

Bills Committee on Competition Bill

Legislative Council

1 Legislative Council Road, Central, Hong Kong

28<sup>th</sup> December, 2011

Dear Honorable Committee,

Concerning the consultation of the Hong Kong Competition Law, we are writing to support that the Hong Kong Trade and Development Council (HKTDC) should have the exemption in getting control by this law.

As a soft toy manufacturer, our company Color Rich Limited is one of the Small and Medium Enterprises in Hong Kong. We have been participating in the exhibitions organized by the HKTDC for more than 15 years. Our booth size has been enlarged from 9 sq. metres to 70 sq. metres in the recent fairs. There hasn't been any personal connection but just the actual company's interest for this act. The reason is that the fairs organized by HKTDC bring us many new customer contacts and business opportunities.

Trade fair is the main channel for us to get new customers and therefore we have also joined many different exhibitions held by other large organizations such as Kenfair, Global Sources etc. Nevertheless, while the aim of the HKTDC is to help SME, these companies are private organizations whose main concern is getting profits. There is no doubt that they would like to get the largest profit from the least cost. We were in great anticipation for the first fair held by Global Sources in the AsiaExpo in airport a few years ago. We did set up a booth at 72 sq. metres for 2 years. However, the response of the fair was very disappointing and we stopped in participating in those fairs since then. In reality, the size of those fairs has been squeezing and they are not comparable to the HKTDC fairs nowadays.

Some people complain that the reason for the failure is due to the bad location of the AsiaExpo. However, as a participant, we felt that there haven't been enough advertisements overseas for those fairs. We could also see miscommunication throughout the company and chaos in the exhibition plans.

We have also joined different retail fairs in mainland China such as the one organized by Kenfairs. Unexpectedly, the outcome was very poor. There wasn't enough advertisement and research done. What's more, there hasn't been careful thought for exhibitors such as there's even no catering service inside the exhibition venue or nearby. Unlike the Hong Kong Style retail fairs organized by HKTDC in mainland, the response of those fairs were stunning. We hear many good responses from other exhibitors too and we keep joining most of the shows as a frequent business act now.

As one of the SMEs in Hong Kong, we don't have much knowledge about what the Competition Law is. We believe the competition law is set up to allow a fair business environment for profit making company. The exhibition business is not comparable to other private business natures. We see HKTDC as a special public service sector like the airport and the Railway Company who looks for public interests. There are many private services available and still there are the public ones provided by the government. Therefore, we cannot see any reason to change or influence the way HKTDC works now. From our understanding, if HKTDC has to be controlled under the Competition Law, the first sufferer will be the SMEs. Fair organizers may fight and give big discounts for SMEs during the first few years. However, when the big exhibition company wins and dominates the market in the following years, they must raise up the participation fees will very soon to maximize their profits.

The exhibitions connect many other different businesses, for examples, the SMEs, the air industry, hotels and catering industry etc. They all welcome the international trade fairs because the fairs bring many business opportunities and monies. Hong Kong is still now in the leading place for the international trade fairs in Asia. The other prosperous cities like Singapore, Japan, Macau, Taiwan, Korea etc are trying to expand their fair business these years. All of us know that Hong Kong is not cheap to live in. The cost is

expensive to book the venue and so it is for overseas buyers to come and visit. It is understandable that the private fair organizers may move their venues to other cities to minimize their costs. We need a public organization like the HKTDC which only looks for public interest and helps the SMEs and other business sectors in Hong Kong. We believe Hong Kong cannot take the risk that the first place of exhibition is taken away from other city. It will influence many other businesses in Hong Kong. From our experience, we cannot see any other organizer other than HKTDC who is able to provide the good fair service and loyalty to Hong Kong.

We sincerely hope you can have a look on our words before making your decision on whether HKTDC should be controlled by the Competition Law.

Yours sincerely,

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Managing Director      Secretary

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