



Mr CHOW Chung Kong,
GBM, GBS, JP

CHAIRMAN'S STATEMENT

"By recognising the need for change, embracing adaptation, and persistently seeking solutions, we will endeavour to identify opportunities, overcome challenges, and devise effective strategies that enable sustained (urban renewal) progress in an ever-evolving world."



United in Efforts to Tackle Challenges and Foster Sustainable Development

2024/25 was another challenging year for the URA. The recovery of Hong Kong's economy and property market remained rather slow owing to trade conflicts and global economic volatilities. As a result, developers were cautious in tendering the URA's redevelopment projects. This affected both the tender outcome and the income of the URA.

In the past year, the URA put the Kai Tak Road/Sa Po Road Development Scheme in Kowloon City out for tender but ultimately recalled it due to unsatisfactory results. Although no upfront payment was received for the entire year, we continued to make acquisition offers to property owners for two redevelopment projects, namely the Nga Tsin Wai Road/Carpenter Road Development Scheme and the Kau Pui Lung Road/Chi Kiang Street Development Scheme, as planned.

At the end of 2024/25, without any income from land tenders, the URA recorded an operating deficit of HK\$40 million. After provision for impairment on properties and committed projects of around HK\$2.68 billion, the URA reported a net deficit of HK\$2.72 billion. Net asset value stood at HK\$43.6 billion.

Over the next few years, the URA will initiate acquisition offers for the remaining five commenced redevelopment projects¹. The total cash outlays for these five projects, together with the Kau Pui Lung Road/Chi Kiang Street Development Scheme, in which property acquisition already began in February 2025, are estimated to be HK\$23.5 billion. Given the continued downturn in the property market and developers' cautious approach, we believe these projects will likely have a "buy high, sell low" outcome, adversely affecting the URA's financial position. It is therefore essential for us to plan ahead.

To enhance financial sustainability and maintain momentum in urban renewal under volatile market conditions, we had introduced a number of measures over the past two years. These included raising funds through bond issuances and bank loan facilities; exploring ways to improve tender attractiveness; adjusting the pace of acquisitions; and carefully controlling our cash flow. All of these measures were taken to ensure our urban renewal efforts continue to proceed in an orderly manner.

¹ The remaining five commenced redevelopment projects are the Ma Tau Wai Road/Lok Shan Road Development Project, the Queen's Road West/Kwai Heung Street Development Project, the Ming Lun Street/Ma Tau Kok Road Development Scheme, the To Kwa Wan Road/Ma Tau Kok Road Development Scheme and the Sai Yee Street/Flower Market Road Development Scheme.

Capitalising on Financing Channels to Maintain Self-financing

In 2023, the Government raised the borrowing limit of the URA from HK\$6 billion to HK\$25 billion. Last year, we made effective use of the new borrowing limit by issuing triple-tranche public bonds totalling HK\$12 billion and signing a five-year Facility Agreement amounting to HK\$13 billion, which includes a term loan and a revolving credit facility. These additional funds will provide the URA with the financial flexibility to allocate resources at different stages of our redevelopment projects, including commencing new projects, acquiring property interests and conducting tendering processes, thereby ensuring our redevelopment projects progress steadily while maintaining financial viability.



Thanking our financial peers at the appreciation luncheon for their professional advice and support in ensuring the success of the URA's bond issuance.

Flexible and Innovative Measures to Enhance Project Attractiveness

In terms of project tendering, the URA has taken innovative measures to enhance the attractiveness of projects and the likelihood of successful outcomes. For large-scale projects such as Development Areas 4 and 5 at Kwun Tong Town Centre, we introduced "floating planning parameters" to allow greater flexibility, and the "vertical city" development concept which incorporates residential elements to enhance development potential. Additionally, we organised local and overseas roadshows to introduce the project to potential developers and investors and to collect feedback that will enable us to make more comprehensive preparations for future tender exercises. Between June and August this year, the URA signed memoranda of understanding with three local universities to establish collaborative frameworks for setting up off-campus teaching, research, administrative, and activity facilities within the non-residential areas upon completion of the Kwun Tong Town Centre Project. This demonstrates strong recognition of the project's advantages and development potential by local higher education institutions.



The URA signs memoranda of understanding, forming co-operation frameworks with three local universities to set up off-campus spaces in the non-residential portion of Development Areas 4 and 5 of the Kwun Tong Town Centre Project upon its completion. This demonstrates the recognition of the project's development potential by the tertiary education sector.



We also completed the necessary technical studies and construction plans in advance for the preliminary works on upcoming projects with the aim of reducing the complexity of work processes and statutory requirements for future successful bidders, in order to enhance the attractiveness of our projects to developers.

Furthermore, we applied a new planning tool — “interchangeability of domestic and non-domestic plot ratio” — for the first time in the Shantung Street/Thistle Street Development Scheme. By increasing the maximum domestic plot ratio from 7.5 to 8.5, this allows greater design flexibility and enhances the project’s attractiveness. We also launched the new Development Facilitation Services to increase project transparency and give interested developers sufficient time to prepare their tenders. The project was successfully tendered in May 2025, with the joint venture development contract awarded at HK\$860.68 million.

Responding to Market Changes with a Dynamic Management Approach

In response to economic volatility and changing market conditions, we adopted a dynamic management approach last year that enables us to adjust the prioritisation of new redevelopment projects and the progress of ongoing projects in a timely manner. This allowed the URA to maintain the pace of urban renewal while remaining financially sustainable.

When launching new projects, the URA selected those from its Project Reserve with relatively smaller-scale property acquisition requirements but with greater planning benefits, especially when synergising with other ongoing URA projects. The Ma Tau Wai Road/Lok Shan Road Development Project launched last year is one example. Situated next to the URA’s Kau Pui Lung Road/Chi Kiang Street Development Scheme, it involves only around 110 property interests. By integrating the planning and design of these two projects, it aims to improve the living conditions of residents and deliver greater community benefits through better pedestrian connectivity and walkability, alongside an overall upgrade of the urban environment and cityscape.

For ongoing redevelopment projects, we accelerated the acquisition and compensation process wherever possible for those with less complex composition of property interests and occupancy profiles, as it will help expedite site clearance in preparation for tendering at an appropriate time to generate income. On projects where acquisition has already been completed, our team regularly reviews prevailing property market conditions and the URA’s financial position to make timely tender decisions.

Planning Ahead to Secure Additional Support

Two years ago, the URA began incorporating in its project planning process Government lands that were yet to be marked for specific development purposes as well as sites with outdated community facilities, with the aim of optimising land resources for the redevelopment of old districts. Through the restructuring and replanning of these lands, the URA seeks to maximise the development potential of old sites and increase its overall development capacity.

Land resources are crucial for accelerating the progress of urban renewal. As well as applying for an increase in borrowing limits, the URA also explored with the Government the possibility of providing additional land resources to create more space and flexibility when planning for the renewal of densely built old districts. In his 2023 Policy Address, the Chief Executive proposed to “support the URA in enhancing its financial capability for maintaining the sustainability of urban renewal by way of, among others, providing suitable land to the URA to increase its usable resources”. Subsequently, the Chief Executive in Council approved the granting of two sites — one at Bailey Street, Hung Hom, the other at Tseung Kwan O Area 137 — to the URA in June this year, demonstrating strong Government support for maintaining the momentum of urban renewal.

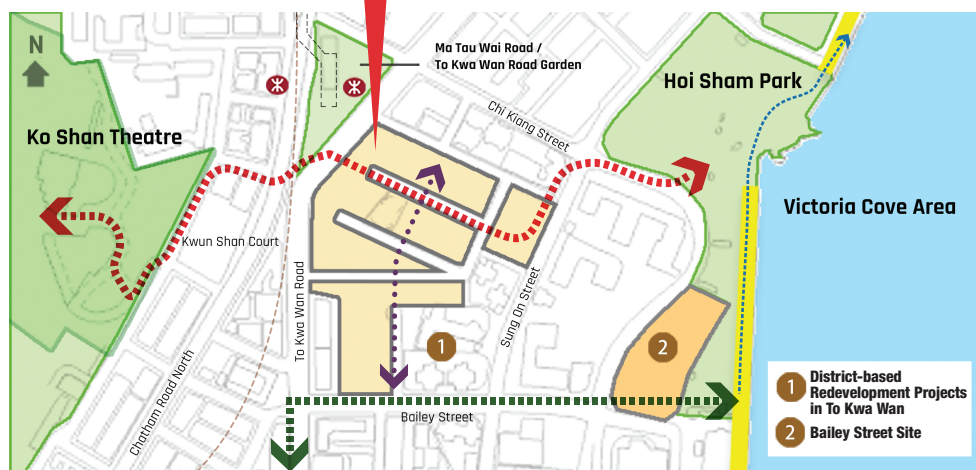
CHAIRMAN'S STATEMENT



Artist Impression



The district-based redevelopment projects in To Kwa Wan, together with the Bailey Street site granted by the Government, will greatly enhance the connectivity and walkability within the district in the future upon completion of these projects. Residents will be able to stroll from the inland to Hoi Sham Park and the waterfront through the spacious pedestrian avenues (left) in the new community landscape and neighbourhood (the red route in the map below), or along the green pedestrian corridor on Bailey Street (the green route).



The lands provided by the Government have enlarged the URA's assets and enhanced its capacity to meet future financial needs of renewal projects. In addition, the site at Bailey Street will increase the development potential of To Kwa Wan by improving connectivity and accessibility between inland areas and the waterfront, thereby transforming the community landscape into a revitalised and more liveable neighbourhood.

A People-first Approach to Address Needs

When renewing old districts and improving residents' living conditions, the URA is mindful of the needs of affected households and businesses. These requirements are considered early in project planning, when proactive measures can be made to provide appropriate support.

An example of this is the Lift Modernisation Subsidy Scheme. The URA recognised that during lift improvement works, some buildings might be left with only one operational lift or, in some cases, floors might not be accessible by lift service, causing great inconvenience to residents. To overcome this challenge, the URA collaborated with social service organisations to offer those in need a series of support measures, including stair-climber services, meal and grocery deliveries, and temporary accommodation arrangements.

Our team provided temporary apartments in the URA's rehousing blocks for a boy with cerebral palsy who relies on a wheelchair, and a female resident who suffers from muscular dystrophy when the lifts in their buildings became inoperable. The team also arranged professional care and support in these cases. In another case, stair-climber service was arranged to help patients access the LKEC Day Dialysis Centre in Sham Shui Po for their treatments, when the lift in the centre's building was suspended for three months due to replacement works.



The URA arranges stair climber services for patients, helping them access the dialysis centre on the first floor for treatment during lift modernisation works.

For the Nga Tsin Wai Road/Carpenter Road Development Scheme in Kowloon City, the URA has committed to preserving the unique ambience and sense of community bonding in the area. During the planning and acquisition stages of the project, we have reserved certain ground-floor shops facing Nga Tsin Long Road and Carpenter Road near the market as part of our interim relocation arrangements, thereby enabling affected shop operators — whose products are similar to those of the stalls in the market — to continue their businesses in close proximity throughout the redevelopment process. 14 shops have taken part in this initiative so far, including some with over half a century of history selling traditional Chiu-chow and Shantou-style food. We also plan to allocate retail space in the new commercial portion of the development to local shops with distinctive characteristics when the project is completed. Concessionary rents and priority leasing will be offered, encouraging them to resume operations. As of July 2025, 12 shop operators, including Thai restaurants and Chiu-chow specialty stores, had accepted the relocation proposal, helping to sustain the vibrant Chiu-chow and Thai atmosphere of the Lung Shing area.

Collective Wisdom and Consensus to Drive Sustainable Development

The URA is an important partner of the Government in advancing urban renewal. To combat ongoing urban decay in Hong Kong, very substantial resources are needed. The URA alone, even with the Government's funding support, is not sufficient for carrying out all the redevelopment of older districts in a built-up city such as Hong Kong.

Two fundamental issues underpinning the renewal of older districts must be addressed: the sustainability of the current compensation mechanism for acquiring private property interests, and the responsibilities of property owners to take up their obligations for the maintenance of their property assets and preserve their buildings in good condition. Only by addressing these root issues can we ensure that the substantial public resources required for the regeneration of old districts are used appropriately and effectively to support sustainable urban renewal.

The Government has tasked the URA with reviewing and optimising its operating and financing model so that it can maintain the momentum of urban renewal in a financially sustainable manner. At the same time, the URA is required to conduct studies on building rehabilitation for extending the serviceability of ageing buildings, thus reducing the urgency for redevelopment. In conducting these studies and making recommendations, we seek to gather insights from diverse stakeholders and foster consensus. Only by consulting and collaborating with sectors of the community can pragmatic proposals be developed to advance the sustainable renewal and development of Hong Kong.

Standing Together to Overcome Challenges

Despite the difficult environment of the past year, the URA continued to make progress advancing urban renewal. In addition to expressing our gratitude for the Government's strong support, I am grateful to our Board members who worked closely with the management and offer their insights and wise counsel. I would also like to extend my appreciation to every URA staff member who worked so hard in the process of urban renewal during the year.

In a complex and volatile political and economic global landscape, the economic outlook for the year ahead will continue to be uncertain and challenging. Nevertheless, the URA will remain committed to its mission. By recognising the need for change, embracing adaptation, and persistently seeking solutions, we will endeavour to identify opportunities, overcome challenges, and devise effective strategies that enable sustained progress in an ever-evolving world. We will work closely with the Government and the community to ensure the sustainability of urban renewal in Hong Kong. In so doing, we aim to improve our ageing districts, and make our city a better place to live.

CHOW Chung Kong, GBM, GBS, JP
Chairman
 31 August 2025