

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1247/10-11  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/CI/1

**Panel on Commerce and Industry**

**Minutes of meeting**  
**held on Tuesday, 21 December 2010, at 2:30 pm**  
**in Conference Room A of the Legislative Council Building**

- Members present** : Hon WONG Ting-kwong, BBS, JP (Chairman)  
Hon Vincent FANG Kang, SBS, JP (Deputy Chairman)  
Hon Fred LI Wah-ming, SBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Hon Starry LEE Wai-king, JP  
Dr Hon LAM Tai-fai, BBS, JP  
Hon Paul CHAN Mo-po, MH, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Dr Hon Samson TAM Wai-ho, JP  
Hon Tanya CHAN  
Hon Albert CHAN Wai-yip
- Members attending** : Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon Paul TSE Wai-chun
- Member absent** : Hon Timothy FOK Tsun-ting, GBS, JP

**Public officers  
attending**

: Agenda item IV

Ms Linda LAI, JP  
Acting Permanent Secretary for Commerce and  
Economic Development (Commerce, Industry and  
Tourism)

Mr Vincent FUNG  
Acting Deputy Commissioner for Tourism

Mrs Candy YEUNG  
Principal Assistant Secretary for Commerce and  
Economic Development (Commerce and Industry)

Agenda item V

Mrs Candy YEUNG  
Principal Assistant Secretary for Commerce and  
Economic Development (Commerce and Industry)

Ms Maria S N KWAN, JP  
Director-General of Trade and Industry

Ms Carol YUEN  
Deputy Director-General of Trade and Industry  
(Commercial Relations, Controls and Support)

Mr Jacky LUM  
Assistant Director-General of Trade and Industry  
(System)

Ms Amy CHEUNG  
Principal Trade Officer  
Trade and Industry Department

**Attendance by  
Invitation**

: Agenda Item IV

Hong Kong Tourism Board

Ms Gilly WONG  
General Manager (MICE & Cruise)

Hong Kong Trade Development Council

Mr Benjamin CHAU  
Acting Executive Director

Mr William CHEUNG  
Head of Media & Public Affairs

AsiaWorld-Expo Management Limited

Mr Allen HA  
Chief Executive Officer

**Clerk in attendance** : Ms YUE Tin-po  
Chief Council Secretary (1)3

**Staff in attendance** : Mr Joey LO  
Council Secretary (1)3

Ms May LEUNG  
Legislative Assistant (1)6

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Action

**I. Confirmation of minutes of meeting**

(LC Paper No. CB(1)507/10-11 -- Minutes of meeting held on  
19 October 2010)

The minutes of the meeting held on 19 October 2010 were confirmed.

**II. Information paper issued since last meeting**

(LC Paper No. CB(1)588/10-11(01) -- Information on the financial  
position of the Applied  
Research Fund for the period  
of 1 June to 31 August 2010

LC Paper No. CB(1)846/10-11(01) -- Information paper on the 2010  
Hong Kong /Shenzhen  
Co-operation Meeting

LC Paper No. CB(1)846/10-11(02) -- Information paper on Third  
Plenary Session of the Hong

Kong/Beijing Economic and  
Trade Cooperation  
Conference)

2. Members noted that the above papers had been issued since the last meeting. The Chairman suggested and members agreed that the "2010 Hong Kong/Shenzhen Co-operation Meeting" and the "Third Plenary Session of the Hong Kong/Beijing Economic and Trade Cooperation Conference" should be included in the list of outstanding items for discussion at a future meeting. All other Members of the Legislative Council would be invited to take part in the discussion of these items. Mrs Regina IP suggested and the Chairman agreed that the Administration should also brief the Panel on the Overall Development Plan on Shenzhen-Hong Kong Cooperation on Modern Service Industries in Qianhai Area (前海深港現代服務業合作區總體發展規劃).

**III. Date of next meeting and items for discussion**

(LC Paper No. CB(1)785/10-11(01) -- List of outstanding items for discussion

LC Paper No. CB(1)785/10-11(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 18 January 2011 at 2:30 pm to discuss the following items:

- (a) Promotion of inward investment;
- (b) Financial support for Partner State Key Laboratories; and
- (c) Proposed creation of two permanent posts at Assistant Principal Solicitor (DLI) rank in the Intellectual Property Department.

**IV. Development of the exhibition industry in Hong Kong**

(LC Paper No. CB(1)785/10-11(03) -- Administration's paper on development of the exhibition industry in Hong Kong

LC Paper No. CB(1)785/10-11(04) -- Paper on the development of convention and exhibition industry in Hong Kong prepared by the Legislative Council Secretariat (updated

background brief))

LC Paper No. CB(1) 875/10-11(01) -- Correspondence (between  
& (02) Hong Kong Trade  
Development Council (TDC)  
and AsiaWorld-Expo  
Management Limited  
(AWEML) in December  
2010 on seeking further  
cooperation. (tabled and  
subsequently issued on 21  
December 2010).

Presentation by the Administration

4. At the Chairman's invitation, Acting Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Ag PSCIT) briefed members on the latest development of the exhibition industry in Hong Kong, as set out in the Administration's paper (LC Paper No. CB(1)785/10-11(03)).

5. Acting Executive Director, Hong Kong Trade Development Council (AED/TDC) briefed members on the progress of cooperation between Hong Kong Trade Development Council (TDC) and AsiaWorld-Expo (AWE). He advised that TDC had been committed to upholding Hong Kong's status as the leading exhibition, convention and sourcing centre in Asia. All trade fairs held in Hong Kong could be found on TDC's website including those not organized by TDC. In collaboration with Meetings and Exhibitions Hong Kong (MEHK) and Hong Kong Exhibition and Convention Industry Association (HKECIA), TDC organized overseas trade missions and other promotions with fair organizers, and put up advertisements in overseas market on trade fairs in Hong Kong. Promotional pamphlets could also be placed in TDC's overseas offices if space allowed. In the past few years, TDC had endeavoured to co-organize exhibitions with private organizers at venues including AWE. In 2010-2011, TDC would organize four exhibitions at AWE, and co-organize a new show featuring lifestyle products entitled the "Better Living Expo" at AWE with a private organizer in July 2011. In future, TDC would continue to explore cooperating with other private organizers in organizing exhibitions on new themes at the AWE, which would help create more opportunities for Hong Kong.

6. Chief Executive Officer, AsiaWorld-Expo Management Limited (CEO/AWEML) briefed members on the progress of cooperation between AWE and TDC. He advised that some headway had been made in the

cooperation between AWE and TDC after the discussion at the Panel meeting in April 2010 which had come to the consensus that exhibition venues had to be more fully utilized, and that assistance should be given to small and medium enterprises (SMEs). In this connection, AWE had proposed to employ the "one show, two locations" co-operation model for TDC's Hong Kong Electronics Fair and Hong Kong Gifts & Premium Fair, which were facing shortage of exhibition space, in order to fully utilize the available space at AWE and allow all SMEs to participate in the exhibitions.

Discussion

7. Ms Emily LAU declared that she was the Deputy Chairman of the Business Facilitation Advisory Committee.

*Promotion of the MICE industry*

8. Mr Andrew LEUNG noted that as announced in the 2008-2009 Budget, the Financial Secretary had earmarked HK\$150 million over five years to promote and attract more MICE (Meetings, Incentive travels, Conventions and Exhibitions) tourism and international convention and exhibitions hosted in Hong Kong. Mr LEUNG enquired about the economic returns of the financial commitment in this respect.

9. In response, Ag PSCIT advised that with the concerted efforts of the Administration, MEHK and the MICE trade, Hong Kong had been able to attract some 895 000 overnight MICE visitors in the first three quarters of 2010. This represented a significant increase of 24.9% over the same period last year. In 2010, the Administration had secured many large scale MICE events for Hong Kong, including Vitafoods Asia 2011 and 2012 Junior Chamber International Asia Pacific Conference.

10. Acting Deputy Commissioner for Tourism (ADCT) supplemented that MICE tourism, which attracted high-spending delegates and represented an important source of revenue from inbound tourism, had made great contribution to the local economy. The average per capita spending of a MICE tourist was HK\$6,900 as compared with HK\$5,700 of an average visitor.

*Encouraging utilization of the existing convention and exhibition facilities*

11. Noting the success of AWE in staging the exhibition entitled "River of Wisdom - Animated Version of Riverside Scene at Qingming Festival" (the Exhibition), Mr Andrew LEUNG said that AWE should not confine itself to staging conventional trade fairs, but also other types of events. Sharing a

similar view, Mr Albert CHAN opined that staging exhibition at AWE with a tourism-oriented theme was a direction to be explored by the Administration in collaboration with tourism-related organizations. Meanwhile, suitable traffic arrangements should be made to bring tourists to the nearby scenic spots for the benefit of the local economy and the overall tourism development of Hong Kong. The Chairman shared a similar view and opined that the Administration should draw on the successful experience of the Exhibition by providing suitable and convenient transport services for passengers to and from AWE.

12. In response, Ag PSCIT advised that the success of the Exhibition had demonstrated that AWE's location was conveniently accessible to members of the public. When appropriate arrangements on transportations were in place, the turnout rate could be very good. To facilitate visitors travelling to and from AWE during the Exhibition, the Government had worked with AWEML and public transport operators, including franchised bus operators and the Mass Transit Railway Corporation Limited (MTRCL), to make special transport arrangements for AWE. The enhanced transport services had been launched effectively with positive responses from the visitors. In the light of this success, it was decided that new arrangements would be introduced on days with events at AWE on a long term basis.

13. Mr Vincent FANG said that the crux of the success or otherwise of the "one show, two locations" approach was the willingness of the exhibitors to choose AWE. According to the feedback he obtained from the industry towards the Hong Kong Jewellery and Gem Fair, exhibitors were very reluctant to stage exhibitions at AWE. Noting that the utilization rate of the Hong Kong Convention and Exhibition centre (HKCEC) was already very high, he suggested that AWE should explore new exhibitions themes which had never been staged at HKCEC before. He cautioned that it would be a futile attempt to alter the schedule of events unilaterally in the hope of fully utilizing the exhibition space at AWE in the off season since the timing of holding major trade fairs was dictated by the global event calendar adopted by the industry. Noting that TDC ploughed back its profits for the promotion of trade for Hong Kong, he doubted whether AWEML and its business partners would make similar financial contribution to the industry.

14. CEO/AWEML responded that in the past years, the Hong Kong Jewellery and Gem Fair had been adopting the "one show, two locations" approach. Findings of the surveys undertaken by the organizer revealed that the attitude of the industry towards staging the show at AWE had evolved over time from refusal to recognition, making the Hong Kong Jewellery and Gem Fair held at AWE in September 2010 a huge success which ranked the largest of its kind internationally in terms of scale.

15. Mr Andrew LEUNG noted that in the letter tabled at the meeting from AWE to TDC dated 15 December 2010, AWEML had made a request that TDC should cooperate not only with AWEML, but also with TDC's competitor, Global Sources (GS). He queried whether AWEML, as a venue manager of AWE, was reasonable in making such a request. Noting that TDC had established its own foothold in the Hong Kong Electronics Fair and Hong Kong Gifts & Premium Fair, he expressed doubt whether TDC should be obligated to cooperate with other private organizers. In this connection, he enquired about TDC's rationale for rejecting AWEML's proposal for co-organizing the Hong Kong Electronics Fair and Hong Kong Gifts & Premium Fair with GS.

16. In response, CEO/AWEML advised that GS was an event organizer responsible for organizing the fairs on electronics and gifts held at AWE. As AWE had gained increasing recognition and popularity from the industry over the past five years, AWEML believed that by organizing Hong Kong Electronics Fair and Hong Kong Gifts & Premium Fair in collaboration with TDC under the "one show, two locations" model, available space at AWE could be fully utilized for the benefit of the local electronics and gifts industries at large. However, this would require active participation of all parties concerned.

17. AED/TDC responded that TDC had always been exploring organizing new shows at the AWE, as well as maintaining proactive dialogue and co-operation with GS. To help promote the exhibitions organized by other organizers, including GS, TDC had promoted trade fairs organized by other private companies in overseas markets, for example, by placing advertisements which listed such events. Subsequent to the Panel meeting in April 2010, TDC had strengthened dialogue with GS. In October 2010, TDC agreed with GS to provide, on a trial basis, shuttle bus services between HKCEC and AWE when two electronics fairs were concurrently held at these two venues, with a view to facilitating buyers in visiting both fairs. TDC was reviewing with GS the outcome of the trial run. In addition, TDC was actively exploring the possibility of the "one show, two locations" approach. Nevertheless, this would hinge on the availability of exhibition space at AWE and the existence of a critical mass of exhibitors who were willing to use the facilities at AWE. In fact, TDC had written to AWEML in October 2010 enquiring about the availability of AWE's exhibition space in March, April and October 2012. TDC was also actively exploring the feasibility of holding more new shows at AWE with a number of private organizers, including the organizer with which TDC would jointly launch a new exhibition at AWE in July 2011. Meanwhile, consultations with the industry were being conducted to better understand the promotional needs of SMEs,



so as to launch services that could meet their needs. He supplemented that the matter of collaboration with one particular trade fair organizer, namely GS, was a relatively complicated issue involving the concept of "two shows, two locations". This would inevitably involve a certain degree of competition and affect the interest of the specific industry sectors concerned. He assured members that TDC would continue to adopt an open attitude in exploring its feasibility with AWE.

18. ADCT supplemented that the Tourism Commission aimed at exploring and promoting new conventions and exhibitions to be staged in Hong Kong regardless of the venue concerned. General Manager (MICE & Cruise) Hong Kong Tourism Board (GM/HKTB) added that HKTB worked closely with TDC and HKECIA to organize various overseas promotional activities to promote Hong Kong as a premier destination for exhibitions. In promoting the major exhibition venues of Hong Kong, both HKCEC and AWE would be given equal weight. HKTB would spare no effort to lobby the potential clients referred by AWEML to choose Hong Kong as their venue for the launching of exhibitions. Over the past two years, AWE had been able to attract a number of major meetings and incentive travels.

19. Mr Jeffrey LAM said that as revealed by a recent study on the competitiveness of Chinese cities, Hong Kong's competitive advantages would be caught up by its counterparts, such as Shanghai, in a few years. He urged that more concrete work should be done to achieve fuller utilization of available exhibition space, or else Hong Kong would be overtaken even sooner. He opined that the success of the Exhibition had demonstrated that even an individual organization could handle an event of such a large scale at AWE and that cooperation between two different exhibition organizers was not strictly necessary. It would not be convincing to justify that TDC should cooperate with GS. He also enquired about the Administration's plan on the expansion of Hong Kong's exhibition areas to meet the strong demand from SMEs for exhibition space, in particular at HKCEC.

20. Mr Paul TSE said that AWE's location could in fact be its strength rather than weakness in terms of its proximity to tourist attractions. He also enquired about the Administration's views on subjecting TDC to audit examination, and whether AWE Phase 2 would be scaled back to make room for the third runway of the Hong Kong International Airport.

21. In response, Ag PSCIT advised that the Administration had been in close contact with TDC and AWEML on the utilization of the exhibition spaces at HKCEC and AWE. As there was still spare capacity at AWE, AWE would need to examine very carefully the business case for building Phase 2 and the timing of it. The Administration would continue to

encourage utilization of available exhibition space at AWE. Meanwhile, the feasibility study of the expansion of HKCEC was still underway. As regards value-for-money (VFM) audits, the amount of government subvention TDC received was a small percentage of its overall income. Moreover, TDC had agreed to institutionalize a system within its organization on VFM audits results of which would be reported to the Council of TDC. She added that the Hong Kong Airport Authority had made it clear that the land reserved for AWE Phase 2 was not part of their plan on the development of the third airport runway.

*TDC's assistance to local SMEs and new exhibitors*

22. In response to Mrs Regina IP's enquiry, Ag PSCIT advised that TDC had the statutory duty to promote trade in goods and services for Hong Kong-based traders, manufacturers and service providers. TDC's mission was to create business opportunities for Hong Kong companies, particularly SMEs. In this connection, TDC had been providing assistance to local SMEs and exhibitors in collaboration with the Administration, MEHK and the MICE trade.

23. AED/TDC added that TDC had organized overseas trade missions with fair organizers in collaboration with MEHK and HKECIA over the past ten years. TDC had also been in cooperation with private organizers in staging events at venues, including AWE.

24. Mrs Regina IP opined that on the implementation of the "one show, two locations" approach, the major consideration was whether it would bring about a larger market for the exhibition industry. As such, she urged the Administration to provide an information paper on the economic benefits brought about by the enhanced cooperation between TDC and AWE to the overall economy of Hong Kong. Sharing a similar concern, Ms Emily LAU requested that the paper should also cover both positive and negative feedback from TDC's consultation with the industry on staging exhibitions at AWE. In order to obtain a clearer picture of the competitive situation, the relevant survey should be conducted without any prejudice. In this connection, Miss Tanya CHAN requested that TDC should provide to the Panel the questionnaire and methodology used in the survey.

Admin

25. Miss Tanya CHAN referred to the non-competition clauses in the 1985 Exhibition Center Operation Agreement between TDC and Polytown Company Limited, a subsidiary of the New World Service Holdings, and pointed out that the Administration would consider the question of supporting HKCEC Phase 3 if it was satisfied that there would be unmet demand taking into account the additional exhibition space to be provided by AWE. She

opined that as AWE had only developed up to Phase 1 of its two phases, there was still room for further development of AWE before the expansion of HKCEC Phase 3 should be considered. She also expressed concern over the idea of the HKCEC Phase 3 taking over the land currently occupied by the Wan Chai Sports Ground and the neighbouring public amenities. On the implementation of the "one show, two locations" approach, she opined that the shuttle bus service between HKCEC and AWE was convenient. However, the traffic arrangement and signage at the boarding places at HKCEC should be improved for the safety of visitors. She also enquired about the conduct of consultation with the industry to understand their promotional needs.

26. AED/TDC advised that respondents of the consultation would be asked about their intention to hold an exhibition at a particular venue, and their concerns about holding the exhibition at AWE. Given positive feedback and the availability of exhibition space at AWE in March, April and October 2012, TDC would spare no effort in implementing the "one show, two locations" approach in collaboration with AWEML.

27. Ms Emily LAU opined that the Administration had the responsibility to ensure AWE's economic viability as it was built with public money. Sharing a similar view, Mrs Sophie LEUNG said that TDC was a pioneer which had made great contributions to the development of the exhibition industry and ploughed back its profits for the benefit of the industry. On physical infrastructure, HKCEC had absolute competitive advantage over AWE. As such, the Administration should provide a more level-playing field for AWE to compete with HKCEC on an equal footing, and help both parties sort out their differences. Mr Ronny TONG shared a similar view and opined that a platform for fair competition should be provided to AWE. He suggested that the provision of more concessions would help encourage exhibitors to patronize AWE.

28. In response, Ag PSCIT advised that the Administration had been mindful of the need to further develop the use of both HKCEC and AWE. The Administration's representative on the Board of AWEML had encouraged AWE to look for new opportunities to diversify its business, including staging more public events and pet shows, etc.

### *Summing up*

29. The Chairman concluded that the Panel would revisit the issue in a few months and invite stakeholders to present their views on the subject.

- V. Adjustments to the Hong Kong textiles control arrangements**  
(LC Paper No. CB(1)785/10-11(05) -- Administration's paper on adjustments to the Hong Kong textiles control arrangements
- LC Paper No. CB(1)785/10-11(06) -- Paper on adjustments to the Hong Kong textiles control arrangements prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration

30. At the Chairman's invitation, Director-General of Trade and Industry (DGTI) briefed members on the proposed adjustments to the Hong Kong textiles control arrangements, and the consequential legislative amendments to the Import and Export (General) Regulations (CAP. 60 sub. leg. A) and the Import and Export (Fees) Regulations (CAP. 60 sub. leg. B), as set out in the Administration's paper (LC Paper No. CB(1)785/10-11(05)).

Discussion

31. Mrs Sophie LEUNG said that the industry generally welcomed the proposed adjustments to the Hong Kong textiles control arrangements. Mr Andrew LEUNG and Mr Vincent FANG shared similar views and welcomed the removal of licensing requirements for all textiles transshipment and for textiles import from/export to non-sensitive markets, which would facilitate Hong Kong textiles trade in conducting business.

32. The Chairman concluded that the Panel generally supported the proposed adjustments to the Hong Kong textiles control arrangements and the consequential legislative amendments. He urged the Administration to closely monitor developments in the importing economies and inform members should there be further necessary changes to the textiles control arrangements in the light of new developments.

**VI. Any other business**

Attendance of principal officials at Panel meetings

33. Mr Albert CHAN expressed regret that the Secretary for Commerce and Economic Development and the Under Secretary for Commerce and Economic Development had failed to attend the meeting. He opined that in their capacity as principal officials (POs), they were duty-bound to attend Panel meetings. Sharing a similar view, Ms Emily LAU urged the POs to take time to attend the future Panel meetings as far as possible.

34. In response, Ag PSCIT said that the Secretary for Commerce and Economic Development and the Under Secretary for Commerce and Economic Development had other commitments.

35. There being no other business, the meeting ended at 4:20 pm.

Council Business Division 1  
Legislative Council Secretariat  
28 February 2011