

**WEST KOWLOON
CULTURAL DISTRICT
AUTHORITY**

08/09

annual report

**bringing
arts
to
people
and**

**people
to
the arts**

**a bold
first step**

WEST KOWLOON CULTURAL DISTRICT AUTHORITY





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CULTURAL AUTHORITY

**About the West Kowloon
Cultural District Authority**

**WEST KOWLOON
CULTURAL DISTRICT**



The West Kowloon Cultural District (“WKCD”) is a strategic investment by the Government of the Hong Kong Special Administrative Region (“HKSAR”) to meet the long-term infrastructure needs of the arts and cultural sector, which is a vital part of any world-class city’s economic and social fabric. The West Kowloon Cultural District Authority (“the Authority”) was established under the West Kowloon Cultural District Authority Ordinance (“WKCDA Ordinance”), Cap. 601, to develop the WKCD.

The WKCD will be an asset of Hong Kong for residents and visitors to enjoy. It has an area of 40 hectares, 23 hectares should be planned as public open space for people’s free enjoyment. The Authority aspires to develop the WKCD into an integrated arts and cultural district where people can embrace its creative and innovative environment, appreciate its arts and cultural components, and make the most of their valuable leisure time.

WEST KOWLOON CULTURAL DISTRICT

Vision, Functions and Objectives



Bird's eye view of the West Kowloon Cultural District

TRICT



Vision

To develop the WKCD into an integrated arts and cultural district that will:

- provide quality culture, entertainment and tourism programmes with a must-visit appeal to both local residents and visitors from around the world;
- meet the long-term infrastructure needs of Hong Kong's arts and cultural development and foster organic growth and development of culture and creative industries; and
- become a cultural hub for attracting and nurturing talents, an impetus to improve quality of life, as well as a cultural gateway to the Pearl River Delta.

Functions

- To prepare a Development Plan ("DP") for the WKCD to lay out the plan area and set apart the land within it for various land uses;
- To develop the WKCD in accordance with the land use and other requirements or conditions specified in the approved DP;
- To provide (including plan, design and construct), operate, manage and maintain arts and cultural facilities, related facilities or ancillary facilities;
- To advocate, promote, organise, sponsor, encourage and provide for the appreciation of and participation in arts and culture;
- To promote, exhibit and display the arts publicly and otherwise;
- To initiate and support the creation, composition, production, learning and practising of the arts; and
- To perform such other functions as are conferred or imposed on the Authority by or under the WKCDA Ordinance or any other Ordinance.

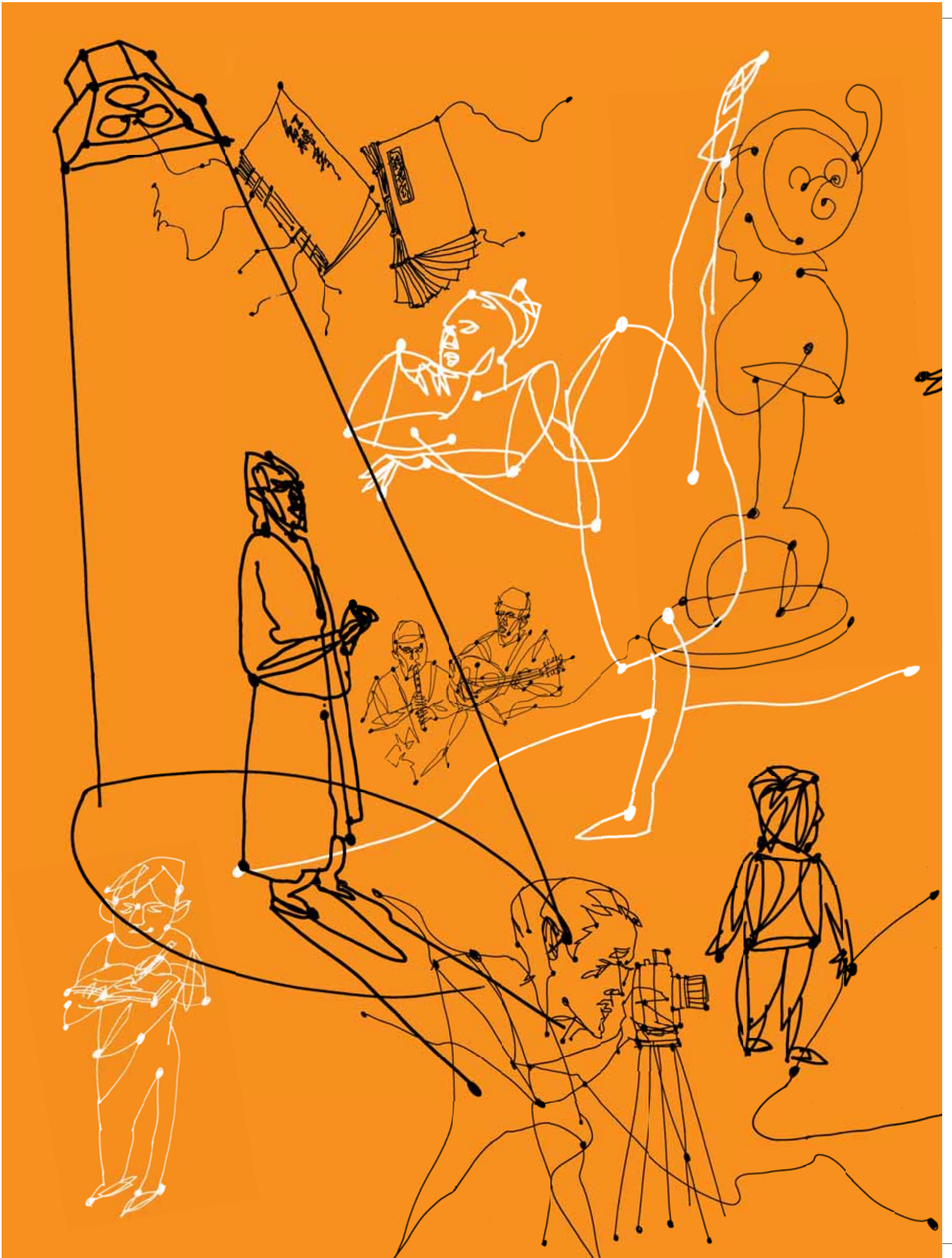
Objectives

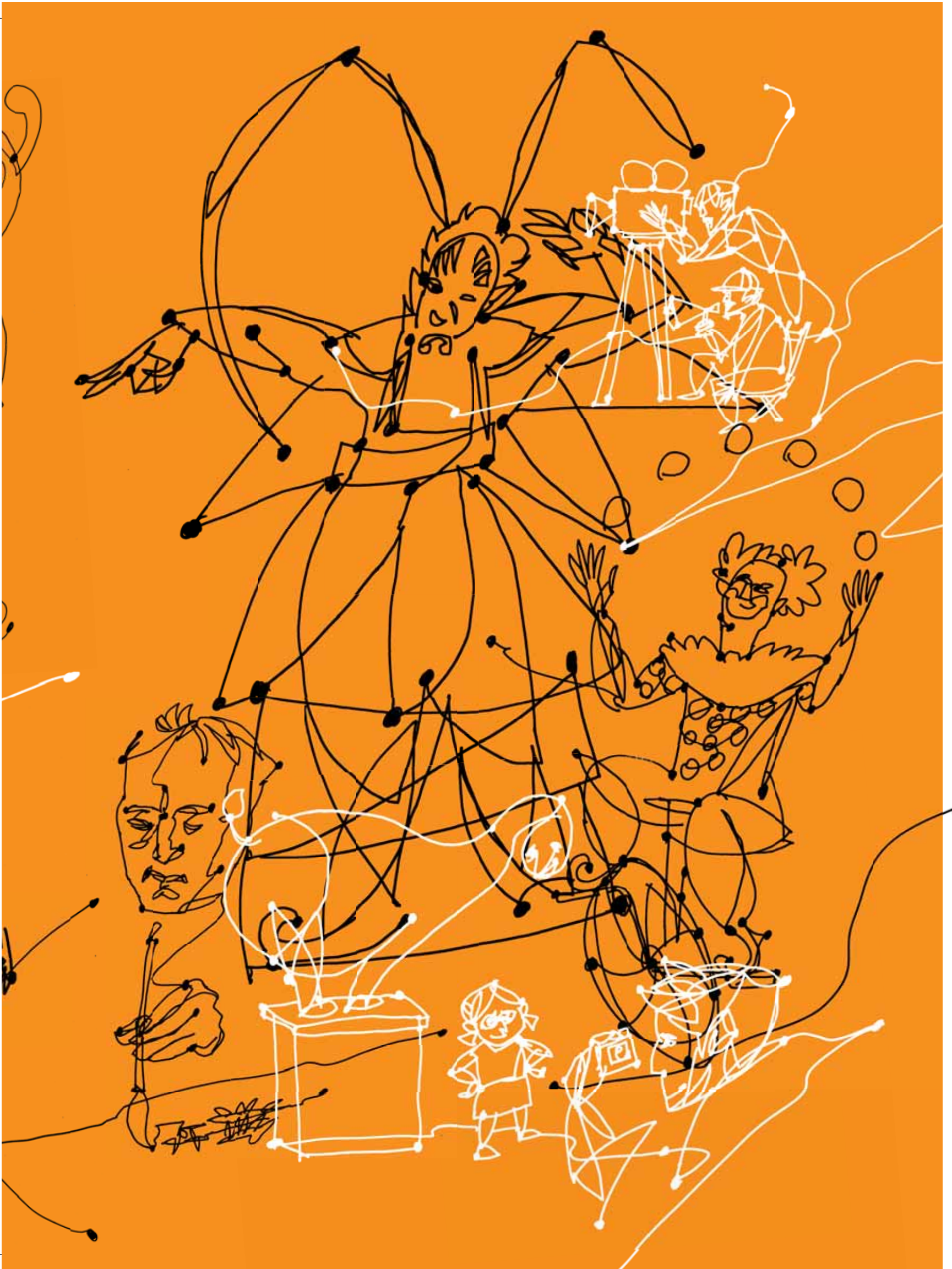
- To facilitate the long-term development of Hong Kong as an international arts and cultural metropolis;
- To uphold and encourage freedom of artistic expression and creativity;
- To enhance and promote excellence, innovation, creativity and diversity in arts and culture;
- To enhance the appreciation of a diverse and pluralistic range of the arts;
- To develop new and experimental works in arts and culture;
- To cultivate and nurture local talents in the arts (including local artists), and local arts groups and arts-related personnel;
- To encourage wider participation by the local community in arts and culture;
- To promote and provide arts education to the local community;
- To facilitate the development of cultural and creative industries;
- To facilitate and enhance cultural exchange and cooperation between the Mainland of China, Hong Kong and any other place;
- To facilitate and enhance cooperation between any government or non-government body or organisation and providers of the arts, within and outside Hong Kong;
- To encourage community, commercial and corporate support and sponsorship of arts and culture;
- To provide or facilitate the provision of free and accessible open space within the WKCD to the general public; and
- To strengthen the position of Hong Kong as a tourist destination.



Members of the Board looking over the West Kowloon Cultural District from Hong Kong Island







Chairman's Statement



Mr Henry TANG Ying-yen, GBM, GBS, JP
Chairman of the Board of
the West Kowloon Cultural District Authority

I am delighted to present the first West Kowloon Cultural District Authority Annual Report.

The West Kowloon Cultural District (“WKCD”) project is a major and unprecedented initiative to meet the long-term infrastructure and development needs of the arts and cultural sector in Hong Kong. It will also help address the acute shortage of performing arts venues. More importantly, it is an important strategic investment to promote a pluralistic civic society and support the development of our creative industry. To emphasise the principles of “people-oriented”, “partnership” and “community-driven” advocated by the then Culture and Heritage Commission, the Government decided that the WKCD should be planned, developed and operated by non-Government bodies.

Establishment of the West Kowloon Cultural District Authority

On 3 July 2008, the Legislative Council (“LegCo”) passed the West Kowloon Cultural District Authority Bill, which was subsequently enacted as the West Kowloon Cultural District Authority Ordinance on 11 July 2008. On 4 July 2008, the LegCo Finance Committee approved a one-off upfront endowment of HK\$21.6 billion for the WKCD Authority (“the Authority”) to implement the project.

Since its appointment by the Chief Executive in October 2008, the Authority Board has been moving the project forward in a prudent, step-by-step manner. In just the five months prior to the end of the financial year, it has swiftly established a strong corporate governance structure, including six committees and a Consultation Panel, to tackle important tasks on different fronts. These include strategic planning relating to the WKCD master development and the related public engagement exercise, planning for the core arts and cultural facilities, remuneration and staffing-related policies, and investment and audit matters.

The Board, the committees and the Consultation Panel comprise individuals who possess relevant expertise and distinguished public service records. We are bound by a common goal to maximise this unique opportunity to enrich and develop the artistic and cultural life of Hong Kong in a way that will leave a unique legacy for our city and future generations.

A Cultural District for the People

To plan and develop from scratch an integrated arts and cultural district of the scale and complexity of the WKCD is a real challenge for the Authority, arts and culture professionals, urban planners, architects and other related professionals as well as for the community at large. We strongly believe that to make the WKCD a success, we must make the district a people's district. The key is to bring arts to the people, and people to the arts. The 'people' include not only local residents but also visitors from outside Hong Kong, whom we hope will all find something at the WKCD to enjoy, be it high art, popular art, street performance or simply the vibrant atmosphere and relaxing open space.

In other words, the WKCD should stand for individuality and multiplicity and be a melting pot of different cultural endeavours. The WKCD should not draw boundaries. It must reach out and connect with people and be rooted in the local culture. At the same time, we must keep an open mind and maintain an international dimension. Undoubtedly, the development of a cultural district of this scale has to be sustainable, eco-friendly and allowed to grow organically to adapt to the evolving cultural, social and economic mood in Hong Kong and around the world.

One Foundation and Three Pillars

We are acutely aware that the success of the WKCD hinges on the management and content of the district. Therefore, we will work hard to ensure that the WKCD distinguishes itself not only with first-class architecture and spatial designs, but also with quality, diverse programming. We will accomplish this through the principle of "one foundation" — the participation of the people — and "three pillars"— arts education, audience-building and content-building.

These three pillars are interrelated and will have considerable impact on one another. To educate, schools should advocate the study and appreciation of arts and culture, and specialised institutions should train and nurture artistic talent and administrative skills. To build audiences, we must bring arts to the community. To build content, we must support local arts groups. The Authority will continue to work with the Government on these fronts.

Planning and Public Engagement

We have already made a good start on preparations for the WKCD Development Plan. World-renowned architects and planners with vision and passion for creating cultural facilities are working on this project. The Authority also has a detailed strategy for involving the public throughout the Development Plan process, a crucial part of which is a large-scale public engagement exercise, which will help us better understand the community's expectations for the project.

Based on public and stakeholder feedback from the first stage of this engagement exercise, three conceptual plan options will be released to the public during the second stage. Following this round of feedback, the Authority will choose one conceptual plan option as the foundation for a detailed Development Plan, which will be put to the public and stakeholders once more during the third and final stage of the public engagement exercise. The finalised plan will then be submitted to the Town Planning Board for consideration.

We have great confidence that the final product will lay a robust foundation for developing a cultural district that is truly for the people.

I must thank all members of the Board, committees and the Consultation Panel for their sound advice, strategic thinking, support and hard work during this early phase of the project. I am also grateful for the unrelenting support from colleagues in the Government who supported the day-to-day running of the Authority and helped kick-start a number of urgent tasks. I look forward to an exciting and challenging year ahead that will further advance the WKCD project.



Henry TANG Ying-yen, GBM, GBS, JP

Chairman of the Board
Hong Kong, 20 July 2009

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Operating Review

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The Board

The Board, the governing and executive body of the Authority, was established on 23 October 2008 when the Chief Executive announced the appointment of its Chairman, three public officer members and 15 non-public officer members for a term of two years. Not only do Board members have a diversity of expertise and experience, but they also have distinguished records of community service.

The Board held four meetings between October 2008 and March 2009 and decided on a number of issues that are crucial to the planning and development of the WKCD, including the establishment of committees and the endorsement of the overall strategy for the preparation of the “DP”.

Establishment of Committees

Apart from the three committees required by the WKCDA Ordinance — namely the Audit Committee, Investment Committee and Remuneration Committee — the Board is also empowered to establish any committees it considers necessary or expedient to deal with any matter (including, in particular, matters relating to planning, finance and operation of arts and cultural facilities). Since the planning and development of the WKCD and its arts and cultural facilities were determined to be of utmost importance during the initial period of the project, the Board also established three additional committees: the Development Committee, the Museum Committee and the Performing Arts Committee. The Terms of Reference of these six committees as approved by the Board can be found in the **Annex**.

Since the WKCD is an arts and cultural development project that has far-reaching implications for Hong Kong’s long-term development, the committees under the Board will have regular, in-depth discussions on their respective specialised areas to facilitate the preliminary work of the WKCD’s development.

Appointment of Non-Board Members to Committees

On 9 January 2009, the Board announced the appointment of 17 non-Board members to its six committees for a term of one year. The non-Board members come from different sectors and possess relevant knowledge and experience that will help the Authority reach out to diverse groups and sectors, listen to their views and connect with the community.

Establishment of Consultation Panel

Pursuant to Section 20 of the WKCD Ordinance, on 16 February 2009 the Authority announced the appointment of 21 members to its Consultation Panel to gather public views on matters relevant to the functions of the Authority. Like the non-Board committee members, the Consultation Panel members also come from different sectors and possess relevant knowledge and experience.

Members of the public are allowed to attend all meetings of the Consultation Panel in person, subject to a set of ground rules. The agenda, minutes and papers of the meetings will also be uploaded to the Authority's website for public access.

The Consultation Panel's current focus is to plan the consultation programmes for preparation of the DP for the WKCD, review and report to the Board the progress of these consultation programmes, and ensure that the consultation is conducted in an open and transparent manner. The Terms of Reference of the Consultation Panel as endorsed by the Board are also appended in the **Annex**.

Preparation of the Development Plan

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The WKCD is a prime waterfront site of 40 hectares located in a piece of reclaimed land in West Kowloon. After the approval of an upfront endowment of HK\$21.6 billion by the Finance Committee of the LegCo to the Authority in July 2008, the first and foremost task of the Authority has been to prepare a comprehensive DP for this site that can then be submitted to the Town Planning Board ("TPB"), in accordance with the statutory procedures. The main purpose of the DP is to lay out the WKCD area and set apart the land for various arts and cultural facilities, for other land uses such as commercial, hotel, retail, residential and public open space, and for internal infrastructure projects. The DP shall also make provisions for the connections between the WKCD and its neighbouring areas.

In parallel, the Authority has decided to carry out market studies on the audienceship and clienteles of the arts and cultural facilities locally, regionally and internationally. Details of these studies are set out under the subsections on "Museum Committee" and "Performing Arts Committee". The information and analysis provided by the studies will help the Authority map out the organic integration of the WKCD's development objectives and positioning with the cultivation and attraction of overseas and local audiences, so as to formulate the most desirable strategy for phased development of the arts and cultural facilities. It will also provide reference for retail, dining and entertainment amenities of appropriate scales to complement these facilities.

In order to foster creativity, cast a wider net for diverse professional opinions and offer more master plan options to the public, the Board decided to seek three Conceptual Plan Options from three Conceptual Plan Consultants in preparation of the DP for the WKCD. From these, one Conceptual Plan Option will be selected, followed by the development of a detailed DP and related technical feasibility studies by a Project Consultant. This planning approach centres on finding the best, most innovative designs that are acceptable to the people of Hong Kong; providing people with choices; and allowing public participation via an extensive Public Engagement ("PE") exercise (see subsection on "Development Committee" for details).

The assessment criteria for selecting the Conceptual Plan Consultants and Project Consultant were as follows:

- consultant's experience;
- creativity and innovative arts and cultural ideas;
- appreciation of the objectives;
- staff organisation and experience; and
- methodology and work programme.

The Authority issued a global invitation for the tender, the detailed information of which has been uploaded to the Authority's website (http://www.wkcda.hk/en/tender/tenderNotice_t1.htm and http://www.wkcda.hk/en/tender/tenderNotice_t2.htm) for public reference.

The Authority has also commented on the technical assessment / study reports prepared by Government departments and other parties in relation to the infrastructural projects in West Kowloon that are in the vicinity of the WKCD to ensure smooth interface with the WKCD project. These include transport plan and traffic improvement measures for West Kowloon by the Transport Department, and Environmental Impact Assessment ("EIA") submissions and connectivity studies for the West Kowloon Terminus for the Guangzhou-Shenzhen-Hong Kong Express Rail Link by MTR Corporation Limited.

Development Committee

The principal function of the Development Committee is to consider and recommend to the Board the overall policies and strategies related to the planning and development of the WKCD. In particular, the Committee oversees the preparation of the DP for the WKCD. The Committee held three meetings during the period.

The Committee has made recommendations on the overall approach and timeframe for preparing the DP and engaging the public and stakeholders during the preparation process. It also oversaw the tendering process of the Project Consultancy, Conceptual Plan Consultancy and Analysis and Reporting Consultancy in relation to the preparation of the DP.

The Authority acknowledges the importance of collecting views from the community comprehensively and at different stages of the DP's preparation. The Committee recommended to the Board, and the Board subsequently endorsed, that a PE exercise would be divided into three stages as follows -

Stage 1

In Stage 1, the Authority as well as the Conceptual Plan Consultants and Project Consultant will gauge the community's expectations of the planning of the WKCD as a whole and the views of stakeholders in the arts and cultural sector and other relevant sectors on the facilities, such as how they can suit their creative work and performances. Stage 1 is tentatively scheduled to commence in October 2009 and will last for a period of three months.

Stage 2

By Stage 2, three Conceptual Plan Options for the WKCD would have been formulated by the three Conceptual Plan Consultants. The Authority will then present all three Options to the public during the Stage 2 PE exercise, tentatively scheduled for mid-2010. During this time, the Authority will seek public views on the three Options, including which one is the most acceptable and should serve as the foundation of the DP. The Consultant responsible for the selected Option may also be asked to incorporate features of the other two Options as preferred by stakeholders (who include the public as well as those from arts and cultural and other relevant sectors). In addition, the Authority will continue to fine-tune the planning of the venues by consulting stakeholders within the arts and cultural sector with a view to ensuring that the facilities meet their needs.

Stage 3

In Stage 3, the Project Consultant will develop the selected Conceptual Plan into a detailed DP and conduct related technical feasibility studies, including engineering, traffic and environmental impact assessments. The Project Consultant will also be required to prepare Schedules of Accommodation for the arts and cultural facilities.

Throughout the PE exercise, the Project Consultant will maintain close contact with stakeholders in the arts and cultural and other relevant sectors to seek their views as well as those of the public on the detailed DP. Stage 3 is tentatively scheduled for early 2011. The detailed DP will be finalised for submission to the TPB for consideration by 2012.

The Authority will also commission an Analysis and Reporting Consultant to independently analyse and report on the views collected during the three stages of the PE exercise, with a view to obtaining fair and objective findings.

Network Collaborators for the PE Exercise

Network collaborators are the Authority's working partners. Best practices indicate that engaging collaborators in the planning process can instil a sense of ownership of the project and is conducive to building community consensus. The role of the collaborators of the WKCD project is to engage the community, in partnership with the Authority, to solicit its views on the DP. In addition, they will collect and articulate the views of their sectors or networks and convey them to the Authority. Twelve organisations were invited to be the network collaborators of the Authority during the PE exercise. Through their networks, the said organisations will be able to help the Authority disseminate PE materials to related stakeholders and widen the feedback collection net. They will also help serve as facilitators during the PE activities.

The following is the list of network collaborators invited by the Authority:

- Yau Tsim Mong District Council
- Harbour-front Enhancement Committee
- Academy of Visual Arts, Hong Kong Baptist University
- School of Architecture, The Chinese University of Hong Kong
- Department of Architecture, The University of Hong Kong
- School of Design, The Hong Kong Polytechnic University
- The Hong Kong Institute of Architects
- The Hong Kong Institution of Engineers
- The Hong Kong Institute of Surveyors
- Hong Kong Institute of Planners
- The Hong Kong Institute of Landscape Architects
- Hong Kong Arts Development Council

Museum Committee

The Museum Committee formulates and recommends to the Board strategies and policies for planning, developing and operating the WKCD's Museum and Exhibition Centre ("EC"). The Committee held three meetings during the period.

The Museum Committee has adopted the recommendations of the then Museums Advisory Group ("MAG") — set up under the Consultative Committee ("CC") on the Core Arts and Cultural Facilities of the WKCD — on the vision, mission and key functions of the M+ and EC as a starting point for the planning and development of these facilities. The mission, vision and key functions of the Museum and EC are as follows:

Mission, Vision and Key Functions of the Museum and EC (based on the recommendations of the then MAG and CC)

Mission of M+

"The mission of M+ is to focus on 20th and 21st century visual culture, broadly defined, from a Hong Kong perspective, the perspective of now and with a global vision. With an open, flexible and forward-looking attitude, M+ aims to inspire, delight, educate and engage the public, to explore diversity and foster creativity."

Vision for M+

- presenting visual culture from a Hong Kong perspective;
- presenting visual culture from the perspective of now;
- presenting visual culture with a commitment to its diversity;
- presenting visual culture with a flexible attitude that is open to new interpretations, fostering cross-fertilization and communication;
- presenting visual culture by promoting community engagement, based on a continuing dialogue with the public; and
- presenting visual culture with respect for curatorial and other specialized professional expertise.

Key functions of M+ :

- collection building and preservation;
- education and outreach;
- exhibition and display; and
- research and publications.

Mission of the EC:

"The EC should give priority to uses related to arts, culture, and creative industries and events/activities related to the WKCD. The EC should aim to be run on a self-financing basis with its management overseen by an independent body."

Consultancy Study on Mode of Governance of the Museum and EC of the WKCD

Different modes of governance would have different implications for the Museum's and EC's day-to-day management and operation, programming and service priorities as well as their facilities' spatial requirements. As such, the Museum Committee agreed at its meeting held on 15 January 2009 to conduct a consultancy study that would recommend the most suitable mode of governance and external institutional relationships with government and non-government organisations for the Museum and EC of the WKCD. In determining a suitable mode of governance, the Authority will take into account the need to comply with the WKCD Ordinance as well as the need to uphold transparency and accountability in procedures of finance and management.

The study will draw reference from existing institutional models of leading, successful museums and exhibition centres that are comparable to the new Museum and EC of the WKCD in terms of scale, function, objective and / or theme. The study will recommend the most suitable mode of governance for the Museum and EC including their relationship with the Board of the Authority in terms of governance. It will also examine the implications of the recommended mode of governance for the physical settings of the Museum and EC, such as spatial and other facilities requirements, building design, site options and user requirements that can assist the Project Consultant in translating such information for input into the DP.

Consultancy Study on Market Analysis of the Museum and EC of the WKCD

In view of the large scale of the Museum and EC, the Authority concluded that it must plan the development of these facilities prudently and ensure effective use of public resources, and also allow for organic growth of the District. To take forward the planning of the Museum and EC in such a manner, and to dovetail with the preparation of the DP, the Museum Committee agreed at its meeting on 15 January 2009 that it was necessary to engage a consultant to conduct market analysis for the Museum and EC so as to obtain market information on existing and potential visitors / clientele. This would help ascertain a projection of the potential audienceship / clientele of the Museum and EC for the 20 years up to 2030. It would also identify the existing and potential target market segments for the Museum and EC both locally and outside Hong Kong, and propose marketing strategies that would appeal to the suggested target markets and meet the needs of the potential audienceship / clientele.

The findings of the study will have implications for the preparation of the DP of the WKCD, including but not limited to the spatial requirements of the Museum and EC. The information provided by the study will help the Authority formulate the most desirable strategy for phased development of the Museum and EC. As the study will have direct relationship with the overall design of the DP, the Committee agreed to jointly commission the study with the Development Committee.

Interim Museum

The Committee investigated the feasibility of establishing an Interim Museum at a fixed site and organised site visits to a number of potential sites, including the site at the junction of Electric Road and Oil Street, where the Royal Hong Kong Yacht Club was formerly located. The Museum Committee later agreed that establishing an Interim Museum at a fixed site was not preferred as it would take considerable time and require substantial resources. The Committee also agreed that an Interim Museum should organise activities in different areas of Hong Kong so as to promote the concept of the Museum and to connect with people. It was suggested that some of the events could be organised in collaboration with other institutions in the arts and cultural sector.

Performing Arts Committee

The Performing Arts Committee formulates the vision, mission and mode of governance of the WKCD's performing arts ("PA") venues for approval by the Board. It also formulates and recommends to the Board for its approval the strategies and policies for operation of the PA venues. The Committee has formed a small group to consider performing arts programmes and activities that may be organised from April 2009 to March 2010. The Committee held two meetings, and the small group held one meeting during the period.

Vision of the Performing Arts Venues

Based on the recommendations of the then Performing Arts and Tourism Advisory Group ("PATAG") set up under the CC, the Performing Arts Committee discussed the vision and guiding principles of the PA venues at its first meeting and the small group meeting. The refined vision of the PA venues, which has incorporated views from committee members, is as follows:

"We shall create, organise, manage and promote a vibrant cultural quartier for Hong Kong where its excellence draws to its venues the world's leading performing artists and companies; a home base and launch pad for Hong Kong's creative talent; a site that offers to all Hong Kong's citizens rich cultural experiences; and a cultural entertainment destination for local visitors and tourists."

Consultancy Study on Mode of Governance of the Performing Arts Venues of the WKCD

Different modes of governance would have different implications for the PA venues' day-to-day management and operation, programming and service priorities as well as their facilities' spatial requirements. As such, the Performing Arts Committee agreed to conduct a consultancy study on the most suitable mode of governance for the PA venues and their external institutional relationships with government and non-government organisations. In determining a suitable mode of governance, the Authority will take into account the need to comply with the WKCDA Ordinance as well as the need to uphold transparency and accountability in procedures of finance and management.

The study will draw reference from existing mode of governance of PA venues that are comparable to the PA venues in the WKCD in terms of scale, functions, vision and guiding principles. The study will recommend the most suitable mode of governance, taking into account the target art forms of each of the PA venues as well as a detailed description of the relationship between the venues and the Board. It will also examine the implications of the recommended mode of governance on the physical settings of the PA venues, such as spatial and facilities requirements, building design, site options and user requirements, and facilitate the Project Consultant's translation of such information for input into the DP.

Consultancy Study on Market Analysis of the Performing Arts Venues of the WKCD

In view of the large number of performing arts facilities to be built in the WKCD, the Authority recognizes that it must plan the development of these facilities prudently and ensure effective use of public resources, and also allow for organic growth of the district. With these objectives in mind, the Performing Arts Committee agreed at its meeting on 15 December 2008 that it was necessary to engage a consultant to conduct market analysis for the performing arts venues of the WKCD, so as to obtain market information on existing and potential visitors / clientele and ascertain a projection of the potential audienceship / clientele of those venues for the 20 years up to 2030. The study would also identify the existing and potential target market segments for the PA venues both locally and outside Hong Kong, and propose marketing strategies that would appeal to the suggested target markets and meet the needs of the potential audienceship / clientele.

The findings of the study will have implications for the preparation of the WKCD's DP, including but not limited to the spatial requirements of the PA venues. The information provided by the study will help the Authority formulate the most desirable strategy for phased development of the PA venues. As the study will have a direct relationship with the overall design of the DP, the Committee has agreed to jointly commission the study with the Development Committee.

Performing Arts Programmes

The Committee has set up a small group to consider performing arts programmes and activities that may be organised before end of March 2010. The small group met in January 2009 to brainstorm the possible approaches and format of programmes. Programmes including theme-based events may be organised on or off the WKCD site with a view to making an impression on the public, building the brand and image of the WKCD and building a local audience base. Consideration will also be given to collaborations with other arts and cultural institutions in the organisation of these events.

Audit Committee

The Audit Committee considers and advises on financial and audit matters of the Authority. The Committee met once during the period and has put in place a set of guidelines on the operation of bank accounts as well as accounting procedures on payment for goods and services for adoption by the Authority. It has also overseen the selection and made recommendation to the Board on the appointment of an independent external auditor to audit the statement of accounts of the Authority.

At its meeting held on 17 March 2009, the Board approved KPMG's appointment as the external auditor to audit the statement of accounts for the period from 11 July 2008 (date of establishment of the Authority) to 31 March 2009 pursuant to Section 29 of the WKCD Ordinance.

Investment Committee

The principal functions of the Investment Committee are to advise the Board on the investment objectives, guidelines and strategies of the Authority, and to monitor and oversee the investments made by the Authority. The Committee held two meetings during the period.

On 4 July 2008, the Finance Committee of the LegCo approved a one-off upfront endowment of HK\$21.6 billion to the Authority for developing the WKCD. The Authority had fully withdrawn from the Government the approved endowment of HK\$21.6 billion by January 2009. The Committee recommended and the Board endorsed that the approved upfront endowment be placed in bank deposits to earn interest in light of the global financial crisis and unstable investment environment. The approved upfront endowment was then placed in time deposits with licensed banks in Hong Kong, which will be fully protected under the Deposit Protection Scheme until the end of 2010.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board on organisational structure as well as policies regarding staffing, remuneration, employment, discipline and dismissal, with reference to the Authority's overall goals and objectives.

The Committee held four meetings during the period. It has overseen the appointment of consultants to undertake the organisational structure and manpower study for the Authority as well as the provision of a medical insurance scheme and employee compensation coverage for the Authority's staff. It has also overseen the recruitment of professional and middle management staff for carrying out certain urgent and important tasks.

Organisational Structure of the Authority

As the Authority is a public body with a wide range of duties conferred upon it by the WKCD Ordinance, the Board agreed at its first meeting on 28 October 2008 on the need to conduct a consultancy study of the Authority's organisational structure. This will ensure that the Authority's overall setup, manpower needs and recruitment packages are reasonable and comparable to similar local and overseas benchmark organisations. The scope of the study, as endorsed by the Remuneration Committee, is to include recommendations on appropriate organisational structures and manpower needs for the three stages of the WKCD's development, namely the planning, design and construction, and operation stages, taking into account the organisational structures of the benchmark organisations. The study should also identify and describe in detail the profile of the Chief Executive Officer ("CEO") and the three tiers of staff below, and recommend appropriate remuneration packages for these top-tier staff.

ESG S T R A T E G Y C O R P O R A T E G O V E R N A N C E

Corporate Governance

The Authority believes that good corporate governance will help the Authority fulfil its functions and pursue its objectives that are in the interest of the organisation and the public, lead to better corporate performance and reputation, and attain long-term, sustainable growth.

Standing Orders and Code of Conduct

Honesty, integrity and fair play are important assets for a public body. To ensure good governance of Board and committee proceedings and business, a set of Standing Orders covering meeting proceedings and declaration and registration of interests was endorsed by the Board and the six committees respectively.

To uphold public trust, it is important that the business of the Board and its committees be conducted — and seen to be conducted — in an impartial manner and free from acts of dishonesty, impropriety or corruption. To this end, a Code of Conduct — which sets out the standards of conduct expected of all Board and committee members, including arrangements with regard to acceptance of advantages and entertainment, management of conflict of interest, use of confidential or privileged information and public funds, misuse of capacity, etc. — was endorsed by the Board and the six committees respectively. A similar Code of Conduct for the Authority's staff has also been drawn up and endorsed by the Board.

Declaration of Interest

Board and committee members shall disclose any registrable interest as detailed in the Standing Orders on their first appointment and at the beginning of each calendar year after the appointment. They shall also declare interest on becoming aware of the existence of one not previously disclosed, or after the occurrence of any change to an interest previously disclosed.

To enable any member of the public to ascertain the particulars of any disclosure of interest, the Authority has established a register relating to any disclosure of interest and has made the register available for inspection by the public at the office of the Authority at any reasonable time. To further enhance transparency of disclosure of interest, the register has also been uploaded to the website of the Authority (www.wkcda.hk) for public access.

Guidelines

Guidelines for Travel and Related Expenses

To ensure good corporate governance and accountability in the use of public funds, the Authority has drawn up appropriate guidelines to govern travel and related expenses incurred by overseas Board and committee members attending meetings in Hong Kong, and for Board and committee members conducting duty visits overseas. The guidelines were approved by the Board at its third meeting on 20 January 2009, and will be refined taking into account the operational needs of the Authority.

Guidelines on Entertainment Expenses

A set of guidelines on entertainment expenses for the Authority's staff was approved by the Remuneration Committee and subsequently by the Board. The guidelines set out the general principles, application procedure, maximum limits and approving authority for both local official entertainment and official entertainment during overseas duty visits. The guidelines will be refined, taking into account the operational needs of the Authority.

Guidelines for Procurement of Goods and Services

A set of guidelines for procuring goods and services was approved by the Board at its first meeting held on 28 October 2008 for adoption by the Authority. A set of guidelines regarding restricted or single tendering for the procurement of goods and services was subsequently approved by the Board at its fourth meeting held on 17 March 2009.

Transparency Measures

While recognizing that corporate governance can be affected by many factors, the Authority believes that transparency is an important pillar of good governance. Having recognized the need to strike a balance between protecting sensitive and commercial information and enhancing transparency, the Board endorsed a set of guidelines for opening Board meetings to the public. Starting from the fourth Board meeting held on 17 March 2009, sessions of Board meetings that do not involve sensitive and commercial information will be open to the public.

Board meetings will be open to the public through live webcast on the Authority's website. This will provide the greatest level of convenience to the public, who can watch the proceedings without being restricted by considerations of venue location and can review the proceedings anytime after meetings are held. The agenda, minutes and papers of the open session of the meetings will also be uploaded to the Authority's website for public access.

WEST

Calendar of Events

07. 2008

- The LegCo passes the West Kowloon Cultural District Authority Bill on 3 July.
- Finance Committee of the LegCo approves an upfront endowment of HK\$21.6 billion to the Authority on 4 July.
- Enactment of the WKCDA Ordinance (Cap. 601) on 11 July.

10.2008

- The Chief Executive announces the appointment of members to the Board on 23 October for a term of two years.
- The Board holds its first meeting on 28 October.
- The Board endorses a set of Standing Orders of the Board as well as Codes of Conduct for Board members and the Authority's staff covering aspects of declaration of interest, etc.
- The Board announces that six committees, namely the Audit Committee, the Investment Committee, the Remuneration Committee, the Development Committee, the Museum Committee and the Performing Arts Committee comprising Board members and public officers, will be established.
- The Board endorses a strategy for the preparation of the DP of the WKCD, which consists of the preparation of three Conceptual Plan Options and an extensive PE exercise.
- The Board agrees to conduct a consultancy study on the organisational structure and manpower needs of the Authority.
- The Board endorses a set of procurement guidelines governing tendering procedures for the Authority.



The first Board meeting held on 28 October 2008



11. 2008

- The Authority launches the open tendering process for the Project Consultancy and Conceptual Plan Consultancy for preparing the DP.

12. 2008

- The Board endorses refinements to the preparation of the DP, which includes the broadening of the stakeholders to be engaged in the Stage 1 PE.
- The Board endorses the principles and guidelines for opening its meetings to the public through live webcasting.

01. 2009

- The Board announces the appointment of 17 non-Board members to its six committees on 9 January for a term of one year.
- The Board endorses a set of guidelines for travel and related expenses.

02. 2009

- The Authority establishes the Consultation Panel and appoints 21 members to it for a term of one year from 1 March.
- The consultancy study on the organisational structure and manpower needs of the Authority commences.

03. 2009

- The Board opens part of its fourth meeting to the public through live webcast.
- The Board endorses the appointment of KPMG as the independent external auditor of the Authority.
- The Board endorses a set of guidelines for the Consultation Panel in relation to its functions, administration and proceedings.
- The Performing Arts Committee, in conjunction with the Home Affairs Bureau, organises two sharing sessions on 21 and 28 March to provide a platform for performing arts groups to express their views, aspirations and concerns on the current performing arts scene in Hong Kong and the future development of the WKCD.



The two sharing sessions with performing arts groups jointly organised by the Performing Arts Committee and the Home Affairs Bureau on 21 and 28 March 2009



**Members of the Board,
Committees and Consultation Panel**

**CULTURE
DISTRICT**

The Board

Chairman

Mr Henry TANG Ying-yen, GBM, GBS, JP
Chief Secretary for Administration

Members (non-public officers)

The Honourable Ronald ARCULLI, GBS, JP
The Honourable Paul CHAN Mo-po, MH, JP
Mr Edmond CHUNG Kong-mo, JP
Ms Yuko HASEGAWA
The Honourable Jeffrey LAM Kin-fung, SBS, JP
Mr Andrew LAM Siu-lo, JP
Professor LEE Chack-fan, SBS, JP
Mr Victor LO Chung-wing, GBS, JP
Professor David LUNG Ping-yee, SBS, JP
Mr MA Fung-kwok, SBS, JP
Mr SIN Chung-kai, SBS, JP
Professor Jenny SO Fong-suk
Ms YIP Wing-sie, JP
Mr Danny YUNG Ning-tsun
Dr Allan ZEMAN, GBS, JP

Members (public officers)

Mr TSANG Tak-sing, JP
Secretary for Home Affairs
Alternate: Mrs Carrie YAU TSANG Ka-lai, JP
Permanent Secretary for Home Affairs

Mrs Carrie LAM CHENG Yuet-ngor, JP
Secretary for Development
Alternate: Mr MAK Chai-kwong, JP
Permanent Secretary for Development (Works)

Professor K C CHAN, SBS, JP
Secretary for Financial Services and the Treasury
Alternate: Ms Julia LEUNG Fung-yee
Under Secretary for Financial Services and the Treasury

Profile of Board Members

Chairman

Mr Henry TANG Ying-yen, GBM, GBS, JP

Chief Secretary for Administration

Mr Tang was appointed the Chief Secretary for Administration in July 2007. Prior to this appointment, he was the Financial Secretary and formerly the Secretary for Commerce, Industry and Technology. Mr Tang has been a member of the Executive Council since 1997. He served as a member of the Legislative Council from 1991 to 1998 and also served extensively on various government boards and public bodies. Before joining the Government in 2002, Mr Tang was a leading industrialist in Hong Kong. He was Chairman of the Federation of Hong Kong Industries and also a Committee Member of the Hong Kong General Chamber of Commerce.

Members (non-public officers)

The Honourable Ronald ARCULLI, GBS, JP

Mr Arculli has a distinguished record of public service. He was the Convenor of the Financial Matters Advisory Group and a member of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD. A practising solicitor, he is the Chairman of the Hong Kong Exchanges and Clearing Limited and a member of the Executive Council.

The Honourable Paul CHAN Mo-po, MH, JP

Mr Chan is a professional accountant and a Past President of the Hong Kong Institute of Certified Public Accountants. He is the Chairman of the Legal Aid Services Council and a member of the Commission on Strategic Development, the Consumer Council and the Beat Drugs Fund Association. He is a current member of the Legislative Council representing the Accountancy Functional Constituency.

Mr Edmond CHUNG Kong-mo, JP

Mr Chung has more than 10 years of experience in local community services ranging from welfare of local residents to the well being of the youth. He is the Chairperson of the Schools Operating Authority Committee of the Hong Kong Award for Young People. He is an elected member and the Chairman of the Yau Tsim Mong District Council. Yau Tsim Mong is the district where the WKCD is located.

Ms Yuko HASEGAWA

Ms Hasegawa is the Chief Curator of the Museum of Contemporary Art in Tokyo. She is a renowned curator on the international scene, and has sophisticated expertise in curatorship as well as planning of newly-built museums. Ms Hasegawa is the founding Artistic Director of the 21st Century Museum of Contemporary Art in Kanazawa, and a former Board member of the International Council of Museums for Museums and Collections of Modern Art. She is also the Artistic Director of Inujima Island Art House Project.

The Honourable Jeffrey LAM Kin-fung, SBS, JP

Mr Lam is a veteran industrialist who has a broad range of experience in areas such as industrial and business promotion to innovation and technology support. His past and present public services cover, amongst others, the fields of transport, vocational training, trade promotion and anti-corruption. Mr Lam is a current member of the Legislative Council.

Mr Andrew LAM Siu-lo, JP

Mr Lam is an experienced urban design planner. During his tenure as an Executive Director of the Urban Renewal Authority, Mr Lam pioneered the concept of public engagement in urban planning and design. Mr Lam has served on the Committee on Museums and is now a member of the Advisory Committee on Revitalisation of Historic Buildings and the Antiquities Advisory Board.

Professor LEE Chack-fan, SBS, JP

Professor Lee is Chair Professor of Geotechnical Engineering of the University of Hong Kong and is highly esteemed in the engineering field internationally. He has served as technical adviser to the World Bank, the United Nations Development Plan, the Asian Development Bank and the International Atomic Energy Agency. Professor Lee is the current Chairman of both the Harbour-front Enhancement Committee and the Council of the Lord Wilson Heritage Trust.

Mr Victor LO Chung-wing, GBS, JP

Mr Lo was the Convenor of the Museums Advisory Group and a member of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD. He is the Chairman of Board of Directors of the Hong Kong Design Centre and the Chairman of the Council of the Hong Kong Polytechnic University. Mr Lo has interest in a wide variety of visual arts forms and is dedicated to the development of design and innovation. Mr Lo was a member of the Executive Council from November 2005 to January 2009.

Professor David LUNG Ping-yee, SBS, JP

A renowned architect, Professor Lung is the Associate Dean of the Faculty of Architecture and holds the UNESCO (United Nations Educational, Scientific and Cultural Organisation) Chair of Cultural Heritage Resources Management of the University of Hong Kong. He is the current Chairman of the Environment and Conversation Fund Committee. Professor Lung was a member of the Culture and Heritage Commission, and a member of the Museums Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD.

Mr MA Fung-kwok, SBS, JP

Mr Ma is the Chairman of the Hong Kong Arts Development Council. Mr Ma has deep knowledge of the operation of local and overseas performing arts groups as well as different modes of governance of performing arts venues. He was a member of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD, and Deputy Chairman of the Council of the Hong Kong Academy for Performing Arts.

Mr SIN Chung-kai, SBS, JP

Mr Sin has a long record of public service. He was a member of the Legislative Council representing the Information Technology Functional Constituency and the Convenor of the Working Group on Digital Entertainment. He was also a member of the Digital 21 Strategy Advisory Committee.

Professor Jenny SO Fong-suk

Professor So is Professor of Fine Arts and Director of the Institute of Chinese Studies at the Chinese University of Hong Kong. Previously, Professor So was Senior Curator at the Freer Gallery of Art and Arthur M. Sackler Gallery, at the Smithsonian Institution, Washington, D.C., and was responsible for all research and exhibition programmes of the collections of ancient Chinese art.

Ms YIP Wing-sie, JP

Ms Yip has been the Music Director of the Hong Kong Sinfonietta since 2002 and is guest conductor to many Asian orchestras. She was a member of the Performing Arts and Tourism Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD. She is a current member of the Council of the Hong Kong Academy for Performing Arts.

Mr Danny YUNG Ning-tsun

A well-known experimental art pioneer, Mr Yung founded the internationally acclaimed avant-garde arts collective, Zuni Icosahedron, and acts as Chairperson of the Hong Kong Institute of Contemporary Culture. Throughout the years, he strives to open up new possibilities and perspectives in the field of Hong Kong arts and culture. He was a member of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD. He was a recipient of the Merit Cross of the Order of Merit of the Federal Republic of Germany in 2009.

Dr Allan ZEMAN, GBS, JP

Dr Zeman was a member of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD and its Financial Matters Advisory Group. He is the Chairman of the Board of the Ocean Park Corporation and Lan Kwai Fong Holdings Limited. Dr Zeman has successfully turned Lan Kwai Fong and the Ocean Park into attractions for both local and overseas visitors. He is a member of the Tourism Strategy Group, member of Commission on Strategic Development and member of Business Facilitation Advisory Committee.

Members (public officers)

Mr TSANG Tak-sing, JP

Secretary for Home Affairs

Mr Tsang was appointed the Secretary for Home Affairs in July 2007. He had worked in the journalistic field for nearly 30 years before he joined the Government as a member of the Central Policy Unit.

Mrs Carrie LAM CHENG Yuet-ngor, JP

Secretary for Development

Mrs Carrie Lam was appointed the Secretary for Development in July 2007. She joined the Administrative Service in 1980, and had served in various bureaux and departments during her career as a civil servant, including the Social Welfare Department, Housing, Planning and Lands Bureau, the Hong Kong Economic and Trade Office in London. She was the Permanent Secretary for Home Affairs before her appointment as the Secretary for Development.

Professor K C CHAN, SBS, JP

Secretary for Financial Services and the Treasury

Professor Chan was appointed Secretary for Financial Services and the Treasury in July 2007. Before joining the Government, he was Dean of Business and Management of the Hong Kong University of Science and Technology. Professor Chan has also served on the Consumer Council, the Hong Kong Futures Exchange, the Commission on Strategic Development, Commission on Poverty and the Hong Kong Council for Academic Accreditation.





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Board Members of the West Kowloon Cultural District Authority

1. Mr Henry TANG Ying-yen, GBM, GBS, JP
Chief Secretary for Administration (Chairman)
2. The Honourable Ronald ARCULLI, GBS, JP
3. Professor LEE Chack-fan, SBS, JP
4. Ms YIP Wing-sie, JP
5. Mr Edmond CHUNG Kong-mo, JP
6. Professor David LUNG Ping-yee, SBS, JP
7. Ms Yuko HASEGAWA
8. Dr Allan ZEMAN, GBS, JP
9. Mr Victor LO Chung-wing, GBS, JP
10. Mr SIN Chung-kai, SBS, JP
11. Mr Andrew LAM Siu-lo, JP
12. Mr MA Fung-kwok, SBS, JP
13. The Honourable Jeffrey LAM Kin-fung, SBS, JP
14. Professor Jenny SO Fong-suk
15. Mr Danny YUNG Ning-tsun
16. The Honourable Paul CHAN Mo-po, MH, JP
17. Mr TSANG Tak-sing, JP
Secretary for Home Affairs
18. Professor K C CHAN, SBS, JP
Secretary for Financial Services and the Treasury
19. Mrs Carrie LAM CHENG Yuet-ngor, JP
Secretary for Development

Development Committee

Chairman

The Honourable Ronald ARCULLI, GBS, JP

Members (non-public officers)

Board Members

Mr Edmond CHUNG Kong-mo, JP

Ms Yuko HASEGAWA

Mr Andrew LAM Siu-lo, JP

Professor LEE Chack-fan, SBS, JP

Mr Victor LO Chung-wing, GBS, JP

Professor David LUNG Ping-ye, SBS, JP

Mr SIN Chung-kai, SBS, JP

Professor Jenny SO Fong-suk

Ms YIP Wing-sie, JP

Mr Danny YUNG Ning-tsun

Dr Allan ZEMAN, GBS, JP

Non-Board Members

Mr Raymond FUNG Wing-kee

Mr LEE Shing-see, GBS, JP

Mr LIU Sing-cheong, JP

Members (public officers)

Representative from Development Bureau

Representative from Home Affairs Bureau

Profile of Non-Board Members

Mr Raymond FUNG Wing-kee

Mr Fung, an architect, designer and painter, has won numerous awards including the Ten Outstanding Young Persons' Award, Ten Outstanding Designers' Award and five Annual Awards of the Hong Kong Institute of Architects ("HKIA"), plus 50 major awards in architecture, interior design and art. He is currently the Adjunct Associate Professor of the School of Architecture of the Chinese University of Hong Kong, a member of the Advisory Committee on Revitalization of Historical Buildings, Advisory Committee on the Appearance of Bridges and Associated Structures ("ACABAS"), an Honorary Advisor of LCSD Museums and the Vice-chairman of the Hong Kong Designers Association ("HKDA"). He is also a co-writer of books on architecture and culture.

Mr LEE Shing-see, GBS, JP

Mr Lee, an experienced civil engineer, is a current member of the Board of Directors of Hong Kong Science and Technology Parks Corporation, Hong Kong Design Centre, Hong Kong Cyberport Management Company Limited, Construction Industry Council and the Environmental Impact Assessment Appeal Board Panel. Mr Lee was the Secretary for Works and Permanent Secretary (Transport and Works).

Mr LIU Sing-cheong, JP

Mr Liu is a chartered estate surveyor. He has extensive experiences in property consultancy and development, including integration of commercial facilities with arts and cultural activities, both in Hong Kong and the Mainland. He is a member of the Council of Hong Kong University of Science and Technology, an Honorary Professor at the University of Hong Kong and an Adjunct Professor at the Hong Kong Polytechnic University. He is also a member of the Board of Directors of Hong Kong Science and Technology Parks Corporation and a member of the Hong Kong Security and Guarding Services Industry Authority. He was a member of the Hong Kong Housing Authority and the founding Chairman of the Asia Pacific Board of the Royal Institution of Chartered Surveyors.

Museum Committee

Chairman

Mr Victor LO Chung-wing, GBS, JP

Members (non-public officers)

Board Members

Mr Edmond CHUNG Kong-mo, JP

Ms Yuko HASEGAWA

Mr Andrew LAM Siu-lo, JP

Professor LEE Chack-fan, SBS, JP

Mr MA Fung-kwok, SBS, JP

Mr SIN Chung-kai, SBS, JP

Professor Jenny SO Fong-suk

Mr Danny YUNG Ning-tsun

Non-Board Members

Ms Claire HSU

Mr LAU Wai-keung

Mr David PONG Chun-ye

Mr Alan WAN Siu-lun

Members (public officers)

Representative from Home Affairs Bureau

Representative from Leisure and Cultural Services Department

Profile of Non-Board Members

Ms Claire HSU

Ms Hsu is the Executive Director and co-founder of Asia Art Archive, which is a public resource and platform for contemporary Asian art. Ms Hsu was a member of the Museums Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD. She has spoken in a number of forums around the world.

Mr LAU Wai-keung

Mr Lau is a film director and has been in the movie industry for nearly 30 years. He has directed many well-known films including "Infernal Affairs", "Initial D" and the "Young and Dangerous" series. Mr Lau is knowledgeable in moving images, and his works have been highly praised in Hong Kong, the Mainland and Hollywood. Mr Lau worked in the photography field in his early years and has rich experience in visual arts.

Mr David PONG Chun-ye

Mr Pong is the incumbent Vice-Chairman of the Ink Society and is knowledgeable in contemporary Chinese ink paintings. He is devoted to the promotion of cultural exchange between local and overseas visual arts. He is member of the Board of Trustees of the Friends of the Hong Kong Museum of Art, and the Board of Trustees of the Asian Art Museum of San Francisco. Mr Pong is also a Council member of the Hong Kong Academy for Performing Arts, a co-opted Board member of the Hong Kong Arts Centre and a member of the Executive Committee of the Asian Cultural Council (HK Chapter).

Mr Alan WAN Siu-lun

Mr Wan has been serving as the Secretary of the Hong Kong Comics & Animation Federation Limited since 2002. He is knowledgeable in both youth culture and the creative arts. Mr Wan has a keen interest in digital entertainment and is devoted to the promotion of comics and animation in Hong Kong and the Mainland. He is currently an Adjudicator of the Panel of Adjudicators (Control of Obscene and Indecent Articles).

Performing Arts Committee

Chairman

Dr Allan ZEMAN, GBS, JP

Members (non-public officers)

Board Members

Professor LEE Chack-fan, SBS, JP

Mr MA Fung-kwok, SBS, JP

Professor Jenny SO Fong-suk

Ms YIP Wing-sie, JP

Mr Danny YUNG Ning-tsun

Non-Board Members

Mr Timothy CALNIN

Mr Benny CHIA Chun-heng, BBS

Mr Jim CHIM Sui-man

Mr Willy TSAO Sing-yuen, BBS

Ms WANG Ming-chun, SBS

Members (public officers)

Representative from Home Affairs Bureau

Representative from Leisure and Cultural Services Department

Profile of Non-Board Members

Mr Timothy CALNIN

Mr Calnin joined the Hong Kong Philharmonic Society in January 2004 as an Artistic Consultant. He served as Chief Executive of the society from June 2005 until July 2009 and is well-versed in the development requirements for orchestral music. Mr Calnin was a member of the Performing Arts and Tourism Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD, the Artistic Administrator of the Sydney Symphony, and the General Manager of the Academy of Ancient Music in London.

Mr Benny CHIA Chun-heng, BBS

Mr Chia is founder/director of the Hong Kong Festival Fringe Limited and the Artistic Director of the City Festival. He was a member of the Museums Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD, the Art Form Panel (Festivals) under the Programme and Development Committee of the Leisure and Cultural Services Department, and the Hong Kong Arts Development Council. Currently, he sits on the Board of the Hong Kong International Film Festival, Hong Kong Arts Administrators' Association and the Hong Kong Architecture Centre.

Mr Jim CHIM Sui-man

Mr Chim is a renowned stage performer in the theatre arts sector in Hong Kong. He is the founding managing director and artistic director of the PIP Cultural Industries. He was a member of the Performing Arts and Tourism Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD. He was invited by the US State Department to visit the United States in 2006 as a grantee of the International Visitor Leadership Programme.

Mr Willy TSAO Sing-yuen, BBS

Mr Tsao is the Founder and Artistic Director of City Contemporary Dance Company. He was a member of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD. He is currently an Arts Adviser (Dance) of the Hong Kong Arts Development Council. He received the Dancer of the Year Award from the Hong Kong Artists Guild in 1988 and has been an Honorary Fellow of the Hong Kong Academy for Performing Arts since 2000.

Ms WANG Ming-chun, SBS

Ms Wang is a prominent figure in Cantonese Opera and a famous TV artiste in Hong Kong. She was a recipient of the Montblanc de la Culture Arts Patronage Award (Hong Kong Region), World Outstanding Chinese Award and In Style International Contribution Award – China Fashion Awards. She is the current Chairlady of the Chinese Artists Association of Hong Kong and a member of the People’s Liberation Army Camp Visiting Committee Hong Kong. Ms Wang was a member of the Hong Kong Arts Development Council, the Board of the Hong Kong Dance Company Limited, and the Advisory Panel on Chinese Opera of the then Urban Council, an adviser on the Performing Arts, Chinese Opera of the then Regional Council, and a fundraising ambassador of the Hong Kong Chinese Orchestra. Ms Wang was conferred the Honorary Fellowship by the Hong Kong Academy for Performing Arts in 2009.

Audit Committee

Chairman

The Honourable Paul CHAN Mo-po, MH, JP

Members

Board Members

Mr Edmond CHUNG Kong-mo, JP

Mr Danny YUNG Ning-tsun

Non-Board Members

Dr KAM Pok-man

Profile of Non-Board Members

Dr KAM Pok-man

Dr Kam, a professional accountant, is a current member of the Process Review Panel for the Securities and Futures Commission, the Financial Reporting Council, the Operations Review Committee of the Independent Commission Against Corruption (“ICAC”) and the Travel Industry Council of Hong Kong. He was the President of the Hong Kong Institute of Certified Public Accountants and a member of the Corruption Prevention Advisory Committee of the ICAC, the Licensing Appeals Board and the Travel Industry Compensation Fund Management Board.

Investment Committee

Chairman

Mr TSANG Tak-sing, JP
Secretary for Home Affairs

Members (non-public officers)

Board Members

The Honourable Ronald ARCULLI, GBS, JP
The Honourable Paul CHAN Mo-po, MH, JP
Mr SIN Chung-kai, SBS, JP
Mr Danny YUNG Ning-tsun
Dr Allan ZEMAN, GBS, JP

Non-Board Members

Mr Leo KUNG Lin-cheng, JP
Mr David SUN Tak-kei, BBS, JP
Mr Kevin WESTLEY, BBS

Members (public officers)

Representative from Financial Services and
the Treasury Bureau
Representative from Home Affairs Bureau
The Director of Accounting Services or
his representative

Profile of Non-Board Members

Mr Leo KUNG Lin-cheng, JP

Mr Kung is a professional in banking and financial services. Currently, Mr Kung is the Deputy Chairman of the Board of the Ocean Park Corporation and a non-executive director of the Mandatory Provident Fund Schemes Authority. He is a member of the Start-up Loan for Post-secondary Education Providers Vetting Committee and a member of the Selection Committee for the Allocation of Sites to Post-secondary Education Providers. He is also the Convener of the Trustees of the Helping Hand Charitable Trust and the Director of the Board of Directors.

Mr David SUN Tak-kei, BBS, JP

Mr Sun is active in the accountancy profession and the community. He served as the President of the Hong Kong Institute of Certified Public Accountants in 2003 and currently serves on a number of Government appointed boards and committees, including the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, the Mandatory Provident Fund Schemes Authority and Process Review Panel for the Securities and Futures Commission.

Mr Kevin WESTLEY, BBS

Mr Westley is a veteran of the banking and finance sector. He was a member of the Financial Matters Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD and is currently the Deputy Chairman of the Board of the Ocean Park Corporation and a member of the Personalized Vehicle Registration Marks Vetting Committee. He previously served as Chairman of the Takeovers and Mergers Panel of the Securities and Futures Commission and was a member of the Takeovers Appeal Committee of the Securities and Futures Commission.

Remuneration Committee

Chairman

Mr SIN Chung-kai, SBS, JP

Members (non-public officers)

Board Members

The Honourable Ronald ARCULLI, GBS, JP

The Honourable Jeffrey LAM Kin-fung, SBS, JP

Mr Danny YUNG Ning-tsun

Non-Board Members

Mr LAI Kam-tong

Profile of Non-Board Members

Mr LAI Kam-tong

Mr Lai is an experienced human resources expert in the field. He was the President of the Hong Kong Institute of Human Resource Management (“HKIHRM”), and is currently the Co-Chairman of the Remuneration Committee of the HKIHRM. He is also the Acting Chairman of the Advisory Committee on Admission of Quality Migrants and Professionals, and member of the Curriculum Development Council, the Independent Complaints Handling Committee, and the Committee on Labour Relations of the Labour Advisory Board.

Consultation Panel

Chairman

Professor Stephen CHEUNG Yan-leung, BBS, JP

Members

Board Members

The Honourable Ronald ARCULLI, GBS, JP

Mr Victor LO Chung-wing, GBS, JP

Dr Allan ZEMAN, GBS, JP

Non-Board Members

Mr Ronald CHAN Ngok-pang

Mr CHENG Chi-ming

Mr Oscar HO Hing-kay

Mr Michael HUI Wah-kit, MH

Mr HUNG Chiu-wah

Ms KO Po-ling, MH, JP

Mr Bankee KWAN Pak-hoo

Ms Ida LAM Choi-chu

The Honourable LEE Wing-tat

Mr William LEUNG Wing-cheung, BBS, JP

Dr MAN Ying-ling

Mr Charles Peter MOK

Mr TAI Hay-lap, BBS, JP

The Honourable Paul TSE Wai-chun

Dr John TSE Wing-ling, MH

Ms Ada WONG Ying-kay, JP

Dr YAU Wing-kwong

Profile of Non-Board Members

Chairman

Professor Stephen CHEUNG Yan-leung, BBS, JP

Professor Cheung is the Dean of School of Business of the Hong Kong Baptist University. He was a member of the Financial Matters Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD. Professor Cheung is the Chairman of the Supervisory Committee of the ABF Hong Kong Bond Index Fund of the Hong Kong Monetary Authority. He is a panel member of the Commission on Strategic Development, Operations Review Committee of the ICAC, Steering Committee on Review of the Urban Renewal Strategy, Independent Police Complaints Council and the incumbent Chairman of the Advisory Committee on Enhancing Self-Reliance Through District Partnership Programme of the Home Affairs Department.

Members

Mr Ronald CHAN Ngok-pang

Mr Chan is a current member (elected) of the Southern District Council. He has a keen interest in policy research and public administration. He has been a part-time member of the Central Policy Unit since 2008.

Mr CHENG Chi-ming

Mr Cheng is a visual artist and educator with expertise across various areas of the arts. He has extensive knowledge, experience and networks in the creative industry. He is a current member of the Panel of Film Censorship Advisers.

Mr Oscar HO Hing-kay

Mr Ho is a professional consultant to the Department of Cultural and Religious Studies of the Chinese University of Hong Kong. He was a member of the Museums Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD. He was formerly the Exhibition Director of the Hong Kong Arts Centre and founding Director of the Museum of Contemporary Art in Shanghai.

Mr Michael HUI Wah-kit, MH

Mr Hui, the Secretariat General of the Hong Kong Chinese Importers' and Exporters' Association, is a current member of the Harbour-front Enhancement Committee and Court member of the Hong Kong Baptist University. He was the Chairman of the Hong Kong United Youth Association (2008 – 2009).

Mr HUNG Chiu-wah

Mr Hung is the elected District Council member of the Tsim Sha Tsui West Constituency (the constituency covering the Kowloon Station and the WKCD). He is recently elected as the Chairman of Collaboration Group on WKCD Development Project of Yau Tsim Mong District Council.

Ms KO Po-ling, MH, JP

Ms Ko is the President of the Kowloon Federation of Associations. She has long years of community service in the Kowloon area and is active in liaising with the local business sector, arts and culture sector and concern groups on the WKCD project. Currently, she is an appointed member of the Yau Tsim Mong District Council and a member of the Women's Association.

Mr Bankee KWAN Pak-hoo

Mr Kwan was a member of Central Policy Unit, HKSAR Government. He is currently Honorary Advisor of Hong Kong Retail Management Association, Convenor of Retail Trade Training Board of Vocational Training Council, Member of Consumer Council, SME Development Fund Vetting Committee and China Trade Advisory Committee of Hong Kong Trade Development Council.

Ms Ida LAM Choi-chu

Ms Lam is the Chairperson of the Arts with the Disabled Association Hong Kong. She has been involved in the arts with people with disabilities for over 20 years with a view to popularising arts among people with disabilities and promoting the excellence of artists with disabilities. Ms. Lam is a current member of the Committee on Performing Arts under the Home Affairs Bureau.

The Honourable LEE Wing-tat

Mr Lee is an elected Legislative Council (“LegCo”) member (NT West). He is the incumbent Vice-Chairman of the LegCo Joint Subcommittee to Monitor the Implementation of the WKCD Project under the Panel on Home Affairs and Panel on Development. Mr Lee is a current member of the Commission on Strategic Development and Kwai Tsing District Council. He was a member of the Hong Kong Housing Authority.

Mr William LEUNG Wing-cheung, BBS, JP

Mr Leung is the Deputy Chairman of the Council of the Hong Kong Academy for Performing Arts and the Chairman of the Board of the Hong Kong Dance Company Limited. He was also a member of the Financial Matters Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD. Mr Leung is a current member of the Banking Industry Training Advisory Committee, Estate Agents Authority and Sports Commission.

Dr MAN Ying-ling

Dr Man is an Assistant Professor of the Faculty of Languages of the Hong Kong Institute of Education and the Vice-Chairperson of the Committee on Home-School Co-operation. Dr Man has devoted herself to the development of family-school cooperation and the promotion of language and cultural education.

Mr Charles Peter MOK

Mr Mok is the Vice Chairman of the Professional Commons, an independent professional think tank that monitors the Government through professional analysis and research. Mr Mok is a current member of the Digital 21 Strategy Advisory Committee, Hospital Authority and Transport Advisory Committee.

Mr TAI Hay-lap, BBS, JP

Mr Tai, the Principal of Yan Oi Tong Tin Ka Ping Secondary School, is a well-respected educationalist and has served on a number of boards/committees in the educational field, including the Education Commission, the Committee on the Promotion of Civic Education and the Quality Education Fund Steering Committee. He is a current member of the University Grants Committee, the Council for Sustainable Development and the Council of the Hong Kong Institute of Education.

The Honourable Paul TSE Wai-chun

Mr Tse is the LegCo member representing the Tourism Constituency. He is a current member of the LegCo Joint Subcommittee to Monitor the Implementation of the WKCD Project under the Panel on Home Affairs and Panel on Development, as well as the Tourism Strategy Group. Mr. Tse was a member of the Consumer Relations Committee of the Travel Industry Council of Hong Kong.

Dr John TSE Wing-ling, MH

Dr Tse is an Associate Professor in the Department of Applied Social Studies of the City University of Hong Kong. He was an elected LegCo member. Currently, he is a member of the Fight Crime Committee and Municipal Services Appeals Board. Dr Tse was the Vice-chairman of the Wanchai District Council.

Ms Ada WONG Ying-kay, JP

Ms Wong is the convenor of the People's Panel on West Kowloon. She was a member of the Museums Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD. Ms Wong is a current member of the Committee on Performing Arts under the Home Affairs Bureau, the Council of the Hong Kong Academy for Performing Arts and the Steering Committee on Review of the Urban Renewal Strategy.

Dr YAU Wing-kwong

Dr Yau is experienced in serving boards/committees regarding environmental issues. He is a current member of the Country and Marine Parks Board and the Intangible Cultural Heritage Advisory Committee. He is also a member of the Advisory Council on the Environment and its three subcommittees – Environmental Impact Assessment Subcommittee, Nature Conservation Subcommittee and Waste Management Subcommittee and an appointed member of the Tai Po District Council.





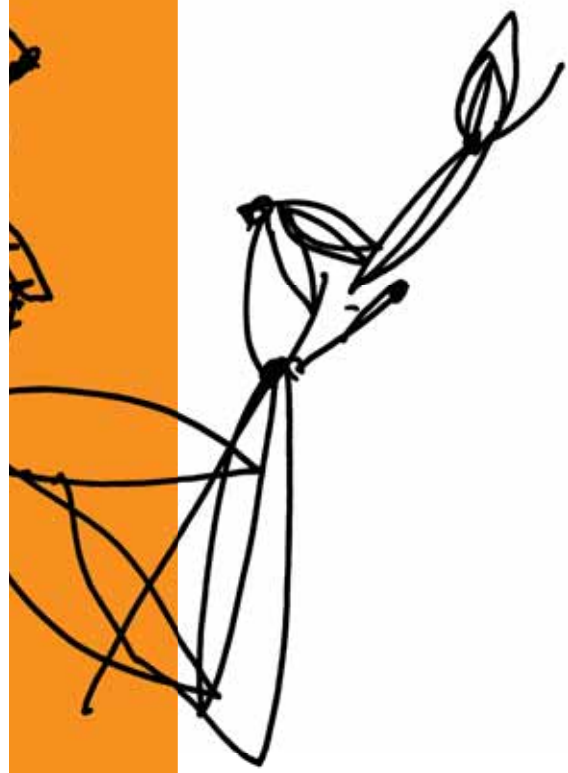
Financial Highlights



For the accounting period from 11 July 2008 (date of establishment) to 31 March 2009

	HK\$ million *
Profit for the period	64
Capital - Endowment from the Government of HKSAR as of 31 March 2009	21,600
Time deposits with original maturities over three months as of 31 March 2009	21,573
Cash and cash equivalents as of 31 March 2009	25

* rounded to the nearest HK\$ million



An abstract black line drawing on an orange background. The drawing consists of numerous interconnected lines and dots, forming a complex, organic shape that resembles a stylized face or a network of connections. The lines are thin and black, and the dots are small black circles. The overall composition is dense and intricate, with a central focus that radiates outwards.

Report of the Members of the Board

The members of the Board are pleased to submit the annual report of the West Kowloon Cultural District Authority (“the Authority”) together with the audited statement of accounts for the period from 11 July 2008 (date of establishment) to 31 March 2009.

The West Kowloon Cultural District Authority

The West Kowloon Cultural District Authority Ordinance (“the WKCDA Ordinance”), Cap. 601, came into operation on 11 July 2008 (date of establishment). The Authority was established to develop the West Kowloon Cultural District (“WKCD”) into an integrated arts and cultural district.

Board members

The members of the Board since their appointment on 23 October 2008 and up to the date of this report are set out on page 43.

Principal activities

The functions and objectives of the Authority are stipulated in Sections 4(1) and 4(2) of the WKCDA Ordinance respectively. In brief, the Authority is responsible for the planning, development, operation and maintenance of the arts and cultural facilities, related facilities or ancillary facilities of the WKCD.

Statement of Accounts

The result of the Authority for the period from 11 July 2008 (date of establishment) to 31 March 2009 and the state of affairs of the Authority as of 31 March 2009 are set out in the statement of accounts on pages 69 to 78.

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Board members’ interests in contracts

No contracts of significance, to which the Authority was a party and in which a member of the Board had a material interest, subsisted at the end of the period or at any time during the period.

Auditor

The statement of accounts has been audited by KPMG, which were first appointed by the Board in accordance with Section 29 of the WKCDA Ordinance in early 2009.

By order of the Board

Henry TANG Ying-yen, GBM, GBS, JP

Chairman of the Board

Hong Kong, 20 July 2009



Independent Auditor's Report



Independent auditor's report to the West Kowloon Cultural District Authority

(Established in Hong Kong pursuant to the West Kowloon Cultural District Authority Ordinance)

We have audited the statement of accounts of the West Kowloon Cultural District Authority ("the Authority") set out on pages 69 to 78, which comprises the balance sheet as at 31 March 2009, and the profit and loss account, the statement of changes in equity and the cash flow statement for the period from 11 July 2008 (date of establishment) to 31 March 2009, and a summary of significant accounting policies and other explanatory notes.

The Board's responsibility for the statement of accounts

The Board of the Authority is responsible for the preparation and the true and fair presentation of the statement of accounts in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the statement of accounts that is 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 the statement of accounts based on our audit. This report is made solely to you, in accordance with our agreed terms of engagement, 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 statement of accounts is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the statement of accounts, 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 statement of accounts 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 Authority, as well as evaluating the overall presentation of the statement of accounts.

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 statement of accounts gives a true and fair view of the state of affairs of the Authority as at 31 March 2009 and of its profit and cash flows for the period from 11 July 2008 (date of establishment) to 31 March 2009 in accordance with Hong Kong Financial Reporting Standards.

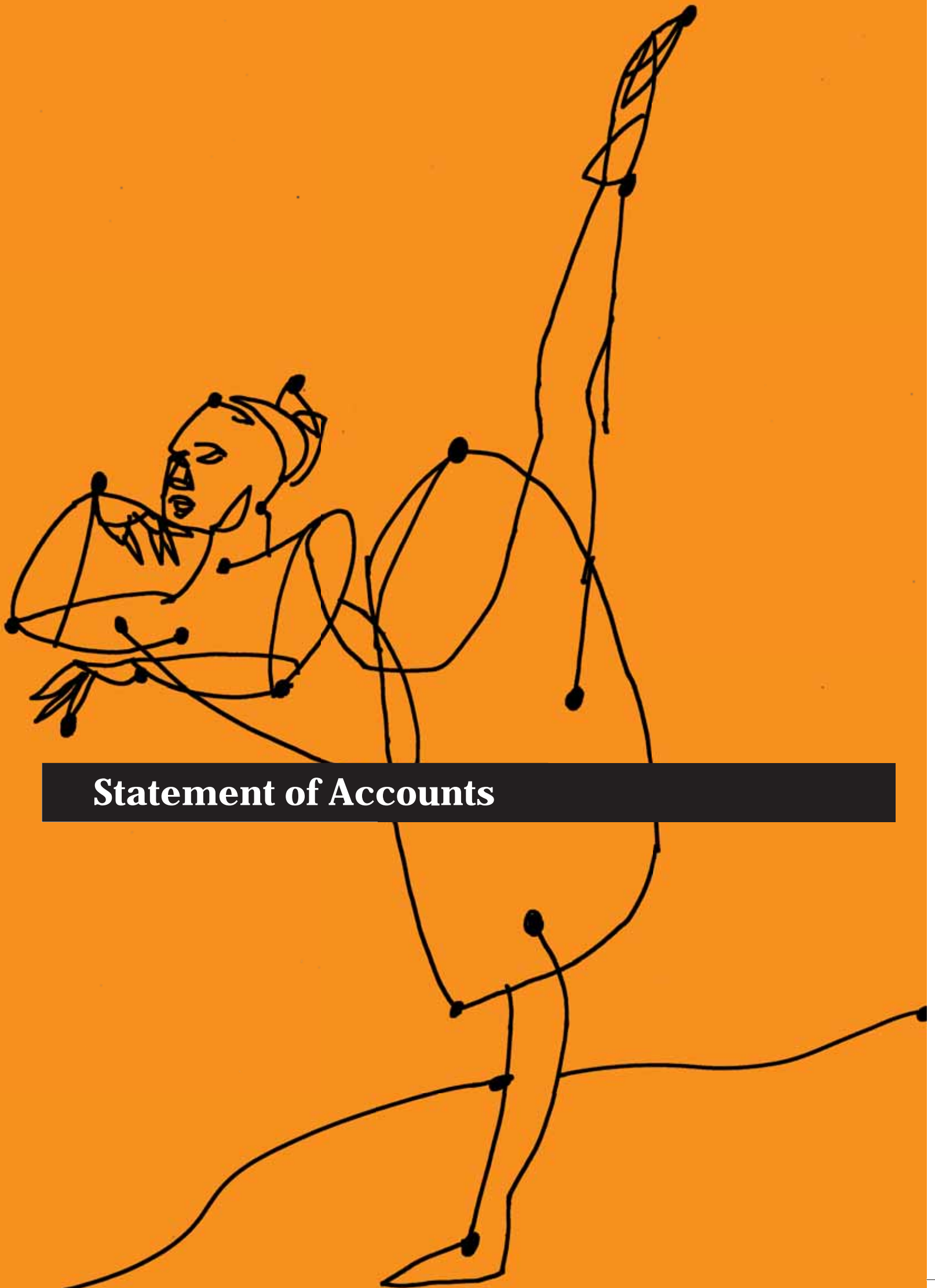
A handwritten signature in black ink, appearing to be 'M. M. M.', is located below the opinion text.

KPMG

Certified Public Accountants

8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

20 July 2009



Statement of Accounts

West Kowloon Cultural District Authority
Profit and Loss Account
For the period from 11 July 2008
(date of establishment) to 31 March 2009

	Note	HK\$	HK\$
Income			
Interest income			72,798,531
Expenses			
Staff costs	4	7,248,818	
Other operating expenses	5	<u>2,013,305</u>	
			<u>9,262,123</u>
Profit for the period			<u><u>63,536,408</u></u>

West Kowloon Cultural District Authority
Balance Sheet
as at 31 March 2009

	Note	HK\$	HK\$
Non-current assets			
Property, plant and equipment	8		189,650
Current assets			
Interest receivable		72,776,709	
Prepayments and deposit	9	18,041	
Time deposits with original maturities over three months		21,573,400,000	
Cash and cash equivalents	10	<u>25,089,683</u>	
		21,671,284,433	
Current liabilities			
Other payable and accruals	11	<u>7,925,532</u>	
Net current assets			<u>21,663,358,901</u>
Total assets less current liabilities			21,663,548,551
Non-current liability			
Accrued contract gratuity			<u>12,143</u>
Net assets			<u>21,663,536,408</u>
Equity			
Capital - Endowment from the Government of HKSAR	12		21,600,000,000
Reserve			<u>63,536,408</u>
			<u>21,663,536,408</u>

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Approved and authorised for issue by the Board of the Authority on 20 July 2009.



Mr Henry TANG Ying-yen, GBM, GBS, JP
Chairman of the Board
West Kowloon Cultural District Authority



Mr Andrew TSOI Po-wa
Finance Manager,
West Kowloon Cultural District Authority

The notes on pages 74 to 78 form part of the statement of accounts.

West Kowloon Cultural District Authority
Statement of Changes in Equity
For the period from 11 July 2008
(date of establishment) to 31 March 2009

	Note	HK\$	HK\$
Balance at 11 July 2008 (date of establishment)			-
Capital – Endowment from the Government of HKSAR	12	21,600,000,000	
Profit for the period		<u>63,536,408</u>	
			<u>21,663,536,408</u>
Balance at 31 March 2009			<u><u>21,663,536,408</u></u>

West Kowloon Cultural District Authority
Cast Flow Statement
For the period from 11 July 2008
(date of establishment) to 31 March 2009

	Note	HK\$
Operating activities		
Profit for the period		63,536,408
Adjustments for –		
Depreciation		37,930
Interest income		(72,798,531)
Changes in working capital –		
Increase in prepayments and deposit		(18,041)
Increase in other payable and accruals		7,925,532
Increase in accrued contract gratuity		12,143
Net cash used in operating activities		(1,304,559)
Investing activities		
Purchases of property, plant and equipment		(227,580)
Interest received		21,822
Increase in time deposits with original maturities over three months		(21,573,400,000)
Net cash used in investing activities		(21,573,605,758)
Financing activities		
Capital - Endowment from the Government of HKSAR		21,600,000,000
Net cash generated from financing activities		21,600,000,000
Net increase in cash and cash equivalents		25,089,683
Cash and cash equivalents at 11 July 2008 (date of establishment)		-
Cash and cash equivalents at 31 March 2009	10	25,089,683

NOTES TO THE STATEMENT OF ACCOUNTS

For the period from 11 July 2008 (date of establishment) to 31 March 2009

1. Background

The West Kowloon Cultural District Authority ("the Authority") was established as a body corporate in Hong Kong under the West Kowloon Cultural District Authority Ordinance ("the WKCDA Ordinance"), Cap. 601, which was enacted on 11 July 2008. Its temporary office address is at 6/F and 7/F, 98 Caroline Hill Road, Causeway Bay, Hong Kong.

The statement of accounts, being the first set of the Authority's statement of accounts, covers the operations of the Authority for the period from 11 July 2008 (date of establishment) to 31 March 2009.

2. Principal activities

The functions and objectives of the Authority are stipulated in Sections 4(1) and 4(2) of the WKCDA Ordinance respectively. In brief, the Authority is responsible for the planning, development, operation and maintenance of the arts and cultural facilities, related facilities or ancillary facilities of the West Kowloon Cultural District.

3. Significant accounting policies

(a) Statement of compliance

The statement of accounts has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Authority is set out below.

The Authority has not applied any new standard or interpretation that is not yet effective for the accounting period ended 31 March 2009 (see note 16).

(b) Basis of preparation of the statement of accounts

The Authority's functional and reporting currency in the statement of accounts is Hong Kong dollars. The measurement basis used in the preparation of statement of accounts is the historical cost basis.

The preparation of the statement of accounts in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

(c) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition necessary for its intended use.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment over its estimated useful life. The estimated useful life for computers is three years.

The estimated useful life of an asset is reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized as income or expenditure in the profit and loss account on the date of retirement or disposal.

(d) Interest receivable, prepayments and deposit

Interest receivable, prepayments and deposit are recognized at fair value and thereafter stated at amortized cost less allowance for impairment of doubtful debts. Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

(e) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the property, plant and equipment may be impaired or an impairment loss previously recognized no longer exists or may have decreased.

If any such indication exists, the property, plant and equipment's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

(i) Calculation of recoverable amount

The recoverable amount of the property, plant and equipment is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where the property, plant and equipment does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined only for the cash-generating unit which is the smallest group of assets that includes the asset and generates cash inflows independently.

(ii) Reversals of impairment losses

An impairment loss is reversed if there has been a positive change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in previous periods. Reversals of impairment losses are credited to the profit and loss account in the period in which the reversals are recognized.

(f) Other payable and accruals

Other payable and accruals are initially recognized at fair value and thereafter stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and time deposits with original maturities of three months or less.

(h) Income recognition

Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable.

(i) Employee benefits

Salaries and annual leave entitlements are accrued in the period in which the employees render the associated services. Staff on-costs, including pensions and housing benefits provided by the Government of the Hong Kong Special Administrative Region ("HKSAR") to the civil service staff seconded to the Authority, are charged as expenditure on an accrual basis in the period in which the associated services are rendered.

Contributions to Mandatory Provident Fund (MPF) schemes are charged as expenditure on an accrual basis in the period when related employees have rendered the associated services.

(j) Provisions and contingent liabilities

Provisions are recognized in the balance sheet when the Authority has a legal or constructive obligation of uncertain timing or amount as a result of a past event, and it is probable that the Authority will require an outflow of economic benefits to settle the obligation and the amount can be estimated reliably. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) Related parties

Parties are considered to be related to the Authority if the parties have the ability, directly or indirectly, to control the Authority or exercise significant influence over the Authority in making financial and operating decisions, or vice versa. Related parties also include key management personnel having authority and responsibility for planning, directing and controlling the activities of the Authority.

4. Staff costs

	HK\$
Salaries, allowances and other benefits	6,163,119
Pensions and contributions to MPF schemes	<u>1,085,699</u>
	<u>7,248,818</u>

5. Other operating expenses

	HK\$
Costs of hired services through employment agencies	620,434
Audit fee	85,000
Depreciation	37,930
Others	<u>1,269,941</u>
	<u>2,013,305</u>

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6. Board / Committee / Consultation Panel members' remuneration

The chairmen and members of the Board of the Authority, its Committees and the Consultation Panel of the Authority were not entitled to any remuneration for their services rendered to the Authority.

7. Taxation

Pursuant to Section 41(1) of the WKCD Ordinance, the Authority is exempt from taxation under the Inland Revenue Ordinance (Cap. 112). Pursuant to Section 41(2) of the WKCD Ordinance, the Authority is also exempt from stamp duty under the Stamp Duty Ordinance (Cap. 117) in respect of any instrument relating to (a) the conveyance of any immovable property under which the beneficial interest of the property passes by way of gift to the Authority; or (b) the transfer of any stock within the meaning of the Stamp Duty Ordinance, under which the beneficial interest of the stock passes by way of gift to the Authority.

8. Property, plant and equipment

	Computers HK\$
Cost	
Additions	227,580
Accumulated depreciation	
Charge for the period	<u>37,930</u>
At 31 March 2009	<u>189,650</u>

9. Prepayments and deposit

	HK\$
Prepayments	17,891
Deposit	150
	<u>18,041</u>

10. Cash and cash equivalents

	HK\$
Cash at bank and in hand	8,989,683
Time deposits with original maturities of three months or less	16,100,000
	<u>25,089,683</u>

11. Other payable and accruals

	HK\$
Amount due to the Government of HKSAR	7,506,988
Accrued salaries, MPF contributions, and provision for annual leave entitlements	85,145
Audit fee	85,000
Others	248,399
	<u>7,925,532</u>

12. Capital

On 4 July 2008, the Finance Committee of the Legislative Council of HKSAR approved an upfront endowment of HK\$21.6 billion to the Authority for developing the West Kowloon Cultural District.

Pursuant to Section 22(2) of the WKCDA Ordinance, the Authority shall (a) manage its finances (including resources) with due care and diligence; and (b) ensure the financial sustainability of the operation and management of arts and cultural facilities, related facilities and ancillary facilities.

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13. Material related party transaction

(a) Key management personnel remuneration

Remuneration of the following directors included in note 4 is as follows –

	HK\$
Project Director*	1,213,761
Legal Services Director*	852,330
Corporate Services Director*	619,870
	<u>2,685,961</u>

* These three directors are civil service staff seconded to the Authority on 13 October 2008, 10 October 2008 and 3 November 2008 respectively.

(b) Other related party transactions

In addition to the amount due to the Government of HKSAR as disclosed in note 11 above, during the accounting period, the Authority reimbursed the Government of HKSAR an amount of HK\$927,304 for costs incurred by the Home Affairs Bureau in connection with the Authority's set-up work and running expenses.

14. Financial risks

The Authority's financial assets include interest receivable, time deposits with original maturities over three months as well as cash and cash equivalents amounted to HK\$72,776,709, HK\$21,573,400,000 and HK\$25,089,683 respectively. The Authority's financial liabilities include other payable and accruals, as well as accrued contract gratuity amounted to HK\$7,925,532 and HK\$12,143 respectively.

Risk management is carried out by the Authority under approved policies. The Authority identifies and evaluates financial risks, and provides written principles for overall risk management.

(a) Credit risk

On 14 October 2008, the Government of HKSAR announced the use of the exchange fund to immediately guarantee repayment of all customer deposits held with all authorised institutions in Hong Kong (which cover licensed banks in the HKSAR, among others, and include HKSAR branches of overseas institutions) following the principles of the Deposit Protection Scheme, until the end of 2010. The bank balances of the Authority are kept in the said authorised institutions and are therefore fully protected under the said scheme.

(b) Liquidity risk

The Authority's policy is to regularly monitor current and expected liquidity requirements to ensure that the Authority maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

Except for accrued contract gratuity which is payable in two years without interest, other financial liabilities of the Authority at the balance sheet date do not bear interest and are payable within one year or on demand.

(c) Sensitivity analysis

Based on the time deposits balance as at the balance sheet date on 31 March 2009, if there were a general increase / decrease of 10 basis points in the annual interest rates on the same date, it is estimated that, with all other variables held constant, it would increase / decrease the Authority's interest income and reserve by approximately HK\$22 million a year.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for the time deposits in existence at that date.

(d) Fair values

The carrying amounts of the Authority's financial assets and financial liabilities equal to their fair values.

15. Post-balance sheet event

The Authority has entered into the following significant commitment after the balance sheet date on 31 March 2009. With the approval of the Board, the Authority has executed in July 2009 three separate contracts with three consultants each to prepare a Conceptual Plan for the West Kowloon Cultural District (i.e. the Conceptual Plan Consultancy) and also a contract with another consultant to undertake the detailed technical and engineering feasibility study on the selected Conceptual Plan with a view to preparing a detailed Development Plan for submission to the Town Planning Board as well as to prepare the detailed functional requirements for the core arts and cultural facilities (i.e. the Project Consultancy). The total value for the four contracts for both the Conceptual Plan Consultancy and the Project Consultancy amounts to about HK\$230 million.

16. Possible impact of amendments, new standards and interpretations issued but not yet effective for the accounting period ended 31 March 2009

Up to the date of approval of the statement of accounts for issue by the Board of the Authority, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ended 31 March 2009 and which have not been adopted in the statement of accounts.

The Authority is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of these standards may result in new or amended disclosures in the statement of accounts in the period of its initial application, it is unlikely to have a significant impact on the Authority's results of operations and financial position in that period.



Annex

Terms of Reference of the Six Committees and the Consultation Panel

Development Committee

1. To consider and recommend to the Board the overall policies and strategies relating to the project planning and development of the WKCD with reference to the overall objectives of the Authority.
2. To consider and make recommendations to the Board on the viability of the proposed facilities, including proposals for defining project scope, engineering feasibility and cost in order to ensure an optimal utilisation of resources.
3. To consider and recommend to the Board a DP for the WKCD, any subsequent amendments to the DP and a Programme of Implementation of individual building and infrastructure projects contained in the DP.
4. To consider and recommend to the Board policies related to hiring of consultants and contractors, their management, and related contractual matters for the planning, design and construction either of individual projects or of the WKCD as a whole.
5. To consider the construction progress of arts and cultural facilities, and other related or ancillary facilities with reference to the overall objectives of the Authority as monitored by the management of the Authority for submission to the Board.
6. To consider and recommend to the Board any other matters related to project planning and development of the WKCD.
7. To perform any other functions as may be delegated to it by the Authority or assigned to it by the Board in accordance with the WKCD Ordinance.

Museum Committee

1. To formulate the vision, mission and mode of governance of the museums of the WKCD for approval by the Board.
2. To formulate and recommend to the Board for approval strategies and policies for operating the Authority's museums including collection, conservation, exhibition, loaning and disposal of artworks; and professional standards of museum operation.
3. To consider and recommend to the Board for approval the development strategies and policies for matters relating but not limited to the following :
 - (a) partnership with governments, museums, relevant organisations and individual artists within and outside Hong Kong;
 - (b) seeking commercial sponsorship and donation;
 - (c) researches in different areas of visual culture;

(d) arts education to promote contemporary art to the local community; and

(e) nurturing and training of visual artists and related professionals relevant to the work of the Authority's museums.

4. To oversee and monitor the management and operation of the Authority's museums in accordance with the strategic directions, plans and budget endorsed by the Board.

5. To consider and recommend to the Board for approval the overall strategy and policies with respect to the planning, development, management, hiring and operations of the EC within WKCD.

6. To perform any other functions as may be delegated to it by the Authority or assigned to it by the Board in accordance with the WKCD Ordinance.

Performing Arts Committee

1. To formulate vision, mission and mode of governance of the performing arts venues of the WKCD for approval by the Board.

2. To formulate and recommend to the Board for approval the strategies and policies for operation of the performing arts venues, including but not limited to hiring of venues and performance standards of operation.

3. To consider and recommend to the Board for approval development strategies and policies relating but not limited to the following :

(a) partnership with governments, cultural organisations, other performing arts venues as well as performing arts groups and individual artists within and outside Hong Kong;

(b) seeking commercial sponsorship and donation;

(c) arts education to promote performing arts to the local community; and

(d) nurturing and training of performing arts artists and related professionals relevant to performing arts.

4. To oversee and monitor the management and operation of performing arts venues in accordance with the direction, strategic plans and budget endorsed by the Board.

5. To formulate and recommend to the Board for approval strategic directions and policies for management of the piazza areas.

6. To perform any other functions as may be delegated to it by the Authority or assigned to it by the Board in accordance with the WKCD Ordinance.

Audit Committee

1. To consider any financial and audit matters of the Authority.
2. To make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor.
3. To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, and to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.
4. To review and monitor the effectiveness of the Authority's financial controls, internal controls and risk management systems.
5. To consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response.
6. To perform any other functions as may be delegated to it by the Authority or assigned to it by the Board in accordance with the WKCDA Ordinance.

Investment Committee

1. To advise the Board on the Authority's investment objectives, guidelines and strategies, having regard to such classes or descriptions of investment as the Financial Secretary may specify in writing.
2. To monitor and oversee the investments made by the Authority and advise the Board on the Authority's strategic asset allocations to optimize its risk / return / liquidity objectives.
3. To advise the Board on the selection and appointment of investment consultants, fund managers and custodians and their terms and conditions.
4. To oversee and monitor the performance of investment consultants, fund managers and custodians appointed by the Authority; and to advise the Board on their performance and retention/termination, and the allocation of funds to fund managers.
5. To perform any other functions as may be delegated to it by the Authority or assigned to it by the Board in accordance with the WKCDA Ordinance.

Remuneration Committee

1. To make recommendations to the Board on organisational structure and policies on staffing, remuneration, employment, disciplinary and dismissal, with reference to the Authority's overall goals and objectives.
2. To make recommendations to the Board on the determination of terms and conditions of employment of employees, including the provision and maintenance of any schemes for the payment of pensions, gratuities and retirement benefits to the employees, former employees or their dependants.
3. To make recommendations to the Board on any other matter relating to the remuneration, allowances or benefits made available to its employees, former employees or their dependants referred or assigned to it by the Board.
4. To review and make recommendations to the Board on changes in salaries and terms and conditions of employment.
5. To perform any other functions as may be delegated to it by the Authority or assigned to it by the Board in accordance with the WKCDA Ordinance.

Consultation Panel

1. To plan consultation programmes on subjects as assigned by the Board taking into account views of relevant committees of the Authority and submit to the Board for approval.
2. To review and report to the Board the progress of the consultation programmes.
3. To ensure that the consultation is conducted in an open and transparent manner.

West Kowloon Cultural District Authority
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