

Written Submission to the Legislative Council

Panel on Commerce and Industry

Development of the exhibition industry in Hong Kong

At the invitation by the Panel on Commerce and Industry, this paper outlines important facts and recommendations for the long-term development and sustainability of the exhibition industry in Hong Kong.

AsiaWorld-Expo Management Limited

April 2010

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About AsiaWorld-Expo

Back in November 2001, after a series of detailed discussions on the feasibility of the establishment of a new international exhibition centre (AsiaWorld-Expo) at Hong Kong International Airport, Chek Lap Kok, the Legislative Council Panel on Commerce and Industry supported and approved the proposal by the Government to develop AsiaWorld-Expo.

AsiaWorld-Expo opened in December 2005 and has become a world-class venue in Hong Kong and the world, offering over 70,000 square metres of rentable spaces for exhibitions, conventions, concerts, sports and entertainment events. With a budget of HK\$2.35 billion, the venue is a public-private partnership involving funding of HK\$2 billion from the Hong Kong SAR Government (majority shareholder) and a private sector consortium including Dragages Hong Kong Limited and Industrial and Commercial Bank of China (Asia) Limited, with the Airport Authority Hong Kong contributing the land.

With 10 state-of-the-art ground-level and column-free exhibition and events halls including the 13,500-seat **AsiaWorld-Arena**, the biggest purpose-built indoor seated entertainment arena in Hong Kong as well as the **AsiaWorld-Summit**, Hong Kong's newest and largest indoor conference and banquet venue that seats 700 to 5,000 persons, AsiaWorld-Expo is Asia's only column-free, ground-level exhibition and events venue – fully integrated with one of the World's Best Airports, Hong Kong International Airport (World Airport Survey by Skytrax). The complex is located at the centre of an extensive and efficient air, land, and marine transport network which connects Hong Kong to China's Pearl River Delta and the world's business capitals. It is ideally suited to hosting world-class exhibitions, conventions, concerts, sports, and entertainment events.

Looking ahead, AsiaWorld-Expo is set to become the default hub of the Pearl River Delta region, which itself is forecast to become one of the world's most important economic zones in the coming decades. The Hong Kong-Zhuhai-Macao Bridge, which will be adjacent to AsiaWorld-Expo with targeted completion in 2015-16, will give the venue a

direct catchment of over 100 million people, and will ensure that AsiaWorld-Expo remains one of the world's most important MICE (Meeting, Incentive, Conference and Exhibition) venues for many years to come.

Key Milestones of AsiaWorld-Expo's Achievements

2009-2010

Significant Increase in Visitors to AsiaWorld-Expo by 40% from 2006 to 2009

Despite the difficulties and teething problems encountered in the first year after opening, visitor numbers to recurrent trade fairs at AsiaWorld-Expo have increased dramatically since 2006. This incredible growth into an internationally-renowned MICE events venue has been achieved in the space of the past three years. Already an established venue for a number of high-profile international trade fairs, the number of buyers coming for some recurrent events has increased by almost 40% in the last three years alone, with several hundreds of thousands of buyers now representing local, regional and global markets. In autumn 2009, AsiaWorld-Expo recorded a record-breaking number of trade-show visitors.



AsiaWorld-Expo named 'Best Exhibition and Convention Centre'

AsiaWorld-Expo has been named the 'Best Exhibition and Convention Centre' in the 10th CAPITAL Outstanding Enterprise Awards in 2010. Organised by CAPITAL, South

China Media, the awards are designed to recognise Hong Kong's most vibrant and forward-looking businesses, honouring them both for their achievements and for their contribution to the local economy.



Since opening at the end of 2005, AsiaWorld-Expo has been committed to continuously enhancing and improving its facilities and service quality. Indeed, in a consumer survey, AsiaWorld-Expo improved its rating from 6.5 in 2006 to an astonishing 8.6 in 2009 (10 is the highest). In another survey conducted by an independent market survey company, Acorn Marketing and Research Consultants in mid-2009, over 90% of exhibitors and buyers rated the services at AsiaWorld-Expo as “satisfactory to excellent”, further underscoring the superb industry reputation that AsiaWorld-Expo now enjoys.



China Sourcing Fairs at AsiaWorld-Expo Welcomed Record Number of Exhibitors and Visitors

The China Sourcing Fairs attracted a record of over 14,000 exhibitors and more than 144,000 trade visitors in 2009. Relocated from Shanghai to Hong Kong in 2006, this biannual event has gone from strength to strength, growing from six shows in 2006 to 17 shows in 2010.



“One Fair, Two Venues” of Hong Kong Jewellery & Gem Fair 2009 Makes It the World’s Largest with Record Number of Exhibitors and Visitors

The Hong Kong Jewellery & Gem Fair 2009 soared to new heights as the world’s biggest jewellery and gem event through the first-time cooperation of two world-class exhibition venues - AsiaWorld-Expo and Hong Kong Convention and Exhibition Centre in Hong Kong. It has successfully become the world’s biggest Jewellery fair, and Hong Kong’s biggest exhibition ever, by this first-time cooperation. This proves that the ‘space problem’ in Hong Kong can be solved immediately, by cooperation and by fully utilizing the two major centres in Hong Kong, instead of focusing the attention only in one or the other centre.



Other Trade Fairs Also Saw Record Increase in Visitors

The Eco Expo Asia – International Trade Fair on Environmental Protection co-organised by Hong Kong Trade Development Council and Messe Frankfurt (HK) Ltd set a new record of a 67% increase in number of visitors in 2009.



AsiaWorld-Expo Won Top Outstanding Partnership Project Award

In 2008, AsiaWorld-Expo launched its Multi-dimensional Events Services Programme in association with The Society of Rehabilitation and Crime Prevention (SRACP). Designed to offer logistics training and job placements to the unemployed and ex-offenders, the programme is founded on a cooperation agreement between AsiaWorld-Expo and Bright Services Co. Ltd. (Bright Services), a social enterprise under SRACP. Under the terms of the agreement, AsiaWorld-Expo commissions Bright Services to provide logistic support, such as setting-up, disassembling and transporting exhibition booths and performance facilities for a number of exhibitions and conferences, and to arrange the manpower required for these activities.

In 2009, in recognition of this important programme and the difference it is making in the lives of people in need, AsiaWorld-Expo received an Outstanding Project Partnership Award from the Hong Kong Council of Social Services. It was one of only four organisations to receive this honour, shortlisted from a list of some 40 nominees.



2008

AsiaWorld-Expo Contributed HK\$9 billion to Hong Kong's Economy

In 2008, international trade fairs at AsiaWorld-Expo accounted for close to 30% of the entire Hong Kong trade exhibition market. In economic terms, the venue contributed an estimated HK\$9 billion to the local economy in 2008 alone, an increase of over 10% when compared to 2007. This economic success likewise translated into significant job opportunities, with an estimated 18,000 full-time-equivalent jobs provided by AsiaWorld-Expo in 2008, an increase of close to 3% compared to 2007.

2007

AsiaWorld-Expo Played Host to Hong Kong's First Aerospace Show

The biennial Asian Aerospace International Expo and Congress made its debut in Hong Kong at AsiaWorld-Expo in 2007 and returned in 2009. The event is truly unique as a Business-to-Business commercial aviation show which combines an exhibition with six integrated industry conferences. The event will return to AsiaWorld-Expo in March 2011.



2006

AsiaWorld-Expo Contributed to Record Growth of 50% in Net Exhibition Metreage for Hong Kong's Exhibition Industry in 2006

According to the Annual Exhibition Survey 2006 conducted by the Hong Kong Exhibition and Convention Industry Association (HKECIA), the exhibition industry of Hong Kong enjoyed extraordinary growth in business in 2006. The net exhibition metreage occupied by exhibiting companies rose by a record growth of 50%, the highest rate seen in the industry since 1997. The robust growth in net exhibition metreage and number of exhibitions resulted from the first full year of operation of AsiaWorld-Expo offering a wider diversity of new exhibitions.

AsiaWorld-Expo Played Host to Hong Kong's Largest Exhibition cum Forum in History - ITU Telecom World 2006

AsiaWorld-Expo welcomed 62,000 visitors for this high-profile event hosted by the People's Republic of China with Hong Kong as the host city. It was the first time in the event's 33-year history that it had been held outside Geneva.





Enhanced and Improved Local Transportation Links

Recognising the fact that AsiaWorld-Expo is still a relatively new venue and to better serve the travel needs of AsiaWorld-Expo visitors and to ensure that local communities also enjoy the full benefits of this world-class events venue, AsiaWorld-Expo launched in 2009, with the support of the Hong Kong Government, a series of enhanced transportation links¹ that make it quicker, easier and more cost-effective to reach the venue.

MTR Special Fares

Thanks to the in-venue station at AsiaWorld-Expo, the Airport Express is one of the fastest and most comfortable ways to reach the venue. From 2009, an agreement with MTR was reached to offer event participants¹ who can travel on the Airport Express from Hong Kong Station to AsiaWorld-Expo Station with the privilege of HK\$48 (versus HK\$100 at normal fare) same-day return trip (HK\$24 one-way) in just 28 minutes.

Direct Bus Service to and from Tsim Sha Tsui and New Territories East

Apart from MTR special fares, some point-to-point, non-stop, express bus service has been introduced from 2009. The newly-enhanced bus service connects AsiaWorld-Expo with two major transportation hubs in Kowloon and the New Territories.

All the above enhanced transportation services have been well received by event attendees, according to the customer surveys. Noting this receptive trend, further transportation enhancements and development of adjacent land for entertainment and outlet mall have been explored and recommended by consultants, to which we seek the Government's support.

¹ The service arrangements for certain events may vary. For details, please refer to the event calendar section or the respective event organiser's announcement.



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尖沙咀(旺角)	X21巴士專線	\$22	約29分鐘
大圍(新圍站)	X48巴士專線	\$26.2	約29分鐘
中環(皇后大道中)	新路線	\$24	28分鐘

備註：1. 博覽特快由主禮嘉賓演出前二小時起至博覽館閉館後一小時止，每日由上午九時至晚上十一時。2. 以上各線之車費及票價以當日公佈為準，詳情請向各巴士公司查詢。3. 以上各線之車位有限，如欲搭乘，請向各巴士公司查詢。4. 以上各線之車位有限，如欲搭乘，請向各巴士公司查詢。

AsiaWorld-Expo
亞洲國際博覽館



Future Connectivity to Pearl River Delta

The Hong Kong-Zhuhai-Macao Bridge, which will be adjacent to AsiaWorld-Expo with targeted completion in 2015-16, will give the venue a direct catchment of over 100 million people, and will ensure that AsiaWorld-Expo remains one of the world's most important MICE (Meeting, Incentive, Conference and Exhibition) venues for many years to come.



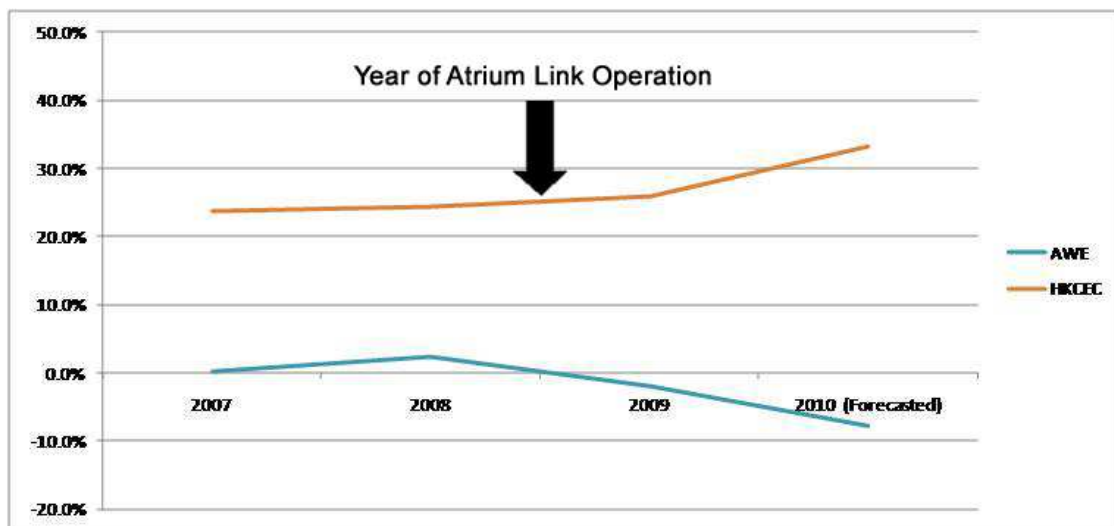
Overwhelming Challenges

I. Unhealthy Internal Competition

Hong Kong has abundant space available for trade exhibitions even before the Atrium Link of HKCEC opened. In 2008, trade exhibitions were taking up less than half of the Hong Kong venue space in more than 300 days; and less than half of HKCEC in ~280 days. There was zero day when trade exhibitions had fully occupied the venues*.

The Atrium Link extension of HKCEC, which was completed in April 2009, has further tipped the balance of demand and supply in Hong Kong. Opening the Atrium Link under this demand-supply situation has merely escalated the internal competition within Hong Kong.

Figure 1 – Growth of Total Gross Exhibition Space Sold 2008 – 2010*



As shown in Figure 1, the total gross exhibition space sold at AsiaWorld-Expo experienced a severe drop after the opening in 2009 of the Atrium Link of HKCEC, meaning a drain from AsiaWorld-Expo to HKCEC. It is expected that the Atrium Link

of HKCEC will continue to drain the demand from AsiaWorld-Expo until it is fully occupied.

* Sources: Research based on public information to the best of our knowledge.

II. ‘Non-competition’ Clause and ‘Anti-Competitive’ Situation in Hong Kong Exhibition Industry

A. ‘Non-competition’ Agreement between TDC and New World

Over the past years, AsiaWorld-Expo has been repeatedly extending invitations with competitive offers to TDC and discussing with TDC on co-operation and has so far received no favourable response. TDC’s staff, however, indicated to AsiaWorld-Expo that they are forbidden to come to AsiaWorld-Expo, except for only around 20 days out of 365 days when HKCEC is almost fully occupied.

Then, in the latter half of 2009, as reported in the media and as shown in a paper of the Finance Committee of the Legislative Council in 1993-94 (FCR93-94), there is a ‘non-competition clause’ in the operation and management agreement of the Hong Kong Convention and Exhibition Centre signed between the Hong Kong Trade Development Council (TDC) and Polytown Company Ltd, a fully owned subsidiary of New World. The duration of the contract was for 40 years from 1988 to 2028, during which both parties agreed not to participate in the development of other exhibition facilities in Hong Kong (clause 4.5).

Extract of the 19 December 1985 ‘Exhibition Centre Operation Agreement’ between the Hong Kong Trade Development Council and Polytown Company Limited is shown in the Finance Committee (FCR93-94) paper as follows and in **Annex 1**:

4.5 Noncompetition

- 4.5.1** The TDC shall not during the term of this Agreement develop or co-develop, or sponsor, endorse or otherwise participate in the establishment of any exhibition facility or trade mart located in Hong Kong other than the Exhibition Centre and in operation at any time during the term of this Agreement.
- 4.5.2** The Consortium shall not during the term of this Agreement develop, co-develop, sponsor, endorse, manage, operate, promote or otherwise participate in any

exhibition facility or trade mart located in Hong Kong other than the Exhibition Centre and in operation at any time during the term of this Agreement.

The above therefore explains why TDC, the biggest exhibition organiser in Hong Kong does not and is not allowed to book exhibition space at AsiaWorld-Expo (a primarily publicly-financed venue) or any other venues in Hong Kong other than those 20-something days in a year only when HKCEC is fully booked. This is confirmed by what TDC's staff had mentioned to AsiaWorld-Expo prior. As evident in the table* below, over 90% of TDC's exhibitions are held at HKCEC as compared to less than 10% of them held at AsiaWorld-Expo.

Trade Fairs organized by HKTDC at HKCEC in 2009	Trade Fairs organized by HKTDC at AWE in 2009
1. HKTDC Hong Kong Toys & Games Fair 2009	1. HK International Printing Packaging Fair
2. Hong Kong International Stationery Fair 2009	2. Eco-Expo Asia
3. HKTDC Hong Kong Fashion Week for Fall/Winter 2009	3. Hong Kong International Building Material & Construction Equipment Fair
4. HKTDC World Boutique, Hong Kong 2009	4. Sports Source Asia
5. HKTDC Hong Kong International Jewellery Show 2009	
6. FILMART Hong Kong 2009 (Hong Kong International Film & TV Market 2009)	
7. Hong Kong Music Fair 2009	
8. HKTDC International ICT Expo	
9. HKTDC Hong Kong Electronics Fair (Spring Edition)	
10. Hong Kong International Lighting Fair (Spring Edition)	
11. HKTDC Hong Kong Houseware Fair	
12. World of Pet Supplies 2009	
13. HKTDC Hong Kong Gifts & Premium Fair	
14. HKTDC Hong Kong Fashion Week for Spring / Summer	
15. HKTDC Summer Sourcing Show for Gifts, Houseware and Toys	
16. HKTDC Hong Kong Publishing Copyright Fair	
17. HKTDC Hong Kong Lifestyle Showcase	

18. International Conference & Exhibition of the Modernization of Chinese Medicine & Health Products	
19. HKTDC Food Expo	
20. Hong Kong International Tea Fair	
21. Hong Kong Watch & Clock Fair 2009	
22. Hong Kong Electronics Fair 2009 - Autumn Edition	
23. electronicsAsia, Hong Kong	
24. Hong Kong International Lighting Fair (Autumn Edition)	
25. HKTDC Hong Kong International Medical Devices and Supplies Fair	
26. HKTDC Hong Kong Optical Fair 2009	
27. Hong Kong International Wine & Spirits Fair	
28. HKTDC World SME Expo	
29. HKTDC Inno Design Tech Expo 2009	

* Sources: Research based on public information to the best of our knowledge.

B. ‘Anti-competitive’ Restrictions Imposed on Most Trade Associations

Again, over the past years, AsiaWorld-Expo has been repeatedly inviting many trade associations to participate in the exhibitions held at AsiaWorld-Expo. However, some of them have revealed privately to AsiaWorld-Expo that they cannot support the exhibitions held at AsiaWorld-Expo because of certain restrictions.

On the contrary and in the case of TDC, with the support of a large number of Hong Kong’s trade associations in various industries as supporting organisations, sponsors and co-organisers, TDC’s exhibitions have grown year on year. While TDC, on the one hand, is bound by the above-mentioned ‘non-competition’ agreement, making it unable to use other venues, on the other hand, the ‘partnerships’ of the trade associations with TDC cannot allow the trade associations to support the exhibitions held by non-TDC organisers at AsiaWorld-Expo.

As shown in the table below, a great majority of Hong Kong’s trade associations in various industries have not participated in the great majority of exhibitions held by the other organisers at AsiaWorld-Expo. It is really unfortunate that if due to their obligations with TDC, the great majority of them have not ever been able to experience AsiaWorld-Expo directly.

	香港各界商會聯席會議	曾否參加於亞洲國際博覽館舉行的展覽？
香港壓鑄及鑄造業總會	√	X
香港合成皮革暨金屬物料供應商商會	√	X
國際中小企聯合商會	√	X
香港製衣同業協進會	√	X
香港遠紅外線協會	√	X
香港玩具廠商會	√	X
香港表廠商會	√	X
香港鐘表業總會	√	X
香港中華眼鏡製造廠商會	√	X
香港塑膠再生原料協會	√	X
香港塑膠原料商會	√	X
潮僑塑膠商會	√	X
香港中小型企業商會	√	X
香港塑料袋業廠商會	√	X
香港製刷業協會	√	X
香港中小型企業聯合會	√	X
國際商貿協會	√	X
香港鞋業商會	√	X
港九電器商聯會	√	X
香港電鍍業商會	√	X
香港金屬表面處理學會	√	X
香港中小企經貿促進會	√	X
香港電器製造業協會	√	X
香港汽車進出口商會	√	X
右軚汽車商會(香港)	√	X
香港中成藥商會	√	X
香港中藥聯商會	√	X
香港食品商會	√	X
香港商業專業評審中心	√	X
香港工商品牌保護陣綫	√	X
港九塑膠製造商聯合會	√	X
國際金融及管理專業人員協會	√	X

香港關鍵性零部件製造業協會	√	X
香港工業專業評審局	√	X
香港青年工業家協會	√	X
東莞市外商投資企業總會	√	X
香港餐飲聯業協會	√	X
九龍總商會	√	X
香港出口商會		X
香港印度商會		X
香港酒店業主聯會		X
香港中華廠商聯合會		X
將軍澳工商業聯合會		X
新界中小企聯會		X
香港中華總商會		X
香港總商會		X
香港珠寶製造業廠商會	√	曾參與「香港珠寶首飾展覽會」 (2009年於一展兩地模式下，兩館參觀人數/展覽面積比例相約)
香港珠寶玉石廠商會		
香港珠石玉器金銀首飾業商會		
九龍珠玉石器金銀首飾業商會		
香港鑽石總會		
香港寶石學協會		
香港金銀首飾工商總會		
香港寶石廠商會	√	曾參與「香港國際機場珠寶展2008」
香港電子業商會	√	曾參與「貿發局國際環保博覽」 (2009年參展商增加 63% / 參觀人士上升 67%)
香港環保產業協會		
香港工業總會		
香港機械金屬業聯合總會	√	曾參與「貿發局香港國際建築裝飾材料及五金展」 (2009年參觀人士上升 3%，刷新紀錄)
香港五金商業總會	√	
香港壓鑄業協會		
香港瓦通紙業廠商會	√	曾參與「貿發局國際印刷及包裝展」
香港金屬製造業協會	√	曾參與「貿發局國際汽車零部件展」
香港汽車零部件工業協會	√	

* Sources: Research based on public information to the best of our knowledge.

III. Fears of Overseas Exhibition Organisers

During the past years, when AsiaWorld-Expo's staff went on overseas trips to proactively market and sell AsiaWorld-Expo to overseas exhibition organisers to discuss about bringing new shows to Hong Kong, they all indicated that they will only bring new shows to Hong Kong if they feel secure there is room and a level playing field for the private sector to develop in Hong Kong and if they feel secure enough that TDC would not launch competing events against them. This is also confirmed by industry experts and reflected in industry consultancy reports.

Way Forward – Better Utilisation of Hong Kong’s Venue Space Resources

Looking back, the Hong Kong Government responded to the demand from the industry in 2003 to publicly fund the construction of AsiaWorld-Expo to satisfy the industry demand. However, this ‘non-competition’ agreement signed between TDC and New World and the other man-made restrictions do not allow for this well-intended primarily publicly-funded venue to meet real demand and fulfill its original mandate.

Successful “One Fair, Two Venues” makes Hong Kong Jewellery & Gem Fair 2009 the Largest in the World

The Hong Kong Jewellery & Gem Fair 2009 soared to new heights as the world’s biggest jewellery and gem event through the first-time cooperation of two world-class exhibition venues - AsiaWorld-Expo and Hong Kong Convention and Exhibition Centre (HKCEC) in Hong Kong. This successful “One Fair, Two Venues” model is playing a critical role in making Hong Kong a world-renowned Trade Fair Capital.

Jewellery exhibition is amongst the very few exhibitions in Hong Kong in the past that encountered insufficient exhibition centre space problem. For the very first time, the Hong Kong industry has successfully overcome this problem by using both major centres (AsiaWorld-Expo and Hong Kong Convention and Exhibition Centre). Through a first-time cooperation of the two centres – One Fair, Two Venues, this year the Hong Kong Jewellery & Gem Fair 2009 has successfully become the world’s biggest Jewellery fair, and Hong Kong’s biggest exhibition ever, by this first-time cooperation. This proves that the ‘space problem’ in Hong Kong can be solved immediately, by cooperation and by fully utilizing the two major centres in Hong Kong, instead of focusing the attention only in one or the other centre.

We welcome more cooperation between the two centres for the other two remaining industry exhibitions, namely Electronics, and Gifts, that may need to grow beyond one exhibition centre’s capacity in the long term.

According to UBM Asia, the organiser of the September Hong Kong Jewellery & Gem Fair, the Fair in 2009 has welcomed an overwhelming number of top-quality and professional regional and international buyers at AsiaWorld-Expo just on the first show day. The Statistics of the Hong Kong Jewellery & Gem Fair 2009 using “One Fair, Two Venues” model shows that the visitor number ratios at both venues (AWE and HKCEC) are almost the same at around 0.7 visitor per sqm.

Venue	Visitor Number	Exhibition Area (Square Metres)	Visitor Ratio (Visitor Number per Square Metre of Exhibition Area)
AWE	32,719	45,340	0.72
HKCEC	56,513	74,660	0.75
Total	89,232	120,000	

Source: Press release on the Hong Kong Jewellery & Gem Fair 2009

Therefore, it has been proven that the “One Fair, Two Venues” model with new product sectorisation is a win-win solution for all.



We welcome and fully support the Government's response to Hon Ip Kwok-him's question in the Legislative Council (extracted from the Government's press release on 2 December 2009 as below):

"To enhance utilisation of the exhibition facilities in Hong Kong, the Government has been encouraging Hong Kong Trade Development Council (TDC), Hong Kong Convention and Exhibition Centre (HKCEC) and the AsiaWorld-Expo (AWE) to collaborate on exhibition projects....We have conveyed our views to TDC and have requested it to assist in promoting the organisation of exhibitions using the "one show, two locations" approach."

We would see better utilisation of Hong Kong's and public resources and greater potential of further development of the exhibition industry in Hong Kong in the future if those man-made 'non-competition' and 'anti-competitive' situations which override public interests and are more related to vested interests can be unleashed. It is no surprise that when commercial and vested interests are conflicting with the public interests, it certainly gives rise to anti-competitive behaviours.

It is therefore in the public and the taxpayers' interest that the space demand should be allowed to be met by the other publicly-funded venues for prudent use of public funds. The constant debate on more supply has not been dealt with properly in the context of the existence of a 'non-competition' agreement, and the inability for co-operation other than those 20-something days in the year.

With further room for growth at AsiaWorld-Expo, the new ways of leveraging Hong Kong's existing exhibition spaces to boost overall utilisation will inevitably accelerate Hong Kong's economic growth and greatly benefit the local exhibition and conference industry. AsiaWorld-Expo, adjacent to Hong Kong International Airport which will be connected to the future Hong Kong boundary crossing facilities of the Hong Kong-Zhuhai-Macao Bridge is well positioned to lead the growth of the exhibition and conference industry in Hong Kong.

- (ii) The additional flows of visitors and export orders generated by the new HKCEC would be as projected by TDC's Consultants (the increases in these flows so far have been faster than these projections).
- (iii) The average length of stay in Hong Kong by the overseas visitors would be similar for visitors to the existing and to the new HKCEC;
- (iv) The visitors would incur expenditures in Hong Kong which are comparable to those indicated by the Hong Kong Tourist Association surveys; and
- (v) The pattern of exports resulting from the forward orders would be similar in respect of both the existing and the new HKCEC.

In short, the new HKCEC would be simply a scale expansion of the existing one for coping with a continuous surge in demand, with a pattern of people and trade flows which is simply carried over from the existing facility.

Assessment results

5. Based on the above assumptions, the annual value added contribution arising from the additional HKCEC-related visitor spending is estimated to be \$2,551 million, while that arising from the additional export orders is estimated to be around \$6,197-\$7,169 million. The following table gives a summary of the single year economic benefits accruing to the proposed HKCEC extension when it is operating at more or less full capacity.

	Existing HKCEC* (HK\$ million at 1993 prices)	Proposed extension (HK\$ million at 1993 prices)
(i) Visitor spending		
(a) Total expenditure	2,435	3,013
(b) Value added generated	1,998	2,551
(ii) Export orders		
(a) Total value of orders	18,720	23,134
(b) Value added generated		
Trade flow approach	4,905	6,197
(an alternative GDP multiplier approach)	(5,802)	(7,169)
(iii) Total quantifiable economic benefits ((i)(b)+(ii)(b))	6,902-7,800	8,748-9,720

* The economic benefits were derived in the 1992 Assessment and brought forward to 1993 prices by the GDP deflator to reflect overall inflation in 1992 and 1993.

Hence the HKCEC extension should bring significant economic benefits to Hong Kong. In terms of value added contribution to the GDP, this would be in the order of \$9-\$10 billion a year, at the time when the new facility is operating at full capacity.

6. On the top of this, there would conceivably be other economic benefits which are *not readily quantifiable* but when taken together are just as important. These include:

- Absorption of new knowledge and ideas brought to Hong Kong via the holding of conventions and exhibitions of a world standard.
- Reinforcement of the promotional work of the Trade Development Council and the Hong Kong Tourist Association. The HKCEC is, in effect, Hong Kong's window to the outside world.
- Development of the local market in cases where products are promoted in Hong Kong.
- Further profitable opportunities for the business community, particularly those in manufacturing, import/export trade and tourism. Export orders would continue to be attracted to Hong Kong due to the resultant increase in contact with overseas buyers.

Visitors may come again after gaining an initial impression of Hong Kong's attractiveness.

—Enhancement of Hong Kong's position as the gateway to China and as a major trading and business services centre in the region.

—Enhancement of Hong Kong's international image generally.

It is therefore plausible that the overall economic benefits arising from the HKCEC extension could be well in excess of \$9-\$10 billion a year when it is in full operation.

Enclosure 3 to FCR(93-94)144

Management arrangements between TDC and Polytown Company Ltd

Existing HKCEC

Following in principle approval from the Executive Council in December 1983, the TDC invited bids for the development of the Hong Kong Convention and Exhibition Centre. The most competitive bid was received from New World Development Co. This bid was endorsed by the TDC Council on 14 December 1984 and by the Executive Council on 18 December 1984. The agreement involved the construction of the HKCEC by New World at no cost to the TDC or the Government, in exchange for associated development rights.

Management of HKCEC

2. The accepted bid from New World included New World's agreement to provide operational management of the Exhibition Centre, to meet all promotional operational and furnishing costs of the Centre and to pay to TDC an annual fee of US\$650,000. This was subsequently improved through negotiation to the higher of US\$650,000 or 5% of the Centre's gross operating costs.

Polytown Ltd and the 'non-competition clause'

3. Subsequently, an operation and management agreement was signed between the TDC and Polytown Company Ltd, a fully owned subsidiary of New World. A copy of the key clauses is at the Annex. The duration of the contract was for forty years, during which both parties agreed not to participate in the development of other exhibition facilities in Hong Kong (clause 4.5).

Performance criteria

4. The quid pro quo for the contract duration and the 'non-competition clause' was the insertion in the agreement of performance criteria to be observed by Polytown (clause 5). Failure to observe these could result in the TDC discontinuing to use Polytown as the HKCEC's operator/manager.

The new extension: why use Polytown?

5. The entire rationale for the extension is that is precisely that—an extension—and not a new building. It will be used to host exhibitions and conventions too large for the existing facility, which are already having to be turned away. To attempt to have two operators for the same facility would increase costs and prevent effective co-ordination. Neither the Government nor the TDC would wish to see such an arrangement.

Does Polytown provide value-for-money/good service?

6. Polytown's performance under its existing agreement with the TDC has been of a consistently high standard. The ways used by TDC to monitor Polytown include—

- (a) audits of revenue are conducted quarterly and cover all events held in the Centre;
- (b) TDC staff conduct random physical inspections at least twice a month to monitor events;
- (c) the TDC employs maintenance/monitoring consultants to inspect building systems and overall level of building maintenance. These consultants report to the TDC monthly; and
- (d) the TDC conducts its own evaluations in its capacity as a major user of the Centre.

7. Independent confirmation of the success of the current management arrangements comes in the form of numerous testimonials sent by both local and overseas holders of conventions or exhibitions in the Centre, including major international bodies such as the Asian Development Bank.

What are the legal implications of the 'non-competition clause' for the management of the future extension?

8. Assuming that Polytown, the existing managers of the HKCEC, continue to perform effectively, the existing agreement will continue to bind both parties. That is, Polytown will have to set aside the 'non-competition' clause in order to allow the TDC to take part in developing the extension. Formal agreement from Polytown to do so will be required before the entrustment agreement is executed.

9. TDC have sought the opinion of a London QC, Mr Christopher Clark, on the applicability of the 'non-competition clause' to the proposed extension. The Government's Crown Solicitor has been consulted on this advice. His view is that the original agreement between TDC and Polytown sets out certain long term arrangements for the operation of the Exhibition Centre by the Consortium. Clause 4.5 imposes restraints on the parties which are directed against activities which may alter the economics governing the operation of the Exhibition Centre. The restraints imposed on TDC by clause 4.5.1 of the agreement between TDC and New World are extensive and would affect its ability to participate in the proposed Centre extension, as contemplated. On the question of whether the clause is legally enforceable against TDC, he has read the advice provided to TDC by Mr Christopher Clark QC, in which he considers the enforceability of clause. The Crown Solicitor agrees generally with the advice that the clause is likely to be enforceable.

10. The Crown Solicitor's view is that any action of TDC contrary to the restraint of clause 4.5.1 may well present it with formidable legal difficulties. He has advised that it is important that, before TDC act in pursuance of the proposed extension, it ensure that by so doing it is not inviting legal action which, he anticipates, could take years to resolve.

How can the Government ensure that the terms of any new management agreement are fair?

11. For the terms of any draft agreement to be regarded as satisfactory, they will need—

- (a) to be at least better than the existing terms in terms of percentage return to the TDC;

- (b) to contain no element of development profit for New World/Polytown; and
- (c) to be subject to detailed scrutiny by the PCC.

Summary

12. The negotiation of the arrangements for the management contract for the new extension will be carried out by the TDC. These arrangements will be vetted carefully by the PCC.

Annex

Extract of the 19 December 1985 'Exhibition Centre Operation Agreement' between the Hong Kong Trade Development Council and Polytown Company Limited

4.5 Noncompetition

4.5.1 The TDC shall not during the term of this Agreement develop or co-develop, or sponsor, endorse or otherwise participate in the establishment of any exhibition facility or trade mart located in Hong Kong other than the Exhibition Centre and in operation at any time during the term of this Agreement.

4.5.2 The Consortium shall not during the term of this Agreement develop, co-develop, sponsor, endorse, manage, operate, promote or otherwise participate in any exhibition facility or trade mart located in Hong Kong other than the Exhibition Centre and in operation at any time during the term of this Agreement.

5. TERM AND TERMINATION

5.1 Term

Subject always to the provisions for earlier termination contained in Clause 5.3 hereof, this Agreement shall come into effect on the date hereof and shall continue for an initial term of forty (40) years commencing with effect from the Date of Substantial Completion and thereafter for further successive periods of ten (10) years each subject to the TDC in its discretion, such discretion to be exercised reasonably, being satisfied that the Consortium has operated and managed the Exhibition Centre in accordance with the performance criteria set out below during such initial forty (40) year term or such ten (10) year period (as the case may be). Where, having exercised its discretion reasonably, the TDC is not satisfied that the Consortium has managed and operated the Exhibition Centre in accordance with the performance criteria set out below during the initial forty (40) year term or the relevant ten (10) year period, the TDC shall notify the Consortium in writing not less than sixty (60) days prior to the end of the initial forty (40) year term or the relevant ten (10) year period (as the case may be) that it does not wish the Consortium to continue to act as the operator and manager of the Exhibition Centre. The performance criteria referred to above shall be as follows:—

- (i) the Consortium shall at all times have due regard for and comply with the provisions of the Conditions of Grant and in particular the Sub-Agreement as to user dated 28th February 1985 annexed thereto;
- (ii) the Consortium shall where relevant have due regard for the provisions of the Hong Kong Trade Development Council Ordinance (Cap. 1114) and to the obligations imposed on and the functions of the TDC thereunder;

- (iii) having due regard for the provisions of paragraphs (i) and (ii) above, the Consortium shall advertise and promote the Exhibition Centre with the objective of obtaining the maximum usage for all of the facilities comprised therein;
- (iv) the Consortium shall operate and manage the Exhibition Centre at all times to a standard appropriate for first class world standard exhibition centres and for such purpose shall keep itself informed of, monitor and, at the reasonable request of the TDC, implement improvements and developments introduced by other operators and managers of exhibition or conference centres of a similar standard;
- (v) without prejudice to the generality of paragraph (iv) above, the Consortium shall procure that all the following facilities comprised within the Exhibition Centre namely the Arrival Hall, the Registration Area and all areas to which the public has access, the Auditoria, the Conference Hall, the Meeting Rooms and the Restaurants and Kitchens are operated and maintained to a standard appropriate for a first class hotel in Hong Kong.

5.2 Failure to Meet Performance Criteria

The TDC shall have the right at any time during the term of this Agreement to instruct the Consortium to replace the Manager if in its reasonable opinion the Manager has failed

to adhere to the performance criteria set out in Clause 5.1 hereof. The Consortium shall procure a replacement for the Manager acceptable to the TDC within ninety (90) days of receipt of such instruction from the TDC.

5.3 Termination for Material Breach

5.3.1 If either party commits a material breach of any of its obligations under this Agreement, (such obligations including in particular but without limitation in the case of the Consortium its obligation to comply with and take recognition of the Conditions of Grant) the other party shall give notice thereof to the breaching party. If such material breach shall not have been remedied within ninety (90) days after the receipt of such notice, then the other party shall have the right to terminate this Agreement by giving written notice of termination to the breaching party not later than thirty (30) days after the expiration of such ninety (90) day period.

5.3.2 The TDC shall be entitled to terminate this Agreement forthwith by notice in writing to the Consortium in the event that the Consortium shall enter into liquidation (except for the purposes of an amalgamation or reconstruction previously approved in writing by the TDC) or shall have a receiver appointed of all or any part of its respective assets or shall take or suffer any similar action in consequence of a debt or shall cease or threaten to cease trading.

Enclosure to FCR(93-94)145

Summary of the Recommendations of the Establishment Subcommittee

EC

Item Head of
No. Expenditure

At the meeting on 1 March 1994

- 70 HEAD 43—CIVIL ENGINEERING DEPARTMENT
- HEAD 52—GOVERNMENT SECRETARIAT
- HEAD 56—GOVERNMENT SECRETARIAT: PLANNING, ENVIRONMENT AND LANDS BRANCH AND WORKS BRANCH
- HEAD 58—GOVERNMENT SUPPLIES DEPARTMENT
- HEAD 60—HIGHWAYS DEPARTMENT
- HEAD 91—LANDS DEPARTMENT
- HEAD 168—ROYAL OBSERVATORY
- HEAD 186—TRANSPORT DEPARTMENT
- HEAD 194—WATER SUPPLIES DEPARTMENT

Recommendation

To recommend to Finance Committee the retention of the following supernumerary posts relating to the Port and Airport Development Strategy and the Airport Core Programme projects with effect from 1 April 1994—

(a) for two years—
New Airport Projects Co-ordination Office, Works Branch, Government Secretariat

- 1 Administrative Officer Staff Grade A (D6)(\$117,400)
- 1 Administrative Officer Staff Grade B (D3)(\$92,250-\$97,800)
- 1 Principal Crown Counsel (DL3)(\$92,250-\$97,800)
- 1 Principal Government Engineer (D3)(\$92,250-\$97,800)
- 2 Administrative Officers Staff Grade C (D2)(\$79,400-\$84,250)
- 1 Government Engineer (D2)(\$79,400-\$84,250)
- 2 Chief Engineers (D1)(\$66,800-\$70,950)

Transport Branch, Government Secretariat

- 1 Administrative Officer Staff Grade C (D2)(\$79,400-\$84,250)

這些利益的價值可根據地加價值佔在本地生產總值中所佔比例(註)來評估。

(註)香港會議展覽中心擴建部分現時的經濟利益評估是根據一九九二年的評估進行修訂，並已計及展覽場地面積由原來預計的30 000平方米至35 000平方米減至26 000平方米，即新場地的面積減少25%。不過，新的會議設施規模並沒有減少。

(i) 香港會議展覽中心訪客消費所帶來的經濟利益
基本上，這項利益包括海外訪客和參展者直接的消費(直接的增加價值)加上其後多輪的間接或誘發消費(間接的增加價值)，再扣除其間購買的食品和服務(包括入口貨品及服務)後，合計所得的收入。一九九三年，現有香港會議展覽中心訪客消費所帶來的增加價值，估計高達19億9,800萬元。

(ii) 在香港會議展覽中心舉行的商品交易會及展覽會接獲的出口訂單所帶來的經濟利益

3. 本地公司在香港會議展覽中心舉行的商品交易會及展覽會接獲的出口訂單，在本地生產總值佔有較大比例。這些訂單對經濟的正面影響，可按履行有關訂單時本地出口貨品及轉口貿易所產生的增加價值來計算，此外，一些主要行業，像製造、出入口貿易、倉庫、運輸、通訊、財經及商業服務等行業，亦會增加生產貨物及服務。在一九九三年，上述活動所產生的增加價值估計約在49億500萬元至58億200萬元之間。

假設

4. 為方便估計香港會議展覽中心所經營部分可獲得的經濟利益，有關方面作了以下的假設：

- (i) 建議的擴建部分的使用率，稍後將會與現有香港會議展覽中心的使用率一樣高；
- (ii) 因新香港會議展覽中心而增加的訪客及出口訂單數量，將會如貿易發展局顧問所預計的一樣(至目前為止，訪客及出口訂單的增幅，遠較預測為快)；
- (iii) 到訪現有香港會議展覽中心和新中心的海外訪客逗留香港的平均時間將會非常接近；
- (iv) 有關訪客在香港的開支與香港旅遊協會調查所得結果類似；及
- (v) 現有香港會議展覽中心和新中心接獲的遠期訂單的出口模式類似。

簡單地說，新香港會議展覽中心僅是將現有中心的規模擴大，以應付日益增加的需求，而訪客及貿易量的模式亦由現有設施轉過來。

評估結果

5. 根據上述假設，由香港會議展覽中心訪客的額外消費所帶來的增加價值所佔比例，估計每年為25億5,100萬元。而由額外出口訂單所帶來的增加價值所佔比例，則估計約為61億9,700萬元至71億6,900萬

元。下表表達在香港會議展覽中心所經營部分大致全面啟用後，以一年計所產生的經濟利益。

	現有香港會議展覽中心 (按一九九三年 預算計算) 百萬港元	建議擴建部分 (按一九九三年 預算計算) 百萬港元
(i) 訪客消費		
(a) 總開支		
(b) 所產生的增加價值	2,433	3,013
(ii) 出口訂單	1,994	2,551
(a) 訂單總額		
(b) 所產生的增加價值 直接方法 (按本地生產的價值乘數 方法)	18,720 4,903 (5,802)	23,134 6,197 (7,169)
(iii) 將以數量表示的經濟利益 總值 (i)(b)+(ii)(b)	6,902-7,800	8,344-9,720

這些經濟利益係由一九九二年的評估，經計算本地生產總值平穩增長後轉化為一九九三年的價格，以反映一九九二及一九九三年的經濟環境。

因此，香港會議展覽中心擴建部分將可為香港帶來龐大的經濟利益，以增加價值在本地生產總值中所佔比例計算，這項經濟利益在新設施全面啟用後，估計約為每年90至100億元。

6. 除此之外，相信仍有其他不能即時以數量表示的經濟利益，但當這些利益集合起來時，亦是同樣重要的。這些利益包括：

- 透過舉辦符合世界水準的會議和展覽，令香港吸收到新知識和新意念。
- 加強貿易發展局和香港旅遊協會的推廣工作，香港會議展覽中心實際上是香港對世界的一扇窗戶。
- 為那些在香港進行業務的產品發展本地市場。
- 為商界，特別是那些從事製造業、出入口貿易及旅遊業的人士，提供更多有利可圖的機會。由於與海外買家的接觸有所增加，香港便能繼續吸引出口訂單。訪客對香港的吸引力得到初步印象後，可能會再次前來香港。
- 提高香港作為中國大門及亞太區主要貿易和高層展覽中心的地位。
- 全面提高香港的國際形象。

因此，香港會議展覽中心擴建部分在全面啟用後，所帶來的整體經濟利益，極有可能超過每年90至100億元。

FCR(93-94) 144 附件3

貿易發展局與實利達有限公司達成的管理安排

現有的香港會議展覽中心

在行政局於一九八三年十二月原則上作出批准後，貿易發展局便就香港會議展覽中心的發展工程進行招

探，所收到最具競爭性的標書，是由新世界發展有限公司提交的。其後，貿易發展局及行政局亦分別於一九八四年十二月十四日及一九八四年十二月十八日通過這份標書。根據所達成的協議，新世界負責興建香港會議展覽中心，而貿易發展局或政府均無須支付有關費用，作為新世界換取相關發展權益的條件。

香港會議展覽中心的管理

2. 按新世界股份接洽的標書，新世界同意為展覽中心提供營運方面的管理、支付該中心在推廣、營運及裝修方面所需的一切費用，以及每年向貿易發展局支付一筆為數650,000美元的費用。後來，經過商榷後，新世界同意將有關費用提高，款額較650,000美元為高，或佔該中心營運費用總額的5%。

實利城有限公司及「非競爭條款」

3. 其後，貿易發展局與新世界全資擁有的附屬公司——實利城有限公司簽訂一份營辦及管理協議。有關協議主要條文的副本載於附錄A。有關合約為期40年，而雙方同意在此期間內不會參與發展香港其他展覽設施的計劃（協議第4.5條）。

工作表現衡量準則

4. 訂立上述合約期及「非競爭條款」的交換條件，是要在協議內加入多項藉以衡量工作表現的準則（協議第3條）。實利城必須遵守這些準則，否則貿易發展局可能不再繼續僱用實利城為香港會議展覽中心的營辦商/管理公司。

為何新擴建部分要僱用實利城？

5. 擴建部分僱用實利城的原因，純粹是因為它只是擴建大樓，而並非新建建築物。擴建大樓會用作舉辦一些現有設施所不能容納的大型展覽會和會議。事實上，展覽中心已經要放棄舉辦這類活動。如果同一項設施由兩間公司營辦，便會導致成本增加，以及令有關維修工作難以有效率地進行。這種安排亦非政府和貿易發展局所希望見到的。

實利城能否提供合乎經濟效益/優良的服務？

6. 實利城按其與貿易發展局達成的現行協議執行工作的表現，一直都非常良好。貿易發展局盛贊實利城所採用的方法包括——

- (a) 每季對其收益進行審核，審核的範圍包括該中心舉行的所有活動；
- (b) 貿易發展局職員隨意在每月進行至少兩次的實地視察，以監察有關活動；
- (c) 貿易發展局僱用顧問公司，負責保養/監察工作，以便巡視建築系統及建築物保養的整體水平。這些顧問公司每月均會向貿易發展局作匯報；及

(d) 貿易發展局會以該中心主要用戶的身份，進行本身的評估工作。

7. 另外，曾在該中心舉辦會議或展覽會的本港及海外營辦商，包括亞洲發展銀行等主要國際組織，亦向中心發出很多鳴謝信件，從他們自行發出的信件，都可證明現行管理安排相當成功。

「非競爭條款」對未來的擴建部分的管理工作有甚麼法律含義？

8. 假定實利城，即香港會議展覽中心現時的管理公司，繼續有效率地執行有關工作，則現行協議會繼續對雙方構成約束力，即實利城須遵從「非競爭」條款，以便貿易發展局可參與興建擴建部分。不過，在簽訂新協議之前，必須先徵求實利城正式同意這樣做。

9. 貿易發展局曾就「非競爭條款」對建議擴建部分是否適用一事，徵求倫敦一位御用大律師 Christopher Clark 先生的意見。當局亦曾就他的意見徵詢政府民事檢察專員的意見。該名專員認為，貿易發展局與實利城之間簽訂的原來協議，就該財團營辦展覽中心方面訂定若干項長遠安排。協議第4.5條對雙方實施限制，目的是針對一些可能會對展覽中心在營運方面的經濟狀況構成影響的活動。一如所料，在貿易發展局與新世界所簽訂的協議中，第4.5.1條對貿易發展局所實施的限制範圍甚廣，而且會影響其參與建議中香港會議展覽中心擴建工程的可能性。關於在法律上是否可以根據上述條款對貿易發展局採取執法行動的問題，民事檢察專員已審閱御用大律師 Christopher Clark 向貿易發展局所提交的意見，以考慮該條款能否執行的問題。該名專員大致上同意這些意見，即有關條款是可以執行的。

10. 民事檢察專員認為，貿易發展局如有任何行動違反第4.5.1條的限制，便有可能要面對難以應付的法律問題。他表示貿易發展局在進行建議的擴建工程之前，須確保此舉不會招致法律訴訟，這點至為重要，因為他預期這些法律訴訟需要很長時間才能解決。

政府如何確保任何新管理協議的條款均屬公平？

11. 任何協議草擬文本的條款，均須符合下列準則，才合乎理——

- (a) 就貿易發展局所得的回報率而言，至少比現有的條款為佳；
- (b) 並沒有為新世界/實利城提供任何發展方面的利潤；及
- (c) 須經由工程管理局委員會詳細審核。

附錄

12. 貿易發展局會就新擴建大樓的管理合約，商討有關安排。這些安排會由工程管理局委員會審核。

附錄

一九八五年十二月十九日
香港貿易發展局與寶利城有限公司
訂立「展覽中心經營協議」的條件

4.5 無競爭權

4.5.1 貿易發展局不得在本協議期間發展、聯合發展、贊助、支持或以其他形式參與設立任何位於香港，並在本協議期間的任何時間內經營的展覽設施或商業中心（該展覽中心除外）。

4.5.2 該財團不得在本協議期間發展、聯合發展、贊助、支持管理、經營、推廣或以其他形式參與任何位於香港，並在本協議期間的任何時間內經營的展覽設施或商業中心（該展覽中心除外）。

5. 協議期限及終止協議

5.1 協議期限

在經常符合第5.3條所載有關提早終止協議的條文的情況下，本協議於協議所載日期生效，並在最初40年的期間（由工程大發完成的日期起計算）內繼續生效，並可在該段期間後的連續多個10年期繼續生效，但上述每個10年期均須在貿易發展局合理行使酌情權的情況下，信納該財團在上述最初40年的期間或隨後每個10年期（視乎情況而定）內，已按照下文所載有關履行協議的準則去經營及管理展覽中心，方可繼續生效。貿易發展局倘在合理行使其酌情權後，並不信納該財團在最初的40年期間或有關的10年期內，已按照下文所載有關履行協議的準則去管理及經營展覽中心，則應於最初的40年期間或有關的10年期（視乎情況而定）屆滿前不少於60天內，以書面通知該財團，並須說明貿易發展局無意繼續擔任該展覽中心的經營者及管理人。上文所述有關履行協議的準則如下——

(i) 該財團須在任何時間內充分顧及並遵守有關批地條件的規定，特別是於一九八五年二月二十八日就有關使用權簽訂的附屬協議條文（夾附於批地條件）；

(ii) 在有關情況下，該財團須充分顧及香港貿易發展局條例（香港法例第114章）的規定，以及條例訂定應由貿易發展局履行的責任及職能；

(iii) 在充分顧及上文第(i)及(ii)段所載規定的情況下，該財團須負責宣傳及推廣該展覽中心，目的是使該展覽中心內的所有設施均能盡量其用；

(iv) 在任何時間內，該財團均須令該展覽中心的經營及管理達致世界第一流展覽中心的標準，並為此目的而密切注意、監察及在貿易發展局的合理要求下推行其他具備同樣水準的展覽或會議中心的經營者及經理人所作出的改善及發展措施；

(v) 在不損害上文第(iv)段的概括性的原則下，該財團必須設法令該展覽中心內的所有下列設施，包括入口大堂、登記處及市民可出入的所有地方、廣場、會議廳、會客室及餐廳和廚房的經營和保養，均達致與香港第一流酒店相若的水準。

5.2 未能符合有關履行協議的準則

貿易發展局倘有理由認為經理人未能遵守上文第5.1條所載有關履行協議的準則，則有權在本協議期間的任何時間內指示該財團撤換經理人，該財團須於接到貿易發展局發出該等指示後90天內，設法物色貿易發展局可接受的人選代替該經理人。

5.3 嚴重違反條款而終止協議

5.3.1 倘任何一方重大違反本協議所訂的任何責任（就該財團而言，這些責任包括特別指但不限於財團應遵守及承認有關批地條件的責任），另一方須向違約的一方發出通知。倘在接到該通知後90天內仍未對有關的重大違約問題作出補救，則另一方在該90天期間屆滿後30天內，可透過向違約的一方發出書面通知，終止本協議。

5.3.2 倘該財團進行清盤（因先前已獲貿易發展局書面批准的合併或重組而進行的清盤除外），或已由當局委派清盤人接管其全部或部分資產，或因債務而須採取或受他人採取任何違例行動，或須停止或要停止營業，則貿易發展局有權透過向該財團發出書面通知，即時終止本協議。