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## HONG KONG TOURISM BOARD 香港旅遊發展局

Your Ref: CB(3)/PAC/R49

2 January 2008



By E-mail and By Hand  
Public Accounts Committee  
Legislative Council  
G/F., Legislative Council Building  
8 Jackson Road, Central HK  
Attn: Ms Miranda Hon

Dear Ms Hon,

Re: The Director of Audit's Report on the results for value for money audits (Report No. 49) Chapter 5

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We refer to your letter of 19 December 2007 and would like to provide the following additional information:

- (a) Please find enclosed copies of the Internal Audit reports and relevant Audit Committee meetings minutes in the past three years as requested. The Internal Audit reports have been reviewed by the Audit Committee. Due to bulk of documents involved, we will provide the PAC with copies by courier.
- (b) In the past, the HKTB Annual Reports were printed in colours and on art paper, with a significant amount of photographic materials on Hong Kong scenes and attractions. This owed to the reason that the publication, which was distributed to overseas travel trade and media through the HKTB worldwide offices, was also intended to fulfill the secondary function of showcasing and promoting Hong Kong's strengths and attractions as a premier tourism destination.

In September 2005, the then Economic, Development and Labour Bureau invited the HKTB to comment on the proposal of some Legislative Council Members that the tabling of the HKTB Annual Report three months after the end of the reporting period was a reasonable time limit.

*\*Note by Clerk, PAC: Copies of Internal Audit reports and minutes of Audit Committee meetings not attached.*

In replying the Economic, Development and Labour Bureau on 24 September 2005, the HKTB stated that:

“Understand that the LegCo Members are interested to review the annual reports in whatever format we could produce, i.e. reports can be printed on A4 plain paper, after critically reviewing our current process, since the HKTB has a network of overseas offices and that we conduct majority of our activities in source markets, we would require a certain period of time to gauge the results, such as media exposure and the closing of accounts and completing the audit would require time as well. All these can barely [barely] be completed by the end of September.”

In determining the timeline for tabling the Annual Report, consideration has also to be given to the fact that the audited financial statements approved by the Board will only available in end September/early October, after which layout can be arranged. In addition, the final layout copy has to be submitted to the Board for comments and approval. Given that reasonable time has to be given to Members for reviewing the copy, the whole process, including revisions, will take about two to three weeks. After securing the Board’s clearance, the HKTB will then proceed with the production and printing process, which will take around 7-10 working days.

The HKTB is exploring the possibility of advancing the schedule for the preparation and submission of the audited financial statements to the Board, so as to bring forward the tabling of the Annual Report after the end of the reporting period. The HKTB estimates that the production of the Annual Report could be completed within two months after the audited financial statements have been approved by the Board and signed off by the independent auditors.

(c) Please refer to details in the attached.

We understand that the PAC will copy our response to relevant parties attending the hearing. For those who are unable to attend the hearing, the PAC will provide copy to them on the same day by mail.

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Documents and information provided under (a) above may involve confidential data and we appreciate the same not be included in the appendix of the PAC report and identities of individual mentioned in those documents or information be masked.

Thank you for your attention.

Yours sincerely



Mrs Daisy Lam  
Deputy Executive Director

Enc

cc Secretary for Commerce and Economic Development (without enc)  
Commissioner for Tourism (without enc)  
Secretary for Financial Services and the Treasury (without enc)  
Director of Audit (without enc)  
Hon Mrs Selina Chow (without enc)  
Ms Clara Chong (without enc)  
Mrs Grace Lee (without enc)

Q: As 'Convention and exhibition events' and "Convention and Exhibition arrivals" were cited as the key performance indicators in HKTB's Business Plan and Budget (Appendix B of the Audit Report refers), please inform the committee of (1) the details of HKTB's work in these aspects, (2) the amount of resources that has been allocated to such work and (3) the effectiveness of such work.

### HKTB's Work in the Convention and Exhibition segment

Convention is generally defined as gatherings of people (local and overseas) from same profession or interest, for networking and professional exchange purpose. Majority of conventions in Hong Kong are initiated by universities, professional associations or government departments. Many are secured through competitive bids against other destinations.

Exhibitions are business-to-business forums for buyers to meet sellers. Most exhibitions held in Hong Kong are recurrent and well established. HKTDC organizes about 40% of exhibitions. Majority of other exhibitions are organized by commercial companies.

These events bring high yield business visitors to Hong Kong and contribute significant economic benefit to the city. In addition, such events raise Hong Kong's international profile. Hence the 'convention and exhibition' segment has always been recognized by HKTB and the travel trade as a key strategic focus.

#### (1) Details of HKTB's work in this segment:

##### Conventions

- Work with local professional and academic community to bid
- Coop with organizers of confirmed conventions in attendance generation
- Provide advice to organisers, cross sell visitor attractions and events to promote attendance and enhance visitor experience
- Telemarketing and personal sales calls to raise awareness of Hong Kong amongst overseas convention organizers
- Brand building under the 'Hong Kong Meeting Your Choice' platform:
  - Direct mail campaign
  - Executive visitation programme
  - Networking functions

##### Exhibitions

- Brand building through advertising in business magazines and trade portals
- Lead HK delegation to overseas missions and industry convention (Joint effort with Hong Kong Exhibition and Convention Industry Association & Hong Kong Trade Development Council) to generate publicity and build awareness amongst potential business partners overseas
- Provide advice to interested exhibition organisers
- Cross selling visitor attractions and events to promote attendance and enhance visitor experience

## (2) Resources allocated

A team of four (one manager, three executives) based in HKTB head office, and one other person (executive) based in London office are dedicated full time to the C&E segment.

Budgets allocated are:

2005/06 (actual spending): \$4M (BAU) and \$3.8M (DHKY additional fund)  
2006/07 (actual spending): \$3.7M (BAU) and \$3.4M (DHKY additional fund)  
2007/08 (budget): \$4.6M (BAU)

## (3) Effectiveness:

According to data collected from organizers, there were close to 300 conventions and exhibitions held in Hong Kong during each of 2005 and 2006. They attracted some 0.5 million attendees from overseas in 2005, and over 0.7 million in 2006.

Personal interviews conducted during major conventions and exhibitions showed that intended per capita spending was about 2 times of the spending of the average visitor. Convention and exhibition visitors also tend to stay longer in Hong Kong. Consequently their contributions to the hotel, retail and restaurant sectors were considered higher than the average. In addition, prestigious conventions and exhibitions raise Hong Kong's profile in the respective professions and industries.

The following are examples of significant conventions and new exhibitions that took place in 2005 and 2006:

### Significant Conventions:

- 88<sup>th</sup> Lions Clubs International Convention\*
- 17<sup>th</sup> Meeting of the International Association of Forensic Sciences\*
- 7<sup>th</sup> Asia Pacific Endoscopic Surgery
- World Trade Organisation (WTO) Hong Kong Ministerial Conference
- World Firefighters Games 2006\*
- Int'l Conference on Pattern Recognition\*
- 11<sup>th</sup> Congress of Int'l Society for Peritoneal Dialysis\*

### New Exhibitions:

- China Sourcing Fairs (6 new annual exhibitions starting in 2006)
- Vinexpo
- PATA Travel Mart\*
- ITU TELECOM World\*

*For those marked with \*, HKTB partnered with the Hong Kong member organisation to bid against competing destinations and won the business. Extent of assistance rendered was different in each bid as requirements were different.*