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West Kowloon Cultural
District Authority
Annual Report 2011/2012

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An aerial photograph of the Hong Kong skyline, featuring numerous skyscrapers and a harbor with many boats. The image is overlaid with a semi-transparent blue filter. A vertical line runs down the center of the image. Large, white, bold, sans-serif text is superimposed over the center, reading 'ABU' on the top line and 'WDA' on the bottom line.

ABU
WDA

Who We Are?

—

Our Commitments

—

ABOUT

Why We Exist?

—

WKCDA

Who We Are?

The West Kowloon Cultural District (“WKCD” or “the District”) is a strategic investment by the Government of the Hong Kong Special Administrative Region (“HKSAR”) to meet the long-term 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 (“WKCD Authority” or “the Authority”) was established under the West Kowloon Cultural District Authority Ordinance, Cap. 601, to develop WKCD.

With an area of 40 hectares, of which 23 hectares are reserved for public open space, WKCD will be an asset of Hong Kong for residents and visitors to enjoy. The Authority strives to develop 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.

Why We Exist?

To plan, develop and operate WKCD as an integrated arts and cultural district that will:

- provide quality culture, entertainment and tourism programmes with a must-visit appeal for both local residents and visitors from around the world;
- meet the long-term needs of Hong Kong’s arts and cultural development by fostering organic growth and development of cultural 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.

To achieve these, we need to...

- prepare a Development Plan for WKCD to lay out the plan area and set apart the land within it for various land uses;
- develop WKCD in accordance with the land use and other requirements or conditions specified in the approved Development Plan; and
- provide (including plan, design and construct), operate, manage and maintain arts and cultural facilities and related or ancillary facilities.

WKCD is first and foremost an arts hub, we strive to...

- advocate, promote, organise, support, encourage and provide for the appreciation of and participation in arts and culture;
- promote, exhibit and display arts publicly and otherwise;
- initiate and support the creation, composition, production, learning and practising of the arts; and
- perform such other functions as are conferred or imposed on WKCD by or under the WKCD Ordinance or any other Ordinance.

Our Commitments

To Hong Kong

- To facilitate the long-term development of Hong Kong as an international arts and cultural metropolis
- To facilitate and enhance cultural exchanges and co-operation between Mainland China, Hong Kong and other places
- To facilitate and enhance co-operation between government and non-government bodies, organisations and providers of the arts, within and outside Hong Kong
- To strengthen the position of Hong Kong as a tourist destination

To the Community

- To encourage wider participation by the local community in arts and culture
- To promote and provide arts education to the local community
- 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 WKCD to the general public

To Artists

- To uphold and encourage freedom of artistic expression and creativity
- To develop new and experimental works
- To cultivate and nurture local talents, arts groups and arts-related personnel
- To facilitate the development of cultural and creative industries

To Audiences

- To enhance and promote excellence, innovation, creativity and diversity in arts and culture
- To enhance the appreciation of a diverse and pluralistic range of arts

THE ON OF WKCD

2 CHAIRMAN'S
STATEMENT

10

**THE NEW ADMINISTRATION
AND I ARE FULLY
COMMITTED TO REALISING
THE VISION OF WKCD**

—

THE HONOURABLE MRS CARRIE LAM, GBS, JP
Chairman

**E NEW
INISTRA-**



I am pleased to present the Annual Report 2011/12 of the West Kowloon Cultural District Authority ("WKCD").

The West Kowloon Cultural District ("WKCD") project has reached a new milestone in the year under review. The year witnessed commencement of the design competition for the first arts facility in the District, the Xiqu Centre, following the conclusion of the master plan preparation. At the same time, the first arts programme organised by WKCD – the West Kowloon Bamboo Theatre – successfully heralded our audience and capacity building initiatives to animate the site.

I feel privileged to take up the chairmanship of the Board of WKCD at this exciting juncture of the project. I am grateful to my two predecessors, Mr Henry Tang and Mr Stephen Lam, for achieving significant progress in the project under their leadership.

The new Administration and I are fully committed to realising the vision of WKCD and prepared to bring the project to new heights and to deliver concrete results over the term of this Government.

Through the progress we have made, and the public and stakeholder engagement activities we have conducted over the past few years, I am heartened that the community has embraced this project and expressed a desire for the project to proceed in full steam.

Our proposed Development Plan, which was submitted to the Town Planning Board in December 2011, received support among the general public during the month-long Stage 3 Public Engagement Exercise conducted in autumn last year – a testimony that the District is planned and built in line with the expectations of the public and the stakeholders.

But we still have a long way to go. That is why we are working very hard to make sure that all Hong Kong people and tourists visiting Hong Kong will be able to enjoy the arts and cultural content of WKCD when it is developed over the next 10 years.

With this in mind, we have lost no time in launching the Xiqu Centre Design Competition to meet our intention to complete the facility before 2016. The competition has met with very positive response and we have a good pool of world-class architectural practices to select from to design and administer the project. We have scheduled to launch more competitions before the end of this year, including the flagship visual culture museum M+ and one of the Pavilions, providing opportunities for all design practices, be they established or young ones, to stretch their innovative mind to create landmark buildings on this 40 hectares of land.

The development of WKCD is a complicated project, which requires close liaison with Government departments and other public services on many construction and interfacing issues. Notable progress has been made on this front and we will continue to work with them to meet the facilities delivery timeline.

Animating the site and building audiences and capacity were another focus of our work during the year under review. Our maiden arts and cultural programmes – the West Kowloon Bamboo Theatre launched during the last Chinese New Year, and the subsequent "nomadic" exhibition Mobile M+: Yau Ma Tei – were enthusiastically received and successfully enhanced our rapport with the community. More capacity building programmes to be conducted in the District are being planned for the remainder of the calendar year.

In June this year, our vision was given a further vote of confidence by the world famous Swiss collector Dr Uli Sigg, who decided to donate his life-long collection of Chinese contemporary art to M+, the flagship visual culture museum in WKCD. Dr Sigg's collection is one of the most comprehensive and most significant Chinese contemporary art collections in the world and his donation is also the largest of its kind to a single museum in recent history.

We are very pleased to welcome Dr Sigg's collection to Hong Kong. His collection, which has documented an important period of contemporary art development in Mainland China, will send a strong signal of our ambition of becoming the cultural hub in Asia and strengthening our exchanges with our friends around the world.

The progress made in both hardware and software development has laid down a solid foundation for the development of WKCD in the years to come. With the project entering an intensive development phase, we will continue the prudent management of the \$21.6 billion public endowment to develop WKCD, and make sure it will be put to optimal use.

I am glad to see that the management team, under the able leadership of Chief Executive Officer Michael Lynch, has worked effectively and closely together to achieve WKCD's mission. Though the road ahead is long and challenging, they are confident that with the support of the Board, the Government and the public, this project will be a success.

I wish to thank all members of the Board, the Committees, the Consultation Panel, staff of WKCD and my Government colleagues for the time and effort they have devoted to this challenging project. I also want to express my whole-hearted thanks to members of the public who have given us their views on WKCD. With their support and encouragement, we will continue to build the District where both our own citizens and our guests can be immersed in a cultural atmosphere and enjoy their time.



The Honourable Mrs Carrie LAM, GBS, JP
Chairman of the Board of the West Kowloon Cultural District Authority
Hong Kong, 16 August 2012

OCEAN TERMINAL

IT ALL STARTED IN
1964 WHEN I FIRST LANDED
IN HONG KONG AT THE
OLD OCEAN TERMINAL...

—
MR MICHAEL LYNCH, CBE, AM
Chief Executive Officer

REVIEW OF OPERATIONS

IT ALL
STARTED
IN 1964
WHEN I



OCEAN TERMINAL

IT ALL STARTED IN
1964 WHEN I FIRST LANDED
IN HONG KONG AT THE
OLD OCEAN TERMINAL...

—

MR MICHAEL LYNCH, CBE, AM
Chief Executive Officer

IT ALL
STARTED
IN 1964
WHEN I





Photo: Courtesy of The Wharf (Holdings) Limited

A lot has happened around here

I first saw Kowloon from a P&O ship in 1964. I was thirteen years old. Could I have ever imagined that almost fifty years later I would be leading the world's most exciting cultural project only metres from where I first landed in Hong Kong at the old Ocean Terminal in Kowloon en route to the UK with my parents?

I was watching a film recently, made in 1938, which painted an even more exotic picture of what Hong Kong was like at an earlier stage and I was struck by many of the things that fascinate me today as a resident of this great city. Its style, its beauty, its fashion, and its unique meeting point for East and West. It's always been a fascinating Chinese city with an exotic cultural mix.

My next visit was in 1975 by plane, landing at the unforgettable Kai Tak. I was also able to visit China for the first time and began to understand the real roots of this great city. I visited Guangzhou and the surrounding area for three days and, looking back, feel I was given an important understanding of the extraordinary changes that have taken place over the last thirty years in China.

But now I'm here in 2012 and leading a challenging project that we hope will revolutionise the cultural life of Hong Kong and help it play a different role within China and the world.

We are going to build some wonderful facilities for the arts and the artists of Hong Kong. We hope that they will expand the audiences for all sorts of activities across the site. We will also create a great public space unlike anything yet seen in Hong Kong.

A recent report on "World Cultural Cities" makes the very clear connection between the cultural life of a city and its capacity to be a financial centre and drawcard for the best international talent. The report references great cities like London, New York, Paris and Shanghai and shows that access to a wide range of cultural activities is a crucial component of a successful world city. Our intention is to ensure that Hong Kong becomes one of those key cities of the world in the coming years.

But most importantly we are creating a piece of Hong Kong rising from the "fragrant lagoon" of older days that will be a wonderful, enchanting, stimulating and exciting "place for everyone".

It is a great privilege to be working with all the stakeholders on this marvellous project, to do something that has really never been tried before on such a scale and in such a time frame. We need your support and goodwill to help us get there.

I look forward to coming back in 2020 to see how close we have come to delivering our dream. It will be amazing! Trust us.

WERE ER SOWN THERE



MANY THINGS GROW IN
THE GARDEN THAT WERE
NEVER SOWN THERE

—
MR LOUIS YU

Executive Director, Performing Arts

MANY
THINGS

An accidental testimony

—

As the old Chinese saying goes, “Many things grow in the garden that were never sown there”. I can give a testimony to this Chinese wisdom.

The idea of our first programme the West Kowloon Bamboo Theatre at the turn of the Year of the Dragon started with a casual dinner at Sai Kung.

After rounds of intensive stakeholders’ presentations last April, I decided to treat myself to a nice seafood dinner. A friend and I passed by Sai Kung Pier and I only came to realise that it was Tin Hau (Goddess of the Sea) Birthday because there was a Cantonese opera performance at a massive bamboo theatre.

On that Sai Kung evening, we walked by the bamboo theatre, hearing laughter from the audience, watching children running around the site and sniffing delicious Chinese snacks. Suddenly I had a strong feeling that this is simply what we need in the West Kowloon site over Chinese New Year...and did it in January 2012.

When I looked back, I might have been too preoccupied with present work and the mission to build state-of-the-art facilities. I missed the root of the project – that all facilities and all forms of entertainment should have a common goal: to make people happy. No word can express how much I enjoyed meeting the audience

and seeing their happy faces – especially the elderly – at the West Kowloon Bamboo Theatre.

The seven-day festival also benefits greatly to the design of the Xiqu Centre. We want to take this open space concept and embed it in the Xiqu Centre design. This way the festive spirit would be able to find its root.

Our buildings and facilities are the defining parts of the whole project, while the programme and artistic contents are the ever-changing, fluid and undefined part. Programming would affect how the Xiqu Centre should be constructed and in turn its design would have a bearing on what programmes we could attract.

In the same way, the maiden success of the West Kowloon Bamboo Theatre encouraged us to extend next year’s programme, and it also inspired us to develop other programmes like the Freespace Fest later this year. Freespace is a new hip hub concept we try to implant in Hong Kong, it is a live music venue; a large performance space for experimental theatre; it also has an outdoor stage.

Arts and culture are about trying and experimenting. I am looking forward to nurturing more flowers to grow in the big cultural garden.



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享譽

西九大戲棚

香港八和會館演出

西九大文化區管理局 歡迎

主辦

聲色俱全

金鳳銀龍迎新歲

尹飛燕 大百森 呂洪廣 高偉棠 何偉棠 溫玉琦

公日新新

允文允武

刀鑿九齣茶將更

龍貫天 王超群 陳鴻進 黎權威 康國森 鄭啟楠 溫玉琦

紅梅

紅梅



^(A) Performing Arts

The Authority strives to develop WKCD to be the core of Hong Kong's performing arts scene in an artistic and professional manner. We aim to draw professionals into WKCD as the place to create, produce, learn, perform and celebrate all forms of the performing arts.

The Authority will design the WKCD facilities to meet all scales of local performing arts professionals' needs. Whilst we will aim for the highest standards in terms of governance, artistic practice, operations and services, we should also challenge the models that currently prevail within the sector.

We will create space, both physically and artistically, to encourage exploration of and experimentations with the performing arts in all forms. Through this we aim to create opportunities for interdisciplinary exchange within not just performing arts forms, but also between performing arts and other areas such as visual arts, entertainment and technology.

Our mission is to develop an environment of professionalism which the next generation will learn and adopt as their own. We will educate and disseminate knowledge to enrich artistic encounters for everyone and we endeavour not only to draw people to WKCD but also to bring art to the whole of Hong Kong through as many channels as possible.

To ensure the future arts and cultural facilities in WKCD will meet the expectations of our users and the general public, we have been engaging and building partnership with the local arts community.

Through a number of roundtable discussions with individuals and small group discussions with stakeholders from the arts sector and other relevant disciplines, we have gathered views from different types of users and updated them on the latest development in the WKCD project.

The Performing Arts team is responsible for planning not only the design and operation of the performing arts venues, but also for programming directions and research studies, as well as capacity and audience building from now until the venues open.

We have started organising and supporting different interim programmes to build audiences, develop our identity, establish relationships with the community and to build professional capacity in the sector. All of these projects have had a focus on interdisciplinary exchanges with other art forms such as visual art and literary art, and this focus will continue to be one of the core themes of WKCD.

During Chinese New Year, our first cultural flagship event, the West Kowloon Bamboo Theatre, took place in an 800-seat bamboo theatre at the future Xiqu Centre site on Canton Road in bustling Tsim Sha Tsui. With kiosks selling folk crafts and



snacks, the event created a nostalgic ambience in a spectacular setting, which is a new experience for many as there had not been any large-scale bamboo theatres in the city centre in the past 30 years.

Collaborating with the Chinese Artists Association of Hong Kong (Barwo), the West Kowloon Bamboo Theatre presented a repertoire of New Year Cantonese opera performances by an acclaimed cast of virtuosi. Performance tickets were sold out in no time and the popular seven-day event was enthusiastically received by more than 12,000 participants.

The Bamboo Theatre event has reflected our visions of the future Xiqu Centre as it realised some of our thoughts into action. Apart from forging a strategic partnership with the local Xiqu community, we also collaborated with our M+ team to present a contemporary visual art exhibition and a film marathon on the site, to provide a modern twist to the traditional art form.

In view of the overwhelming response, we are planning to make the West Kowloon Bamboo Theatre an annual event. In 2013, we will extend the event into a three-week programme, and bring in other performing arts forms as well as Chinese New Year cultural activities to give our audience a fuller cultural experience.

We have also launched a range of programmes and activities in collaboration with arts organisations, educational institutes and the local community to nurture talent and build audience, and to develop cultural software for the benefits of WKCD. We held a seven-month “Yau Ma Tei Cultural Celebration Project” in collaboration with Hulu Culture between July 2011 and January 2012 to encourage community participation in arts and culture. The “Make a Difference (MaD) @ West Kowloon” event which was co-organised with the Hong Kong Institute of Contemporary Culture, enabled young adults and students to take an active role in experiencing and creating art in the open space of the District’s waterfront promenade.

To meet the impending demand for artistic and administrative talents, we initiated and supported capacity building and creative learning programmes aimed at nurturing competent arts administrators to manage future facilities and produce quality programmes.

Collaborating with The University of Hong Kong and the UK’s Clore Leadership Programme, we launched the first cultural leadership programme in Asia, “Advanced Cultural Leadership Programme”. We also collaborated with the Hong Kong Arts Administrators Association to organise a “Cultural Leadership Summit” in 2011, which created opportunities for international and local leaders to come together and share their insights at the three-day summit.

As the project progresses to the design and construction stage, the Performing Arts team has been instrumental in ensuring that users’ and stakeholders’ views are incorporated in the preparation for the Xiqu Centre Design Competition. Furthermore, a strong representation from the relevant arts disciplines in both the Steering Committee and the Jury Panel ensures that their voices are heard in the planning as well as the adjudication process of the competition.

At the same time, we will be conducting more self-initiated and partnership projects in order to build up our capacity, and prepare for the scheduled opening of the Park and other performing arts facilities starting from 2015. On the facilities planning side, the dialogue with stakeholders will continue at a more detailed level as the project progresses. We will continue to dedicate our efforts to maintaining effective communication with stakeholders.

The Performing Arts team, led by Executive Director, Louis Yu, has grown from three at the start of the year to 10 permanent positions, with more permanent posts being recruited. We now have expertise in programming, research and technical development, and we are ready to bolster our capability in venue management and operations to prepare for the operational planning phase of the project, as well as our programming capabilities so as to enhance our interim programmes for the following year.

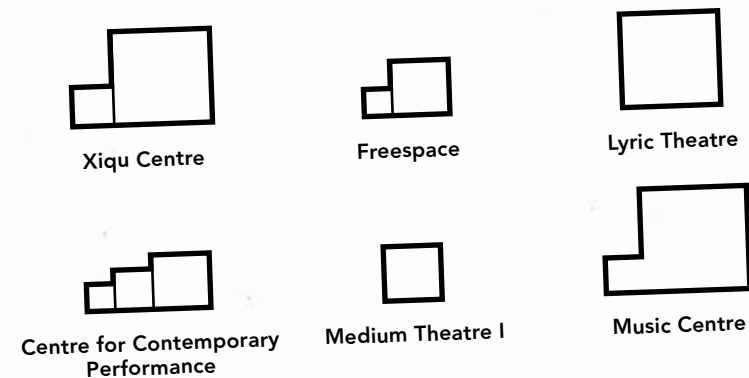
Development Plan : phasing and venue mix

The WKCD project will be developed in two phases:

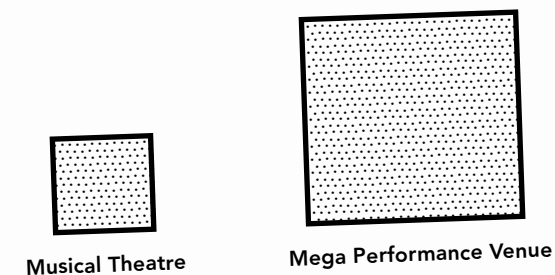
Phase 1 which is scheduled to be completed around 2020 will consist of three centres: Xiqu Centre, Music Centre, Centre for Contemporary Performance, plus the Lyric Theatre, Medium Theatre I and Freespace.

Two commercially oriented venues, namely the Musical Theatre and the Mega Performance Venue, may be commissioned through alternative funding schemes.

PHASE 1 PERFORMING ARTS FACILITIES



FACILITIES SUBJECT TO ALTERNATIVE FUNDING



The pattern of utilisation of Phase 1 facilities will shed light on the development of Phase 2 facilities. Tentatively, they include the Great Theatre, Medium Theatre II/Chamber Hall and the Xiqu Small Theatre in the Xiqu Centre. It is hoped that the phasing strategy would contribute to WKCD’s organic growth and foster synergies among facilities.

ESTED IN ULTURE



HONG KONG PEOPLE ARE SURELY,
IF OPPORTUNITY IS GIVEN,
ALSO INTERESTED IN CULTURE

—
DR LARS NITTVÉ
Executive Director, M+

G KONG
OPLE ARE

The perpetuating myth

“So you are the guy building that museum in West Kowloon!”

The taxi swirled dangerously when it passed the new Tamar roundabout, the driver turning his whole body around and staring curiously at me.

“I hope you know, that Hong Kong people don’t really care about culture! The only thing they care about is money – and shopping!”

Pushing the red taxi pass a big black limousine into Harbour Road, he had to hit the brakes not to crash into the long queue of cars and taxis approaching the Hong Kong Convention and Exhibition Centre. The sidewalks were full of people. People were streaming across the footbridges. It was the opening day of Art HK.

“Hong Kong people don’t care about culture. And especially not about contemporary art...”

I have heard it again and again. And then discovering the absolute opposite. Again and again. In just a few days almost 70,000 people, most of them from Hong Kong, have

paid hundreds of dollars to roam through the art fair. Most of them were not at all shopping, but looking and discovering, driven from booth to booth by their curiosity.

I don’t know why Hong Kong people like to perpetuate this myth, that Hong Kong people (of course never themselves, but other HK people) don’t care about culture. But it strikes me that luckily they are constantly being proven wrong. Just go back in time a few months – from May to January. And go from Wanchai on Hong Kong Island to Fo Tan in the New Territories. The first weekend of the Fotanian Open Studios. Again, thousands of curious people finding their way through the huge warehouses to the artist studios that share floors with all sorts of commercial activities. Definitely not easy to navigate, not easy to find. But exciting! The place oozes commitment and curiosity! So far from the discouraging talk about “only money and shopping”.

Forward in the calendar again to mid-March, and I am sure my cabdriver, being stuck somewhere at the

crossing between Hollywood Road and Aberdeen Street was wondering where all these people came from, cruising the sidewalks, popping in and out of art galleries. Again, all those “uninterested” Hong Kong people coming out as art lovers!

Art HK, Fotanian, Art Walk – three events, all so different, but still unified in one thing: they bring out the people of Hong Kong in the thousands and even tens of thousands, looking at art! What unites them is of course that they all offer a chance to see contemporary art. But that you actually can do literally every day of the year in the city. But more importantly, they are also united in providing an opportunity to do so under circumstances that are open, generous and friendly – and not exclusive. All these events are saying, loud and clear: “This is for you! You are welcome! It is not only for ‘the others’ “. During the Art Walk the gallery door is not felt like something only the VIPs can enter. Suddenly you are part of a community.

This is how we hope M+, when it opens, will feel like. That it is a place where everybody should feel welcome. With the help of great, exciting and in all aspects accessible architecture. And of friendly staff, who don’t look like they are there to control or police you, but to help and service you and perhaps also with the aid of a nice tea or coffee bar at the entrance, where you can take down your guard, and feel at home, away from home.

Given the extraordinary curiosity of the Hong Kong audience, again and again displayed when opportunity is given, I am convinced that the myth my cabdriver was perpetuating, even at the cost of his passenger’s health and safety, will soon be eradicated. Hong Kong people may – just like anyone else – be interested in money and shopping. But they are surely, if opportunity is given, also interested in culture!

(B) M+

2011-2012 was the first full year when M+, the future museum for visual culture in WKCD, had a small but growing team in place, led by Executive Director, Dr Lars Nittve.

The year was characterised by a gradual transition from conversations with stakeholders and development of a basic vision to concrete decisions and actions in a number of areas, ranging from the place, size and character of the M+ building in the Development Plan to the opening of the first public exhibition.



Further to the large scale Stage 3 Public Engagement Exercise that was conducted for the whole WKCD during the autumn of 2011, it is estimated that senior M+ staff members met with some 1,200 stakeholders – artists, designers, architects, writers, gallerists, museum colleagues, collectors and other parties with interests in the future museum of visual culture. The tenor of the views expressed was clear: strong support for the ambition to create a museum with a Hong Kong perspective and a global vision including – and integrating – visual art, design, architecture, moving image and aspects of popular culture. All these are with the perspective of “now” and the ambition to build the institution from “inside out”.



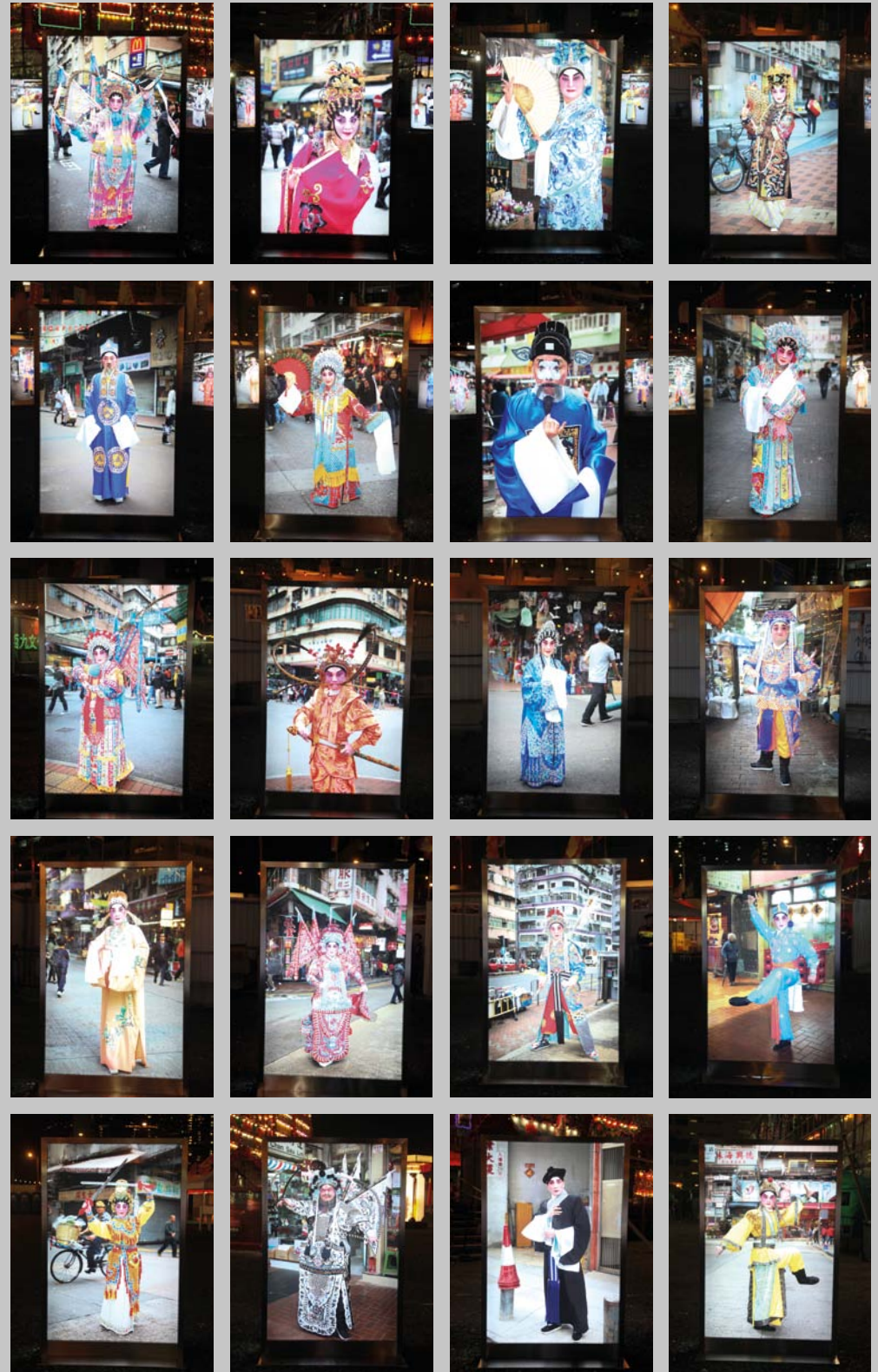
New Year Trophy Set of 12
by Gaylord Chan



The Harbour-viewing Tower
by Chu Hing-wah



Portraits of Cantonese Opera
by Michael Wolf

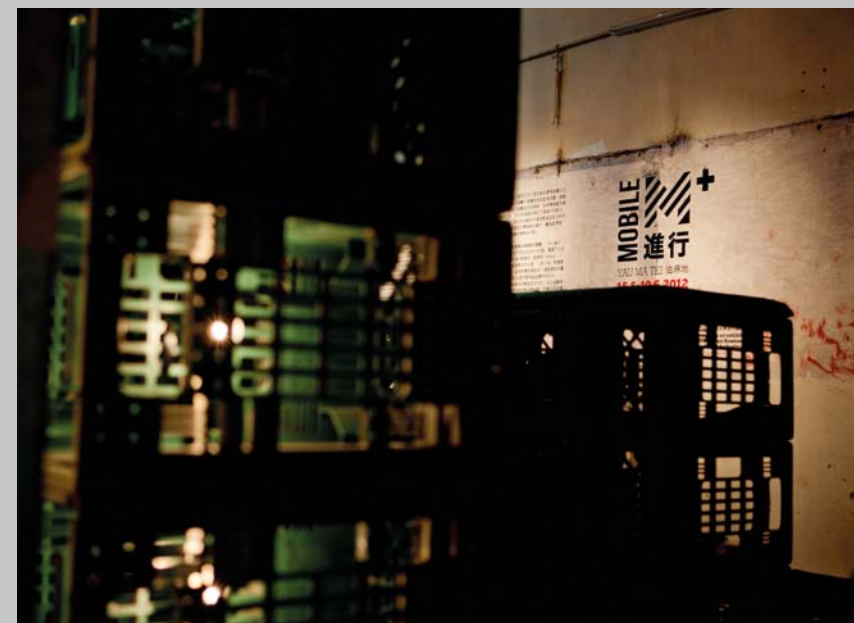


It was also concluded that the ambitious programme and plans for the collection would require a building of approximately 60,000 square metres, including an on-site conservation and storage facility. The location was determined to be, not as initially suggested, at the east end, but at the west end of the “urban” half of the cultural district, bordering on the Park.

The key areas of development during the year were:

<p>01</p> <p>To develop the dialogue with stakeholders – to listen and seek support for the developing vision</p>	<p>02</p> <p>To recruit a core team of curators and support staff</p>
<p>03</p> <p>To contribute an M+ perspective to the Development Plan</p>	<p>04</p> <p>To transform the developing ideas about the museum into a programme for a future building – a Schedule of Accommodation</p>
<p>05</p> <p>To develop a collection strategy and policy</p>	<p>06</p> <p>To develop the ideas for a pre-opening programme – Mobile M+ and produce the first exhibitions</p>

The first Mobile M+ exhibition took place as part of a joint venture with the Performing Arts Department of WKCD during the Chinese New Year 2012. M+ commissioned, under the heading “M+ Bamboo Theatre Exhibition”, five Hong Kong artists: Chu Hing-wah; Gaylord Chan; Michael Wolf; Samson Young and Henry Chu to create works on and around the imposing traditional bamboo theatre that was built for the Cantonese opera performances. Spanning 50 years’ difference in age and from digital art to modern ink painting, the large-scale commissions gave a first taste of the exciting future possibilities of West Kowloon. The West Kowloon Bamboo Theatre project as a whole became a mini version of the future arts district, where the different art forms entered a lively dialogue. A dialogue that was crowned on the last day with a popular marathon screening inside the Bamboo Theatre of five Hong Kong movies relating to Cantonese opera – curated by Law Kar and Chow Chun-fai, attracting some 4,500 viewers in one day.



The M+ Bamboo Theatre Exhibition and Cinema was curated and organised by the growing M+ team and coincided with the first instalment of the M+ internship initiative entitled “10-week learning programme”, allowing three young curators to be embedded in the curatorial process. Lessons learned from this first Mobile M+ project were analysed and proved helpful in the subsequent planning of the considerably larger Mobile M+: Yau Ma Tei, which opened in early May 2012.



A Portland Street recycling shop
responding to the Mobile M+: Yau Ma Tei exhibition



To Defend The Core Values Is The Core Of The Core Values
by Kwan Sheung-chi + Wong Wai-yin



Fantomas
by Yu Lik-wai

LIFE TIME FOR ONG KONG



WKCD IS NOT JUST
ONE-OF-ITS-KIND IN THE WORLD,
BUT ALSO ONCE-IN-A-LIFE-TIME
FOR HONG KONG

—
DR MW CHAN
Executive Director, Project Delivery

Are the cranes ours?

—

President Eisenhower Dwight once said, "Plans are nothing; Planning is everything." While this may not be fully applicable to WKCD's Development Plan, the planning process that had taken place, and is indeed continuing, is certainly important.

Planning takes time. In our case, it takes more than a decade. One of my moments this year (and it must have happened a dozen times) was, "Dr Chan, your project finally starts moving?!". Not wanting to be disappointed I would try my best to come up with a convincing answer. I knew they must have seen the moving cranes on top of the West Kowloon site, just as I did every morning when I passed by the Western Harbour Tunnel, that were used by those building the West Kowloon Terminus of the Express Rail Link.

Our projects are progressing on track.

It is worth the planning efforts, after all. The West Kowloon Cultural

District is not just one-of-its-kind in the world, but also a once-in-a-life-time for Hong Kong, and I would say it is an interesting and meaningful project for my team. Those who have project experience know major projects take time (and if I may add, time passes even faster at my age) if we count from the project inception time. With the conclusion of the public engagement exercises we now have a pretty good idea of what Hong Kong people, and our stakeholders, particularly artists, are looking for. We are now moving from the planning to construction phase as we launch design competitions for our iconic buildings.

As with other projects, there must be hundreds of moving parts within the project on a daily basis. My team and I are entrusted with smoothing out problems in this long process. Let's be assured that we would strive to build it on time, within budget and hopefully to the satisfaction of the majority. And in a not so distant future, I would probably like to greet you there.

^(c) Project Delivery

The year saw completion of the project's master plan preparation process when the Authority unveiled the proposed Development Plan ("DP"), based on the City Park concept from Foster + Partners, during the Stage 3 Public Engagement Exercise ("PE3") from 30 September to 30 October 2011.

The plan was met with support from the general public. Having made further improvements based on views received from PE3, the proposed DP was submitted to the Town Planning Board ("TPB") on 30 December 2011 together with a full batch of reference materials on planning, urban design and landscape and assessment reports on various technical aspects.

The TPB considered the submission on 9 March 2012 and agreed that the DP submitted and its Notes were suitable for exhibition for public inspection. The Draft West Kowloon Cultural District Development Plan No.S/K20/WKCD/1 was gazetted on 30 March 2012 and made available for public inspection and representations for a period of two months. The target is to complete the statutory planning process within nine months from the expiry of the public inspection period.

Construction is scheduled to begin in 2013 and the first batch of facilities, including the Xiqu Centre Phase 1, the Freespace and part of the Park, are scheduled to be completed starting from 2015.

One of the most important Core Arts and Cultural Facilities in WKCD, the Xiqu Centre, is a world-class facility that will be designed to become the home base for the preservation and development of Cantonese opera and other forms of Chinese opera in Hong Kong.

The first phase of the Xiqu Centre, comprising a Large Theatre (1,100 seats) and Tea House (280 seats), is strategically sited at the junction of Austin Road West and Canton Road. It will be one of the signature facilities in the District, providing an anchor for the eastern access to WKCD and establishing an arts and cultural presence on Canton Road.

During the year, WKCDA launched a competition to select innovative designs from world-class design teams for the Xiqu Centre, with the dual purpose of appointing a capable design team to help the Authority administer construction of the Xiqu Centre project.

With support from an Independent Professional Advisor ("IPA") and guidance from a Steering Committee ("SC"), the Authority issued a Request for Expressions of Interest ("EOI") for prequalification for the Xiqu Centre Design Competition in early March 2012. At the same time, the Authority also issued two Requests for EOI for prequalification for the Acoustic Sub-consultants and Theatre Planning Sub-



consultants, such that the shortlisted qualified specialist sub-consultants would be nominated to the shortlisted design teams who would select Acoustic and Theatre Planning Sub-consultants from the shortlist to collaborate with in order to ensure that the centre would have world-class theatrical and acoustic standards.

Response to the EOI invitation has been satisfactory. The Authority aims at completing the competition process so that the winning design team can commence the detailed design of the Xiqu Centre before end 2012.

The Authority intends to conduct design competitions for M+ and for one of the Pavilions following that for the Xiqu Centre in the third quarter of 2012. This staggered arrangement will help enhance the process through lessons learned and rationalisation of resources.

Branded as “A Place for Everyone”, WKCD is tasked to build a distinctive and user-friendly park with an arts and cultural theme in accordance with public inspiration. The Park is located at the headland area and is a major component serving the public with different backgrounds and interests. It will serve as leisure space in WKCD, provide an exhibition ground for visual art and accommodate an indoor performing arts venue “Freespace”, and outdoor space for large scale performances.

The Authority targets to procure consultancy services for design of the Park around the end of 2012. To monitor progress and provide advice throughout the process, a Working Group on the Park Development composed of Board and Committees Members with relevant professional backgrounds, the CEO of WKCD, and representatives from related professional institutes was established in March 2012. The Working Group will engage and liaise with relevant stakeholders from the community and arts and cultural groups, to advise on the design and procurement of the Park development.

The WKCD project will need to be developed in close co-ordination with other community and government facilities and related engineering works (collectively known as “Public Infrastructure Works” (“PIW”)), such as roads, drainage, sewage and water supply system, etc. They are required to support the arts and cultural venues, residential, commercial and hotel developments within the District. The PIW are to be funded separately and undertaken by the Government.

During the year, the Authority conducted numerous meetings with the Civil Engineering and Development Department (“CEDD”) and Home Affairs Bureau (“HAB”) on implementation of the PIW. In view of programming and interfacing considerations, it was decided that WKCD would be entrusted with the design, site investigation and construction of some of the PIW via entrustment agreements (“EA”) between the Authority and CEDD in order to meet the tight implementation programme and to better co-ordinate interface issues.

The exact scope for the proposed entrustment to the Authority is to be finalised dependent on the degree of imminence and interfacing complexity between the PIW and the arts and cultural facilities.

SCIENCE, BUT ALSO AN ART



MAKING TWO ENDS
MEET IS NOT JUST SCIENCE,
BUT ALSO AN ART

—
DR EVA LAM
Executive Director, Finance

MAKING TWO ENDS

Sweet dreams

Amid the global financial turmoil, what keeps me calm at night is "The Serenity Prayer" that stays with me for over 20 years: "God grant me the serenity to accept the things I cannot change, the courage to change the things I can, and wisdom to know the difference."

My job is challenging but thank God, I can still sleep well most of the time. The very first thing I do every morning is to open my eyes on the world's development and my ears on money making initiatives: What is the CNY/HKD today? How can we get a risk free yield better than our target?

Like many financial gatekeepers, my job here is to try to make the two ends meet, i.e. generate investment returns and ensure the endowment is spent for achieving its objectives and for value. It is no secret that the Authority is endowed with a big sum of public money – 10 zeros I count – and I must take good care of this endowment in the most prudent way. Equally no secret to anyone that the Authority would need to spend even more to build the cultural district from scratch so we must put every

penny into good use for the benefits of the people of Hong Kong.

Meeting two objectives is not just science, but also an art, I suppose.

Two global financial crises in four years hit everyone, particularly our global peers in the art and cultural industry, many of whom have been facing a steep budget cut, or even potentially out of business. We count our blessings because we have not even started big spending. But there is no room for complacency, especially because we have not firmed up our spending yet.

I would not worry too much because I do not have answers for everything. I am only a student who questions – and tries to find the answers. The Authority will need to develop a sound and financially sustainable business model, with good governance practice, and always have in mind to balance its near term objectives versus long term benefits.

The world is changing fast. So I need to work and learn faster in order to keep up with the change. Guess what? That is the fun part of this job.

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(D) Finance

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Thanks to active management, the Finance Department managed to grow the upfront endowment by 4.1% to over HK\$23 billion, complete a three-year Corporate Plan to 2014-15, launch the accounting module of a new Enterprise Resource Planning (“ERP”) system and implement an Electronic Document Management System (“EDMS”) during the year in review.

As the project activity and complexity increase, the Finance Department has gradually grown from an initial headcount of seven to a total headcount of fifteen as at March 2012. The additional resources have helped strengthen the Authority’s corporate governance and control, particularly in areas of treasury operations, investment and fund management, financial management and related accounting matters, and information technology systems development and management.

The rate of return on WKCDA’s investments improved to 4.1% p.a. for the financial year ended 31 March 2012 in comparison with 3.4% p.a. for the previous year. This was achieved through active management of the investment portfolio, continuous diversification of the portfolio asset allocation and risks.

The Authority’s total endowment fund size had increased from HK\$22.3 billion to HK\$23.1 billion during the financial year 2011-12 as its investment and interest income exceeded its expenditures. As at 31 March 2012, the Authority had HK\$11.3 billion (including investment income) long-term placement with the Hong Kong Monetary Authority (“HKMA”). The rate of return is determined annually in January and was fixed at 6.0% p.a. for 2011 and 5.6% p.a. for 2012. The remaining HK\$11.8 billion was managed by the in-house Treasury team in deposits and RMB bond investments.

During the financial year 2011-12, an additional HK\$3.08 billion was converted into Renminbi (“RMB”) and HK\$3.24 billion was converted into United States Dollar (“USD”), after obtaining approval from the Board and the Financial Secretary, to further enhance yield. The net unrealised exchange gain on revaluation of RMB and USD deposits/investments was HK\$73 million for the year ended 31 March 2012.

Pending finalisation of the project cash flow, the majority of the endowment was placed in short-term deposits yielding an average annualised rate of 2.6% including exchange gain/loss (or 1.9% excluding exchange gain/loss) in comparison with 1.4% for the previous year through active management of deposit placements. To diversify counterparty risk, the Board also approved 10 new banks to WKCDA’s approved list of banks in 2011-12 resulting in a total of 34 approved banks for deposit placements. The addition of more bank counterparties also enhanced the average yield of bank deposits. The list of approved banks and their maximum exposure limits are reviewed annually in June/July.

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A three-year Corporate Plan for the financial years 2012-13 through to 2014-15 and an annual Business Plan for 2012-13 were developed and approved by the Board in March 2012 to set out the framework, objectives and milestones for WKCDA in the next three years.

In October 2011, an Accounting Policies Manual was developed as the primary source of written guidance on financial accounting and reporting matters. The Manual reflects authoritative pronouncements of WKCDA’s accounting policies that are applied consistently across the Authority.

The accounting module of a new ERP system was successfully implemented in April 2011, which not only enhanced internal control and operational efficiency, but also strengthened reporting capability and with capability for future expansion.

A review of the procurement procedures and management of change for capital projects and the related delegated financial authority was conducted in anticipation of the procurement of major design consultancy agreements and construction works contracts that will take place progressively after the submission of the Development Plan to the Town Planning Board at the end of 2011. A set of revised procurement procedures for capital projects was approved by the Board in March 2012.

AFFORD TO BE CREATIVE

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**WE ARE YOUNG
AND WE CAN AFFORD
TO BE CREATIVE**

—
MS EVA KWONG
Executive Director, Human Resources

WE ARE YOUNG

Starting from scratch

Many people may think Human Resources professionals do most of their work in the air-conditioned room. I am more a believer of management by walking out of the office, reaching out to employees and stakeholders, and keeping pulse with the market.

In my first few months here, I took an initiative to visit a dozen local arts groups in hope to find out how they position for human resources planning, and how we should work together for the sustainability of manpower supply for the flourishing art sector in Hong Kong.

The art scene fascinates people like me, who come from a commercial background. We all face the same challenge: how to find the right people, gauge their engagement and retain them.

Despite the manpower shortage in the local art sector, we know not many young people are keen to join because the local art industry at the moment is not attractive enough for retaining high-quality workforce, as compared with the Western market.

The ecology is completely different in the European and American markets where top arts

organisations are running like a business, with artists and arts administrators enjoying clearer and more respected career paths. It is simply because arts and culture are just part of their daily lives.

Interestingly after visiting many major arts organisations in the Western world, I still find West Kowloon a unique place. We are trying to make a difference in a place that is longing for this cultural change. With good resource planning, we could bring in new blood to the industry and experts - be they local, Mainland or overseas - to join us and share the vision.

With the collaboration of the local arts groups, I hope we would not only find a way to build the talent pipeline, but also seek opportunities to establish and nurture more structured and professional development for the art sector, and nurture new generations of quality art practitioners.

We are a young organisation, after all. The good thing about being young is that we have more room for being creative. WKCDA is only four years old, and we shall have time, people and resources to make the dreams come true.

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^(E) **Human Resources**

Continuing the momentum of 2010, the human resources function continues to play an integral strategic role in alignment with the vision and objectives of WKCD for Hong Kong, recruit and engage a highly competent workforce who are passionate about arts and culture and create an effective organisation with a healthy work environment that makes WKCDA an exciting and vibrant place to work in.

The Authority strives to recruit, engage and retain a highly skilled and quality work force. WKCDA employed 106 staff as at 31 March 2012, comprising 99 directly recruited staff and seven clerical temporary staff. In addition, 28 temporary staff were recruited to support public events such as the Public Engagement Exercise and the West Kowloon Bamboo Theatre.

The most significant recruitment activity during the year was the engagement of several key positions for the visual arts, performing arts and project delivery teams which include senior curator, education curator, museum technician, senior performing arts managers and the head of construction project management.

In view of the increasing importance of data management, we have implemented an Electronic Data Management System (“EDMS”) to standardise and streamline the content management processes. The system helps reduce paper use and improve records management for WKCDA; it also allows for access control and other security features to protect data privacy.

In May 2011, WKCDA moved to a new office in Tsim Sha Tsui, bringing us closer to the site of the West Kowloon Cultural District. It was a cross-departmental effort supported by the General Office Administration team and other teams such as IT and Project Delivery professionals that made the relocation project a seamless and hassle free experience.

Facts & Figures

How many people did WKCDA hire during the year 2011/12?



ALWAYS PREVAIL



THE FAMOUS HONG KONG
'CAN DO' SPIRIT WILL
ALWAYS PREVAIL

MR GARMEN CHAN

Executive Director, Communications & Marketing

THE
FAMOUS
HONG
KONG

A close call

September 29, 2011

Important day today. Chairman to open the month-long Stage 3 Public Engagement Exercise at a marquee in the West Kowloon Cultural District. The other cast include the CEO and the brains behind the WKCD master plan, Lord Norman Foster.

6.30am

Wake up at usual time. Slept well last night in the comfort that all preparation had been going well and we are all set to go.

Grey and heavy sky with strong wind. Bombshell from the radio – No.8 typhoon signal is up and will stay for most of the day.

The opening ceremony is off. Could only curse the weather for blowing off months of preparation and blame myself for coming up with the “bold” idea of staging the ceremony “on site”.

8.45am

Arrive at the office, surprised to see CEO was already in his office. Update him on the latest development and grateful he is there to provide advice and guidance.

Concerned key WKCDA officials, such as Chairman of Development Committee and Chairman of Consultation Panel, call office to check on development. Colleagues also call back and ask what they could do to help. Quite heartening to hear these messages.

11am

Draw up alternative plans to salvage on the PR front. We have two options:

1. Stage an opening ceremony at Kowloon Park where the PE3 exhibition is held if the typhoon signal were lowered in the early afternoon; or
2. If the signal is not lowered in time, an impromptu press conference to kick off exercise.

1pm

Things begin to turn better after lunch as news comes through that the No.8 signal could be replaced by a lower signal in the late afternoon. Office begins to bustle again as staff files back to work and draw up details of alternative PR plans.

3pm

Anxiety grows again – no signs the No.8 signal would be lowered soon. We're losing the Kowloon Park option as it would take time for staff to open the park in time for our function.

With the clocks ticking, we might even lose the window of holding the press conference in our office to meet media deadline.

4:10pm

Breakthrough finally comes. No.8 was replaced by No.3 signal. Too late for a replacement opening ceremony. But team swings to immediate action for an impromptu press conference – frantic calls to the media, last minute setting up of press conference venue. It pays off as hard work is rewarded by full attendance.

5.30pm

A big sigh of relief as main cast, Chairmen of Development Committee and Consultation Panel, as well as Lord Norman, arrive in

time for the press conference, bracing heavy rain and still stormy weather.

7.30pm

See the last TV crew off. The press conference went smoothly and radio and TV stations began to carry the PE3 story in the evening.

What a rollercoaster day! But the jury is still out until we see media coverage in tomorrow's papers.

After thoughts

Challenges come in all shapes and sizes (including Mother Nature), but the famous Hong Kong "can do" spirit always prevails at the end. The journey of realising the vision of WKCD will be long and treacherous as we are defining a route undefined not only in Hong Kong but also elsewhere in the world. That "eventful" day in September last year demonstrated the devotion and perseverance the young WKCDA team had for the project.

(F) Communications and Marketing

As an open and accountable organisation, WKCDA places great emphasis on maintaining effective two-way communications with the public and the media to provide transparency and accessibility to its operations. During the year under review, the Communications and Marketing Department completed the three-stage Public Engagement Exercise of WKCD's Development Plan ("DP"); undertook marketing and promotion of our first self-organised arts events and embarked on publicity for our first facility design competition.

The year saw the conclusion of the Public Engagement Exercise for the master plan of WKCD with the conduct of the last stage of the exercise. The proposed DP was displayed in Stage 3 Public Engagement Exercise ("PE3") from 30 September to 30 October 2011. Evolved from Foster + Partners' City Park concept, the proposed DP had incorporated features favoured by the public in two years of engagement.



During the month-long PE3, there were over 19,000 visitors to an exhibition held in Kowloon Park, where a large 1:250 physical model was displayed as a centrepiece depicting the modified master plan and providing visitors with a tangible experience of what the future arts hub would hold. In addition to daily guided tours for the public, 32 special tours were arranged for over 1,100 participating students. To enhance understanding of the DP, the Authority organised 16 activities, including three presentation/townhall sessions, eight seminars/

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roundtable discussions, a one-day professional conference, three other meetings/ forums and a Get-Together with Youth.

During PE3, more than 1,100 submissions and views (inclusive of 944 completed feedback forms on PE3 pamphlets) were received via various channels and media reports. An overwhelming 75% of the feedback forms received were from citizens under the age of 30. A team from the Public Policy Research Institute of the Hong Kong Polytechnic University was tasked to collate and analyse a total of 1,172 documents received during PE3. A report on the results was published in December last year.

The media plays an important role in delivering the latest WKCDA news to the community. Throughout the year, we continued to maintain close liaison with local and international journalists through various communication tools. WKCDA issued 25 press releases and held 13 media events, covering a wide span of topics to keep the media well informed about the up-to-date status of the art hub's development. These events generated considerable media coverage and positive publicity for WKCDA.

The WKCDA website (www.wkcda.hk) is a comprehensive and easily accessible platform to provide people in the city and around the world with first-hand information, including the latest progress of the cultural district, publications, as well as details of programmes and events. Throughout the year, the WKCDA website received a total of 82,339 visits and around 10.6 million hit rates.

Young generations will be the future users of WKCD. It is therefore crucial to explore different social media and online channels such as Facebook, YouTube and Twitter to promote our upcoming activities to target the young population.

The monthly e-newsletter, which was sent to more than 4,000 subscribers, continued to be a regular source of WKCD's major progress and hottest news.

The team embarked on an ambitious marketing programme for the West Kowloon Bamboo Theatre, combining traditional marketing mix and digital channels, which included print advertising and editorials, distribution of promotion pamphlets at various Hong Kong arts venues and ticketing outlets, electronic direct mailing, broadcasting teaser video on YouTube, posting event images on Flickr, online banner advertising on popular websites and the official WKCDA website. A micro site dedicated to the Bamboo Theatre project had also been created to provide a more visually engaging experience for our audience.

The total number of visitors for the week-long programme exceeded 12,000. The total audience reach through the marketing campaign was about two million with 1.85 million through traditional channels and 173,680 through digital marketing channels.

We have successfully reached out to audience beyond the usual Cantonese opera segment and raise awareness of the WKCD brand to overseas audience. Over 140 media coverage about the programme was featured on print, TV and online blogs and the sentiments towards the event were highly supportive.

PEOPLE TO COME AND ENJOY



WKCD – A MAGNET TO ATTRACT PEOPLE TO COME AND ENJOY

MR MICHAEL RANDALL
General Counsel

WKCD

Taking up the challenge

The headhunter asked if I might be interested in being General Counsel for the West Kowloon Cultural District Authority. I said I'd think about it and get back to him.

What was there to think about: how would the legal challenges of building a cultural district be different from those of the new airport infrastructure and the KCRC Rail Projects?

Everything would be new; as such it would present similar challenges and issues to those I had to meet at the Provisional Airport Authority and the New Airport Project Co-ordination Office. The green field site would also have similar land and construction issues to the new airport, which would get very complicated. There would be difficult interfaces with the two MTR tunnels, the Western Harbour Tunnel, storm-water drainage culverts and underground seawater cooling and flushing mains. There would be many construction contracts, that would mean complex interfaces and tricky risk allocation questions.

There would be a lot of governance and financial oversights by Government, LegCo, the Audit Commission and the ICAC. Transport, utilities and public service infrastructure would likely be entrusted to and from Government.

Much attention would go to town planning submissions. The Buildings Department would be involved in landmark buildings that might challenge tried and tested construction methods and materials. The project would be the focus of public and media attention. The environment and sustainability would

be paramount with the Environmental Protection Department and green stakeholders heavily involved. There would be complex issues with telecommunications providers and transport solutions.

Insurance would be important, with changing needs from the start-up phase to the planning, construction and operational phases. We would need careful risk analyses to get the correct mix of covers and values.

At least in its first few years, from a legal challenges point of view, the emphasis will be more on construction than the arts, so there will be construction philosophies and issues to be decided upon, ranging from project management approaches to contract forms. There will be methods and procedures to be developed for handling changes and variations and contractor's claims for additional time and payment.

I've been dealing with all of these things in one way or another for years and a thousand more similarities crossed my mind as I thought about whether to throw my hat in the ring.

But there was one thing that stood-out, that made this project different from an airport or a railway – the product would not be quickly and efficiently moving people from A to B. Rather, it will be creating a magnet to attract people of all ages and walks of life to places where they can enjoy the very best of music, dance and theatre, the newest and most challenging art, great wines and food, entertainment and relaxation, all overlooking one of the world's most spectacular harbours and skylines. That would make it different, and to me it was a project worth being a part of.

MASTER OF SOME



JACK OF ALL TRADES AND, FOR THE SAKE OF THE AUTHORITY, MASTER OF SOME

MS BONNY WONG
Director, Chief Executive Officer's Office

JACK OF ALL TRADES AND

Jack of all trades

... and, for the sake of the Authority, master of some!

The advantage of a liberal arts education, followed by a legal training, is the broad range of subject matters that one is exposed to. A general practitioner has to have the ability and capacity to understand, analyse and deal with a wide range of issues, and such are the prerequisites and characteristics of this post – Director, Chief Executive Officer's Office.

There are those who view the position as no more than a glorified personal assistant for the CEO. It could be the case, though unlikely, if this were a mature project, with no stakeholder involvement, government liaison, political implication, and other public relations quagmire that we find ourselves ensconced in daily as we tackle our myriad tasks.

When I accepted the job offer in 2010, I thought my dual roles were to head a secretariat (with a support team), play host to visitors and attend dinner parties, openings and performances alongside the CEO to introduce him to the Hong Kong community and acclimatise him to local politics, customs and culture. Reality soon hit when I discovered it was essentially a Secretariat of one and I was expected to gain an immediate understanding of the entire project with little time for orientation. My first boss resigned less than five months into the job.

Things have come a long way since, but the work has grown exponentially

also. The last year has seen the arrival of my second boss, changes of Board Chairman who I also serve, and the achievement of many milestones that would firmly launch this monumental undertaking that naysayers predicted was doomed from the day it was conceived.

A constant buzz surrounds this office - we receive foreign dignitaries, Consuls General, artists, professionals, vendors peddling their wares, media, political and cultural stakeholders, students, and overseas visitors from cultural and government organisations eager to learn about the project. That is the fun part. The period leading up to a Board or committee meeting is when we act our scholarly best to ensure papers are up to a certain standard. There is such a constant stream of those papers that one is usually hard pressed to keep proper track. That is the humdrum part.

My days are never dull as I go from advising the CEO on local political sensitivities, public relations issues, updates on work progress of the different functions, to which opening ceremonies and performances would be interesting to attend.

Life is indeed unpredictable. I wanted to pursue music as a career, became a lawyer instead, and have come full circle to be involved in the largest cultural project in the region. My dream has come true; I hope the West Kowloon Cultural District project will realise Hong Kong's dream of becoming not just a leading financial hub, but a cultural capital to rival those of the western world.

^(G) Internal Audit

Internal Audit (“IA”) is an independent function established within WKCDA for the review of operations and internal control system as a service to the Board. Reporting to the Audit Committee, IA performed, during the year, audits to evaluate the adequacy and effectiveness of internal controls covering the following areas:

- Enterprise Resources Planning (“ERP”) Phase 1 system implementation
- Corporate governance
- Time deposits
- Operation of bank accounts and payments
- Engagement of business partners for performance and cultural programmes
- Procurement
- IT backup and disaster recovery planning

Audit reports summarising the results of the audits together with any recommendations for improvement were issued to the line managers concerned for action. The results of audits performed by IA were also reported to the Audit Committee periodically.

During the past year, IA was also engaged in undertaking a Risk Management project together with a professional consultant specialising in risk management. Work performed included:

- refining the existing draft Risk Management Policy;
- conducting meetings with all Committee Chairmen and Executive Team members to identify and discuss the strategic risks of the Authority; and
- presenting findings and recommendations to the Executive Team, Audit Committee and the Board.

As a result of this project, the Risk Management Policy designed to enable risks to be identified and managed in a proactive manner was approved by the Board.

OUTLOOK

(76 - 79)

has made substantial
of hardware and

The Project has made substantive progress both in terms of hardware and capacity building during the year under review.

The statutory planning process is now at an advanced stage and we are making good progress in appointing a design team to administer the first arts venue project, the Xiqu Centre. If all goes well, we can start “digging” in 2013 to deliver the first batch of facilities – the Xiqu Centre, part of the Park together with a platform for contemporary performances – starting from 2015.

Meanwhile, capacity building for the Authority’s arts and culture team is going full steam ahead with some significant appointments to key positions. This has put the Authority in good stead to engage and build rapport with the arts sector as well as the community as a whole.

The West Kowloon Bamboo Theatre over Chinese New Year period and the subsequent “nomadic” exhibition in Yau Ma Tei were met with applause from the arts and cultural sector

and the local community, but the events also gained us valuable experience in organising outdoor events, paving the way for a greater variety of programming as we take possession of temporary sites in the District.

The WKCD project received a significant boost in June 2012 when the Authority received a donation of 1,463 Chinese contemporary artworks valued conservatively at HK\$1.3 billion by Dr Uli Sigg of Switzerland, the world’s leading collector of Chinese contemporary art. The donation caught the world’s attention and was hailed as a strong validation of the Authority’s vision in making WKCD a world class arts hub with modern Chinese collections that are unmatched in depth, scope and quality.

We are encouraged by these developments and are grateful for the support stakeholders and the public had accorded us. And their resounding call for early implementation will spur us to move on steadfastly to meet the anticipation of the people of Hong Kong.

A



B



C



D



E



F



G



H



05 / 2011

- M+ team hosted a harbour cruise on 25 May, the opening day of the Hong Kong International Art Fair, bringing over a hundred overseas art experts into close contact with the future arts hub. (A)
- On 27 May, the WKCDA Board announced the appointment of Mr Michael Lynch as Chief Executive Officer. (B)

06 / 2011

- WKCDA and Hong Kong Arts Administrators Association jointly presented 2011 Cultural Leadership Summit from 1 June to 3 June. (C)

07 / 2011

- On 1 July, WKCDA became an institutional member of the Hong Kong Green Building Council.
- Hulu Culture's Yau Ma Tei Cultural Celebration Project, a WKCDA supported programme, started from July 2011 to January 2012. (D)

09 / 2011

- WKCDA unveiled proposed Development Plan "West Kowloon Cultural District – A Place for Everyone" on 29 September to mark the commencement of Stage 3 Public Engagement Exercise ("PE3").

10 / 2011

- 4th Hong Kong International Jazz Festival – WKCD Concerts, was held at the WKCD site on 1 October and 2 October. (E)
- PE3 ended on 30 October – 19,000 attended an exhibition and 16 other engagement activities

11 / 2011

- Asia Intangible Cultural Heritage Performing Arts Forum, a WKCDA supported programme, was held on 25 November and 26 November. (F)

12 / 2011

- On 9 December, tickets for four evening Cantonese opera performances of the West Kowloon Bamboo Theatre were put up for sale. All tickets were snapped up in the same morning. Two additional matinee shows were offered to meet the strong public demand.
- WKCDA released the Report on the Analysis of Views for PE3 on 23 December. (G)
- On 30 December, WKCDA submitted the Development Plan to the Town Planning Board for consideration.
- Make a Difference (MaD) @ West Kowloon, a WKCDA supported programme, was held from 18 December 2011 to 15 January 2012. (H)

01 / 2012

- The WKCDA Board announced the extension of tenure of existing Board and non-Board Members of the six Committees and two Subcommittees to 31 December 2012, with six additional new members.
- The West Kowloon Bamboo Theatre debuted with six star-studded Cantonese opera performances, a visual arts exhibition, a film marathon as well as educational and fringe activities from 18 January to 24 January.

02 / 2012

- WKCDA awarded fellowship to four enrollees in The University of Hong Kong's Advanced Cultural Leadership Programme.

03 / 2012

- Tenure of the Chairman and current Members of the Consultation Panel extended for one year to 28 February 2013.
- On 9 March, WKCDA launched the Request for Expression of Interest for a design competition to deliver the Xiqu Centre, one of the first landmark buildings in the arts hub.

6 FINANCIAL HIGHLIGHTS

	For the year ended 31 March		
	2012 HK\$ million	2011 HK\$ million	Change#
Income	934	755	+24%
Expenses	191	226	-16%
Profit	743	529	+40%

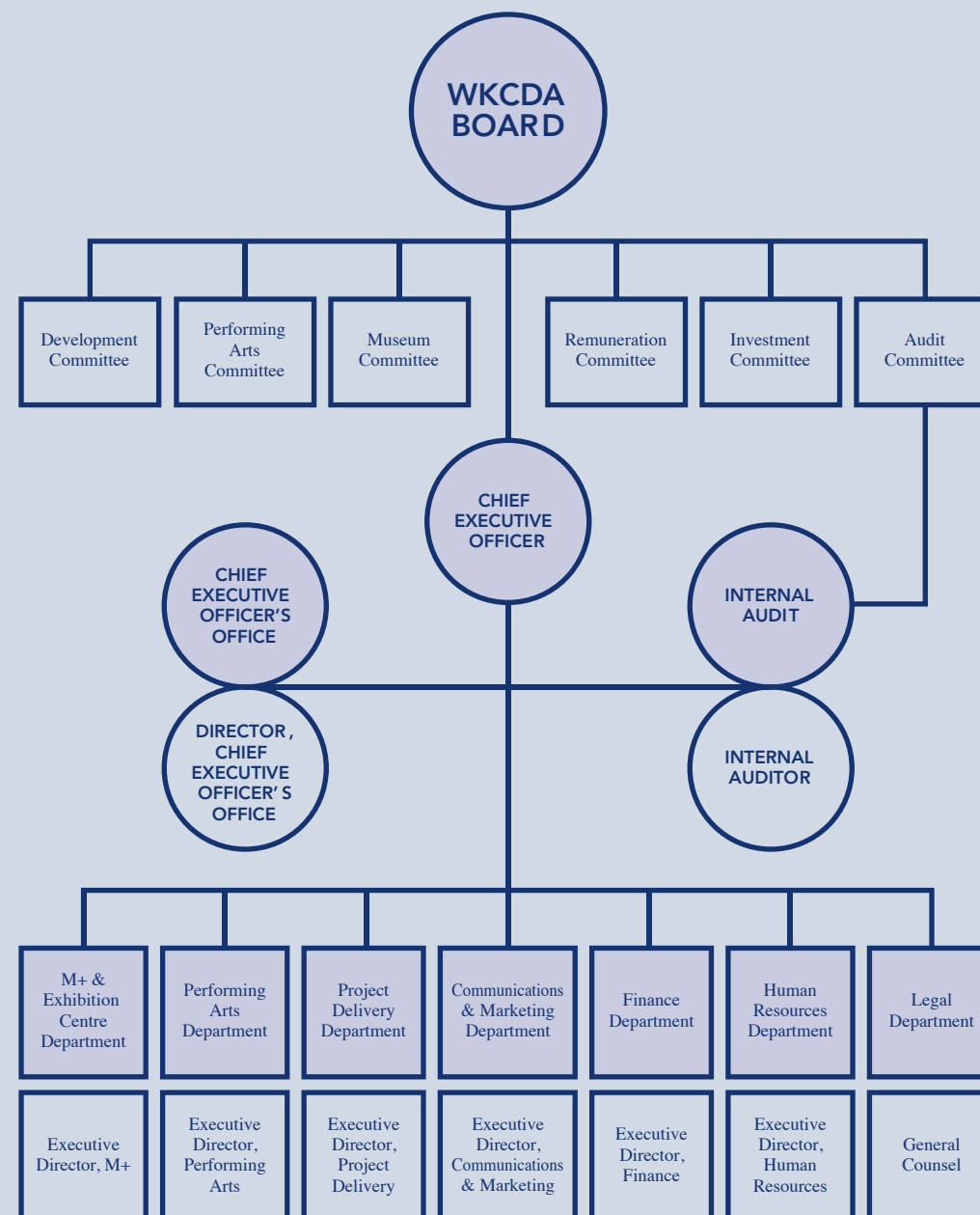
	As at 31 March		
	2012 HK\$ million	2011 HK\$ million	Change#
Net assets	23,091	22,348	+3%
Capital - Endowment from the Government of HKSAR	21,600	21,600	-
Placement with the Hong Kong Monetary Authority	11,288	10,658	+6%
Held-to-maturity investments	413	-	n/a
Time deposits with original maturities over three months and Cash and cash equivalents	11,319	11,608	-2%

Subject to rounding differences

7 GOVERNANCE REPORT

A. The Board and Senior Management

I. STRUCTURE OF WKCDA



II. BOARD FUNCTIONS AND CONDUCT OF BUSINESS

The Board, the governing and executive body of WKCD, was established on 23 October 2008. All members were appointed by the Chief Executive. The Board currently comprises the Chairman, three public officer members, fourteen non-public officer members, and the Chief Executive Officer of the Authority as an ex-officio member. Not only do Board Members have a diversity of expertise and experience, they also have distinguished records of community service.

The Board has adopted a set of Standing Orders and a Code of Conduct to regulate its proceedings and ensure good corporate governance. Whilst the Standing Orders regulate matters related to Board proceedings and businesses, the Code of Conduct sets out the standard of conduct expected of all Board Members, which covers the arrangements with regard to acceptance of advantages and entertainment, management of conflicts of interest, use of confidential or privileged information and public funds and misuse of capacity as a Board Member. Board Members are required to follow the requirements of the Code in exercising their duties.

The Code of Conduct was amended in October 2011 to enhance the guidelines for managing possible conflicts of interest.

Declaration of Interests

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 their appointment. They shall also declare an interest on becoming aware of the existence of one not previously disclosed, or after the occurrence of any change to an interest previously disclosed. The updated register relating to disclosure of interests is available for inspection by the public at the office of WKCD. To further enhance transparency, the updated register is also uploaded to the WKCD website for public access.

A register of attendance that records the attendance of Board and Committee Members at Board and Committee meetings respectively is available for public inspection at WKCD's office.

The Board held six meetings during the reporting year and decided on a number of strategic issues which marked the milestones of the WKCD development, including the Stage 3 Public Engagement Exercise and the submission of the Development Plan to the Town Planning Board. Its work also included the appointment of Committees and Consultation Panel Members, setting up the Information and Communication Technologies Subcommittee and the Exhibition Centre Subcommittee, developing the risk management policy, finance and investment strategy, human resources, and planning for temporary use of the site. All of which are crucial to the operation of the Authority and the future development of WKCD.

A list of Board Members from 1 April 2011 to date is on page 103.

III. BIOGRAPHY OF BOARD MEMBERS

Chairman

The Honourable Mrs Carrie LAM, GBS, JP

Chief Secretary for Administration



Mrs Lam became a Principal Official on 1 July 2007 when she was appointed as Secretary for Development. Before assuming the post, Mrs Lam had served the Government as an Administrative Officer for about 27 years. She joined the Administrative Service in August 1980, and rose to the rank of Administrative Officer Staff Grade A1 in September 2006.

Mrs Lam has served in various bureaux and departments. She was Director of Social Welfare from August 2000 to October 2003, Permanent Secretary for Housing, Planning and Lands (Planning and Lands) from November 2003 to May 2004, and Director-General of the Hong Kong Economic and Trade Office, London, from September 2004 to March 2006. She was Permanent Secretary for Home Affairs before her appointment as the Secretary for Development.

Mrs Lam was appointed as the Chief Secretary for Administration on 1 July 2012.

Members (non-public officers)

The Honourable Ronald ARCULLI, GBM, GBS, JP



Mr Ronald Arculli is a Senior Partner of King & Wood Mallesons, the Hong Kong office of one of the largest law firms in Mainland China and Australia. He is currently an Independent Non-Executive Director of the Hong Kong Exchanges and Clearing Limited and Chairman of the World Federation of Exchanges. He also serves as a Non-Executive Director of Asia Art Archive Ltd and a Member of the Executive Committee of the Hong Kong Arts Festival Society Ltd.

Mr Arculli has a long and distinguished record of public service. He was a Non-Official Member (November 2005 - June 2012) and later appointed as Convenor of the Non-Official Members (December 2011- June 2012) of the Executive Council of the HKSAR Government. He was also a member of the Legislative Council of Hong Kong (1988-2000), the Chairman of the Hong Kong Jockey Club between 2002 and August 2006, Convenor of the Financial Matters Advisory Group and a member of the Consultative Committee on the Core Arts and Cultural Facilities of WKCD (September 2006 to June 2007).



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 an elected member and Chairman of the Yau Tsim Mong District Council. Yau Tsim Mong is the district where WKCD is located.



Mr Raymond FUNG Wing Kee, JP

Mr Fung is a renowned architect and ink-painter. He has won the Ten Outstanding Young Persons' Award, the Ten Outstanding Designers' Award and Home Affairs Bureau's Certificate of Commendation. He has also received five Annual Awards of the Hong Kong Institute of Architects, as well as 50 major awards in visual arts, architecture and interior design. Mr Fung is currently the Adjunct Associate Professor at the School of Architecture of the Chinese University of Hong Kong, a member of the Art Museum Advisory Panel and the Museum's Honorary Advisor. He is also a member of the Advisory Committee on Revitalisation of Historic Buildings and the Advisory Committee on the Appearance of Bridges and Associated Structures.



The Honourable Jeffrey LAM Kin-fung, GBS, 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 service covers, 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 Director of HKU School of Professional and Continuing Education and Chair Professor of Geotechnical Engineering of The University of Hong Kong. He 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 was Chairman of the Harbour-front Enhancement Committee from 2004 to 2010 and currently Chairman of the Council of the Lord Wilson Heritage Trust.



Dr Victor LO Chung Wing, GBS, JP

Dr Lo was a member of the Consultative Committee on the Core Arts and Cultural Facilities of WKCD and the Convenor of the Museums Advisory Group. He is Chairman and Chief Executive of the Hong Kong-listed Gold Peak Industries (Holdings) Ltd. He currently serves as Chairman of Board of Directors of the Hong Kong Design Centre, Chairman of CreateSmart Initiative Vetting Committee, as well as Chairman of Board of Directors of The Hotel ICON Limited, which is the teaching and research hotel under The Hong Kong Polytechnic University. He was a Member of the Executive Council from 2005 to 2009. Dr Lo has interest in a wide variety of visual arts forms and is dedicated to the development of design and innovation.



Professor David LUNG Ping-ye, SBS, JP

An architect, Professor Lung is 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 currently Chairman of the Environmental Campaign Committee. Professor Lung was a member of the Culture and Heritage Commission and the Museums Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of WKCD.

Mr MA Fung-kwok, SBS, JP

Mr Ma is former Chairman of the Hong Kong Arts Development Council. He 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 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 at the Chinese University of Hong Kong. Previously, she 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 Music Director of the Hong Kong Sinfonietta since 2002 and has been guest conductor of various orchestras around the world. She was a member of the Performing Arts and Tourism Advisory Group of the Consultative Committee on the Core Arts and Cultural Facilities of WKCD. She was bestowed “Chevalier dans l’Ordre des Arts et des Lettres” by the Ministry of Culture and Communication of France in 2007 and was conferred as a Fellow of the Royal College of Music (FRCM) in 2010. She is also a member of the Council of the Hong Kong Academy for Performing Arts.

**Mr Danny YUNG Ning-tsun**

An internationally renowned experimental art pioneer, Mr Yung is the founding member cum Co-Artistic Director of Zuni Icosahedron, a significant professional experimental arts company in Hong Kong. He is also Chairperson of the Hong Kong Institute of Contemporary Culture and the Convenor of the Chinese Creative Industries Forum. His endeavour in multi-disciplinary arts and cultural policy reform in the past 30 years has opened up new dialogues, possibilities and perspectives in the field of arts and culture. He was bestowed the Merit Cross of the Order of Merit on Ribbon by the Federal Republic of Germany in 2009 in recognition of his contributions towards arts and cultural exchange between Germany and Hong Kong.

**Dr the Honourable Allan ZEMAN, GBM, GBS, JP**

Dr Zeman is Chairman of the Board of the Ocean Park Corporation and Lan Kwai Fong Holdings Limited. He is a board member of the Wynn Resorts Las Vegas and Vice-Chairman of Wynn Macau Limited. He is a member of the General Committee of the Hong Kong General Chamber of Commerce and a Board member of the Star Ferry. He is also a member of the Commission on Strategic Development and the Food Business Task Force of Business Facilitation Advisory Committee. Besides public services, Dr Zeman serves as Independent Non-Executive Director of Pacific Century Premium Developments Ltd, Sino Land Company Ltd and Tsim Sha Tsui Properties Ltd. Dr Zeman has successfully turned Lan Kwai Fong and the Ocean Park into attractions for both local and overseas visitors.

Members (public officers)**The Honourable TSANG Tak-sing, GBS, JP**

Secretary for Home Affairs



Mr Tsang was first appointed the Secretary for Home Affairs in July 2007, and was re-appointed in July 2012. He had worked in the journalistic field for nearly 30 years before he joined the Government as a member of the Central Policy Unit.

Alternate: Mr YOUNG Lap-moon, Raymond, JP
Permanent Secretary for Home Affairs



**The Honourable
CHAN Mo-po, Paul, MH, JP**
Secretary for Development

Mr Chan has been appointed Secretary for Development of the Hong Kong Special Administrative Region (HKSAR) Government since 30 July 2012.

Mr Chan is a Certified Public Accountant. He is a former President of the Hong Kong Institute of Certified Public Accountants and a former Chairman of The Association of Chartered Certified Accountants, Hong Kong.

Before joining the Government, Mr Chan held a number of public service positions including elected member of the Legislative Council; Chairman of Legal Aid Services Council; Board Member of the West Kowloon Cultural District Authority; non-official member of the Strategic Development Commission; Council Member of the Chinese University of Hong Kong and member of the Citizens Advisory Committee on Community Relations of the Independent Commission Against Corruption.

Alternate: Mr WAI Chi-sing, JP
Permanent Secretary for
Development (Works)



**Professor the Honourable
KC CHAN, GBS, JP**
Secretary for Financial Services
and the Treasury

Professor Chan was appointed the 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.

Alternate: Ms Julia LEUNG Fung-ye, SBS, JP
Under Secretary for Financial
Services and the Treasury

Ex-officio Member: Mr Michael LYNCH, CBE, AM
Chief Executive Officer of the West Kowloon Cultural District Authority

IV. BIOGRAPHY OF SENIOR EXECUTIVES

Mr Michael LYNCH, CBE, AM

Chief Executive Officer



Mr Lynch joined the West Kowloon Cultural District Authority in July 2011. He had a long and distinguished career in arts administration, serving as Chief Executive of the Sydney Opera House from 1998 to 2002 and then led the rejuvenation of London's Southbank Centre where he was Chief Executive from 2002 to 2009. Since then he has been a director of the Australian Broadcasting Corporation and a member of the Board of Film Victoria and the Myer Foundation. Mr Lynch was awarded an Order of Australia (AM) in the Queen's Birthday Honours List of 2001 for services to arts administration and as an advocate for Australian cultural life. In 2008, he was made a Commander of the British Empire (CBE) in the Birthday Honours for his services to the arts.



Ms Bonny WONG

Director, Chief Executive Officer's Office

Ms Wong joined the West Kowloon Cultural District Authority in August 2010. She was formerly the Head of Charities at the Hong Kong Jockey Club, where she was in charge of the overall operations of the department including donations, personnel management and administrative matters. She was also instrumental in conceptualising and initiating various major social and educational projects during her term of office. Ms Wong's first degree was Bachelor of Arts, majoring in music. She qualified as a solicitor in the United Kingdom and has practised law in both the United Kingdom and Hong Kong.



Dr Lars NITTVÉ

Executive Director, M+

Dr Nittve joined the West Kowloon Cultural District Authority in January 2011. He was formerly a director of the Moderna Musset from 2001 to 2010 and the first director of Tate Modern in 1998. Dr Nittve has over 30 years of international experience as a director, curator and educator of the arts, serving at the University of Stockholm, the Rooseum in Malmo, Sweden, and the Louisiana Museum of Modern Art in Humlebaek, Denmark. Dr Nittve was awarded an honorary PhD at Umeå University in Sweden and he was named professor at the same university in 2010.

Mr Louis YU Kwok-lit

Executive Director, Performing Arts



Mr Yu joined the West Kowloon Cultural District Authority in June 2010. He was formerly the Chief Executive of the Hong Kong Arts Development Council. Mr Yu has also worked with the Hong Kong Arts Centre for 13 years and worked as the Executive Director of the Hong Kong Arts Centre from 2000-2007. He has over 20 years of experience in arts administration and management and is now member of the Venue Partnership Committee of the Leisure and Cultural Services Department. Mr Yu was the advisor of the Drama School of the Hong Kong Academy for Performing Arts.

Dr CHAN Man-wai

Executive Director, Project Delivery



Dr Chan joined the West Kowloon Cultural District Authority in May 2010. He was formerly the Vice President (Projects and Facilities) of the Hong Kong Science and Technology Parks Corporation reporting directly to the CEO. He has over 30 years of experience overseeing the planning, construction, and management of large-scale development projects, both local and overseas.

Mr Garmen CHAN Ka-yiu

Executive Director, Communications and Marketing



Mr Chan joined the West Kowloon Cultural District Authority in August 2010. He was formerly the Senior Vice President, External Affairs for the i-CABLE Communications Limited, where he has worked for 15 years. He has played a key role in helping drive i-CABLE's business through effective communications strategies and acting as the company spokesperson. His experience includes years of liaison with Government bodies, the Legislative Council and the media. He has worked for nearly 35 years in journalism, communications and public affairs.

Dr Eva LAM

Executive Director, Finance



Dr Lam joined the West Kowloon Cultural District Authority in April 2010. A professional accountant, Dr Lam was formerly the Executive Director and Group Chief Financial Officer of IDT International Limited, where she played a key role developing the strategies and development of the group as well as managing its finances and performance. A former CSL Chief Financial Officer, Dr Lam had more than 21 years experience working in the telecommunication industry with the then Hongkong Telecom (subsequently renamed as PCCW) after starting her few years in external audit with one of the Big Four, Deloitte Touche Tohmatsu.

**Ms Eva KWONG**

Executive Director, Human Resources

Ms Kwong joined the West Kowloon Cultural District Authority in June 2010. She was formerly the Human Resources Manager for the CLP Power Hong Kong Limited, where she oversaw all human resources functions and change management initiatives for the company's Generation Business Group. She has over 16 years of management experience, including time spent with regional and multinational companies such as Merck Sharp & Dohme (China) Limited, United Airlines and Kowloon-Canton Railway Corporation.

**Mr Michael RANDALL**

General Counsel

Mr Randall joined the West Kowloon Cultural District Authority in April 2010. He was formerly a senior legal adviser with the Hong Kong Government from where he was seconded to the Provisional Airport Authority and the New Airport Project Co-ordination Office. He was then the Senior Legal Adviser (Projects) for the Kowloon-Canton Railway Corporation and most recently was the Principal Legal Adviser (Projects and International Business) for the Mass Transit Railway Corporation, specialising in infrastructure development and international business consultancies in railway construction, operations and maintenance.

B. Committees and Consultation Panel

I. FUNCTIONS AND CONDUCT OF BUSINESS

Six Committees are established under the Board, namely Development Committee, Performing Arts Committee, Museum Committee, Remuneration Committee, Investment Committee and Audit Committee, as well as the Consultation Panel.

The Committees generally follow the Standing Orders and Code of Conduct adopted by the Board in conducting their businesses.

The Consultation Panel also adopts a set of Guidelines governing its conduct of business. All meetings of the Consultation Panel are open to the public.

Development Committee

The key functions of the Development Committee (“DC”) are to advise the Board on the overall policies and strategies relating to the project planning and development of WKCD, to recommend to the Board a Development Plan (“DP”) for WKCD, and to advise the Board on the viability of the proposed facilities. The Committee also considers the construction progress, programme of implementation of individual building and infrastructure projects, hiring and management of consultants and contractors and related contractual matters for the planning, design and construction either of individual projects or of WKCD as a whole.

Following the scope, the Committee held seven meetings to deliberate on the various issues:

Modified Conceptual Plan and Development Plan

- Progress of modifications to the selected Conceptual Plan/Development Plan preparation
- Development Plan financial analysis and phasing
- Development Plan implementation and schedule of accommodation for Core Arts and Cultural Facilities
- WKCD Development Plan – submission to Town Planning Board

Public Engagement

- Preparation of Stage 3 Public Engagement Exercise (“PE3”) and its detailed arrangements
- Modified Conceptual Plan and information on the Development Plan to be unveiled in PE3
- Preliminary Development Plan submission and PE3 materials
- Findings on PE3

Procurement and Management of Consultancies

- Procurement of consultancy services in 2011-12 and Procurement Strategy Study
- Procurement of Arts Pavilion
- Study on Sustainability Vision and Framework
- Procedure for procurement and management of change for capital projects and review of delegated financial authority
- Landscape Design Consultancy Service for the Tree Nursery
- Procurement of Quantity Surveying Consultancy Services for (1) Underground Space; (2) Park/Freespace/Pavilion; (3) Xiqu Centre Phase 1; and (4) M+ Phase 1
- Consultancy Services for Preparation of the WKCD Recommended Outline Development Plan
- Project Information Management System Application Services for the Design and Construction Management of WKCD Development
- Park Detailed Design Consultancy and formation of Working Group on Park Development

Infrastructure and Interfacing Consultancies

- Underground space design to support Interfacing Works with West Kowloon Terminus - Working Group
- WKCD Information and Communication Technologies Consultancy Services - Strategic Master Plan

Implementation

- WKCD venues phasing programme and implementation strategy
- Short Term Tenancy for temporary use of WKCD
- Interfacing Works for Express Rail Link Vent Shafts and Associated Facilities

Preparation of Design Competitions

- Design competition and formation of Steering Committees
- Proposed design/Design Consultant selection approach for the Xiqu Centre
- Xiqu Centre Design Competition

Corporate Governance Related Issues

- Business Plan 2012-13 and Corporate Plan 2012-13 to 2014-15
- Committee setup on public private partnership (“PPP”)/alternative financing approaches

Project Steering Committee (Development Plan)

The Project Steering Committee (Development Plan) (“PSC(DP)”) was established under the Development Committee in April 2011 to steer the preparation of DP for WKCD and submission to the Town Planning Board for consideration. During the year, PSC(DP) held 11 meetings to advise on various technical aspects pertaining to the DP preparation. PSC(DP) also steered the process of transforming the selected Conceptual Plan to a statutory DP, taking into account aspects of traffic and infrastructure, schedule of accommodations, environment, sustainability, implementation programme and preliminary cost analysis.

The outcome of PSC(DP) was considered effective and encouraging in the sense that the DP for WKCD was formally submitted to the Town Planning Board (“TPB”) for consideration and the DP was subsequently agreed by TPB for gazettal on 30 March 2012.

Information and Communication Technologies Subcommittee

The Information and Communication Technologies (“ICT”) Subcommittee was set up under the DC in August 2011. The key functions of the ICT Subcommittee are to conceptualise and form an ICT strategy for WKCD, to explore the opportunities of deploying ICT in arts and culture for WKCD prior to facilities commissioning and to provide guidance and on-going strategic recommendations on ICT in arts and culture. Since its establishment, six meetings were held during the year where members discussed the work plan of the subcommittee as well as the ICT strategic master plan for WKCD.

Xiqu Centre Steering Committee for Competition to Select Design/Design Consultant

To prepare for the launch, the Xiqu Centre Steering Committee (“SC”) for Competition to Select Design/Design Consultant was set up under the DC in January 2012. The functions of the SC are to make recommendations on the appointment of Independent Professional Advisor (“IPA”), Technical Committee, Jury Panel Members and other necessary consultants, to oversee the preparation of programmes, technical briefs and related documents required for the Xiqu Centre Design Competition as well as to administer the design competition in accordance with established rules and conduct of the design competition with the support of IPA.

The SC held three meetings to steer the preparation process of launching the Xiqu Centre Design Competition in March 2012.

Working Group on Park Development

To plan for and realise the Park in line with the “A Place for Everyone” vision, the Working Group on Park Development (“WGPD”) was formed under the DC in March 2012. WGPD will oversee and advise on the planning, design and development of the Park and associated facilities on a continuous and ongoing basis. With performing arts and visual culture professionals joining the WGPD, the inaugural meeting of WGPD was held in March 2012 to determine the framework of developing the Park in WKCD.

Working Group on Interfacing with West Kowloon Terminus of Express Rail Link

To co-ordinate the complex interfacing issues between the West Kowloon Terminus Station (“WKT”) of Express Rail Link (“XRL”) and WKCD development, the Working Group (“WG”) was formed under the DC in October 2010. The WG, with members from WKCD, Railway Development Office of Highways Department, Home Affairs Bureau and Mass Transit Railway Corporation identified 14 interface issues and gave directions to resolve those issues. All the interface arrangements have been agreed in principle to enable the detailed design of WKT within WKCD to be completed by mid 2012.

The WG held three meetings in the year since inception and twice reported progress to the DC.

Performing Arts Committee

The principal functions of the Performing Arts Committee are to formulate the vision, mission and mode of governance of performing arts (“PA”) venues for approval by the WKCD Board. The Committee also recommends to the Board strategies and policies for the operation of PA venues.

Five meetings were held during the year. The Committee acknowledged the views collected through various stakeholder meetings held from May to November 2011 had been useful for WKCD in making the phasing decisions of PA facilities, contemplating strategic partnership schemes, and modifying WKCD’s Development Plan.

The stakeholder meetings also kept the local arts community engaged in the design process of PA venues including the Xiqu Centre Design Competition, the progress of which was reviewed by the Committee. The Committee approved a Stakeholder List in late 2011 for continuous dialogues to ensure PA venues could meet users’ requirements.

The Committee also endorsed the selection criteria for interim PA programmes and directed that funds or funding for these programmes be focused on community/audience development, capacity building and research. In addition, it offered advice on the development of the organisation structure of PA Department.

Museum Committee

The Museum Committee formulates and recommends to the Board the strategies and policies for planning, developing and operating M+ and the Exhibition Centre (“EC”).

The Committee met three times during 2011/12 and in these three meetings, the Committee focused on the geographical and spatial aspects of the museum building as well as the manpower plan and software development of M+.

An EC Subcommittee and Interim Acquisition Committee (“IAC”) have been formed under the Committee. The EC Subcommittee was set up to advise on the overall strategy for developing the EC in WKCD development whereas the IAC is an interim arrangement to consider and approve as well as to make recommendations to the Committee and the Board in relation to the acquisitions of M+ prior to a governance structure of M+ being put in place. Both these two committees are chaired by the Museum Committee Chairman, Dr Victor Lo.

The Committee has also reviewed and made recommendations to the proposed acquisition policy of M+ which lays down the broad strategy and procedures for building the M+ collection.

Remuneration Committee

The Remuneration Committee was formed in 2008. There were six members on the Remuneration Committee as at 31 March 2012.

The Remuneration Committee is responsible for making recommendations to the Board on organisational structure and policies regarding staffing, remuneration, employment, disciplinary and dismissal with reference to the Authority’s overall goals and objectives. It also oversees any other matter related to the remuneration, allowances or benefits made available to employees, former employees or their dependants referred or assigned to it by the Board.

The Committee held four meetings during the financial year. It reviewed the remuneration strategy for WKCD, recruitment of Chief Executive Officer, relocation assistance for senior executives, provision of medical benefits for staff, as well as formulation of policies and guidelines on human resources matters. It also endorsed the guidelines for salary disclosure of senior executives in WKCD’s annual report.

Remuneration Strategy

The Committee endorsed the review of remuneration strategy ranging from job level assessment, pay market comparison, salary bands design to external pay practice benchmarking. The Committee made recommendations to the Board on the remuneration strategy and related system, short term implementation and long-term roadmap of improvement.

To maintain the Authority’s competitiveness in competing for quality professionals in the market, the Committee also made recommendations to the Board on the pay review for 2011 and 2012.

Recruitment of Chief Executive Officer

The Committee closely oversaw the recruitment of Chief Executive Officer of WKCD and made recommendations to the Board on the terms and conditions of his employment.

Relocation Assistance

Remuneration and terms and condition of employment of senior executives of WKCD is closely overseen by the Committee. The Committee endorsed the review of relocation assistance for senior executives and made recommendations to the Board. No senior executive of WKCD who was entitled to the benefits took part in any discussion about the review or the recommendations.

Provision of Medical Benefits

The Committee endorsed the review and made recommendations on the provision of medical benefits to all staff.

Human Resources Policy

To ensure WKCD A has proper guidelines to govern and monitor its human resources related activities, the Committee endorsed the formulation of related policies and guidelines regarding recruitment and appointment of part-time employees and employees doing paid or unpaid outside work during or outside normal working hours of WKCD A.

Corporate Disclosure

To maintain high standard of corporate governance and in line with the practice of other public bodies, the Committee endorsed the guidelines for salary disclosure of senior executives in WKCD A's annual report.

Investment Committee

The principal functions of the Investment Committee are to advise the Board on the investment objectives, guidelines and strategies of WKCD A, as well as to monitor and oversee the investments made by WKCD A. The Committee held five meetings during the year and considered a total of 45 papers including those by circulation.

The Committee reviewed and made recommendations to the Board on a number of investment proposals.

Adding Bank Counterparties

To diversify counterparty risk, the Committee endorsed and made recommendation to the Board the addition of 10 A-rated foreign banks into WKCD A's approved banks list. The addition of bank counterparties also enhanced the average yield of bank deposits.

Investment in Renminbi ("RMB") Certificates of Deposits and Senior Bonds

The Committee endorsed and made recommendation to the Board for amendment in the investment guideline in RMB certificate of deposits and senior bonds to further diversify the portfolio asset allocation.

Conversion and Hedging of USD and RMB

To enhance yield, the Committee endorsed and made recommendation to the Board for converting HK\$3.24 billion to USD and also an additional HK\$3.08 billion to RMB resulting in a total RMB exposure of up to HK\$4.16 billion. Subsequently, the Committee also endorsed and made recommendation to authorise the Authority the use of foreign exchange contracts to convert USD and RMB back to HKD at an appropriate time.

Uplift of Deposit Tenor

To enhance yield and to better match with the Authority's cash flow requirements, the Committee endorsed and made recommendation to uplift deposit tenor beyond one year, subject to sufficient funds in meeting project cash flow.

Investment Strategy

Pending the finalisation of the project cash flow, the Committee endorsed WKCD A's recommendation and has adopted an investment strategy focusing on cash flow flexibility and financial prudence.

All of the above proposals and recommendations were approved by the Board and the Financial Secretary as appropriate.

Audit Committee

The Audit Committee considers and advises on financial and audit matters of the Authority. The Committee held three meetings during the year. It considered and recommended the statement of accounts for the year ended 31 March 2011 for approval of the Board.

The Committee also endorsed the audit strategy and work plan of Internal Audit for 2012/13 and reviewed reports on internal audit reviews conducted during 2011/12 to evaluate and improve internal controls covering the following operational areas of the Authority:

- Enterprise Resources Planning ("ERP") Phase 1 system implementation
- Corporate governance
- Time deposits
- Operation of bank accounts and payments
- Engagement of business partners for performance and cultural programmes
- Procurement
- IT backup and disaster recovery planning

In addition, the Committee reviewed and made recommendations to the Board on the following:

- Procedures for procurement and management of change for capital projects
- General procurement guidelines
- Changes to procedures on sale of foreign currencies and procedural guidelines on RMB CD/bond investment
- Risk management policy and strategic risks of the Authority

Consultation Panel

A Consultation Panel (“CP”) has been established by the Board under Section 20 of the WKCD Ordinance to gather public views on matters related to the functions of WKCD. The CP is composed of 20 members coming from different sectors of the community with relevant knowledge and experience. Meetings of the CP are open to the public. Discussion papers and minutes of meetings of the CP are available on the WKCD website.

The CP held two meetings during the year where it discussed and made recommendations to the Board on the arrangements for PE3. Members of the CP provided valuable views on the arrangements for PE3. PE3 exhibition drew enthusiastic response from the public and stakeholders, receiving over 19,000 visitors for the month-long event. With the advice and support of Members of the CP, WKCD also organised a series of engagement events for the public and stakeholders. PE3 was successfully completed in October 2011, and the Report on the Analysis of Views for the PE3 was published in December 2011.

Upon the completion of the three-stage Public Engagement Exercise, the CP continues to promote the WKCD project to the public, and to channel public expectations and views on various aspects of WKCD development, such as cultural software development, dissemination of information on project milestones, use of open space, universal accessibility issues and involvement of young people.

II. MEMBERSHIP LIST

Please refer to pages 103 to 107 for membership lists of Committees, Subcommittees and Consultation Panel.

Membership List**BOARD OF THE WEST KOWLOON
CULTURAL DISTRICT AUTHORITY****Chairman**

The Honourable Mrs Carrie LAM Cheng Yuet-ngor, GBS, JP
Chief Secretary for Administration
(since 1 July 2012)

The Honourable Stephen LAM Sui-lung, GBS, JP
Chief Secretary for Administration
(30 September 2011 to 30 June 2012)

The Honourable TANG Ying-yen, Henry, GBM, GBS, JP
Chief Secretary for Administration
(until 29 September 2011)

Members (non-public officers)

The Honourable Ronald ARCULLI, GBM, GBS, JP
The Honourable Paul CHAN Mo-po, MH, JP
(until 28 July 2012)
Mr Edmond CHUNG Kong-mo, JP
Mr Raymond FUNG Wing Kee, JP
The Honourable Jeffrey LAM Kin-fung, GBS, JP
Mr Andrew LAM Siu-lo, JP
Professor LEE Chack-fan, SBS, JP
Dr 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 the Honourable Allan ZEMAN, GBM, GBS, JP

Members (public officers)

The Honourable TSANG Tak-sing, GBS, JP
Secretary for Home Affairs
Alternate: Mr YOUNG Lap-moon, Raymond, JP
Permanent Secretary for Home Affairs

The Honourable Paul CHAN Mo-po, MH, JP
Secretary for Development
(since 30 July 2012)

The Honourable MAK Chai-kwong, GBS, JP
Secretary for Development
(1 July 2012 to 29 July 2012)

The Honourable Mrs Carrie LAM Cheng Yuet-ngor, GBS, JP
(until 30 June 2012)
Secretary for Development
Alternate: Mr WAI Chi-sing, JP
Permanent Secretary for Development (Works)

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

Ex-officio Member

Mr Michael LYNCH, CBE, AM
Chief Executive Officer of the West Kowloon Cultural
District Authority
(since 25 July 2011)

DEVELOPMENT COMMITTEE

Chairman

The Honourable Ronald ARCULLI,
GBM, GBS, JP

Members (non-public officers)

Board Members

Mr Edmond CHUNG Kong-mo, JP
Mr Raymond Fung Wing Kee, JP
Mr Andrew LAM Siu-lo, JP
Professor LEE Chack-fan, SBS, JP
Dr Victor LO Chung Wing, GBS, JP
Professor David LUNG Ping-ye, SBS, JP
Mr SIN Chung-kai, SBS, JP
Ms YIP Wing-sie, JP
Mr Danny YUNG Ning-tsun
Dr the Honourable Allan ZEMAN, GBM, GBS, JP

Non-Board Members

Mr LEE Shing-see, GBS, OBE, JP
Mr LIU Sing-cheong, JP

Members (public officers)

Representative from Home Affairs Bureau
Representative from Development Bureau

INFORMATION AND COMMUNICATION TECHNOLOGIES SUBCOMMITTEE

Chairman

Mr SIN Chung-kai, SBS, JP

Members (non-public officers)

Board Member

The Honourable Ronald ARCULLI, GBM, GBS, JP

Non-Board Members

Mr Benny CHIA Chun-heng, BBS
Ms Barbara CHIU Cheuk-mun
Ms Claire HSU Man-kai (until 31 December 2011)
Mr HUNG Keung (since 1 January 2012)
Mr Charles Peter MOK
Mr Ricky WONG Wai-kay
Mr Samson YOUNG
Chief Executive Officer, WKCD

Members (public officers)

Representative from the Office of the Government
Chief Information Officer
Representative from Home Affairs Bureau

PERFORMING ARTS COMMITTEE

Chairman

Dr the Honourable Allan ZEMAN,
GBM, 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 Benny CHIA Chun-heng, BBS
Mr Michael MACLEOD (since 1 July 2011)
Mr Fredric Chun-fai MAO, BBS
Mr TSAO Sing-yuen, Willy, BBS
Dr Liza WANG, SBS
Dr Elvin WONG Chi-chung (since 1 January 2012)

Members (public officers)

Representative from Home Affairs Bureau
Representative from Leisure and Cultural Services
Department

MUSEUM COMMITTEE

Chairman

Dr Victor LO Chung Wing, GBS, JP

Members (non-public officers)

Board Members

Mr Edmond CHUNG Kong-mo, JP
Mr Raymond FUNG Wing Kee, JP
Mr Andrew LAM Siu-lo, JP
Professor LEE Chack-fan, SBS, JP
(until 31 December 2011)
Mr MA Fung-kwok, SBS, JP
Mr SIN Chung-kai, SBS, JP
Professor Jenny SO Fong-suk
Mr Danny YUNG Ning-tsun (until 6 July 2011)

Non-Board Members

Ms Claire HSU Man-kai
Mr LAU Wai-keung (until 31 December 2011)
Mr LEUNG Chi Wo (since 1 January 2012)
Ms Kai-Yin LO, SBS (since 1 January 2012)
Mr David PONG Chun-ye
Ms Nansun SHI (since 1 January 2012)
Mr Alan WAN Siu-lun

Members (public officers)

Representative from Home Affairs Bureau
Representative from Leisure and Cultural Services
Department

EXHIBITION CENTRE SUBCOMMITTEE

Chairman

Dr Victor LO Chung Wing, GBS, JP

Members (non-public officers)

Board Members

The Honourable Ronald ARCULLI, GBM, GBS, JP

Mr Raymond FUNG Wing Kee, JP

Non-Board Members

Mr Daniel CHEUNG Wai-hung

Mr Kevin CHING Sau-hong

Mr Stanley CHU Yu-lun

Mr Andy HEI (since 1 January 2012)

Mr Magnus RENFREW

Chief Executive Officer, WKCD

Member (public officer)

Representative from Home Affairs Bureau

REMUNERATION COMMITTEE

Chairman

Mr SIN Chung-kai, SBS, JP

Members (non-public officers)

Board Members

The Honourable Ronald ARCULLI, GBM, GBS, JP

The Honourable Jeffrey LAM Kin-fung, GBS, JP

Mr Danny YUNG Ning-tsun

Non-Board Member

Mr LAI Kam-tong

Member (public officer)

Representative from Home Affairs Bureau

INVESTMENT COMMITTEE

Chairman

The Honourable TSANG Tak-sing, GBS, JP

Secretary for Home Affairs

Members (non-public officers)

Board Members

The Honourable Ronald ARCULLI, GBM, GBS, JP

The Honourable Paul CHAN Mo-po, MH, JP

(until 28 July 2012)

Mr SIN Chung-kai, SBS, JP

Mr Danny YUNG Ning-tsun (until 6 July 2011)

Dr the Honourable Allan ZEMAN, GBM, GBS, JP

Non-Board Members

Mr KUNG Lin-cheng, Leo, BBS, JP

Mr SUN Tak-kei, David, BBS, JP

(until 29 June 2012)

Mr WESTLEY, Kevin Anthony, BBS

Members (public officers)

Representative from Financial Services and
the Treasury Bureau

Director of Accounting Services or his representative

Representative from Home Affairs Bureau

AUDIT COMMITTEE

Chairman

The Honourable Paul CHAN Mo-po, MH, JP

(until 28 July 2012)

Members (non-public officers)

Board Members

Mr Edmond CHUNG Kong-mo, JP

Mr Andrew LAM Siu-lo, JP

(since 23 September 2011)

Mr Danny YUNG Ning-tsun (until 6 July 2011)

Non-Board Members

Mr FUNG Ying-wai, Wilson

Mr TSAI Wing-chung, Philip, JP

CONSULTATION PANEL

Chairman

Professor Stephen CHEUNG Yan-leung, BBS, JP

Members (non-public officers)

Board Members

The Honourable Ronald ARCULLI, GBM, GBS, JP

Dr Victor LO Chung Wing, GBS, JP

Dr the Honourable Allan ZEMAN, GBM, GBS, JP

Non-Board Members

Mr CHENG Chi-ming

Mr HUNG Chiu-wah

Mr HUNG Keung

Ms KO Po-ling, BBS, MH, JP

Mr Bankee KWAN Pak-hoo

Ms Ida LAM Choi-chu

Mr LAM Ying-kit

The Honourable LEE Wing-tat

(until 25 March 2012)

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

Mr Coleman WAI Ching

Ms Ada WONG Ying-kay, JP

Dr YAU Wing-kwong, JP

The members of the Board are pleased to submit the annual report of the West Kowloon Cultural District Authority (“WKCD”) together with the audited statement of accounts for the year from 1 April 2011 to 31 March 2012.

**The West Kowloon Cultural
District Authority**

The West Kowloon Cultural District Authority Ordinance (“the WKCD Ordinance”), Cap.601, came into operation on 11 July 2008 (date of establishment). WKCD 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 1 April 2011 and up to the date of this report are set out on page 103.

Principal activities

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

Statement of Accounts

The result of WKCD for the year from 1 April 2011 to 31 March 2012 and the state of affairs of WKCD as of 31 March 2012 are set out in the statement of accounts on pages 112 to 135.

**Board members’ interests
in contracts**

No contract of significance, to which WKCD was a party and in which a member of the Board had a material interest, subsisted at the end of the year or at any time during the year from 1 April 2011 to 31 March 2012.

Auditor

The statement of accounts has been audited by PricewaterhouseCoopers, which was appointed by the Board in accordance with Section 29 of the WKCD Ordinance in March 2010. The appointment of PricewaterhouseCoopers as the auditor of WKCD’s statement of accounts expired after the completion of the audit of the statement of accounts 2011-12. An auditor will be selected through a tender process and its appointment and the related fees will be approved by the Board.

By order of the Board



The Honourable Stephen LAM Sui-lung, GBS, JP
Chairman of the Board
Hong Kong, 26 June 2012



羅兵咸永道

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 112 to 135, which comprises the balance sheet as at 31 March 2012, and the profit and loss account, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board's Responsibility For The Statement Of Accounts

The Board of the Authority is responsible for the preparation of the statement of accounts that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the Board determines is necessary to enable the preparation of the statement of accounts that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement of accounts based on our audit and to report our opinion solely to you, as a body, in accordance with Section 29 of the West Kowloon Cultural District Authority Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 of the statement of accounts that gives a true and fair view 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 2012 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 June 2012

10 STATEMENT OF
ACCOUNTS

WEST KOWLOON CULTURAL DISTRICT AUTHORITY
PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2012

	Note	2012 HK\$'000	2011 HK\$'000
Income			
Bank interest income		227,757	178,803
Income from placement with the Hong Kong Monetary Authority	2(f), 18(c)	629,772	571,438
Income from held-to-maturity investments		3,672	-
Net exchange gains		72,511	4,598
Other income		78	1
		<u>933,790</u>	<u>754,840</u>
Expenses			
Staff costs	3	(71,866)	(42,616)
Other operating expenses	4	(119,273)	(183,637)
		<u>(191,139)</u>	<u>(226,253)</u>
Profit for the year		<u>742,651</u>	<u>528,587</u>

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The notes on pages 117 to 135 form part of the statement of accounts.

10 STATEMENT OF ACCOUNTS

WEST KOWLOON CULTURAL DISTRICT AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	2012 HK\$'000	2011 HK\$'000
Profit for the year	742,651	528,587
Other comprehensive income	-	-
Total comprehensive income for the year	<u>742,651</u>	<u>528,587</u>

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The notes on pages 117 to 135 form part of the statement of accounts.

**WEST KOWLOON CULTURAL DISTRICT AUTHORITY
BALANCE SHEET**

As at 31 March 2012

	Note	2012 HK\$'000	2011 HK\$'000
Non-current assets			
Property, plant and equipment	8	9,041	5,536
Intangible assets	9	234	-
Placement with the Hong Kong Monetary Authority	10	11,287,598	10,657,826
Held-to-maturity investments	11	413,212	-
		<u>11,710,085</u>	<u>10,663,362</u>
Current assets			
Bank interest receivables		97,051	107,940
Income receivables from held-to-maturity investments		2,585	-
Accounts receivable, prepayments and deposits	12	13,169	4,147
Time deposits with original maturities over three months		10,343,819	11,493,467
Cash and cash equivalents	13	975,611	114,289
		<u>11,432,235</u>	<u>11,719,843</u>
Current liabilities			
Other payables and accruals	14	45,539	32,027
Net current assets			
		<u>11,386,696</u>	<u>11,687,816</u>
Total assets less current liabilities			
		<u>23,096,781</u>	<u>22,351,178</u>
Non-current liabilities			
Accrued contract gratuity		5,939	2,987
Net assets			
		<u>23,090,842</u>	<u>22,348,191</u>
Equity			
Capital - Endowment from the Government of HKSAR	15	21,600,000	21,600,000
Reserve		1,490,842	748,191
		<u>23,090,842</u>	<u>22,348,191</u>

Approved and authorised for issue by the Board of the Authority on 26 June 2012.



.....
The Honourable Stephen Lam Sui-lung, GBS, JP
Chairman of the Board
West Kowloon Cultural District Authority



.....
Dr Eva Lam Yee-wah, DBA
Executive Director, Finance
West Kowloon Cultural District Authority

The notes on pages 117 to 135 form part of the statement of accounts.

**WEST KOWLOON CULTURAL DISTRICT AUTHORITY
STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2012

	Capital - Endowment from the Government of HKSAR HK\$'000	Reserve HK\$'000	Total HK\$'000
Balance at 1 April 2010	21,600,000	219,604	21,819,604
Total comprehensive income for the year	-	528,587	528,587
Balance at 31 March 2011	<u>21,600,000</u>	<u>748,191</u>	<u>22,348,191</u>
Total comprehensive income for the year	-	742,651	742,651
Balance at 31 March 2012	<u>21,600,000</u>	<u>1,490,842</u>	<u>23,090,842</u>

The notes on pages 117 to 135 form part of the statement of accounts.

**WEST KOWLOON CULTURAL DISTRICT AUTHORITY
CASH FLOW STATEMENT**

For the year ended 31 March 2012

	Note	2012 HK\$'000	2011 HK\$'000
Operating activities			
Profit for the year		742,651	528,587
Adjustments for:			
Depreciation and amortisation		3,996	769
Bank interest income		(227,757)	(178,803)
Income from held-to-maturity investments		(3,672)	-
Income from placement with the Hong Kong Monetary Authority		(629,772)	(571,438)
Net exchange gains		(72,511)	(4,598)
Changes in working capital:			
Increase in accounts receivable, prepayments and deposits		(9,022)	(4,147)
Increase in other payables and accruals		13,512	21,913
Increase in non-current liabilities		2,952	2,374
Net cash used in operating activities		(179,623)	(205,343)
Investing activities			
Purchases of property, plant and equipment and intangible assets		(7,735)	(4,869)
Interest received		239,733	114,334
Placement with the Hong Kong Monetary Authority	10	-	(3,500,000)
Purchases of held-to-maturity investments		(409,502)	-
Net receipt from time deposits with original maturities over three months		1,212,486	3,646,533
Net cash inflow from investing activities		1,034,982	255,998
Net increase in cash and cash equivalents		855,359	50,655
Cash and cash equivalents at beginning of year		114,289	59,036
Effect of exchange rate changes		5,963	4,598
Cash and cash equivalents at end of year	13	975,611	114,289

Major non-cash transaction:

The Authority did not withdraw but reinvested the interest income of HK\$630 million (2011: HK\$502 million) which was earned from the placement with the Hong Kong Monetary Authority for January to December 2011.

The notes on pages 117 to 135 form part of the statement of accounts.

**WEST KOWLOON CULTURAL DISTRICT AUTHORITY
NOTES TO THE STATEMENT OF ACCOUNTS**

1. General information

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 WKCD Ordinance”), Cap. 601, which was enacted on 11 July 2008. Its office address is at 29/F, Tower 6, The Gateway, 9 Canton Road, Kowloon, Hong Kong.

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

The Board of the Authority on 4 March 2011 selected City Park designed by Foster + Partners as the preferred option for the development of the future arts and culture hub. Based on the preferred option, a Development Plan (DP) had been prepared and was submitted to the Town Planning Board in December 2011 with a view to obtaining the approval by the Chief Executive-in-Council in 2012/2013. Land grant will then be processed accordingly.

2. Significant accounting policies

(a) Statement of compliance

The statement of accounts has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The significant accounting policies applied in the preparation of this statement of accounts are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

(b) Basis of preparation

The statement of accounts has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the statement of accounts in conformity with HKFRS 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 recognised in the year in which the estimates are revised if the revisions affect only that year, or in the year of the revision and future years if the revisions affect both current and future years.

2. Significant accounting policies (Continued)

(b) Basis of preparation (Continued)

(i) *Standards, amendments and interpretations which are effective on or after 1 April 2011*

The HKICPA has issued a number of amendments and interpretations to existing standards which are effective in the current year. These amendments and interpretations are not relevant to the Authority and have no impact on the Authority's statement of accounts.

(ii) *Standards, amendments and interpretations which are not yet effective*

The following revised standards and amendments to existing standards, which are relevant to the Authority, have been published and are mandatory for accounting years of the Authority beginning on or after 1 April 2012 or later years and have not been early adopted:

Effective for accounting
years beginning on or after

HKFRS 9	Financial Instruments	1 January 2015
HKFRS13	Fair Value Measurement	1 January 2013

The Authority has commenced an assessment of the impact of these revised standards and amendments but is not yet in a position to state whether these revised standards and amendments would have an impact on the results of operations and financial position of the Authority.

(c) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the statement of accounts of the Authority are measured using the currency of the primary economic environment in which the Authority operates (the "functional currency"). The statement of accounts is presented in Hong Kong dollar, which is the Authority's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2. Significant accounting policies (Continued)

(d) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at historical cost less accumulated depreciation and any impairment losses. The historical 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. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial year in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment over its estimated useful life, as follows:

Motor vehicle	5 years
Furniture and equipment	3 years
Computer equipment	3 years
Leasehold improvements	3 years

No depreciation is provided for leasehold improvements in progress until they are completed and available for their intended use.

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 recognised as income or expenditure in the profit and loss account on the date of retirement or disposal.

(e) Intangible assets

Intangible assets are stated in the balance sheet at historical cost less accumulated amortisation and any impairment charges. Identifiable intangible assets with a finite useful life are amortised on a straight-line basis over their expected useful lives as follows:

Computer software and licences	3 years
--------------------------------	---------

No amortisation is provided for software under development until software development is completed and available for its intended use.

The estimated useful life of an intangible asset is reviewed annually.

2. Significant accounting policies (Continued)

(f) Placement with the Hong Kong Monetary Authority

The Authority has designated the placement with the Hong Kong Monetary Authority (“HKMA”) as a “financial asset at fair value through profit or loss”. The Authority determines the classification of its financial assets at initial recognition, and such classification depends on the purpose for which the financial assets were acquired.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the profit and loss account. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Changes in fair value of financial assets at fair value through profit or loss are recognised in the profit and loss account in the year in which they arise.

(g) Held-to-maturity investments

The Authority has designated its investments in debt securities as “held-to-maturity investments”.

Held-to-maturity investments represent non-derivative financial assets with fixed maturities that the Authority has the positive intention and ability to hold to maturity. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the securities. They are subsequently stated in the balance sheet at amortised cost less impairment losses (see note 2(i)(ii)). Held-to-maturity investments are recognised or derecognised on the date the Authority commits to purchase or sell the investment or they expire.

Held-to-maturity investments are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date, which are classified as current assets.

(h) Bank interest receivables and accounts receivable, prepayments and deposits

Bank interest receivables and accounts receivable, prepayments and deposits are recognised at fair value and thereafter stated at amortised cost using effective interest method, less provision for impairment.

2. Significant accounting policies (Continued)

(i) Impairment of assets

(i) *Property, plant and equipment and intangible assets*

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

If any such indication exists, the assets’ recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

- Calculation of recoverable amount

The recoverable amount of the assets 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 assets do 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.

- Reversal 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 assets’ carrying amount that would have been determined had no impairment loss been recognised in previous years. Reversals of impairment losses are credited to the profit and loss account in the year in which the reversals are recognised.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If there is objective evidence that the held-to-maturity investments carried at amortised cost is impaired, the amount of the loss is measured as the difference between the assets’ carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the assets. The amount of the loss is recognised in the profit and loss account.

If in a subsequent period, the amount of any impairment loss decreases due to an event occurring subsequent to the write-down, then the previously recognised impairment loss is reversed through profit or loss. The reversal is limited to an amount that does not state the assets at more than what their amortised cost would have been in the absence of impairment.

(iii) *Bank interest receivables and accounts receivable, prepayments and deposits*

A provision for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

2. Significant accounting policies (Continued)

(j) 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.

(k) Other payables and accruals

Other payables and accruals are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Income recognition

Interest income from bank deposits and held-to-maturity investments is recognised on a time-apportioned basis using the effective interest method.

Changes in fair value of the placement with the HKMA, which is designated as a “financial asset at fair value through profit or loss”, are recognised as income in the profit and loss account in the year in which they arise.

(m) Employee benefits

Salaries, contract end gratuity and annual leave entitlements are accrued in the year in which the employees render the associated services.

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

(n) Provisions and contingent liabilities

Provisions are recognised 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.

3. Staff costs

Staff costs for employees directly hired by the Authority and seconded staff from the Government of HKSAR are as follows:

	2012 HK\$'000	2011 HK\$'000
Salaries, allowances and other benefits	70,921	41,701
Pensions and contributions to MPF schemes	945	915
	<u>71,866</u>	<u>42,616</u>

4. Other operating expenses

	2012 HK\$'000	2011 HK\$'000
Consultancy fees ^(Note a)	72,460	146,385
Costs of hired services through employment agencies	1,248	2,814
Audit fee	92	88
Depreciation and amortisation	3,996	769
Others ^(Note b)	41,477	33,581
	<u>119,273</u>	<u>183,637</u>

Notes:

- (a) The Authority entered into 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\$230.0 million, of which around HK\$56.3 million (2011: HK\$125.1 million) has been charged to the profit and loss account in the year. The Authority has also entered into a number of other consultancy contracts, of which around HK\$16.2 million (2011: HK\$21.3 million) has been expensed in the year.
- (b) Included in “Others” are mainly expenditures incurred for public engagement exercises and public relations activities, performing arts and museum programming activities, recruitment costs and rent, rates and management expenses of the office.

5. 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.

6. Senior executives' remuneration

Emoluments received and receivable by the senior executives during the years ended 31 March 2012 and 31 March 2011 are as follows:

2012	Chief Executive Officer ("CEO") (Note a) HK\$'000	Other senior executives (Note b) HK\$'000	Total HK\$'000
Salaries / Other allowances	3,827	18,372	22,199
Provision for gratuity	676	2,663	3,339
Contributions to MPF schemes	-	84	84
	<u>4,503</u>	<u>21,119</u>	<u>25,622</u>
2011	Chief Executive Officer ("CEO") (Note c) HK\$'000	Other senior executives (Note d) HK\$'000	Total HK\$'000
Salaries / Other allowances	1,969	13,568	15,537
Provision for gratuity	-	1,882	1,882
Contributions to MPF schemes	-	71	71
	<u>1,969</u>	<u>15,521</u>	<u>17,490</u>

Notes:

- (a) The CEO joined the Authority in July 2011.
- (b) Other senior executives include Director, Chief Executive Officer's Office; Executive Director, Communications & Marketing; Executive Director, Finance; Executive Director, Human Resources; Executive Director, M+; Executive Director, Performing Arts; Executive Director, Project Delivery and General Counsel, all of whom joined the Authority during the year 2011.
- (c) The former CEO served the Authority from 12 August 2010 to 7 January 2011.
- (d) Emoluments in 2011 represent remuneration for incomplete year of services of other senior executives who joined the Authority during the year.

The emoluments of the senior executives are shown in the ranges as follows:

	2012 Number of individuals	2011 Number of individuals
HK\$4,500,001 – HK\$5,000,000	1	-
HK\$3,000,001 – HK\$3,500,000	2	-
HK\$2,500,001 – HK\$3,000,000	3	2
HK\$2,000,001 – HK\$2,500,000	3	1
HK\$1,500,001 – HK\$2,000,000	-	4
HK\$1,000,001 – HK\$1,500,000	-	1
HK\$1,000,000 or below	-	1
	<u>9</u>	<u>9</u>

7. Taxation

Pursuant to Section 41(1) of the WKCDA Ordinance, the Authority is exempt from taxation under the Inland Revenue Ordinance (Cap. 112). Pursuant to Section 41(2) of the WKCDA 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

2012	Motor vehicle HK\$'000	Leasehold improvements, furniture and equipment HK\$'000	Computer equipment HK\$'000	Leasehold improvements in progress HK\$'000	Total HK\$'000
Cost					
At 1 April 2011	496	122	2,834	3,144	6,596
Additions	-	1,442	685	5,331	7,458
Transfers	-	8,475	-	(8,475)	-
At 31 March 2012	<u>496</u>	<u>10,039</u>	<u>3,519</u>	<u>-</u>	<u>14,054</u>
Accumulated depreciation					
At 1 April 2011	41	67	952	-	1,060
Charge for the year	99	2,887	967	-	3,953
At 31 March 2012	<u>140</u>	<u>2,954</u>	<u>1,919</u>	<u>-</u>	<u>5,013</u>
Net book value					
At 31 March 2012	<u>356</u>	<u>7,085</u>	<u>1,600</u>	<u>-</u>	<u>9,041</u>
2011	Motor vehicle HK\$'000	Leasehold improvements, furniture and equipment HK\$'000	Computer equipment HK\$'000	Leasehold improvements in progress HK\$'000	Total HK\$'000
Cost					
At 1 April 2010	-	110	1,617	-	1,727
Additions	496	12	1,217	3,144	4,869
At 31 March 2011	<u>496</u>	<u>122</u>	<u>2,834</u>	<u>3,144</u>	<u>6,596</u>
Accumulated depreciation					
At 1 April 2010	-	28	263	-	291
Charge for the year	41	39	689	-	769
At 31 March 2011	<u>41</u>	<u>67</u>	<u>952</u>	<u>-</u>	<u>1,060</u>
Net book value					
At 31 March 2011	<u>455</u>	<u>55</u>	<u>1,882</u>	<u>3,144</u>	<u>5,536</u>

9. Intangible assets

2012	Computer software and licences HK\$'000
Cost	
At 1 April 2011	-
Additions	<u>277</u>
At 31 March 2012	<u>277</u>
Accumulated amortisation	
At 1 April 2011	-
Charge for the year	<u>43</u>
At 31 March 2012	<u>43</u>
Net book value	
At 31 March 2012	<u><u>234</u></u>

10. Placement with the Hong Kong Monetary Authority

As at 31 March 2012, HK\$10,000 million (the "Principal Amount") (2011: HK\$10,000 million) has been placed with the HKMA for a period of six years since 2010 during which time the Authority would not be able to withdraw the Principal Amount.

The rate of return on the placement, which is determined annually in January and payable annually in arrears on 31 December, is calculated on the basis of the average annual rate of return on certain investment portfolio of the Exchange Fund over the past six years or the average annual yield of three-year Exchange Fund Notes in the previous year (subject to a minimum of zero percent), whichever is the higher. This rate has been fixed at 6.0% and 5.6% per annum for January to December 2011 and January to December 2012, respectively. The Authority did not withdraw the interest earned for January to December 2010 and January to December 2011 which would continue to accrue interest at the same rate payable for the Principal Amount.

The Authority has designated the placement with the HKMA as a "financial asset at fair value through profit or loss". The financial asset is denominated in Hong Kong dollar. Its fair value, which is determined using the discounted cash flow model, approximates its carrying value.

11. Held-to-maturity investments

Held-to-maturity investments are debt securities with maturity periods of no more than two years and are all denominated in Renminbi ("RMB"). The expected yield of the debt securities, excluding exchange gain/loss on revaluation, is between 1.6% per annum and 3.25% per annum.

	2012 HK\$'000	2011 HK\$'000
Listed in Hong Kong	278,134	-
Unlisted	<u>135,078</u>	-
	<u>413,212</u>	-
Current portion	-	-
Non-current portion	<u>413,212</u>	-
	<u>413,212</u>	-

12. Accounts receivable, prepayments and deposits

	2012 HK\$'000	2011 HK\$'000
Amount due from the Government of HKSAR	8,889	-
Prepayments	196	14
Rental deposit	3,948	3,817
Other deposits	<u>136</u>	<u>316</u>
	<u>13,169</u>	<u>4,147</u>

13. Cash and cash equivalents

	2012 HK\$'000	2011 HK\$'000
Cash at bank and in hand	1,744	910
Time deposits with original maturities of three months or less	973,867	113,379
	<u>975,611</u>	<u>114,289</u>

14. Other payables and accruals

	2012 HK\$'000	2011 HK\$'000
Accrued salaries, MPF contributions, and provision for annual leave entitlements	1,915	989
Accrued contract gratuity	3,591	914
Consultancy fee	34,557	20,370
Others	5,476	9,754
	<u>45,539</u>	<u>32,027</u>

15. 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.

16. Commitments**(a) Operating lease commitments**

Commitments for total future minimum lease payments under non-cancellable operating leases are as follows:

	2012 HK\$'000	2011 HK\$'000
Land and buildings		
- within one year	11,876	12,122
- in the second to fifth years	9,896	21,772
	<u>21,772</u>	<u>33,894</u>

16. Commitments (Continued)**(b) Capital commitments**

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2012 HK\$'000	2011 HK\$'000
Leasehold improvements	-	4,690

17. Material related party transactions

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.

(a) Key management personnel remuneration

Remuneration of the senior executives and a director who was civil service staff seconded to the Authority included in note 3 is as follows:

	2012 HK\$'000	2011 HK\$'000
Senior executives' remuneration ^(Note 6)	25,622	17,490
Civil service staff seconded to the Authority Project Director ¹	-	643
	<u>25,622</u>	<u>18,133</u>

¹ The Project Director was a civil service staff seconded to the Authority in October 2008 and the secondment ended in June 2010.

17. Material related party transactions (Continued)

(b) Other related party transactions

	2012 HK\$'000	2011 HK\$'000
Income from placement with the Hong Kong Monetary Authority ^(note i)	<u>629,772</u>	<u>571,438</u>
Salaries and related costs of staff seconded from the Government of HKSAR ^(note ii)	<u>-</u>	<u>2,850</u>

The Authority has paid an amount of HK\$8.9 million on behalf of the Government of HKSAR for carrying out some government entrustment works. The outstanding balance would be reimbursed by the Government by way of offset against any future WKCD works to be entrusted to the Government or against a demand note from WKCD in the event that WKCD does not entrust any future works to the Government. The balance is included in Accounts receivable, prepayments and deposits (note 12).

The temporary office of the Authority was located in a property owned by the Government of HKSAR. Office rental expense of HK\$0.2 million was charged by the Government of HKSAR during the current year (2011: HK\$2.2 million).

Notes:

- (i) As at 31 March 2012, HK\$10,000 million (2011: HK\$10,000 million) has been placed with the HKMA at a rate of return which is determined annually (note 10).
- (ii) The Authority reimbursed the Government of HKSAR for costs incurred in relation to the salaries and allowances of staff seconded to the Authority.

18. Financial risk management

(a) Financial risk factors

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 Treasury team in Finance department is dedicated to the day-to-day management and investment of the funds.

(i) Foreign currency risk

The Authority's functional and presentation currency is Hong Kong Dollar ("HKD"). Its foreign currency risk arises mainly from its financial assets denominated in currencies other than HKD.

The Authority's foreign currency risk exposure arises from its bank deposits and investments in debt securities that are denominated in foreign currencies. A set of investment guidelines covering investment limits, risk management and controls is used to manage the Authority's foreign currency risk.

The following table details the Authority's exposure at the balance sheet date to currency risk arising from significant financial assets denominated in foreign currencies. Other than the items set out in the table below, all financial assets and liabilities at the balance sheet date are denominated in HKD.

	2012		2011	
	USD HK\$ million	RMB HK\$ million	USD HK\$ million	RMB HK\$ million
Time deposits with original maturities over three months and Cash and cash equivalents	3,234.7	3,846.0	-	1,084.9
Bank interest receivables	41.8	32.6	-	2.1
Held-to-maturity investments	-	413.2	-	-
Income receivables from held-to-maturity investments	-	2.6	-	-
	<u>3,276.5</u>	<u>4,294.4</u>	<u>-</u>	<u>1,087.0</u>

The Authority manages its foreign currency risk in RMB by closely monitoring the movement of RMB exchange rate against HKD as compared to the weighted average conversion rate. In the event that the RMB is expected to depreciate, the Authority may consider either immediate disposal in the market and/or using forward hedge contracts to mitigate the currency risk. It is assumed that the pegged rate between the USD and HKD would not give rise to significant foreign currency risk.

18. Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk

The Authority's credit risk is the risk that counterparties may default on its bank deposits/placements and investments in debt securities.

The Authority sets limits on its exposure to the approved list of banks/institutions. To ensure that there is no significant concentration of credit risk to a single counterparty, balance with each bank/institution is subject to a maximum exposure limit based on factors such as overall deposit base and capital base of the bank/institution and total funds under management. In addition, based on the prevailing economic and financial development, the approved list of banks/institutions and the exposure limits are regularly monitored, revised and updated.

As at 31 March 2012, all investments in debt securities were of a minimum issuer/issue credit rating of A3 or above by Moody's. These investments are subject to a maximum concentration limit endorsed by Investment Committee and approved by the Board.

The Authority believes it is prudent to place part of the funds with the HKMA and expects the HKMA to meet its contractual obligations to the Authority in respect of the placement.

(iii) 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 terms.

Except for accrued contract gratuity which is payable in one to three years from the start of the employment contract 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.

18. Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Sensitivity analysis

Foreign currency risk

The Authority is exposed to foreign currency risk due to fluctuations in the RMB exchange rates (see note 18(a)(i)). As at 31 March 2012, if there were a 3% (2011: 1%) increase/decrease in the RMB exchange rate against the HKD on the same date, it is estimated that, with all other variables held constant, it would increase/decrease the Authority's exchange gain/loss and reserve by approximately HK\$128.8 million (2011: HK\$10.9 million).

Interest rate risk

The Authority is exposed to interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits. Based on the time deposits balance as at 31 March 2012, if there were a general increase/decrease of 0.1% (or 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 bank interest income and reserve by approximately HK\$11.3 million (2011: HK\$11.6 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 time deposits in existence at that date. Fixed rate debt securities that are carried at amortised cost are excluded from this analysis.

The Authority is also exposed to financial risk arising from changes in the rate of return on the placement with the HKMA, which is set annually in January. Based on the balance of the placement with the HKMA as at 31 March 2012, if there were an increase/decrease of 0.1% (or 10 basis points) in the current year rate of return, it is estimated that, with all other variables held constant, the Authority's income from the placement with the HKMA and reserve would have increased/decreased by approximately HK\$11.1 million (2011: HK\$10.5 million) a year.

(b) Capital risk management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern and ensure the financial sustainability of the operation and management of the arts and cultural facilities, related facilities or ancillary facilities of the West Kowloon Cultural District.

The Authority's working capital is mainly financed by the Government's upfront endowment. Under the WKCDA Ordinance, the Authority is required to manage its finances with due care and diligence and invest the capital of the Authority in a financially prudent manner.

18. Financial risk management (Continued)

(c) Fair value estimation

(i) Financial assets carried at fair values

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

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1. None of the instruments of the Authority is included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. None of the instruments of the Authority is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The placement with the HKMA is included in level 3. The following table presents the changes in level 3 instruments for the year ended 31 March 2012:

	2012 HK\$million	2011 HK\$million
Opening balance	10,657.8	6,586.4
Addition	-	3,500.0
Income from placement with the HKMA	629.8	571.4
Closing balance	<u>11,287.6</u>	<u>10,657.8</u>

18. Financial risk management (Continued)

(c) Fair value estimation (Continued)

(ii) Fair values of financial assets not reported at fair values

The carrying amounts of the Authority's financial assets carried at cost or amortised cost are not materially different from their fair values as at 31 March 2012 and 2011.

Summarised in the following table are the carrying amount and fair value of financial assets not presented in the Authority's balance sheet at their fair values. The carrying amounts of short-term receivables and short-term payables approximated their fair values, and accordingly no disclosure of the fair values of these items is presented.

	2012		2011	
	Carrying amount HK\$million	Fair value HK\$million	Carrying amount HK\$million	Fair value HK\$million
Held-to-maturity investments	<u>413.2</u>	<u>414.2</u>	<u>-</u>	<u>-</u>

11 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 WKCD with reference to the overall objectives of WKCDA.
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 Development Plan (“DP”) for 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 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 WKCDA as monitored by the management of WKCDA for submission to the Board.
6. To consider and recommend to the Board any other matters related to project planning and development of WKCD.
7. To perform any other functions as may be delegated to it by WKCDA or assigned to it by the Board in accordance with the WKCDA Ordinance.

Performing Arts Committee

1. To formulate vision, mission and mode of governance of the performing arts venues of 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

11 TERMS OF REFERENCE OF THE SIX COMMITTEES AND THE CONSULTATION PANEL

- 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 WKCDA or assigned to it by the Board in accordance with the WKCDA Ordinance.

Museum Committee

1. To formulate the vision, mission and mode of governance of museums of WKCD for approval by the Board.
2. To formulate and recommend to the Board for approval strategies and policies for operating WKCDA’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 WKCDA’s museums.
4. To oversee and monitor the management and operation of WKCDA’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 exhibition centre within WKCD.
6. To perform any other functions as may be delegated to it by WKCDA 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 WKCDA'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 WKCDA or assigned to it by the Board in accordance with the WKCDA Ordinance.

Investment Committee

1. To advise the Board on WKCDA'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 WKCDA and advise the Board on WKCDA's strategic asset allocations to optimise 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 WKCDA; 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 WKCDA or assigned to it by the Board in accordance with the WKCDA Ordinance.

Audit Committee

1. To consider any financial and audit matters of WKCDA.
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 WKCDA'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 WKCDA 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 WKCDA 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.

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