



annual report 2009-2010

Sustaining Mission Embracing Challenge

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Principle Mandates

Establishment

The Urban Renewal Authority (URA) was established under the Urban Renewal Authority Ordinance (URAO) 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.

Purposes

The main purposes of the URA, as listed in Section 5 of the URAO, are to -

- improve the standard of housing and the built environment of Hong Kong and the layout of built-up areas by replacing old and dilapidated areas with new development which is properly planned and, where appropriate, provided with adequate transport and other infrastructure and community facilities;
- achieve better utilization of land in the dilapidated areas of the built environment of Hong Kong and to make land available to meet various development needs;
- prevent the decay of the built environment of Hong Kong by promoting the maintenance and improvement of individual buildings as regards their structural stability, integrity of external finishes and fire safety as well as the improvement of the physical appearance and conditions of that built environment; and
- preserve buildings, sites and structures of historical, cultural or architectural interest.

Vision and Mission and 4Rs

Vision -

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

Mission -

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

Our priorities are –

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

4Rs Strategy -

In renewing urban areas, we implement our four priorities in a coordinated and mutually reinforcing manner through our holistic 4Rs Strategy, comprising –

- building Redevelopment;
- building pReservation/Restoration;
- building Rehabilitation; and
- street and open space Revitalisation/ Rejuvenation,

in order to provide the maximum benefit to the urban communities of Hong Kong, which we serve.

Urban Renewal Strategy and Work of URA

Section 20 of the URAO requires the Secretary for Development to consult the public in preparing an Urban Renewal Strategy (URS).

The URA is required to follow the guidelines in the current URS each year, when preparing our five-year Corporate Plan for urban renewal under Section 21 and our annual Business Plan under Section 22 for submission to the Financial Secretary for approval for implementation.

The current URS was issued in November 2001 by the then Secretary for Planning and Lands. Since then, the URA has been carrying out its work in accordance with its obligation to continue implementation of 10 ongoing projects inherited from URA's predecessor, the Land Development Corporation and the priorities set out in the 2001 URS, which required the URA to give priority to implementation of 25 new redevelopment only announced but not commenced by the Land Development Corporation. All of these 25 projects had been commenced by March 2008. In addition, the Government gave the URA a list of 200 further projects for redevelopment. These obligations have defined the URA's redevelopment portfolio and priorities to date.

The 2001 URS is now being reviewed by the Secretary for Development in consultation with the public over a two-year period which began in mid-2008 and will continue into 2010. As a major stakeholder, URA is proactively supporting the Secretary in the Development

Bureau's conduct of this Review. Until such time as any new URS is issued, the URA will continue to be required to follow the 2001 URS in carrying out its work.

Finances

The resources of the URA are defined in Section 10 (1) of the URAO and include both the \$10 billion appropriated by the Legislative Council and paid to the URA and all other money received by the URA.

One of the 2001 URS's objectives is for the urban renewal programme to become self-financing in the long run and URA must have due regard for this. In addition, URA is required by Section 10 (4) of the URAO to exercise due care and diligence in handling its finances.

URA's borrowing and lending powers are set out in Sections 11 and 12, while Section 14 governs the use, including the investment, of any surplus funds.

Section 15 (1) states that the URA is indebted to the Government for all of the \$10 billion received under Section 10 (1) (a) and all expenditure incurred by the Government for the URA's benefit.

Sections 16 and 17 require URA to keep proper accounts, while Section 18 requires URA to, each year, prepare and submit both an annual report on its work together with its audited accounts to the Financial Secretary who, in turn, is required to arrange for them to be tabled in the Legislative Council.

URA's Environmental Commitments

We aim at creating an environmentally-sustainable, high quality and vibrant urban environment providing better homes in Hong Kong through our 4Rs strategy.

We are committed to the following:

- To meet all relevant regulatory and legislative requirements.
- To reduce consumption of resources (materials, fuel and energy) by efficiency, reuse, recovery or recycling where feasible and consequently reduce waste.
- To adopt technologies and use raw materials which minimize pollution, energy use and waste where applicable.

- To plan, design and implement projects in such a way as to minimize the adverse environmental effects of new developments in construction, operation and demolition.
- To provide and promote environmental education and training.
- To work with our partners (affected communities, tenants, owners, Government, development and financial institutions, professionals and academics) to find acceptable solutions which minimize our impact on the environment and prevent pollution.
- To communicate our environmental objectives, efforts and achievements to the public.
- To adopt "green" purchasing where appropriate and expect high environmental standards from suppliers, joint venture partners and contractors who work with or for us.

Highlights of the Year

April 2009

The Government announces the resumption of a private lot at Stone Nullah Lane, Wan Chai, for the revitalisation of the Blue House Cluster, which has been included in the Government's Revitalising Historic Buildings Through Partnership Scheme.

The Secretary for Development Mrs Carrie Lam and the URA Chairman Mr Barry Cheung officiate at the opening of the Urban Renewal Idea Shop, which is set up to facilitate public engagement in the Urban Renewal Strategy Review.

The Government gazettes road works at Lee Tung Street, McGregor Street and Amoy Street in Wan Chai, which are authorised by the Chief Executive in Council.

May 2009

The URA invites a total of 15 property developers/consortia to tender for the joint development of the Lee Tung Street/McGregor Street project in Wan Chai.

The Secretary for Development Mrs Carrie Lam, the URA Chairman Mr Barry Cheung and Hong Kong Housing Society (HKHS) Chairman Mr Yeung Ka-sing sign the Memoranda of Understanding on Operation Building Bright (OBB) to mark the launch of this large-scale campaign, which URA and HKHS are helping the Government to implement.

The URA Board endorses a comprehensive policy on environmental sustainability to be applicable to its future urban renewal initiatives.

The URA organises a seminar entitled "Green Homes: Building an Environmentally Sustainable Future for Hong Kong" to facilitate experience sharing between overseas and local experts.

The URA commences the statutory planning procedures for a new redevelopment project at San Shan Road/Pau Chung Street in Ma Tau Kok and conducts a freezing survey.



Highlights of the Year



June 2009

The URA arranges briefing sessions for the San Shan Road/Pau Chung Street project to explain the planning approval procedure and the prevailing acquisition and compensation policies.

The Secretary for Development Mrs Carrie Lam, the URA Chairman Mr Barry Cheung and the HKHS Chairman Mr Yeung Ka-sing officiate at the balloting ceremony for Category 1 buildings to be rehabilitated under OBB to set the priority for processing the applications and granting of funds for eligible buildings.

Following a public tender exercise, a joint development contract for the Lee Tung Street / McGregor Street project is awarded to a consortium named Grand Site Development Limited, which consists of two consortium members, Sino Land Company Limited and Hopewell Holdings Limited.

The URA commences the statutory planning procedures for a new project at Shun Ning Road in Sham Shui Po and conducts a freezing survey.

July 2009

The URA invites property developers to provide expressions of interest for the joint development of the Yuet Wah Street Site in the Kwun Tong Town Centre project.

The Government announces the approval of the draft Anchor Street / Fuk Tsun Street Development Scheme Plan by Chief Executive in Council.

The URA announces its debut bond issue of HK\$1.5 billion, which is very well received by the market.

The URA invites the community leaders and affected residents to participate in a ballot for selecting the valuation consultants to perform the assessment of a notional seven-year-old flat for the Anchor Street / Fuk Tsun Street project.



Highlights of the Year

August 2009

The Secretary for Development Mrs Carrie Lam and the URA Chairman Mr Barry Cheung officiate at the opening of the Urban Renewal Exploration Centre, which is set up by the URA to support and enhance public understanding of urban renewal issues in Hong Kong.

The URA launches the distribution of education kits on urban renewal for use by all primary and secondary school teachers. A series of seminars are held for the teachers to introduce these education kits.

The Government announces the re-appointment of Ms Iris Tam as an Executive Director of the URA for another term of three years, with effect from 1 September 2009.

The URA announces a proposal to implement a major revitalisation plan at a cost of about \$100 million to uphold and enhance the local characters of five themed streets in Mong Kok.

The URA invites a total of 14 property developers/consortia to tender for the joint development of the Yuet Wah Street Site in Kwun Tong.

September 2009

The URA issues purchase offers to eligible owners affected by its Anchor Street / Fuk Tsun Street project.

The Finance Committee of the Legislative Council approves a further \$1 billion in Government funding of OBB to increase the number of buildings rehabilitated under this large scale campaign.

October 2009

The URA announces that a wholly-owned subsidiary of Sino Land Company Limited, Central Wisdom Limited, has won the joint development contract for the Yuet Wah Street Site in Kwun Tong in a public tender exercise.

The URA announces its \$500 million preliminary plan to revitalise and transform the ex-Central Market building into the "Central Oasis", providing greenery and a public rest and leisure area.



Highlights of the Year

November 2009

The URA announces the enhancement of Relocation Assistance which has been in place since 2006, in order to help more domestic tenants who are in financial difficulties and who have been registered in the freezing survey but have to move out the premises before the project is approved and URA starts its acquisition work.

The URA invites interested parties to submit expressions of interest for the joint development of the Lai Chi Kok Road / Kweilin Street and Yee Kuk Street project in Sham Shui Po.

December 2009

The 16-member Central Oasis Community Advisory Committee, set up to advise the URA on revitalising the ex-Central Market building as an urban oasis for Hong Kong people, starts work.

The URA invites a total of 15 property developers to tender for the joint development of the Lai Chi Kok Road / Kweilin Street and Yee Kuk Street Project in Sham Shui Po.

January 2010

The URA announces that a wholly-owned subsidiary of Cheung Kong (Holdings) Limited, Grandwood Investments Limited, has won the contract for the joint development project at Lai Chi Kok Road / Kweilin Street and Yee Kuk Street in Sham Shui Po in a public tender exercise.

February 2010

The Secretary for Development Mrs Carrie Lam and the URA Chairman Mr Barry Cheung officiate at the launching ceremony of a three-week e-Poll and street poll to solicit public views for the URA's Central Oasis revitalisation project.

The Secretary for Development authorises the URA to proceed with the San Shan Road / Pau Chung Street project in Ma Tau Kok and the Shun Ning Road project in Sham Shui Po.

The URA announces the commencement of Ma Tau Wai Road / Chun Tin Street project in To Kwa Wan involving two rows of 50-year-old-plus tenement buildings, including a site where a block tragically collapsed on 29 January 2010, as well as adoption of special measures for this special project in view of its unique circumstances.

The Secretary for Development Mrs Carrie Lam and the URA Chairman Mr Barry Cheung officiate at the prize presentation ceremony of the URA Greeting Card Design Competition for Primary Schools.



Highlights of the Year

March 2010

The URA proposes an alternative implementation concept for conserving Wing Lee Street for Town Planning Board's reference, in addition to the conservation-led approach for the Staunton Street/Wing Lee Street project announced by the URA in November 2008.

The URA issues purchase offers to eligible owners affected by its two preservation-cum-revitalisation projects at Shanghai Street / Argyle Street and Prince Edward Road West / Yuen Ngai Street.

The URA Managing Director Mr Quinn Law and Chairman of Central & Western District Council Mr Chan Tak-chor officiate at the prize presentation ceremony of the Central Historical Buildings Photo Competition.

April 2010

The URA issues purchase offers to eligible owners affected by two redevelopment projects at Shun Ning Road in Sham Shui Po and San Shan Road / Pau Chung Street in Ma Tau Kok.

The Government announces that the Chief Executive has re-appointed Mr Barry Cheung as the Chairman of the URA Board and has also appointed/re-appointed 11 non-executive directors to the Board, including four official non-executive directors, for a term of three years with effect from May 1, 2010.

The URA Chairman Mr Barry Cheung and Chairman of Central & Western District Council Mr Chan Tak-chor officiate at the ground breaking ceremony of the Pak Tze Lane project in Central, which celebrates Hong Kong's link to the 1911 Chinese Revolution.

The URA Board Member Mr Philip Kan and Vice Chairman of Central & Western District Council Mr Chan Chit-kwai officiate at the award presentation ceremony of the Comic Drawing Competition, organised by the URA to promote the importance of building rehabilitation for home safety.

May 2010

The Steering Committee on Review of the Urban Renewal Strategy (URS) publishes the Paper for the Consensus Building Stage "Public Views and Future Direction" for public response, following completion of the Envisioning Stage and the Public Engagement Stage.

The URA Board resolves to implement a package of additional measures to control sales of flats in its redevelopment projects with the objective of further enhancing transparency, taking into consideration the needs of genuine home buyers.

The Central Oasis Community Advisory Committee endorses the results of the opinion poll for the way forward of the ex-Central Market building. Over 80% of some 6,000 people, who were consulted via the poll, have given their support to the Central Oasis revitalisation project.



Highlights of the Year



June 2010

Stage 3 of the Urban Renewal Strategy Review, “Consensus Building” commences with reaching out to the public through activities including a workshop, professional forums and a concluding meeting.

The Secretary for Development Mrs Carrie Lam, the URA Chairman Mr Barry Cheung and Managing Director Mr Quinn Law attend a meeting of the Legislative Council’s Panel on Development to report on URA’s work during 2009/10. The financial results of eight fully completed development projects are disclosed, along with the land premium foregone by the Government in granting sites to the URA for 14 development projects.

July 2010

The Finance Committee of the Legislative Council approves a further \$500 million in Government funding of OBB to increase the number of buildings rehabilitated under this campaign.

The URA invites interested parties to submit expressions of interest in becoming the Main Operator of the Mallory Street/Burrows Street Revitalisation Project “Art Community”.

The URA invites interested parties to submit expressions of interest in the joint development of the Third Street / Yu Lok Lane / Centre Street project in Sai Ying Pun.

Chairman's Statement

“ Within weeks, we were able to rehouse 42 tenants in public housing that was in most cases, far superior to the conditions they had been living in. We also compensated with cash, another 81 tenants who were not qualified for public housing. ”



Mr Wong and his family are happily settled down in a public housing unit at Hoi Fu Court in Tai Kok Tsui as a result of URA's special measures for this unique project at Ma Tau Wai.



Mr Barry CHEUNG Chun-yuen, GBS, JP

Realising our Mission and Embracing New Challenges

The year brought a harsh reminder of the grim legacy of past neglect with which the URA must contend. The collapse of a five-storey building in To Kwa Wan left four people dead. This disaster highlighted the daily threats posed by many of the 4,000 privately-owned buildings in Hong Kong, which were built 50 or more years ago and are now worn out by years of over-utilisation and inadequate maintenance. The unpleasant reality for Hong Kong is that urban renewal remains a matter of life and death. This is evident from the tragic loss of lives and homes on Ma Tau Wai Road, as well as the dreadful living conditions under which some 110,000 residents continue to endure in buildings where their health and safety may be at risk. It is a matter of pride that the URA and its staff were able to assist rapidly and so effectively with this incident. It has left us more determined than ever to continue our mission to rid Hong Kong of housing that is not fit for its people.

This year also brought more constructive challenges about how to protect the environment and to preserve

the best of Hong Kong's legacy. These two goals are key priorities for the Government, and the URA has been given an increased role in meeting these commitments. We want to update our mandate and match it with the changing needs and aspirations of Hong Kong people, as well as with the rise in prosperity and sophistication. This new dimension to the URA's programme has been demonstrated by our Wing Lee Street project in Central. Thanks to the Chief Executive's "Conserving Central" plan, we were able to respond to widespread public support to protect the historical character of this area by preserving all the tenement buildings on this street.

The Government's decision to launch a review of the Urban Renewal Strategy (URS) was especially welcome because it raised public awareness of the importance of urban renewal in so many aspects of daily life, from basic living standards for so many families to the amenities and heritage enjoyed by the entire community. Within the organisation, management has already started to search for new initiatives to upgrade existing policies

Chairman's Statement

and procedures in the light of public response to the URS consultations. We are confident that the URS will improve the capacity of the Government, the URA and stakeholders to work together to eradicate the pressing problem of urban blight and to improve the lives of some of the most unfortunate members of our society.

Return to Surplus

The community rightly expects value for money from the URA, and funding our projects is an important factor in ensuring their success. The Government has waived a total of HK\$4.5 billion land premium in support of urban renewal in the past nine years. In 2009, the URA was fortunate as it faced a substantial rise in demand for new and more costly projects. As a result, it achieved a very large swing to surplus in its accounts and marked a major change in our ability to finance our programme. For the first time in our history, we were able to invite tenders for three major redevelopment projects during a single year, and the successful bidders made substantial up-front payments that will be used to cover the costs of our redevelopment programmes. Thus, for the year 2009, we recorded a net operating surplus of HK\$6.9 billion, reversing the net operating deficit of HK\$4.5 billion in the previous year.

The dramatic reversal also illustrates how the work of the URA is affected not only by changing social conditions and public attitudes but also by economic conditions. Changes in the business environment are particularly hard to manage because URA projects take at least six to eight years to complete. Over such long lead times, allowance has to be made for changing construction costs and potential inflationary pressures. Even more significant is the way that values, both of the buildings constructed and the sites on which they are erected, can rise and fall substantially, in line with property market prices.



URA Chairman Mr Barry Cheung (centre) announces the URA's additional measures to control sales of flat in its redevelopment projects. Next to him are URA Managing Director Mr Quinn Law and Director (Property & Lands) Mr William Wan.

The URA, however, is not profit driven. We start with a commitment to pay fair compensation to owners. Our commitment to social wellbeing means that, increasingly, we undertake urban renewal schemes which preserve and rehabilitate older buildings. These schemes do not generate financial surpluses. Thus, the funding of reconstruction projects to replace dangerous and dilapidated buildings depends very heavily on the tender results of URA's redevelopment projects and on the buoyancy of the property market.

Our estimate is that we will need to spend over HK\$16 billion during the next five years to meet the costs of the projects in our current plan. For the present, we have the buffer of an accumulated surplus, which will enable us to fulfill our mission more effectively. But inevitably, the property cycle will turn downwards at some point, and we will again be exposed to market risks. It was to counter such volatility that we were well capitalised by the Government at our inception. Even so, last year we began to diversify our funding through our first ever bond issue, in order to ensure we have ready access to funds from the capital markets when required.

The Year's Highlights

What happened at Ma Tau Wai demanded a personal as well as a professional response from the URA and its staff. It was vital that we went to the scene of the disaster to find out the local community's most urgent needs. The importance of our social mission was reinforced as tenants told us of their fears of being unable to find anywhere comparable to move to, while owners worried that they could not hope to get a fair price for their property. It was important, for example, to talk to the residents in neighbouring buildings. Their fears of suffering similar tragedies reinforced the case for urgent inspections of buildings of similar age and maintenance conditions.

Within weeks, we were able to rehouse 42 tenants in public housing that was in most cases, far superior to the conditions they had been living in. We also compensated with cash, another 81 tenants who were not qualified for public housing. Owners, meanwhile, were greatly relieved, as well as pleasantly surprised, by the initial compensation they received.

Listening to the community has been at the core of our work for many years, and it inspires the constant drive to review and refine our approach to urban renewal. During 2009, the URA introduced initiatives in seven areas to improve its performance in serving Hong Kong.

1. Fair Markets

Of particular public concern during 2009 was the danger of restrictive practices in the property market. The URA took the lead in responding to the community's aspirations by announcing eight measures to improve "consumer protection" for buyers of flats in URA projects. These measures are designed to enhance fair play in our property sales; to give priority to genuine

end-users who wish to buy these units; to tighten control over the accuracy of information about sales published by our joint venture partners; and generally to impose better standards of disclosure and transparency about sales transactions.

2. Social Responsibilities

We increased our efforts to integrate environmental and social goals into our projects. Lee Tung Street in Wan Chai, for example, incorporates comprehensive measures to improve environmental protection. We estimate that these will cut carbon dioxide emissions by nearly a quarter. We are also incorporating elderly-friendly design features in our developments, such as our project on Lai Chi Kok Road / Kweilin Street.

3. Revitalising History

Preserving the essential character of neighbourhoods while upgrading them is another aspect of our work that has seen further progress. Lee Tung Street itself, together with nearby McGregor Street, will incorporate a "Wedding City" theme. Our solution for the old Central Market will create a "Central Oasis", offering the public new relaxation and leisure facilities in the busy Central district. We similarly plan to turn the run-down Pak Tze Lane in Central into a high-quality public open space. It was here that many of the political meetings took place at the start of the era of modern China. Because of its historical importance, the lane will be thematically redesigned to reflect its significance in the 1911 Revolution. In Mong Kok, we are in the process of revitalising five streets, where we will maintain their original character but upgrade their appearance. The outcome should appeal not just to residents but to the community as a whole.

Chairman's Statement

4. Preserving the Past

Conserving buildings themselves is another area where we have increased our activities. The URA is currently engaged in preserving 60 historical buildings. This programme began with a shophouse conservation scheme that we announced in 2008 and started in 2009 in Mong Kok, at Prince Edward Road West and Shanghai



Secretary for Development Mrs Carrie Lam and URA Chairman Mr Barry Cheung visit a rooftop resident on the day of the commencement of the Ma Tau Wai Road/Chun Tin Street project.

Street. Here, we are preserving, restoring and adapting for re-use two clusters of Cantonese verandah-style shophouses in a scheme that is supported by public. Work has also begun on other shophouses of lower heritage value that we have identified for preservation through our Voluntary Acquisition and Restoration Schemes.

5. Affordable Homes

We have been making every effort to ensure that when we have to redevelop sites, we contribute to the stock of housing targeted at the mass market, another important social goal. Since 2001, residential property prices have risen by around 80%, according to the Rating and Valuation Department and real estate agency Centaline. This has made affordability more important than ever

to our community. Currently, some 70% of all units in URA projects due to be sold in the next 18 months are the popular size units of less than 500 square feet in saleable area. The 420 units we plan to build in Ma Tau Wai will all fall into this category, and we intend to maintain an appropriate balance in future projects.

6. The Statistics of Squalour

There are still more than 110,000 people living in squalid conditions across Hong Kong. Over 3,000 of the

18,000 buildings which are over 30 years old are in either poor or deteriorating condition, with more falling into disrepair every year. Our current projects will help some 33,000 residents to improve the conditions under which they live.

The disaster at Ma Tau Wai has raised public awareness of the urgency of the URA's rehabilitation drive. By the

time our current programme is completed, it will have benefited some 40,000 owners of apartments in over 500 buildings. But this is only the first phase. We aim to expand our role in the rehabilitation of buildings and, to this end, we plan to establish urban renewal service centres that focus on this aspect.

We are also contributing HK\$150 million to the start-up capital of "Operation Building Bright", which the Government announced in February 2009. This initiative combines building rehabilitation with job creation. We anticipate that 1,300 buildings in URA areas will be rehabilitated under this scheme.

7. Community Involvement

Our goal is to achieve even greater transparency and community involvement. Future plans for urban regeneration will start at the district level, and the public engagement process will become even more "people-centred" and "bottom-up". In the older districts, "District Urban Renewal Forums" should be set up, with a mix of government, URA, NGO, and business and professional representatives, so that they can provide input for the planning process. We are pleased to learn that a consensus on this has emerged from the URS Review.

We are also promoting a policy of giving greater choice to those living in buildings or districts that are in urgent need of renewal. We are working on schemes that will enable owners to devise their own redevelopment or rehabilitation programmes, with the URA acting as a facilitator.

Compensation arrangements have also been reviewed. Although our existing scheme is properly generous, we have identified areas for improvement. We are considering whether there are elderly non owner-occupiers who deserve to be offered even further help. We will also consider giving some residential owner-

occupiers the option of purchasing a new flat in-situ and at market prices that will be fixed when URA makes its acquisition offers. This move would allow them to continue to live in the same neighbourhood after redevelopment and enjoy their long-established social networks. For shop owners, although "shop-for-shop" compensation is not a realistic option, we are examining how it might be possible to assist small shop operators to resume business as tenants in their neighbourhoods, once a redevelopment project has been completed.

Conclusion

An important finding from the URS Review is that urban renewal projects have a "positive economic impact on the district concerned" and that "this impact is often more profound than the financial impact of the project itself". This demonstrates that urban renewal is of real and lasting benefit to the community, and is money well spent. But more important still is the difference that the URA can make to the quality of life of the entire community.

We remain determined to do all that we can to meet the goals set for us by the Government and by the community: to provide decent homes for those still living in poorly maintained and unhealthy slum tenements; to revive blighted neighbourhoods; to create jobs and promote economic growth; to enlarge the supply of affordable housing; to protect the environment; to preserve our architectural heritage; to expand the community's opportunities to shape the renewal of their neighbourhoods; and to ensure full value for money from the resources which the Government entrusts to the URA.

Barry CHEUNG Chun-yuen

Chairman

31 July 2010

Managing Director's Statement

“ We are now helping many times more buildings annually under OBB This is an effective means of rehabilitating more dilapidated but structurally sound buildings and improving the living conditions of the residents in them. ”



Better living environment for Mrs Chu (left) and Ms Hung living in number 1 & 3 of Shim Luen Street, To Kwa Wan which have been rehabilitated under the OBB.

Managing Director's Statement



Mr Quinn LAW Yee-kwan

Rebalancing Work Portfolio in Eventful Year

2009/10 was another eventful year in which we took up a number of unexpected, challenging and rewarding assignments.

During the year, we continued with our 31 on-going redevelopment projects and launched three new redevelopment projects, including the one at Ma Tau Wai Road/Chun Tin Street, which we were able to launch at short notice within a month of the tragic collapse of a tenement building at 45J Ma Tau Wai Road on 29 January 2010 to alleviate the worries of the people affected.

Development projects usually involve substantial amounts of capital and human resources, are of long durations and often have high public profiles. Nevertheless, the other "3Rs", namely, Rehabilitation, pReservation and Revitalisation, are also important components of the renewal of Hong Kong's urban areas. During the year, URA has, therefore, increased the resources dedicated to each of these 3Rs. We are now implementing a more balanced portfolio of urban renewal tasks, in keeping with the greater prominence

and attention being given to these 3Rs aspects of urban renewal by the community that we serve.

Recognizing the importance of building rehabilitation coupled with the Government's aim to create jobs at that time, we collaborated in the first half of the year with the Government and the Hong Kong Housing Society to launch the Operation Building Bright (OBB) initiative, which we are implementing in our areas to create employment and help buildings with statutory repair and maintenance orders to meet their rehabilitation needs. We are now helping many times more buildings annually under OBB than under our normal rehabilitation schemes and hence we have recruited and deployed extra manpower in order to play our part. This is an effective means of rehabilitating more dilapidated but structurally sound buildings and improving the living conditions of the residents in them.

On the preservation front, following approval of our Development Scheme Plans for preserving two clusters of 10 shophouse buildings each at Shanghai Street and Prince Edward Road West, acquisition of these buildings

Managing Director's Statement

began in March 2010. These buildings have historical, social and cultural significance as well as architectural merit and will be revitalised for adaptive use by the general public in a manner compatible with the local characters of their respective neighborhoods.

In addition to a new area-based plan for revitalisation of five themed streets in Mong Kok, we also took on the responsibility, in October 2009, for revitalising the Central Market building to turn it into a "Central Oasis" for use by the general public. Some interim revitalisation works have already been completed in advance of the results of the structural survey, the public consultation on the future uses of the building and a study of character defining elements of the building, which are all now under way.

During the year, we continued to provide support to the Urban Renewal Strategy (URS) Review, both in sharing URA's experience with, and supplying data and information as well as our views to the Steering Committee chaired by the Secretary for Development. Adopting an evidence-based approach, we also initiated and facilitated the conduct of various consultancy studies and surveys for the review within the time allowed. In line with the broad directions set out in the booklet issued by the Steering Committee of the URS Review this May, we have also been developing implementation details or conducting studies on various directional issues.

Continuous Community Engagement

We continued to engage community stakeholders proactively with a view to tapping their views and incorporating those that are valid and practical into our project plans, and securing the continued support of such stakeholders during the implementation stage. Seven District Councils and seven District Advisory Committees

were regularly briefed on the progress of URA projects in the action areas in their respective Districts.

Our Urban Renewal Exploration Centre was opened in August 2009 as an additional vehicle to educate the public, in particular the younger generation, about the complex issues relating to urban regeneration. The Centre has been well received by schools and community groups as an innovative platform for organising educational activities to explore ways and means of tackling urban decay in an informed setting. Education kits are also provided to the teachers, who bring their students to the Centre. Since its opening, some 7,000 persons have visited the Centre.

Tailoring Project Implementation to Suit Changes in Circumstances and Aspirations

Implementation of urban renewal projects is always a challenging endeavour in every city, including Hong Kong, not least because of the diverse range of stakeholders and interests involved. We listen to our stakeholders' views and from time to time, adjust our project implementation approaches and actions as or when necessary to match prevailing socio-economic circumstances and community aspirations. The Wing Lee Street/Staunton Street Project is a case in point, where URA has, in response to the Government's plan for conserving and revitalising the nearby Police Married Quarters site in Hollywood Road and current mainstream community sentiments, proactively made various adjustments to its original plans in order to preserve all of the tenement buildings in Wing Lee Street under private ownership.

In the Peel Street/Graham Street Project, we are striving to maintain the vitality of the nearby historical street market which is part of the local character of the project area. Relocation arrangements have been offered to

Managing Director's Statement

ground floor shop operators and wet goods trades in acquired properties to enable them to carry on their businesses and maintain local vibrancy during the phased redevelopment of this project.

Similarly, a phased development approach has been adopted to minimize the impact on Kwun Tong Town Centre (KTTC) as a business activity hub during its decade-long redevelopment.

Enhancing Standards

In May 2009, URA implemented a formal and comprehensive policy to promote environmentally sustainable urban renewal. Under this policy, URA is committed to fostering a quality living environment through incorporation of enhanced environmentally sustainable quality control requirements into our joint venture development contracts, setting an example for the real estate industry to follow. During the year, URA received Hong Kong Building Environmental Assessment Method Platinum Awards for two more redevelopment projects, bringing to five the total number won by URA to date. We have also obtained provisional Platinum Awards for two more projects.

More recently, in May 2010, URA announced a package of additional control measures to promote openness, fairness and transparency of the sales of firsthand units in URA's joint venture developments, in order to address widespread public concerns about the sales arrangements for firsthand residential units in Hong Kong.

Modest Growth in Organisation Size

To cope with the increasing volumes and intricacies of its 4Rs work, URA has increased its headcount by about 10% to close to 400 during the year. Since our aim is

to maintain a lean and fit structure, we have continued to rely on out-sourcing and deployment of contract staff and external consultants to meet certain workloads, especially those of non-recurrent or time-limited nature.

URA's first ever intake of university graduates was recruited in mid 2009, with the second batch of university graduates joining us recently. We believe some of them can be groomed to advance their career within this organisation.

Substantial Support from the Government

We are indeed indebted to the Government for having rendered continuous and essential support to URA to facilitate implementation of its urban renewal programme. Such financial and other assistance takes various forms, including capital injection, tax exemption, waivers of land premium of redevelopment sites, inclusion of additional land in redevelopment projects and making available direct funding for infrastructural facilities in and around redevelopment areas. Up to 31 March 2010, a total of 14 land grants have been made to URA at nominal premium for its redevelopments. In the case of the KTTC redevelopment, URA was granted a site at Yuet Wah Street, previously utilized as bus terminus, without paying any premium, to enable a more comprehensive approach to regenerating the Town Centre. The Government has also agreed to secure funding for the construction of the future pedestrian links between the new Town Centre and the surrounding area.

Fluctuating Financial Results

2009/10 has seen URA recording a net operating surplus of HK\$6.9 billion, which differs greatly from the net operating deficit of HK\$4.5 billion recorded for

Managing Director's Statement

the previous fiscal year. This exceptional year-on-year improvement in overall results was mainly attributable to the record total upfront payments derived from three projects tendered in 2009/10, namely, the Lee Tung Street project, the Yuet Wah Street development in the KTTC and the Lai Chi Kok Road/Kweilin Street project. The favourable market conditions prevailing until the end of March 2010 have also resulted in write-backs of certain provisions for loss for various projects made in the previous year. The accumulated surplus since URA's establishment amounted to HK\$6.7 billion as at 31 March 2010. However, this would have been reduced to \$2.2 billion but for the waiver of \$4.5 billion in land premium forgone by the Government in making land grants to URA at nominal premium for the 14 project sites granted to date.

While URA makes surpluses in some years, it makes deficits in others and, in any case, ploughs back all revenues into further urban renewal work, including preservation, rehabilitation and revitalisation, none of which are revenue generating.

Increasing Property Risk Exposure and Management

Our extensive redevelopment programme comprises the yet-to-be-completed projects taken over from the LDC coupled with those projects announced by the URA. The URA is now holding a substantial property portfolio at various stages of development, and still underway. Our modus operandi means that we are always exposed to the Hong Kong property market as both a purchaser and a seller. In recent years, we have been buying more than selling. The time taken for planning, acquisition, resumption, site clearing, demolition and tendering can be affected by a number of factors that are not totally under URA's control. Prolongation of development schedules increases the exposure of URA to market risk.

Owing to the preference for acquiring properties through negotiation if possible, the time required for completion of the acquisition, resumption and clearance processes of redevelopment projects has been increasing, with those of recent ones averaging at about 36 months.

To manage the cashflow implications arising from the mismatch between our buying and selling positions, we have put in place suitable financing arrangements to ensure that URA will have sufficient funding available to meet the needs of its extensive work programme.

Next Corporate and Business Plan

We will shortly embark on the preparatory process for drawing up the tenth Corporate Plan (CP) and the 2011/12 Business Plan (BP) of URA. While the URA Ordinance requires submission of the tenth CP and the 2011/12 BP, upon approval by the Board, to the Financial Secretary by the end of this calendar year, the new URS is only expected to be finalized for promulgation by that time.

We will endeavour to respond positively to the requirements of the new URS, embrace all necessary changes, include suitable initiatives/projects into the tenth CP and 2011/12 BP and make any required subsequent adjustments in future Plans following any further studies.

Evolution of Organisation

Over the years, the URA has evolved into an organisation with not only social and financial, but also environmental and educational objectives.

URA is a statutory body, established and provided with initial capital injections by the Government, for the public purpose of carrying out the social mission of renewing the urban areas of Hong Kong to alleviate

Managing Director's Statement



Secretary for Development Mrs Carrie Lam, URA Chairman Mr Barry Cheung, and URA Managing Director Mr Quinn Law announce the commencement of Ma Tau Wai Road project.

urban decay and improve housing conditions. Our niche is to focus on dilapidated urban areas which both require renewal and are not, for whatever reasons, able to be renewed in a timely and satisfactory manner by the private sector. Both the Government and many other stakeholders with diversified interests oversee our plans and works. We endeavour to look after their respective interests in a balanced and pragmatic manner within the resources and mandate available to us.

In carrying out this social mission, URA is also required to practice good self financing discipline, although our aim is not to maximize profits. Thus, our policies have been designed to pay amounts higher than the statutory levels of compensation to the occupiers of properties directly affected by our projects. We also commence financially non-viable but worthwhile urban renewal projects.

We strive to implement our projects in an environmentally sustainable manner, to set a good example in building planning, design, quality, construction and sales and to educate the public, including our younger generation about urban regeneration.

As a forward-looking and dynamic organisation with various bottom-line responsibilities, URA has evolved into a body which coordinates stakeholders' interests. In

doing so, we always strive to change for the better, living up to present-day standards and community aspirations. We will continue to adapt in the coming years in order to meet the urban renewal challenges that lie ahead in the most appropriate ways.

Vote of Thanks to Board, Committees and Staff Members

Urban renewal is multi-faceted, involves stakeholders throughout the community and requires a wide range of expertise. I am, therefore, grateful for the guidance provided by our Chairman and the Members of our Board, Committees and District Advisory Committees.

I take pride in having been underpinned by a dedicated, multi-skilled team of staff in URA covering a wide range of disciplines, expertise and experience. Notwithstanding the exceedingly high demands on the staff force due to ever-rising workloads and stress and understandable worries about the future of URA caused by the on-going URS Review, we have managed to keep up staff morale and satisfaction by means of effective communication and motivation measures, thereby keeping the overall turnover at a relatively low level. Indeed, the successes achieved in the past year were due largely to the professionalism, "can-do" spirits and hard work of our staff. I, therefore, wish to thank all staff for their collective achievements and a job very well done in the past year.

Quinn LAW Yee-kwan
Managing Director

31 July 2010

Operating Review



Redevelopment



Rehabilitation



pReservation



Revitalisation

This Operating Review covers the Urban Renewal Authority's (URA) work over the past year.

Corporate and Business Plan

The URA Ordinance (URAO) empowers the Secretary for Development (SDEV) to prepare an Urban Renewal Strategy (URS) and, thereafter, to revise it in such a manner as the Secretary may decide. The current URS was published by the Government in November 2001 and remains in force. The URAO requires the URA to follow the guidelines in the current URS and prepare and obtain the approval of the Financial Secretary (FS) each year for both a five-year Corporate Plan (CP) and an annual Business Plan (BP) laying out the direction and programme of the URA's activities.

These two Plans are carefully devised to integrate the proposals and activities conceived under the URA's holistic Redevelopment, pReservation, Rehabilitation, and Revitalisation (4Rs) approach. Among the key considerations when drawing up these Plans are previous obligations, continually changing community aspirations with respect to urban renewal and the urgency for taking renewal action within the framework of the URA's current mandate and resource limitations.

The Plans covering the period from 2009 to 2014, including the 2009/10 BP, were submitted to the FS in December 2008 and approved by the FS in March 2009. The Plans covering the current period from 2010 to 2015, including the 2010/11 BP, were prepared in the third quarter of 2009/10, submitted to the FS in December 2009 and approved by the FS in March 2010.

Projects

In this Annual Report, the word "project" is used generically to cover all categories of redevelopment and preservation schemes, proposals and projects under both the Land Development Corporation (LDC) Ordinance and the URAO. Some projects may also be grouped together while others may be split into several smaller projects for implementation.

Although the URA's Development Scheme Plans (DSP) prepared under Section 25 of the URAO do not fall directly under the Town Planning (Amendment) Ordinance (TP(A)O), we have agreed that the URA will follow the procedures for plan making and amendment of plans covered under the TP(A)O. In this way, the DSPs are subject to formal public comments, representations and, if necessary, hearings conducted by the Town Planning Board (TPB) in considering the suitability of these projects. To date, 11 such projects have been launched by URA under this process, with the most recent ones being the Shanghai Street / Argyle Street and Prince Edward Road West / Yuen Ngai Street shophouse preservation projects, which were both launched in September 2008 and were subsequently both approved by the Chief Executive in Council in February 2010.

The URA can also implement Development Projects (DP) under Section 26 of the URAO. Such projects are not subject to the formal plan making process of the TP(A)O but have to be authorized by the Secretary for Development after considering the merits of URA's proposals and any public objections to them. Up until 31 March 2010, six projects had been launched by this means, with the most recent being the San Shan Road/ Pau Chung Street, Shun Ning Road and Ma Tau Wai Road / Chun Tin Street projects, which were launched in May and June 2009 and February 2010 respectively.

Operating Review

Environmentally Sustainable Development

URA seeks to promote and implement environmentally sustainable and innovative development to improve the built environment and enhance the quality of life in urban Hong Kong. To this end, where applicable, we incorporate into the design and construction of our joint venture developments appropriate environmental provisions covering –

- Energy efficiency
- Water conservation
- Environmentally friendly building materials
- Facilities for collection of recyclable wastes
- Reduction of construction waste and environmental nuisance
- Extensive and well-planned greening

In recent years, our efforts to develop our projects in a sustainable way have been recognized by the issue of platinum standard certificates by the Hong Kong Building Environmental Assessment Method Society in recognition of the environmental features of our Mount Davis 33 project in Ka Wai Man Road in 2006/07, our Vision City project in Tsuen Wan Town Centre in 2007/08, our i-home project in Tai Kok Tsui in 2008/2009 and our Florient Rise project in Tai Kok Tsui in 2009/10 and Island Crest in Sai Ying Pun in early 2010/2011. We have also recently obtained provisional platinum standards for two further projects, namely, Lime Stardom in Tai Kok Tsui and Queen's Cube in Wan Chai.

In May 2009, URA announced its formal adoption of a comprehensive policy on environmentally sustainable urban renewal to formalize and enhance our commitment to fostering a quality living environment in Hong Kong. By adopting this policy, URA aims to set an example for the property industry and, thereby, play our part in encouraging the industry and the community to adopt more environmentally-friendly practices. Our objectives are to exceed present standards in implementing our urban renewal programme, starting with the Lee Tung Street, McGregor Street project in Wan Chai, the development tender for which was awarded in June 2010, and, by striving for continuous improvement, to make our contribution to sustainable future for Hong Kong.

As part of this policy announcement, URA organised a seminar under the theme “Green Homes: Building an Environmentally Sustainable Future for Hong Kong” in May 2009 to increase public awareness of the importance of protecting the environment and encourage the community to adopt more environmentally friendly property planning and development practices. During the seminar, expert overseas speakers from the United Kingdom, United States of America, France and Hong Kong shared their experiences and insights with over 350 delegates and exhibitors drawn from a broad cross-section of Hong Kong's community. The Secretary for the Environment delivered a keynote speech at the luncheon meeting which followed.

Subsequently, media interviews were arranged for the Chairman of the URA and the subject director to elaborate on the policy. In addition, URA's achievements in environmental sustainability were then presented to the stakeholders via seminars and a professional journal.

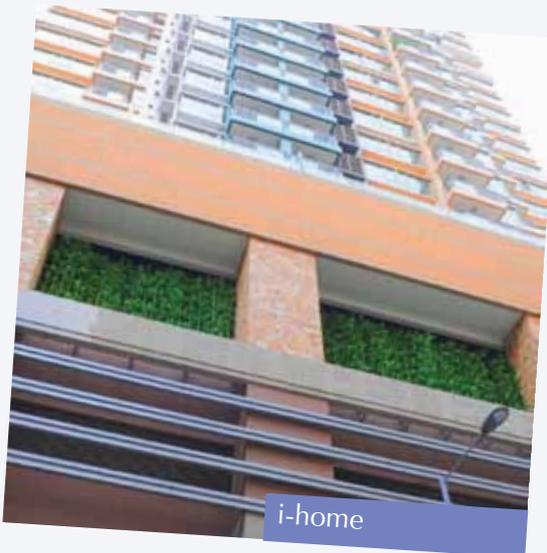
In addition, enhanced requirements on greening and environmentally friendly designs were included in the quality and standards control requirements of the joint

venture development agreements for the Kwun Tong Town Centre, Yuet Wah Street Site and Lai Chi Kok Road/Kweilin Street/Yee Kuk Street.

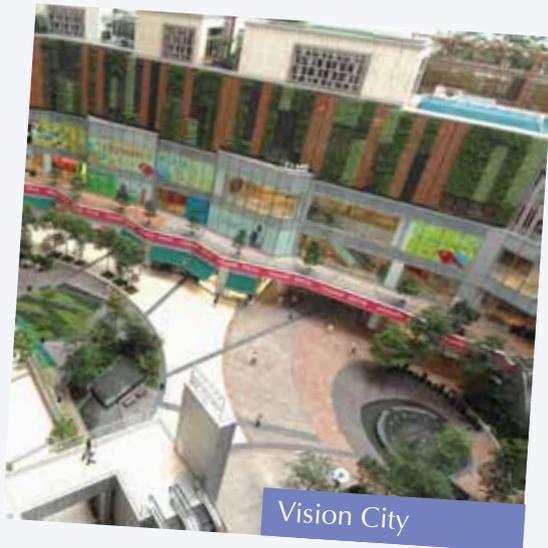
To support the Authority's green policy, a set of Green Principles was developed and launched in early 2009. Green Tips and reminders are now regularly issued to alert and educate staff members on this subject and environmental sustainability is taken into account in the procurements and daily operations of the Authority.



Florient Rise



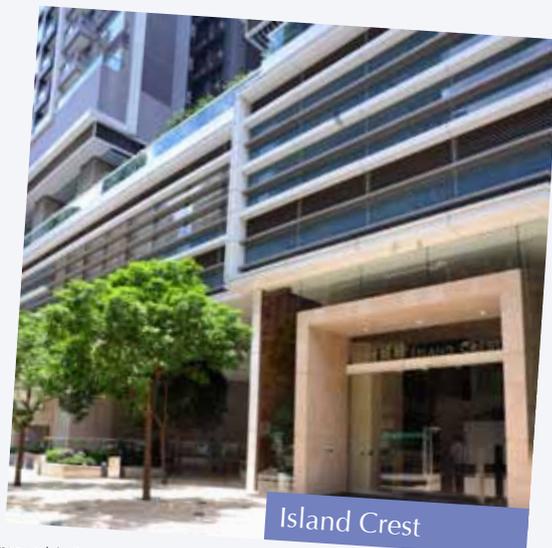
i-home



Vision City



Mount Davis 33



Island Crest

URA projects achieving the Hong Kong Building Environmental Assessment Method (HK-Beam) Platinum Rating.

Operating Review

Selection of New Redevelopment and Preservation Projects

When the URA was set up in 2001 to, among other things, speed up the pace of urban redevelopment, URA was given a number of specific tasks by the Government under the current URS. These included –

Taking over and completing implementation of 10 commenced and still ongoing redevelopment projects from the LDC;

Giving priority to commencing 25 further redevelopment projects announced but not commenced by the LDC; and

Implementing 200 further redevelopment projects which had been selected by the Government.

Subsequently, the URA was tasked by the Government with implementing one other redevelopment project as well as a number of preservation projects not included in any of the three categories above. The redevelopment project was implemented because the buildings covered by the project had become very dilapidated and were severely affected by traffic noise to the detriment of the residents. On redevelopment, URA will therefore change the use of this site from residential to hotel. The preservation projects were implemented to save the relevant buildings from demolition in accordance with the Government's current initiatives to preserve more of Hong Kong's built heritage.

In accordance with the current URS, the URA determines the priority given to commencing new projects on the basis of a number of factors, including but not limited to -

- whether the proposed project area is old and dilapidated and requires urgent redevelopment;
- whether the buildings lack basic sanitation facilities or are exposed to potential fire risk;
- whether the living conditions of the residents in the proposed project area are satisfactory;
- whether the proposed project will improve the area by replanning and restructuring;
- whether the proposed project area will achieve a better utilization of land after redevelopment;
- whether any of the buildings in the proposed project area are worthy of preservation and, if so, whether they would be in danger of demolition and redevelopment if the project did not proceed; and
- whether the rehabilitation of buildings in the proposed project area is a practicable and viable option.

Before URA can select and commence any project, the project must be approved by its Board for inclusion in the URA's draft CP and BP. These two Plans must be approved by the FS, after first being vetted by the Development Bureau, Financial Services and Treasury Bureau, Planning Department, Lands Department and other relevant Government Departments.

In June 2009, URA began a building conditions survey of pre-1980 buildings within URA's Areas on behalf of the Steering Committee on the URS. To date, visual inspection of about 3,000 buildings, detailed investigation of about 300 buildings and social living condition surveys of about 700 buildings, have been completed. The results from this survey will be useful for assessing and projecting the extent of the problem of building decay in Hong Kong.

Commencement of New Redevelopment Projects

During the 2009/10 BP year from 1 April 2009 to 31 March 2010, URA commenced three URAO redevelopment projects, which are described in the following paragraphs.

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

In February 2010, following the tragic collapse of a tenement building, and the forced demolition of two adjacent buildings due to safety concerns, on Ma Tau Wai Road, the URA commenced this project comprising two rows of 50-year-old plus tenement buildings of four to six storeys in height and containing around 320 households.

In recognition of the unique circumstances, in particular the residents' psychological concern about the safety of their premises, the URA adopted special measures to help those affected residents in advance of completion of planning approval and issuances of formal acquisition offers. The special measures, which were valid for one month from the commencement of the project, were introduced to help owner-occupiers and tenants within the project leave as early as possible if they so wished. Owner-occupiers were offered deposits of



URA staff conducts freezing survey to ascertain the occupancy status.



URA staff Dora Lam visits Mr Chan, a tenant affected by the Ma Tau Wai project, in his new home. Ms Lam is selected to receive The Ombudsman's Awards 2010 for Officers of Public Organisations for her caring, dedication and people-oriented approach in helping the residents.



The project involves 50-year-old plus tenement buildings at a site where a block was tragically collapsed.

Operating Review

30% of the estimated market values for their respective properties with the remaining 70% plus Home Purchase Allowance to be paid when general offers are made to all owners after the planning procedure for this project has been completed. Domestic tenants who elected to leave immediately were offered either ex-gratia payment or rehousing, if eligible. In addition, URA agreed to pay the rent on behalf of the vacating tenants to their landlords until expiration of their tenancies. For non-domestic tenants, the URA offered to pay a special business allowance equivalent to 0.5 Rateable Value of their tenanted unit to assist them to relocate. By the time of expiry of the offer period, over 220 applications had been received.

In addition to the above special measures, the Expression of Interest to Purchase Arrangement (EIPA) will be offered at prevailing market values to eligible domestic owner-occupiers to enable them to return upon completion of the project. Non-domestic owner-occupiers and tenants of ground floor units will be offered the opportunity to lease commercial spaces in the redeveloped project at prevailing market rents.

The URA plans to build over 400 small flats for the mass housing market and re-create the existing retail street pattern along Ma Tau Wai Road with a low-rise retail podium which will provide around 1,000 m² GFA for Government, Institution and Community (GIC) facilities. Around 500 m² of at-grade open space would also be provided which should help improve the streetscape and air ventilation in the area.

Submissions, including objections to the project, were received during the two month publication period ending in April 2010. These were deliberated by URA, which then submitted the outcome of its deliberations to SDEV for consideration, along with other information required under Section 24(3) URAO in May 2010. SDEV's decision is now awaited.

Shun Ning Road, Cheung Sha Wan

In June 2009, URA commenced this modest sized project of around 827m², which is located at Shun Ning Road in Sham Shui Po. It comprises five buildings, which were built in 1954 or 55, are of five storeys tall and contain about 180 households. These buildings are in generally dilapidated condition with various unauthorized structures. URA plans to redevelop this site for residential use with modest commercial provision in line with its Residential (Class A) zoning. This is the 13th redevelopment project implemented by the URA to help improve people's living conditions and the environment of Sham Shui Po. Of these 13 projects, five are being implemented in collaboration with Hong Kong Housing Society (HKHS). In addition to these redevelopment projects, URA has carried out an extensive programme of building rehabilitation work in this District over the past six years, benefiting some 40 buildings comprising over 1,900 flats. Submissions objecting to the project were received during the two month publication period ending in August 2009. These were deliberated by URA and the deliberations were submitted to SDEV along with other information required under Section 24(3) URAO in November 2009. Authorization by SDEV to proceed with the project was published in the gazette in February 2010. Acquisition offers were issued to affected owners in April 2010. Unfortunately, unbeknownst to URA, some domestic tenants were served eviction notices by their landlords prior to URA commencing this project or did not have their tenancies renewed and had to move out prior to acquisition. As a people-orientated organisation, URA reached out to help such evicted tenants who were in hardship by various means, once URA became aware of their situations.



Balloting for selection of the valuation consultants to perform the assessment of a notional seven-year-old flat.



The dilapidated condition of the buildings in the site area.



URA staff conducts freezing survey at the project site.

San Shan Road / Pau Chung Street

In May 2009, URA commenced this modest sized project of around 1,170m², which is located in Ma Tau Kok. It comprises seven buildings constructed in 1957 which are in dilapidated condition. The buildings are six storeys tall, lack lifts and have various unauthorized structures. Around 130 households are affected by this project. URA plans to redevelop this site for residential use with modest commercial provision in line with the Residential (Class A) zoning for the said project, which provides the opportunity for widening existing pavements through building set back and corner splay. This project, which is the third redevelopment project launched in this district, complements the extensive

rehabilitation work initiated by URA over the past six years and covering some 100 buildings comprising over 8,000 flats in the district. Submissions objecting to the project were received during the two-month publication period ending in July 2009. These were deliberated by URA and the deliberations were submitted to SDEV along with other information required under Section 24(3) URAO in October 2009. Authorization by SDEV to proceed with the project was published in the gazette in February 2010. Acquisition offers were issued to affected owners in April 2010. No problems in respect of eviction by landlords of their domestic tenants were encountered in this project.

Operating Review

Implementation of Commenced Redevelopment and Preservation Projects

Between early 2002 and July 2010, in addition to continuing implementation of the 10 projects commenced by and inherited from the LDC, the URA launched a total of 34 new redevelopment and preservation projects, comprising 18 ex-LDC projects and 16 URAO projects. Our strategic partner, the HKHS has launched a further seven ex-LDC projects and one URAO project in cooperation with us. Thus, all 25 of the projects announced by the LDC in early 1998 have now been launched, along with 17 URAO projects, comprising 13 redevelopment and four preservation projects. The 42 projects launched by URA and HKHS have helped or are helping over 19,000 people to improve their previously poor living conditions, as well as producing almost 12,000 new homes plus over 52,000 square metres of GIC, almost 250,000 square metres of commercial facilities and almost 27,000 square metres of public open space. Of these 42 projects, two have been fully completed with all flats sold, while the rest are ongoing, with sales of flats well under way in four projects.

Of the 10 projects commenced by and inherited from the LDC, six have been completed with all flats having been sold, three have obtained their certificates of compliance with flat sales and commercial leasing now under way, while the last phase of one is under construction. The final project comprises three sites, with construction on two of these sites having been completed and most flats sold and most commercial spaces leased out and construction on the third site now under way. These 10 inherited projects have helped almost 14,000 people to improve their living conditions, as well as producing over 6,000 new homes plus various GIC and commercial facilities and public open space.

Out of the 18 ex-LDC projects that have been launched directly by the URA, two projects have been completed with all flats sold while five have obtained their certificates of compliance with flat sales or commercial leasing still under way. During the year, development tenders were awarded for two projects i.e. Lee Tung Street/McGregor Street in Wan Chai and the Yuet Wah Street Site of the Kwun

Tong Town Centre project. These two projects, together with five other projects, are now all under construction. The remaining four projects together with the remaining phases of Kwun Tong, are all under acquisition.

Five of the 17 URAO projects launched directly by URA and HKHS are being processed as two combined larger projects. During the year, the development tender was awarded for one of these, the Lai Chi Kok Road/Kweilin Street/Yee Kuk Street project, which is counted as two projects, while URA has applied for resumption of the other, namely the Hai Tan Street/Kweilin Street/Pei Ho Street project, which is counted as three projects. Construction works commenced on site for the Mallory Street/Burrows Street revitalisation-cum-preservation project. Of the remaining eleven commenced URAO projects, the three redevelopment projects commenced in 2009/10, namely, Ma Tau Wai Road/Chun Tin Street, Shun Ning Road and San Shan Road/Pau Chung Street, are described in the previous section. The two preservation projects commenced in 2008/09, namely, Shanghai Street/Argyle Street and Prince Edward Road West/Yuen Ngai Street are described in the section on preservation. The remaining six are at various stages of acquisition or clearance.

Sales of New Residential Flats in Projects

As a whole, local property prices have been recovering during the past year or so. During the year, the Authority and its joint venture partners have continued with the flat sales of seven joint venture developments launched in the previous year – Vision City, MOD595, Beacon Lodge, The Dynasty, Vista, Florient Rise and i-home. By the end of 2009/2010, the sale of flats in MOD 595 had been fully completed while a total of some 90 out of the total of flats in the other six developments had yet to be sold. In addition, the Authority and its joint venture developers launched the sales of flats in two new projects – The Masterpiece in Tsim Sha Tsui and Island Crest in Sai Ying Pun, offering more than 800 new flats for sale to the public at prices approved by the Authority with reference to prevailing market conditions. By 31 July 2010, some 600 flats had been sold in these two recently launched projects.

These sales are all being conducted during a period of ever-changing market conditions associated with the aftermath of the global financial crisis, fluctuating stock markets locally and in Mainland China and intervention by the Government in April 2010 to improve the regulation of flat sales in Hong Kong. Subsequently, in May 2010, the URA implemented a package of eight new measures, in addition to those which it already had in place, to control flat sales in its redevelopment projects. These measures have enhanced transparency and fair play with respect to sales of flats in URA's projects by taking into consideration the needs of genuine home buyers, tightening representations by URA's joint venture partners and ensuring disclosure and transparency of transacted sales.

Commercial Properties in Projects

In 2009/10, the Authority opened three major shopping malls - the 190,000 square feet shopping mall at Citywalk 2 in Tsuen Wan Town Centre, which is in joint ownership with the developer of The Dynasty project and accommodates a maximum of 175 retailing outlets to provide the daily necessities of the neighbourhood, the 336,000 square feet K11 shopping mall in Tsim Sha Tsui and the 22,000 square feet retail centre at Vista in Sham Shui Po, which is in joint ownership with the developer of this project. Throughout the year, the 28,000 square feet shopping mall at J Senses in Wan Chai and the 250,000 square feet at Citywalk in Tsuen Wan Town Centre were in full operation at almost their maximum capacities.

During 2009/10, the 22,000 square feet commercial portion of Beacon Lodge was successfully sold by open tender to a non-government organisation, the Young Men's Christian Association, for provision of community and educational services to the district as well as across Kowloon. In addition, the K11 Shopping Mall and the 341-room Hyatt Regency Hotel, which are both located in the same mixed use development as The Masterpiece, in Tsim Sha Tsui, both commenced operation in late 2009.

Partnership with Hong Kong Housing Society

The URA and HKHS entered into a Memorandum of Understanding on Strategic Cooperation in December 2002. Under the MOU, the HKHS has to date commenced seven redevelopment projects, and HKHS is bearing all of the costs of these projects and any profits or losses. Five of these projects are in Sham Shui Po and two are in Shau Kei Wan. Under the agreed arrangement, the HKHS is undertaking acquisition and clearance for the projects. The HKHS is also responsible for redevelopment of the sites after clearance. When developed, the projects are expected to provide about 1,600 new flats, over 13,300m² of commercial space, almost 4,800m² of space for GIC use and 300m² of open space. The URA and HKHS are looking ahead and exploring the scope for cooperation in order to bring further urban renewal activities to fruition for the benefit of the community as a whole.

Under a separate MOU executed in July 2003 and renewed in July 2008, the HKHS also continues to rehouse eligible tenants affected by URA projects in rehousing units at an agreed cost per unit.

Partnership with Hong Kong Housing Authority

Under an MOU executed in June 2002 and renewed in July 2007, the Hong Kong Housing Authority (HKHA) continues to rehouse eligible tenants affected by URA projects in public rental housing units at an agreed cost per unit.

Individual Project Details

Individual details of all 44 still current redevelopment and preservation projects and all eight projects completed to date are given in the table entitled URA Project Highlights on pages 64 to 71.

Operating Review

Redevelopment

Island Crest, an URA redevelopment project at First Street/Second Street, Sai Ying Pun, provides 700 square meters of open space.



Redevelopment

Further information about eight of URA's more significant current redevelopment projects is given in the following paragraphs.

Sai Yee Street

This project was commenced in December 2007. To help preserve and enhance the local character of this part of Mong Kok, URA drew up and announced a special Local Sports Shops Arrangement exclusive to this project in November 2007. Under this special arrangement all current sports shop operators affected by this project will be offered priority to lease space within the "Sports Retail City" which will form a special feature of the new development and which was unveiled to the public in December 2007. The design of the future development breaks up the building mass into a juxta-positioned jigsaw of shop units with plenty of breathing space to blend in with the local small shop environment. The buildings will also be

set back to provide wider pavements and loading and unloading will be relocated to the basement to improve the pedestrian environment. Another special feature of this project is that the streets will be revitalised to link up this project with the Hong Kong Playground Association's (HKPA) nearby MacPherson Stadium, which is being redeveloped by URA in partnership with HKPA to provide a modern indoor stadium and youth centre together with residential and commercial space.

General acquisition offers were made to all affected domestic and non-domestic owners in March 2008 and the application for resumption has been submitted.



The "Sports Retail City" will form a special feature of the new development.

Operating Review

Peel Street / Graham Street

The Master Layout Plan (MLP) for this project was approved by the TPB in May 2007. The project was commenced in July 2007 and acquisition offers were issued to the affected owners in October 2007. Key features incorporated by URA into this project are the preservation and adaptive re-use of three pre-war shophouses on Graham Street, preservation of the façade of Wing Woo Grocery as the building in which it is housed is structurally unsound, preservation of the vibrancy and ambience of the existing street retail and hawker activities in the public streets outside the project's boundaries, provision of a two storey fresh food market trade complex to accommodate wet trade shop operators now operating within the project's boundaries, and provision of a multipurpose activities hall and public open space. Following clearance and prior to and during the demolition of the structure of the building containing the Wing Woo Grocery, URA will take careful photographic, film and cartographic records, for future reference, of its ambience and structure.

In response to public concerns about the need to retain the vitality and character of the existing fresh food street market in the public streets surrounding the project, the URA is phasing demolition and construction to minimize inconvenience to stall operators and users. A comprehensive plan to address the needs and requirements of shops and stalls operating in the

market has been devised to minimize inconvenience to them. Phased redevelopment in three separate sites, allows for fresh food operators currently operating in the first phase, who wish to continue their businesses, to be decanted to temporary shop premises already owned by the URA within the remaining two sites. A balloting exercise for the allocation of affected shops in the interim took place in May 2010. The first phase will provide a low rise retail block, which will be able to accommodate existing fresh food operators who wish to continue their businesses. Phased redevelopment, with avoidance of concurrent construction on both sides of the street market, will also minimize disruption to the on-street hawkers outside the project boundary on Peel Street and Graham Street. Installation of purpose-built electricity meters for the retained on-street hawkers commenced in June 2010. URA is continuing with its ongoing dialogue with the hawkers to explore ways and means to maintain the vibrancy of the trade during the construction stage of this project.

URA believes that the benefits these measures bring to the community justify the increases in the costs of the project to URA and the lengthened time required for its completion.

The application for resumption of this project site has been submitted and approval is now awaited.



A balloting exercise for the allocation of affected shops in the interim.



Nga Tsin Wai Village

The URA has adopted an innovative conservation paramount approach to this unique project. Unlike in other projects where most properties are in multi-storey buildings with strata title ownerships within one lot, this unique urban village project is made up of over one hundred small individually owned private lots, over 70% of which have been acquired by a major owner over the past two decades, plus over a dozen government-owned lots. To enable this project to proceed, URA entered into a cooperation arrangement with the major owner concerned, which is also a developer, in 2006 after protracted negotiations, to jointly redevelop this project while preserving its core heritage elements. Since then the major owner has cooperated with URA in the implementation of this conservation led project. The project then commenced in October 2007 under the joint venture development agreement with the major owner of properties within this project's boundaries.

Three core heritage elements of this unique urban village, namely, the gatehouse, the embedded stone tablet and the Tin Hau Temple as well as the central axis and eight authentic village houses, will be retained within a new Conservation Park. To accommodate this approach, the future residential towers will be

Three preserved items at Nga Tsin Wai Village: Gate house & stone tablet above the gate and Tin Hau Temple.

lifted up to provide a vertical clearance above ground level, as well as being set well apart and designed to minimise encroachments into the Conservation Park and interference with sightlines towards the Lion Rock.

Acquisition offers were made to the affected owners in January 2008. The application for resumption has been submitted. Photographic and cartographic records are being made of village houses as they are acquired and cleared. Acquisition and phased demolition are now in progress. The acquisition and clearance issues relating to this project are particularly challenging because the owners of the property interests in this project include indigenous villagers and non-indigenous villagers and a major owner and, in addition, many of the property titles are defective. Some of the non-indigenous villagers remain unwilling to sell their property interests. There are also a substantial number of illegal structures and illegal occupants both within and surrounding the project site. The application for resumption of this project site was submitted to the SDEV in October 2009.

Operating Review

Kwun Tong Town Centre

Occupying a site area of 5.35 hectares, the Kwun Tong Town Centre (KTTC) redevelopment, which was commenced in March 2007, will cost over \$30 billion to implement, is the largest single project undertaken by the URA and involves 1,657 property interests and about 5,000 people.

The KTTC project consists of two sites, namely the Main Site and the Yuet Wah Street Site. Due to the huge size of the project, the Sites are divided into five Development Areas for redevelopment in phases.

The visionary design for this 21st Century town centre includes well-spaced building blocks for better ventilation, increased public open space and greening, an integrated public transport interchange, grade-separated pedestrian facilities connecting to adjacent developments, kaifong-style street shops, a covered hawker bazaar, a multi-storey shopping mall, as well as reprovisioned and improved Government medical and other facilities. All facilities will be accessible to wheelchair users.

The MLPs for the two DSPs for the two Sites were approved by the TPB in December 2008 and January 2009 respectively.

Throughout the year, URA has continued to utilise a bottom-up approach to tapping public views by engaging various stakeholders, including the Kwun Tong District Council Members, transport operators, hawkers, Government Bureaux and Departments and members of URA's District Advisory Committee. The URA solicited their views on various issues by various means, including, for example, gauging the acceptability of interim traffic and transport arrangements through road shows and systematic questionnaire interview surveys.

Redevelopment of Development Area 1, the Yuet Wah Street Site, commenced in December 2009, after the existing bus terminus had been successfully relocated to the new one in Fuk Tong Road, which was designed and built by the URA and then transferred to the Government.



Public views survey on the interim traffic and transport arrangements is conducted at a road show.

Acquisition of the affected property interests in the Main Site of KTTC, comprising Development Areas 2 to 5, has progressed satisfactorily to date. As at the end of July 2010, over 82% of all property interests had accepted the acquisition offers, including over 95% of the interests of domestic owner-occupiers. As required by law, URA submitted an application to SDEV in July 2009 for resumption and phased reversion of this Site. Clearance for redevelopment is dependent on the timing of resumption by the Government of the remaining unacquired property interests and the clearance of illegal occupiers.

To maintain order, safety and reasonable environmental conditions in the acquired properties, the URA has engaged property management contractors to manage and maintain all premises, which have been vacated by their occupiers.

URA is now pursuing plans for interim transport arrangements and permanent road closures for redevelopment of the Main Site.

After comprehensive feasibility studies of the traffic and transport arrangements, as well as the requirements of



A workshop on the interim traffic and transport arrangements.



The Kwun Tong District Council meets to discuss matters on the Kwun Tong Town Centre Project.

the Government for diversion of underground utilities, the URA has decided to redevelop Development Areas 2 and 3 concurrently. This will meet the community's aspirations to speed up the redevelopment of this project. It will also improve the programming for re-provisioning of crucial GIC facilities, including advancing the completions of both the permanent hawker bazaar in Development Area 3 and the integrated covered public transport interchange which straddles across Development Areas 2 and 3.

Like other existing public facilities affected by this project, the methadone clinic, which is currently situated in Development Area 4 of the Main Site, provides an important service. However, proposals for

re-provisioning of this clinic within the vicinity have met objections from local communities. The Kwun Tong District Council has now expressed their support for the re-provisioning of the clinic at the Hoi Yuen Road roundabout and requested some design improvements. Further studies on design enhancement are being conducted and a new planning application will be put to the TPB in due course.



URA Chairman Mr Barry Cheung (Centre), URA Managing Director, Mr Quinn Law and Executive Director (Planning and Project Control), Ms Iris Tam outline an alternative concept for conserving Wing Lee Street for the Town Planning Board's reference.

Staunton Street / Wing Lee Street

URA commenced this project in March 2003. In November 2003, the TPB considered and decided not to uphold an objection to the project lodged by a private developer who claimed to own a portion of the site, which it intended to redevelop itself, within the development scheme plan boundary. Following lengthy court proceedings initiated by the developer, including first, a judicial review and, later, an appeal by the private developer concerned, the Appeal Court requested the TPB to re-consider the private developer's objection. Therefore, in June 2007, the TPB re-heard the objection and, at that time, decided to uphold it. The DSP boundary was, therefore, amended to excise the site owned by the private developer.

The MLP comprised new residential, commercial and Government/ Institution/ Community uses as well as public open space, together with conservation of the Bridges Street Market, some old tenement buildings along Staunton Street and Wing Lee Street, and the characteristics of the existing terrace, streets and lanes, as well as allowing for the possibility of commemoration of Dr Sun Yat Sen's association with the locality. The MLP was submitted to the TPB on 26 March 2008.

Subsequent to the submission of this MLP, the Government announced that it intended to revitalise the adjacent Former Police Married Quarters (PMQ) site on Hollywood Road, rather than redevelop it. To

complement this new Government initiative, the URA decided to adopt a “conservation-led redevelopment” approach to its Staunton Street/ Wing Lee Street project to enhance the street ambience and the heritage significance of this part of Sheung Wan by visually connecting the two adjacent sites and generating a synergetic effect.

To achieve this, the URA refined the MLP for this project to reduce the overall density from a plot ratio of 8.0 to one of 4.5 by removing one residential tower near the preserved Bridges Street Market and replacing it with low-rise buildings along Wing Lee Street of similar typology, height and scale to the existing tenement buildings, which need to be demolished due to their poor conditions and many unauthorized structures. A new medium rise cascaded building along Shing Wong Street will also help maintain the visual and physical integrity of the locality. The refined MLP was submitted by URA to the TPB in February 2009.

Subsequently, in April 2009, an Alternative MLP was submitted to the TPB by four property owners within Site C of the project followed by a rezoning application under Section 12A of the TPO to rezone Site C from “Comprehensive Development Area” to “Residential (Group C)” and to excise it from the URA’s approved DSP. In July 2009, the TPB decided to defer decision on the rezoning application as well on the revised MLP submitted by the URA, and the Alternative MLP. Planning Department was also requested to work out a set of (new) planning parameters for Site C to facilitate TPB consideration of the submissions before it. At the TPB meeting in January 2010, the TPB did not agree to the Section 12A rezoning application and also rejected the Alternative MLP.

The URA revised the MLP prepared by Planning Department, based on the revised planning parameters for Site C. The parameters for Sites A and B remained unchanged. The maximum plot ratio for Site C was reduced to 6.5, including a maximum non-domestic plot ratio of 0.5, and the maximum building height was capped at 20 storeys. These parameters were considered to be in line with the intentions expressed with respect

to “Conserving Central” in the Chief Executive’s 2009/10 Policy Address. As a result, the overall net plot ratio for the project was further reduced from 4.5 to 3.9 with corresponding financial consequences. The revised MLP incorporating changes to Site C as well as reflecting the latest URA’s intention in preserving and revitalising the Bridges Street Market, was submitted to the TPB on 29 January 2010.

On 19 March 2010, the TPB rejected the revised MLP. The TPB considered that their previous concerns relating to the preservation of the existing tenement buildings in Site A, Wing Lee Street, and the “terrace” nature of the area had not been adequately addressed. Planning Department was requested to review the planning intention of the scheme with a view to preserving all the tenement buildings in Wing Lee Street. The TPB also requested to URA to provide information on the structural conditions of the existing buildings at Wing Lee Street and the cost involved in their rehabilitation; and explain clearly to the affected owners and tenants, the implications of the alternative concept i.e. amending the URA’s approved DSP to preserve all the tenement buildings in Wing Lee Street through a separate zoning for Site A. The URA duly provided the requested information to the TPB on 7 May 2010 and explained the implications to all affected owners and tenants. The URA awaits the TPB’s consideration of the zoning intention for Site A and commencement of the statutory plan-making procedure under Section 5 of the TPO. URA is now acquiring the interests of owners in Sites A, B and C, and has undertaken to continue to acquire the interests of the owners in Site A until the TPB makes its decision about this Site. URA has also undertaken to offer accommodation in its nearby rehousing block to tenants of unacquired properties in Site A who wish to move out.

Operating Review

Lee Tung Street / McGregor Street

This residential and commercial project was commenced in October 2003. Its redevelopment will create a Wedding City featuring Hong Kong's first Wedding traditions, a culture gallery and a retail area catering for wedding related trades such as wedding dresses, flowers, decorations, cakes, hair salons, jewellery, photo studios and wedding organisers. This project will also contain some space for social enterprises. In addition, three pre-war shophouses will be preserved, Lee Tung Street will be pedestrianised and a new east-west pedestrian link with attractive open space will also be created.

The MLP for this project was approved by the TPB on 22 May 2007. As part of the scheme, Lee Tung Street

will be closed and pedestrianised, and Amoy Street will be connected to Queen's Road East. Gazettal under the Roads (Works, Use and Compensation) Ordinance was completed in April 2009. Following consideration of objections received under the ordinance, Lee Tung Street was physically closed on 25 February 2010. Work on opening up Amoy Street will commence in due course. The Conservation Plan for the preservation and adaptive re-use of three pre-war shophouses on Queen's Road East was agreed with the AMO in April 2009. Expressions of interest in redeveloping the site were invited in March 2009, tenders were invited in May 2009 and the joint venture development tender was awarded in June 2009 with a view to completion of construction in 2015.



The project will provide about 3,000 squares of public open space.



The core elements of the market building will be preserved in-situ.

Tai Yuen Street / Wan Chai Road

Sites A and B of this project have already been redeveloped into the Zenith and almost all flats built on these sites have been sold. However, during development of these Sites, strong opposition emerged in the community to the demolition of the Wan Chai Market building to allow redevelopment of Site C, even though this had been agreed by all parties a decade earlier. Therefore, URA took a fresh look at the way forward for redevelopment of this site. After negotiating and reaching agreement with our joint venture partner for the whole project, a revised MLP, which enables the core elements of the Wan Chai Market building to be preserved whilst allowing residential development above it, was prepared for Site C for consultation with the Antiquities Advisory Board and members of the Wan Chai District Council. Subsequently this revised MLP was submitted to the TPB in April 2008, following which it was approved in June 2008. Under the revised MLP, the core elements of the market building, including the major façade, the main entrance, the curved canopy and fins, and part of the front portion of the structural form, will be preserved in-situ. This provides

a pragmatic solution whereby the URA can honour its contractual agreement with the developer whilst, at the same time, recognizing the community's current wish for preservation of the market to the extent practicable, albeit at additional cost to the URA and with a longer development period.

Demolition of the non-core elements commenced in November 2008. Prior to and during the process of their demolition, URA took careful photographic, film and cartographic records, for future reference, of the non-core elements of the structure. The Supplementary Agreement for the Core Preservation Scheme was executed between URA and its joint venture development partner on 31 December 2008. General Building Plans for the Core Preservation Scheme were approved in March 2009. The foundation work, which began in July 2009 following completion of demolition of the non-core elements, has now been completed. Substructure works are now under way.

Operating Review

*p*Reservation

The Mallory Street/Burrows Street Preservation-cum-revitalisation "Art Community" Project in Wan Chai.





A cluster of 10 pre-war verandah type shophouses of outstanding value in Shanghai Street/Argyle Street will be preserved and revitalised.

pReservation

Cantonese Verandah-Style Shophouses

In his 2007/08 Policy Address in October 2007, the Chief Executive of the Hong Kong Special Administrative Region encouraged URA to extend our conservation work to cover pre-war shophouses. In March 2008, URA announced a conservation strategy comprising a range of approaches for application to shophouses depending on their different levels of heritage value.

Subsequently, in September 2008, URA commenced two preservation-cum-revitalisation projects in Mong Kok covering two clusters of ten shophouses of high heritage value and potential for adaptive re-use at Shanghai Street / Argyle Street, and Prince Edward Road West / Yuen Ngai Street. The details of both of the projects, the draft DSPs of which were finalized following brain storming sessions held with all relevant stakeholders on their appropriate after uses, are described below.

Shanghai Street / Argyle Street Shophouses

This preservation-cum-revitalisation project involves a cluster of 10 pre-war verandah type shophouses considered to have outstanding historical, cultural and architectural value and already graded as historical buildings by the Antiquities Advisory Board (AAB), and four 1960s buildings which dissect the shophouse cluster. In September 2009, the URA announced its intention to preserve them through a DSP to be

processed under the Town Planning Ordinance (TPO) to ensure that these historic buildings would not be demolished and allow those affected and the community at large to express their views. The URA subsequently conducted a brainstorming session involving the owners, residents, Yau Tsim Mong District Council, academics and professionals, amongst others, to consider the most appropriate and viable adaptive re-uses for the shophouses. In addition, we conducted two surveys of direct stakeholders and the public respectively, with the public survey finding that over 80% of those surveyed supported preservation of this cluster of shophouses. The aspirations and views gathered by these various means were then reflected in the DSP which was submitted to the TPB in January 2009. In April 2009, the TPB considered the DSP, which includes proposals for adaptive re-use for daily necessities and traditional foods shops and outlets and commercial uses, suitable for publication under Section 5 of the TPO and it was published on 8 May 2009 for 2 months during which the community could make formal representations to the TPB. Subsequently, in October 2009, the TPB conducted a hearing to consider the representations and comments on the representations, including those made by URA. None of the representations were upheld. The Chief Executive in Council approved the DSP under Section 9(1)(a) of the TPO in February 2010. Acquisition offers were issued in March 2010.

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Prince Edward Road West / Yuen Ngai Street Shophouses

This second preservation-cum-revitalisation project, which was commenced at the same time and for the same purpose as the Shanghai Street / Argyle Street project, also comprises 10 pre-war verandah type shophouses of outstanding historical, cultural and architectural value. This shophouse cluster was identified in a consultancy study commissioned by the URA as having Level One – Outstanding Heritage Value, which URA's consultants believe to be equivalent to the Grade One classification of the AAB.

In view of the unique characteristics of this project, the URA introduced a Local Flower and School Shop Arrangement for existing operators of such businesses within the project who are interested in re-establishing their operation upon restoration of the premises, subject to meeting eligibility criteria, to be given priority to lease ground floor shops within the project at prevailing market rent.

As in the case of the Shanghai Street / Argyle Street project, a wide ranging brainstorming session involving all stakeholders was conducted to ascertain the most

appropriate and viable adaptive re-uses for these shophouses and two surveys of direct stakeholders and the public respectively were carried out. Again, the public survey found that over 80% of those surveyed supported preservation of this cluster of shophouses. These results were subsequently reflected in the DSP submitted to the TPB in January 2009. The TPB considered the DSP which includes proposals for adaptive re-use for educational, recreational, cultural and commercial uses, suitable for publication under Section 5 of the TPO on 3 April and it was published on 8 May 2009 for 2 months during which the community could make formal representations to the TPB. Subsequently, in October 2009, the TPB conducted a hearing to consider the representations, and comments on the representations including those made by URA. None of the representations were upheld. The Chief Executive in Council approved the DSP under Section 9(1)(a) of the TPO in February 2010. Acquisition offers were issued in March 2010.



A Local Flower and School Shop Arrangement is introduced to the existing operators of the Prince Edward Road West / Yuen Ngai Street project.



Other Shophouses

Action plans for the potential preservation of a further 28 shophouses of lower but, nevertheless, significant heritage values, have also been drawn up. Ten of these shophouses, which were identified in the conservation strategy as having significant but lower levels of heritage value than those in the clusters in Mong Kok mentioned above, have been selected for potential preservation under new pilot voluntary acquisition scheme (VAS) and voluntary restoration scheme (VRS). During the past year, URA approached the owners of four shophouses to invite them to participate in our pilot VAS. In the event that any of these owners prefer to retain their ownerships of their shophouses, we will invite them to participate in our pilot VRS instead. Since July 2009, URA has approached the owners of 12 further shophouses to invite them to participate in our pilot VRS. URA is now liaising with the owners of two shophouses interested in voluntary acquisition as well as the owners of another two shophouses interested in voluntary restoration.



The tenement houses at No. 9 - 12 Yu Lok Lane will be preserved and revitalised.

HKHS for handling the rehousing elements of this project, pending the tendering out, in due course, by the Government to NGOs of the future management and use of this cluster of buildings.

Ongoing Preservation

In Wan Chai, URA is implementing one preservation-cum-revitalisation project at Mallory Street/ Burrows Street. Elsewhere in Wan Chai, at Stone Nullah Lane/Hing Wan Street, the URA is now assisting the Government with implementation under the Government's "Revitalising Historic Buildings Through Partnership Scheme" of another preservation project, known as the Blue House, which comprises a cluster of four Grade 1 and four Grade 2 buildings. On 30 April 2009, the resumption of the Blue House was gazetted by the Government and the land reverted to the Government on 30 July 2009. With effect from 1 February 2010, URA took back responsibility from

Three redevelopment projects in Wan Chai also contain significant preservation elements, namely, preservation of five pre-war buildings in the completed redevelopment project at Johnston Road, preservation of the core elements of the Wan Chai Market building in the ongoing Tai Yuen Street project and preservation of three pre-war shophouses as part of the ongoing Lee Tung Street redevelopment project. In Central and Western District, URA currently operates the preserved Western Market and is undertaking three redevelopment projects involving the preservation of certain heritage elements and features in the Peel Street/Graham Street, Staunton Street/Wing Lee Street and Yu Lok Lane/Centre Street projects respectively. Elsewhere, in Nga Tsin Wai Village in Wong Tai Sin, URA is preserving the village gatehouse and stone plaque, the temple and structures of a number of village houses within a themed conservation park.

URA also operates the Western Market. After adding Western Market and the five preserved buildings in the completed Johnston Road project to all of the buildings and structures being preserved in six ongoing redevelopment and four ongoing preservation projects, URA will have preserved a total of more than 60 buildings and historic features plus the shophouses whose respective owners consent to join the VAS and VRS.

Operating Review

Rehabilitation



A cluster of four building blocks rehabilitated with thematic colour designs in Mong Kok under the Operation Building Bright.

Rehabilitation

Initiatives to encourage better care of domestic premises in multiple ownership by the owners continue to be a major area of work for the URA. The purposes of building rehabilitation are to improve the environment and living conditions in residential buildings, and to extend the useful life of buildings. Since 2003, the URA has provided various building rehabilitation assistance schemes in its Rehabilitation Scheme Areas to help address the problem of building dilapidation and, thereby, improve not only the built environment but also the living conditions of the residents in these areas.

Up until the end of March 2010, assistance had been or was being given by the URA under its own schemes, which are described below, to the owners of about 39,700 units in over 510 buildings, excluding those being assisted under Operation Building Bright (OBB). The expenditure incurred under all of these schemes up to the same date was around \$255 million.

URA continues to liaise with HKHS, DEVB and BD in order to further improve and align the various existing building rehabilitation schemes offered by all four organisations. To improve accessibility by the public to the building rehabilitation services offered by these four organisations, a common hotline providing one stop assistance service to the public was put in place in May 2010. Opportunities for further alignment of building rehabilitation services are now being explored.

Materials Incentive Scheme

The URA has continued to operate a Materials Incentive Scheme which targets buildings aged 20 years or older with Owners Corporations (OCs) with a view to encouraging owners to form OCs and promoting sustained maintenance and management

after rehabilitation. The URA invites OCs of domestic or composite buildings with multiple ownerships and subject to statutory repair orders to participate in this Scheme.

The value of renovation materials and cash subsidy provided by the URA, excluding technical advice, generally does not exceed the lower of 20% of the total cost of the rehabilitation works on the common areas of the building or \$3,000 per property unit. Small buildings with less than 20 units will be provided with materials and cash subsidies of up to the lower of 30% of the total cost or \$150,000 per building.

Building Rehabilitation Loan Scheme

The URA also continued to operate the interest-free Building Rehabilitation Loan Scheme to cover buildings which meet criteria similar to those for the Materials Incentive Scheme but are not subject to statutory repair orders, in order to encourage owners to undertake voluntary rehabilitation early. Loans are arranged through OCs but made to individual domestic property owners for up to \$100,000 per domestic unit for a term of up to five years, depending on the amount. Generally speaking, the scope of works covered includes:

(a)	Repair or preventive maintenance works to common areas and the external envelope of the building;
(b)	Repairs, maintenance or up-grading of building services; and
(c)	Repair and maintenance works inside the domestic units which are carried out in association with the works to the whole building.



A common hotline providing one stop assistance service to the public has been set up.

Hardship Grants

In some cases, the presence of owners, such as elderly people on low income, who are unable to contribute to the overall rehabilitation costs, may discourage or prevent other owners from going ahead. The URA has therefore introduced a Hardship Grant Scheme to assist such owners. The Scheme covers the same class of buildings as the Materials Incentive Scheme and the Building Rehabilitation Loan Scheme. Hardship Grants may be up to the lower of \$10,000 per domestic unit or 100% of the share of the cost of the works for the whole building attributable to that unit.

Other Forms of Assistance

As further measures to encourage better care of buildings in private ownership, the URA has continued to provide OCs with subsidies for consultants' fees and for third party risk insurance for common areas. In addition, the URA has continued to maintain the support of 17 local banks which offer mortgages on enhanced terms in respect of older domestic flats in buildings, which have benefited from the URA's rehabilitation programmes. This market-led mechanism for reflecting the enhanced value of properly maintained buildings has been widely welcomed by owners, the property industry and the community at large.

Operation Building Bright

In February 2009, in support of the Government's initiative to create employment opportunities through the promotion of building rehabilitation under OBB with a fund contribution of \$700 million, the URA responded positively and promptly agreed to contribute \$150 million as well as to provide assistance to owners of particular old and dilapidated buildings to carry out repairs and maintenance works within the URA's Scheme Areas. With the contribution by the HKHS of \$150 million to cover buildings in other areas, this created the initial OBB fund of \$1,000 million. Since then, the URA and the HKHS have been working closely together with the DEVB and BD on implementation of the OBB. A Memorandum of Understanding with the Government was signed in May 2009 and this special operation started in June 2009. Under a Supplementary Agreement made in September 2009, the Government increased its contribution to the OBB funds from \$700 million to \$1,700 million, thereby increasing the total funds available to \$2,000 million. In July 2010, the Finance Committee of the Legislative Council approved a further \$500 million in funding by the Government of the OBB initiative, bringing the total funding of OBB up to \$2,500 million.

Up till the end of July 2010, over 200 buildings had commenced and, in some cases, had completed their rehabilitation works within URA's Scheme Areas. The URA currently anticipates that about 1,300 buildings in the URA's Scheme Areas will be rehabilitated by the time that this programme is completed in 2014.



Owners of buildings joining the OBB attend a briefing jointly organised by the URA, HKHS and ICAC.



The Cheung Hing Building in Mong Kok before and after rehabilitation work.

Mandatory Building Inspection and Mandatory Window Inspection Schemes

In February 2010, the Building (Amendment) Bill 2010, which provides for the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme, was introduced into the Legislative Council. The URA welcomes this legislation and is now preparing to play its part to assist in the implementation of the two Schemes under the established tripartite

building rehabilitation partnership model, comprising the BD, URA and HKHS. Once the legislation is passed and comes into force, the URA will provide financial assistance and technical advice to building owners in need in its Scheme Areas to comply with the statutory requirements and establish OCs.



Participants enjoying the game at the URA booth during the Building Safety Carnival jointly organised by the URA, the Buildings Department and the HKHS.

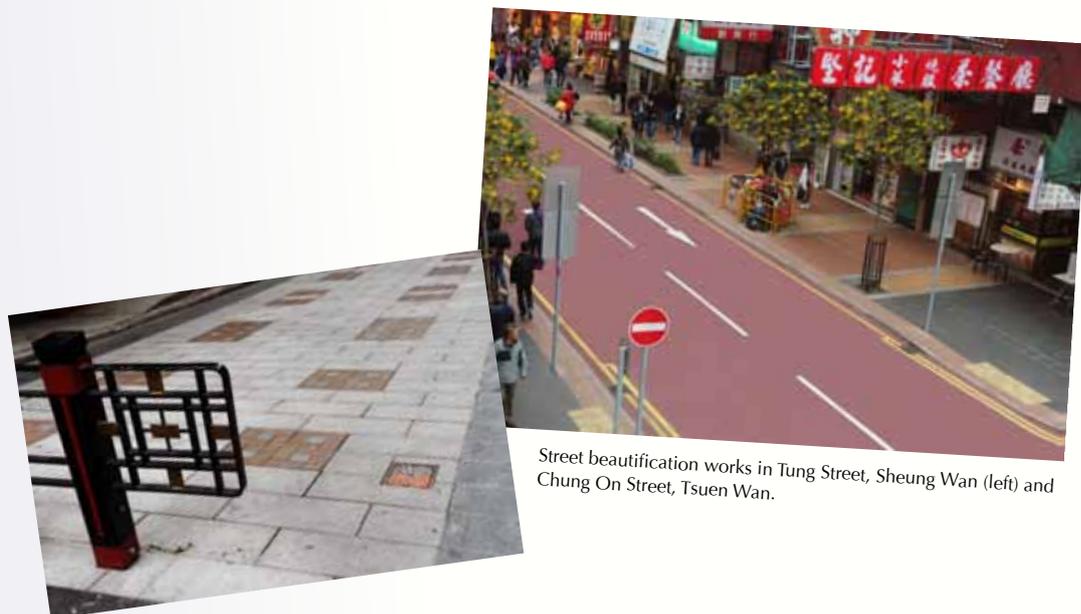


Operating Review

Revitalisation

The ex-Central Market building will be revitalised and transformed into the "Central Oasis", providing greenery and a public rest and leisure area.





Street beautification works in Tung Street, Sheung Wan (left) and Chung On Street, Tsuen Wan.

Revitalisation

In 2009/10, the URA started various new revitalisation studies and programmes which will widen and enhance the community benefits to be derived. In order to carry out this revitalisation programme in a way that meets the local community's aspirations, the URA has successfully sought the support of the community through the District Councils to which the URA is grateful. The URA also works in close co-operation and coordination with key Government Departments such as Highways Department, Transport Department and the Leisure and Cultural Services Department.

During the year, street revitalisation works in the vicinities of the URA's redevelopment projects were completed at Chung On Street, Tsuen Wan, and were continued in Tai Kok Tsui and Sham Shui Po.

In Mong Kok, schematic designs are being prepared for the upgrading of Nelson Street between the URA's Macpherson Stadium and Sai Yee Street projects, as well as for the adjoining areas in Mong Kok. In 2009/10, the URA initiated an area-based plan for revitalisation of four more themed streets in Mong Kok in addition to Nelson Street and conducted opinion surveys in the area to solicit the views of the public on the revitalisation proposals for these five streets.

The URA continues to work closely with the DEVB, the Wan Chai District Council and the Old Wan Chai Revitalisation Initiatives Special Committee (WRISC) in adopting a district-based approach in considering the development and revitalisation of the older areas in Wan Chai. The URA is also providing secretariat support to the WRISC. To revitalise and enhance the existing open-air bazaar on Cross Street / Tai Yuen Street, the URA has secured support from the hawkers for the installation of metered electricity supply to the hawker stalls, following the success of a pilot scheme. The design for the meters has also been refined following feedback from Government departments. However, another proposal to provide stall awnings will no longer be pursued as it was not supported during the pilot scheme trial.

The WRISC also oversaw a Heritage Trail study conducted by a historical/conservation consultant. In September 2009, the Wan Chai Heritage Trail was launched with a supporting publicity pamphlet and a dedicated website for the trail. Touch-screen kiosks have been installed at several featured locations along the trail. Special architectural lighting has been installed for Hung Sing Temple on Queen's Road East and negotiation is under way for the installation of

Operating Review

similar lighting along the trail at the Pak Tai Temple in Stone Nullah Lane. Following the issue of invitation for Expression of Interest by the WRISC to the private sector to join a Public Private Partnership, the WRISC has identified a private developer as partner for revitalisation of old Wan Chai. Plans are being drawn up by the private developer for revitalising the vicinity of St. Francis Street and Sun Street. URA's proposal for upgrading the existing Sam Pan Street sitting out area has been presented to the Leisure and Cultural Services Department. The Wan Chai District Council will be consulted on the proposal in due course.

The URA is also active in Sheung Wan. As part of its Peel Street/Graham Street project, the URA will be implementing measures to maintain and revitalise the existing on-street market and related retail activities on Graham Street and Peel Street in order to enhance their vibrancy. Besides revitalising this on-street market, the URA will be undertaking the revitalisation of the adjacent Pak Tsz Lane area. This will include enlarging and modernising the existing Refuse Collection Point and upgrading the underutilised zoned open space into a Heritage Garden to celebrate the historical significance of this area which is the site where the Chinese Patriotic

Mutual Improvement Association, forerunner to the Xing Zhong Hui, was founded in 1892. The ground breaking ceremony for this project was held on 30 April 2010 and work has commenced on site with the aim of completing the project in 2011, in time for the centennial anniversary of the 1911 Chinese Revolution.

In response to the CE's 2009/10 Policy Address, the URA will be revitalising the currently under-utilised Central Market building to turn it into a new Central Oasis. An advisory committee, the Central Oasis Community Advisory Committee (COCAC), comprising members from the Central and Western District Council, professionals and relevant stakeholders has been set up to advise the URA in the process. It is currently estimated that that it will cost the URA about \$500 million to renovate, refurbish and adapt the market for an appropriate mix of uses to meet the wish and aspirations of the residents in the neighbourhood, those working in Central and also visitors. To solicit the views of the public, the URA completed both an on-street poll and an e-Poll, through a dedicated website, in February 2010. The results of the opinion poll, which involved some 6,000 people, were published on 31 May 2010. Overall, those surveyed would like to see the Central



The Pak Tsz Lane open space area will be turned into a Heritage Garden to celebrate Hong Kong's link to the 1911 Chinese Revolution.



The ex-Central Market building will be converted into a green public open space.



The public enjoy activities organised at the exhibition-cum-amenity area on the second floor pedestrian walkway level of the existing market building.

Oasis refurbished with ample greenery, sufficient space for cultural and art activities, open air dining and affordable eateries for the public. The majority of respondents supported converting the roof into a green public open space and the need to refurbish the exterior and modify the interior of the market to enhance the attractiveness of the building. At the same time, the URA has started a structural survey to assess the structural integrity of the building so as to come up with structural improvement plans for the future use of the market. In the interim, the URA has proceeded with the following beautification measures, namely, covering the building with themed temporary cladding and creating a themed exhibition-cum-amenity area on the second floor pedestrian walkway level of the market building. All of these were installed and unveiled in February 2010. The exhibition-cum-amenity area has already hosted several exhibitions and a programme of further activities and exhibitions is being planned for the rest of 2010. The URA has also commissioned the Chinese University of Hong Kong's School of Architecture to conduct an in-depth study to help identify the "character defining elements" of the market and their significance

for conservation as part of the project. Discussions are now under way between the URA and the Government in respect of the duration and terms under which the Government will lease the building to the URA.

Further afield, the URA is exploring the potential for revitalisation of the Lok Ku Road and Upper Lascar Row area, the vacant bazaar site, the area around Man Mo Temple and the Tai Ping Shan area near the Tung Wah Hospital. As part of this initiative, the URA conducted a study on a proposal to implement measures to improve traffic safety in the vicinity of the Temple. Following consideration by the Central and Western District Council in May 2010, this proposal is being refined prior to submission to the Transport Department.

Operating Review

Social Dimension



A social service team member visits a family affected by the Lai Chi Kok Road/Kweilin Street & Yee Kuk Street project.

Social Dimensions

URA's work has always extended beyond redevelopment and compensation to both other forms of renewal and social aspects. These include not only our non-revenue generating 3Rs preservation, rehabilitation and revitalisation work, but also other activities aimed at improving living conditions, including providing assistance with rehousing, bringing about environmental improvements and contributing to maintenance of social networks. Project specific actions in 2009/10 include the Ma Tau Wai Road / Chun Tin Street project within a month of the tragic building collapse there and adopting special measures to help those residents affected directly or indirectly by that incident; revitalising the currently under-utilized old Central Market building to turn it into a new Central Oasis and consulting the community widely about the environment and facilities they would like to have provided there; and initiating an area-based plan and conducted opinion surveys to solicit the views of the public on the revitalisation proposals for five themed streets in Mong Kok, building on the success of the district based approach already being taken in Wan Chai.

In projects where it is feasible to do so, URA now offers owner-occupiers of domestic units affected by redevelopment projects the opportunity of purchasing new units in the developments concerned and moving back to the same areas where they once lived under the Expression of Interest in Purchasing Arrangement in order to help these residents to retain their social networks. To assist long-time business operators in re-establishing themselves, an additional payment of ex-gratia allowance is being paid to them as an Ex-gratia Business Allowance. To preserve the local characteristics in the vicinity of the Sai Yee Street Project, sporting goods retailers will be given priority to lease shop spaces in the new retail portion of the new development at market prices so that they can re-establish their sporting goods

retail businesses there under the Local Sports Shop Arrangement, as an alternative to receiving Ex-gratia Business Allowance. Similar arrangements are being offered to fresh food shop operators affected by the Peel Street/Graham Street project in Central and to the flower shop and school supplies shop operators in the Prince Edward Road West/Yuen Ngai Street project mentioned earlier. A number of other measures including the enhancement of Relocation Assistance for tenants who were evicted by their landlords before the issue of acquisition offer or were facing other forms of hardship, have also been taken to fine-tune the implementation of URA's compensation policies.

Many of URA's developments already contain Government / Institution / Community facilities. For several years, URA has been providing premises on concessionary terms to over a dozen charities and non-government organisations in various premises. In addition, URA licenses a number of acquired properties to non-government organisations for temporary use pending redevelopment. Building upon this, and on top of our provision of premises for Government and institutional uses required by Government departments, URA has now reserved significant amounts of space in certain redevelopment projects for community/commercial use. It is intended that in the years to come, when such space becomes available for occupation, it will be allocated, having due regard for the needs and aspirations of the local communities concerned as well as relevant currently evolving Government policies and pledges concerning poverty relief and social enterprises. A residential care home for the elderly provided within the Cherry Street project in Tai Kok Tsui was opened together with the development in late 2009. Space has also been reserved in the approved MLP for a social enterprise in Wan Chai within the McGregor Street portion of the Lee Tung Street/McGregor Street project.

Operating Review

Similar space for potential use by social enterprises has also been identified in our Peel Street/Graham Street, Kwun Tong Town Centre and Lai Chi Kok Road/Kweilin Street/Yee Kuk Street, which are at various stages of implementation. In our Peel Street/Graham Street project, we will be providing a multipurpose activity hall. Elsewhere, spaces have been included in both the Lee Tung Street/McGregor Street and the First Street/Second Street projects for residential care homes for the elderly and in the Wan Chai Road/Tai Yuen Street project for a day nursery. Agreement has also been reached with Social Welfare Department to provide a day care centre for the elderly, as well as a special child care and early education and training centre within the Hai Tan Street/Kwelin Street/Pei Ho Street project in Sham Shui Po.

To alleviate poverty and to promote public awareness of health and safety, URA licensed out vacated shops in some project sites to non-government organisations to run social enterprises and educational centres at nominal fees.

The URA appreciates that some owners and tenants, especially the elderly, who are affected by redevelopment projects might face difficulties in vacating their premises and setting up new homes elsewhere. Trained front-line staff provide personal care and assistance to every family genuinely in need of help. Practical forms of assistance include, based on the respective needs of individual families, providing a special 30% down payment upon execution of sale and purchase agreements instead of the standard market practice of 10%, helping to arrange bridging bank loans, gathering market information on home-buying and mortgages, helping out with house moving and providing temporary storage for household items.

URA has also contracted three non-governmental organisations to provide three Social Service Teams, whose role is to advise and assist people affected by URA's projects before, during and after acquisition of project sites in Hong Kong Island, Kowloon and Kwun Tong respectively. The Social Service Teams have provided assistance to about 518 cases in 2009/10 and a total of about 2,070 cases since 2002/03.

Tracking studies for the Kwun Tong Town Centre and Hai Tan Street/Kweilin Street and Pei Ho Street redevelopment projects have been commissioned to study where the residents and shop operators have moved and how well they have adapted to the new environment. The study for the Hai Tan Street project in Sham Shui Po is the most advanced. The interim report shows that most of the affected residents still reside in the district. From available information on the 28 domestic owner-occupiers tracked, about 57% have chosen to purchase smaller replacement units, and about 79% have chosen to buy second-hand flats aged at least 20 years old, while about 46% have retained over HK\$1 million of the cash compensation. The majority of the tenants and owner-occupiers said that their living environment had improved and that adaptation to their new environments had been easier than expected.



Caring Organisation

During the year, URA was pleased to be nominated by two non-government organisations and to earn recognition from the Hong Kong Council of Social Services as a “Caring Organisation”. This status was granted to acknowledge to URA’s people-orientated approach to its work, the care it takes of its staff, the support given by URA and its Staff Club to charitable organisations, URA’s policy on environmentally sustainable development and its contribution to a greener community.



URA earns recognition from the Hong Kong Council of Social Services as a “Caring Organisation”.

Community Engagement

The URA is fully aware of the importance and benefits of effective community relations and has been reaching out to the local communities in the URA’s Action Areas as an integral part of its people-oriented community engagement strategy. Intensive effort continues throughout the year to engage all relevant stakeholders with a view to ensuring that the sentiments and concerns of stakeholders in individual projects are taken into consideration during the planning and acquisition stages of such projects. The URA reaches out to all resident groups, business operators, concern groups, local consultative bodies, educational institutions, professional bodies, politicians, and the mass media to cultivate and foster better mutual understanding with all stakeholders, to address their legitimate concerns as far as practicable and to enlist both local and general public support.



Meeting of the URA Kowloon City District Advisory Committee.

seven District Advisory Committees (DAC) in its major Action Areas, namely, Tsuen Wan, Sham Shui Po, Wan Chai, Central and Western, Yau Tsim Mong, Kwun Tong and Kowloon City. Membership of these DACs includes legislators, district councillors, government representatives, academics, social workers, landlords, tenants and trade representatives as well as professionals,

so that the URA may be suitably and directly advised on all relevant aspects and concerns when planning renewal projects. During the year 2009/10, a total of 20 DAC meetings were held, excluding numerous informal discussion sessions with individual members. In addition, the URA had attended no less than

28 full District Council and sub-committee meetings to ensure that all relevant District Councils were kept fully informed of the progress of the URA projects in their districts and that, where practicable, their suggestions were incorporated into the project plans. In addition, the URA’s Board Chairman, Managing Director and other representatives also participated in various community engagement activities including workshops, goodwill visits and meetings with residents.

To facilitate this process, the URA has established

Operating Review

Public Relations

During the year, URA implemented a structured, message-driven and proactive communication programme to enhance the public's understanding of URA's vision, mission and contributions to urban renewal. The Chairman often meets the press after relevant Board meetings to announce and explain broad policies and key decisions made by the Board, which affect residents, business operators and other stakeholders. The management team also briefs the media from time to time on the URA's work. Over 50 media briefings, interviews and media-related events have been organised as a result.

A focused Education and Extension (E&E) programme was also developed for outreaching to members of the public, especially the younger generation, with an objective to facilitate better understanding and foster a positive image for the URA. URA opened the Urban Renewal Exploration Centre (UREC) in August 2009, which enables the visitors to experience what living in dilapidated housing is like and to learn about urban renewal through interactive exhibits and games. A

designated website was built for UREC. Up to July 2010, the UREC has received some 7,000 visitors including students, non-government organisations, members of the public as well as delegations from Mainland provinces and cities such as Shenzhen, Guangdong, Wuhan, Shangdong and Jiangsu.

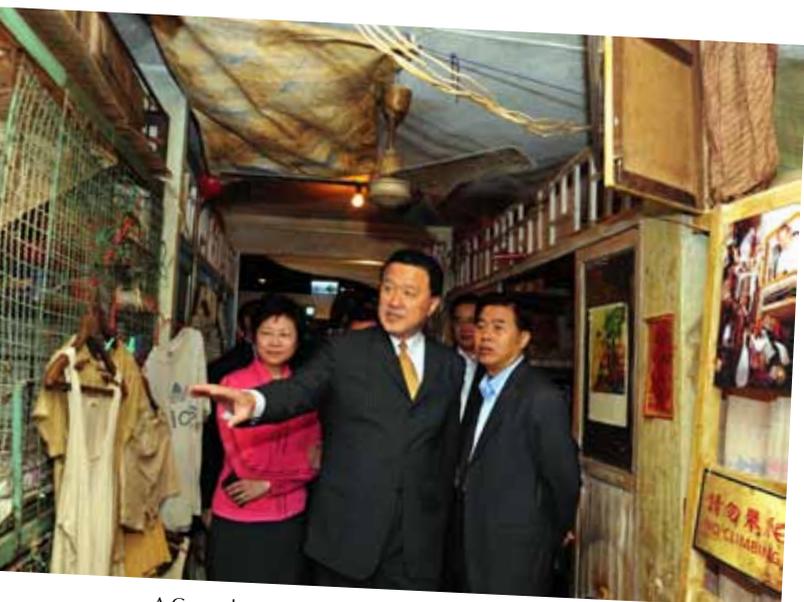
URA's E&E efforts have also included school talks, education kit for primary and secondary teachers, seminars at UREC as well as inter-school and public competitions on themes related to URA's 4R work.

In 2009/10, URA's public hotline service, neighbourhood centres and Kwun Tong Resource Centre handled some 13,300 enquiries and requests for assistance as well as 19 complaints. URA fully met its performance pledge to provide same-day replies for 95 percent of all enquiries, replies within five days for 90 percent of all requests, and replies within 14 days for 90% of all public complaints.

In a joint effort with HKHS, URA has launched the Building Maintenance Assistance Scheme common hotline service in May 2010. This has provided one-stop service in handling public enquiries and requests for building rehabilitation and maintenance assistance as well as OBB, a specific joint action launched by the Government, URA and HKHS to both improve building safety and create more job opportunities in view of the difficult economic situation.

As in previous years, URA joined hands with the BD and HKHS to organise the Building Safety Carnival in Victoria Park in January 2010 to maximize the publicity of building safety and the three parties' complementary rehabilitation schemes.

URA also strengthened the URA website to tie in with the URS Review, OBB and Central Oasis revitalisation project. The popularity of the URA website as a source of up to date information on URA's work and policies increased during the year, with the website recording some 28,093,000 hits, an increase of 13% as compared to the number of hits in the previous year.



A Guangdong Province delegation led by the Governor Mr Huang Hua Hua (right) tours the Urban Renewal Exploration Centre.



Concluding Meeting and workshop at the Consensus Building Stage are held for the URS Review.



Urban Renewal Strategy Review

During 2009/10, the URA continued to provide proactive financial and technical support to the DEVB in the conduct of the two-year review by the Government of the current URS. Such support mainly comprised –

- | | |
|-----|---|
| (a) | employing and providing information to consultants conducting research and surveys, including a building conditions survey, on behalf of the Steering Committee on the Review of the URS; |
| (b) | meeting the costs of the public consultation programmes, including the URS Review website, publications, the operation of the Idea Shop and various public engagement activities; |
| (c) | meeting the costs of the partnering organisation(s) programmes; and |
| (d) | providing technical support as and when required by DEVB to facilitate studies of the pros and cons, practicality and feasibility of various options considered during the Review. |



A public consultation paper is issued for the Consensus Building Stage of the URS Review.

Operating Review

Human Resources

After having gone through rapid growth in the previous year, the key focus for 2009/10 was to explore new initiatives for bringing in and maintaining manpower resources of appropriate quantity and quality. Additional manpower was recruited during the year to cope with the increase in emphasis on rehabilitation and revitalisation. URA also enhanced its human resources infrastructure and programmes to ensure that it was able to not only attract but also to train, integrate, retain and motivate the people with the talents which the Authority requires.

Performance and Remuneration

To uphold its performance-driven culture, the Authority only applied pay adjustments to reward good performers. Salary adjustments were made only to its good performers with effect from 1 April 2010 to ensure that those who performed well received due recognition and encouragement. In addition, with an enhanced performance review system launched on 1 April 2009, efforts were made to link performance management to the reward system.

To continually monitor the competitiveness of the reward system of URA, a job evaluation exercise was conducted in the year for staff at up to Senior Manager level to confirm the internal relativity of all jobs. Further reviews will continue to be conducted at regular intervals.

Organisation and Staffing

The organisation continued to grow in 2009/10 from 358 to 395 staff members of which 55 were under contracts of less than three years duration. All senior positions in the Authority remained filled in the year. Where appropriate, permanent staff resources and expertise were complemented by the use of individual consultants on aligned fixed term contracts, as well as the use of temporary and part-time staff and appointment of experts to committees and/or task forces based on project needs. In addition, new measures were employed to provide incentives to and engage those on fixed term contracts.

Although the continued growth in the organisation presented various challenges and required adaptation by some staff, staff turnover dropped from 13.5% in 2008/09 to 8.8% in 2009/10. Over the same period, the turnover rate for senior staff also dropped from 10.7% in 2008/09 to 0% in 2009/10 which reflected, to a certain extent, the positive effect of the enhancements made during the year to the URA's internal communications and staff induction and engagement activities.



URA staff members participate in various training courses.

Training

In 2009/10, URA was able to roll out a series of training courses to develop the competency areas identified for different levels of staff members, based on the training curriculum established in the previous year.

In addition, more training and experience sharing on compliance issues relating to business ethics, such as protection of personal data, respect for individuals and the obligations for providing equal opportunities, as well as the issues relating to acceptance of benefits, were organised for all staff. Six sessions on such subject matters were conducted by the relevant authorities for 239 staff members. Other training courses covered communication, team building, customer service, negotiation and other skills required by URA's growing organisation. In total, 18 training courses were held for 314 participants. URA also continued to utilize the resources of the Civil Service Training and Development

Institute, with 101 staff members attending 14 courses on various subjects during the year.

URA also sponsored its staff members to attend external seminars, conferences and training and development courses to keep them abreast of the prevailing best practices in their respective professional arenas and to improve their work performances. In the year, 104 staff members were granted such sponsorships.



Staff communication and sharing session is held on a quarterly basis.

Staff Communications

URA recognises the importance of communication with all staff to ensure cohesiveness and mutual understanding, maintain morale and, thereby, optimise both performance and job satisfaction. This is especially important at a time when URA has continued to face a large number of new, challenging, complex and sometimes controversial tasks that are stressful for staff. The Authority continued to proactively communicate with staff to facilitate their understanding, to ensure the quality of their performances in their respective roles and to enhance their senses of belonging. Regular town hall staff briefings as well as briefings on specific human resources and operational topics were held throughout the year. There were also a number of sharing sessions on the operation of URA, the progress of the URS Review and other topics to enhance the understanding of staff members about the operation of the organisation. In addition, task forces, working groups and focus groups were organised to ensure staff participation in reviews conducted in areas of concern to staff such as performance management, training and development.

As in previous years, staff members from different levels were invited to meet with senior management in a series of structured internal communication sessions. Special gatherings were held for newly hired staff to help them to settle in to their new jobs in URA. Views and comments gathered on such occasions and actions taken were communicated to all staff for sharing.

As a caring employer and in view of the financial turmoil and the workload faced by staff members in a growing organisation, URA organised regular updates and information sharing sessions. These covered various well being topics, including work/life balance, health tips and stress management, to help staff to maintain their physical and mental wellness and cope with the challenges and stresses of work. URA also continued to run an employee assistance programme, which offers counseling and other services to staff who need them through a professional external services provider.



Members of the URA Staff Club for 2009/10 together with URA senior management.

The Staff Club organised a wide range of social, sports and community service activities to help build teamwork and to provide avenues for staff and their family members to relax, enjoy and utilize their leisure in a worthwhile manner. A total of 28 well received activities were arranged, attracting over 1,380 participants. Such activities are not only recreational in nature but also provide opportunities for participants to build and improve their relationships with family and to contribute to the community by taking up some voluntary and community service work.



Hiking activity organised by the Staff Club.



URA staff visit the elderly under the Share-To-Care Volunteer Campaign organised by a local bank.

Operating Review - URA Project Highlights

		Project Site Information				Project Development Information						
Project Name	Development Name	Area m ²	Existing GFA m ²	Buildings	Population	Total GFA m ²	Residential Flats	Commercial Space m ²	Other Uses m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²	
1 to 33 - 33 Ongoing projects commenced up to 31 March 2010 by URA												
1 ⁽²⁾	Ma Tau Wai Road / Chun Tin Street, Ma Tau Kok	3377	11104	16	1080	22640	420	1900	0	1000	500	
2 ⁽²⁾	Shun Ning Road, Sham Shui Po	827	3820	5	159	6977	110	775	0	0	0	
3 ⁽²⁾	San Shan Road / Pau Chung St, Ma Tau Kok	1170	6046	7	344	10530	144	1755	0	0	0	
4 ^(2, 3)	Shanghai Street / Argyle Street, Mong Kok	1128	3944	14	170	3944	0	3944	0	0	0	
5 ^(2, 3)	Prince Edward Road West / Yuen Ngai Street, Mong Kok	1440	4334	10	31	6126	0	6126	0	0	0	
6 ⁽²⁾	Anchor Street / Fuk Tsun Street, Tai Kok Tsui	726	3348	6	257	6534	0	6534	0	0	0	
7 ⁽²⁾	Chi Kiang Street / Ha Heung Road, Ma Tau Kok	928	5226	5	298	8352	116	1392	0	0	0	
8 ⁽²⁾	Pak Tai Street / Mok Cheong Street, Ma Tau Kok	776	3772	5	239	6984	92	1164	0	0	0	
9 ⁽²⁾	Sai Yee Street, Mong Kok	2465	14434	14	498	22185	340	3698	0	0	0	
10 ^(2, 3)	Nga Tsin Wai Village, Wong Tai Sin	4637	2051	36	109	37097	580	2319	0	0	1400	
11 ^(2, 3)	Peel Street / Graham Street, Sheung Wan	5320	20219	37	823	68300	293	44650	0	1290	2060	
12 ⁽²⁾	Kwun Tong Town Centre, Kwun Tong	53500	96104	24	4439	401250	1980	111780	97860	31000	13400	
13 ^(2, 3)	Stone Nullah Lane / Hing Wan Street, Wan Chai	Blue House	906	1765	9	70	-	0	0	-	0	0
14	MacPherson Stadium, Mong Kok	2400	2788	1	0	24767	297	2443	0	5619	0	

Operating Review - URA Project Highlights

Remarks	Status
Project commenced at request of Government following collapse of one building and demolition of damaged adjacent one	Project commencement gazetted on 24/02/10
	Project commencement gazetted on 26/06/09 SDEV authorized URA to proceed on 29/01/10 Initial acquisition offers issued on 21/04/10
	Project commencement gazetted on 29/05/09 SDEV authorized URA to proceed on 29/01/10 Initial acquisition offers issued on 21/04/10
Zoned 'Other specified uses: shophouses for commercial and / or cultural uses'	Project commencement gazetted on 19/09/08 DSP approved by CE in C on 12/03/10 Initial acquisition offers issued on 31/03/10
Zoned 'Other specified uses: shophouses for commercial and / or cultural uses'	Project commencement gazetted on 19/09/08 DSP approved by CE in C on 12/03/10 Initial acquisition offers issued on 31/03/10
Commercial space is for hotel with about 184 rooms	Project commencement gazetted on 07/03/08 DSP approved by CE in C on 30/06/09 Property acquisition in progress Resumption application submitted on 28/06/10
	SDEV authorized URA to proceed on 07/07/08 Clearance in progress
	SDEV authorized URA to proceed on 07/07/08 Clearance in progress
	Project commencement announced on 21/12/07 Property acquisition in progress Resumption application submitted on 28/10/09
	Project commencement announced on 02/10/07 Property acquisition in progress Resumption application submitted on 08/10/09 Land Grant Application submitted on 07/01/10 Demolition of vacated properties in progress
G/IC is a 1,290m ² multi-purpose activity hall. Commercial space includes retail space for relocating wet trade market shops, some space for social enterprises and 8,950m ² for 182-room hotel	Revised MLP approved by TPB in 01/09 Property acquisition in progress Resumption application submitted on 11/09/09
Other uses 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 Yuet Wa Street Site and 8,100m ² for Government uses in Main Site and 16,700m ² for Public Transport Interchange in Main Site Commercial Space includes some space for social enterprises Actual residential flat production is 1,980 units, but the approved MLP stated not more than 2,000 units to allow flexibility Public space includes min 8,700m ² at-grade public open space and min 4,700m ² public streetscape area / pedestrian deck as specified in Fig 9 Open Space Classification of Appendix C of approved MLP	Project commencement gazetted on 30/03/07 2 DSPs approved by CE in C on 15/07/08 Yuet Wah Street (YWS) MLP approved by MPC on 05/12/08 Property acquisition offers made on 29/12/08 Main Site MLP approved by MPC on 23/01/09 1,088 of 1,657 offers accepted before expiry on 30/03/09 Resumption and phased reversion application for Main Site submitted in 07/09 Joint-venture development tender for YWS Site awarded on 19/10/09 Land grant for YWS Site executed on 31/12/09 Hoarding of YWS Site in progress
Part of revitalising historic buildings through partnership scheme Other uses include education, recreation, welfare or visitor uses	Project returned by HKHS to URA with effect from 01/02/10
Land grantee is Hong Kong Playground Association G/IC is for Indoor Stadium and Youth Centre	Estimated completion of construction in mid 2012 Construction in progress

Operating Review - URA Project Highlights

Project Name		Development Name	Project Site Information				Project Development Information					
			Area m ²	Existing GFA m ²	Buildings	Population	Total GFA m ²	Residential Flats	Commercial Space m ²	Other Uses m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²
15 ⁽²⁾ 16 ⁽²⁾ 17 ⁽²⁾	Hai Tan Street / Kweilin Street & Pei Ho Street, Sham Shui Po		7440	25344	37	1277	56840	845	4990	0	2200	1500
18 ⁽²⁾	Fuk Tsun Street / Pine Street, Tai Kok Tsui		560	4071	3	273	5040	72	840	0	0	0
19 ^(2,3)	Yu Lok Lane / Centre Street, Sai Ying Pun		2150	4140	14	213	16464	270	245	0	0	1180
20 ^(2,3)	Mallory Street / Burrows Street, Wan Chai		780	2687	5	122	2140	0	0	2140	0	300
21 22	Lai Chi Kok Road / Kweilin Street & Yee Kuk Street, Sham Shui Po		3339	13197	17	551	29649	384	4914	0	0	580
23	Pine Street / Anchor Street, Tai Kok Tsui		2328	11802	12	518	21261	464	3492	0	0	450
24	Larch Street / Fir Street, Tai Kok Tsui	Lime Stardom	2195	10332	12	594	19710	377	3285	0	0	0
25 ⁽³⁾	Lee Tung Street / McGregor Street, Wan Chai		8220	36534	52	1613	77587	1212	9637	0	2706	3000
26	Baker Court, Hung Hom		277	834	2	9	2338	68	261	0	0	0
27	Bedford Road / Larch Street, Tai Kok Tsui	i-home	1229	6313	7	280	10363	182	1148	0	0	0
28 ^(2,3)	Staunton Street / Wing Lee Street, Sheung Wan		3563	6272	24	288	10179	115	3115	0	0	930
29	Queen's Road East, Wan Chai	Queen's Cube	378	1806	5	25	3984	96	441	0	0	0
30	First Street / Second Street, Sai Ying Pun	Island Crest	3536	15690	30	777	38178	488	1722	0	2197	700
31	Po On Road / Shun Ning Road, Sham Shui Po	Beacon Lodge	1394	4898	8	327	12534	166	2083	0	0	251
32	Cherry Street, Tai Kok Tsui	Florient Rise	4510	14416	33	1020	43231	522	4916	0	1849	0
33	Fuk Wing Street / Fuk Wa Street, Sham Shui Po	Vista	1384	5129	8	246	12453	173	2075	0	0	255
1 to 33 Commenced Sub-Total (A)			122883	342420	458	16650	987637	9806	231671	100000	47861	26506

Operating Review - URA Project Highlights

Remarks	Status
Three projects taken forward as one G/IC includes 1,940m ² for Special Child Care Centre cum Early Education Centre, Day Care Centre for Elderly and Sub-base for a Neighbourhood Elderly Centre; 260m ² for either social enterprise or non-domestic use	DSP approved by CE in Council on 03/06/08 MLP approved by TPB in 10/09 Property acquisition in progress Resumption application submitted on 29/05/09
	Preliminary basic terms offer was issued by LandsD on 14/10/08 Clearance completed in 07/10 Demolition of vacated properties in progress
Commercial space includes 76m ² for community use	MLP approved by TPB in 09/07 Preliminary basic terms offer was issued by LandsD on 11/09/09 Clearance completed in 02/10 Demolition completed
Zoned 'Other specified uses: open space and historical buildings preserved for cultural and commercial uses'	Section 16 application approved by TPB in 02/09 Preliminary Basic Terms Offer was issued by LandsD on 15/06/10 Structural / foundation strengthening work in progress
Two projects taken forward as one Commercial space includes some space for social enterprises	MLP approved by TPB in 01/08 Joint-venture development tender awarded on 22/01/10 Land Grant executed on 16/03/10 Site investigation works completed
Construction in progress	Estimated completion of construction in early 2012 Construction in progress
Commercial space includes some space for non-income generating activities	Estimated completion of construction in mid 2011 Construction in progress Sales of flats in progress
Commercial space includes some space for social enterprises G/IC includes Residential Care Home for Elderly / Community Service Support Centre, Refuse Collection Point and public toilet	MLP approved by TPB on 22/05/07 Lee Tung Street closed on 25/02/10 Joint venture development tender awarded in 06/09 Land Grant executed on 25/02/10 Piling works in progress
	Construction in progress
	Occupation Permit obtained in 03/09 Certificate of Compliance obtained in 06/09 Sales of remaining flats in progress
	Revised MLP rejected by TPB on 19/03/10 Alternative approach now being considered by TPB Property acquisition in progress
	Occupation Permit obtained in 04/10 Certificate of Compliance obtained in 07/10 Sales of flats in progress
Commercial space excludes G/IC area. G/IC is for Residential Care Home for Elderly	Occupation Permit obtained in 10/09 Certificate of Compliance obtained in 06/10 Sales of flats in progress
	Occupation Permit obtained in 04/08 Certificate of Compliance obtained in 07/08 Sales of remaining flats in progress
Commercial space excludes G/IC area. G/IC is for Residential Care Home for Elderly	Occupation Permit obtained in 02/09 Certificate of Compliance obtained in 07/09 Sales of remaining flats in progress
	Occupation Permit obtained in 11/08 Certificate of Compliance obtained in 03/09 Sales of remaining flats in progress

Operating Review - URA Project Highlights

			Project Site Information				Project Development Information					
Project Name	Development Name	Area m ²	Existing GFA m ²	Buildings	Population	Total GFA m ²	Residential Flats	Commercial Space m ²	Other Uses m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²	
34 to 40 - 7 Ongoing projects commenced up to 31 March 2010 by HKHS												
34 ⁽²⁾	Sai Wan Ho Street, Shau Kei Wan	712	3796	2	21	5791	88	631	0	0	0	
35 ⁽²⁾	Castle Peak Road / Cheung Wah Street, Sham Shui Po	1000	5935	10	158	9000	120	1500	0	0	0	
36 ⁽²⁾	Castle Peak Road / Un Chau Street, Sham Shui Po	2610	14193	24	496	23490	350	3915	0	0	150	
37 ⁽²⁾	Un Chau Street / Fuk Wing Street, Sham Shui Po	2130	10114	22	362	19170	275	995	0	2200	150	
38 ⁽²⁾	Castle Peak Road / Hing Wah Street, Sham Shui Po	1390	8286	11	344	12510	168	2085	0	0	0	
39	Shau Kei Wan Road, Shau Kei Wan	1872	9834	17	400	19555	276	3217	0	0	0	
40	Po On Street / Wai Wai Road, Sham Shui Po	2592	9923	19	528	21320	327	988	0	2550	0	
34 to 40 Commenced Sub-Total (B)		12306	62081	105	2309	110746	1604	13331	0	4750	300	
41 to 44 - 4 Ongoing projects commenced by ex-LDC												
41	Yeung Uk Road, Tsuen Wan	The Dynasty	7230	NA	0	0	44404	256	17373	0	0	0
42	Hanoi Road, Tsim Sha Tsui	The Masterpiece	8299	27309	20	220	102625	345	31209	25816	0	1219
43	Tsuen Wan Town Centre, Tsuen Wan	Vision City	20300	56851	22	7119	134185	1466	23221	0	3080	3700
44 ⁽³⁾	Tai Yuen Street / Wan Chai Road, Wan Chai	The Zenith	6793	12555	31	975	62310	889	3453	0	6318	0
41 to 44 Commenced Sub-Total (C)		42622	96715	73	8314	343524	2956	75256	25816	9398	4919	
1 to 44 Commenced Total (A) + (B) + (C)		177811	501216	636	27273	1441907	14366	320258	125816	62009	31725	
45 to 46 - 2 Completed projects commenced by URA⁽⁴⁾												
45 ⁽⁴⁾	Reclamation Street, Mong Kok	MOD 595	535	2411	4	122	4921	85	802	0	0	0
46 ^(3,4)	Johnston Road, Wan Chai	J Residence	1970	7640	21	333	20567	381	2600	0	0	0
45 to 46 Completed Sub-Total⁽⁴⁾ (D)		2505	10051	25	455	25488	466	3402	0	0	0	
0 Completed project commenced by HKHS⁽⁴⁾												
Nil Completed Sub-Total⁽⁴⁾ (E)		0	0	0	0	0	0	0	0	0	0	

Operating Review - URA Project Highlights

Remarks	Status
	Property acquisition in progress Discussions underway on possible return of project by HKHS to URA
	Demolition Completed
	Demolition Completed
G/IC is for Residential Home for Elderly	Demolition Completed
	Demolition Completed
	Construction in progress
G/IC is for Residential Home for Elderly	Construction in progress
	Occupation Permit obtained in 01/09 Certificate of Compliance obtained in 06/09 Sales of remaining flats and leasing of commercial space in progress
Other use is for 381-room hotel	Occupation Permit obtained in 01/09 Certificate of Compliance obtained in 06/09 Sales of remaining flats and leasing of commercial space in progress Hotel in operation Independent valuations for private tender of unsold units in progress
G/IC is for transport and community facilities	Occupation Permit obtained in 05/07 Certificate of Compliance obtained in 09/07 Sales of remaining flats and leasing of commercial space in progress
G/IC includes Market, Day Nursery, Refuse Collection Point and Public Toilet	Occupation Permit of Sites A & B obtained in 04/06 & 06/05 Certificate of Compliance (phase 1) obtained in 06/07 Revised MLP for Site C approved by TPB on 20/06/08 Partial demolition of Old Wan Chai Market at Site C completed Construction at Site C in progress for completion in early 2013
	Project completed in 2009/10 Sales of remaining parking spaces in progress
	Project completed in 2008/09

Operating Review - URA Project Highlights

			Project Site Information				Project Development Information																	
Project Name	Development Name	Area m ²	Existing GFA m ²	Buildings	Population	Total GFA m ²	Residential Flats	Commercial Space m ²	Other Uses m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²													
47 to 52 - 6 Completed projects commenced by ex-LDC⁽⁴⁾																								
47 ⁽⁴⁾	Kennedy Town New Praya, Kennedy Town	The Merton	6075	24808	15	1683	62904	1182	0	0	110	2300												
48 ⁽⁴⁾	Ka Wai Man Road, Kennedy Town	Mount Davis 33	728	4000	1	0	7280	89	0	0	0	0												
49 ⁽⁴⁾	Waterloo Road / Yunnan Lane, Yau Ma Tei	8 Waterloo Road	3869	6610	19	444	32012	576	0	0	0	1650												
50 ⁽⁴⁾	Queen Street, Sheung Wan	Queen's Terrace	7964	25792	50	648	66233	1148	400	0	5254	1200												
51 ⁽⁴⁾	Argyle Street / Shanghai Street, Mong Kok	Langham Place	11976	40810	58	2603	167414	0	160866	0	6548	1100												
52 ⁽⁴⁾	Kwong Yung Street, Mong Kok	Paradise Square	1607	4190	10	178	15160	272	2414	0	0	0												
47 to 52 Completed Sub-Total⁽⁴⁾ (F)			32219	106210	153	5556	351003	3267	163680	0	11912	6250												
45 to 52 Completed Total⁽⁴⁾ (D) + (E) + (F)			34724	116261	178	6011	376491	3733	167082	0	11912	6250												
1 to 52 Commenced + Completed Total			212535	617477	814	33284	1818398	18099	487340	125816	73921	37975												
<p>Note (1) This table includes only Public Open Space and not any private open space.</p> <p>(2) The details of projects 1 to 13, 15 to 20 and 34 to 38 have yet to be finalised and are still subject to change during the statutory, planning and land grant approval processes.</p>																								
<p>Glossary of Terms</p> <table> <tr> <td>BP = Business Plan</td> <td>C/R = Commercial / Residential</td> <td>HKHS = Hong Kong Housing Society</td> </tr> <tr> <td>CDA = Comprehensive Development Area</td> <td>DSP = Development Scheme Plan</td> <td>LandsD = Lands Department</td> </tr> <tr> <td>CE = Chief Executive of Hong Kong Special Administrative Region</td> <td>GFA = Gross Floor Area</td> <td>LDC = Land Development Corporation</td> </tr> <tr> <td>CE in C = Chief Executive in Council</td> <td>G/IC = Government / Institution and Community</td> <td>MLP = Master Layout Plan</td> </tr> </table>													BP = Business Plan	C/R = Commercial / Residential	HKHS = Hong Kong Housing Society	CDA = Comprehensive Development Area	DSP = Development Scheme Plan	LandsD = Lands Department	CE = Chief Executive of Hong Kong Special Administrative Region	GFA = Gross Floor Area	LDC = Land Development Corporation	CE in C = Chief Executive in Council	G/IC = Government / Institution and Community	MLP = Master Layout Plan
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CE in C = Chief Executive in Council	G/IC = Government / Institution and Community	MLP = Master Layout Plan																						

Operating Review - URA Project Highlights

Remarks	Status		
G/IC is for public toilet	Project completed in 2007/08		
	Project completed in 2007/08		
	Project completed in 2007/08		
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		
Commercial space includes 41,933m ² for 686 room hotel, 65,793m ² for offices and 53,140m ² for retail G/IC includes Cooked Food Centre and transport and community facilities	Project completed in 2005/06		
	Project completed in 2005/06		
<p>Note (3) Projects 4, 5, 13, and 20 are purely preservation projects. All other 48 projects are redevelopment projects, with redevelopment projects 10, 11, 19, 25, 28, 44 and 46 containing some preservation elements.</p> <p>(4) In this table, a project is deemed to be completed once all residential units have been sold and all commercial and other accommodation, other than car and motor cycle parking spaces, have been sold or substantially leased out.</p>			
<p>Glossary of Terms</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>MPC = Metro Planning Committee</p> <p>OU = Other Specified Use</p> <p>OZP = Outline Zoning Plan</p> <p>R(A) = Residential Group A</p> </td> <td style="width: 50%; vertical-align: top;"> <p>SDEV = Secretary for Development</p> <p>TPB = Town Planning Board</p> <p>TPO = Town Planning Ordinance</p> <p>URA = Urban Renewal Authority</p> </td> </tr> </table>		<p>MPC = Metro Planning Committee</p> <p>OU = Other Specified Use</p> <p>OZP = Outline Zoning Plan</p> <p>R(A) = Residential Group A</p>	<p>SDEV = Secretary for Development</p> <p>TPB = Town Planning Board</p> <p>TPO = Town Planning Ordinance</p> <p>URA = Urban Renewal Authority</p>
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Management Discussion and Analysis

Review of Financial Results and Positions

(I) Review of 2009/10 Results

(a) Revenues

Revenues for the 2009/10 financial year amounted to \$9.7 billion against \$1.4 billion attained in the previous financial year. The upfront payments for the three tendered redevelopment projects, namely, Lee Tung Street / McGregor Street, Kwun Tong Town Centre – Yue Wah Street Site and Lai Chi Kok Road / Kweilin Street / Yee Kuk Street, which were recognised during the year, were higher than the URA had expected due to the favourable property market conditions prevailing at the times of the tendering of the said development projects. The aggregate value of upfront amounts concluded by the URA in 2009/10 was the highest recorded in any financial year since the URA was established in 2001. The total site area of the projects awarded during the year was 15,892 m² versus the 5,004 m² for three projects in 2008/09.

(b) Other net income

Of the \$80 million included under other net income for the year (2008/09: \$286 million), \$25 million (2008/09: \$226 million) relates to interest income earned from bank deposits, with an average yield of 0.45% p.a. (2008/09: 2.43% p.a.), which represents a decline of 81% from 2008/09 to 2009/10, but compares favourably with the decline of 93% in average 1-month HIBOR in the same period. There were also gains of \$29 million (2008/09: \$30 million), principally achieved from funds managed by the investment manager, with a net yield of 3.04% p.a., against the reported one-year benchmark return for 2009/10 of 2.46%. The decrease in other income was mainly attributable to the lower deposit interest rate offered by banks and declining bank balances referred to in paragraph (II)(b) below.

(c) Administrative expenses

Administrative expenses mainly comprised staff costs, accommodation costs and depreciation. Administrative expenses before depreciation for the financial year

increased to \$246 million (2008/09: \$219 million), largely due to the expansion required to meet the workload of the URA's planned projects and new initiatives. The depreciation charge increased to \$20 million for the financial year 2009/10 (2008/09: \$16 million), owing to the capital expenditure needed to upgrade office equipment and the establishment of the Urban Renewal Exploration Centre.

To cope with the increased scale of urban renewal activities, including increased levels of activities in rehabilitation, revitalisation and preservation during the year, the staffing level as at 31 March 2010 increased by 37 to 395 (3/2009: 358) of which 55 staff (3/2009: 19) were employed on contracts of less than three years in duration.

(d) Operation Building Bright

Under an agreement entered into with the Government in May 2009, the URA undertook to implement the Operation Building Bright (OBB) initiative for buildings within the URA's Scheme Areas and contributed \$150 million to URA's portion of the OBB Fund, with the remaining amount of about \$350 million to be borne and payable by the Government into that Fund in a number of instalments over a period of two years. Subsequently, under a Supplementary agreement made in September 2009, the Government increased its contribution to the OBB Fund operated by the URA to about \$850 million.

By 31 March 2010, the URA's portion of the OBB Fund had received \$150 million from the URA plus \$175 million from the Government. Following the payment schedule of the building works, grants totalling \$15 million were approved and provided for in the financial statements of the OBB Fund at 31 March 2010.

(e) Write back of / provision for impairment on properties and committed projects

The URA's properties and committed projects were

Management Discussion and Analysis

valued by in-house professionals at 31 March 2010. Based on its accounting policy detailed in Notes 2(g) and 2(n) to its financial statements, a net write back of the provision for loss of \$0.5 billion in aggregate was made in this financial year. The said amount was largely due to the write back of the provision for loss for the Kwun Tong Town Centre project and Sai Yee Street project because of their higher assessed values than last year, resulting from the improved property market conditions, net of the provision for loss made for two pre-war shophouse preservation projects. The loss of \$5.3 billion provided for in 2008/09 had consisted of provision of \$4 billion for the Kwun Tong Town Centre project and \$1.3 billion for other projects.

(f) Operating surplus for the year

The URA recorded a net operating surplus of \$6.9 billion as at 31 March 2010. This compares favourably with the \$4.5 billion net operating deficit reported as at 31 March 2009. This improvement in operating result was mainly attributable to the surplus from the three tendered projects mentioned in (l)(a) above. The good tender results of these three projects were attributable to the favourable property market conditions prevailing throughout the year. The operating deficit reported last year included the substantial loss provision made for the Kwun Tong Town Centre project mentioned in paragraph (l)(e) above. Before the write back of or provision for impairment on properties and committed projects, there was a surplus of \$6.4 billion for the financial year against \$0.8 billion reported in the previous year.

(II) Financial Position at 31 March 2010

(a) Properties under development

The value of "Properties under development" as at 31 March 2010 was at a historically high level of \$13.9 billion (2008/09: \$8.1 billion), representing the acquisition costs for projects for redevelopment or

preservation purposes which were at various stages of implementation: four projects under acquisition; three projects with ownership of interests over 80% pending resumption process; and five projects with ownership reverted to the Government pending final clearance. Such cost is set against the cumulative provision for loss on 10 projects of \$4.7 billion (2008/09: \$3.0 billion for 10 projects) resulting in a net cost of \$9.2 billion (2008/09: \$5.1 billion). The increase in the net cost was mainly due to the increase in the number of projects now being implemented, and the generally higher levels of acceptance of offers for acquisition of properties affected by these projects. During 2009/10, the URA commenced acquisition of three projects, including two projects to preserve pre-war shophouses and one redevelopment project in Tai Kok Tsui.

(b) Cash and bank balances

As at 31 March 2010, the URA's cash and bank balances and the fair value of the funds managed by the investment manager totalled \$5.7 billion (2008/09: \$7.7 billion). The decline of \$2.0 billion in bank balances was mainly due to additional property acquisition requirements during the year, coupled with the arrangement stipulated in the relevant development agreements, in order to enhance the attractiveness of the large tenders, that certain portions of the upfront payment receipts of the tendered projects concerned will only be received in the 2010/11 and 2011/12 financial years.

The URA placed its surplus cash as short-term deposits with a number of financial institutions and invested in HK\$ bonds of the credit rating required in accordance with the URA's approved investment guidelines. The investment manager who manages a portion of the surplus funds also follows the same guidelines, which have been approved by the Financial Secretary with capital conservation as the main objective.

Management Discussion and Analysis

(c) Debt securities issued

In December 2008, the URA obtained a corporate credit rating of AA+ from Standard & Poor's Ratings Agency. In July 2009, the URA established a Medium Term Note Programme of US\$1 billion which enables it to access debt capital market funding, and allows for future issuance from time to time. In the same month, it also issued its first HK\$1.5 billion bond under the Programme. The bond issue carries a three year maturity, with an annual coupon of 2.08% and is rated AA+ by Standard & Poor's.

(d) Net assets value

The URA's net assets value as at 31 March 2010 was \$16.7 billion, representing the Government's capital injection of \$10 billion and an accumulated surplus from operations of \$6.7 billion.

The financial highlights of the past few years are summarized on page 97 of this Annual Report.

(III) Capital Injection and Tax Exemption

Following approval by the Finance Committee of the Legislative Council on 21 June 2002, the Government injected \$10 billion of equity capital into the URA in five tranches of \$2 billion over a five-year period from 2002/03 to 2006/07. The Government has exempted the URA from taxation

(IV) Waiver of Land Premia by the Government

Under the Urban Renewal Strategy (URS), the Government waives the land premia for redevelopment sites granted to the URA. For 2009/10, the Government waiver amounted to \$3.2 billion for three land grants. A total of 14 land grants, including the three made in 2009/10, with aggregate land premia totalling \$4.5

billion, have been waived since May 2001.

Without this waiver, URA's net operating surplus for 2009/10 of \$6.9 billion for the year would have been lowered by \$3.2 billion to \$3.7 billion; its accumulated surplus since May 2001 would have been lowered by \$4.5 billion to \$2.2 billion; and its net assets value as at 31 March 2010 would have been decreased to \$12.2 billion.

(V) Financial Resources, Liquidity and Commitments

As mentioned in para II (b), as at 31 March 2010, the URA's cash and bank balances and the fair value of the funds managed by the investment manager totalled \$5.7 billion. At the same date, the URA's accruals and estimated outstanding commitments in respect of projects under acquisition and resumption stood at \$11.7 billion.

Besides the establishment of the Medium Term Note Programme as mentioned in (II)(c) above, the URA also maintained committed term credit facilities with several major financial institutions. Securing these two sources of external funding in advance has ensured that sufficient financial resources will be in place for the URA to enable it to carry out its urban renewal programme as planned.

When implementing its urban renewal programme, the URA is necessarily exposed to financial risks arising from property market fluctuations. As individual projects are cleared and launched at different times during property cycles and depend on the market conditions prevailing at the time of tender, the upfront payment from a project may be higher or lower than URA's acquisition costs. As at 31 March 2010, the total costs of properties under development was \$13.9 billion. Taken together with its outstanding commitments, URA's exposure to the

Management Discussion and Analysis

property market was at a historically high level.

The URA estimates in its 2010 to 2015 Corporate Plan that a total expenditure of about \$16 billion, excluding operational overheads, will be required by the URA to meet the costs of both its currently outstanding and its forthcoming expenditure commitments on implementation of the projects contained in the Plan, which covers the five years from 1 April 2010. This expenditure covers the full range of the URA's 4Rs work in redevelopment, preservation, rehabilitation and revitalisation. The Kwun Tong Town Centre project, the largest project ever undertaken by the URA, requires an exceedingly large outlay for the acquisition of almost all of the 1,657 property interests, following issue of acquisition offers for all of the properties on 29 December 2008. It covers 5.3 hectares containing five Development Areas and is expected to take about 13 years until 2021 to complete. Moreover, it will be some years before such cost can be recouped through the awards of joint venture development contracts for the project. As at 31 March 2010, over 80% of property interests had been acquired. The tender for Development Area 1 Yue Wah Street Site was awarded during the year. Property acquisition was not required as only a bus terminal was situated at the site. URA's decision to develop Development Areas 2 and 3 concurrently will advance the completion date by one and a half years.

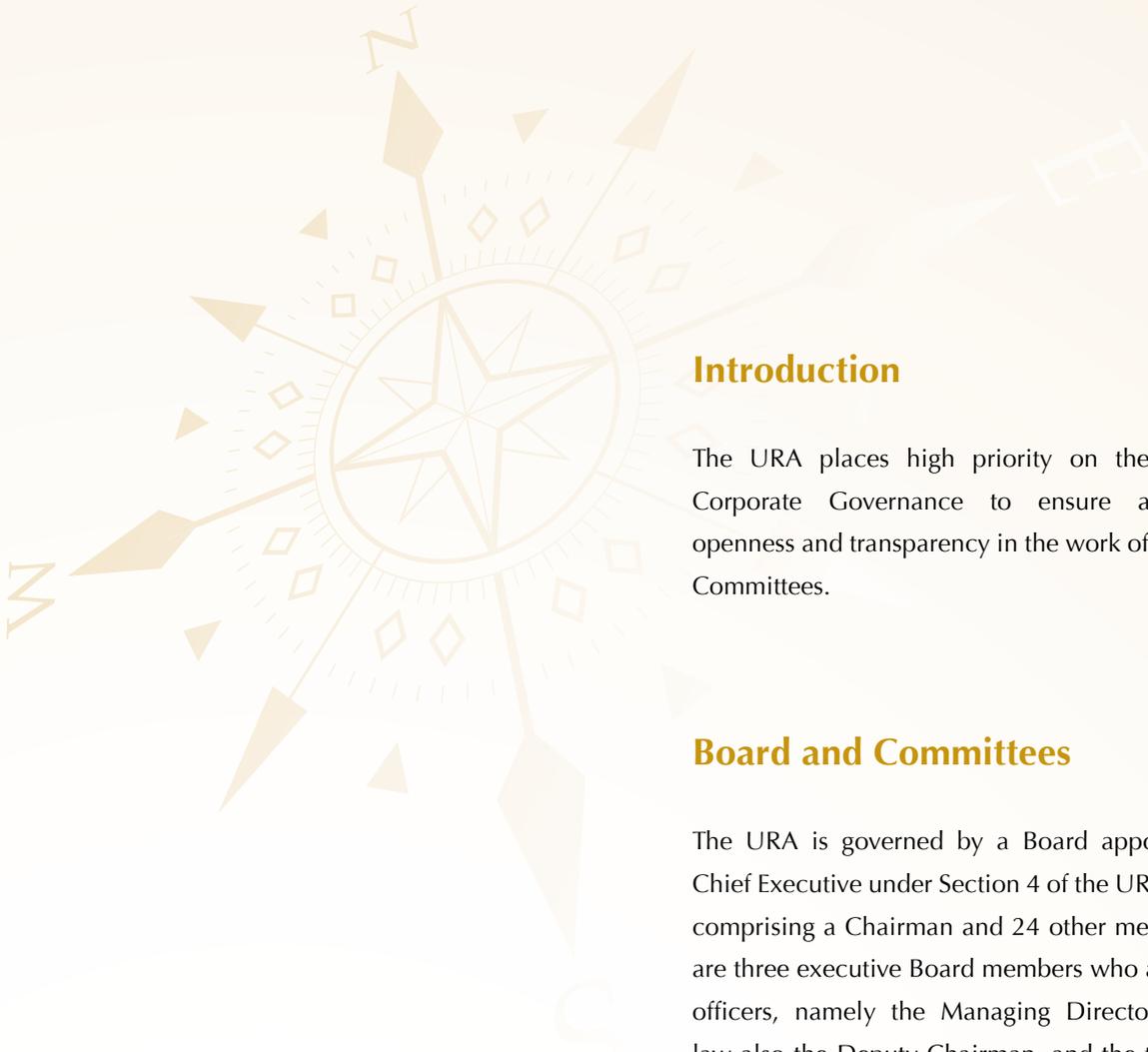
In addition to redevelopment, the URA is now implementing an extensive programme of preservation of pre-war shophouses and other buildings and features, as well as stepping up the scales of its building rehabilitation and street and open space revitalisation work. As a result, the URA has committed to deploy significant human and financial resources over the next five years to implement the programmes for these three growing and worthwhile but non-revenue generating works.

During the year, the URA has continued to provide proactive support to the Development Bureau in the conduct of the two-year review of the current URS by the Government. The review was now at the final stage. The directions identified by its Steering Committee are expected to be finalised by the end of 2010. Based on the Steering Committee's Review of the URS's latest directions, there are expected to be some changes from the current URS. The URA will adhere to the updated URS in preparing its next five year Corporate Plan for 2011 to 2016 and its 2011/12 Business Plan, to ensure alignment of these Plans with the URS.

To ensure that its urban renewal programme is sustainable for the long term, the URA is tasked to maintain a very prudent financial position and have due regard for commercial principles in its operations.

(VI) Internal Control

The URA keeps its financial and administrative systems and procedures under constant review and updates and improves on them whenever appropriate. Apart from statutory audit, the URA's Internal Audit Department conducts regular reviews of activities undertaken by the URA. During the year, in line with its established annual procedure, the URA conducted its annual organization-wide review of internal control and risk management covering all the Divisions and Departments. Where appropriate, treatment plans were formulated and implemented to address significant operating risks and to enhance the URA's internal control framework on an ongoing basis. In addition, the URA continued to seek the advice of the Independent Commission Against Corruption's Corruption Prevention Department whenever necessary on various policies and procedures in order to minimize the risks of any abuse or misinterpretation of them.



Introduction

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

Board and Committees

The URA is governed by a Board appointed by the Chief Executive under Section 4 of the URAO, currently comprising a Chairman and 24 other members. There are three executive Board members who are not public officers, namely the Managing Director, who is by law also the Deputy Chairman, and the two Executive Directors. The Director of Lands, the Director of Planning, the Director of Buildings and the Director of Home Affairs are Board members who are non-executive directors and public officers. In addition, the current Board includes four legislative councilors plus professionals and academics from various fields, including property, planning, surveying, architecture and social work who are non-executive directors and not public officers. The Board met on nine occasions between April 2009 and March 2010.

For the better carrying out of the purposes and powers of the URA, the Board has established six 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

Land, Rehousing & 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
- Policies on the selection and operation of Social Service Teams

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

Planning, Development and Conservation Committee

- Selection of projects in the Five-year Corporate Plan and Annual Business Plan
- Submission of Development Scheme Plan to the Town Planning Board
- Commencement of Development Project
- Planning and development parameters and design issues
- Conservation proposals
- Revitalisation proposals

Review Committee

- Review of the Management's decisions on application of relevant URA's policies as requested by affected owners or occupiers

Remuneration Committee

- Remuneration policies (level and mix) of senior and general staff
- Proposals for adjustments to salary and variable pay

Corporate Governance

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 authorized 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 authorization 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 Managing Director and to the Board's Audit Committee, the Internal Audit Department conducts regular independent reviews of activities undertaken by all other functional units within the URA. The main purposes of the operational and value-for-money audits are to ensure compliance with all of the various statutory requirements, Board directions and prevailing internal policies and procedures, as well as cost-effective use of the URA's resources. Before the start of each fiscal year, the Department presents an internal audit plan setting out the audit assignments to be carried out in the year to the Audit Committee for its approval.

The Department also advises on the adequacy and effectiveness of the URA's annual internal control and risk management review. This annual organisation-wide review exercise includes reviews of risks at the corporate level by all in-house directors and reviews of operational risks and the effectiveness of the systems of internal controls in managing identified significant risks by all functional units. Treatment plans are then implemented wherever appropriate to mitigate the identified significant risks in key business processes to the extents possible. The overall results of the annual review are reported to the Audit Committee. In addition, the Department coordinates with other assurance functions, such as the URA's External Auditors and the Independent Commission Against Corruption's Corruption Prevention Department, to achieve optimal audit coverage of the URA.

Measures to Promote Transparency of Work

In line with the spirit of the Urban Renewal Strategy, the URA holds a large variety of public engagement activities such as exhibitions, surveys, public forums and workshops from time to time to gather community stakeholders' views on the planning and design of urban regeneration projects. Open briefing sessions are held for owners, tenants and other stakeholder groups both upon the commencement of urban redevelopment and preservation 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 in our various Action Areas. To this end, we have established seven 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.

The Chairman of the Board of the URA briefs the media after each Board meeting on the relevant decisions reached and issues discussed. These interactive media sessions, together with other media interviews with management representatives throughout the year, seek to promote better understanding of the mission and role of the URA and the rationale and objectives of its work.

Bilingual press statements are issued after Board meetings and on other important occasions as appropriate. They are uploaded to the URA's website, which 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.

As a further measure to publicize our work and decisions, the Board approved the preparation of bilingual summaries of confirmed minutes of Board meetings for uploading to the URA's website with

effect from February 2009. These summaries cover the numbers of Board Members and management representatives in attendance, the agenda items discussed and the Board's resolutions.

In May 2009, URA published our comprehensive policy on environmentally sustainable development.

In May 2010, URA announced a package of control measures to promote openness, fairness and transparency of sales of first hand units in URA's joint venture developments.

More recently, to increase the transparency of our redevelopment work, URA has, with effect from June 2010, begun the practice of disclosing annually to the Legislative Council's Panel on Development the financial results of the redevelopment projects completed in previous years.

Members of the Board and Profiles



MEMBERS OF THE BOARD

FROM LEFT

Front row : Mr Francis CHAU Yin-ming, The Honourable IP Kwok-him, Mr Quinn LAW Yee-kwan (Managing Director), Mr Barry CHEUNG Chun-yuen (Chairman), Mr Peter TO, Mr Walter CHAN Kar-lok, Mr NG Shui-lai

Back row : Mr Calvin LAM Che-leung (Executive Director), Mr Philip KAN Siu-lun, Mr Daniel LAM Chun, The Honourable WONG Kwok-kin, Mr AU Choi-kai, Mrs Pamela TAN Kam Mi-wah, Ms Agnes NG Ka-yin, The Honourable Tanya CHAN, Professor HO Pui-yin, Ms Annie TAM Kam-lan, Mrs Ava NG Tse Suk-ying, Ms Iris TAM Siu-ying (Executive Director), Mr Victor CHAN Hin-fu, Mr Almon POON Chin-hung, Dr John WONG Yee-him, Professor Desmond HUI Cheuk-kuen, Mr Dane CHENG Ting-yat, The Honourable James TO Kun-sun

Member not in the group photo : Dr Isaac NG Ka-chui

Members of the Board and Profiles



MEMBERS OF THE BOARD

FROM LEFT

Front row : Mr NG Shui-lai, The Honourable IP Kwok-him, Mr Quinn LAW Yee-kwan (Managing Director),
Mr Barry CHEUNG Chun-yuen (Chairman), Mr Walter CHAN Kar-lok, Mr Peter TO

Back row : Mr Philip LIAO Yi-kang, Dr John WONG Yee-him, Mr Douglas YOUNG Chi-chiu, Mr AU Choi-kai,
Mr Almon POON Chin-hung, Dr Isaac NG Ka-chui, Mrs Pamela TAN Kam Mi-wah, Mrs Ava NG Tse Suk-ying,
Professor HO Pui-yin, The Honourable Tanya CHAN, Ms Iris TAM Siu-ying (Executive Director), The Honourable
WONG Kwok-kin, The Honourable James TO Kun-sun, Mr Victor CHAN Hin-fu, Mr Daniel LAM Chun,
Professor Desmond HUI Cheuk-kuen, Mr Philip KAN Siu-lun, Mr Calvin LAM Che-leung (Executive Director)

Member not in the group photo : Ms Annie TAM Kam-lan

Members of the Board and Profiles

- Chairman :** Mr Barry CHEUNG Chun-yuen, GBS, JP
- Managing Director :** Mr Quinn LAW Yee-kwan
- Executive Directors :** Ir Calvin LAM Che-leung
Ms Iris TAM Siu-ying, JP
- Non-Executive Directors :**
(non-official)
- Mr Victor CHAN Hin-fu
Mr Walter CHAN Kar-lok, SBS, BBS, JP
The Honourable Tanya CHAN
Mr Francis CHAU Yin-ming, MH (up to 30 April 2010)
Mr Dane CHENG Ting-yat (up to 31 July 2009)
Professor HO Pui-yin
Professor Desmond HUI Cheuk-kuen
The Honourable IP Kwok-him, GBS, JP
Mr Philip KAN Siu-lun
Mr Daniel LAM Chun, BBS, JP
Mr Philip LIAO Yi-kang (from 1 May 2010)
Dr Isaac NG Ka-chui
Ms Agnes NG Ka-yin (up to 30 April 2010)
Mr NG Shui-lai, BBS, MBE, JP
Mr Almon POON Chin-hung, JP
The Honourable James TO Kun-sun
Mr Peter TO
The Honourable WONG Kwok-kin, BBS
Dr John WONG Yee-him
Mr Douglas YOUNG Chi-chiu (from 1 May 2010)
- Non-Executive Directors :**
(official)
- Mr AU Choi-kai, JP Director of Buildings
Mrs Pamela TAN Kam Mi-wah, JP Director of Home Affairs
Ms Annie TAM Kam-lan, JP Director of Lands
Mrs Ava NG Tse Suk-ying, JP Director of Planning (up to 27 June 2010)
Mr Jimmy LEUNG Cheuk-fai, JP Director of Planning (from 28 June 2010)

Members of the Board and Profiles

Chairman

Mr Barry CHEUNG Chun-yuen, GBS, JP
Mr Cheung, Chairman of Hong Kong Mercantile Exchange, has been Chairman of the URA since 2007 and a board member since 2001. He is currently Chairman of the Standing Committee on Disciplined Services Salaries and Conditions of Service, an Alternate Chairman of the Pay Trend Survey Committee, a member of the Commission on Strategic Development and a member of the Standing Commission on Civil Service Salaries and Conditions of Service. He is also an independent non-executive director of United Company RUSAL.

Mr Cheung was a former Chairman of the Corruption Prevention Advisory Committee of the ICAC. He was a full-time member of the Central Policy Unit on secondment from McKinsey & Company. He was a consultant with McKinsey & Company in the United States and Asia.

Mr Cheung received a Bachelor of Science degree with First Class Honours in Mathematics and Computer Science from the University of Sussex and an MBA from the Harvard Business School.

Managing Director

Mr Quinn LAW Yee-kwan

Since 1 March 2008, Mr Law has been holding the position of Managing Director of the Urban Renewal Authority. He is also the Deputy Chairman of the Board. His current appointment will end on 28 February 2011. He served as an Executive Director of the Authority from November 2005 to February 2008.

Mr Law is a Certified Public Accountant in Hong Kong. He has been serving on a committee in the Hong Kong Institute of Certified Public Accountants, a member of the Advisory Board of Accounting Studies of the Chinese University of Hong Kong, a Court member of the Hong Kong University of Science and Technology and Vice President and Director of the Association of Hong Kong Professionals. Mr Law is also a Chartered Secretary.

He completed his professional training with a Big-Four accounting firm and was qualified in 1977; and joined a listed group (a constituent stock in Hang Seng main index) in 1983 after working for the then Securities Commission in Hong Kong and two international shipping companies.

Prior to joining the Authority, Mr Law had overseen different areas of operation in a variety of businesses and industries including property investment and development: corporate and operation management, strategic and business planning, finance and administration, corporate services, investor relation, statutory and internal audit.

Members of the Board and Profiles

Non-Executive Directors (non-official)

Mr Victor CHAN Hin-fu

Mr Chan was appointed Non-executive Director (non-official) of the Urban Renewal Authority in May 2007. Mr Chan has served as the General Manager - Property Development since joining the MTR Corporation Limited in 1992. He is responsible for the development of all properties above and adjacent to railway stations and depots. He leads a multi-disciplinary team of managers involved in the planning and tendering of large-scale joint venture property developments. Mr Chan is also involved in the marketing, sales and letting of completed units in these developments. Between 1974 and 1992, Mr Chan worked for the Hong Kong Government specialising in land administration and before he left in 1992, held a directorate post in the Lands Department. Mr Chan qualified in 1976 as a chartered surveyor in Hong Kong and since 2004 also qualified as a member of the China Institute of Real Estate Appraisers. Mr Chan is currently a Supervisory Board Member of the Hong Kong Housing Society as well as the Property Advisory Committee Member of the Salvation Army.

Mr Walter CHAN Kar-lok, SBS, BBS, JP

Mr Chan has been a practising lawyer for over 20 years and is a senior partner of Rowland Chow, Chan & Co., Solicitors. He is also a China-Appointed Attesting Officer.

Mr Chan was previously a member of the Housing Authority for 10 years (up to March 2006) and served as Chairman of Home Ownership Committee, Commercial Property Committee and Supervisory of Divestment Committee (Linkreit) consecutively. At present, he is a member of the Town Planning Board, Appeal Tribunal (Buildings), ICAC Citizens Advisory Committee and Guardianship Board.

For social service, Mr Chan is a Council Member of the Hong Kong Federation of Youth Groups, Director of Oxfam Hong Kong and also a member of the Executive Committee of Hong Kong Housing Society. He is also an honorary legal advisor of a number of organisations.

The Honourable Tanya CHAN

The Hon Tanya Chan is a member of the Legislative Council (Hong Kong Island) and an elected District Councillor of the Central and Western District (the Peak). She is also a Non-Executive Director of the Urban Renewal Authority, a director of the Hong Kong Mortgage Corporation Limited and a member of the Advisory Committee on Travel Agents.

Professor HO Pui-yin

Professor Ho is a social and economic historian who previously worked as a research consultant at the Organisation for Economic Co-operation and Development (OECD) in Paris. She now teaches in the History Department at the Chinese University of Hong Kong. She authors numerous books and articles on Hong Kong and social and economic history of modern China. Her current researches are mainly on urbanisation of modern day Hong Kong.

Concurrently, she is Director of Lee Woo Sing Hong Kong History Resource Centre of Shaw College of the Chinese University of Hong Kong and Member of the Board of Trustees of the same College; Honorary Advisor of Hong Kong War Memorial Pensions Advisory Committee of the Labour and Welfare Bureau; Museum Expert Advisor of the Leisure and Cultural Services Department; and Visiting Professorship (Chaire Dupront) of Université Paris-Sorbonne.

Professor Desmond HUI Cheuk-kuen

Desmond Hui is Director of the Centre for Culture and Development, Fellow of SH Ho College, Professor and

Members of the Board and Profiles

Head of Cultural Studies in the Department of Cultural and Religious Studies, Associate Director of the Research Institute of Humanities at the Chinese University of Hong Kong. He obtained Bachelor of Architecture from Cornell University; Master and Doctor of Philosophy from University of Cambridge and was Director of the Centre for Cultural Policy Research at the University of Hong Kong.

Professor Hui is a member of the Old Wan Chai Revitalisation Initiatives Special Committee, co-opted member of the Advisory Committee on Revitalisation of Historic Buildings, advisor for the HK Arts Development Council and Museum Expert Advisor of the Leisure and Cultural Services Department, and assessor for CreateSmart Initiative under the Commerce and Economic Development Bureau. He was formerly a member of the Antiquities Advisory Board and the Commission on Strategic Development.

The Honourable IP Kwok-him, GBS, JP

The Honourable Ip Kwok-him is a member of the Legislative Council (LegCo) representing the district council functional constituency. He is presently a deputy to the 11th National People's Congress of the PRC for Hong Kong SAR, Chairman of LegCo Panel on Home Affairs, Convenor of the Legislative Council Caucus of the Democratic Alliance for the Betterment and Progress of Hong Kong, member of Central & Western District Council (Kwun Lung) and Deputy Chairman of Hon Wah Education Organisation. He is also a member of the Hong Kong Housing Authority, the Governing Committee of the Beat Drugs Fund Association and the Court of the University of Hong Kong.

The Honourable Ip had been a member of the Hong Kong Legislative Council between 1995 and 1997, a member of the Provisional Legislative Council between 1997 and 1998, a member of the Legislative Council of the Hong Kong SAR representing the district council functional constituency between 2000 and 2004 and an elected member of the Central and Western District Council between 1992 and 2003.

Mr Philip KAN Siu-lun

Mr Kan, Partner and CEO of Whale Capital Inc. also serves as Member of Antiquities Advisory Board, Member of the Board of Trustees of Lord Wilson Heritage Trust and Member of the Investigation Panel of the HK Institute of Certified Public Accountants. He served as Member of Chinese Temples Committee, Director of Dragon Foundation, Member of Board of Review (Inland Revenue), and Member of Court of HK Baptist University.

In 2000, the company which Mr. Kan co-founded was listed on the HK Stock Exchange and he served there as Executive Director until 2004; he also served as Executive Director and Independent Non-Executive Director of two other public companies in Hong Kong. In recent years, he is involved in corporate finance and private equity businesses. Prior to that, he has served the local banking industry for over 20 years.

Mr Kan holds a Diploma in Business Management (Dist) from HK Baptist University; a MBA degree from Henley Management College, UK; Fellow Membership of Chartered Management Institute (FCMI), UK. He is also Registered Investment Advisor of SFC HK, and Hon Associate of School of Business, HK Baptist University.

Mr Daniel LAM Chun, BBS, JP

Mr Lam is the Honorary Advisor of DCL Consultants Limited. He was the Director-Property of Hong Kong's Kowloon-Canton Railway Corporation (2000 – 2007). He first qualified as a Chartered Building Surveyor and registered as an Authorized Person under the Buildings Ordinance of Hong Kong. He is a Fellow of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors. Mr Lam was the President of the Hong Kong Institute of Surveyors (1986-1987).

Mr Lam has been elected as a Chartered Arbitrator and listed on the London Panel of Arbitrators of the Chartered Institute of Arbitrators. He is also listed on similar panels in Hong Kong and Vancouver, and is appointed as

Members of the Board and Profiles

Arbitrator to the China International Economic Trade Arbitration Commission and the Beijing Arbitration Commission. He is a council member of the Hong Kong International Arbitration Centre and Fellow and Past Chairman of the Hong Kong Institute of Arbitrators (1997-2000).

Mr Lam has held a number of professional and public service positions in Hong Kong, such as member of the Land & Building Advisory Committee (1986-1990), Hong Kong Housing Authority (1993-2001) and Chairman of its Building Committee (1996-2001), and member of the Construction Industry Review Committee. During 1991-1993, Mr. Lam was appointed as a consultant to the World Bank, Washington DC, and published a report on China's urban land policy.

Mr Lam's experience in property development extends beyond Hong Kong to major overseas countries and cities, including London, Tokyo, New York, Paris, Frankfurt, Malaysia, Singapore, Indonesia, the Middle East, North and South America. Mr. Lam had been working for the Hongkong Land Group, Hong Kong Government, the Hongkong Bank (HSBC) Group, the Sime Darby Group and China Light & Power Group before starting his own practice in 1993. Owing to Mr. Lam's involvement with the World Bank and as the Executive Director of Tian An China Investment Company Limited, he is very familiar with project development issues in Mainland China.

Mr Lam was Chairman of the Surveying Department's Advisory Committee of the University of Hong Kong (HKU) from 1986 to 1991, and External Examiner of Real Estate & Construction Department from 1995 to 1998. In July 2003, the HKU School of Professional and Continuing Education appointed Mr Lam as Adjunct Professor. Mr Lam was appointed as member of the Department of Building and Construction Advisory Committee, City University of Hong Kong, in 1994 and as the Chairman during 1997-1998. Since 2006, Mr Lam

has been appointed as Honourary Professor to the Real Estate and Construction Department of the University of Hong Kong.

Mr Philip LIAO Yi-kang

Mr Philip Liao graduated from Cornell University (USA) and Eton College (UK) and has more than 20 years of experience in the field of architecture, planning and interiors design. Mr Liao has participated in award winning commercial, residential, hotel, heritage and community projects and has practiced in North America, Europe and Asia. Mr Liao worked with SOM, Moffat Kinoshita (where he was Vice President) and Wong Tung International (where he was Associate Director - Design) prior to establishing Philip Liao and Partners in 2002.

Mr Liao regularly lectures at international events/tertiary institutions – International Symposium on Revitalisation of Urban Heritage Buildings and Sites, UNESCO Cultural Heritage Awards, New Trends for Architecture in Europe and Asia Pacific, the Hong Kong – Shenzhen Biennale, the Chinese University of Hong Kong (CUHK), Shenzhen University, Guangzhou University, the Convention Centre for the Hong Kong Institute of Architects, the HKPES, Symposium on the Revitalisation – Hong Kong, Toronto and Vancouver, and at the Exchange Conference on the Future Trend of Architecture in Shanghai and Hong Kong. Mr Liao serves as Alumni Interviewer for Cornell University's School of Architecture, and has served as guest critic and external examiner for the CUHK's Department of Architecture, and the University of Hong Kong's Department of Architecture.

Mr Liao has served as the architectural expert for the South China Morning Post and often serves as expert, as Juror and as professional advisor for architectural and planning competitions, including the Tsim Sha Tsui Piazza Competition, the Hong Kong Institute of Architects' Annual Awards, and other competitions in Hong Kong and the PRC.

Members of the Board and Profiles

Mr Liao is an honorary trustee of Nanjing University. He also serves as a director for the Hong Kong Ambassadors of Design, and on the Buildings Committee of the Hong Kong Golf Club.

Dr Isaac NG Ka-chui

Dr Ng obtained his PhD in Land Economy at the University of Aberdeen (Scotland) and is Lecturer at the City University of Hong Kong. He received extensive training in Public Administration with particular interest in Urban Renewal and Housing Policy. Some of his writings and articles are found in different local and international publications. He had also been engaged in consultancy work and has been a Member of the Planning Study Working Group on Kwai Tsing District Council, Vice-chairperson of the Education and Training Committee of the Chartered Institute of Logistics and Transport (Hong Kong Branch). Dr Ng is also a Fellow Member of the Hong Kong Institute of Real Estate, as well as a Fellow Member of the Chartered Institute of Logistics and Transport.

Mr NG Shui-lai, BBS, MBE, JP

Mr Ng is the Chief Executive of Hong Kong Christian Service and Four Dimensions Consulting Limited. He is also a part-time lecturer of the Chinese University of Hong Kong.

He was a member of the Housing Authority for 10 years (up to 2006) and served as the Chairman of the Subsidy Housing Committee. He was also a member of the Town Planning Board, Transport Advisory Committee, Social Welfare Advisory Committee, Hospital Authority, International Federation of Social Workers Vice President (President for Asia and Pacific) and President of the Hong Kong Social Workers Association.

At present, he is a member of the Executive Committee of the Hong Kong Council of Social Service and the Executive Committee of the Hong Kong Christian Ai Hua Association.

Mr Almon POON Chin-hung, JP

Mr Almon Poon is a Solicitor, High Court of Hong Kong; an Advocate and Solicitor, the Supreme Court of Republic of Singapore; an Arbitrator of Guangzhou Arbitration Commission; a China-Appointed Attesting Officer; Member, Chartered Institute of Arbitration and Accredited Mediator, Hong Kong International Arbitration Centre. He received a Bachelor of Law degree from the University of London and a Master of Law degree in Commercial Law from the University of Northumbria.

Mr Poon is a member of the Antiquities Advisory Board. He was formerly a member of the Transport Advisory Committee, the Town Planning Board and the Administrative Appeals Board, and a part-time member of Central Policy Unit.

The Honourable James TO Kun-sun

The Hon To is a Solicitor, and currently a Legislative Councillor and Deputy Chairman of the Panel on Security of the Legislative Council. He received a Bachelor of Law degree from the University of Hong Kong.

The Hon To is a Court Member of the University of Hong Kong and was a Member of the Managing Board of the then Land Development Corporation (1996-2001). He was Member of the Sham Shui Po District Council and Yau Tsim Mong District Council in 1991-1994 and 1999-2007 respectively.

Mr Peter TO

Mr To has worked in the property development and investment sector for more than 30 years. He was a former President of the Hong Kong Institute of Housing and has previously served as a member of the Commercial Properties Committee of the Hong Kong Housing Authority and a member of the Vetting Committee of the Professional Services Development Assistance Scheme.

Members of the Board and Profiles

The Honourable WONG Kwok-kin, BBS

Wong Kwok-kin is a member of the Legislative Council (Kowloon East), a deputy of the 11th National People's Congress of the People's Republic of China for HKSAR, vice president of Hong Kong Federation of Trade Unions, and convenor of its Logistics and Transport Industry Committee. Mr. Wong is also a member of Commission on Strategic Development, non-executive director of Mandatory Provident Fund Schemes Authority, member of the Hong Kong Housing Authority and its Subsidised Housing Committee.

Mr Wong was previously the employee representative of Labour Advisory Board and a panelist of Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong". He was a member of the Panel on Social Cohesion of Central Policy Unit and a Committee member of the Maritime Services Training Board of Vocational Training Council.

Dr John WONG Yee-him

Dr Wong Yee Him is a psychiatrist by profession and is currently in private practice.

Dr Wong has been actively engaging in community affairs since 2000. He is currently an elected Kowloon City District Councillor, member of the Election Committee (Medical subsector), member of the Elderly Commission, member of the Criminal and Law Enforcement Injuries Compensation Board and member of the Town Planning Appeal Board. He was formerly a member of the Consumer Council (and was Chairman of Research and Testing Committee), the Home Purchase Allowance Appeal Board and the Advisory Board on Quality of Water Supply.

Dr Wong has a MBBS from the University of New South Wales and is a member of the Royal College of Psychiatrists and a Fellow of the Hong Kong Academy of Medicine (Psychiatry).

Mr Douglas YOUNG Chi-chiu

Born in 1965 in Hong Kong, Douglas Young was trained as an Architect in Sheffield University and the Architectural Association in the UK. Since 1991, Mr Young has worked in Hong Kong on projects ranging from residential to retail interiors.

In 1996, Mr Young co-founded GOD which retails contemporary furniture, homeware and lifestyle accessories with a contemporary Chinese twist. Most of the merchandise is designed in-house by a multi-disciplinary design team led by Mr Young.

Mr Young was Member of the Advisory Committee (2001 – 2002) and Member of the design task force (2002) of the School of Design of Hong Kong Polytechnic University. He was Art Advisor to the Hong Kong Arts Development Council (HKADC) and Examiner of HKADC grants applications in 2003. Presently, he is Director of Hong Kong Fringe Club, Member of Hong Kong Ambassadors of Design, Member of RTHK Programme Advisory Panel, Executive Committee Member of the Centre for Culture and Development of the Chinese University of Hong Kong, Director of Zuni Icosahedron Limited and Member of Business Facilitation Advisory Committee.

Non-Executive Directors (official)

Mr AU Choi-kai, JP

Director of Buildings

Mr C K Au is a professional building surveyor. He is a Fellow of the Hong Kong Institute of Surveyors, Fellow of the Royal Institution of Chartered Surveyors of U.K. and Member of the Society of Fire Protection Engineers of USA. After completing his education in the Hong Kong Polytechnic, he joined the Hong Kong Government in 1974. He has held a number of positions in the then Buildings Ordinance Office, Building Development Department, Buildings and Lands Department and Buildings Department. He is now the Director of the

Members of the Board and Profiles

Buildings Department. He has over thirty years of experience in building control, especially in the review and formulation of statutory standards in the design and construction of buildings. He was the chief drafter of a number of Codes of Practice which are still in force. These include the Codes of Practice for “Means of Escape 1996”, “Fire Resisting Construction 1996”, “Means of Access for Fire Fighting and Rescue 2004”, “Overall Thermal Transfer Value in Buildings 1995” and “Building Works for Lifts and Escalators 1993”.

Mrs Pamela TAN Kam Mi-wah, JP Director of Home Affairs

Mrs Tan served in directorate positions in a number of policy bureaux, resource bureaux and frontline departments. She has also served as the Deputy Head of the Central Policy Unit which advised the then Governor, the Chief Secretary and the Financial Secretary on all major issues affecting Hong Kong.

Since 30 June 2003, she has assumed the post of Director of Home Affairs.

Ms Annie TAM Kam-lan, JP Director of Lands

Ms Tam is the Director of Lands. She is currently a member of the Hong Kong Housing Authority, a member of the Supervisory Board of the Hong Kong Housing Society and a member of the Town Planning Board.

Mr Jimmy LEUNG Cheuk-fai, JP Director of Planning

Mr Jimmy C F Leung is the Director of the Planning Department of the Hong Kong Special Administrative Region Government. Mr Leung is a Registered Professional Planner in Hong Kong, a Fellow of the Hong Kong Institute of Planners and a Member of the Royal Town Planning Institute in the United Kingdom. He also holds the PRC Registered Urban Planner qualification.

Executive Directors

Ir Calvin LAM Che-leung

Mr Lam was appointed as an Executive Director of URA in November 2008. He is a Registered Professional Engineer (RPE), a Registered Structural (RSE) and Geotechnical Engineer (RGE) in Hong Kong. Mr Lam is also a Fellow of the Hong Kong Institution of Engineers. From 2005 to 2008, he had served as a council member of the Association of Consulting Engineers, Hong Kong.

Mr Lam completed his engineering training with a top ranking international engineering consultant and became a chartered engineer in 1978. He has worked with consultants and government works departments in Hong Kong, UK and Australia.

In his previous employments, Mr Lam oversaw different areas of project and operation management including project study, design, execution and implementation, operation and quality assurance, strategic and business planning. His experience spans across wide areas including infrastructure construction and new town developments.

Ms Iris TAM Siu-ying, JP

Ms Tam was appointed Executive Director of the Urban Renewal Authority in September 2006. She started her town planning career in the government and left the civil service after seven years in 1990. She then set up a planning consultant firm and was actively involved in both private and public sector planning projects and studies in Hong Kong and in Mainland China for sixteen years. She was the President of the Hong Kong Institute of Planners (1995-97) and served as Chairperson and Member of various Statutory and Advisory Tribunals/Committees. She is currently a member of the Council for Sustainable Development.

Members of Committees

Audit Committee

Chairperson

Mr NG Shui-lai, BBS, MBE, JP

Members

Mr Francis CHAU Yin-ming, MH
(up to 30 April 2010)

Professor HO Pui-yin

Mr Philip KAN Siu-lun

Co-opted Member

Mr Patrick CHAN
(up to 2 June 2009)

Mr TAI Hay-yuen
(from 1 August 2009)

Finance Committee

Chairperson

Mr Barry CHEUNG Chun-yuen, GBS, JP

Members

Mr Walter CHAN Kar-lok, SBS, BBS, JP

The Honourable Tanya CHAN

Mr Philip KAN Siu-lun

Mr Almon POON Chin-hung, JP

Mr Peter TO

Mr Quinn LAW Yee-kwan

Co-opted Members

Dr Billy MAK

Land, Rehousing & Compensation Committee

Chairperson

Mr Walter CHAN Kar-lok, SBS, BBS, JP

Members

Mr Victor CHAN Hin-fu

Mr Francis CHAU Yin-ming, MH
(up to 30 April 2010)

Mr Daniel LAM Chun, BBS, JP

Dr Isaac NG Ka-chui

Ms Agnes NG Ka-yin
(up to 30 April 2010)

Mr NG Shui-lai, BBS, MBE, JP

The Honourable James TO Kun-sun

Dr John WONG Yee-him

Mr Quinn LAW Yee-kwan

Ir Calvin LAM Che-leung
(from 1 May 2010)

Ms Iris TAM Siu-ying, JP

Co-opted Members

Mr CHEUNG Hau-wai, SBS
(from 20 August 2009)

Dr LAU Kwok-yu, JP
(up to 30 April 2010)

Mr Patrick LAU, SBS

Mr Eddie SO

Mr WONG Kit-loong

Assistant Director, Lands Department
(Mr LAW Hin-wing, JP)

Remuneration Committee

Chairperson

Mr Barry CHEUNG Chun-yuen, GBS, JP

Members

Mr Walter CHAN Kar-lok, SBS, BBS, JP

The Honourable IP Kwok-him, GBS, JP

Mr NG Shui-lai, BBS, MBE, JP

Mr Peter TO

Mr Quinn LAW Yee-kwan

Planning, Development and Conservation Committee

Chairperson

Mr Peter TO

Members

Mr Victor CHAN Hin-fu

The Honourable Tanya CHAN

Professor HO Pui-yin

Professor Desmond HUI Cheuk-kuen

The Honourable IP Kwok-him, GBS, JP

Mr Philip LIAO Yi-kang
(from 1 May 2010)

Ms Agnes NG Ka-yin
(up to 30 April 2010)

Mr NG Shui-lai, BBS, MBE, JP

Mr Almon POON Chin-hung, JP

The Honourable James TO Kun-sun

The Honourable WONG Kwok-kin, BBS

Mr Douglas YOUNG Chi-chiu
(from 1 May 2010)

Director of Lands
(Ms Annie TAM Kam-lam, JP)

Director of Planning
(Mrs Ava NG TSE Suk-ying, JP)
(up to 27 June 2010)

Mr Jimmy LEUNG Cheuk-fai, JP
(from 28 June 2010)

Mr Quinn LAW Yee-kwan

Ir Calvin LAM Che-leung
(from 1 May 2010)

Ms Iris TAM Siu-ying, JP

Co-opted Members

Ms Betty HO

Mr Andy LEUNG

Dr Greg WONG
(up to 30 April 2010)

Assistant Director / New Buildings 1
Buildings Department
(Mr MO Kim-ming)
(up to 12 March 2010)

(Mr HO Kwok-hung)
(from 15 March 2010)

Review Committee

Chairperson

The Honourable IP Kwok-him, GBS, JP

Members

Mr Francis CHAU Yin-ming, MH
(up to 30 April 2010)

Mr Dane CHENG Ting-yat
(up to 31 July 2009)

Mr Daniel LAM Chun, BBS, JP

Mr Philip LIAO Yi-kang
(from 1 May 2010)

Dr Isaac NG Ka-chui

Ms Agnes NG Ka-yin
(up to 30 April 2010)

The Honourable James TO Kun-sun

Dr John WONG Yee-him

Mr Douglas YOUNG Chi-chiu
(from 1 May 2010)

Co-opted Members

Ir Dr Alex S K CHAN
(up to 30 April 2010)

Mr Andrew CHAN Ping-chiu

Mr Henry CHAN Kai-wing

Mr CHUA Hoi-wai

Dr Ernest CHUI Wing-tak

Dr Amy HO Po-ying

Ms LAM Tze-yan

Dr LAU Kwok-yu, JP

Ir Kenneth T K LAU

Ms Elizabeth LAW, MH, JP

Dr LEE Yok-shiu

Mr Tony LUK Ka-luen

Mr MOK Hing-luen

Rev Dr Paul C C NG

Mr Dickson PANG Kam-fai

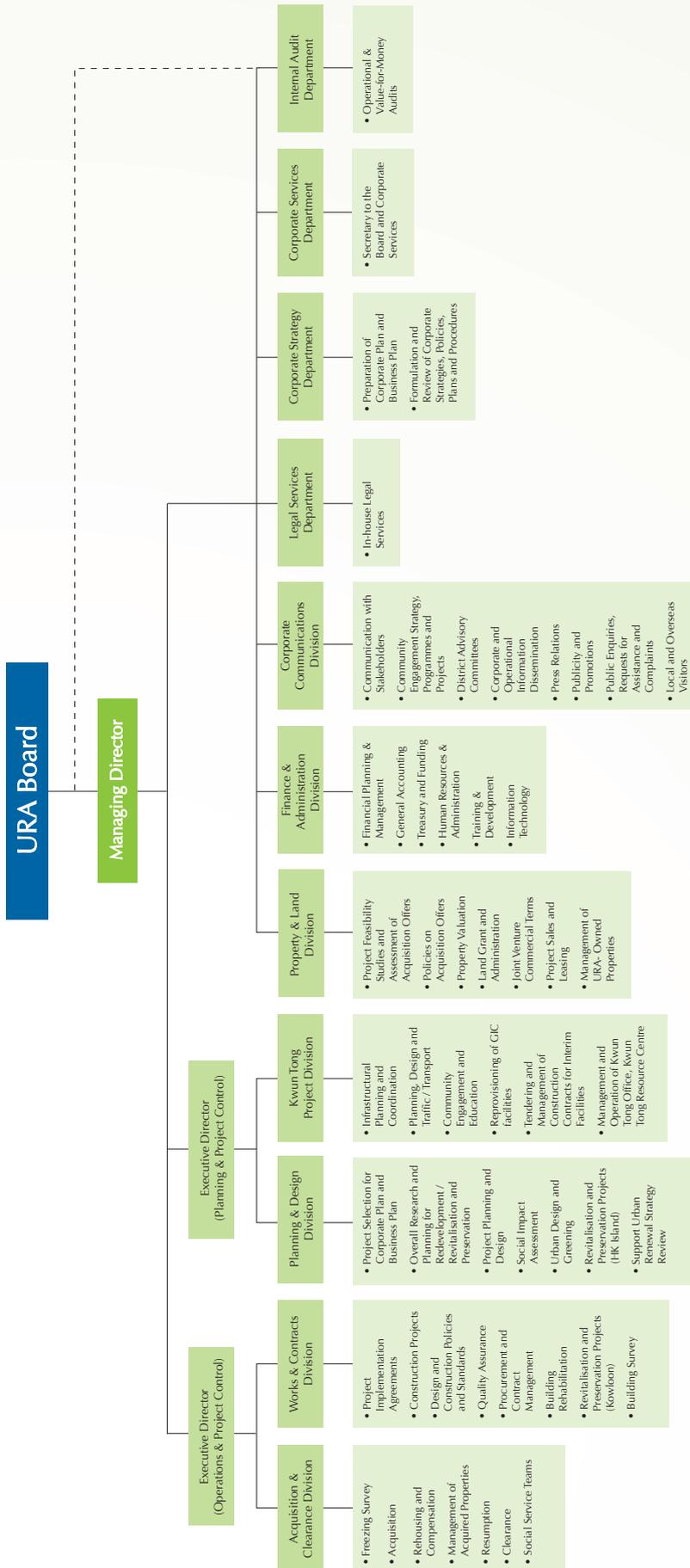
Dr Louis SHIH, JP

Mr TSE Siu-kwong

Dr Patrick L T WONG, BBS, JP

Mr YUNG Ching-tat, BBS, JP

Organisation Structure



Organisation Structure



FROM LEFT

Front row : William WAN Shiu-wah (Director, Property and Land), Felicia WAI Sik-yin (Director, Finance and Administration), Calvin LAM Che-leung (Executive Director, Operations and Project Control), Quinn LAW Yee-kwan (Managing Director), Iris TAM Siu-ying (Executive Director, Planning and Project Control), Joseph LEE King-chi (Director, Acquisition and Clearance)

Back row : Lawrence YAU Chung-hok (Director, Corporate Communications), Michael MA (Director, Planning and Design), Pius CHENG Kai-wah (Director, Legal Services), Ernest LEE Shu-wing (Director, Kwun Tong Project), Stephen LAM Wai-nang (Director, Works and Contracts)

Other Members of Management Team

Ghulam Rasul BUTT General Manager, Planning and Design	Winnie KOO Wai-yee General Manager, Property and Land	Eric POON Shun-wing General Manager, Works and Contracts	Ellen WONG Lai-kuen General Manager, Acquisition and Clearance
Eric CHOI Yan-sang Head of Community Development	Edward LAW Kwok-wah General Manager, Corporate Services	Lawrence TANG Kwan-lam General Manager, Works and Contracts	Ian WONG Wai-kuen Head, Acquisition and Clearance
Jeannie Ching-yee FONG General Manager, Human Resources & Administration	LEE Chin-chye General Manager, Financial Planning and Accounting	Roger TANG Man-hung General Manager, Kwun Tong Project	
Daniel HO Chi-wai General Manager, Works and Contracts	Bruchi NAM Chi-kwong General Manager, Property and Land	Angela TANG Sin-yu General Manager, External Relations	
Hiroshi IKEGAYA General Manager, Planning and Design	Ian B I PETERSEN Coordinator, Corporate Strategy	Francis WONG Iu-ming General Manager, Internal Audit	

Members of District Advisory Committee

Central & Western District Advisory Committee

Chairperson

Professor Desmond HUI Cheuk-kuen

Members

Mr Stephen CHAN Chit-kwai, JP

Mr CHAN Hok-fung

Mr CHENG Po-hung

Mr Daniel CHEUNG Pak-fun
(from 1 April 2010)

Mr Jackie CHEUNG Yick-hung

Dr Ernest CHUI Wing-tak

Mr CHUNG Man-chai, MH

Mr LAM Kin-lai, JP

Mr LAM Yiu-man
(from 1 April 2010)

Mr Sidney LEE Chi-hang

Mr LEE Ping-kuen, JP

Mr Tommy LI Ying-sang, BBS, MH, JP

Mr Samson WONG San

Mr David YIP Wing-shing, MH, JP
(from 1 April 2010)

Mr Albert YOUNG Siu-chuen, MH
(from 1 April 2010)

Mr YUEN Bun-keung

Central & Western District Officer

(in alphabetical order)

Wan Chai District Advisory Committee

Chairperson

Mr Stephen YIP Moon-wah, JP
(up to 31 Mar 2010)

Mr. Daniel LAM Chun, BBS, JP
(from 1 April 2010)

Members

Mr CHEUNG Tat-tong

Mrs Fanny LAI IP Po-ping, BBS, JP

Mr Michael LAI Kam-cheung, JP

Mr Albert LAM Kwok-ming

Mr LAM Sek-kong, MH
(from 1 April 2010)

Ms Kenny LEE Kwun-yee

Ms Peggy LEE Pik-yee

Mr Dan LEE Yuen-kay

Mr Louis LOR Hing-hung
(up to 31 Mar 2010)

Mr Stephen NG Kam-chun, MH, JP

Dr Paul SIU Che-hung

Ms Anna TANG King-yung, MH, BBS

Mr Wong Wang-tai

Mr Stephen YAU How-boa, BBS, MH, JP

Wan Chai District Officer

(in alphabetical order)

Members of District Advisory Committee

Sham Shui Po District Advisory Committee

Chairperson

Mr NG Shui-lai, BBS, MBE, JP
(up to 31 Mar 2010)

Dr John Wong Yee-him
(from 1 April 2010)

Members

Mr Chan Wai-ming

Mr Vincent Cheng Wing-shun

Mr Nelson Ho Siu-leung

Mr Lam Ka-fai

Ms Lau Pui-yuk
(from 1 April 2010)

Dr Leung Kai-chi

Mr Leung Yau-fong

Professor Siu Kwok-kin

Mr Suen Kwok-lam, MH
(up to 31 Mar 2010)

Mr Wai Woon-nam

Mr Wong Kam-kuen, MH, JP

Sham Shui Po District Officer

(in alphabetical order)

Yau Tsim Mong District Advisory Committee

Chairperson

Dr Isaac NG Ka-chui

Members

Mr CHAN Siu-tong, MH
(from 1 April 2010)

Mr Benjamin CHOI Siu-fung

Mr CHOW Chun-fai, BBS, JP

Mr HUI Tak-leung

Mr IP Kwok-chung, SBS, JP

Mr LAM Ho-yeung

Mr Edward LEUNG Wai-kuen, JP

Mr Allan LI Hon-hung, MH, JP

Mr POON Kit-man

Mr SIU Yin-wai

Mr SUEN Leung-kwong

Mr TONG Chun-wan

Mr TSUNG Po-shan

Mr WONG Cheuk-chuen
(up to 31 Mar 2010)

Yau Tsim Mong District Officer

(in alphabetical order)

Members of District Advisory Committee

Kwun Tong District Advisory Committee

Chairperson

Mr NG Shui-lai, BBS, MBE, JP
(from 1 April 2010)

Mr Francis CHAU Yin-ming, MH
(up to 31 March 2010)

Members

Mr Nelson CHAN Wah-yu

Mr Cheng Kwei-hoi
(up to 31 March 2010)

Mr CHONG Yam-ming

Mr CHUI Wai
(up to 31 March 2010)

Mr FAN Wai-kong

Mr HIEW Moo-siew
(up to 31 March 2010)

Mr HSU Hoi-shan

Mr KAI Ming-wah

Mr KAN Ming-tung

Mr KWOK Lit-tung

Dr LAM Kin-wah, MH

Mr LAU Ting-on

Mrs LEUNG CHAN Siu-hing

Ms LEUNG Fu-wing, BBS, MH

Mr LEUNG Hung
(up to 31 March 2010)

Mr LI Hung
(from 1 April 2010)

Mr LING Chi-keung

Mr LIU Chung-ming
(from 1 April 2010)

Ms SO Lai-chun

Mr WONG Chung-tan
(from 1 April 2010)

Mr WONG Kai-ming

Miss Anita WONG
(up to 31 March 2010)

Mr Thomas YU Kwun-wai

Mr YUEN Lun-shan
(from 1 April 2010)

Mr YUEN Yan-fai
(from 1 April 2010)

Kwun Tong District Officer
(in alphabetical order)

Kowloon City District Advisory Committee

Chairperson

Professor HO Pui-yin

Members

Mr CHAN Lo-kin

Ms CHEUNG Ling

Mr Paul CHU Hoi-shan

Ir KAM Kwai-ki

Ms Rosanda MOK Ka-han

Mr NG Po-keung

Mr NGAN Siu-lun

Ms SIU Yuen-sheung, BBS, JP

Dr TANG Bo-sin

Mr WEN Choy-bon, MH

Mr Pius YUM Kwok-tung

Kowloon City District Officer

(in alphabetical order)

Tsuen Wan District Advisory Committee

Chairperson

Mr Almon POON Chin-hung, JP

Members

Mr CHAN Han-pan

Mr Richard CHAN Kam-lam, MH

Mr CHAN Lu-seng, SBS, JP

Mr CHAN Wai-ming, MH, JP

Ms Ronnie CHAN Yam-ling

Mr CHOW Ping-tim

Mr CHUNG Wai-ping, BBS, MH

Mr Eric LEE Chung-ming

Mr LO Siu-kit

Mr MAN Yu-ming

Ms TO Kwai-ying, JP

Mr WONG Ka-wa

Mr Louis WONG Yui-tak

Tsuen Wan District Officer

(in alphabetical order)

FINANCIAL HIGHLIGHTS

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

	In HK\$'million								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues for the year	128	57	201	4,936	2,766	536	5,266	1,413	9,663
(Deficit) / surplus for the year (before interest income)	(559)	(228)	(89)	2,990	1,394	416	1,701	(4,750)	6,838
(Deficit) / surplus for the year	(558)	(227)	(80)	3,002	1,576	759	2,078	(4,524)	6,863
Accumulated (deficit) / surplus	(2,719)	(2,946)	(3,026)	(24)	1,552	2,311	4,389	(135)	6,728
Properties under development*	5,826	1,306	2,504	2,563	3,669	4,590	4,750	8,195	13,864
Net (liabilities) / assets	(2,719)	(946)	974	5,976	9,552	12,311	14,389	9,865	16,728
Capital	-	2,000	4,000	6,000	8,000	10,000	10,000	10,000	10,000
Debt securities issued less unamortised finance charges	-	-	-	-	-	-	-	-	1,497
Land premia waived by the Government	-	-	-	(414)	(605)	-	(90)	(216)	(3,177)
(Deficit) / surplus for the year if no land premium waiver	(558)	(227)	(80)	2,588	971	759	1,988	(4,740)	3,686
Accumulated (deficit) / surplus if no land premium waiver	(2,719)	(2,946)	(3,026)	(438)	533	1,292	3,280	(1,460)	2,226

* Properties under development include properties under development before provision for impairment, jointly controlled development projects and properties acquired pending redevelopment.

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 2010.

Board members

Members of the Board for the year and up to the date of this report are set out on page 82.

Principal activities

The principal activities of the Urban Renewal Authority (the “Authority”) and its subsidiaries (together, the “Group”) are to promote urban renewal in Hong Kong by way of redevelopment, rehabilitation, revitalisation and heritage preservation.

Financial statements

The results of the Group for the year ended 31 March 2010 and the state of affairs of the Group and of the Authority at that date are set out in the financial statements on pages 102 to 142.

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 2010, 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, 14 June 2010

INDEPENDENT AUDITOR'S REPORT



To the Members of the Board of the Urban Renewal Authority

We have audited the consolidated financial statements of the Urban Renewal Authority (the "Authority") and its subsidiaries (together, the "Group") set out on pages 102 to 142, which comprise the balance sheets of the Group and the Authority as at 31 March 2010, and 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 a summary of significant accounting policies and other explanatory notes.

The Authority's responsibility for the financial statements

The Authority is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Authority and of the Group as at 31 March 2010 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 14 June 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2010
(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2010</u> \$'000	<u>2009</u> \$'000
Revenues	5(a)	9,662,614	1,412,968
Direct costs		<u>(2,883,348)</u>	<u>(581,857)</u>
Gross surplus		6,779,266	831,111
Other income, net	5(b)	79,687	285,983
Administrative expenses		(265,889)	(235,387)
Other operating expenses		(228,804)	(68,846)
Write back of / (provision for) impairment on properties and committed projects		<u>498,567</u>	<u>(5,337,126)</u>
Operating surplus / (deficit) before income tax	6	6,862,827	(4,524,265)
Income tax expenses	7(a)	<u>-</u>	<u>-</u>
Surplus / (deficit) and total comprehensive income / (expense) for the year	8	<u>6,862,827</u>	<u>(4,524,265)</u>

The notes on pages 107 to 142 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

at 31 March 2010

(expressed in Hong Kong Dollars)

	Note	2010 \$'000	2009 \$'000
Non-current assets			
Leasehold land	9	256,117	262,369
Property, plant and equipment	10	93,850	102,043
Properties acquired pending redevelopment	11	7,474	7,503
Properties under development	12	9,207,051	5,116,176
Receivables from property developers	13	3,333,150	-
Building rehabilitation loans	15	64,929	81,031
		<u>12,962,571</u>	<u>5,569,122</u>
Current assets			
Properties held for sale	16	14,246	14,655
Receivables from property developers	13	1,363,000	-
Jointly controlled development projects	17	-	35,630
Building rehabilitation loans	15	30,304	29,404
Trade and other receivables	18	80,883	589,542
Financial assets at fair value through profit or loss	19	1,188,675	809,522
Cash and bank balances	20	4,523,842	6,858,771
		<u>7,200,950</u>	<u>8,337,524</u>
Total assets		<u>20,163,521</u>	<u>13,906,646</u>
Capital and reserves			
Capital	21	10,000,000	10,000,000
Accumulated surplus / (deficit)		6,727,620	(135,207)
		<u>16,727,620</u>	<u>9,864,793</u>
Non-current liabilities			
Debt securities issued	22	1,496,869	-
Current liabilities			
Jointly controlled development projects	17	17,123	-
Trade and other payables		676,909	417,853
Provision for committed projects	23	1,245,000	3,624,000
		<u>1,939,032</u>	<u>4,041,853</u>
Total capital, reserves and liabilities		<u>20,163,521</u>	<u>13,906,646</u>

Approved by the Board
on 14 June 2010



Barry CHEUNG Chun-yuen
Chairman



Quinn LAW Yee-kwan
Managing Director

The notes on pages 107 to 142 form part of these financial statements.

AUTHORITY BALANCE SHEET

at 31 March 2010

(expressed in Hong Kong Dollars)

	<u>Note</u>	<u>2010</u> \$'000	<u>2009</u> \$'000
Non-current assets			
Leasehold land	9	256,117	262,369
Property, plant and equipment	10	89,712	95,746
Properties acquired pending redevelopment	11	7,474	7,503
Properties under development	12	9,207,051	5,116,176
Receivables from property developers	13	3,333,150	-
Subsidiaries	14	3,878	6,027
Building rehabilitation loans	15	64,929	81,031
		<u>12,962,311</u>	<u>5,568,852</u>
Current assets			
Properties held for sale	16	14,246	14,655
Receivables from property developers	13	1,363,000	-
Jointly controlled development projects	17	-	35,630
Building rehabilitation loans	15	30,304	29,404
Trade and other receivables	18	80,701	589,386
Financial assets at fair value through profit or loss	19	1,188,675	809,522
Cash and bank balances	20	4,523,842	6,858,771
		<u>7,200,768</u>	<u>8,337,368</u>
Total assets		<u>20,163,079</u>	<u>13,906,220</u>
Capital and reserves			
Capital	21	10,000,000	10,000,000
Accumulated surplus / (deficit)		6,727,619	(135,208)
		<u>16,727,619</u>	<u>9,864,792</u>
Non-current liabilities			
Debt securities issued	22	1,496,869	-
Current liabilities			
Jointly controlled development projects	17	17,123	-
Trade and other payables		676,468	417,428
Provision for committed projects	23	1,245,000	3,624,000
		<u>1,938,591</u>	<u>4,041,428</u>
Total capital, reserves and liabilities		<u>20,163,079</u>	<u>13,906,220</u>

Approved by the Board
on 14 June 2010



Barry CHEUNG Chun-yuen
Chairman



Quinn LAW Yee-kwan
Managing Director

The notes on pages 107 to 142 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2010
(expressed in Hong Kong Dollars)

	Note	2010 \$'000	\$'000	2009 \$'000	\$'000
Cash flows from operating activities					
Operating surplus / (deficit) before income tax		6,862,827		(4,524,265)	
Adjustments for:					
Interest income		(25,319)		(225,615)	
Depreciation and amortisation		224,238		82,981	
Loss on disposal of property, plant and equipment		1,142		92	
Gain on financial assets at fair value through profit or loss		(29,240)		(29,522)	
(Write back of) / provision for impairment on properties and committed projects		(498,567)		5,337,126	
Operating surplus before working capital changes		6,535,081		640,797	
Increase in receivables from property developers		(4,696,150)		-	
Decrease / (increase) in jointly controlled development projects		52,753		(28,440)	
Increase in properties under development		(6,154,850)		(3,496,852)	
Decrease / (increase) in building rehabilitation loans		15,202		(22,572)	
Decrease / (increase) in trade and other receivables		509,814		(567,433)	
Decrease in properties held for sale		1,032		307	
Increase / (decrease) in trade and other payables		250,455		(56,195)	
Cash used in operations		(3,486,663)		(3,530,388)	
Interest received		24,164		307,826	
Interest paid		(15,728)		-	
Net cash used in operating activities			(3,478,227)		(3,222,562)
Cash flows from investing activities					
(Increase) / decrease in bank deposits with maturities more than 3 months		(1,798,000)		8,276,000	
Purchase of leasehold land and property, plant and equipment		(6,798)		(9,910)	
Purchase of financial assets at fair value through profit or loss		(349,913)		(780,000)	
Proceeds from sale of property, plant and equipment		9		214	
Net cash (used in) / generated from investing activities			(2,154,702)		7,486,304
Cash flows from financing activity					
Proceeds from issuance of debt securities		1,500,000		-	
Net cash generated from financing activity			1,500,000		-
Net (decrease) / increase in cash and cash equivalents			(4,132,929)		4,263,742
Cash and cash equivalents at 1 April			6,755,771		2,492,029
Cash and cash equivalents at 31 March			<u>2,622,842</u>		<u>6,755,771</u>
Analysis of cash and bank balances					
Cash and cash equivalents			2,622,842		6,755,771
Other bank deposits with maturities more than 3 months			1,901,000		103,000
Cash and bank balances at 31 March	20		<u>4,523,842</u>		<u>6,858,771</u>

The notes on pages 107 to 142 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2010
(expressed in Hong Kong Dollars)

	<u>Capital</u>	<u>Accumulated</u> <u>(deficit) / surplus</u>	<u>Total</u>
	\$'000	\$'000	\$'000
Balance at 1 April 2008	10,000,000	4,389,058	14,389,058
Total comprehensive expense for the year	<u>-</u>	<u>(4,524,265)</u>	<u>(4,524,265)</u>
Balance at 31 March 2009	<u>10,000,000</u>	<u>(135,207)</u>	<u>9,864,793</u>
Balance at 1 April 2009	10,000,000	(135,207)	9,864,793
Total comprehensive income for the year	<u>-</u>	<u>6,862,827</u>	<u>6,862,827</u>
Balance at 31 March 2010	<u>10,000,000</u>	<u>6,727,620</u>	<u>16,727,620</u>

The notes on pages 107 to 142 form part of these 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 Hong Kong SAR Government under the Urban Renewal Authority Ordinance (Chapter 563). The principal activities of the Authority and its subsidiaries (the “Group”) are to promote urban renewal in Hong Kong by way of redevelopment, rehabilitation, revitalisation and heritage preservation.

The address of the Authority is 10/F Low Block, Grand Millennium Plaza, 181 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 principal 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 financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and in accordance with accounting principles generally accepted in Hong Kong and comply with all applicable Hong Kong Financial Reporting Standards (which include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (“HKFRSs”)) 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 Authority’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(b) Standards and amendments to standards effective in current year

The following standards and amendments to existing standards have been published that are effective for the accounting period of the Group beginning on 1 April 2009.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(b) Standards and amendments to standards effective in current year (Continued)

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 7 Amendments	Financial Instruments: Disclosures

HKAS 1 (Revised), "Presentation of Financial Statements" replaces HKAS 1 and sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirement for their content. HKAS 1 (Revised) only impacts the presentation aspects of the financial statements and it has no impact on the reported results or financial position of the Group.

HKAS 23 (Revised), "Borrowing Costs" requires the Group to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs was removed. The capitalisation is required for qualifying assets for which the commencement date for capitalisation is on or after 1 April 2009. The revised standard does not have a material impact on the Group's financial statements.

HKFRS 7 Amendments, "Financial Instruments – Disclosures", requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. HKFRS 7 Amendments only results in additional disclosures, there is no impact on the reported results and financial position of the Group.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(c) Standards that are not yet effective

The HKICPA has issued certain new standards, amendments and interpretations which are not yet effective as at 31 March 2010. Those which are relevant to the Group's operations are as follows:

		Effective for accounting periods beginning on or after
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKFRS 3 (Revised)	Business Combination	1 July 2009
HKAS 17 (Amended)	Leases	1 January 2010
HK(IFRIC) - Interpretation 17	Distribution of Non-cash Assets to Owners	1 July 2009

The Group has not early adopted the above standards in the financial statements for the year ended 31 March 2010. The Group will apply the above standards and amendment from 1 April 2010, but it is not expected to have a significant impact on the Group's financial statements.

(d) Basis of consolidation

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

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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 material intercompany transactions and balances within the Group are eliminated on consolidation.

In the Authority's balance sheet, investments in subsidiaries are stated at cost less any provision for impairment losses. Any such provisions are recognised as an expense in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(e) Revenue recognition

Provided it is probable that the economic benefit will flow to the Group and the revenue can be measured reliably, revenue is recognised in the statement of comprehensive income as follows:

- (i) Income from sale of properties is recognised upon the risks and rewards of ownership have been passed. For instalment sales, under which the consideration is receivable in instalments, revenue attributable to the sales price, exclusive of interest, is recognised at the date of sale. The sales price is the present value of the consideration, determined by discounting the instalments receivable at the effective rate of interest. The interest element is recognised as other income as it is earned, on a time proportion basis using the effective interest method.
- (ii) Where the Authority receives its share of surplus from property development projects undertaken in joint ventures, sharing of such surplus is recognised in accordance with the terms of the joint development agreements.
- (iii) Where the Authority receives a distribution of the assets of a joint venture, surplus is recognised based on the fair value of such assets at the time when agreement to distribute the assets has been reached.
- (iv) When the Authority receives upfront payments from developers at the inception of joint development agreement, surpluses arising from such upfront payments are recognised when the Authority has no further substantial acts to complete. Generally, such surpluses are recognised as soon as the Group has performed its obligations in respect of the upfront payments, the events leading to the possible cancellation of the joint development agreements have lapsed, and the upfront payments have become non-refundable.
- (v) Interest income is recognised on a time-proportion basis using the effective interest method.
- (vi) Rental income net of any incentives given to the lessee is recognised on a straight line basis over the periods of the respective leases.
- (vii) Property management income is recognised when the services are provided.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(f) Property, plant and equipment

Buildings comprise rehousing blocks and commercial premises held for self-use. Rehousing blocks represent properties held by the Authority for the purpose of providing accommodation for affected tenants of development projects who are charged a rent which is substantially below the market value for an indefinite period. Accordingly, in addition to normal provision of depreciation, the carrying value of each rehousing flat is further written down to \$1 when it is so occupied. The additional write off is recognised as part of the cost of properties under development referred to in Note 2(k), or jointly controlled development projects for projects undertaken in joint ventures (Note 2(s)).

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. 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 the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated to write off the costs of property, plant and equipment less residual values over their anticipated useful lives on a straight line basis as follows:

Buildings	- 2% per annum or over the period of the unexpired lease if less than 50 years
Leasehold improvements	- Over the unexpired terms of the leases
Plant and machinery	- 10% per annum
Motor vehicles	- 25% per annum
Furniture and office equipment	- 20% to 33 1/3% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 (Note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

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

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell 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.

(h) Financial assets and liabilities

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

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other income, net', in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of 'other income, net' when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices.

(ii) Loans and receivables

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

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(h) Financial assets and liabilities (Continued)

(ii) Loans and receivables (Continued)

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

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. Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. 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 the statement of comprehensive income over the period of the borrowings using the effective interest method.

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(j) Properties acquired pending redevelopment

Properties acquired pending redevelopment are stated at cost less provision for impairment losses until a decision is reached as to whether the redevelopment is to be undertaken by the Group or through joint ventures.

When a property is to be redeveloped, the cost of the property is reclassified as properties under development or jointly controlled development projects for projects undertaken in joint ventures.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(k) Properties under development

Properties under development represent all costs incurred by the Authority in connection with property redevelopment, and include acquisition costs, the cost of properties being reclassified from properties acquired pending redevelopment, borrowing costs, costs of rehousing units (see Note 2(m)), other costs incurred in connection with the development and the additional amounts written off against rehousing properties referred to in Note 2(f), less any provisions for impairment losses.

On completion of the development, the relevant cost of the developed property 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 to direct cost of the statement of comprehensive income at the inception of joint development agreement.

(l) Properties held for sale

Property to be sold at the balance sheet date will be 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 Authority. In return, the Authority will pay for the reservation fees until a tenant is moved into the unit and the development costs of the rehousing unit. These costs are recognised as part of the cost of properties under development referred to in Note 2(k), or jointly controlled development projects for projects undertaken in joint ventures (Note 2(s)).

(n) Provisions

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 resources will be required to settle the obligation; and the amount has been 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 with respect to any one item included in the same class of obligations may be small.

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(o) Deferred income tax

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 by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

(p) Borrowing costs

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

Other borrowing costs are charged to the statement of comprehensive income in the period in which they are incurred.

(q) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(r) 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 Authority's functional and 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 the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

2. Significant accounting policies (Continued)

(s) Jointly controlled development projects

The arrangements entered into by the Group with property developers for redevelopment projects are considered to be jointly controlled operations pursuant to HKAS 31 “Interests in Joint Ventures” and are accounted for in accordance with the terms of the development agreements. The Group’s share of income earned from such operations is recognised in the statement of comprehensive income in accordance with the bases set out in Notes 2(e) (ii), (iii) and (iv).

Where property is received by the Authority as its share of distribution of assets from jointly controlled 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.

(t) Cash and cash equivalents

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

(u) Employee benefits

Salaries, annual leave and other costs of non-monetary benefits 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.

3. Financial risk management

(a) Financial risk factors

The Group’s activities expose it to a variety of financial risks: cash flow and fair value interest rate risk, credit risk, liquidity risk and price 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.

(expressed in Hong Kong Dollars)

3. Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Cash flow and fair value 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 which carry at prevailing market interest rate. Nevertheless, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate sensitivity

At the balance sheet dates, if interest rates had been increased / decreased by 1% and all other variables were held constant, the surplus / deficit of the Group would increase / decrease by approximately \$45,238,000 (2009: \$68,588,000) resulting from the change in the interest income generated from the cash and bank balances.

The Group's fair value interest rate risk for "financial assets at fair value through profit or loss" is set out in Note 3 (a)(iv).

(ii) Credit risk

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

The credit risk on cash and bank balances is limited because all the funds are placed in banks with credit rankings, ranging from Aa1 to Baa1 and there is no concentration in any particular bank.

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

The credit risk on receivables from property developers is limited as all the property developers are guaranteed by their respective ultimate holding companies.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

3. Financial risk management (Continued)

(a) Financial risk factors (Continued)

(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 (Note 20) on the basis of expected cash flow.

The table below analyses the Group's and the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet 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 balances, as the impact of discounting is insignificant.

	<u>Group</u>		<u>Authority</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Less than 1 year				
Trade and other payables	<u>676,909</u>	<u>417,853</u>	<u>676,468</u>	<u>417,428</u>
Between 2 to 5 years				
Debt securities issued	<u>1,577,957</u>	<u>-</u>	<u>1,577,957</u>	<u>-</u>

(iv) Price risk

Price risk arising from uncertainties about future prices of the underlying financial instruments.

As at 31 March 2010, investment held by the Group has distinct underlying financial instruments. The market price risks of the investment is affected by market price of these instruments.

Price risk sensitivity

As at 31 March 2010, if the respective market price of the quoted financial instruments had been increased / decreased by 5% and all other variables held constant, the surplus / deficit of the Group would increase / decrease by approximately \$59,434,000 (2009: \$40,476,000) resulting from the change in fair value of the financial assets at fair value through profit or loss.

(expressed in Hong Kong Dollars)

3. Financial risk management (Continued)

(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. The Group also maintains committed credit facilities to ensure the availability of funding when needed.

(c) Fair value estimation

The carrying amounts of the Group's financial assets including cash and bank balances and trade and other receivables; and financial liabilities including trade and other payables, approximate their fair values due to their short maturities.

The carrying amounts of the Group's receivables from property developers, 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.

(a) Estimated impairment of properties

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

The valuation of properties is 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; and (iv) discount rate used in land value assessment, which is made reference to Prime Rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

4. Critical accounting estimates and judgements (Continued)

(a) Estimated impairment of properties (Continued)

Estimated impairment of properties sensitivity

As at 31 March 2010, if the respective estimated upfront payments to be received on the projects had been increased / decreased by 5% and all other variables held constant, the surplus / deficit of the Group would increase / decrease by approximately \$276,000,000 (2009: \$157,000,000) resulting from the change in provision written back / charge for impairment on properties.

The final impairment amount would be affected by the actual realised value and development cost of properties and the final arrangements with the property developers.

(b) Estimated provision for committed projects

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 present legal or constructive obligation, a provision would be recognised.

The valuation of committed projects is made on the basis of the "Market Value" adopted by the 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; and (iii) expected arrangement with property developers on tender awarded; and (iv) discount rate used in land value assessment, which is made reference to Prime Rate.

Estimated provision for committed projects sensitivity

As at 31 March 2010, if the respective estimated upfront payments to be received on the projects had been increased / decreased by 5% and all other variables held constant, the surplus / deficit of the Group would increase / decrease by approximately \$41,000,000 (2009: \$344,000,000) resulting from the change in provision written back / charge for committed projects.

The ultimate losses arise from the committed projects would be affected by the actual realised value and development cost of properties and the final arrangements with the property developers.

(expressed in Hong Kong Dollars)

5. Revenues and other income

(a) Revenues

Turnover recognised during the year represents:

	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Share of property development surplus on jointly controlled development projects	231,214	159,593
Sale of properties	38,450	13,375
Upfront payments received from property developers	<u>9,392,950</u>	<u>1,240,000</u>
	<u>9,662,614</u>	<u>1,412,968</u>

(b) Other income, net

Other income, net recognised during the year represents:

	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Interest income	25,319	225,615
Rental income	26,270	30,938
Gain on financial assets at fair value through profit or loss	29,240	29,522
Loss on disposal of property, plant and equipment	<u>(1,142)</u>	<u>(92)</u>
	<u>79,687</u>	<u>285,983</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

6. Operating surplus / (deficit) before income tax

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

(a) Other items

	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Cost of properties under jointly controlled development projects charged	2,650,604	490,206
Cost of properties held for sale disposed	1,457	486
Depreciation and amortisation	224,238	82,981
(Write back of) / provision for impairment on properties held for sale	(758)	316
(Write back of) / provision for impairment on properties under development	(1,742,809)	1,796,110
Provision for impairment on committed projects	1,245,000	3,540,700
Operating lease charges in respect of rental of office premises	21,209	18,584
Outgoings in respect of properties	11,673	11,890
Loss on disposal of property, plant and equipment	1,142	92
Staff costs (excluding directors' remuneration and including termination costs* of \$319,000 (2009: \$967,000))	188,637	165,775
Contribution to Operation Building Bright Fund	150,000	-
Auditor's remuneration	<u>448</u>	<u>425</u>

* Termination costs represent leave pay, payment in lieu of notice, long service payment and severance / redundancy payment.

(expressed in Hong Kong Dollars)

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

(b) Board and directors' remuneration during the year

	2010				2009	
	Salaries	Provident fund scheme contributions	Sub-total	Variable Pay	Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managing Director - Quinn Law Yee-kwan	3,730	12	3,742	1,119	4,861	4,855
Executive Director (Planning & Project Control) - Iris Tam Siu-ying	2,670	12	2,682	1,044	3,726	3,255
Executive Director (Operations & Project Control) - Calvin Lam Che-leung	2,720	12	2,732	677	3,409	1,063
2010: eight Directors (2009: eight Directors and one Ex-Director)	<u>17,894</u>	<u>96</u>	<u>17,990</u>	<u>4,746</u>	<u>22,736</u>	<u>22,010</u>
	<u>27,014</u>	<u>132</u>	<u>27,146</u>	<u>7,586</u>	<u>34,732*</u>	<u>31,183*</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

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

(b) Board and directors' remuneration during the year (Continued)

	<u>2010</u>	<u>2009</u>
	<u>No. of individuals</u>	<u>No. of individuals</u>
Their remuneration fell within the following bands:		
\$500,001 to \$1,000,000	-	1
\$1,000,001 to \$1,500,000	-	1
\$1,500,001 to \$2,000,000	-	1
\$2,000,001 to \$2,500,000	2	3
\$2,500,001 to \$3,000,000	3	1
\$3,000,001 to \$3,500,000	4	4
\$3,500,001 to \$4,000,000	1	-
\$4,500,001 to \$5,000,000	<u>1</u>	<u>1</u>
Total	<u>11*</u>	<u>12*</u>

* Including emoluments for ex-directors and excluding compensation in lieu of leave in the aggregate sum of \$537,000 (2009: \$544,000).

	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Compensation in lieu of leave		
Executive Director & Director	<u>537</u>	<u>544</u>

(expressed in Hong Kong Dollars)

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

(b) Board and directors' remuneration during the year (Continued)

Fees for 18 (2009: 19) non-executive members of the Board (excluding the government public officers who are not entitled to receive any fees) are as follows:

	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
<u>Chairman</u>		
Mr Barry Cheung Chun-yuen	100	100
<u>Non-Executive Directors (non-public officers)</u>		
Mr Victor Chan Hin-fu	65	65
Mr Walter Chan Kar-lok	65	65
Mr Francis Chau Yin-ming (up to 30 Apr 2010)	65	65
Professor Ho Pui-yin	65	65
The Honourable Ip Kwok-him	65	65
Dr Isaac Ng Ka-chui	65	65
Ms Agnes Ng Ka-yin (up to 30 Apr 2010)	65	65
Mr Ng Shui-lai	65	65
Mr Peter To	65	65
(from 1 Dec 2008)		
The Honourable Tanya Chan	65	22
Mr Dane Cheng Ting-yat (up to 31 Jul 2009)	22	22
Professor Desmond Hui Cheuk-kuen	65	22
Mr Philip Kan Siu-lun	65	22
Mr Daniel Lam Chun	65	22
Mr Almon Poon Chin-hung	65	22
The Honourable Wong Kwok-kin	65	22
Dr John Wong Yee-him	65	22
The Honourable James To Kun-sun	65	22
(up to 30 Nov 2008)		
The Honourable Chan Kam-lam	-	43
Mr Maurice Lee Wai-man	-	43
The Honourable Fred Li Wah-ming	-	43
Mr Lo Chung-hing	-	43
Professor David Lung Ping-yee	-	43
Mr Aaron Wan Chi-keung	-	43
Mr Stephen Yip Moon-wah	-	43
The Honourable Howard Young	-	43
Dr Allan Zeman	-	43
	<u>1,227</u>	<u>1,270</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

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

(c) Five highest paid individuals

<u>2010</u>	<u>2009</u>
\$'000	\$'000

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2010 include the Managing Director, two Executive Director and two Directors (2009: the Managing Director, one Executive Director and three Directors).

The total emoluments paid to the five highest paid individuals during the year are as follow:

Fixed - Salaries	14,280	13,889
- Provident fund scheme contributions	<u>60</u>	<u>60</u>
Sub-total	14,340	13,949
Variable pay	<u>4,167</u>	<u>3,683</u>
Total	<u>18,507##</u>	<u>17,632##</u>

Their remuneration fell within the following bands:

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

For the year ended 31 March 2010, compensation in lieu of leave of \$537,000 (2009: \$537,000) was excluded from the aggregate sum.

(expressed in Hong Kong Dollars)

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 there are no assessable income for the year (2009: Nil).

(b) As at 31 March 2010, a subsidiary of the Group has unrecognised deductible temporary differences arising from capital allowance and tax losses of \$9,413,000 and \$3,341,000 respectively (2009: \$8,465,000 and \$3,547,000 respectively) to carry forward against future taxable income. These tax losses have no expiry date.

8. Surplus / (deficit) for the year

The consolidated surplus for the year includes a surplus of \$6,862,827,000 (2009: deficit of \$4,524,266,000) which has been dealt with in the financial statements of the Authority.

9. Leasehold land

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at 1 April	262,369	269,322
Transfer to properties held for sale	-	(700)
Amortisation	<u>(6,252)</u>	<u>(6,253)</u>
Balance at 31 March	<u>256,117</u>	<u>262,369</u>

The Group's and the Authority's interests in leasehold land, which are located in Hong Kong, represent prepaid operating lease payments and their net book value are analysed as follows :

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Leases of over 50 years	27,286	27,396
Leases of between 10 to 50 years	<u>228,831</u>	<u>234,973</u>
	<u>256,117</u>	<u>262,369</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

10. Property, plant and equipment

Group

	Buildings	Leasehold improvements	Plant and machinery	Furniture, office equipments and motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2008					
Cost	139,638	71,542	55,301	23,049	289,530
Accumulated depreciation	(68,043)	(49,060)	(51,884)	(17,754)	(186,741)
Net book amount	71,595	22,482	3,417	5,295	102,789
Year ended 31 March 2009					
Opening net book amount	71,595	22,482	3,417	5,295	102,789
Additions	-	2,749	1,525	5,636	9,910
Transfer to properties held for sale	(284)	-	-	-	(284)
Disposals	-	-	(108)	(198)	(306)
Depreciation	(1,920)	(4,127)	(1,085)	(2,934)	(10,066)
Closing net book amount	69,391	21,104	3,749	7,799	102,043
At 31 March 2009					
Cost	139,340	73,702	56,498	27,001	296,541
Accumulated depreciation	(69,949)	(52,598)	(52,749)	(19,202)	(194,498)
Net book amount	69,391	21,104	3,749	7,799	102,043
Year ended 31 March 2010					
Opening net book amount	69,391	21,104	3,749	7,799	102,043
Additions	-	4,143	97	2,558	6,798
Disposals	-	-	-	(1,151)	(1,151)
Depreciation	(1,915)	(6,896)	(1,597)	(3,432)	(13,840)
Closing net book amount	67,476	18,351	2,249	5,774	93,850
At 31 March 2010					
Cost	139,340	77,845	56,595	21,969	295,749
Accumulated depreciation	(71,864)	(59,494)	(54,346)	(16,195)	(201,899)
Net book amount	67,476	18,351	2,249	5,774	93,850

(expressed in Hong Kong Dollars)

10. Property, plant and equipment (Continued)

Authority

	Buildings	Leasehold improvements	Plant and machinery	Furniture, office equipments and motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2008					
Cost	139,638	29,372	34,843	22,975	226,828
Accumulated depreciation	(68,043)	(15,345)	(31,426)	(17,681)	(132,495)
Net book amount	71,595	14,027	3,417	5,294	94,333
Year ended 31 March 2009					
Opening net book amount	71,595	14,027	3,417	5,294	94,333
Additions	-	2,749	1,525	5,636	9,910
Transfer to properties held for sale	(284)	-	-	-	(284)
Disposals	-	-	(108)	(198)	(306)
Depreciation	(1,920)	(1,969)	(1,085)	(2,933)	(7,907)
Closing net book amount	69,391	14,807	3,749	7,799	95,746
At 31 March 2009					
Cost	139,340	31,532	36,040	26,927	233,839
Accumulated depreciation	(69,949)	(16,725)	(32,291)	(19,128)	(138,093)
Net book amount	69,391	14,807	3,749	7,799	95,746
Year ended 31 March 2010					
Opening net book amount	69,391	14,807	3,749	7,799	95,746
Additions	-	4,143	97	2,558	6,798
Disposals	-	-	-	(1,151)	(1,151)
Depreciation	(1,915)	(4,737)	(1,597)	(3,432)	(11,681)
Closing net book amount	67,476	14,213	2,249	5,774	89,712
At 31 March 2010					
Cost	139,340	35,675	36,137	21,895	233,047
Accumulated depreciation	(71,864)	(21,462)	(33,888)	(16,121)	(143,335)
Net book amount	67,476	14,213	2,249	5,774	89,712

The Group's and the Authority's buildings comprise rehousing blocks held for the purpose of rehousing affected tenants of development projects and commercial premises held for self-use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

11. Properties acquired pending redevelopment

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Leasehold land	7,406	7,435
Building cost	<u>68</u>	<u>68</u>
	<u>7,474</u>	<u>7,503</u>

The Group's and the Authority's interests in leasehold land, which are located in Hong Kong, represent prepaid operating lease payments and their net book value are analysed as follows:

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Leases of over 50 years	6,607	6,614
Leases of between 10 to 50 years	<u>799</u>	<u>821</u>
	<u>7,406</u>	<u>7,435</u>

(expressed in Hong Kong Dollars)

12. Properties under development

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Cost less amortisation of properties acquired for redevelopment, including Home Purchase Allowance ("HPA") (Note)		
- leasehold land	13,139,528	7,599,905
- other cost	613,253	449,531
Development expenditure	<u>121,270</u>	<u>102,550</u>
Total cost (includes accumulated interest and other borrowing costs capitalised of \$26,446,000 (2009: \$278,000))	13,874,051	8,151,986
Provision for impairment	<u>(4,667,000)</u>	<u>(3,035,810)</u>
	<u>9,207,051</u>	<u>5,116,176</u>

The Group's and the Authority's interests in leasehold land, which are located in Hong Kong, represent prepaid operating lease payments and their cost less amortisation are analysed as follows:

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Leases of over 50 years	5,190,536	5,798,438
Leases of between 10 to 50 years	<u>7,948,992</u>	<u>1,801,467</u>
	<u>13,139,528</u>	<u>7,599,905</u>

Note:

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 Authority's redevelopment projects.

In respect of domestic properties, the assessment of HPA is based on a notional flat, defined as a seven-year-old flat in a comparable building in a similar locality. The HPA paid represents the difference between the open market values of the notional flat and the acquired property at the offer date.

In March 2010, the Authority proposed an alternative implementation concept for conserving Wing Lee Street to be submitted to the Town Planning Board. As at the approval date of these financial statements, the alternative implementation concept has not been approved and provision for impairment is assessed based on original plan for redevelopment. The financial impact to the financial statements arising from amendment to the development plan is uncertain but not expected to be significant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

13. Receivables from property developers

At 31 March 2010, the receivables from property developers are analysed as follows:

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Current portion	1,363,000	-
Non-current portion	<u>3,333,150</u>	<u>-</u>
	<u>4,696,150</u>	<u>-</u>

As of 31 March 2010, no receivables from property developers were past due.

14. Subsidiaries

	<u>Authority</u>	
	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (Note)	19,159	20,175
Less: Provision	<u>(15,282)</u>	<u>(14,149)</u>
	<u>3,878</u>	<u>6,027</u>

Note:

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

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

<u>Name</u>	<u>Issued share capital</u>	
	<u>Number</u>	<u>Par value per share</u>
Ally Town Investment Limited	2	\$1
Doddington Limited	2	\$10
Opalman Limited	2	\$1
Sunfield Investments Limited	2	\$1
Western Market Company Limited	2	\$1

With the exception of Western Market Company Limited which is engaged in the operation of the Western Market, the other subsidiaries are acting as mere trustees for holding properties under certain jointly controlled development projects.

(expressed in Hong Kong Dollars)

15. Building rehabilitation loans

At 31 March 2010, the building rehabilitation loans are analysed as follows:

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Current portion	30,304	29,404
Non-current portion	<u>64,929</u>	<u>81,031</u>
	<u>95,233</u>	<u>110,435</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 Authority reserves the right to impose legal charges over the properties for loans of amounts between \$25,001 and \$100,000.

As of 31 March 2010, instalments of building rehabilitation loans of \$211,000 (2009: \$148,000) were past due but not impaired. These relate to a number of borrowers for whom there are no recent history of bad debt. The aging analysis of these building rehabilitation loans is as follows:

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Less than 3 months	104	54
3 to 6 months	45	25
6 to 12 months	39	32
Over 1 year	<u>23</u>	<u>37</u>
Balance at 31 March	<u>211</u>	<u>148</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

16. Properties held for sale

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Leasehold land	11,117	11,986
Building cost	3,129	3,427
Provision for impairment	<u>-</u>	<u>(758)</u>
	<u>14,246</u>	<u>14,655</u>

The Group's and the Authority's interests in leasehold land, which are located in Hong Kong, represent prepaid operating lease payments and their net book value are analysed as follows:

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Leases of over 50 years	6,413	7,120
Leases of between 10 to 50 years	<u>4,704</u>	<u>4,866</u>
	<u>11,117</u>	<u>11,986</u>

There is no properties held for sale which are carried at net realisable value (2009: \$6,340,000).

(expressed in Hong Kong Dollars)

17. Jointly controlled development projects

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	\$'000	\$'000
Amounts due from jointly controlled development projects	15,053	58,244
Amounts due to jointly controlled development projects	<u>(32,176)</u>	<u>(22,614)</u>
	<u>(17,123)</u>	<u>35,630</u>

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

The Group and the Authority have the following jointly controlled development projects as at 31 March 2010.

<u>Project Name / Location</u>	<u>Land use</u>	<u>Total gross floor area (m²)</u>	<u>Actual completion date (calendar year)</u>	<u>Expected completion date (calendar year)</u>
Queen's Terrace (Sheung Wan)	Commercial / Residential	67,433	2003 (Site A) 2002 (Site B)	-
8 Waterloo Road (Yau Ma Tei)	Residential	33,662	2004	-
The Merton (Kennedy Town)	Residential	65,204	2005	-
Mount Davis 33 (Kennedy Town)	Residential	7,281	2006	-
The Zenith (Wan Chai)	Commercial / Residential	62,310	2006 (Site A & B)	2013 (Site C)
Vision City / Citywalk (Tsuen Wan)	Commercial / Residential	137,885	2007	-
J Residence / J Senses (Wan Chai)	Commercial / Residential	20,567	2007	-
MOD 595 (Mong Kok)	Commercial / Residential	4,921	2007	-
The Masterpiece / K11 (Tsim Sha Tsui)	Commercial / Hotel / Service Apartment	103,844	2008	-
The Dynasty / Citywalk 2 (Tsuen Wan)	Commercial / Residential	44,404	2008	-
Florient Rise (Tai Kok Tsui)	Commercial / Residential	43,231	2008	-
Vista (Sham Shui Po)	Commercial / Residential	12,703	2008	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

17. Jointly controlled development projects (Continued)

<u>Project Name / Location</u>	<u>Land use</u>	<u>Total gross floor area (m²)</u>	<u>Actual completion date (calendar year)</u>	<u>Expected completion date (calendar year)</u>
Beacon Lodge (Sham Shui Po)	Commercial / Residential	12,784	2008	-
i-home (Tai Kok Tsui)	Commercial / Residential	10,363	2009	-
Island Crest (Sai Ying Pun)	Commercial / Residential	38,878	2009	-
Queen's Cube (Wan Chai)	Commercial / Residential	3,984	-	2010
Lime Stardom (Tai Kok Tsui)	Commercial / Residential	19,710	-	2011
Baker Court (Hung Hom)	Commercial / Residential	2,334	-	2011
Pine Street / Anchor Street (Tai Kok Tsui)	Commercial / Residential	21,261	-	2012
Macpherson Indoor Stadium (Mong Kok)	Commercial / Stadium and Youth Centre / Residential	24,768	-	2012
Lee Tung Street / McGregor Street (Wan Chai)	Commercial / Residential	83,085	-	2015
Yuet Wah Street Site (Kwun Tong)	Residential	27,830	-	2014
Lai Chi Kok Road / Kweilin Street / Yee Kuk Street (Sham Shui Po)	Commercial / Residential	29,538	-	2015

The Authority is entitled to returns which are predetermined in accordance with the provisions of the jointly controlled development agreements.

In respect of the commercial portions of certain projects, the Authority has reached supplemental agreements with the respective developers to extend the sale of the commercial portions to a few years after the issue of the occupation permits. The Authority shares 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. As at 31 March 2010, by reference to the valuation of the open market value of the commercial portions carried out by internal professional valuer, the fair value of the commercial portions was \$2,780,340,000 (2009: \$2,070,980,000) in aggregate and the Authority would account for its share of sales proceeds as surplus from the jointly controlled development projects when the commercial portions are sold in future.

(expressed in Hong Kong Dollars)

18. Trade and other receivables

At 31 March 2010, the trade and other receivables are analysed as follows:

	<u>Group</u>		<u>Authority</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade and other receivables	28,284	25,976	28,102	25,820
Prepayments and deposits	<u>52,599</u>	<u>563,566</u>	<u>52,599</u>	<u>563,566</u>
Balance at 31 March	<u>80,883</u>	<u>589,542</u>	<u>80,701</u>	<u>589,386</u>

As of 31 March 2010, trade receivables of \$3,261,000 (2009: \$1,267,000) were past due but not impaired. These relate to a number of tenants for whom there are no recent history of bad debt. The aging analysis of these trade receivables is as follows:

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
3 months or less	2,231	1,146
3 to 6 months	711	63
6 to 12 months	271	38
Over 1 year	<u>48</u>	<u>20</u>
Balance at 31 March	<u>3,261</u>	<u>1,267</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

19. Financial assets at fair value through profit or loss

	Group and Authority	
	2010	2009
	\$'000	\$'000
Debt securities, listed		
- Overseas	142,015	3,506
- Hong Kong	392,849	295,023
Debt securities, unlisted	629,485	469,440
Cash and bank deposits	24,326	41,553
	<u>1,188,675</u>	<u>809,522</u>

Effective 1 April 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of all debt securities is based on their current bid prices in an active market, which falls into level 1 category.

20. Cash and bank balances

	Group		Authority	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Time deposits with banks				
Maturities of 3 months or less	2,611,528	6,756,166	2,607,994	6,752,613
Maturities more than 3 months	1,901,000	103,000	1,901,000	103,000
Sub-total	4,512,528	6,859,166	4,508,994	6,855,613
Less: Amounts held in trust for jointly controlled development projects	(3,534)	(3,553)	-	-
	4,508,994	6,855,613	4,508,994	6,855,613
Cash at banks and in hand	14,849	3,159	14,848	3,158
Less: Amounts held in trust for jointly controlled development projects	(1)	(1)	-	-
	14,848	3,158	14,848	3,158
	<u>4,523,842</u>	<u>6,858,771</u>	<u>4,523,842</u>	<u>6,858,771</u>
Maximum exposure to credit risk	<u>4,523,827</u>	<u>6,858,756</u>	<u>4,523,827</u>	<u>6,858,756</u>

(expressed in Hong Kong Dollars)

20. Cash and bank balances (Continued)

The average effective interest rate of time deposits with banks was 0.45% per annum (2009: 2.43% per annum). These deposits have an average maturity of 71 days (2009: 81 days).

The credit quality of the cash and bank balances can be assessed by reference to external credit ratings and are analysed as follows:

<u>Rating (Moody's)</u>	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Aa1 – Aa3	2,314,964	2,915,165
A1 – A3	2,023,863	3,723,591
Baa1	<u>185,000</u>	<u>220,000</u>
	<u>4,523,827</u>	<u>6,858,756</u>

21. 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 proposed to inject the equity into the Authority in phases over the five financial years from 2002-03 to 2006-07. At 31 March 2010, the Authority had received all five tranches of capital injection of \$2 billion each.

22. Debt securities issued

The Authority issued three-year fixed rate notes with a coupon of 2.08% for a total principal amount of \$1.5 billion under a Medium Term Note programme.

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
HK dollar fixed rate notes due 2012	1,500,000	-
Less: Unamortised finance charges	<u>(3,131)</u>	<u>-</u>
	<u>1,496,869</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

23. Provision for committed projects

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at 1 April	3,624,000	1,089,000
Utilised during the year	(3,624,000)	(1,005,700)
Charged to the statement of comprehensive income	<u>1,245,000</u>	<u>3,540,700</u>
Balance at 31 March	<u>1,245,000</u>	<u>3,624,000</u>

The amount represents the provision for committed projects where acquisition was commenced before financial year end. The provision charge is recognised in the statement of comprehensive income. The balance at 31 March 2010 is current in nature.

24. 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 contributes at 10% to 15% 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 2010 was \$12,310,000 (2009: \$10,276,000), net of forfeitures of \$299,000 (2009: \$633,000), which has been charged to the Group's statement of comprehensive income for the year.

25. Commitments

(a) Capital commitments

Capital commitments in respect of property, plant and equipment at 31 March 2010 are as follows:

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Contracted but not provided for	1,204	176
Authorised but not contracted for	<u>-</u>	<u>5</u>
	<u>1,204</u>	<u>181</u>

(expressed in Hong Kong Dollars)

25. Commitments (Continued)

(b) Operating lease commitments

At 31 March 2010, the total future minimum lease payments under non-cancellable operating leases in respect of office premises are payable as follows:

	<u>Group and Authority</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Within 1 year	20,576	21,350
After 1 year but within 5 years	<u>2,666</u>	<u>23,110</u>
	<u>23,242</u>	<u>44,460</u>

(c) Operating lease rental receivable

At 31 March 2010, the future aggregate minimum lease rental receipts under non-cancellable operating leases in respect of properties are receivable as follows:

	<u>Group</u>		<u>Authority</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Within 1 year	7,298	20,405	5,624	18,769
After 1 year but within 5 years	<u>4,199</u>	<u>6,264</u>	<u>3,222</u>	<u>3,861</u>
	<u>11,497</u>	<u>26,669</u>	<u>8,846</u>	<u>22,630</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

26. Significant related party transactions

Transactions entered into by the Authority 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 "Related Party Disclosures".

During the year, the Authority reimbursed the Government an amount of \$32,812,000 (2009: \$24,853,000) for actual costs incurred by the Lands Department of the Government (the "Lands Department") in connection with resumption and site clearance work conducted for the Authority. As at 31 March 2010, there is an amount of \$2,791,000 (2009: \$2,040,000) 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.

The key management of the Authority refers to directors and members of the Board and their compensations are set out in Note 6(b).

27. Commitments for revitalisation projects

In August 2009, the Authority announced its proposal to implement a major revitalisation plan to uphold and enhance the local characters of a number of themed streets in Mong Kok at a cost of about \$100 million. The initial phase of the plan is expected to commence in 2011.

In October 2009, the Authority announced preliminary conservation and revitalisation plans for the Central Market ('Central Oasis'). Total cost for the project is estimated to be about \$500 million. The revitalisation project will be carried out in phases. Structural investigation of the building had commenced at year end, the first phase would require two to three years to complete should no reinforcement work is required. The whole project is expected to take about five years to complete.

The financial impact of these revitalisation projects will be accounted for in subsequent financial years.

28. Approval of financial statements

The financial statements were approved by the Board on 14 June 2010.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

26. Significant related party transactions

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