

Consultation Panel of the West Kowloon Cultural District Authority

For information on
14 November 2024

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Update on the Progress of the West Kowloon Cultural District Project

PURPOSE

This paper provides an update on the latest development of the West Kowloon Cultural District (“WestK” or the “District” or “WKCD”) project.

OVERVIEW AND PRIORITIES

2. The past year (2023-24) marked a significant turning point for WestK to emerge from the challenges of the pandemic with renewed vigour and determination. Despite facing adverse market conditions, WestK has made significant strides and achievements in the first full reporting year following the return to normal global travel post-pandemic and seized the opportunity to propel WestK to the forefront as a premier global arts destination and significantly elevate the stature of Hong Kong on the international cultural exchange stage. WestK has also evolved into a must-see cultural tourism destination of Hong Kong. The two museums in the District, M+ and the Hong Kong Palace Museum, received on average over 60% of visitors from the Mainland and overseas.

3. To address the Authority’s financial challenges, in July 2024, the Government approved the relaxation of the ‘Enhanced Financial Arrangement’ for WestK, which allows the sale of residential units in the District up to the limit set in the WKCD Development Plan, thereby creating necessary conditions for financing, diversifying the development models, and expanding income sources. The strategic arrangement will undoubtedly boost the confidence and capability to foster long-term financial sustainability of WestK.

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ARTS AND CULTURAL FACILITIES AND PROGRAMMES

M+

4. M+, Asia's first global museum of contemporary visual culture, celebrated its third anniversary on 12 November 2024. Since its opening, M+ has received over 7.2 million visitors. In 2023, M+ welcomed around 2.8 million visitors and ranked 15th globally among the art museums in the world and 2nd in Asia.

5. M+ has presented three special exhibitions in the past year, including *Noir et Blanc: A Story of Photography* (15 March to 1 July 2024), in collaboration with the Bibliothèque Nationale de France and Le French May Festival; *I.M. Pei: Life is Architecture* (June 2024 to January 2025), which presents the first full-scale retrospective of the celebrated Chinese American architect Ieoh Ming Pei (1917-2019), and *Guo Pei: Fashioning Imagination* (September 2024 to April 2025), which showcases the China's haute couture artist, Guo Pei (b. 1967)'s key collections and early designs, highlighting her unique career in connecting China and the rest of the world and the cultural symbols created through her sophisticated and visually dazzling practice.

6. M+ has lined up an exciting array of thematic and special exhibitions for 2025. These include three special exhibitions: *Picasso for Asia: A conversation*, in collaboration with Musée National Picasso-Paris and Le French May Festival to be opened in March; *Canton Modern*, an exhibition to be opened in June that traces innovations in Cantonese art through the twentieth century; and *Dream Rooms: Environments by Women Artists 1950s – Now* to be opened in September. The third iteration of the M+ Sigg Collection presentation, *M+ Sigg Collection: Inner Worlds* will also be opened in August. Meanwhile, M+ will stage *I.M. Pei: Life is Architecture* in Shanghai in the first half of 2025 before touring to overseas cities.

Hong Kong Palace Museum (“HKPM”)

7. HKPM aspires to become a world leading cultural institution committed to the study and appreciation of Chinese art and culture while advancing dialogue among world civilisations through

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international partnerships. Since its opening, HKPM attracted over 2.76 million visitors. In 2023, HKPM welcomed around 1.25 million visitors and ranked 51st globally of the most popular art museum in the world, and ranked top ten in Asia.

8. In addition to the thematic exhibitions in Galleries 1-5 which showcase more than 900 objects from the Palace Museum in Beijing, in the reporting period, HKPM has held four special exhibitions, including *Botticelli to Van Gogh: Masterpieces from The National Gallery, London* (November 2023 to April 2024); *YUAN MING YUAN — Art and Culture of an Imperial Garden-Palace* (March 2024 to August 2024); *Gazing at Sanxingdui: New Archaeological Discoveries in Sichuan* (September 2023 to January 2024); and *The Adorned Body: French Fashion and Jewellery 1770–1910 from the Musée des Arts Décoratifs, Paris* (June to October 2024). All the special exhibitions received impressive attendance records of 236 950, 147 659, 227 350 and 92 736 respectively. Another special exhibition currently on show in HKPM is *The Origins of Chinese Civilisation* (September 2024 to February 2025) which explores the origins, formation, and development of the splendid Chinese civilisation, featuring nearly 110 treasures from the Neolithic period to the Xia dynasty that span 5 000 years from 14 major cultural institutions.

Performing Arts (“PA”) Division

9. The two PA venues in WestK, namely Xiqu Centre and Freespace continue to be highly popular. Xiqu Centre received more than 201 200 visitors from December 2023 to October 2024 and its Grand Theatre recorded 100% utilisation. Freespace recorded 96% utilisation for The Box of Freespace and over 65 400 visitations during the reporting period.

10. ‘WestK Performing Arts Presents’ 2024-2025 features five annual flagship performing arts festivals alongside numerous heavyweight programmes and innovative experimental works from August 2024 to June 2025. Bringing together renowned and rising artists and arts groups from Hong Kong, Mainland China and overseas, the 2024-2025 season presents more than 50 diverse programmes in over 600 performances and events, spanning multiple genres including xiqu, music, dance and theatre, as well as learning and participation. The second edition of *HKT x WESTK POPFEST* (31 October to 3 November 2024) and the sixth edition of *Freespace Jazz Fest* (24 to 27 October

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2024) attracted tens of thousands of music and culture lovers from Hong Kong, the Mainland and around the world to immerse in the vibrant music scene. The seventh edition of the *Black Box Chinese Opera Festival* (3 to 24 October 2024) featured 100-minute original experimental xiqu productions in a variety of regional genres and styles, showcased bold experimentation and a contemporary sensibility. The second edition of *Freespace Dance* (21 November to 15 December 2024) will return with the theme 'Re: TIME and SPACE' and a series of cutting-edge programmes of dance responding, reinvestigating and reimagining these concepts through different choreographic approaches. *WestK FunFest* (March 2025), the hugely popular family-oriented festival, will also return with famed local and international artists and arts groups joining in the fun.

11. The Xiqu Centre celebrated its fifth anniversary in early 2024 with a festive three-month programme of classics and original work by renowned local and regional troupes. Major highlights included *Birthday Celebration by Five Daughters*, an adaptation of a classic Peking opera; original Cantonese opera *Fighting for the Country*, with over 100 young Cantonese opera actors participated; and assorted performances recommended by the Plum Blossom Award Art Troupe of the China Theatre Association, *Original Yangju: Officer Zheng Banqiao* and *A Master Selection of Yangju Excerpt*.

MAINLAND AND INTERNATIONAL CULTURAL EXCHANGE

12. Through the two key strategies, 'Bringing in' and 'Going global', WestK strengthened its role and contributions by presenting a wide variety of eastern and western arts and culture programmes. With 'Bringing in', WestK hosted globally significant events and exhibitions, including the inaugural 'Hong Kong International Cultural Summit' in March 2024 highlighting the robust arts scene and helping establish WestK as well as Hong Kong as a prominent player in the global cultural arena and signing collaboration agreements with over 20 leading arts and cultural institutions worldwide. Through 'Going global', WestK extended its cultural influence by touring the acclaimed exhibitions and performing arts programmes to the Mainland and international locations. The expansion bolsters the global presence and demonstrates our commitment to fostering international cultural exchange.

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13. To open up and explore collaborations, senior management of the Authority made strategic business visits to various destinations, leaving an indelible mark on the global arts and culture landscape and fostered collaborative relationship, including Singapore, London and Manchester in the United Kingdom, Paris in France, Hamberg in Germany, Spain, Australia, as well as several Mainland cities, including Shanghai, Chengdu and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area to foster partnerships with museums, local performing arts venues and cultural institutions.

14. HKPM organised an international symposium ‘The International Symposium on Chinese Art Conservation in Hong Kong’, together with the Palace Museum in Beijing and the Dunhuang Academy on 12 to 14 December 2023. The symposium helped to formulate a roadmap for this fast-changing field both locally and globally and fostered international and inter-institutional collaboration. The three-day symposium brought together over 40 museum directors, conservators, and scientists from top-tier cultural institutions across the globe, with keynote speeches, presentations and roundtable discussions.

15. In August 2024, M+ signed a Memorandum of Understanding (“MOU”) with the Asia Culture Center (“ACC”) in Gwangju, a strategic partner with a strong focus on pan-Asian research and exhibitions. An important symposium took place at the ACC in October 2024 in celebration of the MOU signing with M+, and to prepare for a joint exhibition in 2025. ACC also collaborated with the M+ Learning & Interpretation team on youth learning programme during summer, and has been supporting M+ acquisitions in the field of Moving Image.

16. In March 2024, PA Division signed MOU with four Mainland arts and cultural institutions, including China Theatre Association, Chongqing Chuanju Theatre, Shijiazhuang Arts Research Bureau and The Shanghai Center of Chinese Operas. The MOUs covered areas of cooperation spanning co-production and exchange programmes. The crew of Hong Kong's Xiqu team also visited Chongqing in July 2024 to have in-depth exchanges with Chongqing Chuanju Theatre for co-creating and co-producing the *Experimental Chuanju Opera “Farewell My Concubine”*.

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17. In addition to a series of cultural exchange, exhibition and programmes touring or partnership, the Authority will host the first ever ‘WestK Week — Shanghai 2025’ from 18 to 22 June 2025, which aims to showcase the cultural innovation and artistic diversity of the WestK to various sectors in Shanghai and the Yangtze River Delta and foster in-depth collaboration with cultural institutions in Shanghai and beyond, explore opportunities for joint presentation of arts and cultural programmes. Highlighted events include the touring of *I. M. Pei: Life Is Architecture* at contemporary art museum Power Station of Art in Shanghai, which will open in April 2025 and run until July 2025, the first tour of the original Cantonese musical *The Impossible Trial* commissioned by WestK at Shanghai Cultural Square, and the exhibition reinventing the Palace Museum’s culture and collections through a contemporary lens at MoCA Shanghai.

CULTURAL TOURISM

18. WestK has made remarkable strides in diversifying Hong Kong’s economic landscape and establishing itself as a must-visit destination for arts and culture over the reporting year. With its unique offerings attracting visitors year-round, the Mainland and overseas travellers made up over 60% of WestK’s museums visitor base in the reporting year. According to the Hong Kong Tourism Board’s Visitor Profile Report 2023, for the first time, WestK was one of the top ten most-visited places in Hong Kong, the sixth most-visited place for both overnight visitors and Mainland visitors, and the seventh among visitors from long-haul markets. This accomplishment underscores our dedication to cultivating cultural tourism through world-class facilities and top-notch programmes.

CAPACITY BUILDING, AUDIENCE CULTIVATION AND COMMUNITY ENGAGEMENT

19. In addition to the efforts made to develop cultural hardware, the Authority has been proactively strengthening cultural software, expanding audiences and engaging the community and youth through learning and participation.

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Capacity Building and Audience Cultivation

20. As M+'s very first festival, the 'Asian Avant-Garde Film Festival' (30 May to 2 June 2024) offered audiences a new experience at the museum. Artists and visitors from across the region came together in the 3-day-long gathering to attend screenings, performances, artist talks and workshops, fostering inter-generational dialogues and community activities. M+ recruited 16 student volunteers to the festival who were from the Bachelor's or Master's programmes at various local universities. They were given opportunities to engage in various roles in the festival, including website content writing, assisting the videography crew, and supporting artists and curators during workshops and the 'Festival Lounge Offerings' activities. The 'M+ Venice Biennale Internship' recruited 14 interns offering them invaluable opportunity to experience the 60th Venice Biennale as they took part in the realisation of Hong Kong's participation. Besides, M+ Guide Programme built a strong community of volunteer guides to provide nearly 1 000 tours and 5 000 pop up chats yearly and in gallery interpretation to our audiences in English, Cantonese and Mandarin.

21. HKPM has developed a range of public programmes suitable for diverse audiences, including talk series, hands-on workshops, arts performances, film screenings and many self-learning activities. Since the museum opening, these programmes have drawn over 1.56 million participants onsite and online, and attracted over 270 000 students, teachers, principals and education professionals who have visited the HKPM and participated in various activities (as of 31 October 2024). The flagship youth-learning initiative, the 'Bi-city Youth Cultural Leadership Programme', provided a cultural exchange platform to inspire creativity and understanding of youth with nearly 130 university students from Beijing and Hong Kong participating in a series of cultural exchanges and learning activities since the first launch in November 2022. Moving forward, HKPM has announced its inaugural 'Chinese Object Study Training Programme'. The three-year programme offers masterclass-style workshops for graduate students to be trained by leading experts from universities and museums around the world.

22. The PA Division continues to identify, nurture, and build capacity for talented young and emerging local artists by providing them with

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artistic support, resources, and performance platforms for their works. Curated and produced by the Contemporary Performance Team, the ‘WestK Creators’ series promotes diverse creative voices and aesthetics, supports new work development, and facilitates the creation process from concept to stage. Performances co-presented and co-produced in 2024 included the award-winning “*Venaissance*”: *I am Tree* (with Artocrite Theater) (IATC(HK) Critics Awards Performance of the Year 2023), *With Love, Medea’s Boys* (with On & On Theatre Workshop) and *Post Office in Hell – The Origin* (with Reframe Theatre). For Music, *Freespace Ensemble: Yellow Magic Orchestra Reimagined*, with young indie artists came together in cross-genre collaborations to reconstruct the iconic sounds of the Japanese electropop band Yellow Magic Orchestra, was showcased in August 2024.

Community Engagement

23. Community engagement lies at the heart of the WestK Project. The Consultation Panel has been playing an important role in bridging WKCDA with the public, engaging the community and promoting WestK from the construction stage to operational phase. WKCDA will continue the engagement with the community, in particular the youth, through gauging members’ opinions and organising outreaching programmes.

24. WKCDA values diversity and inclusion and is committed to making the District accessible and creating an inclusive and welcoming environment for all visitors. With the continuous support from the Yau Tsim Mong District Office of the Home Affairs Department, the Authority brought back the ‘Inclusive West Kowloon Community Engagement Programme’ for the second year to connect people of the community, including people with and without disabilities, ethnic minorities, seniors, underprivileged groups and more. Various activities in the venues of WestK were featured for the programme from December 2023 to February 2024, supporting the physical, mental, and spiritual well-being of participants through art experiences, benefiting over 1 300 community members.

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PROJECT DEVELOPMENT

Lyric Theatre Complex

25. The Lyric Theatre Complex (“LTC”) is a centre of excellence showcasing the best of Hong Kong and international dance and theatre. It comprises a 1 450-seat Lyric Theatre, a 600-seat Medium Theatre and a 270-seat Studio Theatre. LTC will house extensive rehearsal facilities and a Resident Company Centre that will serve as an exploration, development and collaboration hub for dance companies and artists. The overall project progress for the LTC is approximately 70%. The structure of the LTC building has been completed. The structural steel works for atrium skylight and building façade are being installed. Installation of glazing panels and metal cladding panels has also commenced. With the completion of the Integrated Basement (“IB”) and Underground Road (“UR”) structures, the architectural and building services works are being installed. Infeed cable laying works are being carried out by the power supply company. Architectural builder’s works and installation of false ceiling features panels at all the three theatres are proceeding at full speed. Waterproofing works at roof plant room are being applied to facilitate Multi-trade Integrated Mechanical, Electrical and Plumbing installation which is scheduled to start by end 2024.

Connectivity

26. The Government and WKCD are committed to enhancing the connectivity of WestK through a series of Public Infrastructure Works (“PIW”). Museum Drive, Austin Road Pedestrian Linkage System, Artist Square Bridge and the lay-bys on the Austin Road West for vehicle pick-up and drop-off were completed. The approximately 1.5 kilometre-long UR located in the IB is being completed by phases. In addition to the completion and public opening of the first section in Zone 3A (about 100m long underneath M+), the section in Zone 3B (underneath LTC and Artist Square Towers) is under construction and targeted to complete and open to public at the same time with the completion of the LTC.

27. The provision of a Southern Landing Facility (“SLF”) is an on-going PIW project to improve the marine access to WestK. Following the

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completion of the detailed design, the main contract for the SLF was awarded on 26 September 2022 for commencement of works on 30 September 2022. Foundation works has been completed. Pile cap and seawall modification works are currently under construction. The project is targeted to be completed in the second half of 2025.

28. Another PIW package includes a consultancy for studying schemes for provision of a New Exit Road to improve the accessibility between the Museum Drive and the external road network to the north of WestK, including a viaduct across Western Harbour Crossing (“WHC”) toll plaza and ramps connecting with West Kowloon Expressway. The study will consider the opportunities brought by the implementation of the Free Flow Tolling System for WHC in consideration with WestK development.

29. Other planned PIW projects (details in Annex) encompass two proposed footbridges to connect WestK with Kowloon Park (Kowloon Park Bridge) and the China Ferry Terminal and the waterfront promenade of WestK (China Ferry Terminal Bridge) respectively. These two footbridges will enhance the accessibility of the eastern end of WestK, including the Xiqu Centre and the development in Zone 2A. Implementation of these two footbridges and the drainage, sewerage, and water supply system to support the development in Zone 2 will be subject to the relocation of the remaining facilities of the existing Tsim Sha Tsui Fire Station Complex and Zone 2 development programme.

FINANCIAL POSITION AND FORCAST

Overview of Financial Situation

30. During FY2023/24, the Authority has recorded strong revenue growth of 42% year-on-year, from HK\$746 million to HK\$1,061 million despite challenging market conditions. Business-to-business (“B2B”) revenue has grown by 35% year-on-year to HK\$518 million, with growth observed across all segments from fundraising to venue hire and commercial leasing. Business-to-customer (“B2C”) revenue has grown by 47% year-on-year to HK\$246 million, primarily driven by ticketing income. Interest income has also seen a rise of 54% year-on-year to HK\$297 million, having benefited from interest rate hikes and reflecting

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the Authority's ongoing effort on liquidity preservation through fiscal tightening.

31. The Authority continued to make a strenuous effort in cost control. As a result of these efforts and achievements, the Authority's underlying operating deficit in FY2023/24 has narrowed by 20% year-on-year from HK\$718 million to HK\$578 million.

32. The robust financial performance was reflected in the improvement of the Authority's cost recovery rate by 7 percentage points to 44% excluding interest income, and by 12 percentage points to 63% if interest income is counted. HKPM, M+, and the PA Division have maintained cost recovery rates on par with the established cultural institutions worldwide, at 67%, 42%, and 37% (2023: 44%, 46%, and 34%) respectively.

33. The Authority will continue to uphold fiscal prudence in preserving liquidity to weather challenging market conditions. In April 2024, the Authority completed the financial close of the re-financing of the Sustainability-linked Loan of HK\$5 billion and three-year tenor. The loan syndicate comprises a total of 10 banks from diverse geographies. The significant over-subscription has demonstrated the banking community's confidence in the Authority's development prospects and capability in fulfilling its mission.

Relaxation of the Enhanced Financial Arrangement ("EFA")

34. The WKCD Project, a visionary, strategic investment by the HKSAR Government, is one of the largest cultural precincts in the world. An upfront endowment of HK\$21.6 billion was approved in 2008 by the Legislative Council to implement the project. To provide additional resources for WKCD to meet the funding needs to deliver and operate the arts and cultural facilities, in 2016, the Government approved the EFA for the WestK, under which the Authority was granted the development rights for hotels, offices and residential ("HOR") portion of the District. The EFA required WKCD to collaborate with private developers under the 'Build, Operate and Transfer' model to develop the HOR projects and generate revenue through sharing rental income.

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35. In November 2022, the first public-private partnership project of the WestK, the Artist Square Towers (“AST”) project, located at the heart of WestK, was successfully awarded despite the challenging market conditions during the pandemic. The AST project will provide approximately 62 435 square metres of Grade A office space and 2 500 square metres of retail and dining space, thus enabling WestK to solidify its status as Hong Kong’s new cultural business district. Construction of the AST has commenced and the target is to complete the project in 2026/27.

36. Since the approval of the EFA in 2016, Hong Kong’s business and operating environment has undergone substantial changes. For WestK, the prolonged delay in the return of the works sites in Zone 2 of the District occupied by the High Speed Rail (Hong Kong Section) project, the sharp increase in construction costs, and the global impact of the pandemic which in turn affects the demand for office spaces, has posed greater challenge to WKCDA. To address the financial problem, the Authority submitted a proposal to the Government in 2023 seeking to relax the EFA for the District.

37. In July 2024, with the committed objective of the Authority to operate the WestK project on a self-financing basis, the Executive Council approved the relaxation of the EFA which permitted the sale of residential developments in Zone 2 of the District up to the limit approved under the District’s Development Plan (i.e. 20% of total gross floor area of the District, equivalent to 170 280m²) with conditions. The relaxation of EFA will unleash and enhance the development potential of the District. In the short term, it provides the necessary conditions such that the Authority can pursue various financing options; in the medium to long run, it will allow the diversification of the HOR development models and hence the revenue streams. In addition, the Authority will formulate and implement more innovative and progressive revenue generation and commercialisation strategies to increase income and reduce operating deficit. In alignment with the approval, the government has imposed, among others, triennial caps on the recurrent and non-recurrent operating deficit of the Authority.

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WAY FORWARD

38. WestK has been facing a highly challenging operating environment given the three-year pandemic and the slower than expected economic recovery in the past year. However, the relaxation of the EFA for WestK approved with conditions by the Government enables WKCDA to secure necessary funding resources to support its operations and capital expenditures in the coming decade by unlocking the development potential of its land without imposing additional financial burden on the HKSAR Government. It also provides the needed time and space to formulate and implement a comprehensive package of commercialisation and revenue generation initiatives, paving the way for WestK to achieve long-term financial sustainability.

39. WKCDA will continue to strive to promote Hong Kong's cultural and creative industries, creating a vibrant cultural tourism landmark, and supporting the city's development as an East-meets-West Centre for international cultural exchange. To achieve these goals, WestK will focus on driving revenue generation and commercialisation. Capitalising on its exceptional connectivity with the Guangdong-Hong Kong-Macao Greater Bay Area, this development aims to cultivate a high-end cultural and creative cluster. The Authority will endeavour to drive long-term industry growth and significantly enhance the economic vibrancy of the neighbourhood, setting the stage for a dynamic and prosperous future.

ADVICE SOUGHT

40. Members are invited to note the latest development of the District.

**West Kowloon Cultural District Authority
November 2024**

Location Plan of Public Infrastructure Works (PIW)

基礎建設工程位置圖

Annex
附件

