>	<u>109,808</u>	<u>27,838</u>	<u>10,201</u>	<u>95,803</u>	<u>4,497,556</u>
At 31 March 2020								
Cost	1,249,780	2,733,897	1,993,892	169,316	79,636	22,706	141,008	6,390,235
Accumulated depreciation	(56,812)	(225,903)	(342,074)	(59,508)	(51,798)	(12,505)	(45,205)	(793,805)
Accumulated impairment	-	(836,360)	(262,514)	-	-	-	-	(1,098,874)
Net book value	<u>1,192,968</u>	<u>1,671,634</u>	<u>1,389,304</u>	<u>109,808</u>	<u>27,838</u>	<u>10,201</u>	<u>95,803</u>	<u>4,497,556</u>

* The Group receives rental income for the retained properties and their fair value as at 31 March 2020 was \$2,281,000,000 (31 March 2019: \$2,017,500,000).

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

8. Property, plant and equipment (Continued)

(a) Reconciliation of carrying amount (Continued)

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.

Note: The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. See note 2(b).

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 March 2020 \$'000	1 April 2019 \$'000
Properties leased for own use, carried at depreciated cost, with remaining lease term less of 5 years	<u>95,803</u>	<u>111,277</u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 \$'000	2019 \$'000 (Note)
Net depreciation charge of right-of-use assets by class of underlying asset:		
- Properties leased for own use	<u>20,652</u>	<u>-</u>
Interest on lease liabilities (note 6(a))	1,385	-
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 March 2020	648	-
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	<u>-</u>	<u>17,127</u>

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 2(b).

(expressed in Hong Kong Dollars)

9. Properties under development

As at 31 March 2020, the properties under development are analysed as follows:

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Cost, including Home Purchase Allowance ("HPA") (Note (i))		
At 1 April	29,608,757	25,769,250
Add: Additions during the year*	7,504,990	5,628,405
Less: Charged to profit or loss during the year	(755,657)	(1,788,898)
Transferred to property, plant and equipment	(2,792,264)	-
Transferred to properties held for sale	<u>(71,400)</u>	<u>-</u>
At 31 March**	33,494,426	29,608,757
Provision for impairment at 31 March	<u>(1,221,800)</u>	<u>(1,180,465)</u>
Balance as at 31 March	<u><u>32,272,626</u></u>	<u><u>28,428,292</u></u>

* The amount includes depreciation of \$24,553,000 (31 March 2019: Nil) and interest expense of \$2,262,000 (31 March 2019: Nil) for properties leased for own use.

** The amount includes accumulated interest and other borrowing costs capitalised of \$327,383,000 (31 March 2019: \$317,892,000).

As at 31 March 2020, the properties under development are analysed as follows:

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Non-current portion	29,676,941	25,930,743
Current portion (development for sale)	<u>2,595,685</u>	<u>2,497,549</u>
	<u><u>32,272,626</u></u>	<u><u>28,428,292</u></u>

Notes:

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

9. Properties under development (Continued)

Notes (Continued):

(i) (Continued)

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 2020, the Group's estimated cash outflow in respect of project under acquisition and resumption as well as construction cost for self-developed projects was \$7.5 billion (31 March 2019: \$9.1 billion), without accounting for any future cash inflow for the projects.

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

10. Building rehabilitation loans

As at 31 March 2020, the building rehabilitation loans are analysed as follows:

	2020	2019
	\$'000	\$'000
Non-current portion	6,470	8,496
Current portion	3,193	5,016
	<u>9,663</u>	<u>13,512</u>

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

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

(expressed in Hong Kong Dollars)

11. Trade and other receivables

(a) Other receivables

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

(b) Trade and other receivables

As at 31 March 2020, the trade and other receivables are current in nature and analysed as follows:

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Trade receivables and prepayments	39,018	35,492
Interest receivables	191,785	250,262
Other receivables and deposits	<u>235,541</u>	<u>25,648</u>
Balance at 31 March	<u><u>466,344</u></u>	<u><u>311,402</u></u>

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

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

12. Investments

As at 31 March 2020, the debt securities investments are analysed as follows:

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Non-current portion		
- Investments at amortised cost	<u><u>-</u></u>	<u><u>1,253,000</u></u>
Current portion		
- Investments at amortised cost	<u><u>1,253,000</u></u>	<u><u>3,158,065</u></u>

As at 31 March 2020, the Group's debt securities represent high quality corporate and government bonds.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

13. Cash and bank balances

	2020	2019
	\$'000	\$'000
Bank deposits		
Original maturities of 3 months or less	2,137,809	749,085
Original maturities of more than 3 months	7,640,903	12,895,590
	9,778,712	13,644,675
Less: Amounts held in trust for joint development projects	(1,203)	(3,592)
	9,777,509	13,641,083
Cash at banks and in hand	36,788	55,044
Less: Amounts held in trust for joint development projects	-	(2)
	36,788	55,042
	<u>9,814,297</u>	<u>13,696,125</u>
Maximum exposure to credit risk	<u>9,814,282</u>	<u>13,696,110</u>
Representing:		
Non-current portion		
- Bank deposits	-	2,562,000
Current portion		
- Cash at banks and in hand	36,788	55,042
- Bank deposits	9,777,509	11,079,083
	<u>9,814,297</u>	<u>11,134,125</u>

As at 31 March 2020, cash and bank balances of the Group are denominated in Hong Kong Dollars except for an amount of \$594,281,000 (31 March 2019: \$2,467,595,000) which is denominated in USD.

The average effective interest rate of time deposits with banks was 2.69% per annum (2018/19: 2.41% per annum). These deposits have an average maturity of 97 days (2018/19: 200 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:

	2020	2019
	\$'000	\$'000
<u>Rating (Moody's)</u>		
Aa1 – Aa3	1,379,523	3,124,084
A1 – A3	8,420,498	10,548,417
Others	14,261	23,609
	<u>9,814,282</u>	<u>13,696,110</u>

(expressed in Hong Kong Dollars)

13. 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	
	2020	2019
	\$'000	\$'000
At 1 April	2,793,337	2,790,706
Changes from financing cash flows:		
- Redemption of debt securities	(1,000,000)	-
Other changes:		
- Amortisation of debt securities issuing costs	2,220	2,631
Balance as at 31 March	<u>1,795,557</u>	<u>2,793,337</u>
		Lease liabilities
		\$'000
At 31 March 2019		
Impact on initial application of HKFRS 16 (Note 2(b))		<u>111,277</u>
At 1 April 2019		<u>111,277</u>
Changes from financing cash flows:		
- Capital element of lease rentals paid		(42,206)
- Interest element of lease rentals paid		<u>(3,647)</u>
Total changes from financing cash flows		<u>(45,853)</u>
Other changes:		
- Increase in lease liabilities from entering into new leases during the year		29,731
- Interest expense (note 6(a))		<u>3,647</u>
Total other changes		<u>33,378</u>
At 31 March 2020		<u>98,802</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

14. Properties held for sale

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

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
In Hong Kong, with remaining lease term of:		
- 50 years or more	5,674	7,196
- between 10 and 50 years	<u>821,274</u>	<u>771,510</u>
	<u>826,948</u>	<u>778,706</u>

15. Balances with joint development projects

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Amounts due from joint development projects	49,528	62,168
Amounts due to joint development projects	<u>(120,474)</u>	<u>(257,442)</u>
	<u>(70,946)</u>	<u>(195,274)</u>

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

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

The Group have the following active joint development projects as at 31 March 2020.

<u>Project Name/Location</u>	<u>Land use</u>	<u>Total gross floor area</u> (m ²)	<u>Actual completion date</u> (calendar year)	<u>Expected completion date</u> (calendar year)
The Zenith/One Wanchai (Wan Chai)	Commercial/Residential	62,310	2006 (Site A & B) 2013 (Site C)	-
* Vision City / Citywalk (Tsuen Wan)	Commercial/Residential	137,885	2007	-
* The Dynasty / Citywalk 2 (Tsuen Wan)	Commercial/Residential	44,404	2008	-
* Vista (Sham Shui Po)	Commercial/Residential	12,708	2009	-
Lime Stardom (Tai Kok Tsui)	Commercial/Residential	19,735	2011	-
* Park Summit (Tai Kok Tsui)	Commercial/Residential	21,402	2013	-
Park Metropolitan (Kwun Tong)	Residential	27,830	2014	-
Park Ivy (Tai Kok Tsui)	Commercial/Residential	4,843	2014	-
Trinity Towers (Sham Shui Po)	Commercial/Residential	30,300	2015	-
* The Avenue (Wan Chai)	Commercial/Residential	83,898	2015	-
My Place (Ma Tau Kok)	Commercial/Residential	6,944	2016	-
* SKYPARK (Mong Kok)	Commercial/Residential	22,301	2017	-
City Hub (To Kwa Wan)	Commercial/Residential	8,378	2018	-

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

<u>Project Name/Location</u>	<u>Land use</u>	<u>Total gross floor area</u> (m ²)	<u>Actual completion date</u> (calendar year)	<u>Expected completion date</u> (calendar year)
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	-
My Central (Sheung Wan)	Commercial/Residential	18,240	2019	-
Astoria Crest (Sham Shui Po)	Commercial/Residential	3,640	2019	-
Downtown 38 (Ma Tau Kok)	Commercial/Residential	9,783	2020	-
The Monti (Sai Wan Ho)	Residential	5,680	2020	-
HYDE PARK (Sham Shui Po)	Commercial/Residential	3,600	-	2020
Seaside Sonata (Sham Shui Po)	Commercial/Residential	58,899	-	2020
Madison Park (Sham Shui Po)	Commercial/Residential	4,884	-	2020
Fuk Chak Street / Li Tak Street (Tai Kok Tsui)	Commercial/Residential	5,738	-	2021
Artisan Garden (Ma Tau Kok)	Commercial/Residential	12,456	-	2021
Grand Central (Kwun Tong)	Commercial/Residential	179,224	-	2021
L • LIVING 23 (Tai Kok Tsui)	Commercial/Residential	6,595	-	2021

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

<u>Project Name/Location</u>	<u>Land use</u>	<u>Total gross floor area</u> (m ²)	<u>Actual completion date</u> (calendar year)	<u>Expected completion date</u> (calendar year)
Reclamation Street / Shantung Street (Yau Ma Tei)	Commercial/Residential	12,510	-	2022
Peel Street/Graham Street – Site A (Sheung Wan)	Commercial/Stadium and Youth Centre/Residential	9,533	-	2022
Tung Chau St / Kweilin St (Sham Shui Po)	Commercial/Residential	13,396	-	2022
Peel Street/Graham Street – Site C (Sheung Wan)	Commercial/Office/Hotel	41,188	-	2023
@ Hang On Street (Kwun Tong)	Commercial/Residential	6,663	-	2023
Castle Peak Rd/Un Chau St (Sham Shui Po)	Commercial/Residential	14,841	-	2024

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

@ Newly awarded project during the year

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

In respect of the commercial portions of certain projects, the Group has reached supplemental agreements with the respective developers to extend the sale of the commercial portions to a few years after the issuance of the occupation permits. The Group shares certain percentage of any net proceeds derived from the operation of the commercial portions before the sale and includes it as surplus for the year and would also share the future sales proceeds at the same ratio. The Group would account for its share of sales proceeds as surplus from the joint development projects when these commercial portions are sold in the future.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

16. Capital

On 21 June 2002, the Finance Committee of the Legislative Council approved a commitment of \$10 billion for injection as equity into the Authority. The Government injected the equity into the Authority in phases over the five financial years from 2002/03 to 2006/07. At 31 March 2020, the Authority had received all five tranches of equity injection of \$10 billion in total.

17. Trade and other payables

The trade and other payables are analysed as follows:

	Note	31 March 2020 \$'000	1 April 2019 \$'000	31 March 2019 \$'000
Contract liabilities	(a)	210,084	1,241	1,241
Lease liabilities	(b)	98,802	111,277	-
Trade payables		112,370	86,184	86,184
Rental and other deposits received		128,769	49,689	49,689
Proceeds received in advance from sale of properties of joint development projects		432,660	545,500	545,500
Other payables		8,271	11,206	11,206
Accrued expenses		3,098,865	2,825,935	2,825,935
		<u>4,089,821</u>	<u>3,631,032</u>	<u>3,519,755</u>
Representing:				
		31 March 2020 \$'000	1 April 2019 \$'000	31 March 2019 \$'000
Non-current portion		431,366	483,459	412,300
Current portion		<u>3,658,455</u>	<u>3,147,573</u>	<u>3,107,455</u>
		<u>4,089,821</u>	<u>3,631,032</u>	<u>3,519,755</u>

Notes:

(a) Contract liabilities

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

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

(expressed in Hong Kong Dollars)

17. Trade and other payables (Continued)

(a) Contract liabilities (Continued)

Movements in contract liabilities

	2020	2019
	\$'000	\$'000
Balance at 1 April	1,241	6,660
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(1,241)	(6,660)
Increase in contract liabilities as a result of receiving forward sales deposits and instalments during the year in respect of properties still under construction as at 31 March	210,084	1,241
Balance at 31 March	<u>210,084</u>	<u>1,241</u>

(b) Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	31 March 2020		1 April 2019 (Note)		31 March 2019 (Note)	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within 1 year	40,436	43,120	40,118	43,447	-	-
After 1 year but within 2 years	31,662	33,054	31,543	33,491	-	-
After 2 years but within 5 years	26,704	27,097	39,616	40,935	-	-
	<u>58,366</u>	<u>60,151</u>	<u>71,159</u>	<u>74,426</u>	-	-
	<u>98,802</u>	103,271	<u>111,277</u>	117,873	<u>-</u>	-
Less: total future interest expenses		(4,469)		(6,596)		-
Present value of lease liabilities		<u>98,802</u>		<u>111,277</u>		<u>-</u>

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 March 2019 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in note 2(b).

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

18. Debt securities issued

As at 31 March 2020, the Group has issued the following fixed rate notes under a Medium Term Note programme.

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Non-current portion		
HK dollar Fixed rate notes with coupon of 1.64% due 2020	-	300,000
HK dollar Fixed rate notes with coupon of 2.92% due 2021	-	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	<u>(3,949)</u>	<u>(6,189)</u>
	<u>1,096,051</u>	<u>1,793,811</u>
Current portion		
HK dollar Fixed rate notes with coupon of 1.75% due 2019	-	500,000
HK dollar Fixed rate notes with coupon of 1.64% due 2020	300,000	-
HK dollar Fixed rate notes with coupon of 1.65% due 2020	-	500,000
HK dollar Fixed rate notes with coupon of 2.92% due 2021	400,000	-
Less: Unamortised debt securities issuing costs	<u>(494)</u>	<u>(474)</u>
	<u>699,506</u>	<u>999,526</u>

19. Reserve for Facilitation Service

Fee paid by the owners and the purchasers to the Urban Redevelopment Facilitating Services Company Limited, a wholly owned subsidiary of the Authority, is originally set aside in a reserve account for other facilitation projects. This arrangement has ceased during the year ended 31 March 2019 and the balance of the reserve account was transferred to the accumulated surplus accordingly.

(expressed in Hong Kong Dollars)

20. 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 2020 was \$30,348,000 (2018/19: \$26,394,000), net of forfeitures of \$963,000 (2018/19: \$1,726,000), which has been charged to the Group's profit or loss for the year.

21. Commitments

(a) Capital commitments

Capital commitments in respect of acquisition of property, plant and equipment at 31 March 2020 are as follows:

	2020	2019
	\$'000	\$'000
Contracted but not yet incurred	71,904	43,688
Authorised but not contracted for	177	-
	<u>72,081</u>	<u>43,688</u>

(b) Operating lease commitments

As at 31 March 2019, the total future minimum lease payments under non-cancellable operating leases in respect of office premises, in which \$34,997,000 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:

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

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (see note 2(b)). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in accordance with the policies set out in note 2(j), and the details regarding the Group's future lease payments are disclosed in note 17(b).

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

21. Commitments (Continued)

(c) Operating lease rental receivable

As at 31 March 2020, undiscounted lease payments under non-cancellable operating leases in place in respect of properties will be receivable by the Group in future periods, except for those commercial portions jointly developed by the developer and the Group, are as follows:

	2020	2019
	\$'000	\$'000
Within 1 year	26,309	36,901
After 1 year but within 2 years	22,717	20,234
After 2 years but within 3 years	8,865	6,662
After 3 years but within 4 years	3,621	2,711
After 4 years but within 5 years	1,455	-
	<u>62,967</u>	<u>66,508</u>

22. 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 \$63,751,000 (2018/19: \$62,602,000) 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 2020, there was an amount of \$5,072,000 (31 March 2019: \$5,242,000) 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 \$1,918,000 (2018/19: \$1,738,000).

During the year, the Authority received \$333,000 (2018/19: \$275,000) from the said Fund for rental of an office premise.

As at 31 March 2020, there was an amount of \$338,866,000 (31 March 2019: \$370,035,000) 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(b) and (c).

(expressed in Hong Kong Dollars)

23. 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 2020 is set out as follows:

	Note	2020 \$'000	2019 \$'000
Non-current assets			
Property, plant and equipment		4,482,956	2,522,658
Properties under development		29,676,941	25,916,143
Interest in subsidiaries	23(a)	-	-
Loan to a subsidiary		14,600	14,600
Building rehabilitation loans		6,470	8,496
Prepayments		743,447	855,885
Other receivables		3,164,628	2,465,169
Investments		-	1,253,000
Bank deposits		-	2,562,000
		<u>38,089,042</u>	<u>35,597,951</u>
Current assets			
Properties held for sale		826,948	778,706
Properties under development for sale		2,595,685	2,497,549
Amounts due from joint development projects		49,528	62,168
Building rehabilitation loans		3,193	5,016
Trade and other receivables		466,296	311,340
Investments		1,253,000	3,158,065
Cash and bank balances		9,814,297	11,134,125
		<u>15,008,947</u>	<u>17,946,969</u>
Total assets		<u><u>53,097,989</u></u>	<u><u>53,544,920</u></u>
Capital and reserves			
Capital		10,000,000	10,000,000
Accumulated surplus		37,092,186	36,974,448
	23(b)	<u>47,092,186</u>	<u>46,974,448</u>
Non-current liabilities			
Trade and other payables		431,366	412,300
Debt securities issued		1,096,051	1,793,811
		<u>1,527,417</u>	<u>2,206,111</u>
Current liabilities			
Amounts due to joint development projects		120,474	257,442
Trade and other payables		3,658,406	3,107,393
Debt securities issued		699,506	999,526
		<u>4,478,386</u>	<u>4,364,361</u>
Total capital, reserves and liabilities		<u><u>53,097,989</u></u>	<u><u>53,544,920</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

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

(a) Interest in subsidiaries

	2020	2019
	\$'000	\$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (Note)	26,541	23,224
Less: Provision for impairment	<u>(26,542)</u>	<u>(23,225)</u>
	<u>-</u>	<u>-</u>

Note:

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

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

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

Urban Redevelopment Facilitating Services Company Limited is engaged in the provision of facilitating services to interested owners in amalgamating their property interests for joint sale in the market or for disposal under the prevailing market mechanism and other relevant legislation. The other subsidiaries are acting as mere trustees for holding properties under certain joint development projects.

(expressed in Hong Kong Dollars)

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

(b) Statement of Changes in Equity

	Capital	Accumulated Surplus	Total
	\$'000	\$'000	\$'000
Balance at 1 April 2018	10,000,000	34,641,893	44,641,893
Surplus and total comprehensive income for the year	-	2,332,555	2,332,555
Balance at 31 March 2019	<u>10,000,000</u>	<u>36,974,448</u>	<u>46,974,448</u>
Balance at 1 April 2019	10,000,000	36,974,448	46,974,448
Surplus and total comprehensive income for the year	-	117,738	117,738
Balance at 31 March 2020	<u>10,000,000</u>	<u>37,092,186</u>	<u>47,092,186</u>

24. Approval of financial statements

The financial statements were approved by the Board on 15 June 2020.



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