

Annual Report
2022-23

RESILIENCE COLLABORATION

COLTBY/BOBY/TLION BESIT/LENCE



Partnering and Striding towards
Sustainable Urban Renewal



Partnering and Striding towards Sustainable Urban Renewal

The Urban Renewal Authority (URA) strives to fulfil its mission of urban renewal through holistic and district-based planning and implementation on all fronts. In the midst of a complex and volatile economic environment, the URA collaborates with its partners and unites the efforts of all parties to stride towards the goal of sustainable urban renewal with resilience.

The cut-through design on the cover offers a glimpse of the inside page, which features an Artificial Intelligence (AI) generated image of hands joining together to nurse a seedling plant, symbolising the concerted effort from the URA and different stakeholders in weathering challenges for sustaining urban renewal. The application of the state-of-the-art AI technology on image design demonstrates the URA's innovative mindset and its commitment to advancing with the times.

Prompting AI to generate the desired image requires multiple attempts.

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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:

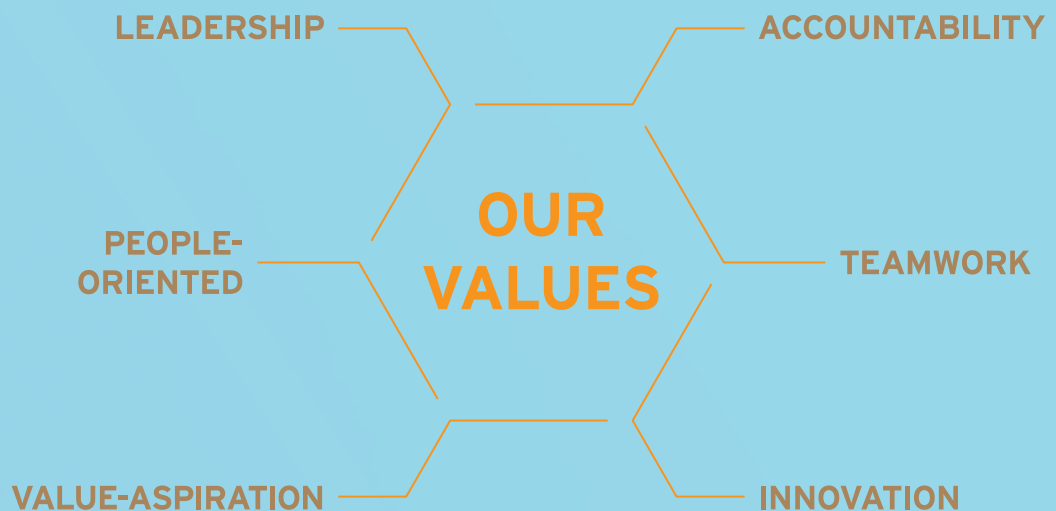
- To accelerate redevelopment by replacing old buildings with new to provide a better living environment and neighbourhood;
- To enable and encourage the rehabilitation of dilapidated buildings to prevent urban decay;
- To preserve by maintaining and restoring buildings of historical and architectural 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.





URA Chairman **Mr CHOW Chung-kong** (middle) visits the community farm at the Staunton Street/Wing Lee Street Project (H19) to express his appreciation to Mr Lau and his wife, dedicated volunteers of the farm. The URA closely collaborates with community members to build a green and vibrant neighbourhood.

CHAIRMAN'S STATEMENT



The URA has worked more closely than ever with the business sectors, NGOs and stakeholders in the districts to overcome difficulties, never ceasing to find ways of improving the living environment of residents in old districts.



Uniting Strengths through Co-ordination and Collaboration

Year 2021/22 marked a milestone for the URA as we celebrated our 20th Anniversary and took an important leap forward by laying out three key principles for future urban renewal work, namely (1) making the best use of all of our resources for old district renewal; (2) simplifying and streamlining planning procedures and workflow; and (3) applying technology to build a city for better living. Taking on board these three key principles, our team has continued to fulfil the URA's mission in the five established areas of 'urban redevelopment', 'building rehabilitation', 'preservation', 'revitalisation' and 'retrofitting'. We work hard to improve the overall environment and quality of life for residents in older districts.

The year of 2022/23 was a year of mixed fortunes for Hong Kong. On the one hand, with the pandemic gradually subsiding, we were encouraged to see life returning to normalcy. On the other hand, given adverse external factors such as volatilities in the global financial market, rising interest rates and soaring construction costs, property developers became more cautious in their bids for the URA's development projects. As a result, revenues generated from our three tendered residential projects in 2022/23 fell short of expectations. If this market situation persists, the projects, for which the property interests were acquired at higher prices by the URA in past years, may generate less-than-expected revenue for the URA, affecting its financial conditions in coming years.

In the next few years, the acquisition process of several large URA projects will commence. We foresee that the expenditures incurred will far exceed our revenue, resulting in negative cash flow that will inevitably affect the pace and development of urban renewal.

Over the past year, the URA has taken several proactive steps to tackle challenges brought by the changing market environment. In addition to exercise prudence in scheduling projects included in the Corporate Plan so to achieve the principle of self-financing, we have also utilised all planning tools available to optimise the use of land in our projects.

Importantly, we have further strengthened our co-operation with the Government and various sectors of the community in order to speed up and enhance the effectiveness of urban renewal. We have allocated more resources to promote building rehabilitation and preventive maintenance initiatives that can help slow down the ageing of buildings. Through co-ordination and collaboration with key stakeholders, we join hands to foster the sustainable development of our city.

CHAIRMAN'S STATEMENT

Enhancing effectiveness by making the best use of resources

In 2022/23, the URA launched four redevelopment projects under its 'planning-led, district-based' strategy to improve the living environment of more than 2,700 families. These four projects will provide about 6,700 new residential flats after redevelopment.

Owing to the downturn in the property market and land prices, revenue achieved from the three tendered residential projects launched last year was lower than expected. Coupled with the withdrawal of the commercial projects in Kwun Tong Town Centre Development Areas 4 & 5 on account of unsatisfactory tender prices, the URA received only HK\$4.8 billion of upfront payments for the year, 70% less compared with the previous year.

Taking into account other incomes, the URA recorded an operating loss of around HK\$500 million after expenses incurred in redevelopment projects, implementation of building rehabilitation, preservation and revitalisation. In addition, a provision for an impairment of HK\$3 billion was made against various commenced projects due to the mark-to-market valuation of land. As a result, the URA registered a net loss of HK\$3.5 billion last year while its net asset value stood at approximately HK\$50 billion.

In the next two years, URA's property acquisition will accelerate. Following the issuance of acquisition offers to owners of the Kim Shin Lane project in Sham Shui Po in April, another five large-scale redevelopment projects are at the various stages of the planning process, with property acquisitions ready to commence upon Government approval. It is estimated that these six projects, together with new projects to be launched in the next few years under our Corporate Plan and also the redevelopment cost for Tai Hang Sai Estate, will require a financial commitment of approximately HK\$96 billion. At present, the URA has a cash reserve of about HK\$23.6 billion, which is insufficient to cover the expenses incurred.

The URA plans to acquire resources by various means to meet the large acquisition expenses. These efforts include:

- 1 For projects that have already been launched, we have been expediting the process of property acquisition and site formation to enable earlier tendering. We have also adjusted the time frame for launching suitable projects in the project reserve so that upfront payments from the tendered projects can be used to replenish the cash flow for new acquisitions on a timely basis.
- 2 In anticipation of a potential cash flow shortage, we will proactively initiate the necessary steps for loan arrangements to secure adequate funding for urban renewal projects.

In addition to making good use of its financial resources, the URA will optimise the use of land by implementing the 'Single Site, Multiple Uses' planning model. This involves incorporating inefficient or under-utilised streets and land in the vicinity of old building clusters into the development plan, thereby increasing the total area of land available for development. This will improve the financial feasibility of the projects and, at the same time, enhance the overall environment of the district through the renewal of old community facilities.

The Nga Tsin Wai Road/Carpenter Road Development Scheme in Kowloon City launched in May last year was an example of 'Single Site, Multiple Uses'. A part of the Carpenter Road Park will be incorporated into the redevelopment area for building a new Government complex which will house Kowloon City Market, reprovisioned after its land is released for redevelopment, along with additional cultural, recreational, rehabilitation and welfare facilities. By integrating the original site of the market with the neighbouring streets and adjoining private building sites to form a larger-scale development area, we can make the best use of land resources and unleash the site's development potential to improve the viability of the project while bringing greater benefits to the community.

Furthermore, two adjoining development projects of Ming Lun Street/Ma Tau Kok Road (KC-018) and To Kwa Wan Road/Ma Tau Kok Road (KC-019) were commenced by the URA in October last year. The old building cluster of KC-018 had already fully utilised the development potential allowed under planning permission, and there is neither undeveloped Government land nor old facilities in the area that can be integrated for development, undermining the feasibility of the redevelopment of this building cluster. Taking into account that the Outline Zoning Plan (OZP) for Kai Tak has rezoned some industrial sites for residential and commercial purposes when



The URA projects of KC-018 and KC-019 not only offer a viable solution for the redevelopment of the 'Five Streets' areas and industrial buildings in To Kwa Wan which have little development potential, but will also create a waterfront plaza to enhance the walkability between To Kwa Wan Road and the waterfront promenade.

they are redeveloped in future, the URA has proposed a feasible solution for the redevelopment of those old building clusters by replanning the residential and industrial sites under one master plan. We have also taken the opportunity to realise the Government's planning intention of expanding the carriageways of roads in the vicinity and their connection to the harbourfront, which will facilitate the integration of this old district with the Kai Tak Development Area.

After the tender for Kwun Tong Town Centre Development Areas 4 & 5 was withdrawn, we have proposed to change the land use from 'Commercial Use' to 'Other Specified Uses (Mixed Development)' and add 'Residential' use to the development, aiming to cope with the changing market and social environment. In doing so we have made reference to the concept of 'vertical city' development advocated by high-density metropolises overseas, whereby building heights are raised to create capacity. Meanwhile, we retain the application of the 'floating planning parameters' mechanism to provide developers with greater flexibility in allocating floor space for different uses such as residential, office, hotel and retail. This groundbreaking planning concept will extend the project's development range and potential, and consolidate its status as the landmark of the town centre.

Apart from optimising the planning of projects, our URA team has responded to the Government's initiatives to expedite the pace of urban renewal by implementing new measures to simplify and streamline planning procedures and workflow, thereby speeding up the redevelopment process. These measures include co-ordinating with the Government in adopting a new process by the Town Planning Board (TPB) to optimise the processing and shorten the time required to address public views. The URA has also piloted an 'Advanced Land Grant' mechanism, which will allow projects to be submitted for tender and construction at the earliest possible opportunity.

Enhancing the development potential of land in old districts is key to achieving optimal use of land for speeding up the pace of urban renewal. Over the past year, the URA has been collaborating with the Government to implement the recommendations of the URA's District Study for Yau Ma Tei and Mong Kok. Currently, the TPB has completed its revision of the Mong Kok OZP, which includes raising the maximum plot ratio for commercial areas, allowing the exchange of domestic and non-domestic plot ratios in selected areas, and announcing its guidelines for the Pilot Scheme for the Transfer of Plot Ratio. Work on revising the OZP for Yau Ma Tei has also been commenced, and public opinions are being consolidated. These measures will provide more planning tools and flexibility, thereby enhancing land use efficiency and redevelopment potential that will encourage more participation by private developers in urban renewal.

CHAIRMAN'S STATEMENT

Supporting Government initiatives within our ability

Addressing the city's housing problem is one of the Government's top priorities. When resources allowed, we strive to support the Government's housing policies. Among them is the provision of Starter Homes (SH), in which we have designated our eResidence Tower Three project in Hung Hom as an SH project, providing 260 units to first-time home buyers. The URA has already applied to the Government for the pre-sale of the SH flats. It is expected that eResidence Tower Three will be ready to receive applications from eligible members of the public in September this year.

The URA has also launched the Tai Hang Sai Estate Redevelopment Project in co-operation with the Hong Kong Settlers Housing Corporation Limited. Since the TPB approved our redevelopment plan for this project, we have explored various plans to compress the construction process, submitted the project and building plans to Government departments for their advance approval and held discussions with the Development Bureau and Lands Department on advancing the land grant application. All these efforts are aimed at advancing the construction of the project to complete the 2,000 SH units as early as in 2030/31.



Through the redevelopment of Tai Hang Sai Estate (above), the URA will take the opportunity to provide more community facilities and larger public open space (right), bringing greater planning benefits to the community.



We are also making good progress on the two pilot redevelopment projects under the Civil Servants' Co-operative Building Society (CBS) Scheme. With the support and co-operation of all the 154 ex-CBS members, the URA was able to start site formation work of the Shing Tak Street/Ma Tau Chung Road Development Project once all the residents had moved out from their premises by March 2023, six months earlier than originally scheduled. Tendering for the project will be launched in the second half of 2023, providing 640 residential units.

As regards the nearby Kau Pui Lung Road project, there were still nine out of 28 co-operative societies that remained undissolved at the time we commenced the project, which presented a challenge to the URA taking it forward. In the past year, however, the dissolution of the co-operative societies has made good progress. Two of the societies have now completed their dissolution, while members of the other five have started the dissolution process. We are working with the remaining co-operative building societies to facilitate their dissolution. Meanwhile, we are moving to the next stage of the planning process, with part of the site will be designated for the construction of Starter Homes, providing about 950 SH units.

Together with the eResidence Tower Three and Tai Hang Sai Estate projects mentioned above, the URA will provide more than 3,200 SH units in the next few years to meet the home ownership needs of first-time flat buyers.

As regards the Government initiative of providing transitional housing units to improve the living conditions of those families waiting for public housing, the URA has assisted Yan Oi Tong, a non-governmental organisation (NGO), in the planning, design and construction of the Yan Oi House project at Hung Shui Kiu in Yuen Long. The URA completed and delivered all the 410 transitional units for the needy residents to move in from July this year.

Intensifying efforts to address the root causes of aged buildings

It is the responsibility of property owners to maintain and repair their properties. However, they are often slack in their concerns for conducting building maintenance, given their lack of general awareness and capabilities to organise repair and maintenance work on their own. To help overcome this challenge, the URA has strengthened collaboration with owners' corporations, professional sectors and local organisations in recent years to promote and facilitate building rehabilitation, as well as preventive maintenance.

This July we opened Hong Kong's first-ever Building Rehabilitation Resource Centre (BRRC) in a 7,500-square-foot commercial space at our eResidence project in Hung Hom. Building owners and other interested parties can find useful information on organising building rehabilitation works, standard sample documents for organising such works, and data on market reference rates displayed in an interactive way. Coupled with video linked consultations, online support services, instant processing of subsidy scheme applications, the BRRC provides owners with professional support and information on all aspects of building rehabilitation.

Another new URA initiative is a District-based Rehabilitation Pilot Scheme which we launched in Kowloon City upon the commencement of our redevelopment projects in that area. This scheme targets owners of buildings that are located in the vicinity of the redevelopment project but do not have an imminent need for redevelopment. We are making efforts to provide these owners with financial subsidies and technical support to encourage and assist them to repair and maintain their buildings in a timely manner.

The URA has also introduced various preventive maintenance initiatives to the design and construction phase of eResidence Tower Three in Hung Hom. These initiatives aim to prolong the service life of the building and more importantly, instil in first-time home buyers the awareness of building maintenance. Relevant clauses have also been added to the Deed of Mutual Covenant of the building to help owners draw up a regular maintenance plan for the building and set aside financial reserves for future maintenance works.

In addition, the URA has been assisting in the implementation of five building rehabilitation subsidy schemes initiated by the Government since June 2020. These schemes cover areas ranging from building inspection and maintenance to fire safety improvements, lift modernisation, drainage system repairs and property maintenance by individual owners. Together, the five schemes involve management of over HK\$19 billion in subsidies. All the administrative and operational costs of implementing them, which are estimated to be over HK\$2 billion, are borne by the URA.

Taking into account the third round of applications under two of these schemes, Operation Building Bright 2.0 and the Fire Safety Improvement Works Subsidy Scheme launched in April this year, the URA has reviewed and approved more than 16,000 applications as of June 2023, covering about 500,000 flats.

In view of the difficulties faced by the participating owners' corporations in organising rehabilitation projects during the pandemic, the URA strengthened support by arranging for the opening of tenders through virtual meetings and providing venues for use by owners' corporations, facilitating the relevant procurement procedures required to conduct maintenance works. After the pandemic, more than 80% of the affected cases have already restarted the necessary tender process.



An aerial view of the District-based Rehabilitation Scheme area in Kowloon City. By providing appropriate financial assistance and technical support, building owners are encouraged to carry out building rehabilitation so as to extend the serviceability of the buildings.

CHAIRMAN'S STATEMENT

Preserving and revitalising old buildings in the community

During the year, the URA completed the conservation and revitalisation works of the Staunton Street project in Sheung Wan. Nine acquired tenement buildings were renovated with their architectural features enhanced and facilities upgraded. A new concept of 'co-living' was introduced to the operation of these revitalised buildings to create livelihoods and share community resources in partnership with the residents. We are now inviting experienced and capable partners through tender to join the URA in managing and operating this project.



Members of the URA Board pay a visit to the preservation and revitalisation project at Staunton Street.

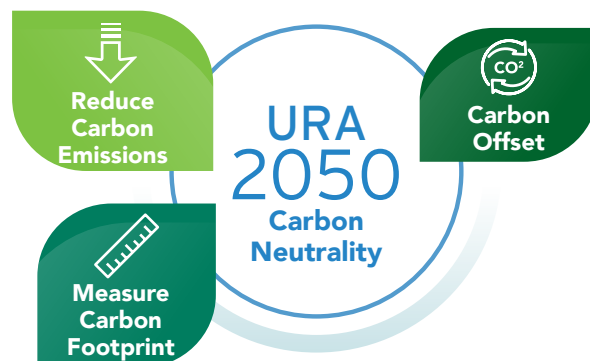
As regards the redevelopment project in Nga Tsin Wai Village, Wong Tai Sin, the URA took over from the former Land Development Corporation and has been ongoing for over 20 years. Last year, we submitted an archaeological report to the Antiquities Advisory Board in December, along with a preservation plan for the historic buildings and relics in the village as recommended by independent archaeological experts. The URA will give full and comprehensive consideration to preserving the village's history at the project planning level to incorporate the preservation elements into the development. Various preservation design requirements will be included in the land grant and joint development agreement as conditions, to ensure that construction carried out by the developer will fully accord with the required standards and quality.

This project was approved by the Government with the land grant executed in mid-year. Relevant preservation and construction works have been commenced, and the project is expected to be completed by 2030/31. The preservation park contemplated under the project will be open to the public, hence what used to be dilapidated village houses and buried relics will become a community facility to be enjoyed by all.

Formulating a 'carbon reduction' approach to sustainable development

Promoting sustainable development lies at the core of successful urban renewal. In all of its projects, the URA has been working with its business partners to promote the concept of green buildings in areas covering design, construction, operation and reuse of building materials. A particular focus has been put on project planning to build a green community and improve the quality of the living environment. In recent years, we have proactively explored the applicability of different construction materials, such as the use of high-strength concrete and galvanised steel to enhance the corrosion resistance of buildings. Meanwhile, we are making efforts to optimise building design standards, which include optimising the structural layout covering pillars, beams and structural walls, and improving the buildings' overall stability and wind resistance, thereby extending their design life to 75 years. This will reduce their decay rate in the long run, minimising the carbon emissions associated with their demolition.

With sustainable development firmly embedded in our core business strategies, we are working in tandem with the Government to achieve carbon neutrality by 2050. Over the past year, we have reviewed business processes, policies and operation details to integrate carbon reduction targets into all aspects of our business and operations, thus working towards our long-term goal of 'zero carbon' emissions.



Forging ahead to promote sustainable urban renewal on three fronts

Urban renewal requires sustainable efforts to create impact. The URA must become more agile to changes and challenges, in order to continue fulfilling its urban renewal role and facilitating long-term sustainable development. I see three aspects as being especially important:

- 1 Besides making proper project and financial planning by adhering to its prudent financial management and 'self-funding' targets, the URA will need to borrow from external sources in the next two to three years for additional cash flow to meet shortfalls in cash as the volume of property acquisitions for redevelopment projects increases. As such, we submitted our draft five-year Corporate Plan for the period 2023/24 to 2027/28 to the Financial Secretary at the end of last year, and proposed to raise our borrowing limit to HK\$25 billion from the current cap of HK\$6 billion. The proposal was approved by the Financial Secretary and the URA plans to borrow in phases, determining the appropriate mode, timing and amount of borrowing by taking into account market sentiment, the prevailing level of its financial reserves and the cash expenditure required for the relevant business plans.
- 2 We will need to improve the technical and financial viability of urban renewal projects by conducting large-scale area planning studies for different old districts, in order to formulate a macro and forward looking blueprint for urban renewal. Initial planning and design of projects in the reserve must be accelerated, so as to enable us to respond swiftly to market conditions with agile deployment of projects. The application of new planning tools and concepts such as 'Single Site, Multiple Uses' will continue, in order to enhance the feasibility and financial viability of our urban renewal projects.
- 3 We must continue to strengthen co-operation with the industry and allocate resources to implement URA's recommendations set out in the Study on New Strategy on Building Rehabilitation and assist owners in carrying out regular repair and maintenance work on both the exterior and interior of their buildings. Hopefully, this will slow down the pace of building decay and secure wider public acceptance of the 'preventive maintenance' concept.

Working together for a better Hong Kong

Addressing urban decay is a collective responsibility that requires society as a whole to become involved and make sustainable efforts to take forward urban renewal.

I am grateful for the Government's continuous support through various means, providing financial and land resources to the URA to improve the feasibility of our redevelopment projects. During the three years of the pandemic, the URA has worked more closely than ever with the business sectors, NGOs and stakeholders in the districts to overcome difficulties, never ceasing to find ways of improving the living environment of residents in old districts. I would like to express my gratitude to all URA staff for their hard work, to the past and present members of the Board for their advice and guidance over the years, and to all parties in the community involved for their understanding and support.

Looking ahead, we need stronger efforts and increased resources to support our work against urban decay. I will work with members of the Board and our URA team to formulate suitable policies and initiatives, and continue to facilitate communication and co-operation between the URA and the Government, the business community and civil society to bring urban renewal to a new level in the coming years. Let us work together to make Hong Kong a more vibrant, liveable and low-carbon home for everyone.

CHOW Chung-kong, GBM, GBS, JP
Chairman
31 July 2023



Standing in front of the Incense Tree at Citywalk, the first such tree planted by the URA in 2017, Managing Director **Ir WAI Chi-sing** is pleased to see the resilient plant has weathered numerous challenges and thrives today.

MANAGING DIRECTOR'S STATEMENT



Urban renewal is a complex and difficult task. Our team must remain strong, resilient and determined amid adversity, while endeavouring to go beyond established practices in response to changes and challenges.



Moving Forward with Resilience

Since commencing my third three-year term as the URA's Managing Director last June, I have been delighted to work in close partnership with the Board and our highly capable team. Together, we have addressed the challenges of urban renewal while implementing more forward looking and sustainable strategies to improve the built environment of Hong Kong and enhance the quality of life for its residents.

In recent years, the URA has fully implemented a 'planning-led, district-based' urban renewal strategy by launching a number of large-scale urban renewal projects, which aimed at accelerating the pace of urban regeneration in older districts. At the same time, we have proactively encouraged building owners to undertake building rehabilitation and preventive maintenance works through administrative means, including strengthening our promotion initiatives, bolstering technical support, and increasing financial incentives.

With the completion of our District Study for Yau Ma Tei and Mong Kok (Yau Mong District Study or YMDS) and the Study on New Strategy on Building Rehabilitation (NSBR), we have set new direction and targets for urban renewal work in the years ahead.

In light of the changing external environment, the URA acknowledges the presence of numerous uncertainties that are beyond our control, posing challenges to effective risk management. Despite the COVID-19 pandemic having come to an end, global financial and economic markets continue to exhibit volatility, directly affecting the local property market. Moreover, with interest rates and construction costs on the rise, the revenue generated from our tendered redevelopment projects has fallen short of expectations, thereby bringing impacts on our financial reserves.

As the commenced projects gradually proceed to the property acquisition stage in the coming one to two years, a substantial amount of additional funds will be required to cover the expenses incurred. We anticipate there will be shortfall of cash in the upcoming years, influencing the scale and timing of future project planning.

In the face of these challenges, I will continue to provide pragmatic leadership to the team. At the same time, we will actively explore innovative and flexible solutions, mobilise resources, and garner support from diverse sectors to implement urban renewal work across five key areas: 'urban redevelopment', 'building rehabilitation', 'preservation', 'revitalisation' and 'retrofitting'. Internally, I will fortify the resilience of the team through a range of measures, including streamlining business processes, promoting digital transformation, enhancing talent development and fostering collaborations across relevant industries. By doing so, we aim to achieve our targets in various areas of work to make significant headway in the development of urban renewal.

MANAGING DIRECTOR'S STATEMENT

Five directions set to strengthen urban renewal efforts

Over the past year, the URA has made good progress in urban renewal through the following five areas:

- 1 **Implementing comprehensive Master Urban Renewal Concept Plans (MRCPs)** to facilitate private market participation in redevelopment;
- 2 **Implementing more complex and challenging projects** in response to market changes;
- 3 **Strengthening the application of our Integrated Approach** to improve the overall environment of old districts while promoting the integration of old and new cityscapes;
- 4 **Promoting preventive maintenance among property owners** to extend the lifespan of their buildings and reduce the pressure for redevelopment; and
- 5 **Implementing sound financial planning** so that urban renewal resources are channelled towards the long-term goal of self-financing.

Implementing a comprehensive outline for urban renewal in old districts

The current Outline Zoning Plans (OZPs) for old districts were formulated in the early years to increase the supply of developable land on Hong Kong Island and in Kowloon to speed up the pace of urban development. After decades of development, the built environment, including roads and pedestrian networks, infrastructure, community facilities, and leisure and green space in most of these old districts has become obsolete and inadequate. To meet future needs, these OZPs need to be fully updated to enhance land use efficiency and redevelopment potential.

To this end, the URA launched the YMDS in 2017 to explore new planning tools and implementation mechanisms. Since the completion of the YMDS in 2021, we have been working with the Government to refine the recommendations in the MRCPs of the YMDS into a comprehensive OZP, which will serve as the basis for taking forward urban renewal in the future. Implementing this plan, which involves extensive amendments to the OZPs for the two areas, needs to be finalised by the Government and the URA in a progressive manner.

Over the past year, we have worked with the Planning Department to gradually revise the OZPs for Yau Ma Tei and Mong Kok. In June this year, the Chief Executive in Council approved the relaxation of the statutory planning parameters of the Mong Kok OZP. This increases the maximum plot ratio of core business zones in the area, allows interchangeability of domestic and non-domestic plot ratios and changes the zoning of streets with special features for mixed-use development. In the same month, the Planning Department proposed similar amendments to the Yau Ma Tei OZP for public consultation, in accordance with the procedures of the Town Planning Board.

Regarding the five development nodes proposed in the MRCPs formulated by the study, a selected nodal development and a district-based project suitable for testing out the new planning tool of street consolidation, have been identified for incorporation into our five-year Corporate Plan from 2023/24 to 2027/28. These projects will be commenced in due course.

The key to speeding up the redevelopment of old districts lies in changing the growing dependence on the URA to take on urban renewal tasks. However, the current planning tools are better suited for new development areas than for supporting renewal in old urban districts. To tackle this limitation and facilitate urban renewal, we have been collaborating with various Government departments to implement the new planning tools recommended in the YMDS, including the transfer of plot ratio and site amalgamation under street consolidation areas to push forward urban renewal in old districts. These planning tools aim to enhance the efficiency of land use and unleash the development potential of land in a bid to incentivise more private market participation in urban redevelopment.



The URA has been working with the Government to amend the Outline Zoning Plans for Yau Ma Tei and Mong Kok to incentivise more private market participation in urban renewal.

The URA and the Government have formulated a set of implementation mechanisms for the transfer of plot ratio, which were submitted to the Town Planning Board (TPB) for review. In July this year, the TPB announced with immediate effect new planning guidelines on the transfer of plot ratio. In the meantime, the URA is working with the Development Bureau on the proposed sites and execution details for site amalgamation under street consolidation areas. When this mechanism is ready for implementation, the OZPs will be amended accordingly to provide further incentives for private market participation in the redevelopment of old districts.

Implementing more complex and difficult projects

Ageing buildings remain a serious problem, with residential buildings that have long become dilapidated in many old districts. Some of them form large, high-density clusters, making redevelopment very difficult to implement. These projects lack redevelopment potential for private developers, and the owners are reluctant to carry out maintenance works as they wait for the opportunities of selling their properties for redevelopment, resulting in further deterioration of the buildings. The URA must therefore adopt a new planning mindset to address this problem.

Over the past year, the URA has identified opportunities for urban renewal by applying new planning tools and district-based planning approaches, so as to remove barriers that hinder the implementation of complex and challenging redevelopment projects. We have also introduced a flexible planning framework for redevelopment projects to adapt to the evolving market and social environment. This framework provides developers with the flexibility to allocate floor area for different business uses within approved development parameters, which enhances the projects' attractiveness and flexibility of execution.

The implementation of the Ming Lun Street/Ma Tau Kok Road Development Scheme (KC-018), commonly known as the 'Five Streets', and the To Kwa Wan Road/Ma Tau Kok Road Development Scheme (KC-019) in last October is a typical example of such innovative planning. The plot ratio of the 'Five Streets' buildings cluster, comprising approximately 100 buildings, was fully utilised and there was no available land in the area for consolidated development, all of which made redevelopment very difficult to implement. Nevertheless, by integrating and replanning the 'Five Streets' buildings cluster and adjoining the nearby industrial buildings, as well as including some lower-traffic streets in the surrounding area, we were able to expand the overall area of land available for development. This planning approach has lifted the constraints associated with the single-site redevelopment of an old building cluster. Additionally, the projects will create an improved waterfront promenade and piazza through integrated planning and design, which will facilitate transport and pedestrian connectivity to the new Kai Tak Development Area.

MANAGING DIRECTOR'S STATEMENT

As for the Kwun Tong Town Centre Project, following the withdrawal of the tender for joint development of Development Areas 4 and 5 owing to unsatisfactory tender prices, we responded immediately by changing the land use from 'Commercial Use' to 'Other Specified Uses (Mixed Development)' and adding residential development elements to adapt to the evolving market. For the first time in Hong Kong, we have made reference to the concept of 'vertical city' development, whereby the building height is raised to create capacity while retaining the 'floating planning parameters' mechanism, which provides successful tenderers with greater flexibility in allocating development floor space for different uses such as residential, office, hotel and retail. This will enhance the development range of the project and hence its potential for redevelopment. If it proves feasible, we will explore applying this flexible planning concept to other redevelopment projects.



Following the decision to withdraw the tender for the development of Development Areas 4 & 5 of Kwun Tong Town Centre Project, the URA immediately responded by introducing a 'vertical city' concept with a mixed-use development mode having both commercial and residential development elements.

Blending old and new cityscapes by further applying the Integrated Approach

During the long process of urban renewal in old districts, the built environment may become inconsistent as it transitions from old to new. To this end, the URA last year implemented the Integrated Approach, which takes the preservation of district characteristics as well as the return of business operators after project completion to the planning level. In addition, by combining district-based rehabilitation and district revitalisation, the whole built environment of such districts can be enhanced, with the blending of old and new cityscapes upon redevelopment.

The URA has adopted this Integrated Approach for a pilot urban renewal project in the Lung Shing area of Kowloon City. In May last year, we launched the Nga Tsin Wai Road/Carpenter Road Development Scheme (KC-017) to achieve synergy with the adjoining Kai Tak Road/Sa Po Road Development Scheme (KC-015). This integrated project is designed to achieve more effective planning and restructuring of old districts, with the objectives of enhancing residents' quality of life and increasing street vibrancy while enlivening the community by providing support in both hardware and software terms to preserve and uphold the distinctive local characteristics.

After launching the project in May last year, we set up a dedicated team to visit shops and restaurants with local characteristics in the area, including those selling fresh and dried food, as well as offering Chiu Chow and Thai cuisine. While illustrating the design and layout of the project, we consulted the business operators on the relevant issues and addressed their needs by improving the project's planning and implementation, including the provision of suitable transitional arrangements and relocation options.



The URA teams up with Thai volunteers to visit the Thai shop operators affected by redevelopment projects in Kowloon City to understand their needs and concerns.

Meanwhile, the URA launched the District-based Rehabilitation Pilot Scheme in the Lung Shing area. Our team took into account the condition of the buildings and the owners' needs in the area to introduce various measures to facilitate building maintenance, improve the local streetscape and revitalise the community facilities. This will ensure that the exterior appearance of the buildings complements the local environment and highlights the traditional characteristics of the area.

In terms of building rehabilitation, we have formulated rehabilitation programmes for the owners of old buildings along Nam Kok Road and Tak Ku Ling Road to encourage them to carry out proper repair and maintenance of the common areas of the building and the interior of their flats. We have also provided them with an 'incentive interest' to set up financial fund for regular repairs and maintenance. Combining building rehabilitation with district revitalisation, we will improve the appearance of these buildings by introducing 'place-making' initiatives to incorporate the historical and cultural characteristics of the area into the design. The Tak Ku Ling Road Rest Garden will be revitalised and combined with the leisure space of nearby redevelopment projects to form a Gateway Square with open view. This will not only revitalise the old Lung Shing area but also promote the integration of this old district with the new Kai Tak Development Area.

We are also applying the Integrated Approach to other urban renewal projects. For example, the Queen's Road West/Kwai Heung Street Development Project (C&W-007) was launched last December to create synergy with the adjoining Sung Hing Lane/Kwai Heung Street Development Project (C&W-005). The project will enhance the connectivity of the children's playground in Sung Hing Lane and the pedestrian environment in the surrounding area while improving the overall cityscape. We will also explore measures to provide financial and technical assistance to the owners of buildings in the vicinity of these two projects to improve the conditions of the buildings through rehabilitation works. In this way, we will create a cityscape that blends the old and the new upon regeneration.

From corrective to preventive maintenance

The Government has implemented a number of building rehabilitation subsidy schemes in the past, covering areas such as building inspection, repair works of common areas, fire safety improvement, lift modernisation, building drainage system repair and self-use residential properties, providing total subsidies of over HK\$19 billion. The URA's administrative and operating expenses to implement these five programmes are estimated to be over HK\$2 billion. Combining Government funding and the URA's operating expenses, the total public resources earmarked are therefore approximately HK\$21 billion.

Properties are the assets of their owners, so it is their responsibility to maintain the buildings in good condition. In the long run, subsidising private property owners to carry out building maintenance with public resources is considered to be a huge burden to society.

MANAGING DIRECTOR'S STATEMENT

As such, over the past year, the URA has not only implemented measures for the maintenance of old buildings but has also stepped up its efforts in encouraging owners of new buildings to voluntarily undertake regular maintenance and repair works and build up the necessary funds for future maintenance use, thus achieving the goal of promoting 'self-initiated maintenance' and 'preventive maintenance' among private property owners.

In July this year, we established a Building Rehabilitation Resource Centre at the eResidence Shopping Mall in Hung Hom to provide the public with comprehensive information on building rehabilitation and to address owners' general lack of knowledge and capability in organising building maintenance work. Multimedia channels installed in the Centre, including online video consultation and application services, also help owners apply for various building rehabilitation subsidy schemes on the spot.



The Building Rehabilitation Resource Centre located at eResidence Shopping Mall in Hung Hom provides visitors with comprehensive building rehabilitation information through innovative multimedia installations.

Moreover, we have continued to enhance our 'Smart Tender' Building Rehabilitation Facilitating Services and Open E-tendering Platform, including providing standardised tender documents and contracts to help owners' corporations co-ordinate the tender process, recruit works consultants and select contractors. The content of the Building Rehabilitation Platform, a one-stop information website, has been improved to include reference documents on the Regular Repair and Maintenance Programme and more transparent information on project costs. This helps improve owners' capability to choose fair-priced contractors and promotes self-initiated building rehabilitation in the long run.

We have also introduced various preventive maintenance initiatives to eResidence Tower Three in Hung Hom as a pilot project. The Deed of Mutual Covenant of the project will include additional clauses requiring owners to formulate regular inspection and maintenance plans, as well as to set up a suitable financial contribution scheme to fund major rehabilitation works. In this way, we aim to bring in a new mode of preventive maintenance among first-time flat buyers of eResidence Tower Three, and to promote it to the URA joint venture projects in the near future.

Sound financial planning to respond to financial challenges

Urban renewal is a complex task that involves enormous resources. The URA must ensure financial stability and in particular, sufficient liquidity to support its ongoing operations. In the coming years, the volume of property acquisition initiated by the URA will reach its peak. Following our earlier acquisition of the property interests of the Kim Shin Lane project in Sham Shui Po district, there are currently five large-scale redevelopment projects undergoing planning procedures, which property acquisition will begin upon approval by the Government. It is estimated that these six projects, together with other new projects due to be launched in the next few years, as well as the development cost of the Tai Hang Sai Estate Redevelopment, will require total expenses of approximately HK\$96 billion.

On the income side, we expect to tender 10 development projects in the next few years. Given external factors such as fluctuations in the global financial markets and rising interest rates and construction costs, the upfront payments from these tenders are estimated to be significantly lower than expected, contributing only about HK\$47 billion to the URA. Although the URA currently has a cash reserve of approximately HK\$23.6 billion, this is not enough to cover the total upcoming expenses of HK\$96 billion.

In the face of these financial challenges, we are developing appropriate measures to secure sufficient financial resources to meet the huge acquisition costs arising from urban renewal projects. We have taken the following steps:

- 1 At the end of 2022, the URA proposed to the Financial Secretary to increase its borrowing limit to HK\$25 billion, from the current ceiling of HK\$6 billion, which was subsequently approved. We have now established an initial framework, whereby we will prepare and make arrangements for borrowing capacity in advance when funding shortfall is anticipated, including co-ordinating with credit rating agencies, conducting roadshows, and determining the appropriate financing model, timetable and capacity to meet our business needs.
- 2 The timing of new project launches will be aligned with the tendering of other projects for which property acquisition has already been completed so that the upfront payments received from the tendered projects can replenish the cash for the property acquisition of the new projects. For sizeable redevelopment projects that involve higher expenses for acquisition, the URA will explore the feasibility of commencing the projects and acquiring related properties in batches to relieve the financial pressure at a particular point of time.
- 3 As for the pursuit of land resources, the URA will align with the planning blueprints for old districts and incorporate under-utilised Government land into its redevelopment areas. This approach aims to increase the amount of developable land and enhance development capacity. Additionally, the URA will fully utilise new planning tools, such as plot ratio transfer and street consolidation, in its projects. The concept of 'vertical city' development will also be adopted in the Kwun Tong pilot project. All of these planning initiatives will optimise the use of land resources and improve the feasibility of new urban renewal projects.

Despite its efforts to pool financial resources from various sectors, the URA largely relies on upfront payments received from tendering its projects for joint development with private developers as its main source of income. This source is highly susceptible to property market fluctuations, the overall economic environment and interest rates, posing unavoidable risks to the financial stability of the URA. On the other hand, the URA faces a heavy financial burden from its redevelopment projects as they involve hefty acquisition costs due to its acquisition policy on owner-occupied domestic properties, calculated based on the value of a notional seven-year-old-replacement flat situated in the same locality. In fact, this operating model has been consuming social resources to help owners replace their old properties with new ones. The society needs to contemplate whether this is a reasonable utilisation of public resources and a sustainable model for urban renewal.

Building a strong and resilient team

Urban renewal is a complex and difficult task. Our team must remain strong, resilient and determined amid adversity while endeavouring to go beyond established practices in response to changes and challenges.

Over the past year, we have comprehensively reviewed the progress of our redevelopment projects at every stage and injected new ideas. We have succeeded in shortening the redevelopment cycle by compressing the processes involved, including planning, acquisition, tenant relocation, site formation, tendering and construction. With the full support from the Government, we have implemented a number of new measures to streamline these processes and remove obsolete procedures, thereby speeding up the progress of our redevelopment projects. These measures include co-ordinating with the TPB in adopting a new process to address public views and shorten the time required for review. Regarding acquisition process, the Lands Department has piloted the 'Advanced Land Grant' mechanism, allowing the URA to apply for land leases for its projects even only a small number of residents and business operators remain to be relocated. This facilitates early tendering and the commencement of construction.

MANAGING DIRECTOR'S STATEMENT

In addition to optimising the business processes, the URA is committed to promoting organisation-wide digital transformation to improve the efficiency of its urban renewal work. Through the enhanced application of Building Information Modelling (BIM), we have piloted the use of digitised three-dimensional building plans for our Tai Hang Sai Estate Starter Homes project. By speeding up the processing and verification of designs, floor area data and various building components (including structure, piping, and electrical and mechanical equipment), we can submit project proposals and building plans to Government departments in advance for approval.

Over the past few years, we have made good use of our self-developed Urban Renewal Information System (URIS) to enhance internal processing and analysis of spatial data while improving the efficiency of planning, relocation, and financial and technical studies to speed up the formulation of our urban renewal plans.

With the application of the URIS having now reached a mature stage, our team last year developed an application based on the concept of '15-minute city', which can perform immediate spatial analysis of public and recreational facilities. For instance, it can assess the community facilities and public recreational spaces that residents of different age groups can reach within a 15-minute walking distance. This application helps the team understand the distance and intensity of related facilities in an old district to explore ways to enhance the existing facilities to fulfil the needs of the residents through land restructuring and replanning.

Our team also introduced the technology to building rehabilitation initiatives last year. By integrating and analysing data on the age and management status of the existing buildings in urban areas, as well as the initial assessment results of the condition of common areas and the progress of building rehabilitation works, we can forecast the need and cost of rehabilitating these buildings in the coming decades. This information will be incorporated at the project planning level in order to develop a more comprehensive and forward looking urban renewal plan.

In line with the digitisation of our business, we have increased our investment in talent development and encouraged staff to acquire new knowledge and skills to empower them in their roles. In particular, we have strengthened training on innovative technologies such as Artificial Intelligence (AI), geographic data analysis, green building technology, BIM and Modular Integrated Construction so that our staff can obtain new knowledge in these areas and apply it to urban renewal work. Staff members are also encouraged to participate in overseas seminars and exhibitions to further broaden their horizons.

We have also piloted the integration of AI into staff training. For example, to prepare for the application and eligibility review process of our Starter Homes project, which involves complex criteria and implementation details, we applied AI to consolidate the relevant information and provide supplementary training to front-line staff. We also use AI to analyse data and images, and to perform voice-to-text conversion so that our team can speed up the processing of acquisition compensation, building rehabilitation subsidies applications and general enquiries handling, thereby enhancing our overall work efficiency.



(Above) Celebrating the winning of Building Surveyors Award 2023 with the URA team.

(Below) One of the winning self-developed applications under the Urban Renewal Information System (URIS) received recognition for its capability to analyse and visualise data such as building age and management status of buildings on a dashboard, which is conducive to formulating strategies for promoting building rehabilitation.

Exploring sustainable plans for urban renewal

It has been 22 years since the establishment of the URA and its related property acquisition policy for domestic owners affected by URA projects by adopting Government's land resumption policy of a 'seven-year-old flat' as the basis for calculating the Home Purchase Allowance payable to domestic owners.

In view of the fact that the ageing-building problem has become more pressing and market environment more volatile, we believe that this is an opportune time to encourage a thorough discussion about viable options to foster the sustainable development of urban renewal. As the existing compensation mechanism has been in place for years, we fully recognise that any adjustments or amendments to current policies or mechanisms should only be made after thorough consultations. Besides, the issues of acquisition and compensation should not be the only focus when urban renewal resources are reviewed.

To address the problem of insufficient resources for urban renewal in old districts as soon as possible, I plan to launch studies on increasing financial resources, land resources and building development capacity to identify sustainable options for promoting urban renewal in the remainder of my term.

Sources of financial resources of the URA are stipulated in the Urban Renewal Authority Ordinance. The Government has supported the URA through various channels in the past, including a capital injection of HK\$10 billion and exemption from payment of land premiums (including those for rebuilding sites and resettlement sites). In recent years, the Government has also allowed the URA to consolidate land of Government sites and community facilities for planning of redevelopment projects, thereby enhancing the overall development potential which in turn serves as another form of financial support provided to the URA in undertaking urban renewal. As empowered by the Ordinance, we will utilise the accumulated surplus, which is currently HK\$40 billion, to implement urban renewal works.

In the coming years, we will require additional funding to commence several large-scale redevelopment projects. In response to the Government's approval to increase the borrowing limit of the URA, our team will study how to make flexible use of the various financial resources available to replenish our cash flow, while optimising the Project Reserve and financial planning to make timely adjustments in response to market changes to reduce financial risks.

In terms of land resources, with the Government's acceleration of the construction of the Kau Yi Chau Artificial Islands, a substantial new supply of land will become available in the next decade. We will explore how to enhance the urban renewal mechanism in old districts by taking into account the new land supply in new development areas to enhance the sustainability of urban renewal.

Based on our 'planning-led' approach, we will also increase development capacity by adopting the concept of 'vertical city' development to formulate urban renewal plans and enhance the viability of our projects. We will conduct district studies and apply new planning tools recommended in the YMDS to other old districts so as to increase the land development potential and planning benefits of these areas.

Over the years, the URA team has demonstrated unwavering commitment despite the shifting external environment. We have accomplished numerous urban renewal targets, explored innovations and made breakthroughs in various business areas. I extend my heartfelt appreciation to my dedicated team for their hard work, as well as to our Chairman and Board members for their leadership and guidance in outlining new directions and roadmap for the three cycles of urban renewal.

In the remainder of my term, I will work with my team to lay a solid foundation for the first cycle of urban renewal. This endeavour entails bolstering our capability in town planning and maximising the utilisation of land and financial resources to overcome the constraints, which impeded our urban renewal efforts in older districts, due to limited land availability. Meanwhile, we will continue to encourage building owners to fulfil their responsibility for upkeeping their buildings by undertaking proper maintenance for both the interiors and exteriors, so as to prolong the life of their buildings and move beyond reliance on redevelopment as the only approach to urban renewal. Through these concerted efforts, we will create a more sustainable and vibrant urban environment, nurturing the sustainable development of urban renewal for the betterment of present and future generations.

Ir WAI Chi-sing, GBS, JP, FHKEng

Managing Director

31 July 2023

MAJOR EVENTS OF THE YEAR

APR

The Government appointed four new non-official non-executive directors, namely Mr Chan Ka-kui, Ir Janice Lai Wai-man, Mrs Sylvia Lam Yu Ka-wai and Ms Yvonne Yeung Kin-ha, while reappointing nine non-executive directors (non-official) of the URA Board, for a term of three years with effect from 1 May 2022.

The Nga Tsin Wai Road/Carpenter Road Development Scheme (KC-017) in Kowloon City was commenced under a holistic plan and Integrated Approach to optimise land use for enhancing walkability and community facilities, and to renew the old district for connecting with the new Kai Tak Development Area, with a view to creating a liveable, vibrant district with local characteristics, while blending the old and new cityscapes.



MAY



JUN

At Central Market, visitors were captivated by the exquisite miniature exhibition displaying local characteristics and urban cityscapes. It was the first of its kind to showcase the city's development as part of the celebratory events to commemorate the 25th Anniversary of the establishment of the Hong Kong Special Administrative Region (HKSAR).

JUL

Amendments to the Mong Kok Outline Zoning Plan (OZP), which was supported by the URA, was gazetted to propose relaxing some statutory planning parameters with a view to incentivising more private market participation in urban renewal with greater planning flexibility, thereby speeding up regeneration. Approval from the Chief Executive in Council was later obtained in June 2023, while similar amendments to Yau Ma Tei OZP was also exhibited by the Town Planning Board for public inspection.

The Young Leaders Programme, jointly organised by the URA and the Tung Wah Group of Hospitals, was concluded with presentation of creative proposals for enhancing liveability in To Kwa Wan by the students, who had a better grasp of urban renewal and geographic information system after attending a series of learning activities.

The Sham Shui Po District Study was commenced to map out a blueprint for urban renewal by going through baseline reviews, identification of opportunities and constraints, formulation of plans and technical assessment stages.



AUG

SEP

Under the Integrated Approach, the URA commenced a three-year District-based Rehabilitation Pilot Scheme to promote proper maintenance and building rehabilitation to owners of the old building clusters along the area from Nam Kok Road to Tak Ku Ling Road in Kowloon City, expecting to benefit 1,000 residential units.

The Ming Lun Street/Ma Tau Kok Road Development Scheme (KC-018) and To Kwa Wan Road/Ma Tau Kok Road Development Scheme (KC-019) in To Kwa Wan was commenced to improve the living environment in the old districts through holistic restructuring and replanning of the land uses of the area. Additionally, connectivity of To Kwa Wan with the Kai Tak Development Area will be enhanced while a vibrant harbourfront will be created, thus bringing greater benefits to the community.

OCT



Organised by the URA as part of the celebrating activities for the 25th Anniversary of the HKSAR establishment, the four-month event of "Move 'n' Roll Beyond Barrier" Floor Curling was concluded with about 9,500 man-times of people of all ages and abilities playing floor curling, setting the world record of the United Nations' Sustainable Development Goals.

NOV

With the assistance from the URA and legal consultants, one of the undissolved co-operative building societies (CBSs) of the Kau Pui Lung Road/Chi Kiang Street Project (CBS-2:KC) completed the dissolution and reversion of property titles within approximately one year. A ceremony was held to witness the former CBS members acquiring legal titles of their properties and becoming registered owners to accept URA's acquisition offers.

The Queen's Road West/Kwai Heung Street Development Project (C&W-007) was commenced with the objectives of synergising with the Sung Hing Lane/Kwai Heung Street Development Project (C&W-005) through a holistic restructuring of the area, and enlivening the project and surrounding area under the Integrated Approach. Apart from improving the streetscapes, the URA will also enhance the facilities and connectivity of the open spaces.

DEC



MAJOR EVENTS OF THE YEAR

JAN



On the eve of Chinese New Year, the URA partnered with non-governmental organisations and some residents to clean up the Kim Shin Lane/Fuk Wa Street Development Project area that were plagued with insanitary conditions, while also helping families in need to do spring-cleaning preparing their homes for the new start of the year.



FEB

After considering the careful deliberation by the Tender Review Panel, the URA Board decided to reject the tender of Development Areas 4 & 5 of the Kwun Tong Town Centre Project. The URA will explore adopting the concept of 'vertical city' to optimise the land potential by integrating multiple uses including domestic uses into a vertical environment.



MAR



Volunteers from tertiary institutions and the URA participated in the Community Service Partnership Scheme to produce bespoke furniture out of abandoned wood for the underprivileged families in old districts, while also taking care of the mental and physical well-being of elderly people in care homes through art creation activities and the provision of gerontechnology.

APR

The third round of Operation Building Bright 2.0 (OBB 2.0) & Fire Safety Improvement Works Subsidy Scheme was open for application to assist building owners in carrying out proper maintenance and repair works. The application criteria for OBB 2.0 have been relaxed to encourage more voluntary building inspection and repairs.



MAY

The baseline review of the Tsuen Wan District Study was commenced to collect views from owners, tenants and relevant stakeholders in the district. The results will be analysed for devising a blueprint for urban regeneration of the Tsuen Wan district.

JUN

To offer continuous assistance to businesses during the post-pandemic economic recovery period, the URA decided to extend the special rent relief measures for its domestic and commercial tenants until September 2023. Since April 2020, the cumulative amount of rent concessions is expected to reach around HK\$267 million in September 2023, benefitting approximately 1,300 tenants.

The URA-assisted Transitional Housing Project in Hung Shui Kiu, Yan Oi House, completed construction. The URA rendered assistance in project management and construction for the non-governmental organisation Yan Oi Tong, and adopted the Concrete Modular Integrated Construction (MiC) method to reduce the overall construction time to 12 months, and an enhanced layout to increase the number of units - an exemplary of transitional housing projects for the industry.



OPERATING HIGHLIGHTS

(Figures are up to 30 June 2023, unless specified otherwise)

REGENERATING URBAN DISTRICTS

78*

Projects have been undertaken since the establishment of URA in 2001

303,000 m²

Urban area improved or to be improved

REDEVELOPMENT

1,754

Dilapidated building blocks redeveloped or to be redeveloped

44,000

Residents benefitting from projects

49,200 m²

Open space

33,200

New flats

153,000 m²

Government, Institution or Community facilities

REHABILITATION

Around 6,600

Building blocks rehabilitated or undergoing rehabilitation with various assistance schemes

Around 660,000

Flat units benefitted from URA's rehabilitation schemes and five Government subsidised schemes

Around HK\$2,281 million

Building rehabilitation loan and subsidies released

265,000

Flat units benefitted from 'Smart Tender'

PRESERVATION & REVITALISATION

81

Buildings/structures preserved or to be preserved

Place-making at Central Market, SPORTS EXPO, 618 Shanghai Street, H6 CONET and M7 (7 Mallory Street) community open space

48,500

Average visitors/day

1,190

Events held

* 78 projects include 73 redevelopment projects and 5 preservation/revitalisation/retrofitting projects



Incense tree thriving and bearing fruits at Citywalk.

REAPING SOCIAL BENEFITS

SUSTAINING THE ECONOMY

About
1,100

Commercial and residential tenants benefitted from COVID-19 pandemic rent relief

Involving about
HK\$259 million

6,000 m²

Spaces rented to NGOs and Social Enterprises in URA Properties at concessionary rates

CARING FOR ENVIRONMENT

35

Projects attained final BEAM / BEAM Plus Rating for sustainable building design

CARING FOR PEOPLE

493

Starter Homes flats provided

3,000

People benefitted from Community Service Partnership Scheme

694,000

Participants and visitors engaged in 'Arts and Cultural Partnership Programme in Old Urban Districts' since 2011

6,791

Households benefitted from various community programmes to repair or improve home environment

14,200

Volunteering hours attained

A photograph of five white swans flying in a circular pattern against a bright blue sky. The sky is filled with numerous white streaks, suggesting rain or a high-speed camera effect. The swans are positioned at various points around the circle, with their wings spread wide. The overall mood is one of resilience and upward movement.

OPERATING REVIEW

#adversity #resilience #5Rs #urbanrenewal

Come rain or shine, resilient birds soar high on their wings to reach their destination, just as the URA strives to accomplish its urban renewal mission through thick and thin.

Urban degeneration is an issue faced by many large cities, and is challenging enough without unforeseen setbacks such as the three-year pandemic. Yet with a solid foundation built up over the years, the URA has been able to overcome the challenges of these difficult times and maintain a stable operation with a reasonable strong financial position.

With most pandemic-related restrictions lifted by early 2023, Hong Kong finally began returning to normalcy. Economic recovery, however, has proved more fragile than we would have hoped, overcasted by global inflation and rising interest rates. The impact of these headwinds on the URA is evidenced by less than satisfactory bids received for four of our projects offered for open tender in the 2022/23 financial year. This naturally raises concern on the sustainability of URA's financial model and consequently urban renewal in Hong Kong going forward, which will need to be addressed in the foreseeable future.



Amidst the ever-changing and unpredictable environment, we will continue to manage our business operations nimbly under our '5Rs' strategies of Redevelopment, Rehabilitation, pReservation, Revitalisation and Retrofitting, and closely monitor our financial position to accomplish our urban renewal missions with exceptional resilience.

Age-old problems require new approaches. The URA has adopted a holistic 'planning-led' and 'district-based' approach in recent years to create more development capacity, encourage private market participation and enhance liveability in old districts. Other fresh planning concepts include trialling the Integrated Approach to leverage redevelopment projects for improving the living environment through rehabilitation and revitalisation initiatives, as well as applying the 'vertical city' concept in the Kwun Tong Town Centre Project. New planning tools are also introduced to release development potential of lands.

As regards maintenance and rehabilitation work, another critical area in urban renewal, we are pioneering various new preventive maintenance measures, including trial applications of maintenance manuals and plans, alongside incorporating clauses into the Deed of Mutual Covenant of our self-developed residential project to reinforce regular repairs and maintenance, and setting up a special maintenance fund.

OPERATING REVIEW

Strategic Studies for Effective Urban Renewal

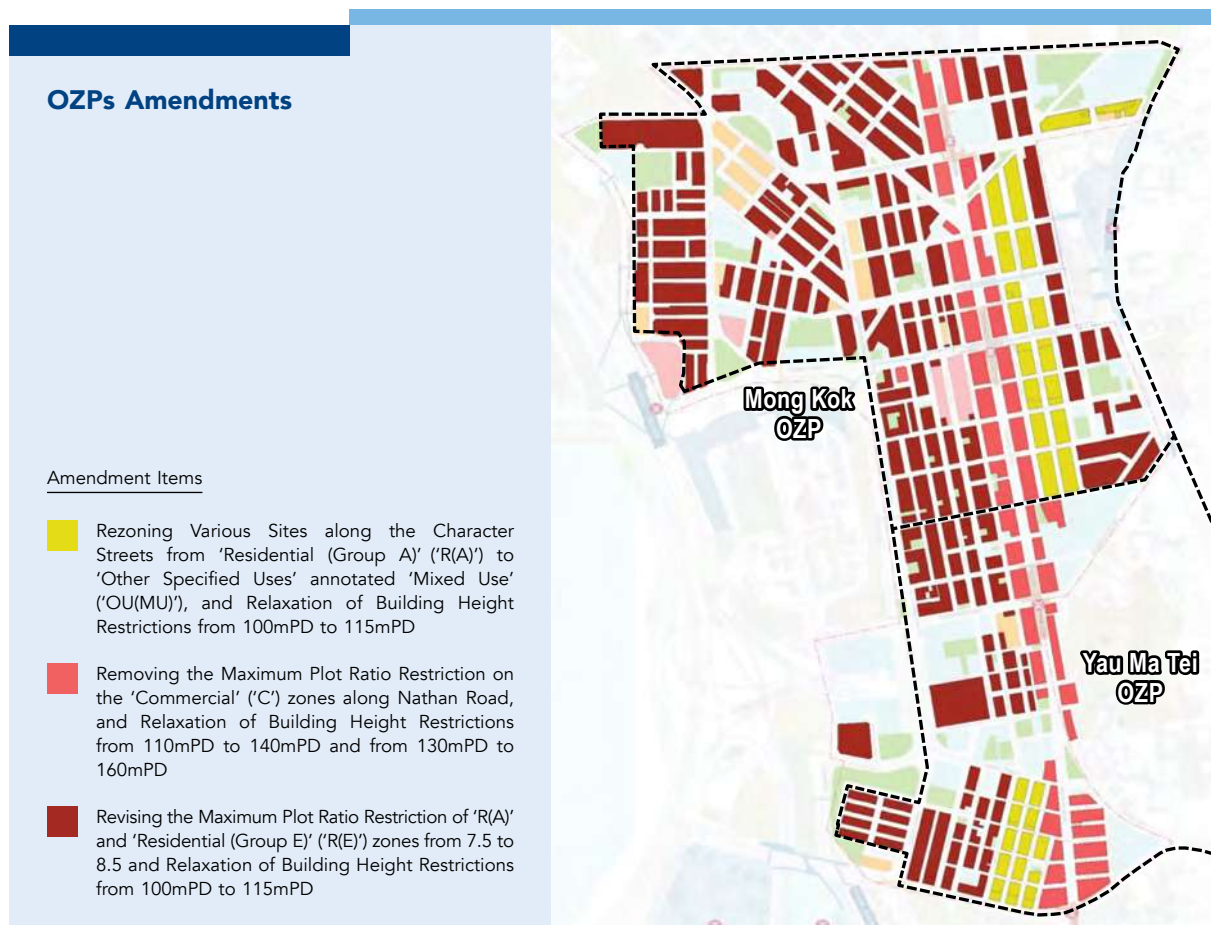
To realise the holistic 'planning-led' and 'district-based' approach, key follow-up actions were taken in the past year for the Yau Mong District Study and the Study on New Strategy on Building Rehabilitation.

Yau Mong District Study (YMDS)

To undertake urban renewal with greater effectiveness, the YMDS, a strategic planning study for establishing new implementation mechanisms and planning tools to overcome existing challenges in urban renewal, was completed in 2021. Over the last year, the URA had been working closely with the Government to progressively implement the proposed initiatives in the Master Urban Renewal Concept Plan and assisted in formulating amendments to the Outline Zoning Plans (OZPs) within the study area for future urban renewal. The implementation of new planning tools will unleash the untapped development potential in the district and therefore incentivising more private market participation in urban renewal to catch up with the pace of urban decay. A workgroup involving associated Government departments and policy bureaux was set up to oversee the development. Major progress is summarised below:

Amendments of Outline Zoning Plans (OZPs)

The URA has supported the Government to initiate the first batch of amendments to the Mong Kok OZP which was exhibited in July 2022 to permit more flexibility for interchangeability between domestic and non-domestic plot ratios in 'Residential' zones; to increase the maximum plot ratio restriction of the 'Commercial' ('C') zones along Nathan Road, to rezone various sites along the character streets to 'Other Specified Uses' annotated '(Mixed Use)' ('OU(MU)'), and to relax the building height restrictions of a number of zones. The Chief Executive in Council (CE-in-C) approved the Mong Kok OZP in June 2023. Within the same month, corresponding amendments to the Yau Ma Tei OZP were exhibited by the Town Planning Board (TPB) for public inspection.



Site Specific Planning Proposals

In light of the proposal to establish five development nodes that interconnect various major shopping/character streets or key pedestrian corridors, to create a knitted network in the two districts, some early initiatives on nodal development and Street Consolidation Areas (SCAs) have been included in the URA's Corporate Plan for implementation in the next five years from 2023/24 to 2027/28, subject to the Financial Secretary's approval.

Renewal of Public Facilities

Amongst the proposals in YMDS to re-provision and enhance community facilities, parks and open spaces, the URA will create a Nano Park System in collaboration with the Leisure and Cultural Services Department (LCSD) by upgrading six small, isolated pocket open spaces in the dense urban setting around the Shantung Street precinct. The design will apply an appealing and distinctive design language to unify the style, colour scheme or other creative components of the existing park spaces, and further differentiate them through cohesive programming or theming with an aim to promote all-inclusive, intergenerational and multi-functional uses within the compact urban environment (details as noted on page 41 under Integrated Projects).

Application of New Planning Tools

A joint effort from the Government and the URA has been initiated to implement the new planning tools, including taking forward a pilot scheme to apply the Transfer of Plot Ratio (TPR) to enhance the development potential of the small and isolated sites with a view to encouraging participation from private developers in urban renewal. The URA is also working with the Development Bureau on the recommendation of SCA sites suitable for redevelopment, along with implementation details, to better utilise the street areas. Upon the settlement of key implementation issues and endorsement by the Government, the selected SCA sites will be included in the Corporate Plan of the URA.

While the implementation of some of the initiatives or recommendations is currently underway, a Work Plan for Government reference with identifications of potential implementation agents, timeframe, planning parameters and design requirements for the planning and design proposals was prepared to highlight the outstanding items.



Under the TPR mechanism, Gross Floor Area will be transferred from sites with low redevelopment potential to more sizeable receiving sites at strategic and accessible locations suitable for higher development intensity, maximising land use and bringing planning benefits to the community. The picture shows the development node of Argyle Street Commercial/Integration Hub with the application of TPR proposed by YMDS.

OPERATING REVIEW

New Strategy on Building Rehabilitation (NSBR)

The NSBR is a comprehensive rehabilitation strategy covering buildings of all ages to reduce the number of dilapidated buildings which may otherwise require redevelopment, as well as to introduce preventive maintenance to prolong service lifespan of buildings at their young age.

Based on the findings of our 2020 study, the NSBR aims to address the three main obstacles that hindered building owners from undertaking building rehabilitation projects: (i) insufficient professional knowledge in organising building rehabilitation works, (ii) inadequate financial resources, and (iii) insufficient organisational capabilities. Over the past two years, the URA has taken a multi-faceted approach in partnership with various stakeholders, including professional institutions and practitioners, to identify solutions to these challenges. Significant progress has been made, and the key achievements are outlined below:

Building Rehabilitation Resource Centre (BRRC)

The BRRC, located at the second floor of eResidence in Hung Hom, is the first multi-purpose centre providing one-stop building rehabilitation information and supporting services in Hong Kong. With multimedia displays and digital technology filling an area of 7,500 square feet, the BRRC aims to promote the importance of building rehabilitation to visitors in interactive ways. Additionally, meeting rooms are available for owners' corporations (OCs) to convene meetings to discuss matters on building rehabilitation works. Following its soft opening in April 2023, over 30 guided tours have been arranged for various stakeholder groups. Upon its full opening to the general public in July 2023, the BRRC will offer online video consultation services to support building owners on their applications for assistance and subsidy schemes.



The first-in-Hong-Kong Building Rehabilitation Resource Centre provides owners with one-stop building rehabilitation information and support.

(Below left) Owners can apply for various building rehabilitation subsidy schemes through online video consultation with URA staff at the centre.





(Left) In the designated area at Kowloon City where URA has commenced a three-year District-based Rehabilitation Pilot Scheme, owners of single-block old buildings (right) attend a briefing session on joint property management, with the hope to improve building management and thus their living environment by jointly hiring a single property management company at a more economical price.

Kowloon City District-based Rehabilitation Pilot Scheme

During the year, the URA has forged ahead with the Integrated Approach to urban regeneration by taking forward rehabilitation and revitalisation initiatives in Kowloon City to improve the built environment. A small pilot area of 40 buildings from Nam Kok Road to Tak Ku Ling Road was mapped out as the testing ground for various 'planning-led' and 'district-based' rehabilitation initiatives and promotion strategies. An operation model/roadmap for testing out joint property management (JPM) was agreed with two property management organisations in 2022 to provide services to single-block buildings without property managers, thereby achieving economies of scale.

In October 2022, a 'district-based' promotion programme was launched with extensive effort in introducing the URA's special assistance for owners in the pilot area, including subsidies in facilitating building rehabilitation and face-lifting of external walls, the start-up interest subsidy offered upon the establishment of maintenance funds, as well as the assistance to small-scale structural repairs within owners' units. Following the promotion of building rehabilitation schemes to all buildings in the pilot area by the end of June 2023, alongside the introduction of the benefits of forming an OC to the three-nil buildings (that are buildings which do not have OCs nor any form of residents' organisations, and have not engaged property management companies), six buildings have applied to join the rehabilitation schemes, among them two three-nil buildings have successfully formed their OCs to facilitate the implementation of rehabilitation works.

Going forward, the URA will assist those building owners with an interest in building rehabilitation to engage project consultants for the implementation works, while providing maintenance plans for buildings without immediate repair needs through work consultants. Experiences derived from the implementation of the District-based Rehabilitation Pilot Scheme in Kowloon City will serve as a reference for fostering building rehabilitation in other focus areas in the future.

New preventive maintenance measures

After the successful trial applications of maintenance manual and maintenance plan templates in the four URA's rehousing blocks, eResidence and Kai Tak project in the past year, the URA has taken a further step to promote preventive maintenance covering periodic inspection of buildings and regular contributions from owners to a special fund for future maintenance. In addition to including relevant clauses in the draft Deed of Mutual Covenant (DMC) of the eResidence Tower Three Starter Homes project, which is set for launch in September 2023, the URA will also provide a start-up fund to encourage owners to keep making contributions to the special fund for future maintenance. The relevant clauses would be recommended for consideration and adoption in the Government's DMC guidelines and Home Affairs Department's Codes of Practice in the near future.

Our advocacy of preventive maintenance has become stronger by joining forces with different stakeholders, including the Property Management Services Authority, the Hong Kong Institute of Housing and other property management associations. Following the ten seminars conducted for property management associations and companies in 2022/23, there will be ongoing promotions in the next year targeting major stakeholder groups to foster the adoption of various preventive maintenance measures.



#terracedfields #restructuring #optimisinglanduse

Redevelopment of old urban areas is likened to the building of terraced fields. The potential of sloping land can be optimised upon development to create multiple functional and aesthetic advantages, bringing benefits to the community.

REDEVELOPMENT

URA's redevelopment efforts continued in the past year unabated by the pandemic. Parts of the Kowloon City district will be transformed under three new regeneration projects breathing fresh life into the dilapidated area. With the addition of the Queen's Road West/Kwai Heung Street Project (C&W-007) launched during the year, these four redevelopment initiatives will yield a total of over 6,760 new flats.



Setting aside new housing supply, our holistic 'planning-led' and 'district-based' strategy continues to bring abundant planning and community gains to the old districts through replanning and restructuring of land.

By unlocking the development potential of under-utilised land, not only will the walkability and connectivity of the areas be improved with wider open spaces and passageways, community facilities will also be reprovisioned and upgraded under a 'Single Site, Multiple Uses' approach. Meanwhile, the URA will continue to adopt the Integrated Approach to enliven the renewed districts through rehabilitation and revitalisation, with a view to injecting vibrancy into these areas.

Projects Commenced in 2022/23

Ming Lun Street/Ma Tau Kok Road Project (KC-018) and To Kwa Wan Road/Ma Tau Kok Road Project (KC-019)

To realise the vision of the 'planning-led, district-based' approach to urban renewal, the two projects were commenced in October 2022 under a holistic plan to restructure and replan the land uses of the area to improve the living environment and connectivity to the waterfront.

In KC-018, an area also known as 'Five Streets', the eight-storey buildings covering 101 street numbers are generally aged about 60, without elevators, and in dilapidated conditions. KC-019 covers the redevelopment of two industrial buildings. By incorporating 'Five Streets', the two industrial buildings and the adjoining underused streets in the holistic planning, opportunities to improve the local streetscape and overall living conditions can be optimised, realising an area-wide regeneration of the built environment in the old district.



(Left) A lot of the residents have been distressed by the serious water seepage problem.

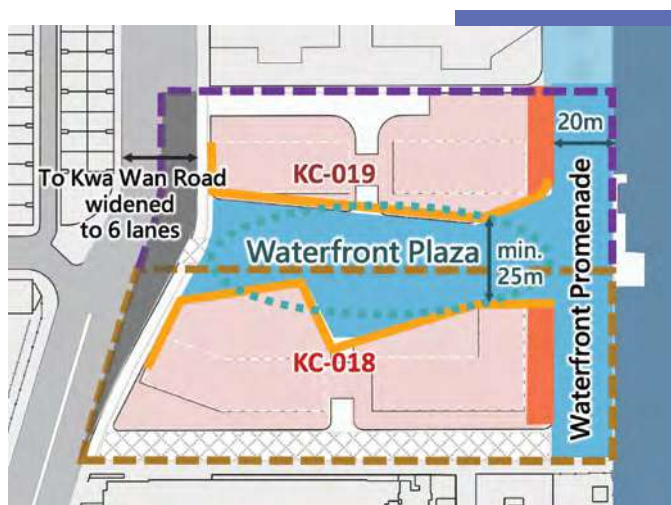


(Right) In the 'Five Streets' area of To Kwa Wan, buildings are generally in the age of 60 years and in dilapidated conditions.

As the project sites are strategically located in the harbourfront area, the URA has incorporated the Government's vision of enhancing the city's harbourfront environment in its comprehensive study. Through holistic replanning of land use, the redevelopment will allow a 20-metre wide setback from the waterfront to create a vibrant space for the waterfront promenade that will connect with a new housing estate under the Hong Kong Housing Society, the adjoining planned waterfront promenade and the Kai Tak Sports Park, enabling a continuous waterfront at the Kowloon East that will help achieve the design objective of shaping a world-class harbourfront.

In addition, through a properly-planned building layout and design, an at-grade waterfront plaza between the residential blocks and the commercial podium will be provided. The plaza, which is at least 25 metres wide, will enhance visual and walkability between the old districts and the waterfront connecting the promenade, and at the same time, provide space to accommodate on-street dining and shops, creating a pleasant atmosphere for public enjoyment.

Besides, the buildings facing To Kwa Wan Road will be set back upon the completion of the projects to provide sufficient space to materialise the Government's intention to widen To Kwa Wan Road from four lanes to six, thereby enhancing the accessibility to the Kai Tak Development Area.



By incorporating 'Five Streets' (brown boundary site), the two industrial buildings (purple boundary site) and the adjoining underused streets in the holistic planning, an area-wide regeneration of the built environment in the old district can be realised.

OPERATING REVIEW

For the industrial building redevelopment project of KC-019, the URA is reviewing the policies for acquiring property interests of the units, and studying appropriate arrangements for eligible owners, in order to drive success for the project.

The draft Development Scheme Plans (DSPs) of both projects were published in March 2023 for public inspection for a period of two months. The URA will accord to prevailing policies to issue acquisition offers and compensation to the affected owners and tenants upon the gazette of the approved DSPs by the CE-in-C.



Through the replanning of land use under holistic planning, a portion of the new buildings in KC-018 and KC-019 project area will be set back from the waterfront after redevelopment to make space for a waterfront promenade of about 20 metres wide, with a view to creating a vibrant harbourfront and bringing greater planning benefits to the old district.

Queen's Road West/Kwai Heung Street Project (C&W-007)

Commenced in December 2022, the C&W-007 Project involves the redevelopment of buildings across 15 street numbers. These buildings are currently in poor condition and range from four to six storeys. Along with the redevelopment of these dilapidated structures, the project aims to create synergy with another URA redevelopment initiative nearby at Sung Hing Lane/Kwai Heung Street Project (C&W-005). This will result in greater planning benefits for the community, including the restructuring of land use, the reshaping of urban green areas, and improved connectivity.

One of the key improvements that these two projects will bring is an expansion of the existing Sung Hing Lane Children's Playground by over 40%. This will significantly increase the size of the playground while also improving its accessibility from major thoroughfares. Subject to approval from the LCSD, the playground facilities will also be upgraded to modern standards to better cater for the needs of the public.

The URA will extend its efforts beyond the immediate project sites of C&W-005 and C&W-007, and focus on promoting the rehabilitation of buildings in the surrounding areas as part of its Integrated Approach to urban renewal. To this end, the URA will explore various measures, including financial incentives and technical assistance, to support building owners in undertaking rehabilitation works. Drawing on the experience in the Kowloon City Action Area Project, the URA will also investigate the feasibility of carrying out additional district beautification works to create a harmonious cityscape Project, that seamlessly blends the old with the new during the regeneration process.



The Sung Hing Lane Children's Playground is currently enclosed and obscured by surrounding buildings. Upon the completion of C&W-005 and C&W-007 projects, not only will the playground be expanded, but its accessibility from major thoroughfares will also be significantly improved.

The planning procedure of C&W-007 project is expected to take 12 months to complete. It is estimated that acquisition offers to property owners affected by this project will be made in the first half of 2024, subject to the completion of appeal procedures under the Urban Renewal Authority Ordinance (URAO).

Nga Tsin Wai Road/Carpenter Road Project (KC-017)

Composed of a main site, a northern site and an eastern site, KC-017, which was commenced in May 2022, occupies a total area of about 37,000 square metres. With the holistic plan of restructuring and replanning, complemented by the Integrated Approach to urban renewal by ways of redevelopment, rehabilitation, preservation, revitalisation and place-making, the project is set to uplift the living environment and vibrant streetscapes displaying the diverse local cultural and dining character in Kowloon City, in addition to improving traffic conditions and enhancing community facilities. A gateway square between the Lung Shing area and Kai Tak Development Area (KTDA) will also be created to strengthen the connectivity of the old and new districts.



Artist Impression

Under the 'Single Site, Multiple Uses' concept, the KC-017 project will provide a new G/IC Complex with modernised facilities and greater community uses.

The northern site at Carpenter Road Park will be replanned to provide a new Government, Institution or Community (G/IC) complex with enhanced community facilities to re-provision the existing Kowloon City Municipal Services Building and the adjoining facilities at the main site under the concept of 'Single Site, Multiple Uses'. The total G/IC floor area proposed together with the main site will be about three times the existing one. The URA will take the lead in the design and implementation of the new G/IC complex, and coordinate with relevant Government bureaux/departments to secure design and funding approvals for construction. The new G/IC complex will be managed and maintained by the Government upon completion, while the Food and Environmental Hygiene Department (FEHD) will be responsible for the liaison with tenants of Kowloon City Market and cooked food centre on the relocation arrangements to the new G/IC complex.

Riding on this opportunity to allow better integration of the new G/IC complex with Carpenter Road Park, the URA will modernise the existing park facilities including a bicycle trail and a jogging path, in addition to restructuring and revitalising the park to improve connectivity between the two areas.

A steering Working Group involving the FEHD, LCSD and Home Affairs Department was set up in June 2022 to develop the design concept of the new G/IC complex at Carpenter Road. Meanwhile, an implementation plan is being formulated for the advanced improvement works at Carpenter Road Park.

The eastern site, which will link to the sunken plaza in the Kai Tak Road/Sa Po Road Project (KC-015) in future, will emerge as a gateway square to connect the KTDA. Through the application of the new planning tool of TPR, a lower development potential is proposed to be kept at the eastern site in order to create an enlarged gateway square with a low-rise retail block as a wide entrance of the Lung Shing area from the KTDA. The remaining development potential of the eastern site will be transferred to the main site to optimise the site development potential.

In October 2022, the TPB published the draft DSP for public inspection for a period of two months. The URA will accord to prevailing policies to issue acquisition offers and compensation to the affected owners and tenants upon the gazette of the approved DSP by the CE-in-C.

OPERATING REVIEW

Progress of Ongoing Key Projects

Integrated Projects

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

Taking advantage of the implementation of the KC-015 and KC-017, which act as gateways to the Lung Shing area and enhance connectivity and walkability to the KTDA, a holistic integration with their surrounding built environment has been proposed. Streetscape improvements will be implemented in a focus area bounded by Tak Ku Ling Rest Garden, Nga Tsin Wai Road, Nam Kok Road and Prince Edward Road West. Tak Ku Ling Rest Garden will also be revitalised and beautified.

Furthermore, revitalisation of the existing building clusters within the focus area will be implemented through a 'district-based' approach, which includes enhancing the aesthetics of building facades and improving streetscape elements such as shop fronts, canopies, and signage. A cohesive place-making theme and design will be developed to rejuvenate the neighborhood, encompassing both new and old built environments and communities. The URA initiated a public engagement exercise to facilitate the formulation of the design concept. A schematic design for the first phase of the area has been completed and submitted to relevant Government departments for approval (more details on building rehabilitation are covered on page 35 under Kowloon City District-based Rehabilitation Pilot Scheme).



Artist Impression

Under the Integrated Approach, the Tak Ku Ling Road Rest Garden will be revitalised and integrated with the project area of KC-015, KC-017 and the nearby bus stops, providing an improved environment for bus queuing and disembarking.

Queen's Road West/In Ku Lane Project (C&W-006)

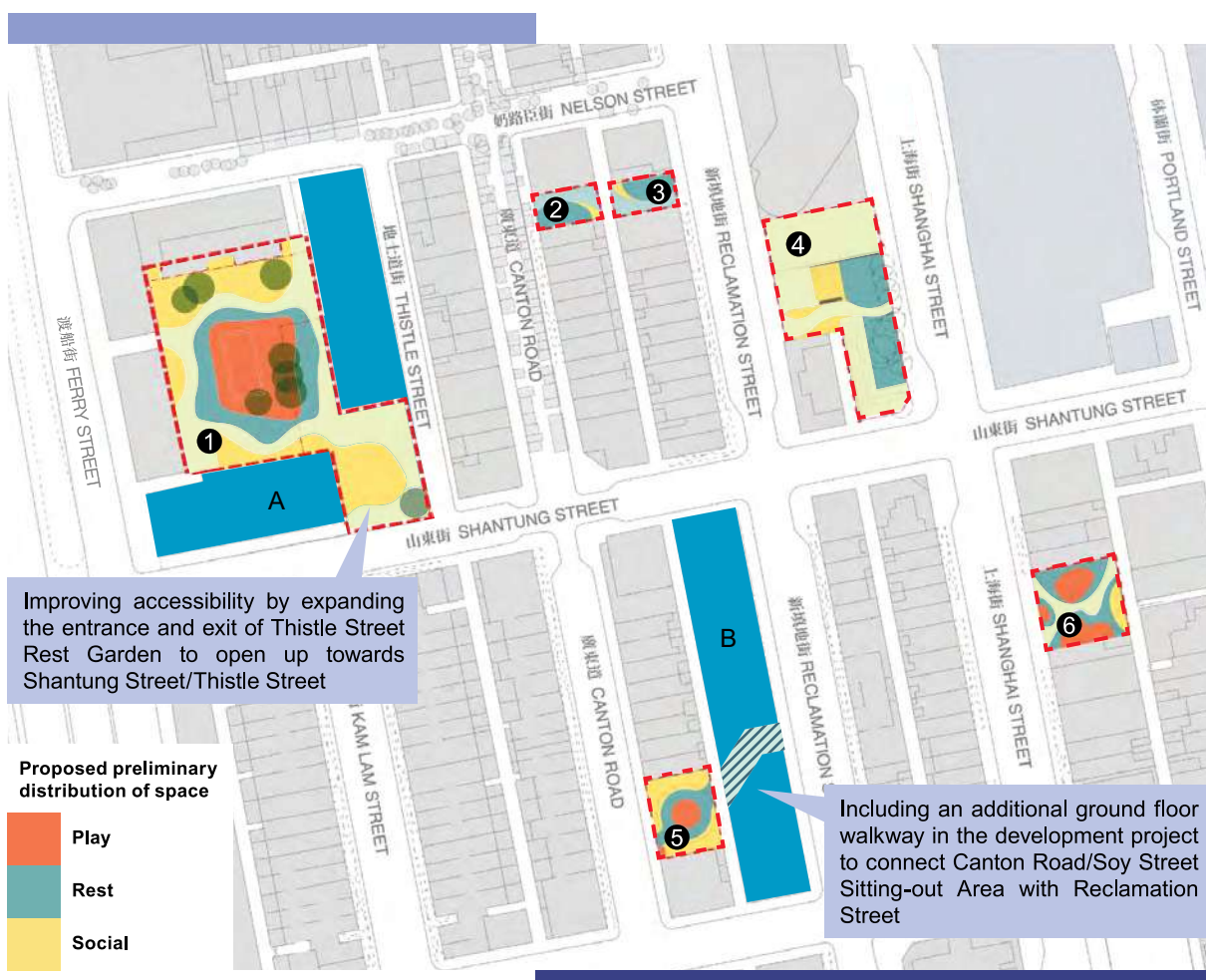
Under a holistic and integrated planning strategy, the URA proposed in 2019 to integrate rehabilitation and revitalisation initiatives with the redevelopment of C&W-006 to create more planning gains for the local community through enhancing the surrounding environment and communal facilities, such as the improvement works at Li Sing Street Playground.

Supported by the Central and Western District Council, community engagement was conducted to solicit stakeholders' views for generating a design theme and concept for the revitalisation of Li Shing Street Playground and the future 'green corridor' which forms part of the public open space. The first phase of improvement works at Li Sing Street Playground was completed with the handover of the basketball court to the LCSD on 31 March 2023. The next phase of improvement works has commenced with completion target in the fourth quarter of 2023. It is envisaged that the revitalised spaces coupled with the planning gains of the adjoining redevelopment project will become an exemplar to showcase the synergistic effects of the integrated urban renewal approach.

Nano-Parks in connection with Reclamation Street/Shantung Street/Thistle Street Project (YTM-010 and YTM-012)

As one of the initiatives proposed under YMDS, the key objective of the Nano-Parks open space system is to re-invent a new open space network through a collaborative community initiative on branding and place-making to connect existing small-sized and scattered parks within walkable distances, thereby creating greater design impacts and opportunities for community enjoyment. A cluster of Nano-Parks near Shantung Street has been identified for pilot implementation with support from the LCSD. Given its proximity to the two URAs ongoing redevelopment projects, YTM-010 and YTM-012, the Integrated Approach was also applied to elevate its renewal effect.

Following the completion of community engagement in September 2022, a schematic design for the first batch of the Nano Parks areas was submitted to Government departments for approval. Site works will commence in batches upon receiving the approval.



OPERATING REVIEW

Other Projects

Kim Shin Lane/Fuk Wa Street Project (SSP-017) and Cheung Wah Street/Cheung Sha Wan Road Project (SSP-018)

The URA commenced two projects, SSP-017 and SSP-018, in September 2021 with aims to fully utilise land resources that cover both the Government land and the adjoining Kim Shin Lane building clusters, as well as to bring more planning benefits through restructuring the layout of both sites. The Secretary for Development authorised the URA to proceed with SSP-017 in June 2022. The decision, after the dismissal of an appeal, was published in the Gazette in February 2023. Acquisition offers were issued in April 2023, and upon their expiration in June 2023, property owners of 84% of the 830 property interests accepted the acquisition offer.

As for SSP-018, the DSP was approved by the CE-in-C in February 2023. Under the scheme, a new Government complex will be provided for the re-provisioning of community facilities including the Cheung Sha Wan Sports Centre affected by the redevelopment. In this regard, the URA has been working closely with relevant Government bureaux/departments to implement the project, and a technical feasibility study was completed in mid-2023 for the Government's approval to prepare the cost estimates for the construction of the Government complex in the coming financial year.

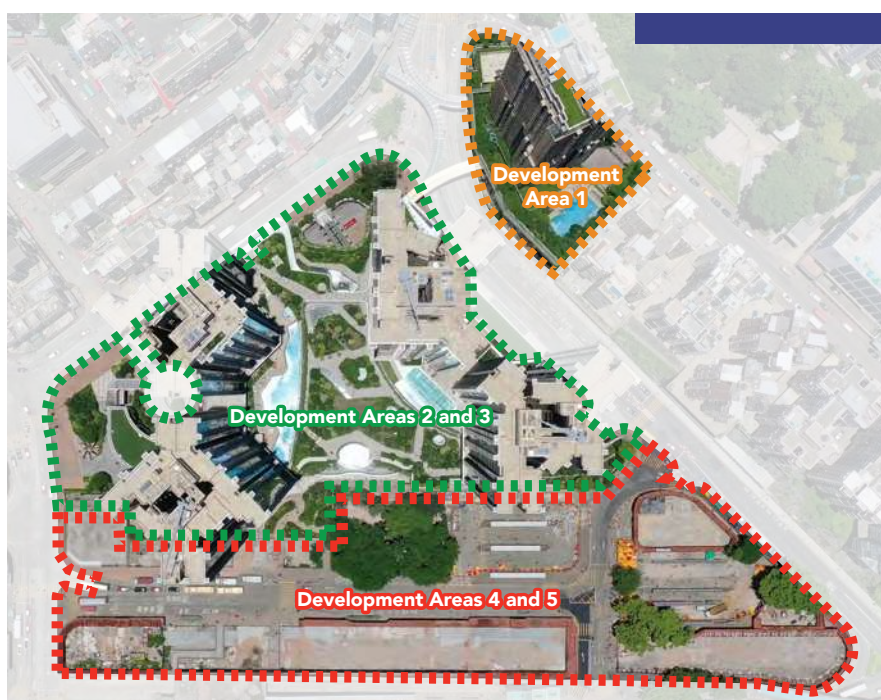
Kwun Tong Town Centre Project (K7)

K7 covers a total site area of 5.3 hectares and was inhabited by 1,300 households prior to its redevelopment. The project was divided in five Development Areas (DAs) which were implemented in phases. DA 1 at Yuet Wah Street (Park Metropolitan) and DAs 2 & 3 (Grand Central) have been completed and new residents have moved into the redeveloped towers. The Yue Man Square Public Transport Interchange in DAs 2 & 3 commenced operation in April 2021. It is Hong Kong's first Public Transport Interchange with an indoor air-conditioned bus waiting area.

Demolition works at DAs 4 & 5 were completed in April 2022. To cope with uncertainties brought by the pandemic and the latest market sentiment, the URA initiated a pilot arrangement of 'floating planning parameters' in pursuing the Joint Venture (JV) tender of DAs 4 & 5 in K7. The pilot arrangement would provide the JV developer with the flexibility to determine the actual Gross Floor Area (GFA) within specified ranges for retail, office and hotel uses on the condition that the total GFA would remain unchanged. TPB's approval for the 'floating planning parameters' was obtained in September 2022, followed by the issue of tender invitation in November 2022.

Progress of Kwun Tong Town Centre Project

- Development Area 1: completed
- Development Areas 2 and 3: residential site, Yue Man Square and Public Transport Interchange completed
- Development Areas 4 and 5: demolition works completed



Despite the URA's efforts to increase flexibility in the planning parameters, only one tender offer was received upon tender closing in January 2023 due to unfavourable market conditions. The URA Board, having considered the recommendation provided by the Tender Review Panel, decided to withdraw the tender invitation.

To take forward the project, a mixed-use development mode modelling the planning concept of 'vertical city' has been introduced. The concept entails the integration of multiple uses including domestic uses into a vertical environment to optimise its land potential at the strategic location, aiming to maintain the role of K7 as the future Kwun Tong Town Centre and to elevate its significance from the district to the city level. The development mix will include both residential and commercial uses which encompass flexibility under the 'floating planning parameters' to cope with changing market circumstances. The URA has been working with the Planning Department to submit the rezoning application for the TPB's consideration targeted by the third quarter of 2023.

During the course of undertaking relevant planning procedures, the URA has liaised with relevant Government departments to apply for temporary and short-term uses of the Government land at the project site to serve the local community. In April 2023, approval was granted for the temporary uses of the Government land and the first activity to promote skateboarding was launched with free workshops offered to the public. In view of the need to refurbish the area and upgrade the provisions at the site in May 2023, the Government has also approved URA's application for its short-term uses as a 'free space' for public enjoyment. A survey was conducted in Kwun Tong in June 2023 to gauge public views on the use of the free space.



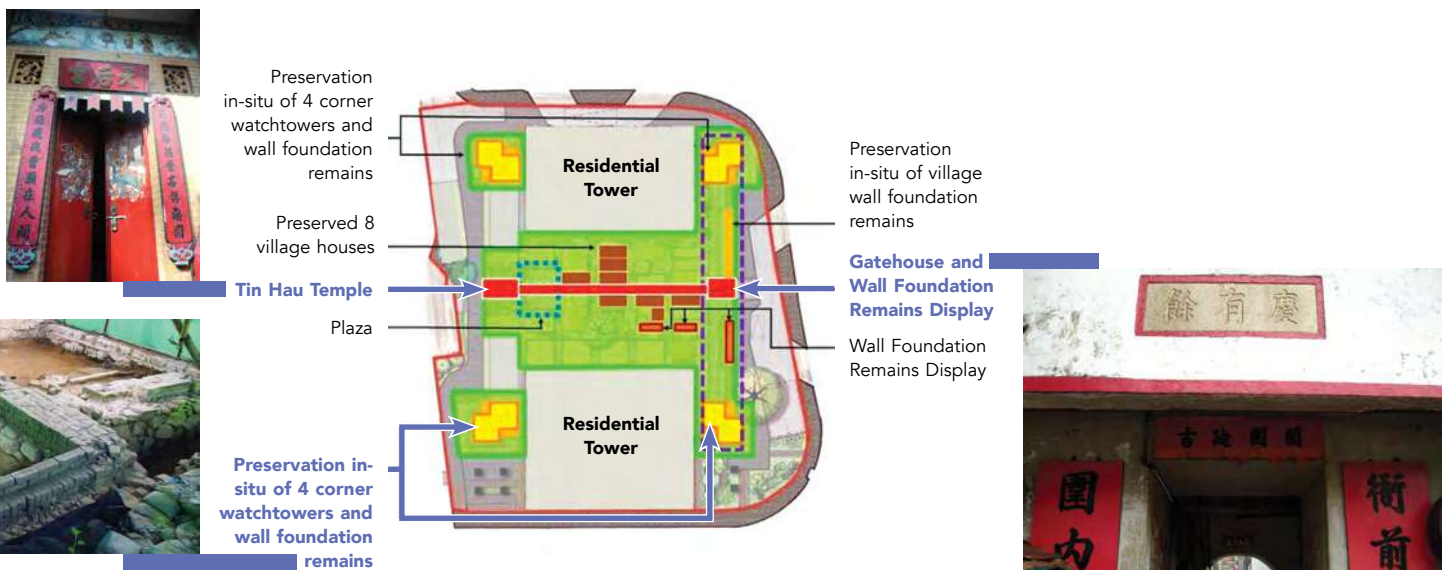
Activities including skateboarding, exercise biking and canoeing are organised in the temporary 'free space' in the Development Area 4 and 5 of Kwun Tong Town Centre Project for members of the public to experience different kinds of sports.

OPERATING REVIEW

Nga Tsin Wai Village Project (K1)

A conservation-led development approach was adopted for the project. Taking into account the foundation remains of old village walls and watchtowers at some excavated locations, and based on the findings from further excavation and field investigation works conducted between 2019 and 2021, an enhanced conservation proposal for K1 as a redevelopment and preservation project was put forward and presented to the Antiquities Advisory Board in December 2022. The land lease for the development of the project was granted by the Lands Department in June 2023. According to the enhanced conservation proposal, rescue excavation for the project site shall be carried out prior to the commencement of construction works. Also, a Conservation Park will be built at the project site to showcase the preserved archaeological elements.

Conservation Proposal of Nga Tsin Wai Village Project



Civil Servants' Co-operative Building Society (CBS) Projects

The two pilot projects to redevelop CBS buildings, namely CBS-1:KC at Shing Tak Street/Ma Tau Chung Road and CBS-2:KC at Kau Pui Lung Road/Chi Kiang Street, have made remarkable progress. The site clearance of CBS-1:KC was completed in March 2023 while demolition works for some buildings were commenced in January 2023. As for CBS-2:KC, among the nine CBSs pending dissolution at the time of project commencement, one CBS has successfully dissolved and its ex-members became owners of their flats in October 2022 through the URA's legal and administrative assistance. As of 30 June 2023, applications for the dissolution of the other five CBSs have been submitted while members of the remaining three CBSs are being engaged.

CBS-1:KC will enter the next phase of redevelopment upon the issuance of land grant. For CBS-2:KC, a planning proposal to provide 950 Starter Homes (SH) units to support the Government's subsidised sales flats initiatives has been submitted.



Former CBS members of the Maine Co-operative Building Society in CBS-2:KC Project attend the ceremony to witness the dissolution of their CBS.

Cleared and Tendered Projects

The keen pursuit of project site clearance and tendering continued in 2022/23 to sustain the pace of urban renewal. As of 30 June 2023, site clearance was completed for three project sites, covering C&W-006 at Queen's Road West/In Ku Lane, KC-014 at Wing Kwong Street/Sung On Street and CBS-1:KC at Shing Tak Street/Ma Tau Chung Road. Three JV tenders were awarded for C&W-005 Project at Sung Hing Lane/Kwai Heung Street, C&W-006 and KC-014 Projects.

Responding to Redevelopment Request from Owners

Under the Urban Renewal Strategy, the URA may respond to a joint approach from building owners to initiate redevelopment of their buildings.

Owners Opinion Survey

In 2021/22, a new approach to the Demand-led concept was explored under the Preliminary Project Feasibility Study for Sai Wan Ho through conducting an opinion survey with owners in the study area to solicit their views on urban renewal initiatives covering redevelopment, rehabilitation and retrofitting. Results are being analysed and will be incorporated during the formulation of the Master Urban Renewal Plan.

Facilitating Services (FS) Scheme

Through the Urban Redevelopment Facilitating Services Company Limited (URFSL), a wholly-owned subsidiary of the URA, the FS scheme has been running since 2011 to facilitate interested property owners in a building to assemble their titles and jointly sell their properties in the market. After conducting an internal review in 2021/22, it was concluded that without changing the current application requirements, priority should be given to sites that would be beneficial to the urban renewal process and that planning gains should be a major factor for consideration when selecting sites for the future provision of the joint sale services. The URFSL is currently providing assistance to interested owners of several potential sites on their applications for the joint sale scheme.

Since 2021, the URFSL has also launched a new service to facilitate the redevelopment of under-utilised non-governmental organisation (NGO) sites under the 'Single Site, Multiple Uses' model (more details are covered on page 47 under 'Single Site, Multiple Uses' for NGO Sites). At the same time, the URFSL is also offering free facilitating services to members of undissolved CBSs affected by the URA's projects to help them obtain legal titles of their flats through the dissolution of the CBSs. In 2022/23, the URFSL engaged with nine CBS buildings at CBS-2:KC and successfully facilitated one of them to dissolve. URFSL will continue the engagement work to facilitate the dissolution of the remaining CBSs for the smooth implementation of the CBS-2:KC project.

Flat-for-Flat (FFF) Arrangement

Since FFF introduction in 2011, the FFF arrangement has been offered to affected owners in 30 redevelopment projects. Domestic owner-occupiers in these projects were offered an option to purchase in-situ FFF units in the respective redevelopment sites, or FFF units in other selected URA development projects including the Kai Tak Development. Up to June 2023, a total of 49 flat owners have taken up the FFF offers, comprising 42 units in the Kai Tak Development and seven in-situ units.

OPERATING REVIEW

Policy Address Initiatives

District Studies

As per the Government's invitation in the 2021 Policy Address, the URA has taken on the task to conduct district planning studies for the old districts of Tsuen Wan and Sham Shui Po aiming to map out blueprints for urban renewal.

The district studies on Sham Shui Po (SSPDS) and Tsuen Wan (TWDS), which comprise works of baseline review, identification of opportunities and constraints, plan formation and technical assessment, commenced in August and November 2022 respectively. The baseline review report of SSPDS was completed in April 2023 with urban renewal opportunity areas identified for developing the master renewal plan, while the baseline review of TWDS will be completed in 2023/24. Views from owners, tenants and relevant stakeholders in the two districts are being collected or have been collected through surveys and interviews. Meanwhile, special studies aiming to examine particular topics such as the local culture and character streets in Sham Shui Po as well as the multi-level pedestrian network and territorial density review in Tsuen Wan, will be undertaken. The URA will work with the Government to take forward the restructuring and replanning proposals as recommended in the studies. New planning tools proposed in YMDS would be adopted as appropriate in the SSPDS and TWDS, subject to market response upon their implementation.

Starter Homes (SH) Projects

eResidence Tower Three

In response to the Policy Address which entrusted the URA with a new mission to actively provide more SH units in its redevelopment projects, the URA designated its Chun Tin Street/Sung Chi Street Project (eResidence Tower Three) as its second SH project providing about 260 units.

The URA has applied for pre-sale consent for eResidence Tower Three, while expediting all associated sales processes, including the handling of applications, eligibility assessments, preparation of sales brochures, and establishment of sales offices and show flats. Meanwhile, the URA has appointed an independent surveyor to assess the market values of the SH units. Having regard to the affordability of potential applicants, the assessed market values and the financial viability of the URA, a proposal on the discount rate and discounted selling prices of the SH units will be put forth for seeking Government approval. The SH units will be open for application in September 2023 upon receiving the Government's approval.

Redevelopment of Tai Hang Sai Estate (THSE)

Following the announcement in the 2020 Policy Address, the Hong Kong Settlers Housing Corporation Limited (HKSHCL) and the URA signed a Memorandum of Understanding in March 2021 to take forward the redevelopment of THSE. The Government approved in September 2021 the joint redevelopment proposal by the HKSHCL and URA on the condition that the HKSHCL will provide proper rehousing arrangements for existing tenants. The TPB approved in December 2021 the planning application which involves further enhancements on flat supply and planning gains.

The redevelopment of THSE is being implemented in two portions, namely Sites 1 and 2, providing a total of about 3,300 new flats upon completion. Site 1 will provide about 1,300 units for HKSHCL to rehouse their existing residents while Site 2 will provide about 2,000 SH units to be disposed of by the URA. Opportunities will be taken to generate additional planning gains, such as increased provisions of G/IC facilities and public open space, and better connectivity with nearby transportation facilities for the benefit of the local community.

The Project Implementation Agreement was executed with the HKSHCL in May 2023. Rehousing offers were issued by the HKSHCL in June 2023. Depending on the progress of tenants' rehousing implementation and vacation of premises, demolition and construction works will commence accordingly in a timely manner.

Assisting NGOs in Developing Transitional Housing (TH)

The task of assisting NGOs in developing transitional housing has been accomplished. In the collaborative project with Yan Oi Tong to provide 410 transitional housing (TH) units in the Yan Oi House in Hung Shui Kiu, the URA rendered support in project planning, design and construction. Featuring a customised design of a 'horizontal' layout which enables better natural lighting and ventilation, the modular units were successfully installed using the Concrete Modular Integrated Construction (MiC) method. The project management fee received by the URA was also given back to the community by providing six kinds of communal and community facilities for the residents, so as to improve their living environment. Following the completion of construction in June 2023, Yan Oi Tong then commenced the tenancy management work while facilitating the move-in of residents to provide a better living environment to those needy families awaiting public housing.



(Above) Exterior view of Yan Oi House. The use of MiC construction method in this project has effectively shortened the construction time from 14 to 12 months.

(Above right) The horizontal layout design for flat units enables the inclusion of larger windows, facilitating natural lighting and ventilation.

(Below right) Each flat unit features a bathroom and an enclosed kitchen that are furnished with windows.



'Single Site, Multiple Uses' for NGO Sites

In response to the 2019 Policy Address inviting the URA to offer consultancy and facilitating services to NGOs in pursuing redevelopment initiatives under the 'Single Site, Multiple Uses' model, a facilitation scheme was launched in January 2021 by the URA who acts as a consultant to facilitate NGOs to optimise their under-utilised sites.

Up to June 2023, enquiries from 29 NGOs have been received with four of them having submitted their applications. Two of the applicants, one with the NGO site in Tuen Mun and the other in Sham Shui Po, were considered eligible and the final assessment reports as required under the scheme were issued by the URA to the respective NGOs in March 2023. The URA and the concerned NGOs are reviewing the benefits and financial implications involved, while assessment is being made on whether redevelopment projects, making use of the two NGO sites, could be taken forward. The two remaining applications were turned down due to their ineligibility for the scheme.



#preventivemaintenance #buildingrehabilitation #pruning #arborist

If given proper care and rehabilitation, the lifespan of both buildings and trees can exceed 100 years - pruning in the latter case.

REHABILITATION AND RETROFITTING

Cities and housing can be viewed as living organisms; like trees, they can become frail and deteriorate over time if left to age without proper care.



One of the URA's mandates is to encourage and incentivise building owners to undertake rehabilitation of their properties so as to arrest urban decay.

Maintaining good condition of their buildings is every owner's responsibility. Notwithstanding the challenges of changing the public's perception of property maintenance, we spare no effort in boosting public awareness of not just the need for building rehabilitation, but also the value to be derived from it. Apart from administering various subsidy schemes, one new initiative we introduced last year was the establishment of Hong Kong's first Building Rehabilitation Resource Centre, providing one-stop building rehabilitation information and assistance services.

Building Rehabilitation Subsidy Schemes

The URA pressed ahead with its rehabilitation efforts through the administration of various building rehabilitation subsidy schemes. Being the sole organisation to administer all Government subsidy schemes across Hong Kong involving over HK\$19 billion in total, the URA provides not only financial assistance to eligible owners but also technical support for their building rehabilitation works.

Following the success of the first and second rounds of Operation Building Bright 2.0 (OBB 2.0) and Fire Safety Improvement Works Subsidy Scheme (FSWS), the URA launched the third round of applications in April 2023 for both schemes. The application criteria for the third round of OBB 2.0 have been relaxed to encourage more buildings to participate. Subject to the maximum rateable value limits, all domestic or composite buildings aged 40 years or above are now eligible to apply. Meanwhile, buildings aged 30 to 39 years with outstanding Mandatory Building Inspection Scheme (MBIS) notices are also eligible. While the deadline for the third round of application is 30 September 2023, the URA has so far received very positive responses from building owners to both schemes.

To expedite the application process of the subsidy schemes, the URA has implemented new measures to assist owners to commence the rehabilitation works as soon as possible. Approval-in-principles (AIPs) are issued to eligible applicants in batches so that the relevant works can be organised and commenced promptly. To speed up the process further, Replacement AIPs¹ (RAIPs) and Conditional AIPs (CAIPs)² are being issued so that the application cases waiting in line can be processed with more flexibility.



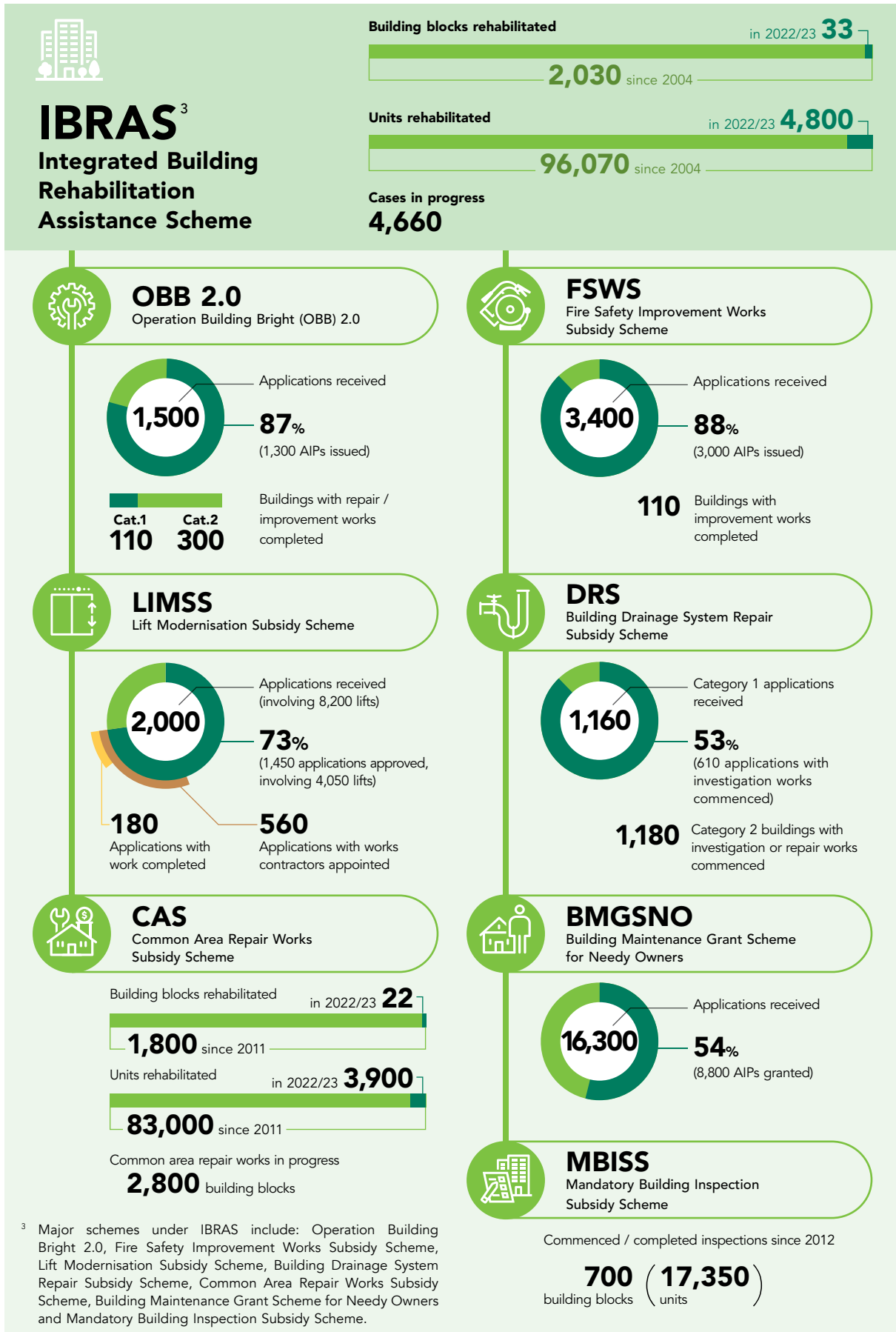
The new building rehabilitation office located at Yu Chau West Street, Cheung Sha Wan, provides one-stop services to the public from making general enquiries, applying for various building rehabilitation schemes, to submitting their applications by placing in the drop-off box at the office.



¹ Replacement AIP ('RAIP'): To avoid price escalation due to high market demand of works and services, all applications are prioritised into batches according to a set of risk determination criteria. Following the prioritisation order in each batch, applications submitted with required documents will be issued with AIPs and approached for assistance in organising rehabilitation works. Nevertheless, there are 'sluggish application cases' that fail to submit the required documents despite repeated reminders. To expedite the overall building rehabilitation process, applications in latter batches with required documents readily submitted will be issued RAIPs to replace the 'sluggish application cases' in earlier batches.

² Conditional AIP ('CAIP'): When the pre-determined number of applicants to be approached in each batch cannot be met after issuing AIPs and RAIPs, the 'sluggish application cases' will be issued with CAIPs on the condition that the required documents would be submitted within a prescribed period.

Progress of Various Building Rehabilitation Subsidy Schemes (up to 30 June 2023)



Equipping Owners with Professional Assistance and Technical Knowledge

'Smart Tender' Building Rehabilitation Facilitating Services Scheme (Smart Tender)

Launched in 2016, Smart Tender provides technical support to private building owners' corporations (OCs) in conducting rehabilitation works with the aim of reducing the risk of bid rigging during the procurement of consultants and works contractors. Successful applicants of the scheme can access an electronic tendering platform and receive advices from independent professionals for their procurement process. Currently, the scheme covers the procurement of consultants, registered general building contractors, registered minor works contractors, registered fire service installation contractors and registered lift contractors. Since its launch, approximately 3,000 OCs have utilised the scheme for the procurement needs of their rehabilitation works.

Apart from Smart Tender, the URA also launched a free-of-charge and independent e-tendering platform in 2021 to allow OCs and/or Deeds of Mutual Covenant (DMC) managers of domestic and non-domestic buildings to carry out procurements for their rehabilitation works.

3,000 cases
have utilised Smart
Tender since 2016

Building Rehabilitation Platform (BRP) and New Features

The BRP (<https://www.brplatform.org.hk>) is an all-in-one platform providing comprehensive information and tools on building rehabilitation for use by building owners. The BRP contains a guidebook, which is available for download with a broad range of information on building rehabilitation preparatory work, the appointment of consultants and contractors, as well as monitoring of works. The public can also access over 50 trilingual videos on rehabilitation information from the BRP. In addition, a total of 18 sets of sample tender and contract documents for the procurement of consultants and contractors are available for owners to adopt and use for rehabilitation projects of their buildings. The BRP also provides a Cost Reference Centre showing rehabilitation costs information with breakdown on work items collected from recently completed rehabilitation works.

The Building Rehabilitation Company Registration Scheme (BRCRS) was introduced recently to further assist building owners in selecting consultant or contractor for their rehabilitation works. Databases of consultants and contractors who have expressed interests in providing rehabilitation services and possess the basic capability for carrying out rehabilitation works with inhouse quality management systems are published on the BRCRS by phases for users' reference. The databases for Authorised Persons/Registered Inspectors and Registered General Building Contractors were launched in March and August 2022 respectively, providing a one-stop platform for owners to search for service providers. The database will be expanded to cover Registered Minor Works Contractors and Registered Fire Service Installation Contractors in the near future.

In recognition of its inclusive and accessible design to serve people with and without disabilities, the BRP website was awarded the Gold Award in the Web Accessibility Recognition Scheme organised by the Hong Kong Internet Registration Corporation Limited in 2020/21 and 2022/23. More public opinions on the functionality of the BRP will be garnered through online surveys in 2023/24.

Retrofitting Projects

Ex-Mong Kok Market Building (Ex-MKM)

The URA will retrofit the Ex-MKM into an interim District Health Centre (DHC) to be operated by the Health Bureau (HB) after completion. The detailed design was completed to the satisfaction of HB and retrofitting works were commenced in March 2023 with target completion in early 2025 to meet HB's operational requirement. As agreed with HB, the permanent DHC will be provided in a new building complex of multiple uses comprising G/IC facilities, office, retail and an underground public car park within one of the URA's project sites identified from YMDS.



The ex-Mong Kok Market Building will be retrofitted into an interim District Health Centre for completion in early 2025.



#butterfly #transformation #preservation #revitalisation

A butterfly emerges from its chrysalis, symbolising the completion of its transformation process and breathing new life into its original form – one of our notions of preservation and revitalisation.

PRESERVATION AND REVITALISATION

Public awareness of and demand for preservation of Hong Kong's heritage has grown significantly over the years. For many elderly people, old buildings and spaces around us are important emotional anchors and sources of collective memories; while historical structures are also heritage treasure to many of the younger generation for connecting with their roots.

Heritage preservation is rightly designated as one of the five pillars of our urban regeneration efforts.



At the URA, we not only focus on the preservation of heritage buildings, but also attach importance to their adaptive reuse and new social functions.

These efforts, together with place-making initiatives, will breathe new life and inject vibrancy into old districts for public enjoyment across generations.

Community Making at Staunton Street/Wing Lee Street Neighbourhood, Sheung Wan (H19) (With 88-90 Staunton Street as Grade II Historic Building)

In line with the 2018 Policy Address which outlined the vision of revitalising building clusters with special character and urban fabric under H19, the URA conducted various stakeholder engagements and completed a Community Making Study for the H19 neighbourhood.

Taken into consideration local views and aspirations in the Community Making Study, the revitalisation works of the URA's acquired buildings in H19 were completed in February 2023. The domestic units in the revitalised buildings will be put to adaptive reuse as co-living spaces with common rooms and community farms under the management of the co-living operator(s) targeted to be appointed in the latter half of 2023. Concurrently, the URA has formed partnerships with buildings in the neighbourhood to promote and encourage rehabilitation works to improve the built environment. With its commitment to community engagement and community making, H19 clinched the Gold Rating in the BEAM Plus Neighbourhood category in 2022, being the first private residential additions and alterations (A&A)/revitalisation project to receive such recognition (more details are covered on page 62 in Corporate Sustainability section).



Apart from rehabilitating the nine acquired buildings at Staunton Street and Wa In Fong West and preserving their historical elements, URA has also incorporated artistic elements of the newspaper and printing industry in the revitalisation work to highlight the local characteristics of the area.



OPERATING REVIEW

Central Market (Grade III Historic Building)

After a series of place-making and promotional initiatives, Central Market has become a new landmark widely welcomed by visitors, epitomising the themes of 'Approachable', 'Energetic' and 'Gregarious' in its overall presentation.

Since the full opening of Central Market to the public in April 2022, its visitor figure has reached a record high of over 20 million. About 1,400 events and workshops have been organised, ranging from intergenerational, educational, innovation, social inclusion, environment, art and cultural programmes. In 2022/23, Central Market won five awards for its efforts in balancing the goals of conservation and revitalisation as well as the provision of quality building (more details as covered on page 58 in the Corporate Sustainability section).



Since its full opening in 2022, Central Market has become a 'Playground for All' filled with a variety of events, attracting visitors from all walks of life and across generations.

Western Market (Declared Monument)

The Government in 2021/22 granted a five-year 'hold-over' of the land lease for the URA to undertake repair and renovation works of Western Market. To develop a long-term implementation strategy for revitalising the Western Market, a series of engagement works with existing cloth traders as well as a detailed condition survey of some key building elements and works programme are under preparation. Subject to the appointment of a suitable consultant, the condition survey, which will include consultation with the Antiquities and Monuments Office, will be conducted in 2023/24.

M7 (Grade II Historic Buildings)

In 2021/22, 7 Mallery Street was rebranded as 'M7' with a new logo, along with a revamp of its spatial uses, tenant mix and activity programmes. Promotional and community outreach programmes have been launched since 2022, including M7's social media promotions, a site promotional campaign on pixel art, a series of heritage workshops on the exchanges between new and old generations, and enlistment of new tenants in offering new visitor experiences and community services. During the year, over 100 activities including exhibitions, performances and workshops were held in indoor and outdoor areas, attracting over 800,000 visitors.



M7, with its theme of 'Culture Meets Community', organises a variety of arts and cultural activities such as musical performance for public enjoyment.

618 Shanghai Street (Grade II Historic Buildings)

Opened in November 2019, 618 Shanghai Street has been developed into a heritage destination featuring community, innovation and creativity. All shops were leased to restaurants and retail operators, aiming to accentuate the unique historical character of the area and the preserved building cluster while serving the needs of the local community. In 2022/23, over 70 recreational, cultural and community events took place to support the younger generation not only in their creative endeavours but also in the appreciation of local heritage among their peers and social networks.



Enriched with different kinds of cultural activities including seminars, exhibitions and weekend market events, 618 Shanghai Street has become a popular place among the younger generation.



Mong Kok Streetscape Improvement

In 2022/23, the URA continued to work with relevant Government departments to enhance the local streetscape, ambience and attractiveness of five themed streets in Mong Kok, namely Flower Market Road, Tung Choi Street, Sai Yee Street, Fa Yuen Street and Nelson Street, with due regard to their unique characteristics. Improvement works at Flower Market Road were completed while improvement works at Tung Choi Street were taken up by Government departments. The remaining works at Nelson Street, Sai Yee Street and Fa Yuen Street are being conducted in two phases. Phase One works were completed in February 2023 while Phase Two works were commenced in August 2022 for completion targeted in the first quarter of 2024.

Place-making Initiatives


The URA placed strong efforts in pursuing place-making initiatives in three of its completed projects, located within the same locality in the Central and Western District, namely The Center (H6), the Peel Street/Graham Street Project (H18) and Central Market forming a 'community triangle' under the 'CONET'⁴ concept. In 2022/23, about 40 events were organised by community groups at the exhibition space of H6 CONET, with the average number of visitors reaching around 4,600 on a weekday. With the full opening of Central Market in 2022, more than 10 workshops on arts and craftsmanship by Central Market were held at H6 CONET for generating more community interest and creating synergy between the nodal points under the 'community triangle'.

⁴ The name CONET stands for Community, Open space and NETwork.

CORPORATE SUSTAINABILITY

#dandelion #rubber #sustainability

Dandelions are being explored as a sustainable source of industrial material as they contain rubber-like extracts in their roots. Likewise, the URA will uphold its commitment to sustainable development by embracing green and smart practices.



Environment, Social and Governance (ESG) matters, Corporate Social Responsibility (CSR) and sustainability have long been integral to URA's daily operations. We prioritise the interests of all stakeholders affected by our business activities, including redevelopment, rehabilitation, preservation, revitalisation and retrofitting. By intervening in the urban environment, we aim to combat climate change through proactive measures such as promoting district ventilation and greening; reducing residents' energy consumption by providing well-designed buildings; and improving connectivity within the district. Our corporate sustainability efforts are exemplified in how we engage with and manage our stakeholders, including households and businesses displaced by our redevelopments, as well as other residents affected by rehabilitation works.

In the following pages, we showcase URA's sustainability outcomes for 2022/23 through 10 highlight topics covering all URA operations, including planning, acquisition and clearance, building design, construction, property management, rehabilitation and corporate communications. We also detail our approach to ESG through two recently-completed projects, Central Market and the Staunton Street Revitalisation.



Looking ahead, the URA will prioritise three key aspects of its corporate sustainability development.

Firstly, we have commenced a study on achieving carbon neutrality by 2050, with a roadmap to be established in 2023/24. Secondly, we have implemented a URA Sustainability Framework, which evaluates our performance across the domains of Economy, Environment, Society, Process, and People for all redevelopment, preservation, revitalisation and retrofitting projects, as well as for specific aspects of our rehabilitation operations. Lastly, we will begin to adopt internationally-recognised reporting standards to report our ESG performances in the near future. Through these efforts, the URA aims to demonstrate its commitment to sustainable development and to being a responsible corporate citizen.

Highlight 1



Sustainability in Central Market



Central Market, situated in the heart of the bustling Central, is a Grade III historic building completed in 1939 and closed in 2003. Following the launch of the policy 'Conserving Central' in 2009, the URA was tasked to revitalise the Market and partnered with an operator to spearhead the regeneration and transformation works in 2021. As a living and innovative heritage, Central Market showcased the URA's approach to sustainability in urban renewal.

- 

ECONOMY
Bringing new economic activities to Central with Tai Kwun and PMQ
- 

ENVIRONMENT
Improving connectivity and walkability; 15% energy saving and waste reduction
- 

SOCIETY
Adopting 'plug-to-operate' concept to promote local brands and nurture start-ups

- 

PROCESS
Design and content of project informed by results of territory-wide survey and overseen by a community advisory committee
- 

PEOPLE
Creating immersive heritage experience through multimedia technology to portray the historical significance and story





A clear height of over 2.9m was achieved for most areas within Central Market through intensive design and construction coordinations made possible with the BIM tool.

Embracing Sustainable, Innovative and Green Design

The use of Building Information Modelling (BIM) enhanced design coordination, quality control, and clash prevention in the adaptive reuse of the heritage building. The platform was integrated with facility management to optimise the building services system, reduce the carbon footprint, and evaluate energy performance. Spatial adaptability was incorporated into the design by including multi-functional spaces, event areas and internal gardens, with inter-connectivity to promote walkability. Central Market has also implemented a greening strategy with plants, air filtration systems, automatic irrigation and energy-saving features to create a sustainable and comfortable environment. Energy consumption is expected to reduce by up to 15%.

Integrating Heritage Adaptive Reuse and Smart Construction

Innovative repair materials such as Fiber-Reinforced Polymer Composites were used to improve the building conditions for extending its useable lifespan. To overcome the challenges for adaptive reuse of the heritage building and compliance with the contemporary regulations on fire safety and barrier-free access, Central Market has been upgraded with various modern-day facilities and new structures to preserve the ambiance and aesthetic view of important Character Defining Elements such as the Grand Staircase. Phased construction with mitigation measures were adopted to keep the 24-hour passageway in operation throughout the construction stage to minimise the disturbance and inconvenience caused to the general public.

Recycled materials, ranging from floor materials to furniture coverings, were widely used. All paints, finishes, furnishings and furniture used in the project contained low amounts of volatile organic compounds and formaldehyde to ensure optimal indoor air quality and create a healthy indoor environment.

CORPORATE SUSTAINABILITY

Engaging the Community at Large

We have established a community advisory committee to oversee the implementation of Central Market's revitalisation, and conducted a territory-wide opinion survey to gather feedback on its future uses. Based on the findings of the survey, we have formulated operation guidelines for Central Market that aim to meet the public's expectations. To address the community's aspirations, we are exploring innovative uses of the Market's spaces. For instance, the communal areas, including the 1,000 square metres of public open spaces at the atrium and entrance plaza, will serve as multi-functional spaces to cater for the needs of different groups.

To support the tenants in Central Market, we provide operational assistance to minimise start-up investments in addition to applying technology and big data analysis. Under a 'plug-to-operate' concept, we provide basic fixtures and fittings that are compatible with the overall design concepts free of charge to the tenants. Local businesses and start-ups can easily plug into Central Market. Most of the restaurants and eateries are provided with the basic food and beverage facilities and operating licences. We have also designed a centralised Point-of-Sale system to help tenants monitor and develop their businesses effectively.



The atrium has been converted into a multi-purpose event space to cater for the needs of different community groups.

Central Market and Beyond

The revitalisation of Central Market exemplifies the URA's dedication to sustainable urban renewal. By integrating green technologies, preserving architectural heritage, and fostering community engagement, the URA has transformed an old-time iconic wet market into a leisure landmark with inclusive and vibrant public spaces that will serve the city for generations to come.

Over **20**
MILLION
The number of visitors
to Central Market since
April 2022



Awards and Recognitions of Central Market

Quality Building Award 2022

Grand Award - Hong Kong Building (Renovation / Revitalization) & Sustainable Development Award

The American Institute of Architects Hong Kong Chapter Awards 2022
Community Citations Award

HKIS QS Awards 2022

Silver Award - QS Award (Innovation)

HKIA Annual Awards 2021

Special Architectural Award - Heritage & Adaptive Re-use

HKIE Structural Excellence Award 2021

Grand Award - Hong Kong Project - Heritage

HKIP Awards 2021

Silver Award

HKICON Conservation Awards 2021

Special Mention (Adaptive Reuse Category)

MIPIM Asia Awards 2021

Gold Winner - Best Refurbished Building

RICS Awards Hong Kong 2021

Refurbishment / Revitalisation Team of the Year

CIC Celebration of BIM Achievement 2020

BIM Projects 2020

HKIBIM Awards 2020

Bronze Award - Government Projects Category

The 5th International BIM Awards Conference (2019)

The Best Reconstruction Project Award

Highlight 2



Revitalisation of Staunton Street/ Shing Wong Street Neighbourhood (H19)



A cluster of nine existing buildings on Staunton Street and Shing Wong Street forms this district revitalisation project.

A Project Driven by the Local Community

A Community Making Study was commissioned to explore with residents and community stakeholders the various revitalisation options to promote sustainable community development. The study summarised the visions of the community for the future development of the Project into four commons concepts:

<p>Knowledge Commons</p> <p>connects local groups to pass on the traditions and cultures of the community through interactive participation and cross-generational integration.</p>	<p>Impact Commons</p> <p>is a new community impact ecosystem concept aimed to promote a collaborative and supportive living environment, where individuals can live, work, and socialise in a harmonious neighbourhood.</p>	<p>Community Commons</p> <p>aims to provide a platform for a sharing economy based on the principles of a commons, enabling the optimisation of available resources across different entities and operators, while also fostering social ties and a sense of belonging among community members.</p>	<p>Wellness Commons</p> <p>fosters a harmonious community by organising activities that are tailored to the personality and ambiance of the community, promoting a sense of togetherness and well-being.</p>
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To achieve the visions, the URA has pioneered a variety of place-making prototypes and community engagement flagship programmes, including urban community farms, mural painting and guided tours, to build up a stronger community network and community education for evolving cultural history in the district.

Site Plan of H19 Project



Conserving the Urban Fabric with Local Characteristics

The existing buildings are retained in order to maintain the local characteristics of urban fabric and streetscape. In order to revitalise the nine tenement buildings for adaptive reuse in realising the visions on impact commons and community commons, the URA has adopted a holistic and integrated urban renewal strategy to transform and upgrade the facilities to meet current building safety and living standards for putting to adaptive reuse as a 'co-living' project.

Innovative materials for repair, such as self-healing concrete and anti-mold coatings, are being utilised to extend the lifespan of building structures. Additionally, corrosion monitoring systems are being implemented to track the corrosion rate of steel structural members, enabling future analysis of repair work performance. Within the tenement buildings, spaces are being preserved as 'common rooms' to maintain the historical and cultural significance of the area and celebrate its local character. Artistic elements originating from the newspaper printing industry of the 1950s have been woven into the architecture of the conservation project to further reinforce the area's unique identity.

The project showcases URA's unwavering commitment to sustainability principles by adopting a holistic approach in exploring opportunities to engage various stakeholders in the district. This is aimed at fostering collaboration, building relationships and regenerating the community as a whole. Ideally, this will create an environment where the community is self-sufficient in operating their local businesses, and more members are encouraged to shift from being mere participants to active contributors in the long run.

In the future, the URA will partner with an operator to introduce the co-living concept in its tenement buildings located at H19. The operator will be responsible for running the 'Tong Lau' living spaces, organising activities at the 'Common Room', managing the receptions and community farms in collaboration with the domestic unit residents, community and other stakeholders.



The 4C Community Making Approach for H19 Project

FRAME
project scope

ENGAGE
stakeholders

AGGREGATE
diverse views

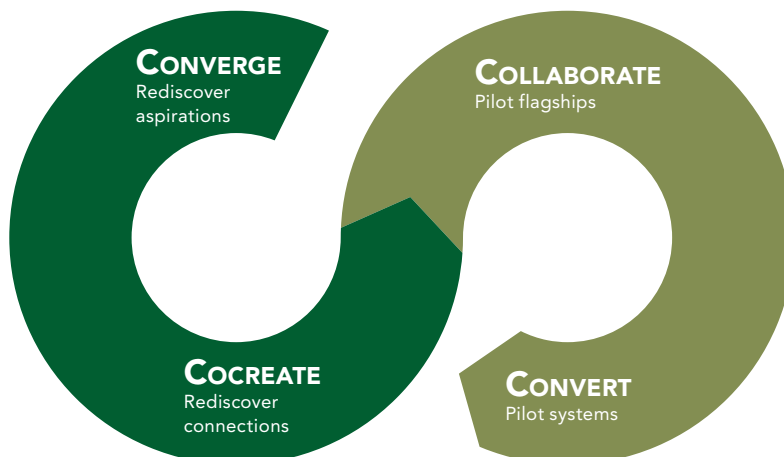
PROPOSE
common visions

VALIDATE
proposals

IMAGINE
creative ideas

PRIORITISE
quick wins

PROTOTYPE
concepts



PROGRESS
with structured programmes

BRING-IN
practitioners

FINETUNE
programme design

NURTURE
community champions

REAFFIRM
project goals & strategy

DETERMINE
pathways to sustainability

BUILD
capacity in the community

PAVE
way for wider adoption


Highlight 3




Urban Planning for Sustainability




Sustainability in urban renewal and planning extends beyond just energy savings. It is also important to consider the economic improvement and social benefits for the local community. Additionally, addressing stakeholders’ views and concerns in the planning and design process is crucial. Finally, the impact of these urban renewal projects on individual homeowners and business operators must also be taken into account. To address these factors, the URA has developed a Sustainability Framework that measures the sustainability performance of all our urban renewal projects across five Sustainability Pillars: Economy, Environment, Society, Process and People.




ECONOMY This domain examines whether the urban renewal project can stimulate economic growth in the local community. The impact on property values, business operations and employment opportunities will be evaluated. For example, the integration of modernised commercial spaces into pedestrian networks has made the redevelopment sites more appealing to businesses, resulting in the attraction of new enterprises and the creation of job opportunities for the community.




ENVIRONMENT In the planning of URA projects, there is a focus on enhancing microclimate resilience and reducing risks, improving resource efficiency and promoting environmental quality. A key strategy employed in these projects is the promotion of walking, which is the most environmentally-friendly form of transportation. This is achieved through the strategic planning of pedestrian-friendly infrastructure, including routing, wider pavements, footbridges and subways. Additionally, the enhancement or provision of public open spaces is proposed to improve urban microclimate conditions and combat the urban heat island effect.



SOCIETY The Society domain of our urban renewal projects addresses a wide range of aspects aimed at improving the quality of life for residents. These include enhancing the quality of buildings and housing, improving mobility and accessibility, promoting social vibrancy, ensuring safety, encouraging public art and integrating local culture into the community. Our projects provide various facilities and resources to help residents access the resources they need, promote diversity and inclusion, and build stronger bonds within the community.



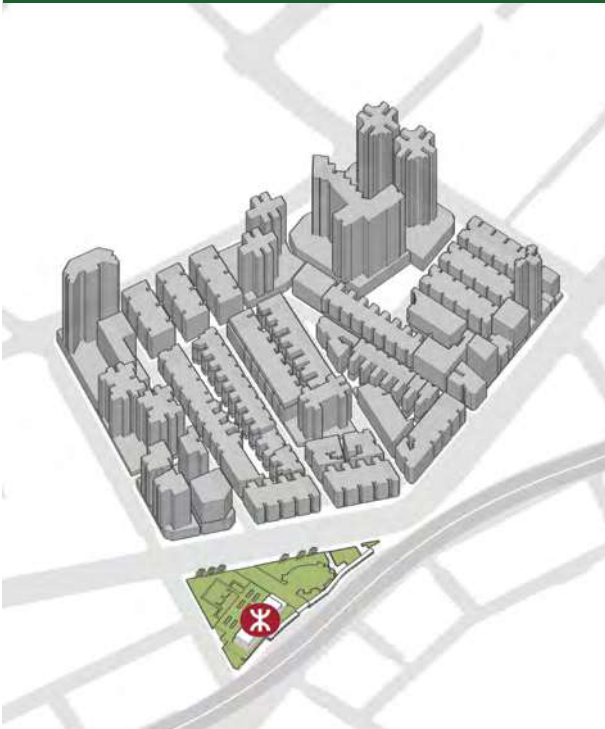

PROCESS The policies, procedures and mechanisms utilised in the planning process of our urban renewal projects must cater for the needs of our stakeholders and the community at large. Alongside the mandatory consultation procedures under the Town Planning Ordinance and Urban Renewal Authority Ordinance, we also conduct extensive engagement and consultations to gather the opinions of our stakeholders. These inputs, in turn, inform the design and planning of our urban renewal projects.



PEOPLE The planning of urban redevelopments has an indirect impact on economic vitality, financial inclusion, living environments, everyday life, community vitality, and resilience and mitigation measures for individual owners, inhabitants and businesses. One of the key objectives of URA redevelopment planning is to replace dilapidated buildings while preserving the local shop cultures and district characteristics. This is crucial for maintaining the unique identity and charm of the area.

Kowloon City Action Area 1 (KCAA1)

KCAA1 is an exemplary model of URA's sustainable approach to urban planning. It is one of URA's first 'planned, district-based' urban renewal projects. The area, located in To Kwa Wan and bounded by Sung On Street to the east, Bailey Street to the south, Ma Tau Wai Road to the west, and Chi Kiang Street to the north, spans over 28,796 square metres and was once a district of dilapidation. However, it is now being transformed into a new, modern and smart community through an integrated redevelopment, rehabilitation, preservation and revitalisation programme. The Master Concept Plan was formulated with a key objective of achieving sustainability in planning.

	Before	After
		
	Before redevelopment	KCAA1
Number of flats	2,143	4,395
Population	8,605	10,550
Communal areas	50 m ²	900 m²
Number of trees	11	110
Pedestrianisation of carriageway	0 m ²	1,590 m²
Car parking spaces	45 on-street parking spaces	272 public and retail parking spaces
Commercial areas	18,173 m ²	38,197 m²
Pavement width	Around 2m to 3m	80% pavement with 5m to 8m width
Government, Institution or Community (G/IC) facility areas	0 m ²	6,098 m²

Highlight 4

3 GOOD HEALTH AND WELL-BEING | 8 DECENT WORK AND ECONOMIC GROWTH | 11 SUSTAINABLE CITIES AND COMMUNITIES

Social Responsibility in Acquisition and Clearance

Sustainability Pillars | ECONOMY | ENVIRONMENT | SOCIETY | PROCESS | PEOPLE



It is inevitable that residents and business operators affected by URA's redevelopment projects will need to be displaced. This is necessary so that old, dilapidated buildings that lack modern amenities such as lifts can be replaced with new, safer and more environmentally-friendly structures to achieve urban renewal. At the URA, we take pride in ensuring that the needs of every individual entity affected by our redevelopment are attended to. We understand that relocation can be a significant event in the lives of families, individuals and businesses, and as such, we strive to implement actions and measures that facilitate their pursuit to improve the livelihood and businesses within the established boundaries of our compensation and rehousing policies.

Responsible Acquisition

Home owners within URA's redevelopment project sites are offered the amount equivalent to the market value of a 7-year-old residential flat of the same size and in the same district as the property being acquired regardless of the original properties' market value. In addition, allowances to cover expenses relating to the purchase of replacement property by the owners are provided. For these owner-occupiers, they could make use of the new capital to purchase new homes of much improved quality and environment either from the private property market or from the URA through the Flat-for-Flat scheme, and were able to leave their old dilapidated flats for a much-improved living environment.

For investors or landlords of domestic properties within URA's redevelopment, the offer is reduced depending on the number of properties owned within the redevelopment site. For these investors or landlords, the new capital enables them to look for replacement of investment properties.

96%
The percentage of home owners who accepted URA's acquisition offers in 2022/23

Care for Elderly Home Owners

Acquisition offers made to owners who lease out their properties are typically lower than those offered to owners who reside in their own properties. However, the URA recognises that some elderly property owners may rent out their properties not for investment or commercial gain, but rather to rely on the rental income for their livelihood. Additionally, some elderly property owners may not be able to reside in their own properties due to a lack of lift services or other family and health-related reasons.

In acknowledgement of their unique circumstances, the URA provides an additional allowance known as the Elderly Domestic Owner-Landlords Compassionate Allowance (EDOLCA) to these elderly owners. This allowance enables them to purchase replacement flats of a higher quality and standard, such as those with lift services.

Care for Tenants

The URA offers rehousing and allowances to tenants who need to vacate from their rented homes due to URA's redevelopment. Eligible domestic tenants may receive a one-off ex-gratia allowance. Alternatively, they may choose to be rehoused to a public rental housing unit or a URA rehousing block unit. Tenants who choose to be rehoused will experience a significant improvement in their quality of life. Not only will their living space be larger and better managed, but the rent they need to pay will also be considerably lower.

57

The number of tenants in URA redevelopment projects that were rehoused to public housing or URA's rehousing block in 2022/23

Finding New Shops for Affected Businesses

For business operators, relocation can be a daunting task that entails not only covering the costs of moving and setting up equipment in a new location, but also finding a suitable space to continue their operations and retaining their original clientele.

The URA offers ex-gratia business allowances to the affected businesses, which are calculated based on the number of years the business has operated. Even more valuable, however, are the free facilitating services provided by the URA to assist shop owners in finding replacement locations, especially those with special features such as car repair shops.

Engagement with Wet Market Stalls, Chiu Chow and Thai Businesses in Kowloon City

Kowloon City is renowned for its local shops, which offer a diverse range of products and services. From traditional street butchers and fishmongers to Chiu Chow and Thai food supply stalls and restaurants, the businesses in Kowloon City collectively contribute to the district's unique character. The bustling street life created by these thriving businesses stands in stark contrast to the neglected and dilapidated upper floors of buildings in the area.

In anticipation of the URA's major redevelopment projects in Kowloon City, the URA has been conducting surveys and engaging with special businesses to determine their specific needs and preferences for temporary and/or permanent business relocation. These engagements are still ongoing and the findings will inform the detailed planning and phasing of project implementation.

100% & 66.6%

Participation rates of market stall vendors and Chiu Chow/Thai shop owners in URA's small group engagements for Kowloon City Redevelopment

Highlight 5

3 GOOD HEALTH AND WELL-BEING | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 13 CLIMATE ACTION

Green and Smart Construction for Sustainability and Safety

Sustainability Pillars | ECONOMY | ENVIRONMENT | SOCIETY | PROCESS | PEOPLE



URA adopts Modular Integrated Construction (MiC) for the transitional housing project at Hung Shui Kiu for its sustainability benefits.

Our Vision

We strive to achieve safer, greener and smarter construction environment through strong governance, providing incentives and embracing technologies.

Construction Site Safety

Last year, the URA's site safety team and our independent safety audit consultants have conducted over 230 safety audits for 16 active construction sites of URA's projects. Through strong governance, the accident rates of URA's construction sites remained below the territory's average.



Embracing Good Practices

From 2023, the Construction Industry Council's (CIC) Construction Safety Guidelines have been mandatory for all works contracts of URA's projects. Additionally, all contractors are required to adopt a minimum of four 'Safety-related Technologies' in their construction activities. Tenderers bidding for URA's works contracts are required to include the costs of these safety and green measures in their pricing. This arrangement aims to encourage and assist construction companies, particularly those of smaller scale, in enhancing their safety and environmental practices through the adoption of innovative technologies in their construction projects.

URA's Digital Construction Management Platform (DCMP)

The Digital Construction Management Platform (DCMP), which is currently under development, enables the systematic consolidation of data collected from multiple construction sites, thereby facilitating efficient and effective project management. These data include construction master programs, workforce projection planning, construction progress, environmental monitoring records, site safety monitoring records, supervision/inspection records for work carried out, labour force on site, and material delivery, among other things.

Various modules tailored to specific monitoring concerns have been developed from the DCMP, including the 'Environmental Monitoring Module', 'Resource Monitoring Module', 'Site Safety Monitoring Module', and 'Works Supervision Module', among others. The relevant data for each of these platforms can be extracted, analysed, and compared with the results presented in simple dashboards to enable URA's project managers to monitor the performance and progress of ongoing constructions more efficiently and effectively.

Not only will the DCMP become a single source of data for all of URA's construction sites, but additional 'modules' can also be developed over time to include areas such as construction waste, as well as energy and water consumption, enhancing our capabilities to tackle the challenges of climate change.

230,000m²
Total Gross Floor Area
of URA projects that will
adopt DCMP during
construction in 2023/24



The Environmental Monitoring Module of the DCMP collects real time environmental data including noise and pollutant levels from different construction sites for URA staff's monitoring from their offices.

Highlight 6

3 GOOD HEALTH AND WELL-BEING	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
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Green and Smart Buildings

Sustainability Pillars | ECONOMY | ENVIRONMENT | SOCIETY | PROCESS | PEOPLE

Vision

The URA is committed to creating green and smart buildings that enhance the quality of life for residents while protecting the environment. We strive to integrate innovative technologies and design solutions into all our redevelopment projects, ensuring that they meet the highest standards of sustainability, energy efficiency and resilience. By prioritising the use of green building materials, passive design and smart building systems, we aim to reduce our carbon footprint and create healthier, more liveable communities for generations to come. Our commitment to sustainability is not only a moral imperative, but also a key driver to create a low-carbon and equitable future for our urban areas.

Green Buildings

Each and every URA redevelopment projects are required to achieve Gold or above grading under the BEAM or BEAM Plus assessments.



3
Number of URA projects that obtained Provisional Platinum Rating under the BEAM Plus in 2022/23

A permeable podium at eResidence enhances district ventilation.

Innovations and Smart Living

The Centralised Smart Building Monitoring System (CSBMS), a URA self-developed system which provides simple control, monitoring and notification functions for multiple properties was adopted for various URA's rehousing blocks.

Co-Living Concept

eResidence project pioneered the co-living concept for single or couple occupants in the development. Apart from recreational facilities, common laundry and storage facilities that not only provide practical supports but also promote social interaction and sense of belonging for occupants. Depending on user feedback, these co-living facilities will be implemented in URA's future projects.



Smart communal facilities including eLaundry (left) and eStorage (right) are provided in eResidence.

Resilience to Building Deterioration

The URA initiated a research on how to prolong the building's service life from 50 years, which is the current norm for buildings in Hong Kong, to 75 years. Strengthening of building structures to meet a 75-year return wind-load design, selection of high rust-resistance reinforcement materials, and increase in concrete cover and concrete cement content are among some initial conclusions. Part of these measures have already been implemented in our eResidence Tower Three which is now under construction, in addition to other management measures to encourage future owners to properly maintain the completed buildings.

Features in eResidence Tower Three to combat building deterioration

- Adopt galvanised steel at roof concrete slabs for better protection against corrosion
- New DMC clauses to drive preventive maintenance and to empower property manager to deal with water leakage issues between flats
- Enhanced use of waterproofing materials in residential units
- Enhanced concrete grade and cement content in building structure

CSBMS Major Awards

**Hong Kong ICT Awards
2022 - Smart Living
(Smart Home) -
Gold Award**

**The 21st Asia Pacific
Information and
Communications
Technology Alliance
(APICTA) Awards -
Merit Awards**

Highlight 7



Sustainability in URA Properties



The URA operates and manages a diverse range of properties in Hong Kong. Our portfolio includes preservation and revitalisation projects, commercial premises and public open spaces, covering a total area of 530,000 square feet. These properties play a critical role in supporting the growth of local communities, providing essential community spaces within the urban landscape.

In addition to our direct management of these properties, the URA also partners with joint venture developers to manage seven commercial premises, covering a total area of 640,000 square feet and housing around 280 commercial tenants. Through these efforts, we are helping to nurture the growth of the Hong Kong community by providing retail and dining experiences, heritage appreciation and leisure spaces in various urban districts.

We take pride in maintaining close partnerships with our 450 tenants, as we work together to make positive changes in society. At the URA, our properties are more than just physical spaces; they are vital components of the community infrastructure that support the well-being and growth of the people of Hong Kong.

URA as a Responsible Landlord

From April 2020 to June 2023, the URA has disbursed \$259 million in rent relief grants to local business owners and other organisations. This programme has been crucial in providing financial assistance to eligible tenants whose businesses have been severely impacted by the pandemic. It is important to note that the amount of rent relief granted is determined by the extent to which businesses have been affected by the pandemic. Therefore, businesses that have been heavily impacted will receive a higher level of relief. We understand the challenges that businesses are facing during these unprecedented times and are fully committed to providing them with all the support they need.

Apart from rent relief, the URA also supports local small businesses to expand their clientele and improve their marketability. With the objective to bring new life and energies to the old hawker stalls that were relocated into Yue Man Square, the URA organised three workshops and one-on-one tutorials in the past year to teach hawkers at Yue Man Hawker Bazaar how to make use of social media and the internet to promote their business. In collaboration with the Institute of Vocational Education (IVE), strategies to improve the business environment of these hawkers were explored.



21
Hawkers at Yue Man Square have set up their social media accounts

Affordable Rent Scheme Empowers Non-Profit Organisations to Serve the Community

In 2022/23, around 51,000 square feet of URA premises were leased out to about 30 non-governmental organisations (NGOs) and social enterprises to provide their community services at various Hong Kong districts. By offering very affordable rent schemes, the URA supports these organisations to serve the community. Examples include:

- Music Children Foundation (at Yu Chau West Street, Cheung Sha Wan (IB-2:SSP)) provides free-of-charge high quality music programmes to underprivileged children including children with special educational needs (SEN) and children from economically challenged families, in the hope of changing children's lives for the good of the families and society at large. They have been providing music trainings, performance opportunities, and art and music appreciations to over 5,000 children.
- Dignity Kitchen Hong Kong (at 618 Shanghai Street, Mong Kok) is one of the first Hong Kong social enterprises to offer on-the-job trainings to disabled members in Hong Kong. Since its launch in late 2019, Dignity Kitchen has provided training to over 110 beneficiaries. Their services have also expanded beyond 618 Shanghai Street to form other social services including the Dignity Mama with 4 Mama stores in Hong Kong deploying 27 local members. Dignity Mama offers book retail services run by young adults with disability and promote bonding between parents and their children with disabilities.
- Hong Kong Cancer Fund Women Support Centre (at H6 CONET, Central) is the first centre in Hong Kong that offers free, specialist care to women who have been diagnosed with female cancer. The Centre offers a wide range of vigorous support programmes, including peer support group services, nursing and dietetic consultations, art therapy sessions, recover action plans and others.

Promoting Community Activities and Preservation of Historical Buildings

The URA provides community spaces at selected projects, enabling community activities at various urban locations. Central Market, Yue Man Square, 7 Mallory Street, H6 CONET and 618 Shanghai Street are some of the key locations where local organisations can book activity venues to host their community events. Whether they are student exhibitions, craftsmanship workshops, professional seminars or weekend markets, these venues offer short-term options for flexible use. In 2022/23, approximately 740 events took place at our venues.

The URA promotes preservation and revitalisation of urban spaces. It also acts as a bridge for active exchanges between the young and old, our heritage and today's culture. The URA also takes provisions for maintaining some of Hong Kong's key historical buildings and elements, including exterior walls, indoor and outdoor historical features. Today, the public can enjoy different activities and services offered at our preserved historical building clusters located in Central and Western District, Wan Chai and Mongkok, which act as a testament to our ever-changing urban streetscape.

740

Number of community events that took place in URA's shopping malls and public spaces in 2022/23

850

The number of market stall owners who tested the marketability of their merchandise at the Weekend Markets organised by URA in 2022/23

Highlight 8



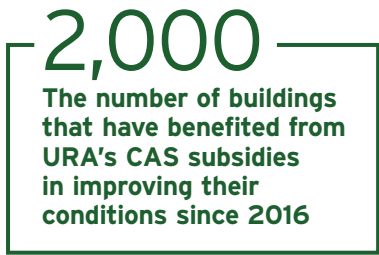
Building Rehabilitation and the People



One of URA's missions is to encourage the maintenance and improvement of existing buildings with regards to their structural stability, integrity of external finishes, and fire safety. Apart from promoting and administering various Government subsidy schemes to assist property owners in conducting repair and maintenance work, the URA places great emphasis on attending to the needs of individual stakeholders and ensuring that their livelihoods are not adversely affected by the disruptions caused by the maintenance works being carried out.

Supporting Owners to Carry Out Repairs

The Common Area Repair Works Subsidy (CAS) is a self-funded scheme by the URA that provides financial assistance to eligible domestic flat owners and buildings for repairing their common areas. The scheme aims to address issues, such as spalling concrete, deficiencies in fire safety installations, leaking roofs, and worn-out items like fire rated doors or metal windows. Since 2016, the CAS has benefitted 2,000 buildings by providing subsidies for their rehabilitation works. Additionally, the subsidy also covers security systems or barrier-free access to improve the building's safety and accessibility.



Getting Greener through Rehabilitation

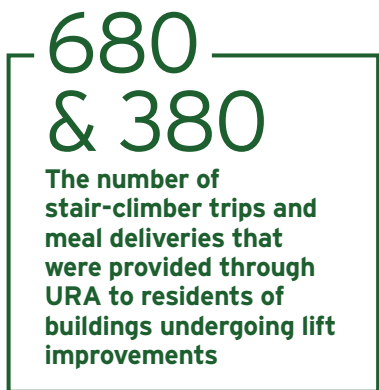
Apart from repairs and improvements, the CAS scheme also supports flat owners and buildings to adopt environmentally friendly building material and installations in their common area rehabilitation works through the Green Item Subsidy (GIS). Last year, 16 buildings involving 974 units have made use of this subsidy to adopt VOC-free paint and other green products in their rehabilitation works.



Assistance during Lift Repairs

The URA is responsible for the management of Government's Lift Modernisation Subsidy Scheme which provides subsidies to eligible domestic home owners to carry out lift improvement works to ensure safety. Up to June 2023, the URA has handled more than 1,400 applications. Lift improvement works have been completed or are being carried out for about 600 applications.

When improvement works for the lift are being carried out, lift service will be suspended. Such suspension will have large impact to occupants who have mobility or health issues. Some might be forced to be confined to their homes during the entire period without lift service. To address this problem, the URA also administers various service contracts to provide social service support to those in need when their buildings undergo lift improvements under the Lift Modernisation Subsidy Scheme. These services include stair-climber, grocery and meal delivery, as well as case management to provide social services when needed.



The Story of Kam Ling Court

The chairman and active members of the Kam Ling Court's Owners' Corporation (OC) were all in their eighties. Although the OC was determined to follow the Buildings Department's statutory notice to carry out building inspections and repairs and were eligible for financial subsidies from the Government, they lacked the know-how on where and how to begin.

In such cases, the URA assigns a case officer to provide free assistance to the OC and works alongside them, sometimes even taking up the role of project manager throughout the rehabilitation journey - from subsidy application, appointment of consultants, awarding of works contracts, to carrying out of the rehabilitation works. For Kam Ling Court, their rehabilitation works were completed in December 2022 after six years of URA involvement. It was a happy conclusion to all the hard work and extra efforts of URA staff and for all the elderly residents living there.



A brand-new look of the external wall (above) and corridors at the ground floor lobby (below) of Kam Ling Court after rehabilitation. The contented elderly owners express their gratitude to URA for the abundant assistance received in the course of rehabilitation.



Highlight 9



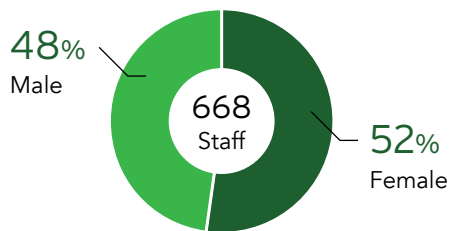
Diversity and Inclusion, Employee Advancement and Well-Being



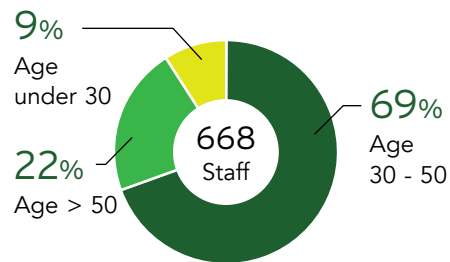
Diversity and Inclusion

Diversity and inclusion has always been an important aspect of URA's culture. Last year, we have made further progress in terms of gender equality in our senior management, and continued to implement an Equal Opportunities Policy that guided our people practice.

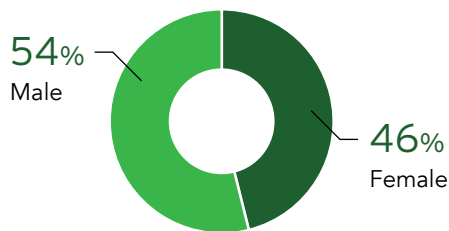
Total Workforce (By Gender)



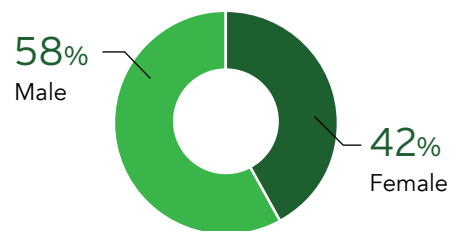
Total Workforce (By Age Group)



Pay Ratio (By Gender)



Director Level (By Gender)

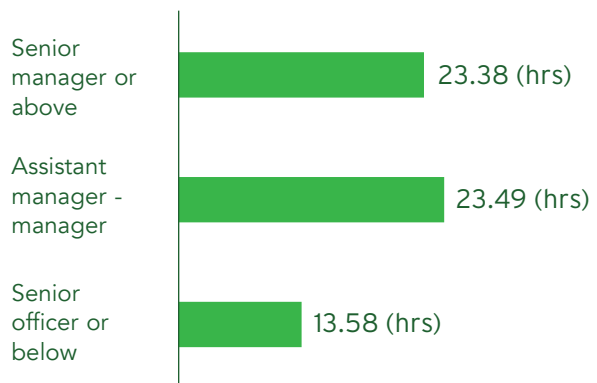


Employee Advancement

The URA believes that employee advancement is an important aspect of talent management and can have a significant impact on the success of the organisation. By investing in our employees' growth and development, we can create a more engaged and motivated workforce that is better equipped to meet the challenges of a rapidly changing business environment.

Last year, over 110 sessions of training covering topics like sustainability, operation, compliance and technology were organised by the Human Resource Division. The total training hours achieved was near 12,900, which is equivalent to an average of 19.31 training hours per employee.

Average Training Hours per URA Employees



Employee Well-Being

The URA's 'We Care Programme' originated in response to the challenges of the pandemic to support the mental and physical health of URA employees. Activities were organised around two key themes: 1) Physical Health, and 2) Resilience and Positive Mindset. Over 20 activities were organised with 1,800 participation counts in the last reporting year. Two particularly successful events are showcased below:



Message Card Campaign

In August 2022, URA employees were invited to share words of care and encouragement with each other by putting them into messages. We received an overwhelming response and shortlisted 30 messages, and from these, five messages were selected and printed onto message cards for distribution to all staff.

Although small and simple, this gesture provided an opportunity for employees to express their sentiments and care for each other, which is somehow difficult in traditional Chinese workplace culture. The activity provided some healing to the trauma caused by the pandemic, and fostered a caring and supportive work environment for URA employees.



Go Healthy! Let's Lose Body Fat Campaign

It was a five-month programme that provided both fun and health benefits to our employees. In groups of three to four, employees competed to lose the most body fat. Professional nutritionists were engaged to provide advice and support to the participants.

Losing body fat requires a combination of a healthy diet and regular exercise to build and maintain muscle mass while burning excess body fat. The campaign not only directly promoted employee health, but also sparked discussions among URA staff about the importance of maintaining a healthy body fat percentage. The campaign has helped raise a long-term awareness of this crucial well-being issue among our staff.

Highlight 10

3 GOOD HEALTH AND WELL-BEING | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 17 PARTNERSHIPS FOR THE GOALS

The URA and Society

Sustainability Pillars | ECONOMY | ENVIRONMENT | SOCIETY | PROCESS | PEOPLE

Achieving Urban Renewal through Community Partnership

Urban renewal is more than just improving the physical condition of buildings. It is a collaborative process that allows us to shape the public realm to promote people’s health, happiness and prosperity. To achieve this, we engage with community members and other stakeholders, listen to their aspirations, and work to promote community well-being. By doing so, we join hands to create a liveable city for all.



URA and Thai volunteers help Thai residents affected by redevelopment projects in Kowloon City understand the redevelopment plan, compensation packages and relocation arrangement during a home visit.

Engagement being the Key to Success

The URA places great importance on communicating with and engaging the community during the process of urban renewal. Through a multi-pronged approach, we strive to ensure that every voice of the local community and their representatives is heard.

In the past year, we held 10 District Advisory Committee (DAC) meetings and attended District Council meetings to gather public opinions on URA projects and initiatives at the district level, and reached out to community stakeholders through talks and workshops organised in partnership with DAC members and local organisations, resulting in positive and constructive suggestions from the participants.

300
Number of Thai residents and shop operators engaged by the Thai volunteer team in the Lung Shing area in the past year



URA fully supports the celebration of the Songkran Festival, with a view to strengthening and retaining the cultural characteristics of Kowloon City.

To keep ethnic minorities affected by our projects informed about the redevelopment plans, compensation packages and relocation arrangements, we initiated supportive measures for the affected Thai residents and operators in Kowloon City, which include the additional production and distribution of Thai district bulletin. A Thai volunteer team was also set up to learn about the needs and concerns of Thai residents and offer assistance.

Conserving Local Culture

To strengthen and retain the cultural characteristics of Kowloon City, URA supported the celebration of the Songkran Festival in April 2023 by being a supporting organisation and sending a team of staff volunteers to assist in the logistics arrangements of the celebration activities. The URA's support earned a positive response from the local and Thai community, especially our district partners. We were particularly pleased to see the return of the 'Water Splashing Festival', which was suspended for three years due to the COVID-19 pandemic, re-appeared as a significant attraction of Thai culture in Hong Kong.

In addition to the Thai community in Kowloon City, the URA supported the New Home Association to organise the Hindu festival celebration of 'Diwali', and a cycling programme targeting ethnic minority youth in Yau Tsim Mong (YTM). The cycling routes were specially designed to introduce the district characteristics and the future development of YTM, as proposed in the URA's Yau Mong District Study.

Supporting Local Arts and Culture

In 2022/23, the 'Arts and Cultural Partnership Programme in Old Urban Districts' (ACPP) supported seven programmes, two new and five ongoing, engaging over 12,000 participants and visitors. Through our collaboration with local groups and organisations to bring arts and cultural activities to older urban districts, we encourage residents and the general public to appreciate the distinctive characteristics in their communities.

694,000

Total number of participants and visitors engaged in 71 ACPP events/activities since 2011

CORPORATE SUSTAINABILITY



(Left) The URA's 'oUR Amazing Kid Band' performs at the Songkran Festival and spices up the event.

(Right) URA organises various educational and outreach programmes to enlighten the younger generation on urban renewal.

Grooming the Next Generation

To promote understanding of urban renewal among young people, we have implemented a diverse range of educational and outreach programmes for them to explore the issue from different perspectives, and understand the various constraints we face.

In collaboration with the Hong Kong Federation of Youth Groups Leadership Institute, the new programme of URA Youth Speak aims to facilitate communications between URA and the younger generation on the topic of urban renewal. Through a series of training programmes, a group of 30 elite secondary students were provided with knowledge on building rehabilitation and equipped with relevant skills to formulate and promote public policies on building rehabilitation to the community.

In 2022/23, a group of 144 senior form secondary students who took part in the URA x TWGHs Young Leaders Programme were encouraged to develop creative proposals for preserving local characteristics in Kowloon City under the Integrated Approach to urban renewal, leveraging their knowledge of Geographic Information System acquired through training sessions provided by Esri China and Geospatial Lab. The eight best proposals were displayed in an exhibition at 618 Shanghai Street.

To preserve and strengthen the social network of underprivileged children and families in To Kwa Wan, the 'oUR Amazing Kid Band' continued to provide free music training for 46 young members, over 50% of whom reside or have resided in URA project sites. In 2022/23, the Kid Band has resumed in-person training and conducted five performances, including one at the Songkran Festival. By sharing music and joy with the audience in public, the Kid Band members built up confidence and further strengthened their network with local organisations.

Focusing on building rehabilitation in 2022/23, students who participated in the URA and IVE's Innovative Design Competition were tasked with designing building plans or technical devices to increase property owners' awareness and enhance their capability regarding preventive maintenance and building rehabilitation.

Following the relaxation of the Government's anti-pandemic measures, the Urban Renewal Exploration Centre (UREC) reopened to continue its mission of imparting urban renewal knowledge and promoting URA initiatives to the public, in particular students from educational institutions and members of youth organisations. In 2022/23, the UREC received more than 1,600 visitors.

Caring for the Needy

The well-being of a community cannot be enhanced without taking care of its underprivileged members. As the URA pledges to put people first, we seek every opportunity to help those in need.

Under the Community Service Partnership Scheme (CSPS), volunteers from URA, local universities and NGOs took part in the Upcycling Project to produce bespoke furniture out of abandoned wood materials for 18 underprivileged families residing in inadequate housing in old districts. Through the provision of gerontechnology and art creation activities to three homes for the elderly in Sham Shui Po, the Elderly Health Project has helped improve the quality of life in the care homes, benefitting both the living standard and mental well-being of 115 elderly people.

In 2022/23, the URA's 'Home Improvement Community Programme' provided four infirm elderly tenants affected by URA projects with comprehensive refurbishment of their newly allocated public rental housing units. Through partnerships with two NGOs, the URA offered tailor-built gerontechnology and fitness equipment for the seniors, complemented by thoughtful home designs that addressed the practical needs of the beneficiaries for now and in the future. The programme has received an overwhelming response for its care for elderly residents.

The URA also stepped up its Home Repair Services Community Programme in the past year to enhance awareness of the importance of home repair and maintenance, and to improve the living conditions of the underprivileged in aged private residential buildings in Central and Western, Kowloon City, Sham Shui Po and Yau Tsim Mong districts, benefitting more than 1,000 households, including 30 ethnic-minority families. In addition, URA partnered with three NGOs to launch a series of community cleaning activities from December 2022 to March 2023 for 21 buildings in the Kim Shin Lane/Fuk Wa Street Development project area, benefitting around 1,500 households. The spring-cleaning team, joined by 80 unemployed and underemployed residents as paid cleaners, was a success with multiple benefits. Community members showed great appreciation for the improved hygiene in the environment, and the unemployed and underemployed residents expressed their gratitude to the URA for the timely job opportunities before Lunar New Year.

Over **2,500**
Number of households covered by URA's Home Repair Services Community Programme and the spring cleaning activities at Kim Shin Lane



(Left) Volunteers of the Elderly Health Project exchanges greetings with the elderly while assisting smart robot Doctor Golden to perform health checks to take care of the physical and mental well-being of the elderly people.

(Right) Volunteers pledge to serve the community by making bespoke furniture for grassroots families living in sub-divided units to improve their living conditions.



MANAGEMENT DISCUSSION AND ANALYSIS

#opportunities #challenges #rainwater #dewdrops #plants

Plants thrive on rainwater after stormy weather, while economic headwinds will present the URA with opportunities to review its long-term business model.

Rainstorms can bring havoc, yet also provide essential life support to plant growth.



Similarly, economic headwinds present the URA with not just stiff challenges but also an opportunity to critically review its business model and existing regulatory regime, looking well beyond its corporate planning cycles.

The recent downturn of the property market, with inflationary pressure persisting on construction costs, is overshadowing URA's financial prospects. The major financial resources of URA to carry out urban renewal works largely relies on upfront payments received from tendering of its projects for joint development with private developers. However, the source is highly susceptible to property market fluctuations, the overall economic environment, as well as interest rate movements, posing unavoidable risks to the financial stability of the URA to bring forward urban renewal works in the long run. In addition, this has been further aggravated by the established practice of acquiring property interests from owners under the 'seven-year-old flat' acquisition mechanism, a premium over prevailing market value.

Adding to the challenge is the low awareness of the importance of building rehabilitation among property owners, which has caused many dilapidated and irreparable buildings to require demolition and redevelopment when they reach the age of 50.

It is therefore a matter of urgency that we should review the resources for urban renewal and adopt an innovative approach, which includes using new planning tools to increase land development potential, strengthen our land and financial reserves, and introduce new preventive measures to prolong the service life of buildings, thereby alleviating the pressure on redevelopment.

MANAGEMENT DISCUSSION AND ANALYSIS

Challenges

Weak Prospects for Global Economic Recovery

The Hong Kong economy has shown signs of recovery recently, with growth in its gross domestic product in the first quarter of 2023, marking the end of four consecutive quarters of contraction. This can be attributed to an increase in local economic activities and an improved labour market, driven by the generally stable pandemic situation and the reopening of the Mainland border.

However, the external macro environment has deteriorated as a result of ongoing geo-political tensions. These have been compounded by multiple other factors, including rising inflation and a series of interest rate hikes that began in 2022, which have brought downside risks to the global economy.

As an open economy, Hong Kong has not been immune to these global economic challenges. Its adherence to the Hong Kong - US dollar peg saw a reverse in the low-interest-rate environment in the second half of 2022, which had a dampening effect on the local property market. The residential property market has undergone a marked correction as a result. Both the number of property transactions and flat prices have plummeted, reversing the long-term trend of high property prices in Hong Kong, and leading to a deeper fall in the land value, resulting in a less-than-expected revenue return of the URA from tendering of development projects.

Continuing Urban Decay

Our efforts to regenerate the ageing-built environment are a race against time, as the pace of urban decay has continued to outstrip the implementation of redevelopment projects.

As of June 2023, Hong Kong had about 12,400 residential buildings aged 50 years or more, and this number is expected to increase to around 26,000 in the next 20 years. Badly-maintained buildings quickly deteriorate, and their lower structural integrity and serviceability undermine public safety and liveability. Property owners' neglect of maintenance works has aggravated the problem of ageing buildings, and the situation has been further complicated by the problem of units in many old districts having been sub-divided, creating grave challenges for the building structures and sewage systems, deteriorating building conditions further.

Additionally, because most of the older building clusters were built with excessive development intensity, which mean the gross floor area of these existing buildings is higher than that is permissible under the current Outline Zoning Plan and hence have low redevelopment potential, these sites are unfavourable for private developers to pursue redevelopment. This situation has become a stumbling block to private market participation and has brought about an increasing reliance on the URA alone to take on the daunting task of urban renewal at these sites.

Insufficient Financial Reserves for Acquisitions

The URA's redevelopment projects involve hefty acquisition costs because its acquisition policy, referencing with that of Government's land resumption offer formulated 22 years ago, on owner-occupied domestic properties is calculated based on the value of a notional seven-year-old-replacement flat situated in the same locality. The mechanism was previously viable during the early years when the property market was experiencing an upward trend, which allowed the revenue generated from the new development to surpass the expenditure incurred for acquiring property interests of the old buildings under redevelopment.

However, the decline in home prices in recent years has led to a deeper fall in the land value, resulting in a less-than-expected revenue return of the URA from tendering of development projects. Should this unfavourable market situation continue, it would adversely affect the scale and pace of redevelopments by the URA in the years to come, and the long-term sustainability of urban renewal.

As a matter of fact, the existing mechanism of using public resources to help private property owners of dilapidated buildings buy better replacement units represents a significant social and economic burden that is compromising the sustainability of the urban renewal process. In this connection, the URA believes that it is an opportune time to encourage a thorough discussion about variable options in order to maintain both financial stability and land provision for the sake of taking forward sustainable urban renewal development.

Owner-initiated Rehabilitation Hurdles

Owners are responsible for the proper management and maintenance of their buildings. The New Strategy on Building Rehabilitation (NSBR), a study conducted by the URA and completed in 2020, however revealed three main obstacles that were hindering building owners from undertaking building rehabilitation projects: (i) insufficient professional knowledge in hiring consultants/contractors, (ii) inadequate financial resources, and (iii) insufficient organisational capabilities. Although the URA has made progress in promoting building rehabilitation, in partnership with various government departments and stakeholders, including professional institutions and practitioners, weakness of current regulation and lack of public awareness have impeded the implementation of building rehabilitation initiatives.

Opportunities

The URA cannot tackle the daunting challenges of urban regeneration alone, given the scale and intensity of urban decay. Also essential for urban renewal sustainability is the concerted effort by the Government, the private market and building owners.

Holistic Planning for Greater Community Benefits

As the primary agent of urban renewal in Hong Kong, the URA has utilised strategic studies and data analysis to implement a more holistic and forward looking 'planning-led' and 'district-based' approach, with the aim of maximising the planning and community benefits of urban renewal projects to address Hong Kong's current and future needs. Instead of implementing piecemeal redevelopment projects, we have increasingly focused our resources on large-scale redevelopment that can bring greater benefits for the wider community. A particular focus has been on renewing old buildings that have less appeal for private market participants due to their low development potential.

Under this approach, the URA commenced two Development Schemes at Ming Lun Street/Ma Tau Kok Road (KC-018) and To Kwa Wan Road/Ma Tau Kok Road (KC-019) in October 2022. KC-018, also known as 'Five Streets', covers a large cluster of buildings in disrepair, which together occupy the maximum plot ratio allowed by the planning permit. Proceeding with redevelopment under such circumstances would create a heavy financial burden on the URA, as the expenditure of the hefty acquisition cost would outgrow the revenue from the new development.

In view of the above, the URA has taken into account the planning intentions of the current Kai Tak Outline Zoning Plan, in which some industrial buildings in the To Kwa Wan area will be transformed into composite developments upon redevelopment. By incorporating 'Five Streets', the two industrial buildings (KC-019) and the adjoining underused streets in the holistic planning, the two projects were implemented with a view to optimise land resources in the district, thereby increasing the feasibility of implementing the redevelopment of 'Five Streets'. In the meantime, the redevelopment will bring greater planning benefits to the community by improving the connectivity of To Kwa Wan with the Kai Tak Development Area and creating a vibrant harbourfront for public enjoyment.

Additionally, the URA has been making efforts to adopt new approaches to seek innovative and flexible solutions to enhance land use efficiency and redevelopment potential. New urban renewal opportunities were identified by applying new planning tools and planning-led approaches to maximise land use and enhance development potential. For instance, the URA adopted the 'planning-led' urban renewal model, together with the Integrated Approach, to formulate a holistic plan for the Nga Tsin Wai Road/Carpenter Road redevelopment project. Part of the Carpenter Road Park in the project's northern site will be designated for reprovisioning community facilities, including the Kowloon City Market and the adjoining facilities, by building a new government complex under a 'Single Site, Multiple Uses' approach. Meanwhile, a low-rise commercial building will be built in the project's eastern site to support the business activities of the proposed Gateway Square. With the transfer of plot ratio, the residue gross floor area of the eastern site will be transferred to the main site (the land where the existing Kowloon City Market situates), unleashing further potential of the land for redevelopment.

MANAGEMENT DISCUSSION AND ANALYSIS

Government Facilitation to Expedite the Renewal Process

In 2022, the URA submitted a proposal to the Development Bureau (DEVB) in which it recommended streamlining the mechanisms and processes of different development procedures in order to compress the project delivery cycles for both the URA and private sector redevelopment projects.

The URA's recommendations have won Government support. For instance, the Lands Department implemented an 'advance land grant' policy in the Starter Homes Project for the redevelopment of Tai Hang Sai Estate. Under this policy, the Lands Department will grant the land in advance to the URA once only a few households and businesses remain to be relocated in a project. This enables the project to be tendered out earlier where applicable, and design, site investigation, demolition and construction to be commenced ahead of time.

Promoting Private Sector Participation

The URA commenced the Yau Mong District Study (YMDS) in 2017 with the aim to devise a district-based urban renewal plan for the study area, which covered the Yau Ma Tei and Mong Kok districts with an area of about 212 hectares, comprising more than 3,300 buildings, and to explore new planning mechanisms to facilitate implementation. Through a holistic district-based approach to urban renewal, the main objective is to map out a blueprint for restructuring and regenerating the old districts to enhance land use efficiency and optimise redevelopment potential. With a view to incentivising market participation, new urban renewal strategies involving both URA and the private sector as well as institutional and implementation mechanisms are formulated.

The Government has endorsed the recommendations of the YMDS in 2021, including the application of new planning tools. In line with this, the URA supported the Planning Department's submission of amendments on the Mong Kok Outline Zoning Plan to the Town Planning Board (TPB) in order to increase the gross floor area within the infrastructural limits and planning capacity. These amendments involve relaxing the plot ratio for the commercial spine along Nathan Road, and allowing for interchangeability of domestic and non-domestic plot ratios to cater for market changes. The amended plan was approved by the Chief Executive in Council in June 2023. Similar amendments to the Yau Ma Tei Outline Zoning Plan have been submitted to the TPB and are currently under public consultation.

In July 2023, the TPB promulgated new Guidelines for the Application for Transfer of Plot Ratio (TPR). This scheme is proposed to unleash and transfer development potential from sites of low redevelopment potential to more sizeable sites at more strategic and accessible locations suitable for higher development intensity, while providing improvements to the living environment and planning gains to the local community. This will speed up urban regeneration in the Yau Ma Tei and Mong Kok districts where redevelopment momentum has been slow whereas the number of old and dilapidated buildings has been on the rise.

Fostering a Culture of Preventive Maintenance

When property owners and other stakeholders conduct building rehabilitation and preventive maintenance to extend the life of their buildings, the need for redevelopment is reduced, thereby creating a 'window period' in which redevelopment efforts can be focused on the severely dilapidated buildings in old urban areas.

Given this, the URA is putting extra efforts into encouraging building owners to proactively carry out repair and maintenance works in order to maintain the structural integrity and serviceability of their buildings and internal units. To this end, the URA opened Hong Kong's first Building Rehabilitation Resource Centre, located at its 'eResidence' project in Hung Hom, to the public in July 2023. Using innovative interactive displays, the Centre provides visitors with comprehensive information on building rehabilitation. It also offers online consultation and application services to help property owners apply for various building rehabilitation subsidy schemes on the spot. These services are encouraging more building owners to carry out essential maintenance and repairs.

We also plan to test preventive maintenance measures in the next Starter Homes project, eResidence Tower Three, for which applications are set to open in September 2023. The project's Deed of Mutual Covenant will include guidelines and regulations requiring owners to establish a regular maintenance plan for the building, and to set aside reserve funds for future maintenance work.

In addition, the URA has been working with various stakeholders, including the Property Management Services Authority and other property management institutions, to facilitate the future implementation of preventive maintenance and to promote regular contributions to the maintenance fund. A set of templates will be developed and published, designed to help building owners formulate their own maintenance manuals and plans. By strengthening our promotional efforts in these ways, we aim to help building owners become more confident and competent in carrying out preventive maintenance.

We will also continue to enhance the content of our Building Rehabilitation Platform website. This provides building owners with a wider range of useful information, including standard sample documents and data on market reference rates for related work items, all designed to help owners select suitable service providers for their building inspection and repair needs.

Forging Ahead

Urban decay is a complex problem, and requires a holistic and sustainable approach to address it. Given Hong Kong's substantial number of deteriorating buildings, its high property prices and fluctuating economic environment, it is imperative that alternative solutions are explored that will enable the URA to build up the financial and land reserves necessary for it to carry out urban renewal work in an effective and sustainable manner.

The Government has been a consistent source of various forms of financial support for the URA, which have ensured it has had the resources to fulfil its urban renewal mission. These have included an initial HK\$10 billion capital injection upon the URA's establishment, and a waiver of land premium payable for its redevelopment projects. In recent years, the URA has also collaborated with Government departments to consolidate out-of-date community facilities sites into URA's project to increase the overall development potential of redevelopment projects and improve their financial viability, while reprovisioning and upgrading those facilities upon redevelopment.

In addition, approval has been obtained from the Financial Secretary to raise the URA's borrowing limit from HK\$6 billion to HK\$25 billion in order to cope with the anticipated cash shortfall in the next few years arising from the implementation of several large redevelopment projects. The URA is committed to maximising the flexibility of its financial resources in order to enhance its project reserves and enable timely adjustments in response to market fluctuations, in order to mitigate potential financial risks.

We expect to see new land supply gradually become available over the next 10 years, as the Government expedites the construction of the Kau Yi Chau artificial island. This will provide about 1,000 hectares for between 190,000 and 210,000 housing units. We will explore with the Government how to use this new land supply to provide decanting space for households affected by urban renewal and enable larger-scale urban redevelopment projects, as an alternative urban-renewal solution with existing land resources.

Meanwhile, the URA will continue to identify land with restructuring and replanning potential in different districts. We will adopt the new planning tools proposed by the YMDS, along with the 'vertical city' planning concept, to formulate a more effective urban renewal plan for other old districts. We also plan to accelerate the preparation work for new redevelopment projects and related technical feasibility studies, and mobilise resources for these projects in a timely manner, depending on the availability of financial reserves and the property market situation.

On another front, we will be making significant efforts to encourage property owners to fulfil their responsibilities in all aspects of building maintenance, and assist them in the internal and external maintenance of their units, to prolong the service lives of older buildings. By doing this, we will be working to shift the urban renewal model from relying redevelopment as the only way forward to a more holistic, comprehensive and sustainable model, thus paving the way for a new era of urban renewal.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

(I) Review of 2022/23 Results

(a) Revenue

The revenue for the year ended 31 March 2023 was HK\$5,513 million, which comprised upfront payments from three tendered projects, share of surplus from joint development projects and proceeds from flat sale. The amount was lower than the revenue of HK\$22,653 million in 2021/22 by HK\$17,140 million.

The total upfront payments in 2022/23 of HK\$4,841 million were significantly lower than that in 2021/22 of HK\$20,900 million as a result of property market downturn in the second half of 2022/23. Upfront payments from the three project tenders awarded during the year, namely (a) Sung Hing Lane / Kwai Heung Street; (b) Wing Kwong Street / Sung On Street; and (c) Queen's Road West / In Ku Lane, with a total site area of 6,182 m², were significantly lower than the expected amounts. Moreover, the tender for the joint venture development of Development Areas 4 & 5 of the Kwun Tong Town Centre Project (K7) was not awarded due to poor market response. Comparatively, four tenders involving seven redevelopment projects with a total site area of 18,044 m² were awarded in 2021/22.

The share of surplus from joint development projects of HK\$476 million in 2022/23 (2021/22: HK\$1,362 million), largely contributed by SSP/1/003-005 Seaside Sonata and K7 Area 2&3 Grand Central, was revenue from projects where the sales proceeds exceeded the thresholds stipulated in the development agreements.

The revenue from sale of properties of HK\$196 million in 2022/23 (2021/22: HK\$391 million) mainly related to the sale of 10 flat-for-flat residential units at Kai Tak.

(b) Other Income

Of the HK\$575 million (2021/22: HK\$253 million) in other income for 2022/23, HK\$518 million (2021/22: HK\$84 million) were interest income from bank deposits and fixed income investments, with an overall yield of 2.06% p.a. (2021/22: 0.66% p.a.). The higher yield reflected the sustained interest rate hikes since July 2022.

Other income also included rental income, net of rental relief, of HK\$130 million (2021/22: HK\$141 million) from certain properties retained by the URA, and unrealised exchange loss of HK\$76 million (2021/22: exchange gain of HK\$25 million) relating to Renminbi deposits due to the fluctuation of exchange rate.

(c) Administrative Expenses

Administrative expenses for 2022/23 of HK\$637 million (2021/22: HK\$623 million) mainly covered staff costs, outsourcing service charges, accommodation costs and office expenses. Cost control measures were implemented whenever possible to minimise administrative expenses.

(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 HK\$3,036 million was made in 2022/23, mainly arising from (a) decrease in the assessed land value of the committed projects, reflecting unfavourable results in the URA's project tenders and the Government's land sales in recent months; and (b) the changes in the development plan and estimated costs for certain projects.

(e) Result for the Year

For the year 2022/23, the URA recorded an operating deficit of HK\$494 million. After inclusion of the provision for impairment on properties and committed projects, the net deficit was HK\$3,530 million, compared to a net surplus of HK\$6,568 million for 2021/22. The unfavourable performance for 2022/23 was mainly attributable to property market downturn, which led to (a) lower upfront payments from the three project tenders awarded in the year as mentioned in paragraph (l)(a) above, and (b) substantial provision for impairment made for committed projects.

(II) Financial Position at 31 March 2023

(a) Properties under Development

Properties under development before provision for impairment was HK\$25,249 million as at 31 March 2023 (31 March 2022: HK\$22,501 million). This sum represented the acquisition and development costs of eight projects under various states of implementation, out of which Kowloon City Projects, Kwun Tong Town Centre Project and the Civil Servants' Co-operative Building Society (CBS) project at Shing Tak Street accounted for 81% of the total value.

The aforesaid value was off-set against the cumulative provision for impairment totalling HK\$4,053 million (31 March 2022: HK\$654 million), resulting in a net value of HK\$21,196 million (31 March 2022: HK\$21,847 million). The decrease in the net value was mainly due to (i) the removal of the development costs of the projects tendered out in 2022/23 as mentioned in paragraph (l)(a) above and (ii) the large provision for impairment on committed projects made for the year as explained in paragraph (l)(e) above, after offsetting the costs incurred for property acquisitions for the remaining Kowloon City Projects.

MANAGEMENT DISCUSSION AND ANALYSIS

(b) Total Liquidity

As at 31 March 2023, the URA's total liquidity, including cash, bank deposits and debt securities investments, was HK\$23,623 million (31 March 2022: HK\$26,943 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 HK\$799 million (31 March 2022: HK\$1,098 million) mentioned in paragraph II (c) below, resulted in the net liquidity position including the securities holdings as at 31 March 2023 of HK\$22,825 million (31 March 2022: HK\$25,845 million).

(c) Debt Securities Issued

The URA is rated AA+ by Standard & Poor's Rating Services. As at 31 March 2023, the outstanding debt securities issued by the URA under the Medium Term Note (MTN) Programme was HK\$799 million.

(d) Net Asset Value

The URA's net asset value as at 31 March 2023 was HK\$50,280 million (31 March 2022: HK\$53,810 million), representing the Government's capital injection of HK\$10,000 million (31 March 2022: HK\$10,000 million) and an accumulated surplus of HK\$40,280 million (31 March 2022: HK\$43,810 million).

The financial summary of the past ten years is described on page 123 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 HK\$10,000 million of equity capital into the URA in five tranches of HK\$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. A total of 54 land grants have been waived in respect of all the tendered projects with aggregate land premia totalling HK\$22,942 million up to 31 March 2023.

Without this waiver, the URA's accumulated surplus as at 31 March 2023 would have been lowered by HK\$22,942 million to HK\$17,338 million; and its net asset value as at 31 March 2023 would have been decreased to HK\$27,338 million.

(V) Financial Resources, Liquidity and Commitments

As at 31 March 2023, the URA's net liquidity position totaled HK\$22,825 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 HK\$4,470 million.

In addition to the MTN Programme mentioned in paragraph II(c) above, the URA also maintained uncommitted bank credit facilities 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 2023, the total costs of properties under development, excluding provision for impairment, was HK\$25,249 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 HK\$78,000 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 works in redevelopment, rehabilitation, preservation, revitalisation and retrofitting. In addition to current liquidity, the projected cash outlay will be met by future upfront payments from project tenders, share of surplus sales proceeds from joint development projects and proceeds from sale of properties in the corresponding period. Should funding be required for URA's urban renewal works, financing will be sought via bank loans and/or bond issuance as appropriate.

Despite improved Hong Kong economy in the first half of 2023, local property and financial markets, impacted by external environment factors including global inflation, interest rate hikes, trade disputes and geopolitical tensions, remain volatile. Facing the uncertainties and challenges, the URA will continue to manage its businesses in an agile manner and monitor its financial position closely, with an aim to accomplish its urban renewal missions while maintaining long-term sustainability.

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	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
1-47 - 47 Ongoing projects commenced by URA												
1 ⁽²⁾	C&W-007	Queen's Road West / Kwai Heung Street, Sai Ying Pun	2022/23	December		1,295	4,908	9	205	186	10,160	8,925
2 ^(2,4)	KC-019	To Kwa Wan Road / Ma Tau Kok Road, Ma Tau Kok	2022/23	October		8,759	27,658	2	0	950	59,120	50,804
3 ⁽²⁾	KC-018	Ming Lun Street / Ma Tau Kok Road, Ma Tau Kok	2022/23	October		11,430	45,284	101	2,970	1,276	79,720	68,224
4 ^(2,5)	KC-017	Nga Tsin Wai Road / Carpenter Road, Kowloon City	2022/23	May		37,061	73,103	96	3,450	4,353	274,718	202,416
5 ⁽²⁾	SSP-018	Cheung Wah Street / Cheung Sha Wan Road, Sham Shui Po	2021/22	September		19,054	1,168	3	0	838	83,068	38,978
6 ⁽²⁾	SSP-017	Kim Shin Lane / Fuk Wa Street, Sham Shui Po	2021/22	September		7,377	50,082	90	3,149	995	55,494	46,245
7 ⁽²⁾	KC-016	To Kwa Wan Road / Wing Kwong Street, To Kwa Wan	2020/21	March		6,592	29,132	32	1,880	900	55,480	41,610
8 ⁽²⁾	YTM-012	Shantung Street / Thistle Street, Mong Kok	2020/21	October		2,796	9,364	16	608	300	17,790	12,450
9 ⁽²⁾	CBS-2:KC	Kau Pui Lung Road / Chi Kiang Street, Ma Tau Kok	2020/21	May		16,473	43,447	71	1,200	2,324	141,775	123,800
10 ⁽²⁾	CBS-1:KC	Shing Tak Street / Ma Tau Chung Road, Ma Tau Kok	2020/21	May		5,164	15,446	30	540	640	38,692	32,243
11 ⁽²⁾	KC-015	Kai Tak Road / Sa Po Road, Kowloon City	2018/19	February		6,106	23,204	41	940	810	48,168	40,140
12 ⁽²⁾	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
13 ⁽²⁾	YTM-011	Oak Street / Ivy Street, Tai Kok Tsui	2017/18	March		820	2,999	6	205	122	5,571	4,642
14 ⁽²⁾	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
15 ⁽²⁾	C&W-005	Sung Hing Lane / Kwai Heung Street, Sai Ying Pun	2017/18	July		1,120	3,984	9	231	165	8,804	8,404
16 ⁽²⁾	KC-013	Kai Ming Street / Wing Kwong Street, To Kwa Wan	2016/17	March		1,749	7,458	12	463	414	22,419	18,682

Project Development Information					Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²			
1,085	0	150	155	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 02-12-22	
7,816	0	500	0	Industrial building, Flat-for-Flat scheme is not applicable	Project commencement gazetted on 07-10-22	
10,496	0	1,000	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 07-10-22	
25,302	0	47,000	10,450	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme Project KC-017 comprises Site A, Site B and Site C. A standalone G/IC complex will be built at Site B for reprovisioning community facilities in Kowloon City Municipal Services Building, Kowloon City Lions Clubs Health Centre and Lee Kee Memorial Dispensary	Project commencement gazetted on 27-05-22 TPB hearing for comments on DSP held on 14-04-23	
5,197	0	38,893	10,395	Project SSP-018 mainly consists of open space and G/IC site. No property acquisition is therefore required Project SSP-018 comprises Site A and Site B. A standalone G/IC complex will be built at Site B, which will include indoor sport centre, health service facilities and social welfare facilities	Project commencement gazetted on 24-09-21 DSP approved by CE in C on 07-02-23	
9,249	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 24-09-21 SDEV authorised URA to proceed on 13-06-22 An objector lodged an appeal against SDEV's authorisation Two Appeal Board hearings held on 14-09-22 and 07-10-22 respectively and Appeal Board decided to dismiss the appeal Decision of Appeal Board gazetted on 24-02-23 Initial acquisition offers issued on 03-04-23	
8,322	0	5,548	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Initial acquisition offers issued on 29-06-22 Resumption gazetted on 14-04-23 Site to be reverted to Government on 15-07-23 Acquisition works in progress	
2,490	0	2,850	980	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Initial acquisition offers issued on 10-03-22 Resumption gazetted on 09-12-22 Site reverted to Government on 10-03-23 Clearance works in progress	
15,475	0	2,500	400	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme Subsidised sale flats of Dedicated Rehousing Estates to be developed and managed by HKHS will also be offered to eligible domestic owner-occupiers as an alternative option to URA's Flat-for-Flat units.	Project commencement gazetted on 22-05-20 Draft DSP submitted to TPB on 22-05-20 Revised Scheme submitted to TPB on 03-11-22 1st TPB meeting held on 24-03-23 Draft DSP gazetted on 21-04-23, two-month public consultation period expired on 21-06-23	
6,449	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme Subsidised sale flats of Dedicated Rehousing Estates to be developed and managed by HKHS are also offered to eligible domestic owner-occupiers as an alternative option to URA's Flat-for-Flat units.	Initial acquisition offers issued on 05-08-21 Resumption gazetted on 24-06-22 Site reverted to Government on 25-09-22 Site clearance completed on 20-03-23	
7,228	0	800	1,000	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Initial acquisition offers issued on 19-10-20 Resumption gazetted on 06-05-22 Site reverted to Government on 07-08-22 Clearance works in progress	
4,286	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 27-10-22 Land Grant executed on 06-02-23 Demolition works completed	
929	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 10-06-21 Site clearance completed on 07-01-22 Land Grant executed on 04-05-22 Foundation works in progress	
540	0	1,060	538	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 15-12-22 Land Grant executed on 17-03-23 Demolition works completed	
400	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Joint Venture Development tender awarded on 04-08-22 Land Grant executed on 11-11-22 Demolition works completed	
3,737	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme Project KC-013 has combined with Project KC-012 for development under a single land grant	Joint Venture Development tender awarded on 03-03-22 Land Grant executed on 07-06-22 Demolition works completed	

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	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
17 ⁽²⁾	KC-012	Wing Kwong Street, To Kwa Wan	2016/17	June		1,258	5,023	14	388	See Remarks		
18 ⁽²⁾	KC-011	Hung Fook Street / Kai Ming Street, To Kwa Wan	2016/17	June		2,635	12,628	23	813	475	26,523	22,102
19 ⁽²⁾	KC-010	Hung Fook Street / Ngan Hon Street, To Kwa Wan	2016/17	June		4,951	21,495	43	1,468	750	41,229	34,357
20 ⁽²⁾	KC-008(A)	Chun Tin Street / Sung Chi Street, To Kwa Wan	2016/17	May		2,475	3,738	14	179	260	13,860	12,270
21 ⁽²⁾	KC-009	Bailey Street / Wing Kwong Street, To Kwa Wan	2015/16	March		8,042	39,644	94	2,640	1,296	66,654	55,545
22 ^(2,3)	DL-11:YTM	Ash Street, Tai Kok Tsui	2015/16	May		474	3,228	5	206	69	3,551	3,085
23 ^(2,3)	DL-10:KT	Hang On Street, Kwun Tong	2014/15	November	Bal Residence	865	5,304	10	387	156	6,661	5,920
24	SSP-016	Castle Peak Road / Un Chau Street, Sham Shui Po	2013/14	February	The Harmonie	1,900	7,335	16	476	337	14,841	12,367
25 ^(2,3)	DL-8:KC	Kai Ming Street, To Kwa Wan	2013/14	December		553	2,467	6	122	See Remarks		
26 ⁽³⁾	DL-6:YTM	Fuk Chak Street / Li Tak Street, Tai Kok Tsui	2013/14	June	Sablier	769	3,461	2	171	144	5,738	5,101
27 ^(2,3)	DL-5:SSP	Tung Chau Street / Kweilin Street, Sham Shui Po	2013/14	April	The Symphonie	1,490	10,313	1	552	262	13,409	9,355
28 ⁽³⁾	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
29 ⁽²⁾	SSP-015	Tonkin Street / Fuk Wing Street, Sham Shui Po	2012/13	March		1,268	4,964	13	270	198	9,675	8,062
30 ^(4,8)	IB-2:SSP	Yu Chau West Street, Cheung Sha Wan	2012/13	January		1,393	12,145	1	0	0	16,716	0
31 ⁽³⁾	DL-3:YTM	Pine Street / Oak Street, Tai Kok Tsui	2012/13	April	L • Living 23	865	5,105	11	330	142	6,597	5,608
32	YTM-010	Reclamation Street / Shantung Street, Mong Kok	2011/12	February	One Soho	1,640	10,024	20	637	322	12,507	10,422
33	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
34	SSP/3/001	Shun Ning Road, Sham Shui Po	2009/10	June	The Ascent	825	3,820	8	130	157	7,159	5,959

Project Development Information					Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²			
See Remarks				Eligible domestic owner-occupiers can join the Flat-for-Flat scheme Project KC-012 has combined with Project KC-013 for development under a single land grant (please refer to Project KC-013 for the details of development parameters)	Joint Venture Development tender awarded on 03-03-22 Land Grant executed on 07-06-22 Demolition works completed	
3,871	0	550	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme Project KC-011 has combined with Project DL-8:KC for development under a single land grant	Joint Venture Development tender awarded on 03-03-22 Land Grant executed on 07-06-22 Demolition works completed	
6,872	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Foundation works in progress	
1,590	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme The project is developed by URA and all 260 flats will be sold as 'Starter Homes'	Foundation works in progress	
11,109	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Foundation works in progress	
466	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme The project is developed by URA URA has adopted the Modular Integrated Construction method for the project	Foundation works in progress	
222	0	519	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Pre-sale consent issued on 22-12-22 Sales of residential flats launched on 11-03-23 Superstructure works in progress	
2,474	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Pre-sale consent issued on 22-12-21 Sales of residential flats launched on 22-01-22 Occupation Permit issued on 03-11-22 Fitting out works in progress	
See Remarks				Eligible domestic owner-occupiers can join the Flat-for-Flat scheme Project DL-8:KC has combined with Project KC-011 for development under a single land grant (Please refer to Project KC-011 for the details of development parameters)	Joint Venture Development tender awarded on 03-03-22 Land Grant executed on 07-06-22 Demolition works completed	
637	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Occupation Permit issued on 20-05-21 Certification of Compliance issued on 28-09-21 Sale of remaining flats in progress	
4,054	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Pre-sale consent issued on 16-05-22 Occupation Permit issued on 12-06-23 Fitting out works in progress	
814	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Occupation Permit issued on 20-05-20 Certificate of Compliance issued on 09-11-20 Leasing of shops in progress	
1,613	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme The Joint Venture Partner has adopted the Modular Integrated Construction method for the project	Superstructure works in progress	
16,716	0	0	0	The project is switched from redevelopment to retrofitting	Retrofitting works for acquired properties and common areas of the project completed in 11-21 The refurbished premises occupied by URA, a social enterprise and NGOs	
989	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Occupation Permit issued on 30-09-21 Certification of Compliance obtained on 22-12-21 Sale of remaining flats in progress	
2,085	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Presale consent issued on 20-04-21 Sales of residential flats launched on 01-05-21 Occupation Permit issued on 14-03-23 Fitting out works in progress	
1,631	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Occupation Permit issued on 12-07-19 Certificate of Compliance issued on 24-03-20 Sale of remaining flats in progress	
1,200	0	0	0		Occupation Permit issued on 08-03-18 Certificate of Compliance issued on 27-07-18 Sale of shops 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	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
35 ⁽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
36 ⁽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
37	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
38 ^(2,5)	K1	Nga Tsin Wai Village, Wong Tai Sin	2007/08	October		6,013	2,051	116	124	750	37,097	34,778
39 ^(2,5)	H18	Peel Street / Graham Street, Sheung Wan	2007/08	July	One Central Place (Site A) My Central (Site B)	5,267	20,219	47	740	306	67,402	22,638
40 ⁽²⁾	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
41 42 43	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
44	H14	Sai Wan Ho Street, Shau Kei Wan	2005/06	September	Monti	710	3,796	2	21	144	5,680	5,680
45 ⁽⁷⁾	WC/001	Mallory Street / Burrows Street, Wan Chai	2004/05	March	7 Mallory Street	780	2,687	10	122	0	2,435	0
46	K32	Pine Street / Anchor Street, Tai Kok Tsui	2004/05	December	Park Summit	2,328	11,802	30	518	462	20,952	17,460
47 ^(5,7)	H19	Staunton Street / Wing Lee Street, Sheung Wan	2002/03	March		1,997	3,049	24	98	0	1,828	1,097
1-47 Ongoing Sub-Total (A)						245,738	697,674	1,250	32,967	24,929	1,811,539	1,230,322

0 Ongoing project commenced by HKHS

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

Project Development Information					Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²			
5,223	0	0	0	Rezoned 'Other Specified Uses' annotated 'Historic Buildings Preserved for Commercial and/or Cultural Uses'	Occupation Permit issued on 07-05-19 Certificate of Compliance issued on 05-07-19 Operation commenced in 11-19	
6,126	0	0	0	Rezoned 'Other Specified Uses' annotated 'Historic Buildings Preserved for Commercial and/or Cultural Uses'	Renovation works of acquired properties completed Renovated units leased out	
1,398	0	0	0		Occupation Permit issued on 25-05-17 Certificate of Compliance issued on 15-01-18 Sales of remaining flats in progress	
2,319	0	0	0	At-grade Conservation Park accessible to public will be provided. The village gatehouse, the embedded stone tablet and the Tin Hau Temple, as well as the central axis that connects them, and the foundation remains of old village walls and watchtowers will be preserved.	Site clearance completed on 26-01-16 An enhanced conservation proposal reported to AAB in 12-22 with support obtained Ground investigation field work, and demolition and hoarding site works commenced Land Grant executed on 21-06-23	
43,294	210	1,260	2,142	G/IC is a 1,260m ² multi-purpose activity hall at Site B Commercial space includes a Market Block at Site B, office space and 9,159m ² for hotel; 210m ² non-domestic GFA is used for the covered Public Open Space at Site A.	Site A Pre-sale consent issued on 22-11-21 Superstructure works in progress Site B Occupation Permit obtained on 28-12-18 Certificate of Compliance obtained on 20-06-19 Completed in 2020-21 Site C Foundation works in progress	
209,523	0	31,117	13,350	Commercial GFA include 65,860m ² for offices and 32,000m ² for hotel G/IC includes 6,200m ² for Kwun Tong Jockey Club Health Centre in YWS Site and 8,601m ² for Government uses in Main Site and 16,316m ² for Public Transport Interchange (PTI) in Main Site. Commercial Space includes 1,300m ² for social enterprises. Residential flats include 299 flats in Yuet Wah Street site and 1,999 flats in the Main Site (DAs 2 & 3) Public space includes a minimum of 9,350m ² at-grade public open space as required under the approved s.16 A/K14/745 and a minimum of 4,000m ² podium public open space as required under the lease.	YWS Site (DA 1) Occupation Permit obtained on 08-07-14 Certificate of Compliance obtained on 29-10-14 Completed in 2021-22 Main Site (DAs 2 & 3) Occupation Permit issued on 26-11-20 Certificate of Compliance issued on 28-04-21 Sales of remaining flats in progress Main Site (DAs 4 & 5) Site clearance of DA 4 completed on 31-03-21 Site clearance of DA 5 completed on 17-05-21 Demolition works completed A revised DSP based on 'Vertical City' planning concept to be submitted to TPB	
5,317	0	2,058	1,500	Three projects taken forward as one G/IC includes 1,900m ² for Special Child Care Centre cum Early Education Centre, Day Care Centre for Elderly and Sub-base for a Neighbourhood Elderly Centre; 150m ² for either social enterprise or non-domestic use	Occupation Permit (Site A) issued on 07-06-21 Occupation Permit (Site B) issued on 10-06-21 Occupation Permit (Site C) issued on 06-07-21 Certificate of Compliance issued on 26-10-21 Sales of shops in progress	
0	0	0	0		Occupation Permit issued on 28-10-19 Certificate of Compliance issued on 30-03-20 Sales of remaining flats in progress	
0	2,435	0	300	Rezoned '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	Occupation Permit issued on 20-05-13 Certificate of Compliance issued on 04-08-17 URA took over the management and operation of the project in 08-18	
3,492	0	0	450	Public Open Space not required under lease	Occupation Permit issued on 20-09-12 Certificate of Compliance issued on 27-12-12 Sales of shops in progress	
331	400	0	135	The project is switched from redevelopment to revitalisation	Notification of Withdrawal of H19 gazetted on 13-11-20 The revitalisation and community making works pursuant to the Chief Executive's 2018 Policy Agenda are completed Procurement of operator in progress	
442,367	3,045	135,805	41,795			
0	0	0	0			
0	0	0	0			

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	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²	

0 Ongoing project taken over from ex-LDC

All projects were completed					0	0	0	0	0	0	0
Nil Ongoing Sub-Total (C)					0	0	0	0	0	0	0
Ongoing Total (A) + (B) + (C)					245,738	697,674	1,250	32,967	24,929	1,811,539	1,230,322

48-72 - 25 Completed projects commenced by URA ^(B)

48 ^(B)	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
49 ^(B)	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
50	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
51	SSP-014	Fuk Wing Street, Sham Shui Po	2010/11	March	The Amused	649	2,456	6	194	136	5,030	4,471
52	TKW/1/002	Ma Tau Wai Road / Chun Tin Street, To Kwa Wan	2009/10	February	eResidence	3,377	10,393	33	660	493	24,398	20,332
53	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
54	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
55	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
56	K28	Sai Yee Street, Mong Kok	2007/08	December	Skypark	2,478	14,434	25	431	439	22,301	17,346
57	K9	MacPherson Stadium, Mong Kok	2005/06	March	MacPherson Place	2,400	2,788	1	0	293	24,767	16,705
58	TKT/2/001	Fuk Tsun Street / Pine Street, Tai Kok Tsui	2005/06	December	Park Ivy	560	4,071	4	273	113	4,843	4,003
59 ^(B)	SYP/1/001	Third Street / Yu Lok Lane / Centre Street, Sai Ying Pun	2005/06	December	The Nova	2,150	4,140	22	213	255	16,463	16,218
60 61	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
62	K31	Larch Street / Fir Street, Tai Kok Tsui	2004/05	December	Lime Stardom	2,195	10,332	29	474	377	19,735	16,425
63 ^(B)	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
64	K33	Baker Court, Hung Hom	2003/04	July	Baker Residences	277	834	3	9	68	2,338	2,077
65	K30	Bedford Road / Larch Street, Tai Kok Tsui	2003/04	July	i-home	1,229	6,313	13	280	182	10,363	9,215
66	H17	Queen's Road East, Wan Chai	2002/03	March	Queen's Cube	378	1,806	6	25	96	3,984	3,543
67	H20	First Street / Second Street, Sai Ying Pun	2002/03	November	Island Crest	3,536	15,690	41	777	488	38,178	34,259
68	K27	Reclamation Street, Mong Kok	2002/03	October	MOD 595	535	2,411	7	122	85	4,921	4,119
69	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
70	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

Project Development Information					Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²			
0	0	0	0			
0	0	0	0			
442,367	3,045	135,805	41,795			
405	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project completed in 2022-23	
468	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project completed in 2022-23	
2,076	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project completed in 2022-23	
559	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project completed in 2021-22	
3,114	952	0	500	Project commenced at request of Government following collapse of one building and demolition of damaged adjacent one The project was developed by URA All 493 flats were assigned for sale as 'Starter Homes' A new Building Rehabilitation Resource Centre is set up at the project	Project completed in 2021-22	
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	
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	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	

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	Population	Residential Flats Number	Total GFA m ²	Residential GFA m ²
71 ⁽⁵⁾	H16	Johnston Road, Wan Chai	2001/02	January	J Residence	1,970	7,640	28	333	381	20,567	17,967
72	K3	Cherry Street, Tai Kok Tsui	2001/02	January	Florient Rise	4,510	14,416	64	1,020	522	43,231	36,466
48-72 Completed Sub-Total (D)						45,841	183,912	479	9,181	6,778	419,272	348,006

73-78 - 6 Completed projects commenced by HKHS ⁽⁹⁾

73	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
74	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
75	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
76	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
77	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
78	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
73 - 78 Completed Sub-Total (E)						11,613	58,285	115	2,288	1,531	105,116	87,640

79-88 - 10 Completed projects commenced by ex-LDC and completed by URA ⁽⁹⁾

79	K11	Hanoi Road, Tsim Sha Tsui	⁽¹⁰⁾		The Masterpiece	8,299	27,309	35	220	345	102,625	45,600
80 ⁽⁵⁾	H9	Wanchai Road / Tai Yuen Street, Wan Chai	⁽¹⁰⁾		The Zenith / One Wanchai	6,793	12,555	41	975	889	62,310	52,539
81	K17	Yeung Uk Road, Tsuen Wan	⁽¹⁰⁾		The Dynasty	7,230	0	0	0	256	44,404	27,031
82	K13	Tsuen Wan Town Centre, Tsuen Wan	⁽¹⁰⁾		Vision City	20,300	56,851	96	7,119	1,466	134,185	107,884
83	H12	New Praya Kennedy Town, Kennedy Town	⁽¹⁰⁾		The Merton	6,075	24,808	65	1,683	1,182	62,904	62,794
84	H13	Ka Wai Man Road, Kennedy Town	⁽¹⁰⁾		Mount Davis 33	728	4,000	1	0	89	7,280	7,280
85	K10	Waterloo Road / Yunnan Lane, Yau Ma Tei	⁽¹⁰⁾		8 Waterloo Road	3,869	6,610	27	444	576	32,012	32,012
86	H1	Queen Street, Sheung Wan	⁽¹⁰⁾		Queen's Terrace	7,964	25,792	86	648	1,148	66,233	60,579
87	K2	Argyle Street / Shanghai Street, Mong Kok	⁽¹⁰⁾		Langham Place	11,976	40,810	108	2,603	0	167,414	0
88	K8	Kwong Yung Street, Mong Kok	⁽¹⁰⁾		Paradise Square	1,607	4,190	19	178	272	15,160	12,746
79 - 88 Completed Sub-Total (F)						74,841	202,925	478	13,870	6,223	694,527	408,465
Completed Total (D) + (E) + (F)						132,295	445,122	1,072	25,339	14,532	1,218,915	844,111
Commenced + Completed						378,032	1,142,796	2,322	58,306	39,461	3,030,454	2,074,433

Note

- (1) This table includes only Public Open Space and not any private open space
- (2) The details of project is yet to be finalised and are still subject to change during the statutory, planning and land grant approval processes
- (3) Demand-led project
- (4) Industrial Building
- (5) Redevelopment project contains some preservation elements
- (6) Preservation project
- (7) Revitalisation project
- (8) Retrofitting project
- (9) 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
- (10) The project was commenced by ex-LDC

Project Development Information					Remarks	Status
Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²			
2,600	0	0	0		Project completed in 2008-09	
4,916	0	1,849	0	G/IC is for Residential Care Home for Elderly	Project completed in 2014-15	
58,061	952	12,253	7,562			
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	
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 665 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			
334,959	952	38,893	19,031			
777,326	3,997	174,698	60,826			
<p>Glossary of Terms AAB = Antiquities Advisory Board CE in C = Chief Executive in Council DA = Development Area DSP = Development Scheme Plan GFA = Gross Floor Area G/IC = Government, Institution or Community HKHS = Hong Kong Housing Society</p>					<p>LDC = Land Development Corporation NGO = Non-governmental Organisation SDEV = Secretary for Development TPB = Town Planning Board URA = Urban Renewal Authority YWS = Yuet Wah Street</p>	

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

The Board exercises the powers and performs the duties conferred and imposed on the URA by the URA Ordinance, and plays a key role in setting direction and providing strategic guidance to ensure that the URA's works are carried out effectively.

Constitution

The Board is appointed by the Chief Executive under Section 4 of the URA Ordinance. All members of the Board, including the Chairman, are appointed by the Chief Executive for a term not exceeding three years.

As at 31 March 2023, the Board comprised a Chairman and 22 other members. There are three executive Board members who are not public officers, namely the Managing Director (MD), who is by law also the Deputy Chairman, and the two Executive Directors (EDs). 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 (NEDs) and public officers.

The Board includes three legislative councillors plus professionals and academics from various fields, including legal, accounting, finance, property, planning, surveying and social work who are NEDs and not public officers. The diverse backgrounds of NEDs bring to the Board a wide range of experience, expertise and perspectives.

Chairman and MD

Chairman

- Leading the Board in setting the URA's overall direction, strategy and work priorities
- Monitoring the executive team's performance

MD

- Administrative head responsible for administering the affairs of the URA, subject to the direction of the Board
- Developing strategic objectives, including setting the URA's agenda and priorities, and implementing them as agreed with the Board
- Assigning responsibilities to senior management and supervising their work
- Reporting regularly to the Board

Committees

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

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

CORPORATE GOVERNANCE

Committees

Function Areas

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.

Moreover, the URA is committed to providing an efficient service in the handling of public enquiries, requests and complaints. According to our performance pledge, we strive to respond to public enquires, requests and complaints within the following standard times.

	Maximum Response Time
Enquiries and requests	Within 14 working days
Complaints	Within 30 working days

In the year 2022/23, the URA has handled a total of 39,481 cases including enquiries, requests and complaints. All cases were addressed and replied within the response time as pledged.

To facilitate people of different languages and culture to access its public services, the URA has taken appropriate and practicable supportive measures. Leaflets on acquisition and compensation / rehousing information were translated into Bahasa Indonesia, Hindi, Nepali, Punjabi, Tagalog, Thai, Urdu and Vietnamese and uploaded to the URA's website. The URA has also introduced a real-time three-way telephone interpretation service (in Bahasa Indonesia, Hindi, Nepali, Punjabi, Tagalog, Thai, Urdu and Vietnamese) provided by the Centre for Harmony and Enhancement of Ethnic Minority Residents (CHEER) to answer enquiries from service users of different languages. Language Identification Card prepared by the CHEER is available in the reception areas / counters of URA offices and service centres to facilitate communication with service users of different languages.

MEMBERS OF BOARD AND PROFILES

Chairman & Managing Director



Mr CHOW Chung-kong
GBM, GBS, JP
Chairman



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

Executive Directors



Mr Eric POON Shun-wing, BBS
Executive Director
(Commercial)



Ms Carolin FONG Suet-yuen
Executive Director
(Operations)
(from 3 October 2022)



Mr Ian WONG Wai-kuen
Executive Director
(Operations)
(up to 2 October 2022)

Non-Executive Directors (Non-Official)



Mr Evan AU YANG Chi-chun



Mr William CHAN Fu-keung, BBS



Dr CHAN Ka-kui, GBS, JP



The Honourable Vincent
CHENG Wing-shun, MH, JP



Ms Ivy CHUA Suk-lin



Mr Andy HO Wing-cheong, MH



The Honourable
KWOK Wai-keung, JP



Ir Janice LAI Wai-man



Mrs Sylvia LAM YU Ka-wai, SBS



Dr LEE Ho-yin



Ms Elaine LO Yuen-man, MH



Professor TANG Bo-sin, MH



Ms Judy TONG Kei-yuk

The Honourable
Tony TSE Wai-chuen, BBS, JPDr the Honourable
Stephen WONG Yuen-shan
(up to 28 December 2022)

Ms Yvonne YEUNG Kin-ha

Non-Executive Directors (Official)

Ms Clarice YU Po-mei, JP
Director of BuildingsMr Andrew LAI Chi-wah, JP
Director of LandsMr Ivan CHUNG Man-kit, JP
Director of PlanningMr TE Chi-wang, JP
Deputy Director of Home
Affairs (2)
(from 7 November 2022)Miss Vega WONG Sau-wai, JP
Deputy Director of Home
Affairs (2)
(up to 6 November 2022)

MEMBERS OF BOARD AND PROFILES

Chairman:

Mr CHOW Chung-kong, GBM, GBS, JP

Managing Director:

Ir WAI Chi-sing, GBS, JP, FHKEng

Executive Directors:

Mr Eric POON Shun-wing, BBS, Executive Director (Commercial)

Mr Ian WONG Wai-kuen, Executive Director (Operations) (up to 2 October 2022)

Ms Carolin FONG Suet-yuen, Executive Director (Operations) (from 3 October 2022)

Non-Executive Directors (Non-Official):

Mr Evan AU YANG Chi-chun

Mr William CHAN Fu-keung, BBS

Dr CHAN Ka-kui, GBS, JP

The Honourable Vincent CHENG Wing-shun, MH, JP

Ms Ivy CHUA Suk-lin

Mr Andy HO Wing-cheong, MH

The Honourable KWOK Wai-keung, JP

Ir Janice LAI Wai-man

Mrs Sylvia LAM YU Ka-wai, SBS

Dr LEE Ho-yin

Ms Elaine LO Yuen-man, MH

Professor TANG Bo-sin, MH

Ms Judy TONG Kei-yuk

The Honourable Tony TSE Wai-chuen, BBS, JP

Dr the Honourable Stephen WONG Yuen-shan (up to 28 December 2022)

Ms Yvonne YEUNG Kin-ha

Non-Executive Directors (Official):

Ms Clarice YU Po-mei, JP Director of Buildings

Mr Andrew LAI Chi-wah, JP Director of Lands

Mr Ivan CHUNG Man-kit, JP Director of Planning

Miss Vega WONG Sau-wai, JP Deputy Director of Home Affairs (2) (up to 6 November 2022)

Mr TE Chi-wang, JP Deputy Director of Home Affairs (2) (from 7 November 2022)

Chairman

Mr CHOW Chung-kong, GBM, GBS, JP

Mr Chow Chung-kong is Chairman of the Advisory Committee on Admission of Quality Migrants and Professionals of the Hong Kong Special Administrative Region (HKSAR), 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 a non-official member of the Executive Council of the HKSAR (2012-2022), 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 2003, Mr Chow was a global corporate 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 an 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 and the Grand Bauhinia Medal in 2021.

Managing Director

Ir WAI Chi-sing, GBS, JP, FHKEng

Ir Wai Chi-sing has been appointed the Managing Director of the URA since 15 June 2016. By virtue of holding that office, he is also the Deputy Chairman of the Board. He has also been appointed a Director of the Board of Urban Renewal Fund since 13 July 2016 and the Chairman of the Independent Monitoring Panel of the MTR Corporation Limited since 23 December 2022 to oversee the comprehensive review on asset management and maintenance regime.

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

Ms Carolin FONG Suet-yuen **Executive Director (Operations)**

Ms Carolin Fong is a professional architect. She was appointed as Executive Director of the URA with effect from October 2022. Before joining the URA, she was the Director of Estates of the Hong Kong Baptist University from 2019 to 2022, the Director and Head of Sustainability of DLN Architects (HK) Ltd. from 2009 to 2019, and an Assistant Professor in the Department of Architecture of the University of Hong Kong from 2007 to 2009.

Ms Fong obtained her master's degree in Environmental Design in Architecture from the University of Cambridge. She is a Fellow of the Hong Kong Institute of Architects, Registered Architect and Authorized Person, and holds the qualification of the PRC Class 1 Registered Architect.

Mr Eric POON Shun-wing, BBS **Executive Director (Commercial)**

Mr Eric Poon is a professional quantity surveyor. He joined the former Land Development Corporation in 1997 and has been working in the URA since its establishment in 2001. In 2017, he assumed the position of Director (Works and Contracts), and was appointed as Executive Director with effect from July 2020. He is currently a Director of the Hong Kong Green Building Council, and a member of the Committee on Building Information Modelling and Task Force on Construction Digitalisation of the Construction Industry Council.

Non-Executive Directors (Non-Official)

Mr Evan AU YANG Chi-chun

Mr Evan Au Yang is the Group President of Animoca Brands, a Hong Kong-based multinational blockchain technology and investment company focused on developing the digital property rights ecosystem, including play-to-earn games, non-fungible tokens (NFTs), decentralized finance (DeFi), blockchain marketplaces, infrastructure and more.

Mr Au Yang is also the Chairman of the Board of Civic Exchange, a non-partisan public policy think tank. He serves as an Independent Non-Executive Director on three boards: the Urban Renewal Authority, Sun Hung Kai & Co. Ltd., and Asia Financial Holdings Limited. He is an Advisor for Our Hong Kong Foundation, a member of the Fintech Advisory Group of the Securities and Futures Commission and serves on the Innovation and Technology Advisory Committee of the Hong Kong Trade Development Council, the Transport Policy Committee of the Chartered Institute of Logistics and Transport, the Development Fund Committee of the Hong Kong Council of Social Service, the Advisory Council for Institute at Brown for Environment and Society for Brown University, as well as the Board of Advisors of Hong Kong 2050 is Now. In addition, Mr Au Yang is a lecturer at the Hong Kong Academy of Politics and Public Policy.

Prior to joining Animoca Brands, Mr Au Yang was the Managing Director and Head of GLG International (Gerson Lehrman Group), a technology-enabled expert insight platform where he ran and grew its business spanning Europe, Middle East, Africa and Asia-Pacific across 15 locations. Before GLG, Mr Au Yang was the Deputy Managing Director of the Kowloon Motor Bus Co. (1933) Ltd. (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 that, Mr Au Yang worked 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.

Mr William CHAN Fu-keung, BBS

Mr William Chan was a member of the Executive Directorate and the Human Resources Director of MTR Corporation Limited. He was responsible for human resource management, training and development, talent management for over 30,000 employees in Hong Kong and overseas. Prior to joining MTR, he held senior management positions in the public, commercial and utility sectors, including the Government, the Hong Kong Productivity Council, Hutchison Whampoa Limited and Hong Kong Telecommunications Limited.

During his employment, Mr Chan had served in a number of Government Statutory and Advisory Committees, including the Standing Committee on Disciplined Services Salaries and Conditions of Service, Pension Appeal Panel and Committee on Labour Relations under Labour Advisory Board.

Having worked for MTR for 23 years, Mr Chan retired in 2012. After retirement, Mr Chan was still active in community service. He was a Board Member of Hospital Authority from 2012 to 2018, and the Chairman of Tuen Mun Hospital Governing Committee from 2014 to 2020.

Currently Mr Chan is the Director of CUHK Medical Centre, Independent Non-Executive Director of two listed companies, Stella International Holdings Limited and Analogue Holdings Limited. He is a member of Grantham Hospital Governing Committee, and member of the Remuneration Committee of West Kowloon Cultural District Authority. Mr Chan obtained a Bachelor of Social Science degree from the University of Hong Kong in 1971. He received the Bronze Bauhinia Star Award in 2014 for his meritorious community service and enhancement of professional human resource management standard in Hong Kong.

MEMBERS OF BOARD AND PROFILES

Dr CHAN Ka-kui, GBS, JP

Dr Chan Ka-kui is the Immediate Past Chairman of the Construction Industry Council (CIC). He is a quantity surveyor with over 40 years of experience in the construction field.

During the tenure of his chairmanship between the years of 2016 – 2022, the CIC had successfully implemented various initiatives to improve the overall performance of the construction industry. It set up the Construction Industry Innovation and Technology Application Centre to promote adoption of advanced technology and to nurture a culture of innovation within the industry.

Dr Chan was appointed as the first Honorary Supervisor of the Hong Kong Construction Association in 2021 and conferred the degree of Doctor of Social Sciences *honoris causa* from the Hong Kong Metropolitan University in 2022 for his outstanding contribution to the Hong Kong construction industry. He is a Fellow Member of the Hong Kong Institute of Surveyors and an Honorary Fellow of the City University of Hong Kong.

The Honourable Vincent CHENG Wing-shun, MH, JP

Hon. Vincent Cheng is currently a member of the Legislative Council of the Hong Kong Special Administrative Region for the geographical constituency of Kowloon West. He has served in different public services and is being the vice-chairman of Major Sports Events Committee, a director of the Board of Hong Kong Sports Institute, a member of Advisory Committee on Arts Development, Culture Commission and a member of the Court of the University of Hong Kong. Hon. Cheng previously served as an elected member of the Sham Shui Po District Council for 12 years.

Ms Ivy CHUA Suk-lin

Ms Ivy Chua is a practicing accountant in Hong Kong, a fellow member of the Hong Kong Chartered Governance Institute 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 Chartered Governance Institute. Ms Chua was appointed as a committee member of Securities and Futures Commission Process Review Panel and panel member of Securities and Future Appeals Tribunal and previously 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, MH

Mr Andy Ho is the Executive Director of the Hong Kong Federation of Youth Groups. He is also a Member of the 14th National Committee of the Chinese People's Political Consultative Conference.

Mr Ho serves as a Non-Executive Director of the URA, Non-official Member of both the Social Welfare Advisory Committee and the Human Resources Planning Commission of the Hong Kong Special Administrative Region Government. Mr Ho was also previously a Member of the Consultation Panel of the West Kowloon Cultural District Authority.

He is also an elected Executive Committee Member of the Hong Kong Council of Social Service and a Director of the Dragon Foundation, who has a long-term commitment to nurture young people of Chinese origin worldwide to be leaders of tomorrow. Mr Ho has a life-long commitment to serving young people and has tirelessly worked for their whole person development.

Mr Ho is a Registered Social Worker in Hong Kong, with an M.A. from the Hong Kong Polytechnic University and a B.Soc.Sc. (Hons.) from the Chinese University of Hong Kong.

Under his tenure, he has overseen the establishment of the Federation's Mainland Affairs Office, helping to promote opportunities on the Mainland, particularly in the Greater Bay Area for young people. He has also ensured the growth of volunteer partnerships, especially intergenerationally in local neighbourhoods and has encouraged the development of future skills and creativity through various initiative expansion. Mr Ho's commitment has always been to the all-round wellness of young people, nurturing them to good citizenship as responsible, caring and serving members of the community and country.

The Honourable KWOK Wai-keung, JP

Hon. Kwok Wai-keung is currently a member of Hong Kong Legislative Council representing the Labour Constituency. Hon. Kwok was a member of the Hong Kong Legislative Council representing Hong Kong Island Constituency from 2016 to 2021 and Labour Constituency from 2012 to 2016. He has also been a member of the Eastern District Council since 2008. Hon. Kwok was also a member of Hong Kong Housing Authority from 2015 to 2021.

Hon. Kwok is now a member of the Lantau Development Advisory Committee, a member of Security and Guarding Service Industry Authority and the Chairman of Hong Kong Youth Power Association.

Ir Janice LAI Wai-man

Ir Janice Lai is a Member of the Hong Kong Institution of Engineers' Civil Discipline and Chartered Civil Engineer. She graduated from the University of California, Berkeley with a Bachelor's Degree and Master's Degree in Civil and Environmental Engineering.

Janice has served on various Hong Kong Government's advisory and statutory bodies including Energy Advisory Committee, Town Planning Board, Harbourfront Commission and Land and Development Advisory Committee since 2010. She currently is also the Vice-chairperson of the Works and Development Committee of the Board of Management of the Chinese Permanent Cemeteries and Director of the Board of the Urban Renewal Fund.

MEMBERS OF BOARD AND PROFILES

Mrs Sylvia LAM YU Ka-wai, SBS

Born and educated in Hong Kong, Mrs Lam is an architect by profession and is the former Director of the Architectural Services Department of the Hong Kong SAR Government.

After her retirement, Mrs Lam continues to link up with the professional circle, the construction industry and the community in other capacities. Besides being one of the Board Members for the URA, she is also a Board Member for the Hospital Authority, the Vice-Chairperson of the Maryknoll Convent School Foundation, the Honorary Architect of the Chinese University of Hong Kong and the Honorary Auditor of the Hong Kong Institute of Architects.

Dr LEE Ho-yin

Dr Lee Ho-yin is recognised as a pioneer of architectural heritage conservation education in Hong Kong through his 22 years (2000 - 2022) of teaching the subject at the University of Hong Kong where he was a key founder of the postgraduate and undergraduate architectural conservation programmes. Before taking up teaching at the university, he was an Associate Director of an architectural practice, involving in architectural projects in Hong Kong, Indonesia, Mainland China and Singapore. As 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.

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. Elaine is a corporate lawyer who focuses on cross-border mergers and acquisitions, structuring joint ventures, infrastructure project financing and corporate restructuring. Elaine works across multiple industry sectors in China, including advertising, energy, financial services, logistics and distribution, manufacturing, retail, telecommunications, and utilities. 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 mergers and acquisitions, 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 had previously 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.

Professor TANG Bo-sin, MH

Prof. Tang Bo-sin is 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.

MEMBERS OF BOARD AND PROFILES

The Honourable Tony TSE Wai-chuen, BBS, JP

Hon. Tony Tse Wai-chuen is currently a member of the Hong Kong Legislative Council for the Architectural, Surveying, Planning and Landscape functional constituency. He is a Fellow of the Hong Kong Institute of Surveyors, Founding President of Guangdong Property and Facilities Management Association of the Greater Bay Area, the Standing Committee on Disciplined Services Salaries and Conditions of Service. Hon. Tse has been awarded the Bronze Bauhinia Star in 2014 and has been appointed as member of the 13th National Committee of the Chinese People's Political Consultative Conference in 2018 and a Justice of the Peace in 2020.

After graduating from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in 1976, Hon. Tse joined the Hong Kong Government's then Public Works Department as Estate Surveyor Graduate and had served in the Department for 12 years. His last position held was Senior Estate Surveyor. Thereafter, he has held senior positions in several public organisations and private enterprises in Hong Kong. He has set up property development consultant companies in recent years and is now the Founder and Director of Brand Star Ltd.

Hon. Tse has been engaged in the property development field for almost 50 years. Besides being active in the development circle, he participates enthusiastically in public affairs and has been appointed to public services by the Government on many occasions, including Chairperson of the Property Management Services Authority, member of the Land and Building Advisory Committee and Town Planning Board, Vice-Chairman of the Independent Police Complaints Council, Chairman of VTC Real Estate Services Training Board, the Court of Lingnan University and Chairman of HKTDC Infrastructure Development Advisory Committee, etc. He has also been appointed Chairman of the Surveyors Registration Board in 2002 - 2003, elected as President of the Hong Kong Institute of Surveyors in 2003 - 2004, and member of the 5th Hong Kong Legislative Council for the Architectural, Surveying and Planning functional constituency in 2012.

Ms Yvonne YEUNG Kin-ha

Ms Yvonne Yeung is the Chief Executive of Hong Kong Young Women's Christian Association, and proactively explores innovative services to meet with the ever-changing social needs. Services provided by Hong Kong YWCA include youth development, women service & family service, Christian ministry, membership service, elderly service, early childhood education, career development & continuing education, social business & Y Hospitality etc.

Previously she had worked as a Financial Consultant in banking industry and later established a leading social enterprise to create job opportunities for disadvantaged people. She has been actively engaging in enhancing social impact via cross-sector collaboration. Her volunteer services include Member of Executive Committee, Chairperson of Standing Committee on Sector & Capacity Development, Vice-chairperson of Strategy Committee on Talent Development, Chairperson of the Best Practice Award Organizing Committee and Member of Specialized Committee on Sector Finance of the Hong Kong Council of Social Service, Non-Official Non-Executive Director of the Board of URA, Member of the Legal Aid Services Council, Advisor of Our Hong Kong Foundation, Ex-officio Member of Advisory Committee for the Trust-initiated Project for Supporting Elderly's Caregivers, and Ex-officio Member of the Advisory Committee of Jockey Club Community eHealth Care Project of the Hong Kong Jockey Club Charities Trust. She was also ex-Associate Member of the Central Policy Unit, Member of the Women's Commission, Member of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption and Member of Advisory Committee on Enhancing Self-Reliance Through District Partnership Programme of Home Affairs Department. She was awarded as the JESSICA Most Successful Women 2022.

Ms Yeung holds a master degree in Business Administration and a bachelor degree in B.S. Business Administration and B.A. Psychology. Afterwards she completed the Executive Education 'Strategic Perspective in Non-profit Management' at Harvard Business School, Harvard University and 'Measuring & Improving the Impact of Social Organizations' at Singapore National University Business School.

Non-Executive Directors (Official)

Ms Clarice YU Po-mei, JP Director of Buildings

Ms Clarice Yu has been working in the Government for over 20 years, mainly in the administration of the Buildings Ordinance on the control of new private building developments and existing private buildings. Prior to joining the Government in 1996, Ms Yu has worked in the private sector as an architect.

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 Ivan CHUNG Man-kit, JP Director of Planning

Mr Ivan Chung is a professional town planner and a member of the Hong Kong Institute of Planners. He has been working in the Government for over 30 years, mainly in district and strategic planning, major development projects, and different planning and engineering studies.

Mr TE Chi-wang, JP Deputy Director of Home Affairs (2)

Mr Te Chi-wang joined the Administrative Service of the Government of the Hong Kong Special Administrative Region in 2002. He served in various Government bureaux and departments, including the Chief Executive's Office, the Financial Secretary's Office, the Financial Services and the Treasury Bureau, the then Commerce and Industry Bureau, the Transport and Logistics Bureau, the Constitutional and Mainland Affairs Bureau and the Civil Service Bureau. He was seconded to the European Commission in 2009.

Mr Te took up the present post of Deputy Director of Home Affairs in November 2022. His major responsibilities include overseeing the policy and implementation of the District Administration Scheme and supervising the work of nine district offices in the urban districts.

Note:

Dr the Honourable Stephen WONG Yuen-shan served the Board as Non-Executive Director (Non-Official) until 28 December 2022. Miss Vega Wong Sau-wai served the Board as Non-Executive Director (Official) until 6 November 2022.

MEMBERS OF COMMITTEES

AUDIT COMMITTEE

Chairperson

Ms Ivy CHUA Suk-lin

Members

Dr CHAN Ka-kui, GBS, JP
Mr Andy HO Wing-cheong, MH
Ms Yvonne YEUNG Kin-ha

Co-opted Member

Ms Rosanna CHOI Yi-tak

DEVELOPMENT PROJECT OBJECTION CONSIDERATION COMMITTEE

Chairperson

The Honourable Vincent CHENG Wing-shun, MH, JP

Members

The Honourable KWOK Wai-keung, JP
Mrs Sylvia LAM YU Ka-wai, SBS
Dr LEE Ho-yin
The Honourable Tony TSE Wai-chuen, BBS, JP

Co-opted Members

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

FINANCE COMMITTEE

Chairperson

Mr CHOW Chung-kong,
GBM, GBS, JP

Members

Mr Evan AU YANG Chi-chun
Ms Ivy CHUA Suk-lin
Ms Elaine LO Yuen-man, MH
Professor TANG Bo-sin, MH
The Honourable Tony TSE Wai-chuen, BBS, JP
Dr the Honourable Stephen WONG Yuen-shan
(up to 28 December 2022)
Ms Yvonne YEUNG Kin-ha
Managing Director
(Ir WAI Chi-sing, GBS, JP, FHKEng)

Co-opted Member

Mr Alexander LAM Tsan-wing

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Chairperson

Mr CHOW Chung-kong,
GBM, GBS, JP

Members

Mr Evan AU YANG Chi-chun
Mr Willian CHAN Fu-keung, BBS
The Honourable KWOK Wai-keung, JP
Ms Elaine LO Yuen-man, MH
Professor TANG Bo-sin, MH
Dr the Honourable Stephen WONG Yuen-shan
(up to 28 December 2022)
Managing Director
(Ir WAI Chi-sing, GBS, JP, FHKEng)

LAND, REHOUSING AND COMPENSATION COMMITTEE

Chairperson

Ms Elaine LO
Yuen-man, MH

Members

Mr Willian CHAN Fu-keung, BBS
Dr CHAN Ka-kui, GBS, JP
The Honourable KWOK Wai-keung, JP
Ms Judy TONG Kei-yuk
Dr the Honourable Stephen WONG Yuen-shan
(up to 28 December 2022)
Managing Director
(Ir WAI Chi-sing, GBS, JP, FHKEng)
Executive Director (Operations)
(Mr Ian WONG Wai-kuen) (up to 2 October 2022)
(Ms Carolin FONG Suet-yuen) (from 3 October 2022)

Co-opted Members

Mr Patrick LAU Lai-chiu, SBS
Mr Timothy MA Kam-wah, MH, JP
Assistant Director / Specialist 3,
Lands Department
(Ms Lily CHIU Lee-lee)

PLANNING, DEVELOPMENT AND CONSERVATION COMMITTEE

Chairperson

Dr LEE Ho-yin

Members

The Honourable Vincent CHENG Wing-shun,
MH, JP
Mr Andy HO Wing-cheong, MH
Ir Janice LAI Wai-man
Mrs Sylvia LAM YU Ka-wai, SBS
Professor TANG Bo-sin, MH
Ms Judy TONG Kei-yuk
The Honourable Tony TSE Wai-chuen, BBS, JP
Director of Lands[△]
(Mr Andrew LAI Chi-wah, JP)
Director of Planning[△]
(Mr Ivan CHUNG Man-kit, JP)
Managing Director
(Ir WAI Chi-sing, GBS, JP, FHKEng)
Executive Director (Commercial)
(Mr Eric POON Shun-wing, BBS)

Co-opted Members

Mr Alexander LAM Tsan-wing
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

Mr Willian CHAN
Fu-keung, BBS

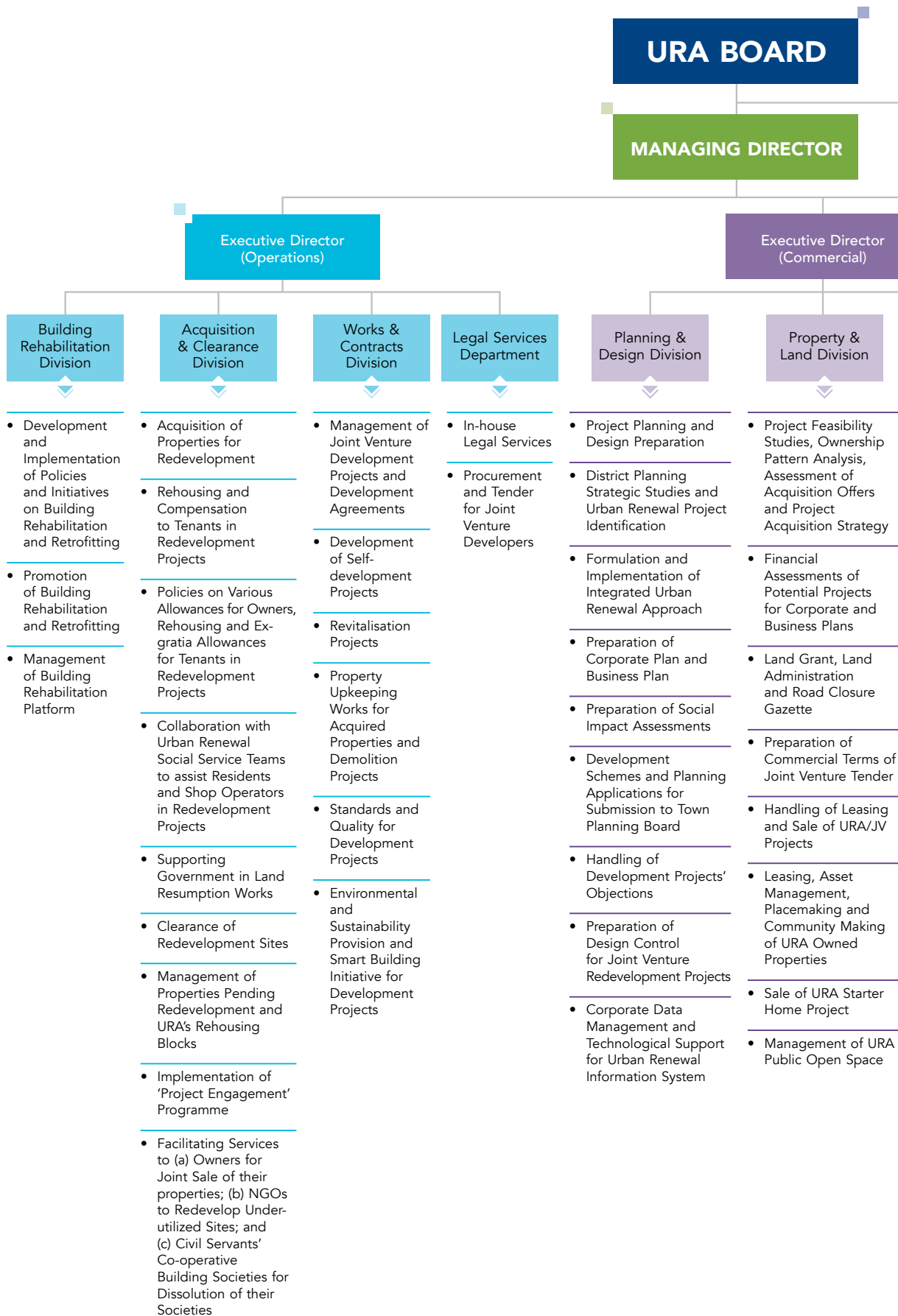
Members

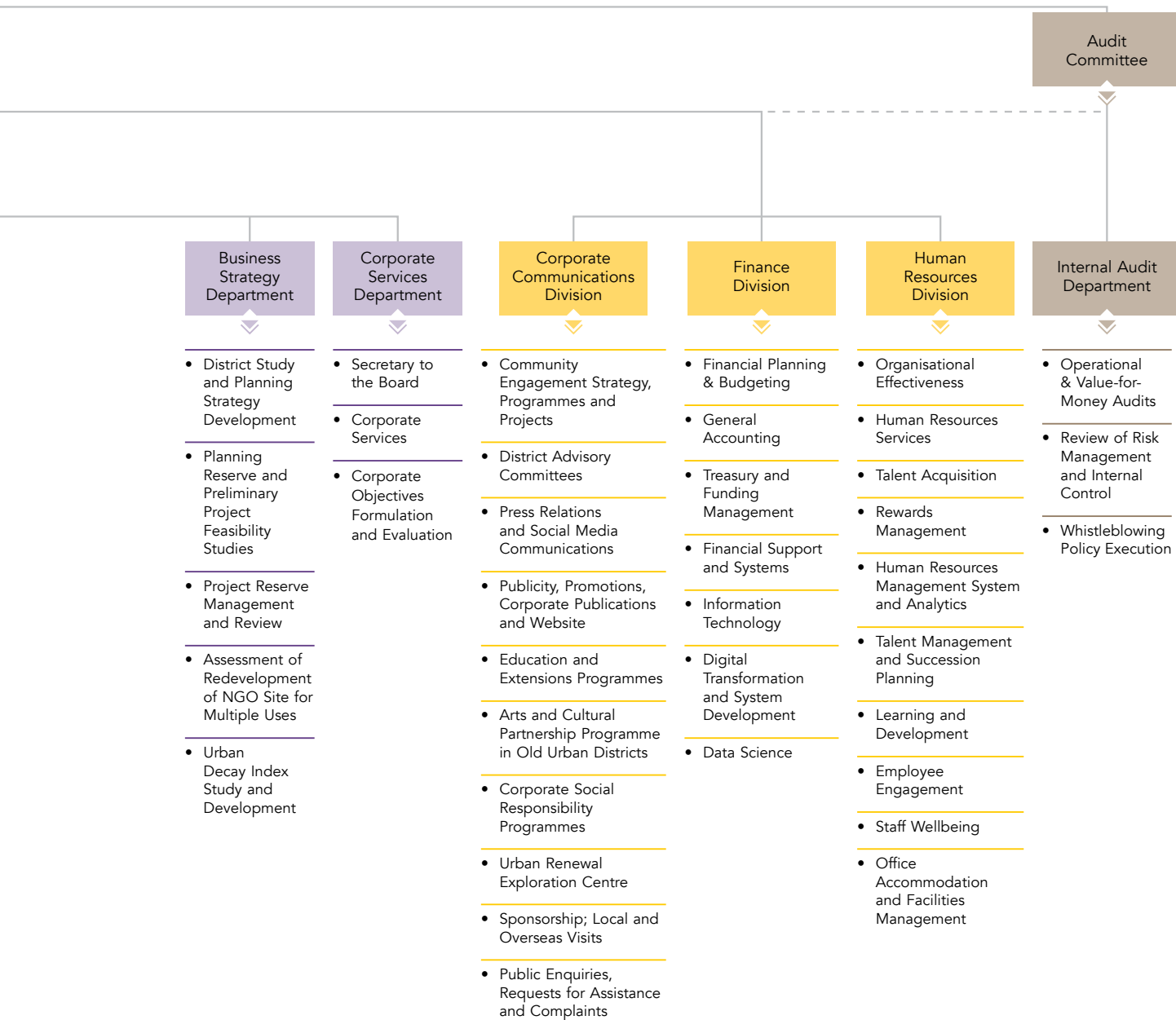
The Honourable Vincent CHENG Wing-shun,
MH, JP
Ir Janice LAI Wai-man
Dr LEE Ho-yin
Ms Elaine LO Yuen-man, MH

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

CENTRAL AND WESTERN DISTRICT ADVISORY COMMITTEE

Chairperson Dr LEE Ho-yin

Members Professor Roger CHAN Chun-kwong Mr LUI Hung-pan Mr YEUNG Hok-ming, MH
Mr Owen CHAN Chun-wah Mr MAN Chi-wah, BBS, MH Mr Jeremy YOUNG Chit-on
Mr CHENG Po-hung Mr PANG Ka-ho
Mr Kenneth LEE Fung-nin Ms Anna YEN Lau-fan
District Officer (Central & Western)

KOWLOON CITY DISTRICT ADVISORY COMMITTEE

Chairperson Professor TANG Bo-sin, MH

Members Ms CHAN Wing-lam, Gwyneth Ms LAI LEE Chui-ling Mr TAM Man-chi
Mr CHO Wui-hung, MH Mr LAM Pok Mr WONG Yip-kwan, MH
Mr HO Hin-ming, BBS, MH Mr NG Po-keung, MH Mr YEUNG Chun-yu
Mr KU Ka-yin, MH Mr PUN Kwok-wah, JP
Mr KWAN Ho-yeung Dr SIU Miu-man, MH
District Officer (Kowloon City)

KWUN TONG DISTRICT ADVISORY COMMITTEE

Chairperson Mr Evan AU YANG Chi-chun

Members Ms CHAN Siu-hing Ms FU Pik-chun, MH Mr LING Chi-keung, MH
Mr Nelson CHAN Wah-yu, MH, JP Mr KAN Ming-tung, MH Mr Wilson OR Chong-shing, MH
Mr CHEUNG Freeman Mr Patrick LAI Shu-ho, BBS, MH, JP Mr Kevin SO Koon-chung
Mr CHONG Yam-ming, BBS, MH Mr LEUNG Tang-fung Ms SO Lai-chun, MH, JP
Mr CHOW Yiu-ming, BBS, MH Mr LI Hung Sr Gary YEUNG Man-kai
District Officer (Kwun Tong)

SHAM SHUI PO DISTRICT ADVISORY COMMITTEE

Chairperson The Honorable Vincent CHENG Wing-shun, MH, JP

Members Mr CHAN Wai-ming, BBS, MH, JP Mr Aaron LAM Ka-fai, BBS, JP Ms POON Choi-chun
Dr Lennon CHOY Hung-tat Dr LAU Kwok-yu, JP Mr Garrie TAM Wai-man
(from 1 November 2022) Ms LAU Pui-yuk, MH Mr WAI Woon-nam
Mr Waillen CHUI Wai-lan Mr MAK Wai-ming Dr WONG Joseph Francis
Mr CHUM Tak-shing
District Officer (Sham Shui Po)

YAU TSIM MONG DISTRICT ADVISORY COMMITTEE

Chairperson Ir Janice LAI Wai-man

Members Professor Paul CHU Hoi-shan Mr Edward LEUNG Wai-kuen, JP Mr WONG Kin-san, MH
Mr CHUNG Chak-fai Mr Edward LEUNG Yee-wah Mr Benny YEUNG Tsz-hei, BBS, MH
Mr Frank HO Fu-wing Mr Ernest NG Kwok-wa Dr Simon YUEN Sheung-man
Mr HUI Tak-leung, JP Ir Michelle TANG Ming-sum
Mr LAU Pak-kei, MH Sr Kenny TSE Chi-kin
District Officer (Yau Tsim Mong)

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenue	1,169	9,904	7,422	5,035	13,868	3,423	2,107	3,439	22,653	5,513
Operating surplus/(deficit) (Note 1)	740	1,779	5,215	2,311	11,512	1,489	1,143	49	7,240	(494)
Net surplus/(deficit)	(2,270)	1,076	4,451	3,142	12,038	2,330	118	150	6,568	(3,530)
Accumulated surplus	13,937	15,013	19,464	22,606	34,644	36,974	37,092	37,242	43,810	40,280
Capital	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net assets	23,937	25,013	29,464	32,606	44,644	46,974	47,092	47,242	53,810	50,280
Debt securities issued less unamortised finance charges	4,777	4,582	3,285	3,288	2,791	2,793	1,796	1,097	1,098	799
Properties under development (Note 2)	27,677	20,984	20,199	19,087	25,769	29,609	33,494	33,287	22,501	25,249
Land premia waived by the Government during the year	-	(7,785)	(940)	(180)	(4,077)	(190)	(4)	(17)	(1,106)	(2,137)
Surplus/(deficit) if no land premium waiver	(2,270)	(6,709)	3,511	2,962	7,961	2,140	114	133	5,462	(5,667)
Accumulated surplus if no land premium waiver	7,431	722	4,233	7,195	15,156	17,296	17,410	17,543	23,005	17,338

Notes:

1. "Operating surplus/(deficit)" refers to operating results before deducting provision for impairment on properties and committed projects.
2. "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 2023.

BOARD MEMBERS

Members of the Board for the year and up to the date of this report are set out on page 108.

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, preservation, revitalisation and retrofitting. 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 2023 and the financial position of the Group and of the Authority at that date are set out in the consolidated financial statements on pages 128 to 174.

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 2023, 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, 6 July 2023

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 128 to 174, which comprise the consolidated statement of financial position as at 31 March 2023, 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 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE BOARD MEMBERS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 18 of the Urban Renewal Authority Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, actions taken to eliminate threats or safeguards applied.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
6 July 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2023
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
Revenue	5(a)	5,513,383	22,652,901
Direct costs		<u>(5,454,321)</u>	<u>(14,576,548)</u>
Gross surplus		59,062	8,076,353
Other income, net	5(b)	575,273	252,688
Administrative expenses		(637,089)	(622,586)
Other expenses		<u>(491,332)</u>	<u>(466,650)</u>
Operating (deficit)/surplus before provision for impairment on properties and committed projects		(494,086)	7,239,805
Provision for impairment on properties and committed projects, net	6(a)	<u>(3,035,622)</u>	<u>(672,452)</u>
Operating (deficit)/surplus before income tax	6	(3,529,708)	6,567,353
Income tax expenses	7(a)	<u>-</u>	<u>-</u>
(Deficit)/surplus and total comprehensive income for the year		<u><u>(3,529,708)</u></u>	<u><u>6,567,353</u></u>

The notes on pages 133 to 174 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2023
(expressed in Hong Kong Dollars)

	Note	2023 \$'000	2022 \$'000
Non-current assets			
Property, plant and equipment	8	7,149,695	7,250,697
Properties under development	9	19,979,351	20,701,475
Building rehabilitation loans	10	5,445	8,348
Prepayments		661,867	928,969
Other receivables	11(a)	-	309,527
Investments	12	1,650,000	650,000
Bank deposits	13	269,000	976,400
		<u>29,715,358</u>	<u>30,825,416</u>
Current assets			
Properties held for sale	14	868,465	979,542
Properties under development for sale	9	1,216,849	1,145,392
Amounts due from joint development projects	15	27,256	40,937
Building rehabilitation loans	10	3,218	3,935
Trade and other receivables	11(b)	470,100	160,401
Investments	12	1,150,000	83,325
Cash and bank balances	13	20,554,169	25,233,143
		<u>24,290,057</u>	<u>27,646,675</u>
Total assets		<u><u>54,005,415</u></u>	<u><u>58,472,091</u></u>
Capital and reserves			
Capital	16	10,000,000	10,000,000
Accumulated surplus		40,279,792	43,809,500
		<u>50,279,792</u>	<u>53,809,500</u>
Non-current liabilities			
Trade and other payables	17	385,155	387,085
Debt securities issued	18	498,622	797,920
		<u>883,777</u>	<u>1,185,005</u>
Current liabilities			
Amounts due to joint development projects	15	244,404	252,796
Trade and other payables	17	2,297,463	2,600,335
Debt securities issued	18	299,979	299,855
Provision for committed projects	19	-	324,600
		<u>2,841,846</u>	<u>3,477,586</u>
Total capital, reserves and liabilities		<u><u>54,005,415</u></u>	<u><u>58,472,091</u></u>

Approved by the Board
on 6 July 2023



CHOW Chung-kong
Chairman



WAI Chi-sing
Managing Director

The notes on pages 133 to 174 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2023
(expressed in Hong Kong Dollars)

	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Operating (deficit)/surplus before income tax		(3,529,708)		6,567,353	
Adjustments for:					
Interest income	5(b)	(517,922)		(83,766)	
Depreciation	6(a)	214,777		211,078	
Interest expenses	6(a)	639		911	
Loss on disposal of property, plant and equipment	5(b)	-		75	
Net foreign exchange loss/(gain)		76,208		(25,115)	
Provision for impairment on properties and committed projects, net		<u>3,035,622</u>		<u>672,452</u>	
Operating (deficit)/surplus before working capital changes		(720,384)		7,342,988	
Changes in balances with joint development projects		5,289		3,191	
(Increase)/decrease in properties under development		(2,469,495)		8,480,361	
Decrease in properties held for sale		106,678		307,439	
Decrease in building rehabilitation loans		3,620		1,899	
Decrease/(increase) in prepayments		46,952		(186,660)	
Decrease in other receivables		309,527		2,260,779	
Increase in trade and other receivables		(75,516)		(37,456)	
Decrease in trade and other payables		<u>(280,401)</u>		<u>(692,656)</u>	
Cash (used in)/generated from operations		(3,073,730)		17,479,885	
Interest received		283,740		94,762	
Interest paid		<u>(32,240)</u>		<u>(32,222)</u>	
Net cash (used in)/generated from operating activities			(2,822,230)		17,542,425

The notes on pages 133 to 174 form part of these consolidated financial statements.

for the year ended 31 March 2023
(expressed in Hong Kong Dollars)

	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities					
Decrease/(increase) in bank deposits with original maturities of more than 3 months		2,562,211		(14,540,153)	
Payment for purchase of investments at amortised cost		(2,150,000)		(732,710)	
Payment for purchase of property, plant and equipment		(75,379)		(192,004)	
Redemption of investments at amortised cost		83,325		324,077	
Proceeds from disposal of property, plant and equipment		-		10	
Net cash generated from/(used in) investing activities			420,157		(15,140,780)
Cash flows from financing activities					
Redemption of debt securities	13	(300,000)		-	
Capital element of lease rentals paid	13	(44,456)		(47,906)	
Interest element of lease rentals paid	13	(1,425)		(2,342)	
Net cash used in financing activities			(345,881)		(50,248)
Net (decrease)/increase in cash and cash equivalents					
			(2,747,954)		2,351,397
Cash and cash equivalents at 1 April					
			4,442,366		2,070,441
Exchange (loss)/gain on cash and cash equivalents			(77,657)		20,528
Cash and cash equivalents at 31 March					
			<u>1,616,755</u>		<u>4,442,366</u>
Analysis of cash and bank balances					
Cash and cash equivalents			1,616,755		4,442,366
Bank deposits with original maturities of more than 3 months			<u>19,206,414</u>		<u>21,767,177</u>
Cash and bank balances at 31 March					
	13		<u>20,823,169</u>		<u>26,209,543</u>

The notes on pages 133 to 174 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023
(expressed in Hong Kong Dollars)

	<u>Capital</u>	Accumulated <u>Surplus</u>	<u>Total</u>
	\$'000	\$'000	\$'000
Balance at 1 April 2021	10,000,000	37,242,147	47,242,147
Surplus and total comprehensive income for the year	<u>-</u>	<u>6,567,353</u>	<u>6,567,353</u>
Balance at 31 March 2022	<u>10,000,000</u>	<u>43,809,500</u>	<u>53,809,500</u>
Balance at 1 April 2022	10,000,000	43,809,500	53,809,500
Deficit and total comprehensive income for the year	<u>-</u>	<u>(3,529,708)</u>	<u>(3,529,708)</u>
Balance at 31 March 2023	<u>10,000,000</u>	<u>40,279,792</u>	<u>50,279,792</u>

The notes on pages 133 to 174 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, preservation, revitalisation and retrofitting. 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(b) Relevant standards effective in the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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

(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 2023 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023
Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 1, <i>Non-current liabilities with covenants</i>	1 January 2024
Amendments to HKFRS 16, <i>Lease liability in a sale and leaseback</i>	1 January 2024

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.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(d) Basis of consolidation

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

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

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

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

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

(e) Revenue recognition

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(e) Revenue recognition (Continued)

- (iv) Interest income is recognised on a time-proportion basis using the effective interest method.
- (v) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.
- (vi) Income from Urban Redevelopment Facilitating Services Company Limited is recognised upon completion of the sale of the properties by the owners in accordance with the terms of the sale agreement.

(f) Contract liabilities

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

(g) Property, plant and equipment

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

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

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.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(g) Property, plant and equipment (Continued)

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

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.

(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.

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)

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.

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.

(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)

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.

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.

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)

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.

(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.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(i) Financial assets and liabilities (Continued)

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.

(j) Leased assets

(i) *As a lessee*

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.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(j) Leased assets (Continued)

(i) *As a lessee (Continued)*

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 lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The Group presents right-of-use assets in "property, plant and equipment" and presents lease liabilities under "trade and other payables" in the consolidated statement of financial position.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(j) Leased assets (Continued)

(ii) *As a lessor*

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(e)(v).

(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, contingencies and onerous contracts

(i) *Provisions and contingent liabilities*

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, contingencies and onerous contracts (Continued)

(i) Provisions and contingent liabilities (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.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(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 or substantially enacted at the end of the reporting period.

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

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

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(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.

(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 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.

(expressed in Hong Kong Dollars)

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

(a) Financial risk factors (Continued)

(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.

The credit risk on trade receivables is limited as rental deposits in the form of cash are usually received from tenants.

The Group measures loss allowances for trade and lease 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.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

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

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

	2023	2022
	\$'000	\$'000
Less than 1 year		
Trade and other payables	2,234,790	2,593,163
Amounts due to joint development projects	244,404	252,796
Debt securities issued	320,928	332,240
	<u>2,799,122</u>	<u>3,178,200</u>
Between 1 to 3 years		
Trade and other payables	36,203	33,163
Debt securities issued	538,447	340,125
	<u>574,650</u>	<u>373,288</u>
Between 3 to 5 years		
Trade and other payables	14,920	14,920
Debt securities issued	-	519,250
	<u>14,920</u>	<u>534,170</u>
Over 5 years		
Trade and other payables	334,506	339,269
	<u>334,506</u>	<u>339,269</u>

(iv) Foreign exchange risk

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

Foreign exchange risk sensitivity

As at 31 March 2023, if Hong Kong dollar had weakened/strengthened by 1% against foreign currencies with all other variables held constant, the deficit of the Group would decrease/increase by approximately \$15,969,000 (2021/22: the surplus of the Group would increase/decrease by approximately \$15,616,000) resulting from the foreign exchange gains/losses on translation of cash and bank balances and investments denominated in foreign currencies.

(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.

(expressed in Hong Kong Dollars)

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

(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 judgements

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

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

Impairment of properties and provision for a committed project

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

4. Critical accounting estimates and judgements (Continued)

Impairment of properties and provision for a committed project sensitivity

As at 31 March 2023, 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 deficit of the Group for the year would decrease/increase by approximately \$584,000,000 (2021/22: increase/decrease surplus by approximately \$89,500,000) 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.

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:

	2023	2022
	\$'000	\$'000
Revenue recognised outside the scope of HKFRS 15		
- Upfront premium from property developers	4,841,000	20,900,300
- Share of property development surplus on joint development projects	475,811	1,362,166
Revenue from contracts with customers within the scope of HKFRS 15		
- Sale of properties	196,572	390,435
	<u>5,513,383</u>	<u>22,652,901</u>

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

At 31 March 2023, 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 held for sale pending transfer of control amounted to \$170,501,000 (2021/22: \$37,501,000) which will be recognised when the 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.

(expressed in Hong Kong Dollars)

5. Revenue and other income, net (Continued)

(b) Other income, net

Other income, net recognised during the year represents:

	2023	2022
	\$'000	\$'000
Interest income	517,922	83,766
Rental income	130,202	141,127
Miscellaneous income	3,357	2,755
Loss on disposal of property, plant and equipment	-	(75)
Net foreign exchange (loss)/gain	(76,208)	25,115
	<u>575,273</u>	<u>252,688</u>

6. Operating (deficit)/surplus before income tax

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

(a) Other items:

	2023	2022
	\$'000	\$'000
Cost of properties under joint development projects	5,291,465	14,207,055
Cost of properties sold	105,986	307,439
Staff costs* (excluding directors' and senior management's remuneration)	489,934	485,196
Rehabilitation and retrofit expenses	45,354	36,267
Revitalisation and preservation expenses	17,054	8,345
Place making expenses^	9,482	7,992
Outgoings in respect of preservation properties, retained properties and rehousing units	<u>139,346</u>	<u>153,735</u>
Depreciation		
- Depreciation	242,150	234,893
- Less: Depreciation capitalised	<u>(27,373)</u>	<u>(23,815)</u>
	<u>214,777</u>	<u>211,078</u>
Auditor's remuneration		
- Audit services	<u>534</u>	<u>518</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

6. Operating (deficit)/surplus before income tax (Continued)

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

(a) Other items (Continued)

	2023	2022
	\$'000	\$'000
Impairment on properties		
- Provision for/(write back of provision for) impairment on properties held for sale	4,398	(8,679)
- (Write back of provision for)/provision for impairment on property, plant and equipment	(42,776)	242,631
- Provision for impairment on properties under development	3,074,000	438,500
	<u>3,035,622</u>	<u>672,452</u>
Interest expenses		
- Interest on lease liabilities	1,425	2,342
- Less: Interest on lease liabilities capitalised [#]	(786)	(1,431)
	<u>639</u>	<u>911</u>
- Interest expenses on debt securities issued	30,914	32,240
- Less: Interest expenses capitalised [#]	(30,914)	(32,240)
	<u>-</u>	<u>-</u>
	<u>639</u>	<u>911</u>

* Including salaries and other benefits of \$457,900,000 (2021/22: \$453,383,000) and contribution to provident fund scheme of \$32,034,000 (2021/22: \$31,813,000).

^ Excluding depreciation of \$942,000 (2021/22: \$1,006,000) and finance cost of \$58,000 (2021/22: \$15,000) for properties leased for own use.

The borrowing costs have been capitalised at rates ranging from 2.15% to 3.85% per annum (2021/22: 2.15% to 3.85% per annum).

(expressed in Hong Kong Dollars)

6. Operating (deficit)/surplus before income tax (Continued)

Operating (deficit)/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

	2023					
	Fees	Salaries	Provident	Sub-total	Variable	Total
			fund scheme			
\$'000	\$'000	contributions	\$'000	\$'000	\$'000	\$'000
Managing Director						
- Wai Chi-sing	-	4,646	-	4,646	1,388	6,034
Executive Directors						
- Eric Poon Shun-wing	-	3,084	393	3,477	770	4,247
- Carolin Fong Suet-yuen ¹	-	1,524	9	1,533	381	1,914
- Ian Wong Wai-kuen ²	-	-	-	-	-	-
9 Senior management staff ² & 1 Ex-senior management staff	-	22,794	2,385	25,179	6,612	31,791
Total ³	-	32,048	2,787	34,835	9,151	43,986
	2022					
	Fees	Salaries	Provident	Sub-total	Variable	Total
			fund scheme			
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managing Director						
- Wai Chi-sing	-	4,491	-	4,491	1,338	5,829
Executive Directors						
- Ben Lui Sau-shun ⁴	-	2,146	15	2,161	515	2,676
- Ian Wong Wai-kuen ²	-	-	-	-	-	-
- Eric Poon Shun-wing	-	3,092	393	3,485	770	4,255
9 Senior management staff ²	-	23,868	2,610	26,478	6,717	33,195
Total ³	-	33,597	3,018	36,615	9,340	45,955

Notes:

- The Executive Director assumed her role with effect from 3 October 2022.
- A senior management staff was appointed as Executive Director from 6 January 2022 to 2 October 2022 on top of his current employment as senior management staff.
- Excluding compensation in lieu of leave in the aggregate sum of \$938,000 (2021/22: \$776,000).
- The Executive Director retired on 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

6. Operating (deficit)/surplus before income tax (Continued)

Operating (deficit)/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)

	<u>2023</u>	<u>2022</u>
	No. of Individuals	No. of Individuals
Their remuneration fell within the following bands:		
\$1 to \$500,000	1	-
\$1,500,001 to \$2,000,000	2	-
\$2,500,001 to \$3,000,000	-	2
\$3,000,001 to \$3,500,000	3	3
\$3,500,001 to \$4,000,000	2	2
\$4,000,001 to \$4,500,000	3	3
\$4,500,001 to \$5,000,000	1	1
\$5,500,001 to \$6,000,000	-	1
\$6,000,001 to \$6,500,000	1	-
Total	<u>13</u>	<u>12</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 or 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 (deficit)/surplus before income tax (Continued)

Operating (deficit)/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:

	2023	2022
	\$'000	\$'000
Chairman		
Mr Chow Chung-kong, GBM, GBS, JP	100	100
Non-Executive Directors (non-public officers)		
Mr Evan Au Yang Chi-chun	65	65
Mr Chan Ka-kui, GBS, JP (from 1 May 2022)	60	-
Mr William Chan Fu-keung, BBS	65	65
Ms Judy Chan Ka-pui (up to 30 Apr 2022)	5	65
The Honourable Vincent Cheng Wing-shun, MH, JP	65	65
Ms Ivy Chua Suk-lin	65	65
Mr Andy Ho Wing-cheong	65	65
The Honourable Kwok Wai-keung, JP	65	65
Ir Janice Lai Wai-man (from 1 May 2022)	60	-
Mrs Sylvia Lam Yu Ka-wai, SBS (from 1 May 2022)	60	-
Dr Lee Ho-yin (Note)	22	65
Ms Elaine Lo Yuen-man, MH	65	65
Mr Roger Luk Koon-hoo, BBS, JP (up to 30 Apr 2022)	5	65
Professor Tang Bo-sin, MH	65	65
Ms Judy Tong Kei-yuk	65	65
Mr Andy Tong Sze-hang (up to 8 Sep 2021)	-	29
The Honourable Tony Tse Wai-chuen, BBS, JP	65	65
Mrs Cecilia Wong Ng Kit-wah (up to 30 Apr 2022)	5	65
Mr Michael Wong Yick-kam, MH, JP (up to 30 Apr 2022)	5	65
Mr Stephen Wong Yuen-shan (up to 28 Dec 2022)	48	65
Ms Yvonne Yeung Kin-ha (from 1 May 2022)	60	-
	<u>1,080</u>	<u>1,169</u>

Note: The Non-Executive Director ceased to receive any fees from the Authority with effect from 4 August 2022.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

6. Operating (deficit)/surplus before income tax (Continued)

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

(d) Five highest paid individuals

	2023	2022
	\$'000	\$'000

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 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	16,827	16,783
- Provident fund scheme contributions	1,426	1,464
Sub-total	<u>18,253</u>	<u>18,247</u>
Variable pay	<u>4,941</u>	<u>4,693</u>
Total**	<u><u>23,194</u></u>	<u><u>22,940</u></u>

Their remuneration fell within the following bands:

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

** For the year ended 31 March 2023, compensation in lieu of leave of \$696,000 (2021/22: \$223,000) 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 profits for the year (2021/22: Nil).

- (b) As at 31 March 2023, the subsidiaries of the Group have unrecognised deductible temporary differences arising from capital allowance of \$3,833,000 (31 March 2022: Nil) and tax losses of \$50,123,000 (31 March 2022: \$43,164,000) 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 ¹	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	\$'000
At 31 March 2021								
Cost	1,965,463	3,266,084	2,073,042	228,004	79,636	25,525	156,724	7,794,478
Accumulated depreciation	(94,587)	(263,718)	(355,318)	(72,151)	(57,864)	(17,276)	(69,606)	(930,520)
Accumulated impairment	-	(1,181,264)	(317,054)	-	-	-	-	(1,498,318)
Net book value	<u>1,870,876</u>	<u>1,821,102</u>	<u>1,400,670</u>	<u>155,853</u>	<u>21,772</u>	<u>8,249</u>	<u>87,118</u>	<u>5,365,640</u>
Year ended 31 March 2022								
Opening net book value	1,870,876	1,821,102	1,400,670	155,853	21,772	8,249	87,118	5,365,640
Additions / Adjustments ²	-	44,739	(15,859)	96,411	59,327	7,386	19,622	211,626
Transfer from properties under development	2,151,097	-	-	-	-	-	-	2,151,097
Disposal	-	-	-	-	-	(84)	(58)	(142)
Depreciation	(93,535)	(44,485)	(22,703)	(13,664)	(6,774)	(5,524)	(48,208)	(234,893)
Provision for impairment	(25,709)	(121,546)	(95,376)	-	-	-	-	(242,631)
Closing net book value	<u>3,902,729</u>	<u>1,699,810</u>	<u>1,266,732</u>	<u>238,600</u>	<u>74,325</u>	<u>10,027</u>	<u>58,474</u>	<u>7,250,697</u>
At 31 March 2022								
Cost	4,116,560	3,310,823	2,057,183	312,832	133,643	32,216	149,370	10,112,627
Accumulated depreciation	(188,122)	(308,203)	(378,021)	(74,232)	(59,318)	(22,189)	(90,896)	(1,120,981)
Accumulated impairment	(25,709)	(1,302,810)	(412,430)	-	-	-	-	(1,740,949)
Net book value	<u>3,902,729</u>	<u>1,699,810</u>	<u>1,266,732</u>	<u>238,600</u>	<u>74,325</u>	<u>10,027</u>	<u>58,474</u>	<u>7,250,697</u>
Year ended 31 March 2023								
Opening net book value	3,902,729	1,699,810	1,266,732	238,600	74,325	10,027	58,474	7,250,697
Additions / Adjustments ²	83	14,468	-	45,601	4,773	10,454	23,025	98,404
Disposal	-	-	-	-	-	-	(32)	(32)
Depreciation	(92,444)	(41,757)	(32,379)	(17,147)	(9,400)	(5,256)	(43,767)	(242,150)
Write back of provision / (provision) for impairment	5,500	37,753	(477)	-	-	-	-	42,776
Closing net book value	<u>3,815,868</u>	<u>1,710,274</u>	<u>1,233,876</u>	<u>267,054</u>	<u>69,698</u>	<u>15,225</u>	<u>37,700</u>	<u>7,149,695</u>
At 31 March 2023								
Cost	4,116,643	3,325,291	2,057,183	358,433	138,416	41,323	141,082	10,178,371
Accumulated depreciation	(280,566)	(349,960)	(410,400)	(91,379)	(68,718)	(26,098)	(103,382)	(1,330,503)
Accumulated impairment	(20,209)	(1,265,057)	(412,907)	-	-	-	-	(1,698,173)
Net book value	<u>3,815,868</u>	<u>1,710,274</u>	<u>1,233,876</u>	<u>267,054</u>	<u>69,698</u>	<u>15,225</u>	<u>37,700</u>	<u>7,149,695</u>

Notes:

1. The Group receives rental income for the retained properties and their fair value as at 31 March 2023 was \$4,587,525,000 (31 March 2022: \$4,625,925,000).
2. Adjustments represent the changes in estimated resumption and construction costs of properties and leasehold improvements.

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.

(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 2023	31 March 2022
	\$'000	\$'000
Properties leased for own use, carried at depreciated cost, with remaining lease term less of 5 years	<u>37,700</u>	<u>58,474</u>

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

	2023	2022
	\$'000	\$'000
Net depreciation charge of right-of-use assets by class of underlying asset:		
- Properties leased for own use	<u>16,393</u>	<u>24,393</u>
Interest on lease liabilities (Note 6(a))	639	911
Expense relating to short-term leases	<u>-</u>	<u>-</u>

(expressed in Hong Kong Dollars)

9. Properties under development

As at 31 March 2023, the properties under development are analysed as follows:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Cost, including Home Purchase Allowance ("HPA") (Note (i))		
At 1 April	22,500,967	33,287,263
Add: Additions during the year*	8,015,493	5,987,345
Less: Charged to profit or loss during the year	(5,267,560)	(14,435,544)
Transferred to property, plant and equipment	-	(2,151,097)
Transferred to properties held for sale	-	(187,000)
	<u>25,248,900</u>	<u>22,500,967</u>
At 31 March**	25,248,900	22,500,967
Provision for impairment at 31 March	<u>(4,052,700)</u>	<u>(654,100)</u>
Balance as at 31 March	<u><u>21,196,200</u></u>	<u><u>21,846,867</u></u>

* The amount includes depreciation of \$27,374,000 (2021/22: \$23,815,000) and interest expense of \$786,000 (2021/22: \$1,431,000) for properties leased for own use.

** The amount includes accumulated interest and other borrowing costs capitalised of \$252,251,000 (31 March 2022: \$243,524,000).

As at 31 March 2023, the properties under development are analysed as follows:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Non-current portion	19,979,351	20,701,475
Current portion (development for sale)	<u>1,216,849</u>	<u>1,145,392</u>
	<u><u>21,196,200</u></u>	<u><u>21,846,867</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 2023, the Group's estimated cash outflow in respect of project under acquisition and resumption as well as construction cost for self-developed projects was \$4.5 billion (31 March 2022: \$6.3 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 2023, the building rehabilitation loans are analysed as follows:

	2023	2022
	\$'000	\$'000
Non-current portion	5,445	8,348
Current portion	3,218	3,935
	<u>8,663</u>	<u>12,283</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 represented Buyer's Stamp Duty and Ad Valorem Double Stamp Duty that the Group would 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 2023, the trade and other receivables are current in nature and analysed as follows:

	2023	2022
	\$'000	\$'000
Trade receivables and prepayments	168,748	67,539
Interest receivables	267,454	33,272
Other receivables and deposits	33,898	59,590
Balance at 31 March	<u>470,100</u>	<u>160,401</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 2023, the debt securities investments are analysed as follows:

	2023	2022
	\$'000	\$'000
Investments at amortised cost		
- Non-current portion	1,650,000	650,000
- Current portion	1,150,000	83,325
	<u>2,800,000</u>	<u>733,325</u>

As at 31 March 2023, the Group's debt securities investments represent high quality corporate bonds.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

13. Cash and bank balances

	2023	2022
	\$'000	\$'000
Bank deposits		
Original maturities of 3 months or less	1,495,202	4,364,834
Original maturities of more than 3 months	19,206,414	21,767,177
	<u>20,701,616</u>	<u>26,132,011</u>
Less: Amounts held in trust for joint development projects	(1,219)	(1,218)
	<u>20,700,397</u>	<u>26,130,793</u>
Cash at banks and in hand	122,772	78,750
	<u>20,823,169</u>	<u>26,209,543</u>
Maximum exposure to credit risk	<u>20,823,169</u>	<u>26,209,528</u>
Representing:		
	2023	2022
	\$'000	\$'000
Non-current portion		
- Bank deposits	<u>269,000</u>	<u>976,400</u>
Current portion		
- Cash at banks and in hand	122,772	78,750
- Bank deposits	<u>20,431,397</u>	<u>25,154,393</u>
	<u>20,554,169</u>	<u>25,233,143</u>

As at 31 March 2023, cash and bank balances of the Group are denominated in Hong Kong Dollars except for an amount of \$628,682,000 and \$968,231,000 (31 March 2022: \$538,342,000 and \$1,023,284,000) which are denominated in USD and Renminbi respectively.

The average effective interest rate of time deposits with banks was 2.01% per annum (2021/22: 0.65% per annum). These deposits have an average maturity of 169 days (2021/22: 192 days).

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

	2023	2022
	\$'000	\$'000
Rating (Moody's)		
Aa1 – Aa3	9,007,886	11,490,983
A1 – A3	11,322,914	14,163,614
Others	492,369	554,931
	<u>20,823,169</u>	<u>26,209,528</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	
	2023	2022
	\$'000	\$'000
At 1 April	1,097,775	1,096,914
Changes from financing cash flows:		
- Redemption of debt securities	(300,000)	-
Other changes:		
- Amortisation of debt securities issuing costs	826	861
At 31 March	<u>798,601</u>	<u>1,097,775</u>
	Lease liabilities	
	2023	2022
	\$'000	\$'000
At 1 April	62,960	91,302
Changes from financing cash flows:		
- Capital element of lease rentals paid	(44,456)	(47,906)
- Interest element of lease rentals paid	(1,425)	(2,342)
Total changes from financing cash flows	<u>(45,881)</u>	<u>(50,248)</u>
Other changes:		
- Increase in lease liabilities from entering into new leases during the year	23,025	19,622
- Lease terminated during the year	-	(58)
- Interest expense (Note 6(a))	1,425	2,342
Total other changes	<u>24,450</u>	<u>21,906</u>
At 31 March	<u>41,529</u>	<u>62,960</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>2023</u>	<u>2022</u>
	\$'000	\$'000
In Hong Kong, with remaining lease term of:		
- 50 years or more	5,674	5,674
- between 10 and 50 years	<u>862,791</u>	<u>973,868</u>
	<u><u>868,465</u></u>	<u><u>979,542</u></u>

15. Balances with joint development projects

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Amounts due from joint development projects	27,256	40,937
Amounts due to joint development projects	<u>(244,404)</u>	<u>(252,796)</u>
	<u><u>(217,148)</u></u>	<u><u>(211,859)</u></u>

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

The Group has the following active joint development projects as at 31 March 2023:

<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	-

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2023: (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)
* 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	-
* The Avenue / Lee Tung Avenue (Wan Chai)	Commercial/Residential	83,898	2015	-
My Place (Ma Tau Kok)	Commercial/Residential	6,944	2016	-
* SKYPARK / The Forest (Mong Kok)	Commercial/Residential	22,301	2017	-
City Hub (To Kwa Wan)	Commercial/Residential	8,378	2018	-
The Ascent (Sham Shui Po)	Commercial/Residential	7,159	2018	-
93 Pau Chung Street (Ma Tau Kok)	Commercial/Residential	10,345	2018	-
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	-

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(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2023: (Continued)

Project Name/Location	Land use	Total gross floor area (m ²)	Actual completion date (calendar year)	Expected completion date (calendar year)
Madison Park (Sham Shui Po)	Commercial/Residential	4,884	2020	-
Artisan Garden (Ma Tau Kok)	Commercial/Residential	12,456	2021	-
Grand Central (Kwun Tong)	Commercial/Residential	179,248	2021	-
Seaside Sonata (Sham Shui Po)	Commercial/Residential	58,899	2021	-
Sablier (Tai Kok Tsui)	Commercial/Residential	5,738	2021	-
L • LIVING 23 (Tai Kok Tsui)	Commercial/Residential	6,597	2021	-
One Soho (Yau Ma Tei)	Commercial/Residential	12,510	-	2023
The Symphonie (Sham Shui Po)	Commercial/Residential	13,409	-	2023
Bal Residence (Kwun Tong)	Commercial/Residential	6,661	-	2023
The Harmonie (Sham Shui Po)	Commercial/Residential	14,841	-	2023
One Central Place (Sheung Wan)	Commercial/Stadium and Youth Centre/ Residential	9,630	-	2024
Peel Street / Graham Street – Site C (Sheung Wan)	Commercial/Office/Hotel	41,460	-	2024
Tonkin Street / Fuk Wing Street (Sham Shui Po)	Commercial/Residential	9,675	-	2025
Oak Street / Ivy Street (Yau Tsim Mong)	Commercial/Residential	5,571	-	2026

(expressed in Hong Kong Dollars)

15. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2023: (Continued)

Project Name/Location	Land use	Total gross floor area (m ²)	Actual completion date (calendar year)	Expected completion date (calendar year)
Bailey Street / Wing Kwong Street (Kowloon City)	Commercial/Residential	66,654	-	2027
Hung Fook Street / Ngan Hon Street (Kowloon City)	Commercial/Residential	41,229	-	2027
Hung Fook Street / Kai Ming Street / Wing Kwong Street (Kowloon City)	Commercial/Residential	48,942	-	2027
@Sung Hing Lane / Kwai Heung Street (Central & Western)	Commercial/Residential	8,804	-	2027
@Wing Kwong Street / Sung On Street (Kowloon City)	Commercial/Residential	25,713	-	2027
@Queen's Road West / In Ku Lane (Central & Western)	Commercial/Residential	11,828	-	2028

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

@ Newly awarded projects 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 2023, the Authority had received all five tranches of equity injection of \$10 billion in total.

17. Trade and other payables

As at 31 March 2023, the trade and other payables are analysed as follows:

	Note	2023	2022
		\$'000	\$'000
Contract liabilities	(a)	61,561	6,255
Lease liabilities		41,529	62,960
Trade payables		78,121	97,550
Rental and other deposits received		163,633	599,992
Proceeds received in advance from sale of properties of joint development projects		2,033	2,033
Other payables		4,504	5,585
Accrued expenses		2,331,237	2,213,045
		<u>2,682,618</u>	<u>2,987,420</u>
Representing:			
		2023	2022
		\$'000	\$'000
Non-current portion		385,155	387,085
Current portion		2,297,463	2,600,335
		<u>2,682,618</u>	<u>2,987,420</u>

Note:

(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

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Balance at 1 April	6,255	29,175
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	(3,750)	(29,175)
Increase in contract liabilities as a result of receiving forward sales deposits and instalments during the year in respect of property sales not yet completed as at 31 March	<u>59,056</u>	<u>6,255</u>
Balance at 31 March	<u><u>61,561</u></u>	<u><u>6,255</u></u>

18. Debt securities issued

As at 31 March 2023, the Group has issued the following fixed rate notes under a Medium Term Note programme.

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Non-current portion		
HK dollar Fixed rate notes with coupon of 2.15% due 2023	-	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>(1,378)</u>	<u>(2,080)</u>
	<u><u>498,622</u></u>	<u><u>797,920</u></u>
Current portion		
HK dollar Fixed rate notes with coupon of 2.18% due 2023	-	300,000
HK dollar Fixed rate notes with coupon of 2.15% due 2023	300,000	-
Less: Unamortised debt securities issuing costs	<u>(21)</u>	<u>(145)</u>
	<u><u>299,979</u></u>	<u><u>299,855</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

19. Provision for committed projects

	2023	2022
	\$'000	\$'000
Balance at 1 April	324,600	-
Transfer to properties under development (Note 9)	(324,600)	-
Charged to profit or loss	-	324,600
Balance at 31 March	<u>-</u>	<u>324,600</u>

The amount represents the provision for committed projects and the provision charge is recognised in profit or loss.

As at 31 March 2023, the total provision for impairment on projects are analysed as follows:

	2023	2022
	\$'000	\$'000
Provision for impairment for properties under development as set out in Note 9	4,052,700	654,100
Provision for committed projects as set out above	-	324,600
Total provision for projects	<u>4,052,700</u>	<u>978,700</u>

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 2023 was \$34,821,000 (2021/22: \$34,831,000), net of forfeitures of \$3,434,000 (2021/22: \$2,212,000), 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 2023 are as follows:

	2023	2022
	\$'000	\$'000
Contracted but not yet incurred	<u>110</u>	<u>37,171</u>

(expressed in Hong Kong Dollars)

21. Commitments (Continued)

(b) Operating lease rental receivable

As at 31 March 2023, 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:

	2023	2022
	\$'000	\$'000
Within 1 year	127,537	123,737
After 1 year but within 2 years	84,030	101,396
After 2 years but within 3 years	58,056	73,153
After 3 years but within 4 years	8,952	61,364
After 4 years but within 5 years	393	7,605
	<u>278,968</u>	<u>367,255</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 \$48,599,000 (2021/22: \$53,578,000) 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 2023, there was an amount of \$4,039,000 (31 March 2022: \$4,068,000) 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 \$2,282,000 (2021/22: \$2,209,000).

During the year, the Authority charged the said Fund \$174,000 (2021/22: \$226,000) for office fitting out and office accommodation expenses.

As at 31 March 2023, there was an amount of \$174,841,000 (31 March 2022: \$239,168,000) 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).

NOTES TO THE FINANCIAL STATEMENTS

(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 2023 is set out as follows:

	Note	2023	2022
		\$'000	\$'000
Non-current assets			
Property, plant and equipment		7,109,349	7,209,104
Properties under development		19,979,351	20,701,475
Interest in subsidiaries	23(a)	40,320	40,320
Loan to a subsidiary		14,600	14,600
Building rehabilitation loans		5,445	8,348
Prepayments		661,867	928,969
Other receivables		-	309,527
Investments		1,650,000	650,000
Bank deposits		269,000	976,400
		<u>29,729,932</u>	<u>30,838,743</u>
Current assets			
Properties held for sale		868,465	979,542
Properties under development for sale		1,216,849	1,145,392
Amounts due from joint development projects		27,256	40,937
Building rehabilitation loans		3,218	3,935
Trade and other receivables		473,814	164,767
Investments		1,150,000	83,325
Cash and bank balances		20,554,169	25,233,143
		<u>24,293,771</u>	<u>27,651,041</u>
Total assets		<u><u>54,023,703</u></u>	<u><u>58,489,784</u></u>
Capital and reserves			
Capital		10,000,000	10,000,000
Accumulated surplus		40,298,403	43,827,477
	23(b)	<u>50,298,403</u>	<u>53,827,477</u>
Non-current liabilities			
Trade and other payables		385,155	387,085
Debt securities issued		498,622	797,920
		<u>883,777</u>	<u>1,185,005</u>
Current liabilities			
Amounts due to joint development projects		244,404	252,796
Trade and other payables		2,297,140	2,600,051
Debt securities issued		299,979	299,855
Provision for committed projects		-	324,600
		<u>2,841,523</u>	<u>3,477,302</u>
Total capital, reserves and liabilities		<u><u>54,023,703</u></u>	<u><u>58,489,784</u></u>

(expressed in Hong Kong Dollars)

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

(a) Interest in subsidiaries

	2023	2022
	\$'000	\$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (Note)	82,022	74,617
Less: Provision for impairment	(41,703)	(34,298)
	<u>40,320</u>	<u>40,320</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	Principal activities
		\$	
Champ Dragon Properties Limited	1	1	Property holding
Ease Shine Development Limited	1	1	Property holding
Full Wisdom Enterprises Limited	1	1	Property holding
High Union Development Limited	1	1	Property holding
Hong Kong Building Rehabilitation Facilitation Services Limited	1	1	Building rehabilitation facilitation services
Joyful Success Investment Limited	1	1	Property holding
Max Grace Properties Limited	1	1	Property holding
Opalman Limited	2	2	Property holding
Sunny Joy Properties Limited	1	1	Property holding
Urban Redevelopment Facilitating Services Company Limited	1	10	Urban redevelopment facilitating services
Well Nice Properties Limited	1	1	Property holding

NOTES TO THE FINANCIAL STATEMENTS

(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 2021	10,000,000	37,259,231	47,259,231
Surplus and total comprehensive income for the year	<u>-</u>	<u>6,568,246</u>	<u>6,568,246</u>
Balance at 31 March 2022	<u>10,000,000</u>	<u>43,827,477</u>	<u>53,827,477</u>
Balance at 1 April 2022	10,000,000	43,827,477	53,827,477
Deficit and total comprehensive income for the year	<u>-</u>	<u>(3,529,074)</u>	<u>(3,529,074)</u>
Balance at 31 March 2023	<u>10,000,000</u>	<u>40,298,403</u>	<u>50,298,403</u>

24. Approval of financial statements

The financial statements were approved by the Board on 6 July 2023.

