

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 2011.

Board members

Members of the Board for the year and up to the date of this report are set out on page 67.

Principal activities

The principal activities of the Urban Renewal Authority (the "Authority") and its subsidiaries (together, the "Group") have been to promote urban renewal in Hong Kong by way of redevelopment, rehabilitation, revitalisation and heritage preservation. As a result of the new Urban Renewal Strategy promulgated on 24 February 2011, the Group is to focus on redevelopment and rehabilitation as its core business.

Financial statements

The results of the Group for the year ended 31 March 2011 and the state of affairs of the Group and of the Authority at that date are set out in the financial statements on pages 88 to 131.

Property, plant and equipment

Movements in property, plant and equipment during the year are set out in Note 10 to the financial statements.

Working capital

At 31 March 2011, 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 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.

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 PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By order of the Board

Quinn Law Yee-kwan

Deputy Chairman and Managing Director

Hong Kong, 31 May 2011