

香港特別行政區政府
工商及科技局
工商科

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COMMERCE AND INDUSTRY BRANCH
COMMERCE, INDUSTRY AND TECHNOLOGY BUREAU
GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION

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24 August 2006

Miss Polly Yeung
Clerk to Panel
Panel on Commerce and Industry
Legislative Council Building
8 Jackson Road
Central, Hong Kong

BY FAX: 2869 6794

Dear Polly

**Panel on Commerce and Industry
AsiaWorld-Expo**

I refer to item 6 of the list of outstanding items for discussion and item 3 of the follow-up actions for the Panel on Commerce and Industry.

AsiaWorld-Expo (AWE) is a public-private partnership. The Government and the Airport Authority (AA) each hold equity in IEC Holdings Limited, which selected a private-sector consortium called IEC Investments Limited as partner via an open competitive tendering exercise. As Members are aware, IEC Holdings Limited and IEC Investments Limited have also formed a joint venture company, namely Hong Kong IEC Limited (HKIEC Ltd), to own AWE and to finance its construction and carry out its management and operation. The majority of the directors of HKIEC Ltd are appointed by IEC Holdings Limited (owned by the Government and AA), which is the majority shareholder of HKIEC Ltd. The Government's supervision and monitoring of the operations of AWE is achieved through its appointed directors on the boards of IEC Holdings Limited and, via that company, HKIEC Ltd.

Preferred rate of return for IEC Investments Limited

The legal agreements setting out the rights and obligations of the shareholders contain confidentiality provisions which are designed to prevent the release of commercially sensitive information, save with the consent of all parties. Against this background, IEC Investments Limited and HKIEC Ltd are not agreeable to disclosure of the preferred rate of return to any non-contracting party. However, Members may wish to note that the rate, being subject to a competitive international tender, is considered to be reasonable given the risks associated with the project.

The Management and Operating Agreement

To implement one of the terms stipulated in the tender (i.e. the selected private-sector consortium shall be responsible for management and operation of AWE), HKIEC Ltd has appointed AsiaWorld-Expo Management Limited (AWE Management), a private company owned by the same shareholders as the above private-sector consortium, to manage, promote, operate and maintain AWE under a Management and Operating Agreement (MOA). The MOA also contains a similar confidentiality provision. AWE Management is not agreeable to disclosure of the MOA. The exhibition industry is a competitive business and to make public certain confidential information would undermine its ability to compete in both local and international arenas.

That said, I would like to reiterate that under the MOA, 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.

Transparency of management

With a view to enhancing transparency and public confidence in the management of AWE's operations, the Board of HKIEC Ltd has agreed that HKIEC Ltd should be designated as a public body for the purpose of the Prevention of Bribery Ordinance (the Ordinance) (Cap. 201). After becoming a public body under the Ordinance, the members and employees of HKIEC Ltd will become public servants and will be subject to the stringent control in relation to public bodies under sections 4 and 5 of the Ordinance. These

provisions prohibit the acceptance of advantages by public servants in connection with their public duties. Furthermore, persons doing business with a public body are subject to sections 4, 5, 6, 7 and 8 of the Ordinance which make bribery and corrupt dealings in relation to the public body's activities. We aim to complete this legislative exercise as soon as practicable when the next legislative session begins.

AWE's operations

AWE became fully operational from the beginning of 2006. AWE Management has lined up an impressive programme of activities including a variety of exhibitions and functions hosted by leading organizers from Hong Kong, Mainland China, Europe and America, including the ITU TELECOM WORLD 2006 to be held later this year (an event calendar of AWE for 2006 as at 21 August 2006 is attached at Annex) and Asian Aerospace International Expo and Congress 2007. The Hong Kong Trade Development Council has also staged new exhibitions at AWE.

In general, the events held at AWE have been successful. For example, a series of China Sourcing Fairs for Gifts and Home Products, Electronics and Components and Fashion Accessories featuring over 5,900 booths in total held in April this year attracted over 68,000 visitors from 166 countries and territories. Other major events held in the past seven months included the Hong Kong International Auto Parts Fair, the Hong International Printing and Packaging Fair, the Hong Kong International Airport 2025 Summit and the Pan-Pearl River Delta Financial Services Forum, which attracted a large number of local and international exhibitors, buyers, industry leaders and decision makers. While a concert held by a local artist in February this year attracted criticisms reported in the media, the Board of HKIEC Ltd and AWE Management have taken on board the comments from visitors and clients, carried out critical reviews and worked out a number of improvement measures. A number of concerts by international and local artists were held since, including three sold-out events in July where positive feedback was received by visitors as well as the entertainment trade.

Yours sincerely,



(Philip YUNG)

for Secretary for Commerce, Industry and Technology

Event Calendar

AsiaWorld-Expo 2006 Event Calendar
(More International exhibitions to be announced soon in addition to the list below)

POWER-GEN ASIA 2006

Date 5-7 September 2006
Organiser [PennWell Corporation](#)
Tel (44) (0) 1992 656 630
Fax (44) (0) 1992 656 700
Email powergenasia@pennwell.com
Nature Exhibition (Trade)



Westlife Face to Face Asian Tour

Date 9 September 2006
Organiser [Midas Promotions](#)
Tel (852) 2713 0059
Fax (852) 2713 6507
Ticketing [HK Ticketing](#)
Nature Concert

AsiaWorld-Arena



Airport Cities Conference

Date 10-13 September 2006
Organiser [Airport Authority Hong Kong](#)
Tel 44 (0) 20 8931 7517
Email melissa@airportconference.com
Nature Conference

Airport Cities

PATA Travel Mart

Date 12-15 September 2006
Organiser [PATA](#)
Tel (66) (2) 658 2000
Fax (66) (2) 658 2010
Email ptm@PATA.org
Nature Exhibition (Trade)



Asia's Fashion Jewellery & Accessories Fair

Date 18-21 September 2006
Organiser [CMP Asia Ltd](#)
Tel (852) 2516 1655
Fax (852) 2802 9934
Email salesafj@cmpasia.com
Nature Exhibition (Trade)



September Hong Kong Jewellery & Watch Fair

Date 18-23 September 2006
Organiser [CMP Asia Ltd](#)
Tel (852) 2516 1677
Fax (852) 2802 9934
Email salesjwf@cmpasia.com
Nature Exhibition (Trade)



The Chinese International Exposition (HK) of Chinese Medicine Materials, Medicines & Health Products

Date 29 September - 1 October 2006
Organiser [中國中藥協會](#)
Tel (852) 3110 3547



Fax (852) 2783 3468
 Email zhanghua-107.com@163.com
 Nature Exhibition (Trade and Public)



China Sourcing Fair - Electronics & Components

Date 11-14 October 2006
 Organiser [Global Sources](#)
 Tel (852) 8199 7308
 Fax (852) 8199 7628
 Email visit@chinasourcingfair.com
 Nature Exhibition (Trade)



China Sourcing Fair - Fashion Accessories

Date 11-14 October 2006
 Organiser [Global Sources](#)
 Tel (852) 8199 7308
 Fax (852) 8199 7628
 Email visit@chinasourcingfair.com
 Nature Exhibition (Trade)



China Sourcing Fair - Gifts & Home Products

Date 19-22 October 2006
 Organiser [Global Sources](#)
 Tel (852) 8199 7308
 Fax (852) 8199 7628
 Email visit@chinasourcingfair.com
 Nature Exhibition (Trade)



Hong Kong International Building Materials & Construction Equipment Fair

Date 27-30 October 2006
 Organiser [Hong Kong Trade Development Council](#)
[CIEC Exhibition Company \(HK\) Ltd](#)
 Tel (852) 2584 4333
 Fax (852) 3543 8717
 Email exhibitions@tdc.org.hk
 Nature Exhibition (Trade)



Hong Kong International Furniture Fair

Date 27-30 October 2006
 Organiser [Hong Kong Trade Development Council](#)
[Kenfair International \(Holdings\) Ltd](#)
 Tel (852) 2584 4333
 Fax (852) 3543 8713
 Email exhibitions@tdc.org.hk
 Nature Exhibition (Trade)



Eco Expo Asia International Trade Fair on Environmental Protection

Date 27-30 October 2006
 Organiser [Hong Kong Trade Development Council](#)
[Messe Frankfurt \(HK\) Ltd](#)
 Tel (852) 2584 4333
 Fax (852) 3543 8715
 Email exhibitions@tdc.org.hk
 Nature Exhibition (Trade)

2006 Miss Chinese Cosmos Pageant

Date 28 October 2006
 Organiser [Phoenix Satellite Television Company Limited](#)



Tel (852) 2621 9888
Fax (852) 2621 9898
Nature Others



ITU TELECOM WORLD 2006
Date 4-8 December 2006
Organiser ITU
Tel (41) 22 7306181
Fax (41) 22 7306444
Email itutelecom@itu.int
Nature Exhibition (Trade)
