

立法會
Legislative Council

LC Paper No. CB(1)1295/06-07
(These minutes have been seen
by the Administration)

Ref : CB1/PL/CI/1

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 13 March 2007, at 4:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon WONG Ting-kwong, BBS (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon SIN Chung-kai, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Ronny TONG Ka-wah, SC
- Members absent** : Hon Vincent FANG Kang, JP (Chairman)
Dr Hon LUI Ming-wah, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon CHIM Pui-chung
- Public officers attending** : Agenda Item IV

Mr Joseph W P WONG
Secretary for Commerce, Industry and Technology

Miss Yvonne CHOI
Permanent Secretary for Commerce, Industry and
Technology (Commerce and Industry)

Mrs Philomena LEUNG
Principal Assistant Secretary for Commerce, Industry
and Technology (Commerce and Industry)2

Agenda Item V

Mr Joseph W P WONG
Secretary for Commerce, Industry and Technology

Miss Yvonne CHOI
Permanent Secretary for Commerce, Industry and
Technology (Commerce and Industry)

Mr Howard LEE
Principal Assistant Secretary for Commerce, Industry
and Technology (Commerce and Industry)1

Clerk in attendance : Miss Erin TSANG
Chief Council Secretary (1)3

Staff in attendance : Ms YUE Tin-po
Senior Council Secretary (1)5

Ms Guy YIP
Council Secretary (1)1

Ms May LEUNG
Legislative Assistant (1)6

Action

Since the Chairman could not attend the meeting due to other commitments, the Deputy Chairman chaired the meeting on his behalf.

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)1089/06-07 -- Minutes of meeting held on
13 February 2007)

2. The minutes of the meeting held on 13 February 2007 were confirmed.

II. Information paper issued since last meeting

3. Members noted that there had not been any paper issued for members' information since the last meeting held on 13 February 2007.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)1090/06-07(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1090/06-07(02) -- List of follow-up actions)

4. Members agreed that the following items would be discussed at the next meeting scheduled for 17 April 2007 –

- (a) Support for the Hong Kong Design Centre; and
- (b) Improving the business environment – Enhancing the business licensing system.

IV. Economic Summit – Action Agenda of the Focus Group on Trade and Business

(LC Paper No. CB(1)1090/06-07(03) -- Paper provided by the Administration

LC Paper No. CB(1)1090/06-07(04) -- Relevant newspaper cuttings)
(*Chinese version only*)

Briefing by the Administration

5. At the invitation of the Deputy Chairman, the Secretary for Commerce, Industry and Technology (SCIT) briefed members on the work done by the Focus Group on Trade and Business (the Focus Group) under the "11.5 Economic Summit" Forum and its proposed policy directions as detailed in the Administration's paper (LC Paper No. CB(1)1090/06-07(03)). In gist, SCIT said that the Focus Group was one of the four focus groups formed at the Economic Summit held on 11 September 2006 in relation to China's 11th Five-Year Plan. Specifically, it had proposed three policy directions as below:

- (a) at the international level, to inculcate a "Brand Hong Kong" culture;
- (b) at the national level, to optimize the potential and benefit of the Closer Economic Partnership Arrangement, and to nurture talents and enhance Hong Kong's talent pool; and
- (c) at the regional level, to assist Hong Kong-owned factories in Guangdong in coping with the challenges arising from latest developments in Guangdong, and in exploring business opportunities arising from the expansion of domestic consumption as announced in the 11th Five-Year Plan.

6. SCIT added that against the foregoing policy directions, the Focus Group had put forward a total of 13 strategic proposals and 32 proposed specific measures. The Administration was studying in depth the recommendations made by the Focus Group, and members' views were welcome for consideration and follow-up by the Administration where necessary.

Discussion

"Brand Hong Kong"

7. Mr CHAN Kam-lam said that the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) had perused the Action Agenda proposed by the Focus Group, and many of the recommendations as set out in the Action Agenda were in line with the results of the studies conducted by DAB in this respect. Regarding the recommendation of the Focus Group on "Brand Hong Kong", he opined that the term "Hong Kong" already denoted high commercial value due to its association with the sound social system, stringent monitoring on commercial products, better ethical practices of retailers, as well as the comparatively lower price level as a result of the low tax regime with zero import tariffs. He considered that all these were Hong Kong's edges on which the Government should leverage to take forward the "Brand Hong Kong" message on a sustained basis, especially in the face of the competitive measures undertaken by competitors. In this respect, he pointed out that the labelling system put in place on a gradual basis in the Mainland was not entirely satisfactory and had room for improvement. Mainland consumers tended to have greater confidence in products sold in Hong Kong such as formula milk and proprietary Chinese medicine, etc. as they had higher regard on Hong Kong's quality control on products sold in the market. As such, he was of the view that the Government should leverage on this edge for furtherance of the "Brand Hong Kong" message. Consideration should also be given to reviewing the outdated requirements imposed upon the monitoring of product quality. Moreover, the labelling system should be implemented on a more comprehensive basis as to cover, as far as possible, all retail products sold in Hong Kong so as to enhance further consumers' confidence. To bring added value to the "Brand Hong Kong" effects, he considered that effort should also be made to further strengthen the intellectual protection regime, another edge which Hong Kong possessed, as it was a global trend of attaching importance to the protection accorded to intellectual property rights.

8. Acknowledging Mr CHAN's views and recommendations, SCIT remarked that they were broadly in line with the policy directions as proposed by the Focus Group. As regards suggestions on the labelling system, there were currently recognition schemes such as the Hong Kong Q-Mark Scheme. He agreed that there might be room for improvement to the existing system. On intellectual property protection, he shared Mr CHAN's view and remarked that through legislative measures backed by vigorous enforcement actions, the credible intellectual property regime was an edge which Hong Kong had over its competitors.

9. In this connection, Mr CHAN Kam-lam urged the Administration to step up its efforts on combating unscrupulous shop operators as their trade malpractices would undermine consumers' confidence and hence jeopardize the "Brand Hong Kong" efforts. He was of the view that both the public and the industry would appreciate the Government's efforts to be taken on this front. The Deputy Chairman also suggested that as tourists were often cheated by unscrupulous retailers operating in areas like Yau Tsim Mong and Causeway Bay, the Administration should consider joining hands with the Tourism Board in taking enforcement actions against illicit dealings especially in those districts.

10. Referring to paragraph 9 of the Administration's paper, the Deputy Chairman sought elaboration on how the Administration would leverage on the celebration activities of the 10th anniversary of the establishment of the HKSAR for active promotion of "Brand Hong Kong". As a means of enhancing further the publicity of Hong Kong brands, he enquired whether consideration would be given to soliciting commercial sponsorships from local trades and industries for supporting the organization of those celebration activities so that they could take the opportunity to promote their brand names as well.

11. In response, the Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry) (PSCI) advised that a Celebrations Co-ordination Office (CCO) was set up under the Home Affairs Bureau to co-ordinate with respective bureaux and departments in organizing the ceremonial and major celebration events held in relation to the 10th anniversary of the establishment of the HKSAR. The Information Services Department would also help publicize the events through different channels including the media, such as photos exhibition, etc. to promote the image of Hong Kong, its strengths in particular. Commercial sponsorships would be solicited to support those events, and there were requirements on whether and how sponsorships could be made. Local enterprises interested in sponsoring those events could contact CCO for details. At the request of the Deputy Chairman, PSCI undertook to follow up with CCO on the provision of information relating to commercial sponsorships for members' reference.

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Strategic proposal of providing assistance to Hong Kong-owned factories in the Mainland and other strategic proposals

12. Mr CHAN Kam-lam remarked that during the 1970's when Hong Kong was undergoing industrial restructuring, few assistance was provided to manufacturers to cope with the changes, which had then resulted in a lot of undesirable impacts. As such, since the Mainland was also in the process of industrial restructuring and Hong Kong-owned factories operating in the Mainland were facing lots of challenges, he called on the Government to step up communication and strengthen co-operation with the Mainland authority so as to assist those factories in meeting the Mainland requirements on areas such as environmental protection and energy conservation, as well as optimizing their production value and exploring opportunities for further development.

13. Referring to Mr CHAN's concerns and recommendations, SCIT said that one of the policy directions put forth by the Focus Group was to provide proactive assistance to Hong Kong-owned factories in the Mainland such as those in Guangdong. This could include assistance in enhancing their understanding of Mainland rules and regulations and in complying with them. Some, especially the small and medium enterprises, might need technical and/or financial support. Some might wish to shift their focus from export processing to domestic sales in the face of the industrial restructuring in the Mainland, or to relocate to other parts of China such as the midwest regions. Different forms of assistance could be explored. SCIT advised further that in pursuing this policy direction, the Government would work closely with trade and industrial organizations, as well as statutory bodies like the Hong Kong Productivity Council (HKPC) which had the resources to provide, say, technical assistance to those factories, particularly small and medium sized ones in upgrading their technology and capabilities.

14. Noting the Administration's response, the Deputy Chairman remarked that Hong Kong-owned factories engaging in the processing trade in the Mainland would suffer immense hardship if the measures on the processing trade (such as restrictions on certain import/export items, etc.) as set out in Document No.139 and Document No.145 issued by the Mainland authorities last year were implemented. In the face of the hardship, he opined that those factories could only choose between changing their nature of business, relocating to other provinces, or relocating from the Mainland to other neighbouring countries like Vietnam or Indonesia, etc. Nevertheless, either of the above options would involve lots of difficulties to be faced by those factories such as in the course of applying for relevant operational licences, relocating the processing machinery, fulfilling the duty payment/shut-out procedures, etc. As such, he urged the Administration to provide every possible assistance to those factories and to take up with the Mainland authority the difficulties to be faced by those factories with a view to alleviating their hardship.

15. SCIT stressed that the Government was mindful of the operating environment those factories were facing in the Mainland, and had in the past taken up with the Mainland authorities measures to address those factories' concerns on the processing trade. On the Deputy Chairman's concerns relating to change in the Mainland policy on processing trade, he assured members that the Government would keep in close contact with the relevant Mainland authorities with a view to working out arrangements to facilitate a smooth transition in order to help those factories cope with the change.

16. In this connection, Mr SIN Chung-kai noted that one of the strategic proposals put forth by the Focus Group was to assist Hong Kong-owned factories in Guangdong in meeting environmental requirements and the proposed specific measures included the provision of technical and other support to those factories in this respect, as well as exploration of possible co-ordination among factories in the installation of common pollution abating facilities. He enquired as to how the effectiveness in the implementation of such measures could be quantified, and whether the installation of wind energy power plant would be explored under this

proposal. In response, SCIT explained that those suggested measures could be explored further to see if they were feasible or not. The Commerce, Industry and Technology Bureau (CITB) would discuss with HKPC, as well as trade and industrial organizations, on whether and if so, how the measures could be taken forward and implemented according to schedule.

17. Mr SIN Chung-kai also noted that another strategic proposal put forth by the Focus Group was to establish a high-level mechanism for tackling air pollution, and he expressed his support for such proposal as it would benefit the community at large. He then sought information on how the proposal could be brought forward, in particular how the proposal for introducing as soon as possible measures to reduce Hong Kong's home grown pollution such as that from motor vehicles and power generation would be implemented and its effectiveness be quantified for assessment. SCIT advised that the strategic proposal in question fell within the purview of the Environment, Transport and Works Bureau (ETWB). Nevertheless, CITB would co-operate with ETWB on the implementation of measures such as assisting those factories in meeting the Mainland environmental requirements, etc. In this regard, assistance from relevant organizations such as HKPC which had the experience and capability to promote enhanced productivity would be solicited to provide consultancy and engineering support services to those factories in meeting the environmental requirements. Mr SIN Chung-kai then requested and the meeting agreed that the issue be referred to the Panel on Environmental Affairs (EA) for follow up, and that ETWB should brief the EA Panel on its work plan for implementation of the proposed specific measures under this strategic proposal (i.e. T10-23 to T10-28 as set out in Appendix 5 of the Report of the Focus Group on Trade and Business).

(Post-meeting note: Mr SIN Chung-kai's requests were referred to the EA Panel on 15 March 2007.)

18. While welcoming the 13 strategic proposals and 32 proposed measures drawn up by the Focus Group which, in his opinion, would be conducive to the economic development of Hong Kong, the Deputy Chairman considered that the effective implementation of which, to a large extent, required the Central Government's support. He then sought information in this respect, in particular the Central Government's stance, its response on the reports and Action Agenda so far, and the areas in which support would be rendered.

19. In reply, SCIT advised that as mentioned by the Chief Executive of HKSAR earlier on, the Chief Executive of HKSAR had, upon receipt from the four Focus Groups, submitted the reports and the Action Agenda to the Central Government for reference. Although there had not been any concrete response yet, the Central Government had recognized the Economic Summit held last year in relation to the economic strategic positioning of Hong Kong, and noted the reports, as well as the proposals contained therein. SCIT assured members that support would be solicited from the Mainland authorities as appropriate. Discussions would also be held with the Mainland authorities at central, provincial and municipal levels such as through the co-operative framework between Guangdong

Admin and Hong Kong, etc. to follow-up on issues like the environmental requirements to be complied with by the Hong Kong-owned factories, etc. At the request of the Deputy Chairman, SCIT undertook to provide a progress report in six months' time.

V. Maintaining Hong Kong's advantages in convention/exhibition services in the light of competition from other countries

(LC Paper No. CB(1)1090/06-07(05) -- Paper provided by the Administration

LC Paper No. CB(1)1090/06-07(06) -- Draft Hansard on Oral Question No. 1 raised by Hon Andrew LEUNG Kwan-yuen on "Enhancing Hong Kong's Status as a Major International Convention and Exhibition Centre" at the Council meeting on 10 January 2007
(*Chinese version only*)

LC Paper No. CB(1)1090/06-07(07) -- Written question raised by Hon WONG Ting-kwong on "Exhibition Industry in Hong Kong" at the Council meeting on 24 January 2007 and the Administration's reply
(*Chinese version only*)

Briefing by the Administration

20. At the invitation of the Deputy Chairman, SCIT briefed members on the Government's measures to maintain Hong Kong's position as an international convention and exhibition centre as detailed in the Administration's paper (LC Paper No. CB(1)1090/06-07(05)).

21. In gist, SCIT stressed that the successful hosting of the Sixth Ministerial Conference of the World Trade Organization in December 2005 and the ITU TELECOM WORLD 2006 in December 2006 had demonstrated Hong Kong's capability of hosting mega international functions. During the Chief Executive's visit to Beijing in December 2006, the Central Government had re-affirmed Hong Kong's position as a centre for international conventions and exhibitions for the country, and agreed that close co-operation between the Ministry of Foreign Affairs and the Government of the Hong Kong Special Administrative Region (HKSARG) be maintained to facilitate large-scale international conventions and exhibitions to come to Hong Kong. In order to brand build Hong Kong as an international convention and exhibition centre, strategic investments had been made by the Government to strengthen the hardware infrastructure such as the development of AsiaWorld-Expo (AWE) where the ITU TELECOM WORLD 2006 was staged. Moreover, support had been rendered to the Hong Kong Trade Development

Council (TDC) for its proposed expansion of the atrium link between Phase 1 and Phase 2 of the Hong Kong Convention and Exhibition Centre (HKCEC). The expansion project was expected to be completed in 2009, and would boost HKCEC's total dedicated exhibition space by 42%. To meet the growth in demand for exhibition and conference space in the longer term, discussion was underway for an early commencement of the AWE Phase 2 expansion project which would increase AWE's total exhibition space from 66 000 to 100 000 square metres.

22. On the software infrastructure, SCIT stressed that Hong Kong had competitive advantages in areas such as its meticulous professional service, security, efficient transport network and business friendly environment. In particular, the protection afforded to intellectual property rights, an advantage which was yet to be matched by many competitors, also helped attract exhibitors to exhibit their high-end products in Hong Kong. As such, apart from liaising closely with the Central Government to identify opportunities for hosting large-scale international conventions and exhibitions in Hong Kong, the Government would also work together with the industry, trade associations and chambers of commerce, as well as through Economic and Trade Offices, to seek to bring more renowned and prestigious conventions, exhibitions and fairs to Hong Kong.

23. SCIT remarked further that as the hosting of conventions and exhibitions could bring about significant direct economic benefits to the economy in relation to tourism and retail, as well as exhibitors' long term investment plans, the Government was mindful of the increasing regional competition in this area and the rise in the number of exhibition facilities in the neighbouring regions. He pointed out that apart from Beijing, Shanghai and Guangzhou where new exhibition spaces were being built, as well as Singapore where intensifying efforts were being made to attract exhibitors, Macau was also emerging as one of the competitors for international exhibitions with a scheduled increase in exhibition space by 75 000 square metres in 2007. Nevertheless, he assured that the Government would monitor closely demand for exhibition infrastructure, and would continue to take appropriate measures to enhance Hong Kong's advantages, as well as strengthening and promoting its position, as an international convention and exhibition centre.

Discussion

Development of HKCEC Phase 3

24. Referring to paragraph 9 of the Administration's paper which mentioned that the Government was actively pursuing with TDC the development of HKCEC Phase 3, Mr SIN Chung-kai recalled that TDC had proposed expanding HKCEC on the site of the nearby bus terminal many years ago. The proposal was however shelved as it involved reclamation. As an alternative, the atrium link expansion project, which was wholly funded by TDC at the cost of about \$1.2 billion, was pursued. In this connection, he pointed out that at present, HKCEC was sometimes short of sufficient exhibition space for staging mega exhibitions. Even

with the completion of the atrium link expansion project in 2009 which could boost HKCEC's exhibition space by 42%, the total dedicated exhibition space as provided by HKCEC was still far less than that of the Guangzhou International Convention and Exhibition Centre which was expected to reach 340 000 square metres in 2008. Since the development of HKCEC Phase 3 might take at least four to five years for completion as this would involve time-consuming processes such as land grant, Environmental Impact Assessment study and approval from the Town Planning Board (TPB) and that Government support was required before it could be proceeded with, Mr SIN enquired about the Government's stance on this issue, in particular whether the Government considered the development of HKCEC Phase 3 necessary, and if so, the time table for implementation of and concrete support to be rendered by the Government on such development.

25. SCIT stressed that the Government had not ruled out the possibility of developing HKCEC Phase 3. Nevertheless, as compared with, say, the development of the HKCEC atrium link and that of AWE Phase 2, the development of HKCEC Phase 3 involved much more complicated issues in areas such as transport, environmental protection, compatibility with the surrounding environment, and possible relocation of the existing facilities, etc. On certain issues, approval by the TPB might have to be sought. As such, he concurred that it would take at least four to five years before the expansion project, if undertaken, could be completed. Nevertheless, he assured that the Government was examining actively related issues pertaining to the development of HKCEC Phase 3. He also added that pursuant to the judgment of the Court of Final Appeal handed down on 9 January 2004, the development, if pursued, had to be undertaken on the premise that reclamation would not be involved. On the financial support to be rendered by the Government, SCIT said that TDC was a non-profit making public organization partially subsidized by the Government. With the revenue accumulated over the years, TDC was able to fund the whole atrium link expansion project. As such, the Government would examine in due course whether financial support from the Government for the development of HKCEC Phase 3 was necessary. In this connection, PSCI supplemented that an assessment on the necessity for developing HKCEC Phase 3 had to be made by TDC, and hence a consultancy study had been commissioned by TDC in this respect. Upon completion of the study, TDC would take the matter up with the relevant bureaux and departments on areas such as environmental protection, transport impact assessment, etc., and the Government would also consider the financial arrangement to be made with TDC if necessary.

26. Mr SIN Chung-kai expressed further his concern that if the additional exhibition space as provided by the atrium link expansion project, which would be completed in 2009, reached its maximum capacity in three to four years' time, i.e. by 2012 or 2013, there would not be sufficient exhibition space to address the demand if planning was not initiated at the present moment since it would take, if pursued, at least four to five years to complete the HKCEC Phase 3 development project given the complexity involved. As such, he called on the Government to be forward looking in making advance planning for exhibition spaces and to actively pursue the development of HKCEC Phase 3.

27. Acknowledging Mr SIN's views and concerns, SCIT advised that the Government was also very keen on developing additional convention and exhibition facilities and aimed at coming up with a clear picture on the development or otherwise of the HKCEC Phase 3 before the atrium link expansion project was completed in 2009. PSCI supplemented that the consultancy study as commissioned by TDC would review, inter alia, the future demand for exhibition facilities taking into account the additional exhibition space of 34 000 square metres to be provided by the AWE Phase 2 expansion project if undertaken, and would also assess when there would be unmet demand. In this connection, Mr SIN sought information on the exhibition space currently available and to be provided. In response, PSCI informed that Phases 1 and 2 of HKCEC presently provided 46 200 square metres of exhibition space. With the completion of the atrium link expansion project in 2009 which would provide 19 400 square metres of exhibition space, the total exhibition space of HKCEC would amount to 65 600 square metres. In respect of the AWE, Phase 1 of which currently provided 66 000 square metres of exhibition space. The AWE was actively pursuing the early commencement of the AWE Phase 2 expansion project, which would, if undertaken, increase the total exhibition space of the AWE to 100 000 square metres.

28. Highlighting that the development of the convention and exhibition industry was pivotal to the local economy and hence the need for provision of adequate convention and exhibition facilities to meet the demand, Mr CHAN Kam-lam was of the view that the development of HKCEC Phase 3 should be proceeded with without delay. Notwithstanding that there would be dissenting views on whether reclaimed land should be used for expansion of HKCEC or developing as open space/promenade, he held that the Administration should, together with TDC, come up with a proposal such as developing HKCEC Phase 3 on the top of the nearby bus terminal or by means of reclamation, etc., for public consultation as soon as possible.

29. In response, SCIT reiterated that pursuant to the decision made by the Court of the Final Appeal, the development of HKCEC Phase 3, if proceeded, would not involve reclamation. On related issues such as transport, environmental protection and impact on existing facilities nearby, he pointed out that as there would be different views on those issues, an extensive public consultation would have to be conducted to see if consensus could be reached. In this regard, he pointed out that the exhibition space currently provided by HKCEC was over-subscribed. Even with the completion of the atrium link expansion project which could address some of the unmet demand, the continuous growth in demand in the longer term warranted further expansion of exhibition facilities in Hong Kong. As such, the Government would actively pursue with TDC the development of HKCEC Phase 3, given the importance of the convention and exhibition industry to the economic development of Hong Kong.

30. Highlighting that HKCEC had facilitated exhibitors in promoting their business and hence earned high regard in the international arena, the Deputy Chairman also held that the Administration should be forward looking as to pursue vigorously the development of HKCEC Phase 3. He was of the view that in addition to the proposal of developing HKCEC Phase 3 on the top of the bus terminal, consideration could also be given to the suggestion made by the industry as to relocating Wanchai Sports Ground to make available a larger site for such development. In order to gain more support from the public on such development which might include the relocation of the existing facilities such as the aforementioned Wanchai Sports Ground, he suggested the Administration to step up its effort on publicizing the economic benefits brought about by hosting international exhibitions in Hong Kong, such as by inviting media to cover international events hosted in Hong Kong like the recently held Hong Kong International Jewellery Show, its associated economic activities and temporary job opportunities created, etc., so that the public would be more aware of the importance of the convention and exhibition industry to the local economy and hence their support for provision of additional exhibition facilities. In this connection, the Deputy Chairman commended the efforts made by the HKCEC management such as the setting up of an off-site marshalling area in Tseung Kwan O Industrial Estate to avoid traffic congestion problem in Wanchai brought about by the hosting of exhibitions in HKCEC, as well as the conversion of the parking lot into a comfortable exhibition area which could meet the necessary requirements such as fire services, lighting, etc. in order to enhance the provision of exhibition space in HKCEC.

31. SCIT thanked the Deputy Chairman's views and suggestions, and assured that the Administration would enhance its effort on publicity so that the public would appreciate the economic and social benefits brought about by the hosting of exhibitions and conventions in Hong Kong and hence the need for the development of more exhibition and convention facilities.

The AWE Phase 2 expansion project and the operation of the AWE

32. On the AWE Phase 2 expansion project, the Deputy Chairman asked and PSCI confirmed that the site for development of the project had already been earmarked. SCIT added however that the implementation or otherwise of the expansion project hinged on whether there would be a viable business case.

33. In this connection, noting that over 40 events and activities had been held at the AWE since its opening in end 2005, Mr SIN Chung-kai showed appreciation in this regard. Nevertheless, as the Government had invested \$2 billion to develop the AWE, which was jointly owned by HKSARG, the Airport Authority and IEC Investments Ltd., and that it was common practice for the Administration to report to the Legislative Council information relating to investments made by the Government, he requested the Administration to provide information on the profit and loss status of the AWE for members' reference and evaluation of the AWE's operation. In reply, PSCI said that some of the information might be commercially sensitive. Nevertheless, she undertook to liaise with the AWE for

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provision of such information as far as possible for members' reference. On information relating to the utilization of the AWE since its opening, at the request of Mr SIN, SCIT also undertook to request AWE to provide relevant information for members' reference.

Measures to reinforce Hong Kong's position as an international convention and exhibition centre

34. Notwithstanding the increase in the number of exhibition facilities in the region such as those in Macau and Guangzhou, Mr CHAN Kam-lam was of the view that Hong Kong still maintained its competitive advantages in respect of, say, its efficient transport and aviation networks which were yet to be matched by the competitors. He also considered that Hong Kong had the capability to host more international exhibitions and conventions. As such, apart from attracting exhibitors from the Mainland for hosting conventions and exhibitions in Hong Kong, consideration should also be given to collaborating with the neighbouring regions such as the Philippines, Indonesia, Thailand for staging international exhibitions and conventions in Hong Kong. In this connection, he noted that a lot of investment promotion events organized by individual Mainland provincial or municipal governments were held in Hong Kong. He was of the view that the Government should explore the possibility of seeking larger scale and more attractive investment promotion events and functions to be hosted in Hong Kong.

35. Mr CHAN Kam-lam remarked further that in addition to providing exhibition space to facilitate the hosting of international convention and exhibitions, ancillary facilities such as the supply of hotel rooms were also crucial to support those events. However, the supply of hotel rooms was so slow that the number of hotel rooms had only increased slightly from some 40 000 to some 50 000 units over the past few years. As a result, due to the inadequate supply, the rates of hotel rooms surged tremendously during the time when mega conventions and exhibitions were held in Hong Kong. He considered that this was not conducive to the development of convention and exhibition industry nor the tourism industry in Hong Kong. He cited for illustration that visitors coming to Hong Kong under the Individual Visit Scheme tended to stay in hotels in nearby cities such as Shenzhen, Zhuhai or Macao after their sight-seeing programme in Hong Kong. As such, he urged the Administration to look into the matter and to ensure that there would be sufficient supply of hotel rooms to cater for the demand especially when large-scale exhibitions and conventions were held in Hong Kong.

36. In reply, SCIT advised that the number of hotels and hotel rooms in 2006 were 126 and around 47 000 respectively and that there would be an increase in supply in 2007 with the estimated number of hotels increasing up to 144 and hotel rooms to around 54 000 units. He stressed that apart from the supply of hotel rooms, the Administration also paid heed to the services and facilities provided to hotel guests such as whether Internet services which were commonly required by participants attending conventions and exhibitions were provided in hotel rooms, etc. He assured members that the Administration would monitor closely the demand for exhibition infrastructure and its ancillary facilities to ensure the smooth

running of events held in Hong Kong, and the various bureaux would also work closely to this end.

37. Referring to a current visit to Terminal 2 of the Hong Kong International Airport, Mr CHAN Kam-lam commended the new mode of operation thereof whereby a wide range of shopping, dining and entertainment facilities were provided which would not only provide passengers with a pleasant airport experience but also attract airport visitors to visit it as a place for leisure and entertainment. In this connection, he noted that the Skypier, which provided a cross-boundary ferry service between the Hong Kong International Airport and several ports in the Pearl River Delta, only enabled Mainland passengers to transit at Hong Kong International Airport for flight departure to other destinations. To provide greater convenience and to effectively shorten the travelling time, he opined that consideration could be given to converting the pier as a control point so that there would be greater incentive for visitors from the Pearl River Delta, businessmen and manufacturers in particular, to come to Hong Kong to take part in economic activities on the Airport Peninsula such as the AWE, or to visit tourist spots like the Hong Kong Disneyland, etc. Sharing Mr CHAN's view, the Deputy Chairman also opined that the mere function of the Skypier as a transit facility should be reviewed and the suggestion of converting it into a control point should be explored. SCIT took note of members' views and concerns, and undertook to relay members' concerns and suggestion to the relevant bureaux for consideration.

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VI. Any other business

38. There being no other business, the meeting ended at 5:55 pm.

Council Business Division 1
Legislative Council Secretariat
16 April 2007