

11th Jan. 2012/1/11

**CB(1)847/11-12(03)**

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

Subject - "HKTDC – exemption from Competition Bill"

Dear Sirs,

This is Kenneth Wong, Director of Universe Watch Trading Co., Ltd. After my first letter dated Dec. 8, I am writing again because there are indeed more to be pursued on the subject.

Competition Bill should be passed to protect local citizen and consumers (Hong Kong). HKTDC, (aka TDC) being a semi-official body, does not put money making as priority. Instead, they have social obligation to help local industries, especially SMEs, grow and prosper. I am afraid these will not be happening if TDC loss the exemption from Competition Bill!

TDC's exhibition fees are lowest, yet services provided are rated best amongst competitors. Revenue earned and profit made from organizing exhibitions allow TDC to operate without government subsidy; they are self supporting. Gov't of the HKSAR can then put their limited resources to more needy areas such as medical, education, housing services etc. Is it not a great merit?

I joined the watch industry in 1985 and have witnessed remarkable changes. Watch manufacturing and exporting is an established industry in HK. You many consider it "old" and "matured" but never deteriorating. Export volume, in quantity and monetary value, are rising continuously. However, if you go to HK Watch Fair in Sept. you will find less and less visitors and exhibitors. The reason is that many larger customers and local manufacturers have gone into strategic relationship; the latter does not need to "exhibit" as new customers are not as important as before. With the internet and emails, visitors also do not need to come so often to see new products or ideas. Current exhibitors are mostly SMEs who are still struggling to gain new customers to survive and grow. I trusted that TDC may be losing in HK

Watch Fair because number of exhibitors is low and the rate they charge is also very low. If TDC were to raise exhibition fee because they were not exempted from Competition Bill, SMEs in the watch industry will suffer.

Besides organizing Watch Fair in Sept., TDC also helped to promote brand building amongst local watch manufacturers. The HK Design Gallery (HKDG) in Wanchai Convention Centre, Airport T1, Beijing are low cost venues to try out brand building. Given the ultra high rental in HK and many China cities, finding a shop to carry ones own branded watches is very difficult. Brand building is almost impossible in today's twisted property and rental market without enormous financial support. HKDG, operated by TDC, is providing such support and we are given the chance to display and sell our products at low costs. When everybody is saying that HK watch industry

should upgrade from OEM export to brand creation, brand building nature, TDC is contributing the most by enhancing our “Brand Name Gallery” in HK Watch Fair Sept., and operating HKDGs. Also, TDC runs a lot of trade missions/fairs to various China cities to expose our products. I strongly doubt if other trade fair organizers can have the same level of performance. TDC’s plan to open more HKDGs in other China cities will be disrupted too because these are not profit making ventures and money making may be of higher priority once they are opened to competition.

There will be major change in Basel Fair, Switzerland in 2013 because our current exhibition Hall 6 will not be in use and HK exhibitors will be transferred to Hall 4. We were told that exhibition fees will be raised by 30-40%, which will be over HK65,000 for a standard size booth!! HK exhibitors are never welcomed in Basel as they see us as a thread! Given the extreme high costs in exhibiting in Basel (booth charges, plane tickets, accommodation etc expenses) many HK watch people are thinking of upgrading our Watch Fair in Sept. to more prestigious levels so that we can do one exhibition in HK and not going to Basel. However, there might be less options if both Basel and HK Watch Fair are equally expensive. Where can we turn to?

I am starting to think that TDC might not be worse off if they were not exempted from Competition Bill. They can cut services that are not profitable; those researches, statistics, reports might not be free anymore. They can raise prices on exhibitions,

HKDGs, trade and study missions. They can also cut redundant staff and reduce number of overseas offices if they decide to cut expenses so as to maximize savings.

In short, TDC might not suffer but we, SMEs, certainly will! By exposing TDC to so-called competition may not bring benefit to HK citizen or industries. TDC’s objective is not money making, making them openly compete with other trade fair organizers is not a fair game. Basically this is not “an apple to apple” comparison.

Please do not change TDC’s current mode of operation or take away certain area of business for the sake of encouraging competition. Please support TDC so that they can render the complete basket of professional services to HK industries, especially to SMEs, same as had from the very beginning.

Thank you for your kind attention.

Yours truly,

WONG, Kenneth Stephen

Director

Universe Watch Trading Co. Ltd.