

28th Dec 2011

Bills Committee on Competition Bill
Legislative Council
1 Legislative Council Road, Central,
Hong Kong.

Dear Sirs,

Re: Exemption of HKTDC from the Competition Bill

I am Mr. David Kuk, Managing Director of DCH Logistics Co. Ltd., I am writing to urge for a reconsideration of having Hong Kong Trade Development Council (TDC) to be exempted from “Competition Bill”.

TDC has been working closely with all HK industries, running exhibitions, trade fairs, study missions, seminars, assisting brand building and promotion in China, conducting market researches and gathering related market and economic data etc.

As organizing trade exhibitions is only one of TDC’s vital services, I do not see any other private company providing similar services so comprehensively. Synergy and cost efficiencies are so enjoyed and then passed along to our fellow industrialists not only in the logistics industry but also other industries.

While some may see TDC earning handsome profit from organizing trade fairs and exhibitions, the expense on brand building and promotion, research, information gathering and support are also tremendous. TDC will not be able to render the same level of service, if part of its major business such as organizing exhibitions, is taken out for the sake of encouraging competition. The immediate effect will be soaring of service fees from TDC in order to compensate the loss of revenue or loss of business. Consequently, we will be forced to pay more because there will be increased competition.

TDC, being a semi-official entity, has a mission to assist HK industries, to help us grow; prosper so as to strengthen local economy. Profit making is not TDC’s priority but they have to be allowed to make some money to finance other expensive tasks, such as information gathering, research and development, and data analysis. It is also with their “special” entity that they are able to draw VIP support from Chinese and international district government, officials, local enterprises when doing overseas trade shows. TDC provides exceptional publicity, advertising

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and media exposure and high level official reception in their trade shows and exhibitions. We do not get the same level of service from other fair organizers given same or similar amount of fair participation fees if TDC's services are so provided.

It is obvious that all these will be lost if TDC falls into "Competition Bill". Most of us will also see TDC monopolizing the exhibition business as they do not own the Convention Centre nor can they prohibit others from using. There are over 100 trade shows in HK each year and TDC only runs around 30%. Competition cannot be encouraged in the trade show business because this is not a simple operation. Likewise, we are seeing more trade shows in neighboring cities these days but they are poorly managed and are no comparison to TDCs'. That is why you do not see HK industries shifting to trade shows in other neighboring cities!

Above summarizes my argument for having TDC exempted from "Competition Bill". The success and reputation TDC earned today is not from monopoly or sheer lack of competition; it is from many years endeavor and industry support. Good performance and success will bring economies of scale and synergy; I do not agree that TDC should be penalized because they have outperformed others.

I would very much appreciate if your office can seriously re-consider the issue and exempt TDC from "Competition Bill".

Thank you for your kind attention.

Yours truly,

David Kuk

Managing Director
DCH Logistics Co.Ltd.