

For information
on 12 July 2004

Legislative Council Panel on Commerce and Industry
AsiaWorld-Expo

Introduction

At different times over the last three years, the Administration has kept Members informed of the progress relating to the provision of an international exhibition centre at the Hong Kong International Airport (ref. paper CB(1)552/00-01(03) in February 2001, paper CB(1)239/01-02(03) in November 2001, paper CB(1)764/01-02(03) in January 2002, paper CB(1)1415/01-02(03) in April 2002, and paper CB(1)426/02-03(03) in November 2002). The last occasion was in August 2003 (CB(1) 2372/02-03(01)) when the Administration informed Members of the tender award for the AsiaWorld-Expo (AWE) project (formerly known as the International Exhibition Centre project). This paper recapitulates the ownership and operation arrangements of the AWE project and the Government's participation, as well as the policy of the AWE operator on allocating slots of AWE.

Ownership and operation arrangements of AWE and the Government's participation

2. AWE is a public-private sector partnership project. The project is jointly financed and owned by three entities, namely the HKSARG

Government, the Airport Authority (AA), and a private-sector consortium selected through competitive international tendering. The selected private-sector consortium consists of three entities, namely Dragages Hong Kong Limited (formerly known as Dragages et Travaux Publics (HK) Limited), Yu Ming Investments Limited and Yu Ming Investment Management Limited. The selected private-sector consortium is required to finance part of the project cost of AWE, and is also responsible for the design, construction, management and operation of AWE in accordance with the terms laid down in the various contracts entered into between the relevant parties, including the Joint Venture Agreement and the Management and Operating Agreement (MOA) (see paragraph 3 below).

3. The ownership and operation structure of companies involved in implementing the AWE project is set out at Annex.

4. All the directors on the board of IEC Holdings Ltd are appointed either by the Government or AA, representing the fact that this company is jointly owned by these two bodies. The majority of directors on the board of Hong Kong IEC Ltd (HKIEC Ltd) is appointed by IEC Holdings Ltd (and consists of officials from the Government and AA), representing the fact that IEC Holdings Ltd owns 86.5% of HKIEC Ltd. The Government and AA are not represented on the board of IEC Investment Ltd and the board of AsiaWorld-Expo Management Ltd (AWE Management) as they have no equity holding in these two companies.

5. HKIEC Ltd, as owner of AWE, has appointed AWE Management

to manage, promote, operate and maintain AWE. To tap international expertise in managing AWE, NEC Group, the leading exhibition centre operator in the UK, is engaged as the operating partner of AWE Management. Under the MOA signed between the two, AWE Management is required to perform its obligations with due diligence, in the best interests of AWE, under prudent commercial principles, and in accordance with annual plans and budgets to be mutually agreed with HKIEC Ltd. The MOA also provides that AWE Management has to report to HKIEC Ltd regularly on the operation of AWE; and HKIEC Ltd is entitled to examine, inspect, audit and make copies of all accounts and records relating to AWE at all times. The MOA also specifies the circumstances under which HKIEC Ltd may terminate the service of AWE Management.

6. The Government's supervision and monitoring of the AWE project and AWE Management is achieved through its appointed directors on the board of IEC Holdings Ltd and on the board of HKIEC Ltd (ref. paragraph 4 above).

Policy on allocating slots by AWE Management

7. We understand that AWE Management has set up an event selection process based on prudent commercial principles. On 29 April 2004, AWE Management issued a letter to all members of Hong Kong Exhibition and Convention Industry Association, outlining the key parameters to be considered in processing AWE booking applications.

These include tenancy size, duration and frequency, exhibitor recruitment and buyer promotion capability, as well as the track record of the organizers etc.

8. According to AWE Management, these booking guidelines have been applied consistently in processing all booking proposals. All the accepted bookings are from well-established and experienced exhibition or event organizers. AWE Management is satisfied that these organizers have the capability and resources to organize high quality exhibitions.

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AsiaWorld-Expo Ownership and Operation Structure

