

GOVERNANCE REPORT

A. THE BOARD AND SENIOR MANAGEMENT

i) Structure of WKCDA



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.

MR CHRIS IP NGO-TUNG

Mr Ip is a member of Yau Tsim Mong ("YTM") District Council. He serves as Chairman of Traffic and Transport Committee of the YTM District Council, as well as the Chairman of the Arts and Culture Coordinating Committee of the YTM District Council. He is also a member of Liquor Licensing Board, member of Hospital Governing Committee of the Queen Elizabeth Hospital, member of Ethics Committee of Hong Kong East Cluster and the member of YTM District Fight Crime Committee.

MR LEO KUNG LIN-CHENG, BBS, JP

Mr Kung is a professional in banking and financial services. Currently, Mr Kung is Deputy Chairman of the Board of the Ocean Park Corporation and a member of the Hong Kong Housing Authority. He is also Convener of the Trustees of the Helping Hand Charitable Trust and Director of the Board.

DR VICTOR LO CHUNG-WING, GBS, JP

Dr Lo was a member of the Consultative Committee on the Core Arts and Cultural Facilities of the 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 is also a non-official member of the Economic Development Commission and the Convenor of its Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries. Dr Lo has interest in a wide variety of visual arts forms and is dedicated to the development of design and innovation.

THE HONOURABLE MA FUNG-KWOK, SBS, JP

Mr Ma is the Legislative member of the Sports, Performing Arts, Culture and Publication Constituency and the 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 the WKCD, and Deputy Chairman of the Council of the Hong Kong Academy for Performing Arts.

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 Jeffrey Lam is a non-official member of the Executive Council and a member of the Legislative Council of HKSAR.

THE HONOURABLE SIN CHUNG-KAI, SBS, JP

Mr Sin is a Legislative Councilor representing the geographical constituency of Hong Kong Island. He serves as a board member of Hong Kong Tourism Board and the Financial Reporting Council. He is also a member of Radio Television Hong Kong Programme Advisory Panel.

Mr Sin has a long public service record. He served as a member of the Independent Commission Against Corruption Operations Review Committee and the Witness Protection Review Board Panel from 2007 to 2012, a member of the Council for Sustainable Development from 2009 to 2013, and Greater

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 Chairman of the Antiquities Advisory Board.

Pearl River Delta Business Council from 2009 to 2013. Mr Sin also served as a member of the Housing Authority from 2001 to 2009 and a board director of Hong Kong Mortgage Corporation Limited from 1999 to 2009. Mr Sin is a member of the Court and was a Council member of Hong Kong University of Science and Technology from 2001 to 2007. Mr Sin also sat on the HKSAR Government's Digital 21 Strategy Advisory Committee which is the mastermind of the HKSAR government blueprint for ICT policies from 1999 to 2008.

PROFESSOR LEE CHACK-FAN, GBS, 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 and the Council of the Lord Wilson Heritage Trust. He is currently member of the Commission on Strategic Development.

PROFESSOR JENNY SO FONG-SUK

Professor So is Professor of Fine Arts and Director of the Art Museum, the Institute of Chinese Studies (since August 2013), at the Chinese University of Hong Kong ("CUHK"). She received her Ph.D. in Fine Arts from Harvard University. Before her return to CUHK in 2001, she was Senior Curator at the Freer Gallery of Art and Arthur M. Sackler Gallery at the Smithsonian Institution, Washington, D.C., responsible for all research and exhibition programmes of its collections of ancient Chinese art. She is currently an Expert Advisor for the Hong Kong Museum of Art and a member of the Advisory Board for the Asia Society, Hong Kong Center.

MR PHILIP TSAI WING-CHUNG, JP

Mr Tsai is an Audit Partner and a Member of the China Governing Board of Deloitte. He is a Past President of the HKICPA, a Non-Executive Director of the Mandatory Provident Fund Schemes Authority, a Member of the Exchange Fund Advisory Committee, a Director of the Urban Renewal Fund Limited, a Director of Hong Kong Academy for Gifted Education, a Member of the Vetting Committee of the Professional Services Development Assistance Scheme, a Member of the Women's Commission, an Advisor of the Ombudsman, Hong Kong and a Member of the Registration Committee of the Chinese Gold and Silver Exchange.

Mr Tsai is the Chairman of the Hospital Governing Committee of the Hong Kong Red Cross Blood Transfusion Services, the Chairman of the Governing Sub-committee of the Hong Kong Bone Marrow Donor Registry, a Director and Member of the Council of the Hong Kong Red Cross and a Member of the Dress Special Day Organising Committee of the Community Chest.

MS YIP WING-SIE, BBS, 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 the 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 in 2010. She is also a member of the Council of the Hong Kong Academy for Performing Arts and the Hong Kong Tourism Board.

MR DANNY YUNG NING-TSUN

An international renowned experimental art pioneer, Mr Yung is a founder cum Co-Artistic Director of Zuni Icosahedron, an epitome of the professional experimental arts company in Hong Kong. He is also Chairperson of the Hong Kong Institute of Contemporary Culture and the Convener of the Chinese Creative Industries Forum. His endeavour in multi-disciplinary arts and cultural policy reform in the past thirty 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 the Chairman of Lan Kwai Fong Holdings Limited. Having lived in Hong Kong for over 40 years, Dr Zeman has been very involved in Government services as well as community activities. Besides being the Chairman of Hong Kong Ocean Park since 2003, he is also a member of the General Committee of the Hong Kong General Chamber of Commerce and a Board member of the Star Ferry Company Limited. 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 also serves as Independent Non-Executive Director of Pacific Century Premium Developments Ltd, Sino Land Company Ltd and Tsim Sha Tsui Properties Ltd. Dr Zeman sits on the Board of Wynn Macau where he is the Vice Chairman. He is also the member of the newly formed Economic Development Commission Working Group on Convention and Exhibition Industries and Tourism.

**MEMBERS
(PUBLIC OFFICERS)****THE HONOURABLE
TSANG TAK-SING, GBS, JP**
Secretary for Home Affairs

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

**THE HONOURABLE
PAUL CHAN MO-PO, MH, JP**
Secretary for Development

Mr Chan was appointed the Secretary for Development in 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.

**PROFESSOR THE HONOURABLE
K C 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.

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. He was a director of the Australian Broadcasting Corporation and a member of the Board of Film Victoria and the Myer Foundation while in Australia from 2009 to 2011. 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 instrumental in conceptualising and initiating various major cultural, 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 both in the United Kingdom and Hong Kong. She also pursued post-graduate studies in Psychology and a research degree in Social Work.

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 Museet 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 Malmö, 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. He had 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 to 2007. With over 25 years of experience in arts administration and management, Mr Yu was the advisor of the Drama School of the Hong Kong Academy for Performing Arts, member of the Venue Partnership Committee of the Leisure and Cultural Services Department as well as a member of the Performing Arts and Tourism Advisory Group of the Consultative Committee on the Core Arts & Cultural Facilities of the West Kowloon Cultural District.

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.

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 was in charge of the overall operations of the human resources department and change management for the company's Generation Business Group. She has over 20 years of management experience in public utilities and multi-national companies such as United Airlines, Kowloon-Canton Railway Corporation and Merck Sharp & Dohme (China) Limited.

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 of experience working in the telecommunication industries 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.

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 KCRC and most recently was the Principal Legal Adviser (Projects and International Business) for the Mass Transit Railway Corporation.



B. COMMITTEES AND CONSULTATION PANEL

i) Functions and Conduct of Business

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

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

The Consultation Panel also adopts a set of Guidelines governing its conduct of business. The consultation panel holds at least one meeting each year and any such meeting is to be open to the public.

EXECUTIVE COMMITTEE

The Executive Committee was set up in February 2013 under the Board and above the committees to provide timely steer on overall strategy and planning issues, monitor the progress of major projects and to ensure coordination of activities and alignment of purposes among the committees. It is also responsible for overseeing the financial position of the WKCD in connection with the WKCD project and provides guidance to the Management in respect of funding strategy. The Executive Committee comprises the chairmen of various committees, Secretary for Home Affairs and the Chief Executive Officer of WKCD.

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 Programme of Implementation of individual building and infrastructure projects as contained in the Development Plan for WKCD, and to advise the Board on the viability of the proposed facilities. The Committee also considers the construction progress, hiring and management of consultants and contractors, and related contractual matters for the planning, design and construction either of individual projects or of the WKCD as a whole.

Under this purview, the Committee held eight meetings to deliberate on the following issues:

Procurement and Management of Consultancies

- Study on Environmental Impact Assessment
- Nominated Sub-consultants for Theatre Planning and Acoustics for Xiqu Centre

- Procurement of Quantity Surveying Consultancy Services for (1) Xiqu Centre; (2) Park and the Pavilion; and (3) M+
- Procurement of Consultancy Services for Preparation of the WKCD Outline Development Coordination Plan and Recommended Outline Development Plan
- Strategy for Packaging Basement Design Consultancies and Construction Work Contracts
- Procurement of Consultancy Services for the Scheme Design of Basement Zones 2B & 3A
- Procurement of Consultancy Services for Integrated Development of WKCD
- Formation of Planning and Urban Design Review Panel and Engagement of Related Consultancy Service

Infrastructure and Interfacing Consultancies

- Underground Space Design to support Interfacing Works with West Kowloon Terminus
- Phased Development of District Cooling System for Facilities in WKCD
- Entrustment Agreement for Design and Site Investigation of Public Infrastructure Works in WKCD
- Information and Communications Technology Strategy for the WKCD Development

Implementation

- Short Term Tenancy Matters within the WKCD site
- Facility Management Service Contract for the Short Term Tenancy Site at WKCD site
- Construction Works Contract for the Tree Nursery
- Works Contract for the Project Site Office and Temporary Access Road in WKCD

Design Competitions

- Winning design team assessed by the Jury Panel and approved by the Board
- Shortlisting of design teams to enter the M+ Design Competition and the proposed approaches for Selection of Design / Design Consultant
- Strategy for the Design Competition for the Arts Pavilion

Information and Communication Technologies Subcommittee

The Information and Communication Technologies ("ICT") Subcommittee was formed to oversee the conceptualisation and formation of an ICT strategy for the WKCD, to explore the opportunities of deploying ICT in arts and culture for WKCD prior to facilities coming on stream and to provide guidance and on-going strategic recommendations on ICT in arts and culture.

Five meetings were held in 2012/13. In November 2012, the ICT Subcommittee endorsed the ICT Strategic Master Plan for the WKCD which covered the strategies in programmes, infrastructures, organisational and cost aspects.

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

The role of the Xiqu Centre Steering Committee is to assist the DC in overseeing the conduct of the Xiqu Centre Design Competition. Its functions include making recommendations on the appointment of Independent Professional Advisor, Technical Committee and the Jury Panel and other necessary consultants, overseeing the preparation of programmes, technical briefs and related documents required for the competition, as well as to ensure compliance with various established rules and conducts of the competition. The Steering Committee held seven meetings up to the stage of recommendation of the winning design team for approval of the DC and the Board in November 2012.

M+ Steering Committee for Competition to Select Design / Design Consultant

Learning from the experience of organising the Xiqu Centre Design Competition, the M+ Steering Committee was set up in June 2012. The M+ Design Competition was launched in September 2012 and the design submissions were returned in March 2013. During the year, the Steering Committee held three meetings up to the stage of endorsing the assessment results as recommended by the Jury Panel.

Working Group on Park Development

Comprising members from the Development Committee and experts in performing arts and visual culture, the Working Group on Park Development was tasked to advise on the planning, design and development of the Park Development. Eight meetings were held during the year to facilitate the process of Expression of Interest and Request for Proposals of the Design Consultancy.

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 Board. It

also recommends to the Board strategies and policies for the operation of the PA venues. Four meetings were held during the year.

The Committee deliberated on the programme directions and proposed programmes for 2012/13. The directions of PA programmes in the interim period would mainly be capacity building and audience development with more emphasis on programmes organised by the WKCD. The level of activities has been further increased to pave the way for the opening of the Xiqu Centre.

Regarding facility development, the Committee endorsed the Competition Design Brief relating to the Xiqu Centre Design Competition. WKCD has confirmed the design and will start the construction of Xiqu Centre in 2013. According to the plan, WKCD will start the planning process of the Freespace, Lyric Theatre, Centre of Contemporary Performance and Medium Theatre I. Stakeholder meetings were held to keep the industry informed of the progress. As an iterative process, views collected would help the WKCD in refining the designs.

MUSEUM COMMITTEE

The Museum Committee ("MC") formulates and recommends to the Board the strategies and policies for planning, developing and operating M+ and the Exhibition Centre ("EC"). Two subcommittees, namely, the Exhibition Centre Subcommittee ("EC Subcommittee") and the Interim Acquisition Committee ("IAC") were formed under the MC.

The EC Subcommittee was set up to advise on the overall strategy for developing the EC in the WKCD development whereas the IAC is an interim arrangement to consider and approve as well as to make recommendations to the MC and the Board in relation to the acquisitions of M+ prior to a governance structure of M+ being put in place.

During the year under review, the MC met three times and in these three meetings, the MC focused on M+'s different programme / exhibition proposals and ideas, the proposed activities and budgets of M+ for the coming three years and the approach to locate and construct M+'s conservation and storage facility. The MC also considered and approved the acquisition proposals recommended by the IAC.

The IAC held six meetings during 2012/13 and in these meetings, the IAC considered and approved various acquisitions for the M+ Collection. Reports on the acquisitions made by the Executive Director of M+ and the IAC were made to the MC and the Board on a regular basis. The MC also received reports from the M+ Management on the latest development of M+ including its manpower plan and the M+ Design Competition.

REMUNERATION COMMITTEE

The Remuneration Committee was formed in 2008. There were seven members on the Remuneration Committee as at 31 March 2013.

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 matters related to the remuneration, allowances or benefits made available to employees, former employees or their dependants referred or assigned to it by the Board.

During the financial year, the Committee held five meetings and had completed major tasks including reviewing the remuneration systems and policies for WKCD, employment contract renewal of Senior Executives, organisational structure of specific departments as well as formulation and revision of policies and guidelines on human resources matters. It also endorsed the adoption of the amended standing orders of the Board of the WKCD for use by the Remuneration Committee.

Remuneration Systems and Policies

The Committee endorsed and recommended to the Board the conversion of eligible employees below directorate grade on fixed term contracts to permanent status on rolling employment contracts and the proposed guidelines for the conversion adopted by the Authority to ensure a more stable and committed workforce is maintained for long-term development of the Authority's organisation and operations.

The Committee endorsed and recommended to the Board the 2013 pay review for employees below directorate level to maintain the Authority's competitiveness for quality professionals in the market.

Employment Contract Renewal of Senior Executives

An independent external consultant was engaged in July 2012 to conduct a professional consultancy review on individual senior executives' employment contract and to conduct a benchmarking analysis to compare senior executives' pay level with market data and formulate possible options for terms of employment upon contract renewal. Having considered the consultant's recommendations and the impact of each option to the Authority, the Committee endorsed a framework for new employment arrangement for senior executives. The Committee also reviewed the recommendation of renewal of employment contract and gratuity payment for individual senior executives as proposed by the Chief Executive Officer and reported the results to the Board for information.

Organisational Structure

The Committee reviewed and endorsed a new organisational structure of the Performing Arts Department to ensure its manpower capacity suffices for delivering planned activities and pre-opening programmes.

Human Resources Policy

To ensure WKCD has proper guidelines to govern and monitor its human resources related activities, the Committee endorsed the mandatory retirement age for non-directorate employees on rolling employment contract to be 65 and reviewed the annual leave policy. The Committee also endorsed and recommended to the Board on the revision of remuneration management and staff cost control policy to define clearly the scope of authority to ensure good corporate governance and operational efficiency.

INVESTMENT COMMITTEE

The principal functions of the Investment Committee are to advise the Board on the investment objectives, guidelines and strategies of WKCD, as well as to monitor and oversee the investments made by WKCD. The Committee held four meetings during the year and considered a total of 41 papers including those by circulation.

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

Investment Strategy and Performance Review

Pending finalisation of project cash flow and in view of the persisting Eurozone financial crisis and latest market situation, the Committee endorsed Management's recommendations and followed by approval of the Board to revise the investment strategy and fund allocation of the portfolio.

The Committee also reviewed the Authority's quarterly and annual investment performance during the year.

Adding New Investment Asset Classes

To enhance yield and further diversify the portfolio, the Committee endorsed and made recommendation to the Board on the addition of six new asset classes for investments. Among these newly added asset classes, four of them (namely Deposit with Tenor Beyond One Year, HKD/USD CD/Bond, USD Bond Fund and USD Denominated Bond Index Fund) were included in the portfolio as at 31 March 2013. Investment in the two remaining asset classes may commence when opportunities arise. Considering the additional asset classes and on balance of the costs, risks and resources involved, the Committee also endorsed a threshold amount in which the Authority may appoint a master custodian.

More Frequent Bank Review

In view of the increasing risk in financial markets, the Authority has changed the frequency of bank review from once a year to bi-annual for better risk management.

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 2012 for approval of the Board.

The Committee also endorsed the audit strategy and work plan of Internal Audit for 2013/14 and reviewed reports on internal audit reviews conducted during 2012/13 to evaluate and improve internal controls covering the following operational areas of the Authority:

- IT back-up and disaster recovery planning
- Time deposits and investments
- Procurement (focusing on Capital Projects)
- Operation of bank accounts and payments
- Engagement of business partners for performance and cultural programmes

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

- Tender for the appointment of external auditor for the three accounting years 2012/13, 2013/14 and 2014/15
- Whistleblowing policy
- Strategic risks and the risk mitigating actions being undertaken by members of the Executive Team

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 the WKCD. The CP is currently composed of 19 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.

Professor John Leong Chi-yan was appointed new Chairman of the Consultation Panel in March 2013 following the retirement of Professor Stephen Cheung Yan-leung who had led the panel since 2009.

From 2009 to 2011, the main tasks of the CP were to plan the engagement programmes for preparation of the Development

Plan for the WKCD, ensure the openness and transparency of these programmes, and report to the Board of the WKCD on their progress. 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.

At the same time, the focus of the work of WKCD is undergoing some changes as the project progresses and hence the way in which the CP will continue to contribute its advice has also been refined accordingly.

The Terms of Reference of CP have been updated as follows:

- to play the role of a bridge between the Authority and the public;
- to promote WKCD with a view to enhancing public's understanding of the project; and
- to distill public expectations / views to the Authority.

The CP held a meeting during the year when it discussed the hardware and software development of the WKCD project. Members of the CP provided valuable views on various aspects in the development of the project.

ii) Membership List

Please refer to pages 68 to 73 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, GBM, GBS
Chief Secretary for Administration
(30 September 2011 to 30 June 2012)

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
(until 22 October 2012)

Mr Raymond FUNG Wing-kee, JP

Mr Chris IP Ngo-tung
(since 23 October 2012)

Mr Leo KUNG Lin-cheng, BBS, JP
(since 23 October 2012)

The Honourable Jeffrey LAM Kin-fung, GBS, JP

Mr Andrew LAM Siu-lo, JP

Professor LEE Chack-fan, GBS, JP

Dr Victor LO Chung-wing, GBS, JP

Professor David LUNG Ping-ye, SBS, JP
(until 22 October 2012)

The Honourable MA Fung-kwok, SBS, JP

The Honourable SIN Chung-kai, SBS, JP

Professor Jenny SO Fong-suk

Mr Philip TSAI Wing-chung, JP
(since 23 October 2012)

Ms YIP Wing-sie, BBS, 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 Raymond YOUNG Lap-moon, 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
Secretary for Development
(until 30 June 2012)

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

Professor the Honourable K C CHAN, GBS, JP,
Secretary for Financial Services and the Treasury
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

Executive Committee**CHAIRMAN**

The Honourable Ronald ARCULLI, GBM, GBS, JP
Chairman of the Development Committee

MEMBERS

Mr Leo KUNG Lin-cheng, BBS, JP
Chairman of the Investment Committee

Dr Victor LO Chung-wing, GBS, JP
Chairman of the Museum Committee

The Honourable SIN Chung-kai, SBS, JP
Chairman of the Remuneration Committee

Dr the Honourable Allan ZEMAN, GBM, GBS, JP
Chairman of the Performing Arts Committee

Secretary for Home Affairs or his representative

Mr Michael LYNCH CBE AM
Chief Executive Officer, WKCD

Development Committee**CHAIRMAN**

The Honourable Ronald ARCULLI, GBM, GBS, JP

MEMBERS**Board Members**

Mr Edmond CHUNG Kong-mo, JP
(until 22 October 2012)

Mr Raymond FUNG Wing-kee, JP

Mr Chris IP Ngo-tung
(since 15 January 2013)

Mr Andrew LAM Siu-lo, JP

Professor LEE Chack-fan, GBS, JP

Dr Victor LO Chung-wing, GBS, JP

Professor David LUNG Ping-ye, SBS, JP
(until 22 October 2012)

The Honourable SIN Chung-kai, SBS, JP

Mr Philip TSAI Wing-chung, JP
(since 4 February 2013)

Ms YIP Wing-sie, BBS, 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

Professor Edward NG Yan-yung
(since 1 January 2013)

Public Officers

Representative from Home Affairs Bureau

Representative from Development Bureau

**Information and Communication Technologies
Subcommittee**

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Mr Michael LYNCH CBE AM, Chief Executive Officer,
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Mr Kenny CHIEN Kwok-keung
(since 1 January 2013)

Ms Barbara CHIU Cheuk-mun

Mr HUNG Keung

The Honourable Charles Peter MOK

Mr Ricky WONG Wai-kay

Mr Derek Emory YEUNG Ting-lap
(since 1 January 2013)

Dr Samson YOUNG

Public Officers

Representative from the Office of the Government Chief
Information Officer

Representative from Home Affairs Bureau

Performing Arts Committee

CHAIRMAN

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(since 15 January 2013)

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The Honourable MA Fung-kwok, SBS, JP

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Representative from Leisure and Cultural Services
Department

Museum Committee

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Mr Raymond FUNG Wing-kee, JP

Mr Chris IP Ngo-tung (since 4 February 2013)

Mr Andrew LAM Siu-lo, JP (until 31 December 2012)

The Honourable MA Fung-kwok, SBS, JP

The Honourable SIN Chung-kai, SBS, JP

Professor Jenny SO Fong-suk

Non-Board Members

Ms Claire HSU Man-kai

Mr LEUNG Chi-wo

Ms LO Kai-Yin, SBS

Mr David PONG Chun-yee

Ms Nansun SHI

Mr Alan WAN Siu-lun

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Representative from Leisure and Cultural Services
Department

Exhibition Centre Subcommittee

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Mr Kevin CHING Sau-hong

Mr Stanley CHU Yu-lun

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The Honourable Jeffrey LAM Kin-fung, GBS, JP

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Mr Danny YUNG Ning-tsun

Non-Board Members

Mr LAI Kam-tong

Public Officers

Representative from Home Affairs Bureau

Investment Committee**CHAIRMAN**

Mr Leo KUNG Lin-cheng, BBS, JP
(since 1 January 2013)

The Honourable TSANG Tak-sing, GBS, JP,
Secretary for Home Affairs
(until 31 December 2012)

MEMBERSBoard Members

The Honourable Ronald ARCULLI, GBM, GBS, JP

The Honourable Paul CHAN Mo-po, MH, JP
(until 28 July 2012)

Mr Leo KUNG Lin-cheng, BBS, JP (until 31 December 2012)

The Honourable SIN Chung-kai, SBS, JP

Dr the Honourable Allan ZEMAN, GBM, GBS, JP

Non-Board Members

Mr Clifford CHIU (since 22 April 2013)

Mr Sue Wan CHUA (since 22 April 2013)

Mr David SUN Tak-kei, BBS, JP (until 29 June 2012)

Mr Kevin Anthony WESTLEY, BBS

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**

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The Honourable Paul CHAN Mo-po, MH, JP
(until 28 July 2012)

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Mr Andrew LAM Siu-lo, JP

Mr Philip TSAI Wing-chung, JP (until 14 November 2012)

Non-Board Members

Mr Clement CHAN Kam-wing (since 1 January 2013)

Mr Wilson FUNG Ying-wai

Mr William LO Chi-chung (since 1 January 2013)

Consultation Panel**CHAIRMAN**

Professor John LEONG Chi-yan, SBS, OBE, JP
(since 1 March 2013)

Professor Stephen CHEUNG Yan-leung, BBS, JP
(until 28 February 2013)

MEMBERSBoard Members

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Dr Victor LO Chung-wing, GBS, JP (until 28 February 2013)

Dr the Honourable Allan ZEMAN, GBM, GBS, JP

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Mr CHENG Chi-ming

Mr HUNG Chiu-wah

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Ms KO Po-ling, BBS, MH, JP

Mr Bankee KWAN Pak-hoo

Ms Ida LAM Choi-chu

Mr LAM Ying-kit

Mr William LEUNG Wing-cheung, BBS, JP

Dr MAN Ying-ling

The Honourable Charles Peter MOK

Mr TAI Hay-lap, BBS, JP

The Honourable Paul TSE Wai-chun, JP

Dr John TSE Wing-ling, MH

Mr Coleman WAI Ching

Ms Ada WONG Ying-kay, JP

Dr YAU Wing-kwong, JP