

Consultation Panel of the West Kowloon Cultural District Authority

For information on
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WKCDA CP/01/2025

Update on the Progress of the West Kowloon Cultural District

PURPOSE

This paper outlines the work focus of the West Kowloon Cultural District Authority (“WKCDA” or “the Authority”) and provides an update on the developments of the West Kowloon Cultural District (“WestK”, “WKCD” or “the District”) project.

OVERVIEW

2. WestK is a strategic cultural infrastructure investment of the Hong Kong SAR Government. The vision and mission of the WestK is to create a vibrant arts and cultural hub, providing world-class museums and performing arts venues for presenting the high quality and diverse arts and cultural programmes from Hong Kong, the Mainland and around the world, promoting cultural exchanges between the East and West, as well as nurturing talents for Hong Kong and the region and building audience.

3. Despite challenges such as the pandemic that lasted three years, the instability of the global political and economic landscape, and changing consumption patterns of the locals and visitors, WestK has rapidly developed into one of the largest and most renowned cultural hubs in the world in recent years. The District hosts over 1 300 exhibitions, performing arts programmes, and different events in FY2024/25, including cultural, creative, and commercial events organised or co-organised by WKCDA, as well as those staged by other organisations on a venue-hiring basis. Since the second half of 2024, numerous exhibitions and performing arts programmes were highly acclaimed and welcomed by locals and tourists, including the M+ Special Exhibition *I. M. Pei: Life Is Architecture* and *The Hong Kong*

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Jockey Club Series: Picasso for Asia—A Conversation, the Hong Kong Palace Museum (“HKPM”) special exhibition *The Forbidden City and The Palace of Versailles: China-France Cultural Encounters in the Seventeenth and Eighteenth Centuries*, as well as the *HKT x WESTK POPFEST*, *Freespace Jazz Fest* and ‘WestK FunFest 2025’ presented by the Performing Arts Division of WKCDA (“WestK Performing Arts”). Last year, WestK received over 15 million visits in total (see **Appendix A**), representing a 26% increase from the estimated 12.6 million visits in 2023.

4. At the same time, WKCDA fully implements the ‘Bringing in, Going Global’ strategy, providing a vital platform for artists and fostering international cultural exchange by showcasing high-quality local curation and original exhibitions and performing arts programmes on tours to the Mainland and overseas, as well as building collaborative partnerships with leading international museums and cultural institutions. In June this year, WKCDA organised the first-ever ‘WestK Shanghai Week 2025’ (“WestK Shanghai Week”). As the first cross-disciplinary showcase of cultural and creative programmes curated or co-organised by WestK outside of Hong Kong, the Authority collaborated with six renowned cultural institutions and venues in Shanghai to present seven leading cultural and artistic programmes, including exhibitions, musicals, xiqu, music and dance performances, attracting over 300 000 participants across online and offline channels. WestK Shanghai Week facilitates Hong Kong’s unique arts and cultural offerings to ‘go global’, and promotes WestK as a cultural and creative landmark, developing Hong Kong into a premier destination for cultural and creative tourism.

5. WestK is a key strategic partner of the Government in promoting the industrialisation of Hong Kong’s cultural and creative industries. The Chief Executive’s 2024 Policy Address delivered in October 2024, and the Blueprint for Arts and Culture and Creative Industries Development released in November 2024, support WKCDA to take a leading role in establishing an industry chain for the arts and culture and creative industries of Hong Kong, driving cultural and creative tourism, and enhancing its financial sustainability through diverse and innovative industrialisation measures. The objectives of WKCDA include further building Hong Kong’s strengths in arts trading,

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promoting WestK as a prime destination for major international cultural, creative, and commercial events, exporting more arts, cultural, and creative projects, and branding WestK as a must-visit landmark for cultural and creative tourism. Since FY2024/25, WKCDA has introduced various measures to achieve the aforementioned objectives and arranged tours of arts, cultural, and creative projects overseas and on the Mainland, with the aim of establishing WestK as an international cultural brand.

ESTABLISHING WESTK AS AN INTERNATIONAL CULTURAL BRAND

6. The Authority continues to press ahead with its ‘Bringing in, Going Global’ strategy through WestK’s global partnership network, presenting diverse international arts and cultural programmes to local audiences and taking local curation and original exhibitions as well as performing arts programmes to the international stage, thereby exporting more arts, cultural and creative projects.

7. WKCDA hosted the inaugural Hong Kong International Cultural Summit (“the Summit”) in March 2024, gathering over 2 000 arts and cultural leaders and cultural practitioners from around the world. During the Summit, the Authority signed Memoranda of Understanding with more than 20 leading arts and cultural institutions worldwide, promoting long-term collaboration within the global cultural and arts community. To date, WKCDA has established partnerships with 33 leading arts and cultural institutions across the Mainland, as well as multiple countries (listed in **Appendix B**), including the UK, the US, France, Japan, South Korea, Singapore, Thailand, Australia, the United Arab Emirates, Qatar and others. These collaborations lay a solid foundation for expanding WestK’s global partnership networks and fostering arts and cultural exchanges between the East and West.

8. As Asia’s global museum of contemporary visual culture, M+ strives to present local curation and original exhibitions on the international stage since its opening in 2021. One of the exhibitions, *Yayoi Kusama: 1945 to Now*, staged in Hong Kong in 2022 to 2023, and

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toured to Guggenheim Museum Bilbao in Spain and the Serralves Museum in Portugal in 2023 and 2024 respectively. The exhibition attracted a total of 1.65 million viewers worldwide, setting a record for the highest overseas attendance of an exhibition curated by a museum in Hong Kong. Another M+ original exhibition *I. M. Pei: Life Is Architecture* has embarked on a world tour after concluding its successful run at M+ in January 2025. The first stop at the Power Station of Art in Shanghai attracted over 160 000 visitors, followed by the Qatar Museums Gallery, Al Riwaq in Doha, starting from October.

9. M+ also works with international museums and institutions on co-organising and co-curating major exhibitions to share knowledge, expertise, and collections. Co-curated exhibitions include *Picasso for Asia: A Conversation*, which was collaborated with the Musée national Picasso-Paris from March to July 2025, four exhibitions to be presented around the world in the second half of 2025 with the National Art Center Tokyo, Leeum Museum of Art, Seoul, the National Asian Culture Center, Gwangju, and the Canadian Centre for Architecture, Montreal, respectively. Meanwhile, M+ signed a Memorandum of Understanding (“MOU”) with the Museum of Modern Art, New York (“MoMA”) earlier this year. This marks MoMA’s first-ever large-scale collaboration with a museum in Asia. The collaboration encompasses cross-fertilisation in areas such as curatorial research and exchange, conservation, programme sharing, and professional development, further solidifying M+’s position as a world-class museum.

10. HKPM is committed to promoting the study and appreciation of Chinese art and culture while advancing dialogue among world civilisations through international partnerships. Since the second half of 2024, HKPM has held numerous thematic and special exhibitions bringing together traditional cultures from the East and the West, including *The Hong Kong Jockey Club Series: The Art of Armaments – Qing Dynasty Military Collection from the Palace Museum* and *A Movable Feast: The Culture of Food and Drink in China* (March to June 2025) jointly organised with The Palace Museum. HKPM is also committed to promoting exchanges among world civilisations through exhibitions jointly organised with cultural institutions from France, Qatar and the UK, namely *The Forbidden City and The Palace of Versailles: China-France Cultural Encounters in the Seventeenth and Eighteenth Centuries*

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(December 2024 to May 2025), *Wonders of Imperial Carpets: Masterpieces from the Museum of Islamic Art, Doha* (June to October 2025) and *The Hong Kong Jockey Club Series: Treasures of the Mughal Court from the Victoria and Albert Museum* (August 2025 to February 2026), demonstrating HKPM's special role in strengthening international arts and cultural exchange.

11. Another special exhibition of HKPM, *Ancient Egypt Unveiled: Treasures from Egyptian Museums*, co-organised with the Supreme Council of Antiquities of Egypt, is set to open this November, presenting the first exhibition in collaboration between Hong Kong and Egypt's authority of antiquities as well as the largest and most comprehensive exhibition of ancient Egyptian treasures in Hong Kong in recent decades. HKPM will also present its first travelling exhibition of its collection at the Capital Museum in Beijing at the end of this year, showcasing the renowned 'Mengdiexuan Collection of ancient gold'.

12. In terms of performing arts, WestK Performing Arts continues to collaborate and exchange with arts groups from the Mainland and overseas through various forms, with a parallel focus on promoting Hong Kong performing arts programmes to 'go global'. Commissioned by WestK and co-produced with the Hong Kong Repertory Theatre ("HKRep"), the original Cantonese musical *The Impossible Trial – a musical* embarks on its first-ever tour in the Mainland, marking its premiere in Shanghai and Beijing this June and July respectively, which received widespread acclaim. A total of 23 performances in the two cities attracted over 35 000 audiences, setting a record for the number of performances and audience attendance for Hong Kong musical tours in the Mainland. *The Impossible Trial* has started its Hong Kong run since 14 August, with tickets for all 30 performances completely sold out. Held at the end of October and early November 2024 respectively, *Freespace Jazz Fest* and *HKT x WESTK POPFEST*, featuring both local and overseas artists and music groups, attracted over 100 000 attendees. *HKT x WESTK POPFEST* alone drew over 60 000 attendees, breaking previous attendance record for large-scale music festivals organised by WestK. WestK Performing Arts will seize the opportunity presented by the completion and opening of the District's largest performing arts venue, WestK Performing Arts Centre (formally known as Lyric Theatre complex), to further promote the

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development of dance, musical and theatre (long-run programmes in particular) in Hong Kong, as well as to collaborate and exchange with performing arts groups from the Mainland and overseas.

COMMERCIALISATION OF ARTS, CULTURAL AND CREATIVE INDUSTRIES

Cultural, Creative and Commercial Events

13. WKCDA is determined to promote WestK as a prime destination for major international cultural, creative and commercial events, attracting more arts and cultural, sports, education and charity events to be held in the District. In FY2024/25, WestK's venues were hired for over 500 cultural, creative and commercial events, reflecting the strong demand for venue hiring. The Authority supported several cultural, creative, and commercial events this year, including 'Hong Kong WinterFest', 'Hong Kong Performing Arts Expo 2024', '18th Asian Film Awards Ceremony', and 'Philanthropy for Better Cities Forum 2024'. WestK also partnered with global IP event organisers and attracted multiple events to take place in the District. Held in Hong Kong for the first time, 'COFFEE HK x Tokyo Coffee Festival @WestK' drew over 50 000 visitors over four days. Another event, 'The Big Bounce World Tour', also attracted over 76 000 participants.

Cultural and Creative Tourism

14. WestK received over 15 million visitations last year, 26% higher than the 12.6 million visitations estimated in 2023, with the share of tourists among overall visitors to M+ and HKPM surpassing 60% and 75% respectively, demonstrating WestK's development into a must-visit landmark for cultural and creative tourism. WKCDA actively develops innovative tourism projects by integrating arts and cultural elements with unique activities that enable visitors to embark on a distinctive cultural journey, such as *WestK x Hong Kong Chinese Orchestra: Chinese Tea and Music* that takes audiences on a sensorial journey through the perfect union of music and tea in Tea House Theatre at Xiqu Centre, and the festive celebration 'WestK Christmas Fest'.

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15. The Authority supports injecting impetus into the night economy by continuously organising unique nighttime events. Offering a new perspective on the museum's ambience after sundown, the six editions of 'M+ At Night' held in FY2024/25 attracted over 10 000 participants in total, showcasing a diverse array of content, including live music performances, interactive workshops, gallery tours, and conversations. The Authority also presents a vibrant mix of outdoor activities by day and night regularly, including 'WestK Nightscapes' that feature themed markets and musical performances, drawing visitors to WestK during the evening hours.

16. In terms of promoting cultural and creative tourism, the Authority participated in several global trade events, for example, the Arabian Travel Market in Dubai, China International Travel Mart, Tourism Expo Japan, unveiling WestK's unique offerings to the Mainland and international tourism industries. During WestK Shanghai Week, WKCDCA collaborated with a Mainland coffee brand, MANNER Coffee, and showcased limited-edition WestK's coffee cups, packaging and souvenirs designed by a Hong Kong illustrator across over 2 000 stores throughout the Mainland, thereby promoting WestK as a destination for cultural and creative tourism in Hong Kong. At the same time, WKCDCA hosted a briefing for the tourism industry professionals in the Yangtze River Delta, introducing WestK as an ideal destination for cultural tourism, meetings and exhibitions, and educational tours. The Authority continues to innovate travel products such as exhibitions and performing arts programmes packages, sports events packages, and sightseeing bus packages, distributed across platforms including Ctrip, Klook, KKday and Cityline. Currently, over half of the visitors to museums in WestK originate from the Mainland. Given the marked trend of Mainland visitors returning for repeat visits, the Authority is intensifying promotional efforts in the Mainland for WestK's exhibitions and performing arts programmes, particularly within the Guangdong-Hong Kong-Macao Greater Bay Area. The Authority is also optimising ticketing channels and promoting museum membership schemes in the region. In addition, WKCDCA incorporated WestK Enterprise Limited ("WKEL"), a special purpose vehicle wholly owned by the Authority, leveraging the Authority's assets, resources, and expertise to drive

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commercialisation and explore new revenue sources. WKEL is currently proceeding with various projects, including the development of a new information technology system, with the long-term goal of making the platform and the system available for industry-wide services.

17. The Southern Landing Facility, located opposite M+, will be named WestK Quay. The Quay is expected to be completed and commissioned in the fourth quarter of this year. WKCDA is currently formulating the future arrangements for the use of the WestK Quay.

Building Strengths in Arts Trading

18. Hong Kong has emerged as one of the world's top three arts trading centres, alongside New York and London. To consolidate and expand this competitive edge, it is essential for Hong Kong to establish a comprehensive arts trading ecosystem. The 2024 Policy Address supports WKCDA's efforts to promote the creation of a comprehensive arts trading ecosystem, and build storage, restoration and exhibition facilities for high-end private art collections, strengthening Hong Kong's position in the global art market. The Authority is currently undertaking preparatory work, including research and stakeholder engagement, aiming to attract more stakeholders from the arts trading ecosystem to establish operations in the District.

CAPACITY BUILDING, AUDIENCE CULTIVATION AND COMMUNITY ENGAGEMENT

19. WKCDA is constantly strengthening the development of its cultural software through nurturing artistic talent for Hong Kong and the region, as well as building audience and fostering community engagement through various public and learning programmes (See **Appendix C** for details) to enrich Hong Kong people's cultural life. In FY2024/25, the learning programmes by the two museums in WestK reached 1.08 million participants, while WestK's performing arts learning programmes drew over 54 600 participants.

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20. M+ cultivates talent through various initiatives, including ‘The Sigg Fellowship for Chinese Art Research’, starting from 2020, to support new research on Chinese art in dialogue with the M+ Collections. Another example is the ‘M+/Design Trust Research Fellowship Programme’, aiming to contribute significantly to bodies of knowledge relating to design and architecture in Hong Kong, the Pearl River Delta region or Asia, within a global context. Meanwhile, M+ has established Acquisitions Councils to raise funds for the research and acquisition of artworks and objects that support the development of the collections across various disciplines. Since 2017, funds have been raised for the acquisition of 255 works of art, architecture, and design, including pieces by young and emerging artists from the Greater China Region, as well as works from Asia and beyond. This not only provides crucial support to artists across disciplines in the region but also expands the breadth, geographic scope, and historical depth of the M+ Collections. In addition, M+ organises a variety of activities to foster audience cultivation and community engagement. Other than ‘M+ Family Day’, ‘Community and Access Visits: Connecting at M+’, ‘M+ School Programmes’ and ‘M+ Young Collective’, M+ also collaborates with non-governmental organisations to offer senior citizens the ‘Creative Ageing Programme’, an eight-week exploration of creativity with interactive in-gallery tours, discussions and hands-on workshops, expanding their imagination about life. In FY2024/25, M+ recruited 20 interns through ‘M+ Internship Programme’, providing graduates from across Hong Kong’s universities with both theoretical and practical training in curatorial, museum education, conservation, and collections.

21. HKPM strives to nurture local artistic talent for promoting the inheritance of Chinese culture. From October 2023 to February 2025, HKPM organised the thematic exhibition *Dwelling in Tranquillity—Reinventing Traditional Gardens*, presenting seven new multimedia artworks created by eight Hong Kong interdisciplinary artists and artist groups. During WestK Shanghai Week this year, HKPM staged the exhibition *City Rhythms: Chinese Traditional Culture Reinterpreted*, which showcased cross-disciplinary works, including painting, video, and multimedia art, by 16 Hong Kong artists. These exhibitions provided local artistic talent with an opportunity to cultivate audiences. Additionally, HKPM’s two flagship youth talent nurturing initiatives, the ‘HKPM Student Ambassador Programme’ and the ‘Bi-city Youth

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Cultural Leadership Programme’, provided students from both Hong Kong and Beijing with opportunities to engage in in-depth training, internship and cultural exchange. Since 2022, the two programmes have nurtured over 470 secondary school and university students. To promote audience cultivation and community engagement, HKPM has developed a range of public programmes suitable for diverse audiences, including talks, hands-on workshops, arts performances, film screenings, and Family Day. New activities, such as the ‘Little Archaeologists workshop’ and ‘Adventure Night @HKPM’, offer participants a lively and engaging museum experience.

22. For performing arts, WestK Performing Arts continues to identify, nurture, and build capacity for talented young and emerging local artists by providing them with artistic support, resources, and performance platforms for their works. Over 300 street performers have participated in the ‘WestK Street Performance Scheme’ since September 2023. The new round, which began in March 2025, also included training and knowledge exchange activities for street performers, promoting street performance culture to the public, and nurturing local, talented performers. In May 2025, a Hong Kong edition of the Broadway musical *Hedwig and the Angry Inch*, co-presented and co-produced by WestK and Motion 27 Limited as part of the ‘WestK Creators series’, was showcased. The musical was directed by local cross-disciplinary theatre-maker Ivanhoe Lam and staged by a stellar team of local theatre talents. The ‘WestK Creators series’ promotes diverse creative voices and aesthetics, supports the development of new work, and facilitates the creation process from concept to stage through residencies, research and development opportunities, and work-in-progress presentations. In May this year, WestK Performing Arts also launched *WestK Cabaret Nights*, which showcases the best of Hong Kong’s emerging and established cabaret artists with original acts spanning music, theatre, storytelling, stand-up and more.

23. In terms of audience cultivation and community engagement, WestK Performing Arts staged the ‘WestK FunFest 2025’, one of the highlights of Hong Kong Art March 2025. This family event featured nearly 100 free and ticketed international and local performances, artist-led workshops, and interactive creative experiences for audiences of all ages. From April to May this year, presented by the Xiqu Centre

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as part of the ‘5th Guangdong-Hong Kong-Macao Greater Bay Area Chinese Theatre Cultural Festival’, ‘Zhejiang Xiaobaihua Yue Opera Troupe 40th Anniversary Performances’ showcased three highly anticipated works: *Lu You and Tang Wan*, *Birthday Celebration by Five Daughters*, and *The New Butterfly Lovers*, tracing the troupe’s artistic evolution and drawing more audience to Xiqu performances.

24. The Authority values diversity and inclusion and is committed to making WestK accessible and creating an inclusive and welcoming environment for all visitors, including people with and without disabilities, ethnic minorities, and more. With the continuous support from the Yau Tsim Mong District Office of the Home Affairs Department, the Authority brought back the ‘Inclusive WestK Community Engagement Programme’ for the third consecutive year and expanded the programme by launching ‘WestK Inclusive Sharing Month’ in January 2025, offering 12 accessible and inclusive arts and cultural activities held across the District. The programme also encouraged public participation through social media challenges to redeem WestK’s discount vouchers, raising awareness among community members about the needs of both the carer and the one being cared for, while strengthening their connection with the community and promoting social inclusion. In April 2025, WKCD launched the ‘WestK Museum Community Sharing Scheme’ with a commitment to offering approximately 40 000 designated complimentary tickets to M+ and HKPM to underprivileged groups annually, thereby providing more opportunities for these groups to engage with the arts and culture.

PROJECT DEVELOPMENT

WestK Performing Arts Centre

25. As a world-class performing arts venue showcasing the best of Hong Kong, the Mainland and international dance, musical and theatre, the WestK Performing Arts Centre (“WestK PAC”) in construction comprises a 1 450-seat Grand Theatre, a 600-seat Medium Theatre and a 270-seat Studio Theatre as well as extensive rehearsal spaces and offices for dance companies in residence. The latest overall construction progress is approximately 84% completed, with full-scale mechanical

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and electrical equipment installation and architectural builder's works in progress. The construction of WestK PAC is expected to be completed in 2026. The batching and target completion timeframe of major WKCD facilities are presented in **Appendix D**.

Zone 2 and the Integrated Basement/Underground Road

26. The Integrated Basement ("IB") covering a site area of about 254 000 sqm and the approximately 1.5 km-long Underground Road are the integral components of the WKCD Development Plan. The IB concept places vehicular traffic, parking, and loading/unloading facilities, plant rooms, and utilities underground, thereby creating a pedestrian-friendly environment at ground level for public enjoyment and direct connections among various facilities at the podium level. Divided into Zones 2 and 3 and further subdivided into Zones 2A, 2B, 2C, 3A and 3B (zoning plan of IB illustrated in **Appendix E**). The IB in Zone 3A was completed in 2021, and the IB in Zone 3B is scheduled for completion in 2026, along with the WestK PAC. Meanwhile, construction of the IB in Zone 2 is currently underway. Currently, the overall progress of Excavation and Lateral Support Works for the IB and Underground Road in Zone 2 is approximately 26% completed. The construction works in Zones 2A and 2B are scheduled for completion in mid-2027, facilitating the commencement of main structure works for the IB. Works for the Underground Road in Zone 2, as well as the construction of drainage, sewerage and water supply systems to support the developments in Zone 2, are progressing in an orderly manner.

Connectivity

27. The Government and WKCDA are committed to enhancing the connectivity of WestK through a series of Public Infrastructure Works ("PIW"). Museum Drive, Austin Road Pedestrian Linkage System, and Artist Square Bridge (connecting WestK and MTR Kowloon Station) were completed (location plan of PIW illustrated in **Appendix F**). Another PIW package includes consultancy for studying and designing the provision of at-grade access to improve accessibility between the Museum Drive and the external road network to the north of WestK.

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The construction of the new access is scheduled to commence in 2026 and is expected to be completed in 2027.

28. The construction progress of WestK Quay is satisfactory. Superstructure works have been completed. The steelwork installation for the Mechanical Platform System is currently under construction. The project is targeted to be completed in the fourth quarter of 2025.

FINANCIAL POSITION

29. In FY2024/25, utilisation rates of key performing arts venues – the Grand Theatre of Xiqu Centre and The Box of Freespace reached 99% and nearly 90% respectively. As of 31 March 2025, the occupancy of the commercial leasing portfolio (including office, retail, dining and entertainment facilities) reached 100%.

30. The recovery from the pandemic in Hong Kong in early 2023 helped boost local consumption sentiment significantly. As outbound travel had not yet fully resumed, all revenue streams of the Authority, including admission income, recorded robust growth during FY2023/24. In comparison with the past year, despite the continued increase in visitation and the number of events, the financial performance of FY2024/25 was adversely affected by economic headwinds, including prevailing global geopolitical and macroeconomic uncertainties, evolving consumption patterns among both local and international visitors, as well as a subdued market sentiment. The Authority has recorded a drop in business-to-customer (“B2C”) and business-to-business (“B2B”) revenue in FY2024/25. B2C revenue has declined by 23% year-on-year, from HK\$246 million to HK\$189 million, mainly due to the decrease in admission income. Excluding the one-off naming donation and other non-recurrent income such as the Mega Arts and Cultural Events Fund under the Culture, Sports and Tourism Bureau from the previous year, B2B revenue decreased by 12% year-on-year, from HK\$518 million to HK\$456 million, primarily due to a decline in income generated from corporate development activities, including fundraising. Commercial leasing and venue hire income held steady year-on-year. As the previous one-off upfront endowment of HK\$21.6 billion from the Government is almost exhausted, interest

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income has reduced by 24% year-on-year, from HK\$297 million to HK\$226 million. Overall, the Authority's underlying income decreased by 18% year-on-year, from HK\$1,061 million to HK\$871 million (Five-Year Financial Summary in **Appendix G**).

31. Faced with economic uncertainties, the Authority has upheld fiscal prudence, strictly managing its operating expenses. Overall, despite an expanding business portfolio, with a steady growth in the number of visitations and several new initiatives to fulfil its public mission, as well as investment in commercialisation projects, the Authority has maintained the operating expenses at HK\$1.64 billion in FY2024/25, on par with FY2023/24. The underlying operating deficit increased from HK\$578 million in the previous year to HK\$769 million, but remained broadly comparable to HK\$772 million in FY2021/22 and HK\$718 million in FY2022/23. In FY2024/25, the Authority met all the key performance indicators ("KPIs") on financial discipline set by the Government, including a triennial cap on operating deficits and a cap on the percentage of staff cost to the total annual operating expenditure.

32. For FY2024/25, the cost recovery rates of HKPM, M+, and the Performing Arts Division were 44%, 44%, and 30%, respectively, on par with those of established cultural institutions worldwide (comparison of the cost recovery rates in **Appendix H**). The Authority's cost recovery rate was 37%; and 51% when interest income was included. The Authority remains firmly committed to investing in end-to-end capacity building and expanding its repertoire of self-produced and commissioned intellectual property ("IP"), laying the foundation for WestK to establish itself as a global cultural institution. The Authority will also actively respond to market changes and implement robust revenue generation and commercialisation measures to provide a more solid foundation for achieving long-term financial sustainability.

33. Taking an overview of cultural districts around the world, the one-off endowment and self-financing operational model of WKCDA are unique and inherently challenging. Due to various external factors, including the pandemic, the incomes from the Hotel/Office/Residential ("HOR") and retail, dining, and entertainment ("RDE") developments in the District are not yet available to bridge the operating deficit of the completed arts and cultural facilities, the Authority continues to face

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cash flow problems despite its satisfactory operational performance in recent years. Facing the various financial challenges (see **Appendix I**), WKCD has been fulfilling the commitment to operate the WestK project on a self-financing basis, provided that the Authority does not require additional government funding. The Chief Executive in Council approved, with conditions, on 16 July 2024 the relaxation of the Enhanced Financial Arrangement (“EFA”) for WestK that was approved in 2016. This relaxation of EFA lifts the “Built-Operate-Transfer-only” restriction for residential developments within Zone 2 of the District and permits the sale of residential developments, unleashing and enhancing the development potential of the HOR portion of the District. In the short term, it provides the necessary conditions for the Authority to pursue various financing options and explore new revenue sources. In the medium to long term, it will contribute to the diversification of HOR development models and hence creating the necessary cashflow. The relaxation of EFA enables WKCD to have sufficient financial resources to meet its operational needs and expected capital outlay in the coming 10 years without increasing the financial burden of the Government. It also allows WKCD to devise and implement revenue generation and commercialisation measures in order to fulfil its commitment to operate WestK on a self-financing basis. On 20 June 2025, the Town Planning Board approved the related planning application for the proposed residential developments in Zone 2B of the District, and the Authority will proceed with the project in a steady manner.

Economic Impact

34. While the operation of WestK continues to expand, its economic and social contributions to Hong Kong are becoming increasingly evident. According to an impact study commissioned by WKCD in 2024, WestK created about 11 400 full-time equivalent (“FTE”) jobs, contributed HK\$8.32 billion to Hong Kong’s GDP, and generated a total tax contribution of HK\$680 million for the Government. The Authority expects that with the completion and opening of more arts and cultural facilities, along with the introduction of more world-class exhibitions and performing arts programmes in the coming years, WestK will deliver even greater benefits to society.

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WAY FORWARD

35. Despite facing formidable challenges, the Authority developed WestK as Hong Kong's new cultural landmark, garnering global recognition and significantly enriching Hong Kong's arts, culture and creative industries. The two museums at WestK have been ranked among the world's top 100 most popular art museums for two consecutive years, an achievement that has received high acclaim from both Mainland and international peers. This further enhances the cultural soft power of Hong Kong and the country as a whole, consolidating Hong Kong's position as an East-meets-West centre for international cultural exchange.

36. With the Government's support through a series of policies, and as the WestK Quay and WestK Performing Arts Centre will progressively be completed and opened, the Authority will leverage the unique strengths of WestK as both a world-class cultural hub and an integrated cultural and commercial development. Through a range of initiatives aligned with the visions and directions outlined in the Chief Executive's 2024 Policy Address and the Blueprint for Arts and Culture and Creative Industries Development, the Authority will continue to propel the development of Hong Kong's arts and creative industries, striving to establish WestK as an iconic international cultural brand.

ADVICE SOUGHT

37. Members are invited to note the latest progress of the District.

**West Kowloon Cultural District Authority
October 2025**

Appendix A

Annual Figures At a Glance of West Kowloon Cultural District

Visitation to WestK in 2024

- Total visitations to WestK: Over 15,000,000
- Visitations to M+: Over 2,600,000
- Visitations to HKPM: Over 900,000
- Performing Arts programme audience reach: about 260,000

Cultural and Creative Tourism *(Based on surveys conducted in March 2025)*

- Proportion of tourists (including tourists from the Mainland and overseas) among museum visitors:
 - M+: 62%
 - HKPM: 75%

Capacity Building

- Participants of WestK's Performing Arts learning programmes in FY2024/25: Over 54,600
- Participants of Museum learning programmes in FY2024/25: Over 1,088,500
(Activities of academia, schools, family, community and young people, and interpretation, digital and research programmes included)

Business Development

- Occupancy of WKCDA's Commercial Leasing Portfolio: 100% *(As of 31 March 2025)*
- External hirer events across WKCD in FY2024/25: Over 500
(WestK's performing arts venues and museums' spaces, and public open spaces for hire included)

Social Media

Followers of WestK's social media channels: Over 1,012,750 (As of March 2025, including *Facebook, Instagram, LinkedIn, YouTube, WeChat, RedNote and TikTok*)

Appendix B

WKCD A's Global Partnership Network

Institutions having signed collaborative agreements with HKPM

Country & City	Institution	Signing Date
Mainland China Nanjing	Nanjing Museum	April 2023
Mainland China Shanghai	Shanghai Museum	March 2024
France Paris	Musée national des arts asiatiques-Guimet	March 2024
France Versailles	The Palace of Versailles	March 2024
Japan Tokyo	Tokyo National Museum	March 2024
Spain Madrid	Museo Nacional Del Prado	March 2024
Qatar Doha	Qatar Museums, Qatar (on behalf of Museum of Islamic Art)	March 2024
United Kingdom London	Victoria and Albert Museum	March 2024
Mainland China Hangzhou	School of Art and Archaeology of Zhejiang University	February 2025
Mainland China Shanghai	Fudan University	May 2025
Egypt Cairo	Supreme Council of Antiquities	June 2025

Institutions having signed collaborative agreements with M+

Country & City	Institution	Signing Date
France Paris	Centre Pompidou	March 2024
France Paris	Musée national Picasso- Paris, France	March 2024
Japan Tokyo	The National Art Center	March 2024
Korea Seoul	Leeum Museum of Art, Samsung Foundation of Culture	March 2024
Qatar Doha	Qatar Museums	March 2024

United Arab Emirates Sharjah	Sharjah Art Foundation	March 2024
United Kingdom London	Tate	March 2024
United States Los Angeles	Getty Conservation Institute	March 2024
Singapore	Asian Film Archive	March 2024
Thailand Nakhon Pathom	Film Archive (Public Organisation)	March 2024
Mainland China Shanghai	Power Station of Art	March 2024
Korea Gwangju	National Asian Culture Center	August 2024
Australia Sydney	Museum of Applied Arts and Sciences (MAAS or Powerhouse)	September 2024
United States New York	The Museum of Modern Art	February 2025

Institutions having signed collaborative agreements with the WestK Performing Arts

Country & City	Institution	Signing Date
Mainland China Beijing	Silk Road International League of Theatres	December 2017
Mainland China Shanghai	The Shanghai Center of Chinese Operas	August 2023
Mainland China Shanghai	SMG Performing Arts Group	August 2023
Mainland China Beijing	China Theatre Association	September 2023
Mainland China Chongqing	Chongqing Chuanju Theatre	November 2023
Mainland China Shijiazhuang	Shijiazhuang Arts Research Bureau	November 2023
Mainland China Wenzhou	Communication Department of Wenzhou Municipal Committee	November 2023

Summary of the major capacity building and audience cultivation programme of WestK

Capacity Building

WKCD

- Five internship programmes were implemented in 2024/25, which provided unique opportunities for a total of 102 young interns to work in different areas of the WKCD's operations and broaden their perspectives. The summer internship programme also provided 23 undergraduate interns with work opportunities in WKCD.

M+

- In 2024/25, M+ recruited 20 interns to participate in the M+ internship programme. The interns were graduates from various universities in Hong Kong. M+ professionals provided the interns with theoretical and practical training in curation, museum studies, conservation, and collection management.
- The M+ educator training programme nurtures new arts educators. Last year, M+ collaborated with 41 part-time freelance educators to provide training on art and design education. This enabled them to lead learning activities in the museum and engage with diverse audiences, including individuals with disabilities, teachers, students, and visitors from various backgrounds.
- M+ has established Acquisitions Councils to raise funds for the research and acquisition of artworks and objects that support the development of the collections across various disciplines. Among them, the New Art Council (established in 2017) aims to support, recognise, and collect works by young and emerging artists from the Greater China Region. The International Council for Visual Art (established in 2019) focuses on acquiring works by renowned visual artists from Asia and around the world. The Council for Design and Architecture (established in 2020) aims to acquire design and architecture collections from Asia and beyond. Since the inception of these councils, 255 works of art, architecture, and

design have been acquired through fundraising, expanding the breadth, geographic scope, and historical depth of the M+ Collections.

- The Sigg Fellowship for Chinese Art Research supports new research on Chinese art that engages with the M+ Collections, reflecting the museum's commitment to enriching contemporary dialogues about regional art. The selected researcher for the third year (2024/25) is Dr Mei Huang, a writer, researcher, and independent curator. Her research examines the art practices of ethnic minorities from China's border regions during the 1990s and 2000s.
- The “M+/Design Trust Research Fellowship Programme” is an initiative supported by the Design Trust, aimed at funding research projects that explore design and architecture in Hong Kong, the Pearl River Delta region, or Asia from a global perspective. The programme supports two independent research projects: one focusing on Hong Kong and the other addressing issues related to other regions in Asia.

Hong Kong Palace Museum

- Under the Memorandum of Understanding with Fudan University, structured personnel exchange mechanisms will be established to foster collaboration and training in academic research, public education, and exhibition planning. Short-term visits will also be arranged to enhance mutual learning and exchange. In the long term, HKPM and Fudan University will explore opportunities to collaborate on public-facing museum studies training courses.
- HKPM has launched the “Hong Kong Palace Museum Pilot Chinese Art Professional Training Programme”, set to run from 2025 to 2030. This initiative aims to enhance the professional development of HKPM staff through fellowships at leading museums around the world. The Programme underscores the Museum's commitment to promoting the study and appreciation of Chinese art and culture by nurturing top talents in the museum sector in Hong Kong.
- Aiming to nurture Hong Kong artists and promote Chinese culture to future generations, HKPM has launched the thematic exhibition *Dwelling in Tranquillity—Reinventing Traditional Gardens* in Gallery 7, running from October 2023 to February 2025. This

exhibition interprets and reinvents the art of Chinese gardens through seven new artworks created by eight interdisciplinary artists and artist groups from Hong Kong. Additionally, HKPM presented the exhibition *City Rhythms: Chinese Traditional Culture Reinterpreted* from June to July 2025, showcasing cross-disciplinary works by 16 Hong Kong artists in painting, video, and multimedia art during WestK Shanghai Week 2025.

Performing Arts

- Tea House Rising Stars Troupe is the first venue-based artistic troupe in Hong Kong, offering training and performance opportunities through the Tea House Theatre Experience under the artistic curatorship of Mr Law Kar-yin.
- The “Freespace Ensemble” is the boundary-expanding initiative launched by the WestK Performing Arts in 2021. It offers musicians regular opportunities to collaborate across genres, experiment with new compositions and arrangements, and showcase their new music in and around Freespace.
- Arts Impact Fellowship supports young artists, educators, researchers and arts administrators in developing pioneering research initiatives that inspire change, foster community engagement, and build audience in Hong Kong. In 2025, fellows of the Arts Impact Fellowship 2024 developed and presented their projects as part of the public programme at WestK FunFest 2025.
- In June 2025, 11 emerging Hong Kong musical theatre creators showcased six works in a series of semi-staged showcase performances following months of creative collaborations under “Musical NEXT” Creatives Incubation Scheme. The participants were divided into six groups, each crafting an original musical book of approximately 30 minutes in length under the guidance of their mentors. Organised by Actors’ Family, in collaboration with WestK as Strategic and Venue Partner, this initiative aims to nurture talented playwrights, composers, and lyricists passionate for musical theatre, while uncovering original musicals with potential.
- In 2025, WestK Performing Arts launched “WestK Performing Arts: In Dialogue”, the inaugural session of WestK’s new arts leadership talk series. The series provides a unique opportunity for industry professionals to gain insights from a prominent figure in the performing arts and engage in dialogue that will shape the future

of the field. The first talk, titled “WestK Performing Arts: In Dialogue with Sir Clive Gillinson – Unlocking the Future of Arts Engagement”, took place in July 2025.

Audience Cultivation

M+

- M+ has organised a series of lectures and public forums through the “M+ Lars Nittve Keynote Lecture Series” and the “M+ Matters” series, inviting a diverse array of local, mainland, and international speakers to share their insights. These events are designed to offer the public a deeper understanding of the expansive themes within the M+ Collections.
- To date, M+ has welcomed visits from over half of the schools in Hong Kong. This year, the learning team expanded the school programme by offering large group visits, allowing entire primary classes to explore together, and providing self-guided tours for secondary schools to enhance students' opportunities for museum exploration. Additionally, M+ launched teacher tours to share art and design-centred teaching content.
- M+ provides programmes for NGOs and access groups, collaborating with the Hong Kong Association of Social Services to foster community engagement and enhance arts outreach. M+ has also launched the pilot programme for Creative Ageing, offering an in-depth 8-week artistic experience for seniors, which includes guided museum tours, interactive activities, and workshops within the museum.
- Family Days are held on the last Sunday of each month, and last summer, M+ launched its first day camp for children. Both activities are designed to emphasise intergenerational engagement, allowing both adults and children to participate. These events include gallery visits, art making, creative play, and reflection.
- From last year to this year, "M+ at Night" took place on the first Friday of select months, hosting a total of 10 events. In 2024/25, six editions attracted over 10,500 participants. Each event ran from 7:00 pm to midnight and featured a diverse array of offerings, including live music performances, interactive workshops, gallery

tours, and engaging discussions, consistently attracting thousands of visitors.

- M+ actively cultivates audiences through its Moving Image programming, at the Mediatheque, M+ Live Cinema programme, alongside collaborations with the Hong Kong International Film Festival and the ASEAN Film Festival. Since 2022, M+ has partnered with the Hong Kong International Film Festival, offering specially curated screenings, talks, and introductions featuring filmmakers to broaden its audience and enhance their appreciation for cinematic works. Additionally, since 2023, M+ has co-presented the ASEAN Film Festival, organised by the Hong Kong-ASEAN Foundation, connecting audiences, filmmakers, and stakeholders in their appreciation of outstanding films by filmmakers and artists from the ASEAN region.
- Since 2018, the M+ Live Cinema programme has continued its experimental approach by presenting interwoven experiences of moving images, sound, and live performance. This initiative has also fostered innovative collaborations with fellow WestK institutions, such as the Freespace Ensemble, expanding M+'s audience to include those interested in music and the performing arts.

Hong Kong Palace Museum

- Crafted to align with its exhibitions and other significant cultural themes, HKPM offers a diverse movie screening programme complemented by engaging post-screening discussions. This initiative aims to inspire audiences to deepen their understanding of the exhibitions and the associated cultural and artistic realms from various perspectives.
- HKPM offers a variety of workshops for the public, themed around Chinese painting and calligraphy, ceramics, printmaking, jewellery-making, and other artistic disciplines. Notably, the “Little Archaeologists Family Workshop” series has been well-received by family participants. This series provides children with a hands-on experience of archaeological work, fostering an appreciation for cultural artefacts.
- In selected seasons, HKPM also offers a sleepover event called “Adventure Night @HKPM”. This event invites families to explore the museum in a unique evening setting, engaging in a variety of

family-friendly activities inspired by the lives of ancient imperial officials.

- HKPM places a strong emphasis on forging enduring partnerships with local schools and the educational community. It offers a range of educational opportunities, including school group visits, workshops, flagship outreach programmes, and exhibition guides for teachers and students. These initiatives promote the use of HKPM as a valuable learning resource.
- HKPM co-organises with the Education Bureau of the Government to promote Chinese arts among primary and secondary students through various art competitions. These include the “Stories of the Hong Kong Palace Museum Treasures – Picture Book Creating Competition”; “Stories of the Hong Kong Palace Museum Treasures – Handmade Picture Book Creating Competition”; and “Relishing Creativeness in the Hong Kong Palace Museum – Music Composition Competition” in 2024/25. Additionally, HKPM collaborates with the Education Bureau to organise lectures and guided tours, providing teachers with professional development opportunities.
- Through the docent and volunteer programmes, HKPM invites community members to participate actively in the museum's activities. These dedicated individuals provide invaluable assistance in various areas, enriching visitors' experiences at HKPM.
- HKPM runs a community outreach programme that offers workshops and docent-led discussions at community centres. This initiative aims to foster an appreciation for Chinese culture and arts, stimulating public interest in Chinese art and inspiring visits to the Museum. Additionally, it provides an avenue for those who, for various reasons, are unable to physically visit the Museum to engage with the essence of the exhibitions.
- Through its lecture series, HKPM invites directors and experts from top museums in both mainland China and abroad to serve as guest speakers. The topics covered span various fields, including museum operations, archaeology, Chinese art, Islamic art, Sino-French cultural exchange, and artefact conservation.

Performing Arts

- Through “The Fourth Wall” programmes, lectures, workshops and experiential activities led by creative talents from various fields are closely tied to everyday themes. These activities aim to transcend the boundaries of the stage through diverse forms of sharing, inspiring participants to discover the beauty in ordinary life from new perspectives and to enjoy the process of integrating creativity and art into daily life. In 2025, "The Fourth Wall " selected themes worth exploring in modern urban life and held relevant lectures and workshops.
- In 2025, WestK presented “WestK x Hong Kong Chinese Orchestra: Chinese Tea and Music”, an immersive tea and music experience at Xiqu Centre’s Tea House Theatre, designed to evoke the charm of traditional Chinese teahouses. The audience can enjoy live performances of traditional Chinese music by musicians from the Hong Kong Chinese Orchestra, complemented by a tea demonstration expertly brewed by Tea Masters from Linong Tea. This multisensory journey of music appreciation seamlessly blended different art forms, offering a tangible understanding of the all-encompassing beauty of Chinese culture.
- In collaboration with Premiere Performances of Hong Kong, the “Premiere Performances Jazz Series”, in partnership with the world-renowned Jazz at Lincoln Centre, invited top-tier musicians to perform in Hong Kong. Prestigious artists took the stage one after another, allowing the audience to experience the essence of jazz from New York’s legendary scene up close in the uniquely styled Tea House Theatre.
- Launched in the summer of 2025, FreeWave is an innovative music series that features a blend of live and online performances. It highlights boundary-pushing artists from diverse genres and styles, offering a fresh and unconventional sonic experience. The inaugural performance, “FreeWave Vol. 1: Midnight Cowboy – Midnight Go Round”, immersed the audience in an unforgettable evening where the vibrant energy of the city met the enchanting magic of music and poetry.
- The Tea House Theatre Experience offers a selection of songs, instrumental musical pieces, and performance excerpts paired with fine tea and dim sum every Friday to Sunday. This experience includes narration by an expert moderator, providing insights into the history of this art form. Presented by WestK’s very own Tea

House Rising Stars Troupe and curated and directed by the legendary Cantonese opera artist Law Ka-ying, the Tea House Theatre Experience is specially designed to introduce new audiences to Cantonese opera—the local form of Chinese opera, or xiqu.

- Xiqu Centre offers guided tours conducted in Cantonese, English, or Putonghua, leading participants through the main facilities of the centre. The tours explain how each thoughtfully designed space meets the unique artistic needs of traditional Chinese opera, while also offering interesting insights into xiqu and Chinese culture.
- The "Tea House Student Matinees Scheme" is specially designed for primary and secondary school students, aiming to spark their interest in xiqu and traditional culture. This educational programme features performances at the Tea House Theatre, accompanied by post-performance workshops, combining various forms of entertainment, including excerpt performances and Cantonese music. This approach allows students to appreciate the art of xiqu up close and understand the rich Chinese culture embedded in its stories. Additionally, the programme offers a free online Cantonese opera appreciation module, enabling students to engage with Cantonese opera performances and culture without constraints on learning schedules or locations.
- Every month, on two Friday evenings, "Freespace Live" presents a vibrant array of jazz performances from Hong Kong at Freespace Lau Bak Livehouse. Audiences can enjoy craft beer in the outdoor space, immersing themselves in the music. They can also picnic on the grass, cheering for the exciting performances, or relax inside the restaurant while savouring exquisite food and drinks, experiencing the charm of live music up close.

Appendix D

Batching and Target Completion Timeframe of Major WKCD Facilities

Batching	Facilities	Status or Target Opening Date
Batch 1	Arts Pavilion <i>(previously called M+ Pavilion)</i>	Opened in 2016.
	Xiqu Centre <i>(including Grand Theatre and Tea House Theatre)</i>	Opened in 2019.
	Freespace	Opened in 2019.
	M+ Building	Opened in 2021.
Batch 2	WestK Performing Arts Centre (WestK PAC) <i>(including Grand Theatre, Medium Theatre and Studio Theatre)</i> ^{Note 1}	Under construction and target for completion in 2026.
	Medium Theatre II ^{Note 1}	Incorporated into the WestK PAC
	Artist Hostel/ Residence	To be reviewed and implemented at a later stage to be in line with the organic growth approach of WKCD.
	Formerly Centre for Contemporary Performance (including two Black Box Theatres)	One of the three black box theatres originally planned to be located in the Centre for Contemporary Performance has been incorporated into the WestK PAC. The mode of development and the location of the remaining two black box theatres are to be reviewed.
Batch 3	Music Centre (including Concert Hall and Recital Hall)	High priority under the Enhanced Financial Arrangement.
	Music Theatre	To be reviewed and implemented at a later stage to be in line with the organic growth approach of WKCD.
	Great Theatre	To be reviewed by WKCDA and delivered gradually
	Medium Theatre I	

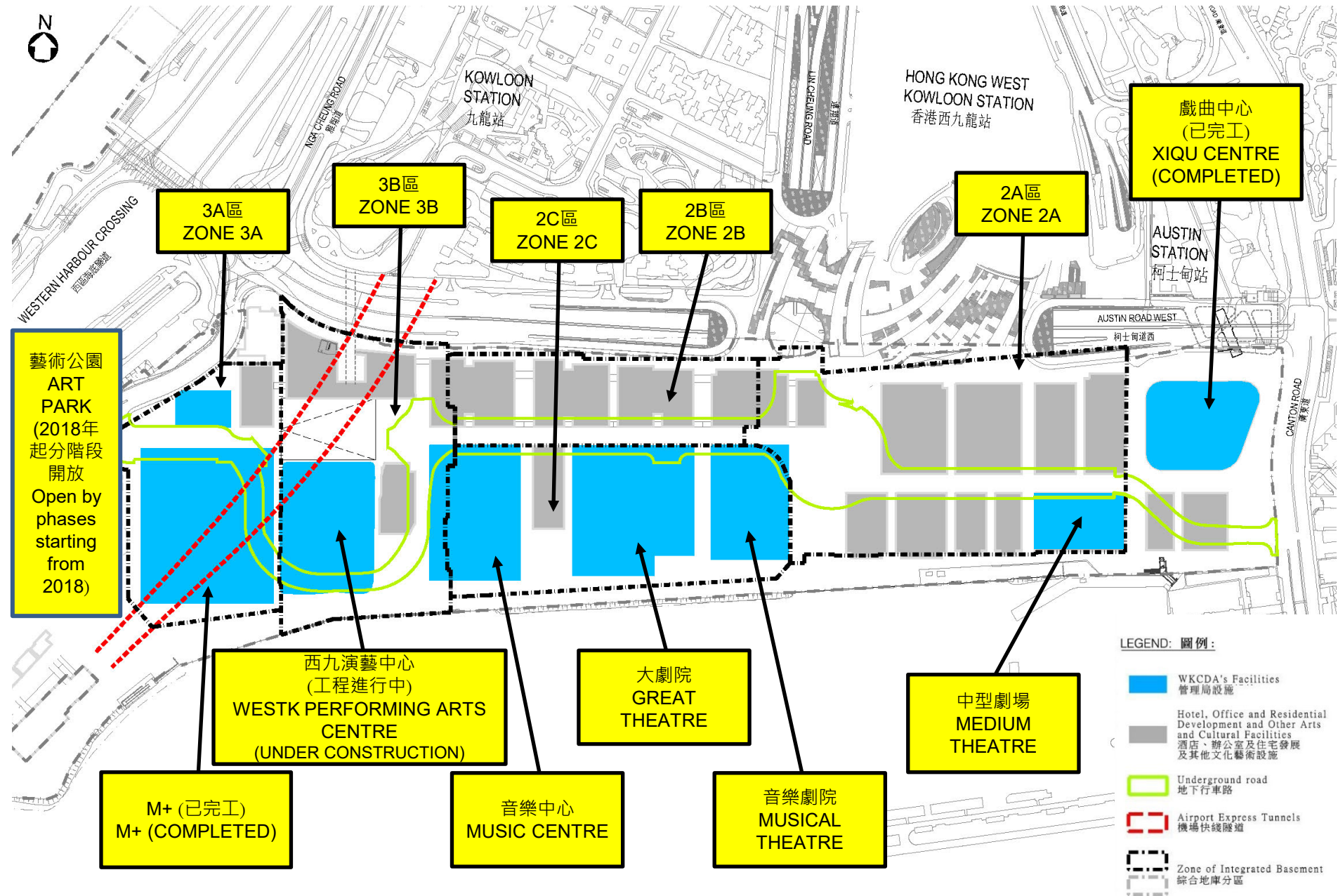
		having regard to demand in line with the organic growth approach of WestK
Not phased	Hong Kong Palace Museum (HKPM)	Opened in July 2022.
	Exhibition Centre	To be reviewed and implemented at a later stage to be in line with the organic growth approach of WKCD.
	M+ Phase II	Opened in April 2021
	Xiqu Small Theatre	The need for these two facilities will be reviewed by WKCD.

Open Space <i>Note 2</i>	Status or Target Opening Date
Art Park (about 10 hectares (ha))	Opened in stages from 2018 to 2020.
Artist Square and the waterfront promenade near HKPM and Exhibition Centre (about 1.9 ha)	The waterfront promenade near HKPM was opened in 2022 while the provision of the remaining area will be tied in with the adjacent developments.
Part of the waterfront promenade from M+ Building to Medium Theatre I (about 3 ha)	The waterfront promenade near M+ Building was opened in 2021 while the provision of the remaining area will be tied in with the adjacent developments.
Remaining sections of waterfront promenade and The Avenue (about 3.2 ha)	The provision of the open space will be tied in with the adjacent developments.
Remaining sections of waterfront promenade and The Avenue (about 3.2 ha) Open space within “Other Specified Uses” annotated “Arts, Cultural, Entertainment and Commercial Uses(1)” (“OU(ACECU)1”) to “OU(ACECU)5” zones on the Approved Development Plan (not less than 5.77 ha)	

- Note 1 The originally proposed Medium Theatre II and one black box theatre (now called Studio Theatre) of the facility formerly named the Centre for Contemporary Performance were incorporated into the WestK PAC to advance their provision.
- Note 2 The Land Grant stipulates the provision of not less than 21.98 ha of open space within WKCD, among which, not less than 12 ha and not less than 16 ha shall be provided within 5 years and 10 years respectively from the date of execution of the Land Grant, viz. 2025 and 2030.

綜合地庫發展分區圖 Zoning Plan of the Integrated Basement

附錄 E Appendix E

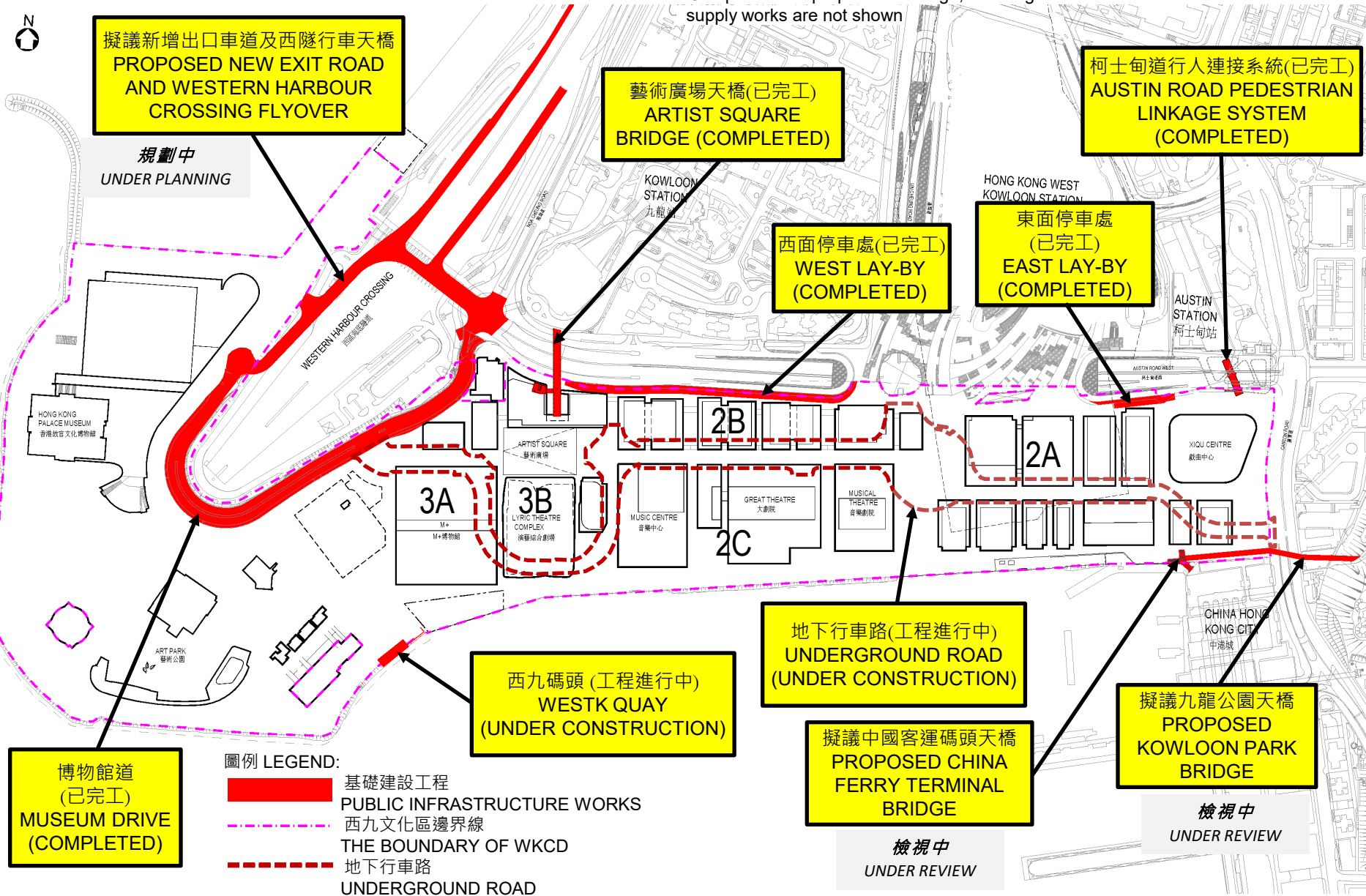


基礎建設工程位置圖

Location Plan of Public Infrastructure Works (PIW)

附錄 F Appendix F

* 未顯示已完成和擬議的排水, 排污和供水工程
 * Completed and proposed drainage, sewerage and water supply works are not shown



Appendix G

Five-Year Financial Summary Financial Results For the Year Ended 31 March 2025

(HK\$' million)	Note	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Operating Income						
Admission and programme	1	3	7	104	189	144
Fundraising	2	9	27	197	241	167
Leasing, carparking, venue hire and retail	3	29	68	240	321	321
Other		3	6	12	13	13
Sub-total		44	108	553	764	645
Bank interest and investment income		367	323	193	297	226
Total underlying income		411	431	746	1,061	871
Operating Expenditure						
Staff Costs	4	(391)	(449)	(443)	(448)	(571)
Programmes and research	5	(55)	(92)	(306)	(343)	(343)
Other operating expenses	6	(455)	(662)	(715)	(848)	(726)
		(901)	(1,203)	(1,464)	(1,639)	(1,640)
Underlying operating deficit before depreciation & finance costs		(490)	(772)	(718)	(578)	(769)

1. Admission and programme mainly include admission income for exhibitions and ticketing income for performances.
2. Fundraising includes sponsorship, donation and membership income, but excludes donation income for construction.
3. Leasing, carparking, venue hire, and retail include commercial leasing income and management fees, carparking income, venue hiring income and retail and merchandising income.
4. The reason for the increase in staff costs in FY2024/25 includes the completion of the Job Creation Scheme subsidised by the Anti-epidemic Fund in December 2023.
5. Programming and research include research, development and production costs for programmes and exhibitions; conservation and insurance costs for the collection.
6. Other operating expenses mainly include facilities management, venue operation, information and communication technology, government rent and rates and marketing and communication.

Comparison of Cost Recovery Rates

HK\$'million		FY2024/25	International References (FY2023/24*)				
		WKCDA	National Museum of Singapore, Singapore	Centre Pompidou, France (FY2022/23)	The Metropolitan Museum of Art, U.S.A.	Tate Gallery, U.K.	The Museum of Modern Art, U.S.A.
Self-generated incomes	[A]	611^	65^	374	1,188^	490^	1,152^
Operating expenses	[B]	(1,638)	(489)	(1,041)	(3,108)	(1,225)	(2,049)
Operating deficit	[C]	(801)	(424)	(667)	(1,920)	(735)	(897)
Cost recovery rates	[A/B]	37%	13%	36%	38%	40%	56%

**M+, HKPM
(FY2024/25)
44%**

* As most of the above cultural institutions have not yet released complete data for the FY2024/25 fiscal year, data for the FY2023/24 is listed for reference.

^ Excluded investment income, interest income or donation of/for artwork for comparison purposes

Financial Challenges of the WKCD Project

WKCDA operates the WKCD project on a self-financing basis. However, WKCDA has continued to face financial challenges, which are the result of a combination of new developments and changes since the adoption of the recommendations of the Consultative Committee on the Core Arts and Cultural Facilities (“CACF”) of the WKCD (“CC Case”) in 2006, in addition to other external factors that took place throughout the development of the WKCD project in past years.

Key factors and developments leading to WKCDA’s financial challenges are summarised as follows:

Cost escalation and extended development timeframe

1. There has been significant escalation of construction costs since the approval of the upfront endowment of \$21.6 billion in 2008 (by 147% from Q3 2006 to Q1 2025¹ or by average increase of 4.9% per annum compounded since 2006 as opposed to 2% assumed in the CC Case);
2. The almost 4-year prolonged planning and public engagement process had resulted in approval of the Development Plan by the Chief Executive in Council only in 2013. The cost for delivering the CACF had escalated significantly during this period;
3. The complexity in implementing the ‘City Park’ design concept, which makes construction of an Integrated Basement a prerequisite of any topside developments, has increased construction costs and extended the delivery timeframe of CACF. In addition, the LegCo approved funding for the Zone 2 Integrated Basement infrastructure and associated works does not cover the installation of necessary Mechanical, Electrical and Plumbing (“MEP”) and Architectural Builders Works and Finishes (“ABWF”) other than those for the underground road and communal areas, as well as works related to the avenue, promenade and district cooling system. The cost of MEP and ABWF works is expected to be substantial;
4. In 2013, the Government and WKCDA decided to adopt a pragmatic approach to implement the WKCD project in three batches that the development timeframe has been considerably extended;

¹ The estimated costs in the CC Case were prepared by the Financial Advisor in 2006. The Architectural Services Department’s tender price indices for building works in the public sector has gone up from 751 in Q3 2006 to 1855 in Q1 2025.

5. In 2014, a planning application for minor relaxation of the development intensity was made to optimise the development potential of the WKCD site. Additional funding is required for the development of the additional gross floor area (15%) for arts and cultural facilities and retail, dining and entertainment (“RDE”) in the District;

Prolonged mismatch between revenues and expenditures

6. WKCDA suffers from serious delay in the receipt of recurrent income generated from major RDE facilities to meet the operating deficit of CACF in the interim. This is the result of the prolonged mismatch in the timing of cashflow due to the extended development timeframe, and the priority given to developing CACF, as well as the deferred possession until 2020 of the site occupied as construction site for the High Speed Rail (Hong Kong Section);
7. Investment return from the endowment has significantly declined for a sustained period due to the high volatility of global investment markets. The actual investment return from the endowment (3.1% per annum from 2008-09 to 2021-22) is significantly lower than the assumed rate of 6.1% per annum in the CC Case;
8. Since 2013, WKCDA has reported on various occasions about the financial challenge ahead, and the endowment fund and investment income would only be sufficient to build the Batch 1 and most of the Batch 2 arts and cultural facilities, whereas the remaining of Batch 2 and Batch 3 facilities would be reviewed subject to funding availability;
9. Under the EFA, the Government granted the long-term development rights of the entire hotel, office and residential (“HOR”) portion of WKCD to WKCDA. However, the topside HOR and RDE will only be completed in phases by 2030 after the Integrated Basement is completed; and
10. The Build-Operate-Transfer (“BOT”) tender for the Art, Commerce and Exhibition (“ACE”) package was aborted in August 2020 as a result of the highly unfavourable market conditions during the pandemic, thus aggravating the prolonged cashflow mismatch.

Negative Impact of COVID-19

11. To comply with the Government’s social distancing measures, all arts and cultural venues in the District were closed or operating at reduced capacity from time to time and the operating hours of the RDE outlets were reduced. Furthermore, the Authority has offered a total of four rounds of rental concessions to the RDE tenants during the pandemic. In FY2021-22, the Authority’s operating income was down by close to 60%

comparing to budget, from \$240 million to \$100 million (excluding investment income of around \$320 million).

12. The prolonged pandemic has also disrupted the Authority's revenue generation plans. Fundraising activities have to be deferred. Commercial leasing progress was adversely impacted as the office and retail market remained sluggish.
13. The construction progress was also affected as there were shortages of construction workers during the peak of the pandemic and some construction sites were closed temporarily for disinfection.
14. Impacted by the unfavourable market conditions post-pandemic, the BOT tender for the Artist Square Towers ("AST") package was not accepted by the Authority in February 2022. The AST package was re-tendered in September 2022 with enhanced terms and was awarded in November 2022.

Post-Pandemic Economic Complexity

15. Despite the resumption of normal economic activities in Hong Kong in 2023, the sluggish market conditions and high-interest-rate environment have dampened fixed asset investment, as evidenced by falling property prices, record-high vacancy rates for offices, and failures of a number of tenders for land sale and property development across Hong Kong. These have caused adverse impacts on the attractiveness of the BOT tenders and valuations of the HOR developments at WKCD.