

**Memorandum for the Commercial Properties Committee of
the Hong Kong Housing Authority**

**Year-end Performance Review of
the 2022/23 Programme of Activities for Commercial Properties**

PURPOSE

This paper presents the year-end performance review of the 2022/23 Programme of Activities for Commercial Properties (PoA) for Members' information.

BACKGROUND

2. In December 2021, Members approved the PoA vide Paper No. CPC 28/2021. This paper reports the year-end performance review of the PoA up to end March 2023.

PERFORMANCE REVIEW**(a) Key Activities**

3. The year-end progress of the Key Activities (KAs) is detailed at **Annex A**. As summarised in the table below, all the KAs were on schedule/on-going.

| No. of KAs | | |
|-------------------|--|-----------------------------|
| Committed | Position as at end March 2023 <small>Note 1</small> | |
| | Action Completed | On Schedule/On-going |
| 4 | - | 4 |

Note 1 The implementation progress of the KAs is determined as follows –

- “Action Completed” denotes KAs with all performance goals achieved.
- “On Schedule/On-going” denotes KAs with performance goals being pursued on schedule or on an on-going basis. This category also covers KAs with part of their performance goals achieved.

4. During the year, we continued to identify asset enhancement opportunities through feasibility studies and Strengths-Weaknesses-Opportunities-Threats (SWOT) analyses. Projects of retail and carparking facilities earmarked under the five-year rolling programme were implemented as scheduled. The improvement works in Choi Ying Place, Tin Ching Estate and the market facilities in Pok Hong Estate were completed while those for Yau Lai and Mei Tin Shopping Centre, Upper Ngau Tau Kok Estate, Shui Pin Wai Estate as well as Choi Wan (II) Estate were in good progress. Also, the retail facilities in Shek Yam (East) Estate and Tung Wui Estate were earmarked for further studies under the asset enhancement programme. To optimise the use of resources, we continued to explore ways to optimise the use of non-domestic premises and other spaces, including conversion to domestic or other uses. As at end March 2023, we had successfully converted some vacant non-domestic spaces into about 130 domestic flats to address the keen demand for public housing units.

5. Furthermore, we continued to implement various measures to maximise the usage of Hong Kong Housing Authority (HA)'s car parking facilities, including re-designation of surplus parking spaces for a particular type of vehicles to other types of vehicle in demand, conversion of surplus monthly parking spaces for hourly parking to meet the demand, adopting floating parking system in some HA carparks with hourly parking to enable the sale of more monthly tickets and letting surplus parking spaces to non-residents upon obtaining necessary permissions, etc.. Through the implementation of such measures coupled with the increasing demand for parking spaces, the overall occupancy rate of HA's parking spaces has been maintained at a high level of around 99% as at the end of March 2023.

6. In view of the keen demand for carparking spaces, we have been seeking opportunities for creating additional parking spaces in HA's existing carparks subject to technical feasibility and necessary approvals. As at the end of March 2023, a total of 297 additional parking spaces had been created in 32 public housing estates (PHEs) by making use of open spaces, realignment of parking spaces, re-designation of spaces for the parking of other types of vehicles, etc. We would continue to implement various measures to maximise the usage of HA's carparking facilities as well as seek opportunities to add more carparking spaces to meet the keen demand.

7. In the year, we continued to adopt a flexible and market-oriented leasing strategy and formulated a balanced and well-diversified trade mix for HA's retail facilities so as to provide residents with a good variety of goods and

services. In formulating the leasing strategy for our new retail facilities such as Ching Tin Shopping Centre and Wo Tin Shopping Centre, we continued to adopt strategic planning and arrange early marketing and leasing of the retail facilities well in advance before completion of the public housing developments in order to address residents' basic needs upon intake. In designating the trade mix for retail facilities, we prioritised the provision of trades that can meet the daily basic needs of local residents (such as supermarkets and eateries) and actively introduced trades of other goods and services such that sufficient variety would be provided for our residents and the local community in line with market trend.

8. We continued to work closely with major banks to facilitate the setting up of banking services in our PHEs for the convenience of residents. To facilitate the expansion of mobile banking services in our PHEs in order to enable our residents to gain access to banking services, we had been maintaining close collaboration with major banks. As at the end of March 2023, mobile banking services provided by major banks have covered 33 HA's public rental housing estates.

9. In response to the keen demand for logistics services arising from the increasing popularity of online shopping, we had continued to let suitable spaces in our PHEs and shopping centres for setting up parcel lockers. As at the end of March 2023, a total of 104 parcel lockers had been set up in HA's PHEs and shopping centres.

10. To complement the Government's promotion of efficient and safe instant payment services on a round-the-clock basis, Faster Payment System (FPS) Service for collection of rent and other charges for non-domestic premises was launched on 1 April 2022. Upon the implementation of e-payment services in September 2022, monthly carpark users could use FPS service via iHousing mobile app to pay monthly fee anytime anywhere. To enable convenient internet access in HA's shopping centres, we continued to provide free Wi-Fi services to the public in our shopping centres and major retail facilities.

11. The outbreak of the fifth wave of COVID-19 pandemic in early 2022 and the related tightening of social distancing measures had dealt a severe blow to different sectors and individuals. In view that many small and medium enterprises are facing significant operational and cash flow problems, and that rental payment constitutes a major part of their operating expenses, the Temporary Protection Measures for Business Tenants (COVID-19 Pandemic) Ordinance (the Ordinance) was enacted on 1 May 2022 to impose a moratorium to prohibit landlords from taking certain rental enforcement actions against their business tenants of "specified premises" for failing to settle rent on schedule for a specified

short period. The Ordinance provided business tenants in trouble with a short-term relief, so that they were not forced out of business by legal or other actions taken by their landlords if they failed to pay rent on time. To comply with the Ordinance, we had withheld the rental enforcement actions against tenants of “specified premises” for the protection period from 1 May 2022 to 31 July 2022. We also implemented special arrangements upon expiry of the protection period by allowing tenants with genuine difficulties to pay the outstanding rent arrears by instalments upon their request depending on the circumstances of individual cases during the three-month period from August to October 2022.

12. In line with the Government's relief measures to support enterprises and relieve people's financial burden, we granted eligible retail and factory tenants a 50% rent concession from 1 October 2019 to 31 March 2020. The rent concession for these tenants was subsequently extended several rounds from 1 April 2020 to 31 December 2022 totaling 33 months, and increased to 75%. The coverage of the 75% rent concession was also extended to include tenants/licensees of bus kiosks and most advertising signboards, as well as carpark users for the monthly parking of commercial vehicles. Also, eligible tenants/licensees of HA's non-domestic premises could apply for 100% rent concession for the period during which their operation at the premises concerned was required to be closed under anti-epidemic regulations or directions of the Government. For prudent use of HA's resources, the grant of rent concession for supermarkets/superstores was subject to tenants' application and production of proof of sales drop starting from 1 October 2021. From 1 October 2022 onwards, the grant of rent concession for convenience stores, personal stores and fresh/chilled/frozen food stores was also subject to tenants' application and production of proof of sales drop. In December 2022, to tie in with the Government's latest relief measures, Members approved further extension of the 75% rent concession up to 30 June 2023.

13. Through well-planned leasing arrangements and promotion strategies together with the rent concession measures which provided certain assistance to HA's commercial tenants to tide over the difficult business environment, the vacancy rate of retail premises as at the end of March 2023 was maintained at a low rate of 2.0%. We also managed to maintain our rent arrears rate at a low rate of 2.0% at the end of March 2023, which met the performance target of less than 2.5%. However, due to the reduction in rental income as a result of the rent concession measures, the operating expenditure as a percentage of income (including depreciation and rates) stood at 74.1% as at the end of March 2023, which exceeded the Key Performance Indicator (KPI) of below 60%.

14. In the 2019 Policy Address, HA was invited to explore the feasibility of redeveloping its factory estates for public housing use. On 24 May 2021, Members approved the arrangements for clearance of four factory estates, viz. Yip On, Sui Fai, Wang Cheong and Kwai On Factory Estates for public housing development. There were around 2 100 affected tenants in the four factory estates under redevelopment. We had successfully completed the clearance of all four factory estates in January 2023 and had commenced the demolition process.

15. To sustain the popularity and attractiveness of Domain, HA's flagship shopping centre, as a regional mall, we continued to adopt proactive and flexible leasing strategies with a view to enhancing its tenants' profile and trade mix. In February 2022, the Letting Panel endorsed the introduction of a family-friendly restaurant which combined a Chinese restaurant with a children's game centre. This innovative tenancy catering for both parents and children, aligns with the trendy and chic image of Domain and would be appealing to Domain's target customers of young families. The shop had recently commenced business bringing a brand new shopping excitement to Domain. Moreover, following the opening of our new anchor tenant, AEON Style, comprising a department store and a supermarket at 1/F & 2/F in early 2022, the Living Plaza of AEON at 1/F was relocated to their main shop. The recovered shop was then let to a popular confectionary and groceries shop "Bestmart 360". Besides, a famous local electrical appliances outlet "Fortress", a renowned Japanese bakery "A-1 Bakery" as well as a fashion shop "Brillant.Mille" were introduced in the year, enriching the shopping choices in Domain. All the new shops were welcomed by shoppers and the trade mix of Domain was further enhanced. Apart from tenant mix, we also implemented a toilet improvement programme in Domain upgrading the facilities to improve operational efficiency and the overall business environment to keep up with market trends. The improvement programme commenced in February 2022 and was completed in December 2022. The enhanced facilities including the toilet cubical occupancy smart system and well-equipped baby care rooms provided shoppers with a more comfortable and convenient shopping experience.

16. In view of the severe situation of the fifth wave of COVID-19 epidemic in early 2022, we had suspended large scale promotional activities for Domain in response to the tightening of social distancing measures of the Government. Following the stabilisation of the epidemic situation since mid-2022 and the gradual relaxation of social distancing measures by the Government, we progressively resumed thematic promotional activities at Domain from summer 2022 onwards. To tie in with Government's launch of the Phase 2 Consumption Voucher Scheme, we arranged Cash Coupon promotion programmes for Domain in August and October 2022 so as to stimulate customer

spending. Such promotion programmes by way of offering cash coupons to customers fulfilling specified spending requirements had successfully boosted sales and footfall in Domain. Taking opportunity of the 10th Anniversary of Domain together with the festive season of Christmas and new year, we had launched a series of themed celebration events for Domain including a grand ceremony with stage performance to celebrate its 10th Anniversary. Large scale Christmas cum anniversary decorations, grand lucky draw, gift redemption activities and Christmas Market, etc. were also arranged. Shop tenants of Domain also participated in the promotion events and responded positively by offering various promotion discounts to customers. The series of promotional events, coupled with extensive publicity through various press and social media platforms, successfully attracted media and public attention, reinforced Domain's positioning as a regional shopping mall and sustained its popularity, attractiveness and competitiveness. In addition, with the launch of Domain Club Mobile Application in August 2021 to promote customer loyalty, the number of members reached some 51 500 by March 2023, representing an increase of 10.7% in the year.

17. For other HA's shopping centres, we continued to arrange promotional activities and festive decorations centrally during major festivals in order to enhance the shopping ambience in a cost-effective manner. In 2022/23, 2 136 hours of promotion activities were held in 28 major shopping centres, whilst decoration for 37 shopping centres and major retail facilities were provided during major festivals.

18. On environmental protection, we continued to implement green measures in the operation of HA's retail facilities. To support energy saving, we continued to arrange some of our shopping centres to join Energy Saving Charter^{Note 2} and Charter on External Lighting^{Note 3}. Moreover, to show our support in food waste reduction, we invited tenants of our 19 shopping centres/markets^{Note 4} to join the Government's Food Waste Collection Pilot

Note 2 11 shopping centres, namely, Choi Tak, Hoi Lai, Kwai Chung, Lei Muk Shue, Mei Tin, On Kay, Shek Mun, Tin Yan and Yau Lai Shopping Centres, Shui Chuen O Plaza and Domain have joined the Energy Saving Charter, maintaining an average indoor temperature between 24 to 26 Degrees Celsius in the summer months.

Note 3 10 shopping centres, namely, Ching Long, Choi Tak, Hung Fuk, Kwai Chung, Nam Shan, Yau Lai, and Wah Fu (II) Shopping Centres, Cheung Lung Lane, Choi Ying Place and Domain, have joined the Charter on External Lighting to switch off lighting installations for decorative, promotional or advertising purposes from 11 p.m. to 7 a.m. of the following day.

Note 4 19 shopping centres/markets have joined the two phases of the Food Waste Collection Pilot Scheme. (Phase 1: Cheung Ching, Ching Long, Kwai Chung, Kwai Shing West, Lai Yiu, Lek Muk Shue, Nam Shan and Wah Fu (I) and (II) Shopping Centres. Phase 2: Hung Fuk, On Tai, Ping Yan, Shek Mun, Tin Yan, Yan Tin and Ying Tung Shopping Centres, Shui Chuen O Plaza, Siu Hong Commercial Centre and Choi Ying Place.)

Scheme for daily separation and collection of food waste, which was transported to the Organic Resources Recovery Centre in Siu Ho Wan for recycling. Tenants of restaurants, supermarkets and market stalls were also encouraged to participate in food donation schemes organised by various non-government organisations (NGOs). Besides, we continued to encourage our shop tenants to implement green measures in their daily operation by signing up the “Hong Kong Green Shop Alliance” for 20 of our shopping centres^{Note 5}. Furthermore, we launched the “Plastic-Free” promotional programme in 10 shopping centres^{Note 6}. A total of about 18 300 sets of plastic tableware were saved during the promotion period.

19. In support of Government’s policy to promote wider use of electric vehicles (EVs), HA has since 2011 been providing EV charging facilities in its carparks. Since 2013, we have been providing EV charging facilities in the carparks of new public housing developments in accordance with the Hong Kong Planning Standards and Guidelines, whereby all private car (PC) parking spaces in the carparks concerned have been EV charging-enabling (i.e. with final circuit cables laid for future installation of EV chargers when needed) with 30% of them installed with EV chargers. To meet the demand of EV users, we have also been installing EV chargers at PC parking spaces in existing carparks on need basis and subject to technical feasibility. As at the end of March 2023, we had provided EV chargers at about 600 hourly and about 1 320 monthly PC parking spaces in about 80 carparks.

20. In May 2022, Members endorsed the plan to expand the provision of EV charging facilities in HA’s existing carparks in three phases in support of Government’s long-term policy objective to promote the adoption of EVs in Hong Kong. According to the plan, we would progressively provide additional medium charging facilities at about 5 000 PC parking spaces in HA’s portfolio under Phase 1 of the programme, aiming at increasing the number of PC parking spaces with charging facilities to approximately 33% of HA’s total stock of PC parking spaces by 2025. In Phase 2 of the programme, we planned to further expand the provision of EV charging facilities, targeting to increase the number of PC parking spaces with charging facilities to about 50% of our total stock of

Note 5 The 20 shopping centres/estates with retail facilities joining the Hong Kong Green Shop Alliance are Ching Long, Choi Tak, Hung Fuk, Lower Ngau Tau Kok, Lung Poon Court, Mei Tin, Pok Hong, Shek Kip Mei, Shek Pai Wan, Tin Ching, Tin Yan, Upper Ngau Tau Kok, Wah Fu (I) and (II) and Yau Lai Shopping Centres, Choi Ying Place, Domain, Shui Chuen O Plaza as well as Yue Tin Court and Siu Hong Commercial Centres. Shop tenants concerned were encouraged to incorporate sustainable green measures in their daily operations.

Note 6 10 shopping centres, namely Ching Long, Chun Yeung, Ying Tung, Lai Tsui, On Tai, Shek Mun and Yau Lai Shopping Centres, Shui Chuen O Plaza, Queen Hills Shopping Centre as well as Domain have joined “Plastic-Free”.

PC parking spaces by 2030. The ultimate target was to gradually provide EV charging facilities for all PC parking spaces in HA's portfolio in Phase 3 of the programme after 2030. We had completed the detailed feasibility studies and was working out the implementation details under Phase 1 of the programme.

(b) Key Performance Indicators

21. There were five KPIs under the PoA to facilitate evaluation of the commercial operations in 2022/23, and their year-end position is summarised at ----- **Annex B.**

FINANCIAL PERFORMANCE

22. The Commercial Operations generated a provisional surplus of \$679M for the year ended 31 March 2023, as compared to the Revised Budget surplus of \$585M.

23. The total income of \$2,777M was slightly higher than the Revised Budget of \$2,715M by \$62M, mainly due to higher income level for some non-domestic premises. The total expenditure of \$2,059M was slightly lower than the Revised Budget of \$2,084M by \$25M, mainly due to the lower than budgeted personal emoluments. The Commercial Operating Account is at ----- **Annex C.**

INFORMATION

24. This paper is issued for Members' information.

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(Estate Management Division)
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**Programme of Activities 2022/23
Progress Report ending 31 March 2023**

| Business Objectives | | | | |
|---|---|------------------|--|----------|
| Key Activity (KA) | Target | | Progress as at 31 March 2023 | |
| | Performance Goal (PG) | Time Goal | | |
| Objective (1) Enhancing the potential of HA's commercial properties through exploring asset enhancement opportunities and optimising usage | | | | |
| KA (1) To explore opportunities to enhance HA's commercial properties and optimise the use of resources | PG01 To review and roll forward the asset enhancement programme for HA's commercial properties portfolio | On-going | <ul style="list-style-type: none"> Feasibility studies and Strengths Weaknesses Opportunities Threats analyses were carried out for identifying asset enhancement opportunities. Shek Yam (East) Estate and Tung Wui Estate were earmarked for further studies under the five year rolling programme for asset enhancement. | On-going |
| | PG02 To monitor the progress of feasibility studies and improvement works for projects earmarked under the asset enhancement programme | On-going | <ul style="list-style-type: none"> The improvement works for Choi Ying Place, Tin Ching Estate and Pok Hong Market were completed while works for Yau Lai and Mei Tin Shopping Centres, Upper Ngau Tau Kok, Shui Pin Wai and Choi Wan (II) Estate were in good progress. | On-going |
| | PG03 To review the effectiveness upon completion of major asset enhancement projects | On-going | <ul style="list-style-type: none"> We reported vide Paper No. CPC 10/2022 the effectiveness of some major/typical asset enhancement projects completed in the past. Post-implementation review would be conducted to assess the effectiveness of other major enhancement works upon completion. | On-going |

| Business Objectives | | | | |
|------------------------------|--|------------------|--|-----------|
| Key Activity (KA) | Target | | Progress as at 31 March 2023 | |
| | Performance Goal (PG) | Time Goal | | |
| | <p>PG04 To maximise the usage of car parking facilities, and seek opportunities to create additional parking spaces to meet increasing parking demand</p> | On-going | <ul style="list-style-type: none"> ● We continued to implement various measures to maximise the usage of HA’s car parking facilities, and to seek opportunities for further creation of additional car parking spaces subject to demand, technical feasibility and necessary approvals. ● As at end of March 2023, 297 additional parking spaces had been created in 32 estates. | On-going |
| | <p>PG05 To explore ways to optimise use of non-domestic premises, including conversion to domestic or other uses</p> | On-going | <ul style="list-style-type: none"> ● We continued to keep in view the utilization of storerooms and other spaces and explore feasibility for conversion of suitable spaces to domestic flats as well as welfare, retail or other non-domestic uses when opportunities arise. ● We enhanced the promotion and dissemination of information for the letting of vacant storerooms in public rental housing blocks in order to improve their occupancy rate. | On-going |
| | <p>PG06 To implement the clearance of four HA’s factory estates for redevelopment of the sites for public housing</p> | Q4/2022 | <ul style="list-style-type: none"> ● HA has completed the clearance of all four factory estates in January 2023. | Completed |

| Business Objectives | | | | |
|--|---|------------------|---|----------|
| Key Activity (KA) | Target | | Progress as at 31 March 2023 | |
| | Performance Goal (PG) | Time Goal | | |
| Objective (2) | | | | |
| Enhancing business strategies in leasing, marketing and managing HA's commercial properties | | | | |
| KA (2) To enhance the leasing, promotion and management strategies for HA's new and existing commercial facilities | PG07 To plan ahead and arrange early marketing and leasing of new retail facilities to tie in with residents' intake | On-going | <ul style="list-style-type: none"> We continued to adopt a flexible marketing cum leasing strategy and planned the letting arrangements well in advance for new retail premises to tie in with residents' intake and address their basic needs. | On-going |
| | PG08 To adopt proactive and flexible marketing and leasing strategies, so as to widen the choice of goods and services for customers in line with market trend | On-going | <ul style="list-style-type: none"> The leasing and trade mix of retail facilities were meticulously planned to suit market trends and to address residents' needs with a variety of choices. | On-going |
| | PG09 To arrange promotional activities and seasonal decorations for HA's retail facilities with a view to enhancing shopping ambience and attracting footfall | On-going | <ul style="list-style-type: none"> A total of 2 136 hours of promotional activities in 28 major shopping centres were arranged, whilst decoration packages for 37 shopping centres and major retail facilities were provided during major festivals. | On-going |
| | PG10 To provide venues for NGOs, institutions and Government departments for holding events/ activities for charity, civic, cultural, | On-going | <ul style="list-style-type: none"> In collaboration with various NGOs/ Institutions/ Government departments, 8 civic, education and community building activities involving 123.5 hours were held in HA's shopping centres as affected by the severe epidemic situation. | On-going |

| Business Objectives | | | | |
|--|--|-----------|---|-----------|
| Key Activity (KA) | Target | | Progress as at 31 March 2023 | |
| | Performance Goal (PG) | Time Goal | | |
| | Community building and environmental protection purposes | | | |
| | PG11 To provide Wi-Fi service in HA's major shopping centres | On-going | <ul style="list-style-type: none"> We continued to provide free Wi-Fi service to the public in HA's shopping centres and major retail facilities. | On-going |
| | PG12 To develop alternative channels for payment of rent and charges by our non-domestic tenants and carpark users | On-going | <ul style="list-style-type: none"> FPS e-payment service was launched for non-domestic tenants on 1 April 2022. Upon implementation of the e-payment services in September 2022, monthly carpark users could use FPS service via iHousing mobile app to pay monthly fee anytime anywhere. | Completed |
| | PG13 To explore automation in the management of HA's carpark portfolio with a view to facilitating stock management, applications and processing, formulation of strategies, etc. | On-going | <ul style="list-style-type: none"> The development of the new Car Park Management System was on schedule. | On-going |
| KA (3) To maintain Domain's market positioning, attractiveness and competitiveness as a regional | PG14 To adopt strategic planning in renewing tenancies with a view to enhancing tenants' profile and trade mix of Domain | On-going | <ul style="list-style-type: none"> To adopt strategic and proactive approach in tenancy renewals of Domain. Shop 301 and 305 were recovered for a family friendly restaurant. Moreover, following the opening of AEON Style which comprises | On-going |

| Business Objectives | | | | |
|------------------------------------|---|------------------|---|----------|
| Key Activity (KA) | Target | | Progress as at 31 March 2023 | |
| | Performance Goal (PG) | Time Goal | | |
| shopping mall and entertaining hub | | | <p>a department store and a supermarket at 1/F & 2/F, the Living Plaza of AEON at Shop 130 was relocated to their main shop. The shop 130 was then let to a popular confectionary and groceries shop “Bestmart 360”. Besides, a famous local electrical appliances outlet “Fortress”, a Japanese bakery “A-1 Bakery” and a fashion shop “Brillant.Mille” were introduced.</p> | |
| | <p>PG15 To adopt proactive and flexible marketing and leasing strategies with a view to enhancing tenant and trade mix and providing more shopping choices in line with market trend</p> | On-going | <ul style="list-style-type: none"> • Kiosks, bazaar, road shows and festive trade fairs were arranged to widen the choice of products and services and to create a relaxing shopping environment for visitors and customers. Festive trade fairs such as “Amazing Summer Trade Fair” was welcomed by shoppers with footfall increased. | On-going |
| | <p>PG16 To arrange tailor-made promotional events and activities targeting young people and families with a view to enhancing Domain’s attractiveness and competitiveness</p> | On-going | <ul style="list-style-type: none"> • 24 special themed events were held and consumption stimulating programmes such as cash coupon redemption activities, gift redemption activities, lucky draws and stage performance were arranged, successfully enhanced Domain’s popularity and competitiveness. | On-going |

| Business Objectives | | | |
|----------------------|---|-----------|---|
| Key Activity (KA) | Target | | Progress as at 31 March 2023 |
| | Performance Goal (PG) | Time Goal | |
| | <p>PG17 To line up with mass media, renowned brands, Government departments, NGOs, charitable organisations and institutions, etc. and sponsor venues for holding entertainment and community events, so as to enhance Domain's publicity and HA's corporate image</p> | On-going | <ul style="list-style-type: none"> ● To enhance the attractiveness of Domain Club Scheme and to enhance the integration of Domain and Yau Lai Shopping Centre as a regional shopping hub, Yau Lai Shopping Centre was included in the scheme. ● The Domain Club had successfully helped promote customer loyalty by offering gift redemption plan and arranging promotional activities. ● Since the launch of Domain Club Mobile app in August 2021, the number of members with electronic membership reached some 23 800. ● In collaboration with various NGOs/ Institutions/ Government departments, a total of 19 community events/activities such as promotion of nature conservation, charity and blood donation activities were held in Domain. |

| Business Objectives | | | | |
|---|---|------------------|---|----------|
| Key Activity (KA) | Target | | Progress as at 31 March 2023 | |
| | Performance Goal (PG) | Time Goal | | |
| | PG18 To enhance facilities management for Domain so as to provide quality services for our tenants and customers | On-going | <ul style="list-style-type: none"> The toilet improvement programme of Domain was completed in December 2022, enhancing the overall business environment and shoppers' experience in Domain. In addition, a labyrinth park/nursery garden was provided on the roof garden which was highly welcomed by young families. | On-going |
| Objective (3) | | | | |
| Promoting environmental protection in HA's commercial facilities | | | | |
| KA (4) To enhance awareness of environmental protection and implement green measures in the operation of HA's commercial facilities | PG19 To promote energy saving in the operation of HA's commercial facilities | On-going | <ul style="list-style-type: none"> We continued to arrange shopping centres to join the Energy Saving Charter and the Charter on External Lighting. We also continued to participate in the "Hong Kong Green Shop Alliance" to promote sustainable green measures in tenants' daily operations. Promotional campaign titled "Plastic-Free" was launched in 10 HA's shopping centres, saving about 18 300 sets of plastic tableware. | On-going |
| | PG20 To support Government in food waste collection and encourage tenants to participate in programmes for recycling/reduction of food waste | On-going | <ul style="list-style-type: none"> 19 HA's shopping centres/markets had joined Phases 1 and 2 of the Government's Food Waste Collection Pilot Scheme. Food waste generated in the participating shopping centres/markets would be separated at source, collected and transported to the Organic Resources Recovery Centre in Siu Ho Wan for recycling. | On-going |

| Business Objectives | | | | |
|------------------------------|---|------------------|--|----------|
| Key Activity (KA) | Target | | Progress as at 31 March 2023 | |
| | Performance Goal (PG) | Time Goal | | |
| | | | <ul style="list-style-type: none"> • Tenants of restaurants, supermarkets and market stalls were encouraged to participate in food donation schemes as organised by various NGOs. | |
| | <p>PG21 To collaborate with NGOs, Government departments and institutions in launching educational programmes and green practices in HA’s commercial facilities for environmental protection</p> | On-going | <p>A promotional campaign to raise the awareness of commercial tenants and the public on reduced use of disposable plastic tableware was implemented in Domain and 10 HA’s shopping centres from August to October 2022 with an encouraging result of saving over 18 300 sets of plastic tableware.</p> <ul style="list-style-type: none"> • As affected by the severe epidemic situation, five educational activities named “Smart Countryside Exhibition”, “Smart City Exhibition”, “Anti-Fraud Awareness Programme”, “Energy Saving at Home and Office” Roving Roadshows” and “Hong Kong Country Parks Roving Exhibition” were successfully held with HA’s sponsorship of venue. | On-going |
| | <p>PG22 To support Government in the provision of electric vehicle charging facilities in HA’s new and existing carparks</p> | On-going | <ul style="list-style-type: none"> • We continued to provide EV charging facilities in the carparks of new public housing developments according to latest planning guidelines. For new public housing projects under planning and in early design stages, we will install medium chargers and its charging-enabling facilities instead of standard chargers. | On-going |

| Business Objectives | | | |
|------------------------------|------------------------------|------------------|---|
| Key Activity (KA) | Target | | Progress as at 31 March 2023 |
| | Performance Goal (PG) | Time Goal | |
| | | | <ul style="list-style-type: none"> ● We continued to provide EV chargers at PC parking spaces in existing car parks subject to demand and technical feasibility. ● As at end March 2023, we had provided EV chargers at about 600 hourly and about 1 320 monthly PC parking spaces in about 80 car parks. |

**Progress Report of Key Performance Indicators in
the 2022/23 Programme of Activities for Commercial Properties**

| Key Performance Indicators | | Targets for 2022/23 | Position as at 31 March 2023 |
|----------------------------|---|--|--|
| (a) | Vacancy rate for <ul style="list-style-type: none"> • retail premises (shops) • shopstalls and cooked food stalls • carparks • factory premises | Below 2.5% Below 5.0% Below 5.0% Below 2.0% | 2.0% 0.7% 1.2% 1.4% |
| (b) | (i) Operating expenditure as a percentage of income (including depreciation and rates) | Below 60% | 74.1% ^{Note} |
| | (ii) Operating expenditure per square metre retail space per month (excluding depreciation and rates) | Below \$220 | \$189 |
| | (iii) Average income per carpark space per month | \$2,000 | \$2,148 |
| (c) | Rent arrears rate | Less than 2.5% | 2.0% |

Note : The income has been reduced due to the rent concession measures.

HONG KONG HOUSING AUTHORITY
Commercial Operating Account
for the Year Ended 31 March 2023

| | 2022/23 | | | | |
|---|--------------|--------------|--------------|----------------|-------------|
| | 2021/22 | Provisional | Revised | Variance | |
| | Actual | (Note) | Budget | \$M | % |
| | \$M | \$M (a) | \$M (b) | \$M (a)-(b) | (a-b)/(b) |
| INCOME | | | | | |
| Rental | 2,245 | 2,611 | 2,568 | 43 | 1.7 |
| Other income | 134 | 166 | 147 | 19 | 12.9 |
| TOTAL INCOME | 2,379 | 2,777 | 2,715 | 62 | 2.3 |
| EXPENDITURE | | | | | |
| Personal emoluments | 387 | 399 | 420 | (21) | -5.0 |
| Government rent and rates | 130 | 146 | 141 | 5 | 3.5 |
| Maintenance and improvements | 200 | 216 | 228 | (12) | -5.3 |
| Other recurrent expenditure | 754 | 848 | 843 | 5 | 0.6 |
| Depreciation and amortisation | 377 | 426 | 426 | 0 | 0.0 |
| Share of corporate supervision and support services expenses | 23 | 24 | 26 | (2) | -7.7 |
| TOTAL EXPENDITURE | 1,871 | 2,059 | 2,084 | (25) | -1.2 |
| OPERATING SURPLUS BEFORE EXCEPTIONAL ITEMS | 508 | 718 | 631 | 87 | 13.8 |
| Less: Exceptional items | | | | | |
| - Government non-reimbursable items | 46 | 39 | 46 | (7) | (15.2) |
| OPERATING SURPLUS AFTER EXCEPTIONAL ITEMS | 462 | 679 | 585 | 94 | 16.1 |

Note

These are provisional figures which may be subject to year-end and audit adjustments upon finalisation of the 2022/23 annual accounts.

HONG KONG HOUSING AUTHORITY
Commercial Operating Account
Capital Expenditure
for the Year Ended 31 March 2023

| | 2022/23 | | | | |
|--------------------------------|---------|-------------|---------|-----------|------|
| | 2021/22 | Provisional | Revised | Variance | |
| | Actual | (Note) | Budget | \$M | % |
| | \$M | \$M | \$M | \$M | % |
| | (a) | (b) | (a)-(b) | (a-b)/(b) | |
| Improvement works | 53 | 55 | 56 | (1) | -1.8 |
| Computer systems and equipment | 17 | 19 | 19 | - | - |
| TOTAL | 70 | 74 | 75 | (1) | -1.3 |

Note

These are provisional figures which may be subject to year-end and audit adjustments upon finalisation of the 2022/23 annual accounts.