

**立法會**  
**Legislative Council**

LC Paper No. CB(1)885/19-20  
(These minutes have been seen  
by the Administration)

Ref : CB1/PS/2/16

**Panel on Development and Panel on Home Affairs**

**Joint Subcommittee to Monitor the Implementation of  
the West Kowloon Cultural District Project**

**Minutes of meeting held on  
Monday, 27 April 2020, at 4:30 pm  
in Conference Room 3 of the Legislative Council Complex**

**Members present** : Hon Jeffrey LAM Kin-fung, GBS, JP (Chairman)  
Hon Jimmy NG Wing-ka, BBS, JP (Deputy Chairman)  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Claudia MO  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon MA Fung-kwok, SBS, JP  
Hon CHAN Chi-chuen  
Dr Hon Helena WONG Pik-wan  
Hon CHU Hoi-dick  
Dr Hon Junius HO Kwan-yiu, JP  
Hon Holden CHOW Ho-ding  
Hon Tanya CHAN  
Hon LAU Kwok-fan, MH  
Hon KWONG Chun-yu  
Hon Vincent CHENG Wing-shun, MH, JP  
Hon Tony TSE Wai-chuen, BBS

**Public officers  
attending** : **Agenda items IV and V**

Mrs Cherry TSE LING Kit-ching, JP  
Permanent Secretary for Home Affairs

Ms YING Fun-fong, JP  
Project Manager (Home Affairs Bureau)

**Agenda item IV**

Ms Alice PANG, JP  
Project Manager (South)  
Civil Engineering and Development Department

Mr Edmund CHAN Ping-wa  
Chief Engineer/S2  
Civil Engineering and Development Department

**Attendance by invitation : Agenda items IV and V**

Mr Duncan PESCOD, GBS, JP  
Chief Executive Officer  
West Kowloon Cultural District Authority

**Agenda item IV**

Mr Jeremy STOWE  
Chief Projects Officer  
West Kowloon Cultural District Authority

Mr NG Ying-chuen  
General Manager, Engineering Services  
West Kowloon Cultural District Authority

**Agenda item V**

Dr William CHAN  
Chief Commercial Officer  
West Kowloon Cultural District Authority

Ms Kitty FUNG  
Chief Financial Officer  
West Kowloon Cultural District Authority

Mr Kenneth WONG  
General Manager, Commercial Operations  
West Kowloon Cultural District Authority

**Clerk in attendance : Ms Doris LO  
Chief Council Secretary (1)2**

**Staff in attendance** : Mr Raymond CHOW  
Senior Council Secretary (1)10

Ms Christina SHIU  
Legislative Assistant (1)2

---

Action

*(In the absence of the Chairman, the Deputy Chairman took the chair.)*

**I Confirmation of minutes**

(LC Paper No. CB(1)494/19-20 — Minutes of meeting on  
25 November 2019)

The minutes of the meeting on 25 November 2019 were confirmed.

**II Information paper(s) issued since the last meeting**

2. Members noted that no information paper had been issued since the last meeting on 6 January 2020.

*(Post-meeting note: A letter dated 24 April 2020 from Hon Tanya CHAN (Chinese version only) requesting the Administration and the West Kowloon Cultural District Authority ("WKCD") to provide a chronology on the implementation of construction works under the West Kowloon Cultural District ("WKCD") project was tabled at the meeting and circulated to members by email vide LC Paper No. CB(1)515/19-20(01) after the meeting on 27 April 2020.)*

**III Application for late membership**

(LC Paper No. CB(1)424/19-20(01) — Letter dated 12 March 2020  
from Hon LAU Kwok-fan)

3. The Deputy Chairman invited members to consider Mr LAU Kwok-fan's application for late membership of the Joint Subcommittee. No member objected to Mr LAU's application. The Deputy Chairman said that Mr LAU's application for late membership was accepted by the Joint Subcommittee.

**IV West Kowloon Cultural District — Update on the development of Zone 2 and the connectivity with its neighbouring district**

(LC Paper No. CB(1)512/19-20(01) — West Kowloon Cultural District Authority's paper on West Kowloon Cultural District — Update on the development of Zone 2 and the connectivity with its neighbouring district

LC Paper No. CB(1)512/19-20(02) — Paper on the development of Zone 2 of the West Kowloon Cultural District and the connectivity of West Kowloon Cultural District with its neighbouring districts prepared by the Legislative Council Secretariat (Updated background brief))

4. The Joint Subcommittee deliberated (index of proceedings attached at **Annex**).

**V Update on the progress of the ACE Development Package of the West Kowloon Cultural District**

(LC Paper No. CB(1)512/19-20(03) — West Kowloon Cultural District Authority's paper on update on the progress of the Art, Commerce and Exhibitions Development Package of the West Kowloon Cultural District

LC Paper No. CB(1)512/19-20(04) — Paper on the Art, Commerce and Exhibitions Development Package of the West Kowloon Cultural District prepared by the Legislative Council Secretariat (Updated background brief))

5. The Joint Subcommittee deliberated (index of proceedings attached at **Annex**).

## **VI Any other business**

### Date of the next meeting and items for discussion

6. Members agreed that the next meeting would be scheduled for Monday, 1 June 2020, from 4:30 pm to 6:30 pm to discuss the following items proposed by the Administration:

- (a) Update on the financial situation of WKCD; and
- (b) Update on the development of M+ and Hong Kong Palace Museum.

*(Post-meeting note: The agenda for the meeting on 1 June 2020 was circulated to members vide LC Paper No. CB(1)573/19-20 on 28 April 2020.)*

7. The Deputy Chairman also informed members that, regarding the item "Update on the development of the Artist Hostel/Residence of WKCD" originally proposed to be discussed in June 2020 as indicated on the list of items for discussion by the Joint Subcommittee, the Administration and WKCDA advised that as a relevant update had already been provided at the meeting on 11 June 2018, there was currently not a need for a further update. Members noted.

8. There being no other business, the meeting ended at 6:37 pm.

**Panel on Development and Panel on Home Affairs**

**Proceedings of meeting of the Joint Subcommittee  
to Monitor the Implementation of the West Kowloon Cultural District Project  
held on Monday, 27 April 2020, at 4:30 pm  
in Conference Room 3 of the Legislative Council Complex**

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
<b>Agenda Item I – Confirmation of minutes</b>			
000533-000607	Deputy Chairman	Confirmation of minutes [LC Paper No. CB(1)494/19-20]	
<b>Agenda Item II – Information paper(s) issued since the last meeting</b>			
000608-000625	Deputy Chairman	No information paper had been issued since the last meeting.	
<b>Agenda Item III – Application for late membership</b>			
000626-000708	Deputy Chairman	Acceptance of the application of Mr LAU Kwok-fan for late membership	
<b>Agenda Item IV – West Kowloon Cultural District — Update on the development of Zone 2 and the connectivity with its neighbouring district</b>			
000709-002949	Deputy Chairman Administration West Kowloon Cultural District Authority ("WKCDA")	Briefing by the Administration and powerpoint presentation by WKCDA [LC Paper Nos. CB(1)512/19-20(01) and CB(1)518/19-20(01)]	
002950-003523	Deputy Chairman Dr Helena WONG Administration WKCDA	<p>Dr WONG asked about:</p> <p>(a) the duration of the land grant executed by the Government in April 2020 to confer upon WKCDA a land title for the development and operation of West Kowloon Cultural District ("WKCD");</p> <p>(b) the timing of tendering out the right for developing the topside hotel, office and residential ("HOR") sites in Zone 2B, and whether WKCDA would tender out these sites through single or multiple development packages; and</p> <p>(c) an account of the planning for the topside arts and cultural facilities ("ACF") in Zone 2C, regarding which, to her disappointment, no fixed programme or funding model was derived.</p>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>The Administration responded that:</p> <ul style="list-style-type: none"> <li>(a) the Chief Executive in Council decided to grant the WKCD site to WKCDA for a period of 50 years in May 2019, the details of which were given in a paper (LC Paper No. CB(1)1128/18-19(03)) provided to the Joint Subcommittee in June 2019; and</li> <li>(b) under the enhanced financial arrangement ("EFA"), Batch 3 ACF (including those in Zone 2C) would be delivered gradually having regard to demand in line with the organic growth approach of WKCD and financial situation of WKCDA.</li> </ul> <p>WKCDA indicated that:</p> <ul style="list-style-type: none"> <li>(a) the Authority had undertaken some preliminary design work on the HOR developments in Zone 2 under which some HOR blocks were proposed to be amalgamated to create a larger and more efficient floor plate. WKCDA would conduct a public consultation on the revised design later this year. As the Integrated Basement ("IB") was just starting construction, the tendering exercise for the topside HOR developments had yet to commence; and</li> <li>(b) the Authority had conducted first round consultation on the development of the Music Centre, which was given priority among the ACF in Zone 2C to address the performance needs of the music community, and formed a preliminary idea on its delivery but this would be subject to funding availability.</li> </ul>	
003524-004141	Deputy Chairman Mr Tony TSE Administration	<p>Mr TSE expressed disappointment at the absence of a fixed development programme and funding model for the topside ACF in Zone 2C, and urged the Administration and WKCDA to work out at least a rough development plan. He then enquired about:</p> <ul style="list-style-type: none"> <li>(a) the assessment of the traffic conditions in the nearby area and measures to minimize the traffic impact in tandem with the progressive commissioning of WKCD facilities; and</li> </ul>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>(b) the delineation of responsibilities between WKCDA and topside HOR developers on the management of IB.</p> <p>The Administration advised that:</p> <p>(a) the implementation programme of Batch 3 ACF would be subject to on the improved financial situation of WKCDA upon completion of the topside HOR developments in WKCD; and</p> <p>(b) based on the results of the West Kowloon Reclamation Development Traffic Study ("the Traffic Study") by the Transport Department ("TD") completed in 2009, a number of transport infrastructure projects were carried out to enhance the connectivity of WKCD with its neighbouring district, including the junction improvement works at Canton Road, and an on-going consultancy study for a new vehicular exit road connecting West Kowloon Highway ("WKH") through Museum Drive. Moreover, a road linkage between WKH and Canton Road would be provided after completion of the underground road ("UR") in WKCD in around 2027/2028 and the ultimate vacation of the Tsim Sha Tsui Fire Station Complex ("TSTFSC") site.</p>	
004142-004724	Deputy Chairman Mr LAU Kwok-fan Administration WKCDA	<p>Mr LAU asked about:</p> <p>(a) a clear indication on the stage at which WKCDA would consider that its financial situation was adequately improved to enable implementation of Batch 3 ACF in Zone 2C; and</p> <p>(b) whether WKCDA would offer concessions for hirers of the Xiqu Centre to support Cantonese Opera troupes hard hit by the outbreak of coronavirus disease-2019 ("COVID-19").</p> <p>The Administration responded that:</p> <p>(a) under EFA, WKCDA would explore various financing options for the development of the Music Centre and to tide over the interim operating deficit; and</p> <p>(b) in light of the impact of social incidents since mid-2019 and the COVID-19 pandemic since</p>	



Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>early 2020, WKCDA had reviewed its financial situation and would update the Joint Subcommittee on the latest position at the meeting on 1 June 2020.</p> <p>WKCDA indicated that:</p> <p>(a) the Authority aimed at completing Zone 2 of IB ("IBZ2") in phases starting from 2025 with the topside HOR developments to follow. Meanwhile, the Authority had started planning for the topside HOR and ACF developments; and</p> <p>(b) the Authority had introduced various initiatives to support Cantonese Opera troupes, such as providing discounted rates of up to 50% (Day Base) for xiqu hirers at the Xiqu Centre, and commissioning local troupes to produce performances. During the closure of WKCD facilities amid the COVID-19 pandemic, the Authority had worked with the programme organizers to reschedule their programmes without extra charges.</p>	
004725-005201	Deputy Chairman Mr KWONG Chun-yu WKCDA	<p>Mr KWONG enquired about:</p> <p>(a) whether the recovery of the full value of the on-demand performance bond of around \$297 million under the M+ main works contract from AIG Insurance Hong Kong Limited ("AIG") could fully offset the additional costs incurred as a result of the termination of Hsin Chong Construction Company Limited's employment under that contract; if not, how WKCDA would settle the exceeded amount, and the final outturn cost of the M+ project; and</p> <p>(b) the latest expected date of obtaining the Occupation Permit ("OP") for the M+ building, and whether there would be further delays in light of the impact of the COVID-19 pandemic.</p> <p>WKCDA advised that:</p> <p>(a) the court's decision on the payment of the said performance bond was subject to appeal by AIG. Additional costs in excess of \$297 million were incurred, whilst the final cost of the M+ project could only be determined after expiry of the</p>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>one-year defects liability period following the practical completion of the project and be reported to the Joint Subcommittee in due course; and</p> <p>(b) the Authority expected to obtain OP for the M+ building in July 2020, meaning a three-month delay from the previous target date. The Authority thanked the Government for its support. It had been working closely with relevant government departments to go through the inspection process. M+ could be open to the public from nine to 12 months after obtaining OP.</p>	
005202-010117	Deputy Chairman Ms Tanya CHAN Administration WKCDA	<p>Ms CHAN requested the Administration and WKCDA to provide a chronology on the implementation of construction works under the WKCD project as stated in her letter (LC Paper No. CB(1)515/19-20(01)). She then asked about:</p> <p>(a) details of the public consultation to be conducted by WKCDA later this year regarding the revised HOR design in WKCD as well as the change of the zoning boundary for IB in Zones 2B and 2C;</p> <p>(b) the latest status of the proposed footbridge to be provided over Canton Road to connect WKCD and the Kowloon Park as set out in the approved Development Plan ("DP") for WKCD;</p> <p>(c) measures in place to ensure the construction safety of the IB project since the flooding incident at the construction site of L1 Works Contract for the Lyric Theatre Complex and the Extended Basement in July 2019;</p> <p>(d) whether the completion time of the northern marine access point in WKCD could tie in with the commissioning of the Hong Kong Palace Museum ("HKPM"); and</p> <p>(e) the follow-up work with TD on further testing to evaluate the interaction of the autonomous vehicle with normal vehicular traffic in WKCD.</p> <p>WKCDA undertook to provide a written response to Ms CHAN's letter, and responded that:</p> <p>(a) the construction of IB was a pre-requisite of the topside developments, including ACF atop. The</p>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>Authority would fulfill its statutory responsibility to consult the public on IB's development;</p> <p>(b) construction safety was always the top priority of the Authority and all WKCD construction projects were subject to statutory regulation by the Buildings Department. A number of safety enhancement measures had been introduced for the IB project in Zone 2A, such as deploying a grouting team to stand by on site around the clock and installing clutch pipe piles to strengthen the water cut-off performance;</p> <p>(c) visitors could have access to HKPM via Artist Square Bridge ("ASB") and Museum Drive in future, as well as a covered walkway to be provided upon completion of the ACE project; and</p> <p>(d) the Authority had been working closely with TD on the autonomous vehicle trial, including an extension of the trial route. It would keep abreast of advancement in autonomous vehicles and other alternative options before making a decision on the form of technology to be adopted.</p> <p>The Administration added that the construction of the proposed footbridge connecting WKCD and the Kowloon Park was contingent on the ultimate vacation of the TSTFSC site. Meanwhile, the Administration would engage a consultancy study to explore the feasibility of a new alignment of the proposed footbridge if the remaining facilities of TSTFSC had to be remained in-situ at last. The Administration would update the Joint Subcommittee when more information was available.</p>	
010118-010414	Deputy Chairman Dr Helena WONG Administration	<p>Dr WONG welcomed the Administration's consultancy study on the construction of a footbridge to connect WKCD and the Kowloon Park, and hoped that a concrete proposal would be worked out soon.</p> <p>She then enquired whether the Administration and WKCD would discuss with operator of the New Yau Ma Tei Public Cargo Working Area and relevant government departments (e.g. the Marine Department) the feasibility of developing a walkway between Tai Kok Tsui/MTR Olympic Station and WKCD.</p>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>The Administration advised that, under the approved Development Plan of WKCD, there was no proposed pedestrian connection between Tai Kok Tsui/MTR Olympic Station and WKCD. Dr WONG's suggestion would be relayed to TD for their consideration.</p>	
010415-010749	Deputy Chairman Ms Tanya CHAN WKCDA	<p>Ms CHAN noted the existence of some ventilation shafts of the Guangzhou-Shenzhen-Hong Kong Express Rail Link on the ground floor of WKCD and was concerned that these structures might have impact on the layout of the WKCD facilities atop. She suggested WKCDA to mark their locations on the WKCD layout plans for members' reference. She then asked about the capacity of UR in WKCD for accommodating the vehicular traffic flow taking into account the various developments and abundant supply of parking spaces in the district.</p> <p>WKCDA undertook to consider Ms CHAN's above suggestion, and said that:</p> <p>(a) the DP for WKCD had set out the use of land in the district and the Authority had integrated the pre-existing structures around the district in the design of WKCD facilities. For example, the MTR ventilation building had been well integrated with the environment of the Art Park; and</p> <p>(b) the Traffic Study had assessed the traffic impact around and within WKCD. Besides, a traffic consultant was engaged in the development process of IBZ2 to ensure that the traffic and parking arrangements there were well addressed. The Authority was obliged to comply with the statutory requirement of the DP for WKCD by providing the required number of parking spaces.</p>	
010750-011453	Deputy Chairman Dr Junius HO WKCDA	<p>Dr HO suggested that WKCDA should provide a schematic plan showing the major facilities on top of IB and their completion dates for members' easy reference. He also queried why WKCDA was unable to provide a development programme for the topside ACF in Zone 2C.</p> <p>WKCDA advised that:</p> <p>(a) a schematic plan showing the major WKCD facilities and their completion dates was provided</p>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>to the Joint Subcommittee at the meeting on 25 November 2019 (LC Paper No. CB(1)149/19-20(02)). 25% of the WKCD developments (in terms of gross floor area ("GFA")) were completed or under construction;</p> <p>(b) a vast area of the WKCD site was on top of IBZ2 and the construction of IB was a pre-requisite of the topside developments in Zone 2. With the recent funding approval of the remaining works of IB by the Finance Committee ("FC"), IB was expected to be completed by phases starting from 2025; and</p> <p>(c) as the construction of the topside ACF in Zone 2C would depend on the income generated from the HOR developments in Zone 2 which was yet to commence, it was difficult for the Authority to provide a fixed development programme and funding model for the ACF concerned. Meanwhile, the Authority had planned ahead for the development of these facilities for their early commencement once funds were available.</p>	
<b>Agenda Item V – Update on the progress of the ACE Development Package of the West Kowloon Cultural District</b>			
011454-012521	Deputy Chairman Administration WKCD	Briefing by the Administration and powerpoint presentation by WKCD [LC Paper Nos. CB(1)512/19-20(03) and CB(1)518/19-20(02)]	
012522-012951	Deputy Chairman Ms Tanya CHAN WKCD	<p>Ms CHAN asked about:</p> <p>(a) details of the retail, dining and entertainment ("RDE") facilities under the ACE development package, and whether government, institution or community facilities would be provided therein;</p> <p>(b) details of the key performance indicators ("KPIs") of the ACE project, performance monitoring measures and the heaviest penalty (e.g. an early termination of the contract) in case of failure in meeting the KPIs; and</p> <p>(c) whether there were only a limited number of companies that possessed the experience of exhibition centre ("EC") operation and could meet the relevant tender selection criterion.</p>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>WKCD A responded that:</p> <ul style="list-style-type: none"> <li>(a) the ACE development package comprised an EC of 47 045 square metres ("sq m") GFA, hotel and rental offices of 81 066 sq m GFA and the RDE facilities of 6 894 sq m GFA;</li> <li>(b) the performance of the successful tenderer would be regularly monitored against KPIs, while the Authority would closely work with the successful tenderer to ensure its compliance with the contract requirements before imposing a penalty pursuant to the contractual penalty clauses, the ultimate and heaviest among which would be an early termination of the contract with the successful tenderer; and</li> <li>(c) a number of local and international companies were shortlisted and invited for submitting tenders for the ACE project.</li> </ul>	
012952-013455	Deputy Chairman Mr CHAN Chi-chuen WKCD A	<p>Mr CHAN enquired about:</p> <ul style="list-style-type: none"> <li>(a) the time when the EC site would be closed for development, and whether any alternate site would be provided for outdoor activities instead;</li> <li>(b) the design requirements of EC and any restrictions to ensure priority use of EC by arts and cultural activities to be set out in the tender document; and</li> <li>(c) why and when WKCD A decided to extend the BOT period for the ACE project from no longer than five years for development plus at least 30 years of operation to five years for development plus 38 years for operation, i.e. 43 years in total under the current proposal.</li> </ul> <p>WKCD A advised that:</p> <ul style="list-style-type: none"> <li>(a) the EC site was expected to be handed over to the private sector partner in 2021 for development;</li> <li>(b) the Great Lawn (which could accommodate up to 10 000 standing audience) and two smaller lawns (which could accommodate a few thousand audience) in the Art Park were already open and could compensate for the loss of outdoor performance venues in other parts of WKCD;</li> </ul>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>(c) the private sector partner should comply with the design requirements specified in the tender document, including the seating capacity of around 10 000 persons of its multi-purpose venue in concert mode. The tender document would also specify that EC should give priority to arts and cultural use; and</p> <p>(d) based on the strong feedback received from the expression of interest ("EOI") exercise that the original proposed BOT period was not commercially viable, the Authority extended the BOT period to 43 years in total.</p>	
013456-014232	Deputy Chairman Dr Helena WONG Administration	<p>Dr WONG expressed concerns that the prolonged 43-year BOT period of the ACE project would make it difficult for the public and the Legislative Council ("LegCo") to monitor the project, and the venues would require major renovation or demolition by the end of the BOT period. She suggested conducting a mid-term review to assess the performance of the successful tenderer, as for the Kai Tak Sports Park ("KTSP") project.</p> <p>The Administration responded that:</p> <p>(a) WKCDA had conducted an EOI exercise and made a rough cost estimate for the ACE project in 2019. In view of the site constraint and complexity as well as the development and operation costs, the BOT period was set as five years for development plus 38 years for operation so as to make the project commercially viable and attract more tender submissions to facilitate the selection of the most desirable proposal. Also, it was hoped that with a longer operation phase, the private sector partner was under less pressure for cost recovery and more willing to use the premises for arts and cultural purpose;</p> <p>(b) WKCDA was statutorily required to report the progress of the WKCD project at its open meetings and consult the public on matters concerning the development of WKCD. A LegCo Member, three public officers or their alternates and representatives from the arts and cultural sector were appointed as members of the WKCDA Board. As the ACE project would be</p>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>handed back to WKCDA after the BOT period, WKCDA's interest would be aligned with the community's interest for a successful arts and cultural hub. LegCo Members could also raise questions on the work of WKCDA; and</p> <p>(c) KPIs would be formulated to evaluate the performance of the private sector partner engaged in the ACE project over the whole operation phase.</p>	
014233-015041	Deputy Chairman Ms Claudia MO Administration WKCDA	<p>Ms MO also expressed grave concern over the long BOT period for the ACE project. She asked whether WKCDA would adjust the development plan of the ACE project or downsize the project to make it commercially attractive and not to become a "white elephant" project.</p> <p>The Deputy Chairman asked about the estimated payback period and profitable period for the ACE project under the 43-year BOT period.</p> <p>WKCDA advised that:</p> <p>(a) the Authority considered it appropriate to develop EC through an integrated development approach under the ACE development package, taking into account local and overseas experiences in EC operations and unfavourable responses received in its earlier consultation on developing an EC alone;</p> <p>(b) the hotel and rental offices would be built above the roads and over the western harbour portal, hence creating construction difficulties and raising the development cost. Longer BOT period could allow the private sector partner to recover the project development cost; and</p> <p>(c) the tenderers had to indicate the income sharing ratio in their tenders. Generally speaking, the longer the BOT period, the developer would have less pressure on cost recovery.</p> <p>The Administration supplemented that:</p> <p>(a) the KTSP project was not comparable as it was developed under the Design-Build-Operate model which was different from BOT as under which the Government funded the development cost whilst</p>	



Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>the private sector partner bore only the operation cost;</p> <p>(b) many 40-year old buildings (e.g. the Hong Kong Convention and Exhibition Centre (1st Phase)) were still in good conditions through proper maintenance and would not have to be demolished; and</p> <p>(c) the private sector partner was required to use about 35% of the total GFA of the ACE site for developing an EC and 60% for hotel and rental offices. The payback period for the hotel and rental office development alone was already very long.</p>	
015042-015747	Deputy Chairman Mr MA Fung-kwok WKCDA	<p>Mr MA enquired about:</p> <p>(a) the total number of EOI responses received for the ACE project, and the number of them that had called for a longer BOT period;</p> <p>(b) the shortlisting criteria, the number and/or list of shortlisted applicants for the ACE tender; and</p> <p>(c) the amount of payment for the development right to be paid by the successful tenderer under the BOT contract of the ACE project, and whether the successful tenderer would be required to make the said payment upfront in a lump sum, or by installments at different stages; if in the latter case, how WKCDA would select between a tender proposal with a higher proportion of front-end payment and another one with a higher proportion of back-end payment during the BOT period.</p> <p>The Deputy Chairman also asked if the successful tenderer of the ACE project would be required to pay WKCDA a financial guarantee to ensure that it would achieve KPIs set by the Authority.</p> <p>WKCDA advised that:</p> <p>(a) eight EOI responses from local and international companies had been received for the ACE project, and they expressed concerns over the duration of the BOT period. Following the closure of EOI, companies were shortlisted and invited for submission of tenders, but due to commercial</p>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>reasons, further information of them could not be disclosed. The shortlisted tenderers were required to pay WKCDA a bid security to secure their tender submissions; and</p> <p>(b) the successful tenderer would not be required to make an upfront payment to WKCDA in exchange for the development right of the ACE project, but would be required to share income with WKCDA derived from the operation of the premises. One of the tender selection criteria was the income sharing ratio and WKCDA would select the one that was most advantageous to the Authority. Besides, the successful tenderer would be required to procure a performance bond to guarantee its performance of the contract of the ACE project during the development period.</p> <p>Extension of time for 15 minutes</p>	
015748-020153	Deputy Chairman Ms Tanya CHAN Administration WKCDA	<p>Ms CHAN urged the Administration and WKCDA to ensure priority use of EC for arts and cultural activities during the BOT period, and asked about:</p> <p>(a) whether the income generated from the ACE project could finance the development of Batch 3 ACF; and</p> <p>(b) whether the proposed development of the new vehicular exit road connecting WKH through Museum Drive would dovetail with the completion of the ACE project.</p> <p>WKCDA responded that:</p> <p>(a) the amount of income generated from the ACE project was not sufficient to cover the development cost of Batch 3 ACF; and</p> <p>(b) upon completion of the new vehicular exit road, vehicles could exit WKCD for access to WKH.</p> <p>The Administration said that the implementation programme of Batch 3 ACF would be subject to the improved financial situation of WKCDA expected to be realized through the HOR developments in Zone 2. While the provision of Government funding might enable an early delivery of Batch 3 ACF, this would go against members' previous views that no further</p>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>public funds should be injected to the WKCD project. The delivery timetable for Batch 3 ACF would therefore be subject to funding availability, including public funds which will be subject to LegCo's approval.</p>	
<p>020154-020711</p>	<p>Deputy Chairman Dr Helena WONG Administration WKCDA</p>	<p>Dr WONG enquired about:</p> <ul style="list-style-type: none"> <li>(a) the ratio of operating income of ACE to be shared with WKCDA by the successful tenderer and how this ratio was set;</li> <li>(b) the height of the hotel and rental offices under the ACE project, and whether these developments would create a wall effect;</li> <li>(c) the impact on the pedestrian and vehicular connections in WKCD during the construction of ACE; and</li> <li>(d) whether the completion of the marine access points in WKCD would dovetail with the WKCD project including the development of ACE.</li> </ul> <p>WKCDA advised that:</p> <ul style="list-style-type: none"> <li>(a) the Authority would retain the right to cancel the tender of the ACE project if the selection criteria were not met, such as an unreasonably low income to be shared with WKCDA offered by tenderers;</li> <li>(b) developments within WKCD were subject to maximum building height restrictions under DP. The height restriction of the eastern portion of ACE site was same as M+ which was highest in WKCD and fell down to about half at the western portion of the site;</li> <li>(c) the Authority would encourage the adoption of innovative construction methods to speed up the ACE development, and ensure that the pedestrian and vehicular connections in WKCD would remain open during the construction of ACE; and</li> <li>(d) an engineering feasibility study on the development of two marine access points in WKCD was underway. The southern marine access point would serve the Artist Square Development Area ("ASDA") and the northern marine access point would serve ACE. The</li> </ul>	

Time marker	Speaker(s)	Subject(s)/Discussion	Action required
		<p>Authority would ensure that the completion of the two marine access points would dovetail with the construction progress of the WKCD project.</p> <p>The Administration added that the existing pedestrian connections to WKCD would not be affected. With the funding approval by FC in March 2020, ASB would be completed within 25 months to serve as a major gateway to WKCD connecting the MTR Kowloon Station to ASDA. Pedestrian accessibility to WKCD would be improved after the completion of ASB.</p>	
020712-020957	Deputy Chairman Mr MA Fung-kwok WKCDA	<p>Mr MA urged WKCDA to re-consider whether it was presently an appropriate timing during the COVID-19 pandemic for inviting tender submissions for the ACE project, as the uncertain business environment might cause tenderers to make a more conservative financial projection on the project, thus resulting in less favourable tender returns.</p> <p>WKCDA responded that:</p> <p>(a) as the ACE project was a long-term development, tenderers should make a long-term financial projection when preparing their tender submissions. Some shortlisted companies had recently indicated that they were still interested in the ACE project; and</p> <p>(b) the Authority believed in the bright prospects for Hong Kong and was confident in the long run, and felt that the current situation would have little impact on the tenderers' interest. Meanwhile, the Public Private Partnership Projects Committee of WKCDA had been monitoring the situation and providing advice to the WKCDA Board.</p>	
<b>Agenda Item VI – Any other business</b>			
020958-021110	Deputy Chairman	Date of the next meeting and items for discussion	