

**Legislative Council
Finance Committee**

Recommendation of the Establishment Subcommittee

**Creation of three Supernumerary Directorate Posts
for Two Years in Home Affairs Bureau**

Purpose

This paper clarifies that the Financial Advisor, GHK (Hong Kong) Ltd, appointed by the Administration for conducting the financial assessment of the West Kowloon Cultural District project does not have any potential conflict of interest arising from its possible involvement in construction projects, as alleged in a recent article in a local newspaper.

The Allegation

2. At the Finance Committee meeting held on 13 June 2008 to consider the proposed creation of three directorate posts for two years in the Home Affairs Bureau for the West Kowloon Cultural District project, Members referred to an article in Hong Kong Economic Journal of 12 June 2008 which alleged that GHK (Hong Kong) Ltd might have a potential conflict of interest in conducting the financial assessment due to its involvement in construction works, and that such works undertaken by it were mostly related to

arts and culture. Members requested the Administration to provide further information on the matter in writing.

GHK (Hong Kong) Ltd's Statement

3. GHK (Hong Kong) Ltd has formally refuted the allegation of potential conflict of interest by sending a letter to the Chief Editor of Hong Kong Economic Journal on 13 June 2008 and requested a published retraction. A copy of the letter is attached at **Annex**. GHK (Hong Kong) Ltd has stated in its letter that GHK is a consultancy firm and does **not** undertake construction. Its wholly owned UK architecture practice is only a small team of less than 20 people specialising in renovating historical buildings in the UK.

Conclusion

4. GHK (Hong Kong) Ltd was appointed by the Administration as the Financial Advisor following the open and competitive consultants selection procedures set out in the Government's Stores and Procurement Regulations. The Consultancy Agreement signed between the Administration and GHK (Hong Kong) Ltd contains standard provisions on conflict of interest. GHK (Hong Kong) Ltd and all its sub-consultants have declared that they do not have any conflict of interest arising from their duties under the Consultancy Agreement. After considering the information

provided by the GHK (Hong Kong) Ltd to Hong Kong Economic Journal, the Administration does not consider that the allegation made in the article mentioned above can be substantiated. We therefore do not consider that any action needs to be taken vis-à-vis GHK (Hong Kong) Ltd over this allegation.

**Home Affairs Bureau
June 2008**



CHAN, King-Cheung
Chief Editor
Hong Kong Economic Journal
22nd Floor, North Point Industrial Building
499 King's Road
North Point
Hong Kong

Our Ref: J534/01/JBB

June 13, 2008

(by fax and mail)

Dear Mr Chan,

Ref: Hong Kong Economic Journal Article 12.06.08

I refer to the column written by Dr Lian Yi-Zheng and published in the Hong Kong Economic Journal on June 12, 2008.

GHK refutes the accusation of a conflict of interest. 'GHK' is a consultancy firm. We do not undertake construction. GHK fully owns a UK-based architecture practice 'Gilmore Hankey Kirke' which provides services in architecture, design and building conservation. Gilmore Hankey Kirke is a practice of less than 20 professionals, specialising in the restoration and refurbishment of listed buildings that are protected for their cultural and heritage value. It is implausible to assert that a GHK architecture team, which specialises in renovating historical buildings in the UK, would bid for, let alone win or indeed be sufficiently resourced to undertake, a design contract for West Kowloon.

Furthermore, the West Kowloon Cultural District contract signed between GHK (Hong Kong) Ltd. and the HKSAR Government specifically includes well-established clauses covering declaration of interest of GHK and our sub-consultants to safeguard the public interest.

The accusations made by Dr Lian are groundless and extremely damaging to the reputation of GHK. With this letter GHK hereby registers an official complaint. We request a formal explanation and publication of a retraction to clarify this matter.

Yours sincerely,

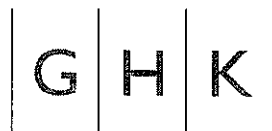
A handwritten signature in black ink, appearing to read 'Jonathan Beard', is written over the typed name and title.

Dr Jonathan Beard
Managing Director
GHK (Hong Kong) Ltd

GHK (Hong Kong) Ltd.

23/F, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong
Tel: +852 2868 6980 Fax: +852 2530 4302 E-mail: email@ghkint.com.hk www.ghkint.com
香港灣仔告士打道128號祥豐大廈23樓

GHK (Hong Kong) Ltd. is a subsidiary of GHK Holdings Ltd.



cc. Ms E Leung, Deputy Secretary for Home Affairs (West Kowloon Cultural District)
Mr Cho Chi-Ming, Director, Hong Kong Economic Journal
Mr R Jarvis, Chairman, GHK

Mr A Child, Executive Chairman, Knight Frank Petty Ltd
Mr R Yau, Director, Ove Arup and Partners, Hong Kong Ltd
Mr D Fishel, Director, Positive Solutions
Mr B Lord, President, Lord Cultural Resources
Mr E Yuen, Managing Director, KPK Quantity Surveyors (Hong Kong) Ltd

GHK (Hong Kong) Ltd.

23/F, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong
Tel: +852 2868 6980 Fax: +852 2530 4302 E-mail: email@ghkint.com.hk www.ghkint.com
香港灣仔告士打道128號祥豐大廈23樓

GHK (Hong Kong) Ltd. is a subsidiary of GHK Holdings Ltd.