

Legislative Council Panel on Commerce & Industry

Proposed Exhibition Centre at Chek Lap Kok

Introduction

This paper informs Members of the recent overseas meetings with key exhibition centre operators and exhibition companies in Europe and North America and on the way forward for the new exhibition centre project at Chek Lap Kok.

Degree of interest in the new exhibition centre project

2. The Administration and the Airport Authority (AA) have so far met 25 top exhibition companies and operators of major exhibition centres in nine countries namely Germany, the UK, France, Italy, Switzerland, the Netherlands, Belgium, Canada and the US. Of these, 19 organisations have specifically requested to be included at the “expression of interest” stage. Our assessment is that of these, we can expect at least five to compete for the right to take part in the new exhibition centre project.

3. In addition, two major overseas conglomerates took the initiative to express interest in bidding for both the construction and financing of the new exhibition centre.

Report on overseas experience

4. Many of the top exhibition centre operators in Europe and North America to whom we have spoken pointed out that their facilities began from a modest base, and expanded incrementally in response to market demand. Almost all the exhibition centres currently having 100,000 m² or more began smaller and grew gradually over a number of years.

5. A number of the operators have pointed out that there are at present only a few international trade fairs in Asia that would need an exhibition space of 50,000 m² or more. The ones being transferred to Asia or with potential to do so would normally be of much smaller scale than the original version held in their home country. Typically these fairs would start small upon first transfer and gradually grow to a larger size. The perception of the international operators was that fairs in the Mainland predominantly catered for the domestic

market, whereas those in Hong Kong were more international in character and standard.

6. Different centres have adopted various ways to cope with the occasional exhibitions exceeding their design size. The successful National Exhibition Centre in Birmingham, for example, sets up a large temporary tent adjacent to their exhibition halls whenever they have fairs of a size exceeding the existing permanent facility. These temporary facilities provide flexibility to cater for very big fairs that are held only once or twice a year, while at the same time minimising the risk and initial investment of building additional permanent buildings.

Way forward

7. Taking into account the views previously expressed by Members, and the feedback from our overseas contacts, we now intend to proceed to the formal expression of interest (EOI) stage. We will advertise both locally and internationally, and communicate directly with the 21 companies that have specifically asked to be included.

8. In so far as the three key variables are concerned viz. size, design and cost, we propose to set out the following broad parameters for the EOI process:

- (a) the AA will make available a site for a 100,000 m² net usable area facility on the existing airport island, i.e. without the need for additional reclamation;
- (b) we will invite a business plan for a facility of 80,000 to 100,000 m² of exhibition space; and
- (c) the Government is prepared to make an equity contribution of up to \$2 billion towards the cost of the centre, and necessary infrastructure.

9. On conclusion of the EOI stage, we will shortlist a small number of potential partners, firm up the proposal, seek Finance Committee's approval for the government contribution, and then proceed to the competitive bidding stage.