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**"Subject to the actual answer
given at the Council Meeting"**

(Translation)

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**LEGCO QUESTION NO. 3
(Oral Reply)**

Date of Sitting: 7 July 2004

Asked by: Hon IP Kwok-himReplied by: Secretary for Commerce,
Industry and TechnologyQuestion:

The AsiaWorld-Expo ("Expo"), which is under construction, is developed and operated by a management company jointly set up by the Government, the Hong Kong Airport Authority and a private sector participant. It is expected to open by the end of 2005. The management company is now processing the applications for advance booking of the exhibition time slots of the Expo venues. In this connection, will the Government inform this Council:

- (a) how the currently proposed allocation of the exhibition time slots, of the Expo venues will be conducive to the launch of more exhibitions with new themes in Hong Kong, such as exhibitions of heavy industry products, so as to address the expectations of the exhibition industry;
- (b) of the criteria adopted by the management company of the Expo for approving the applications, and whether it has allocated any peak season exhibition time slots to any exhibition organizers that have no international accreditation; if it has, the justifications for that; and

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- (c) whether the Expo and the Hong Kong Convention and Exhibition Centre will hold exhibitions of a similar nature in more or less the same period of time; if they will, whether the authorities will make appropriate efforts to co-ordinate the exhibitions concerned?

Reply:

Madam President,

AsiaWorld-Expo (AWE) is a public-private partnership project. Before answering the questions raised, I should like to explain the ownership and management arrangements for AWE.

2. AWE is jointly financed and owned by three entities, namely the HKSAR Government, the Airport Authority (AA), and the private-sector consortium selected through competitive international tendering. The selected private-sector consortium consists of three entities, namely Dragages Hong Kong Ltd (formerly named Dragages et Travaux Publics (HK) Limited), Yu Ming Investments Limited and Yu Ming Investment Management Limited. The selected private-sector consortium is responsible for partly financing the project cost of AWE, the design, construction, management and operation of AWE in accordance with the terms laid down in the tender exercise.

3. For the purpose of implementing the AWE project, the Government and the AA have formed IEC Holdings Limited (IEC Holdings); and the selected private-sector consortium has formed IEC Investment Limited. Together, these two companies (i.e. IEC Holdings and IEC Investment Limited) have formed a joint venture company, called Hong Kong IEC Limited (HKIEC Ltd), to own AWE and to finance its construction. The majority of directors of this joint venture company is appointed by the Government and the AA.

4. For the purpose of implementing one of the terms stipulated in the tender, i.e. the selected private-sector consortium shall be responsible for management and operation of AWE, Dragages Hong Kong Ltd and Yu Ming Investments Ltd has formed a private company called AsiaWorld-Expo Management Limited (AWE Management). HKIEC Ltd has appointed this management company to manage, promote, operate and maintain AWE. Under the Management and Operating Agreement signed between the two, AWE Management is obliged to, among other things, operate the AWE in the best interests of AWE and under prudent commercial

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principles. The Government and the AA have no directors on the board of AWE Management.

5. On part (a) of the question, as part of its ongoing marketing efforts, we understand that AWE Management is actively exploring opportunities with both local and overseas organisers to further expand the trade exhibition and public event market, including those catering to heavy industry. We understand that AWE Management has already confirmed the bookings of 15 major international trade exhibitions from both local and overseas organisers for 2006, all of which are new events to Hong Kong. 13 of them will become recurrent annual events. One of the non-recurrent annual events is ITU Telecom World 2006. Over 80% of the accepted bookings are from local registered companies.

6. On part (b), we understand that AWE Management has set up an event selection process based on prudent commercial principles. AWE Management issued a letter to all the members of Hong Kong Exhibition and Convention Industry Association on 29 April 2004, 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 organisers etc.

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

8. On part (c), there is no legal or other impediment to the staging of similar exhibitions in both Hong Kong Convention and Exhibition Centre and AWE at the same time. We do not support restrictions of this nature as it would not be conducive to the growth and development of the exhibition industry in Hong Kong. We believe that the management of these two venues will operate in accordance with prudent commercial principles. We consider that exhibition organisers will give full regard to relevant business considerations, such as likely demand from potential exhibitors, targeted buyers and number of attendees etc before making a wise commercial decision on whether or not to organise exhibitions of a similar nature in more or less the same period of time.

9. Thank you Madam President.

