



Pico. Total Brand Activation.

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By email hysiu@legco.gov.hk and mjylee@legco.gov.hk and by hand

Clerk to Bills Committee on Competition Bill
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Re: Concerns regarding the proposed exemption of the Hong Kong Trade Development Council ("HKTDC") from the Competition Bill

Dear Sir/Madam:

Pico Far East Holdings Limited, listed on The Stock Exchange of Hong Kong and a major exhibition contractor in Hong Kong, would like to offer our support for the fair competition legislation as we believe a fair playing field is necessary for growth and prosperity in the exhibition industry. It is our belief that all contractors in the exhibition industry should abide by a code of fair play and the Legislative Council is correct in providing a legal framework to reinforce fair competition.

However, we are concerned about clause 3 of the draft Competition Bill, exempting the HKTDC from these rules of fair play. Among its many roles, HKTDC is a major contractor to the exhibition industry in Hong Kong. In its role as a contractor it is acting as a profit-making entity and contracting for the exhibition industry is surely a commercial activity. Exempting HKTDC from the fair competition rules just because it is a statutory body is unfair to its many competitors who do not have the support of the government.

Below are some practical examples :

1. Timely Exhibitor lists for HKTDC shows. We are concerned that private contractors may get outdated information from HKTDC's website for upcoming exhibitions. Such information is obviously an important element in our marketing. HKTDC's own stand-contracting arm, the Exhibition Services Department, gets Exhibitor lists immediately. If HKTDC is exempted from the Competition rules of fair play, HKTDC can continue this anti-competitive behavior. This is a concern for our exhibition booth business.



2. HKTDC's own stand-fitting requirements. HKTDC's own contracting arm is automatically the "Official Contractor" for all HKTDC shows, handling all electrical and rental orders from exhibitors, shutting out all private competitors from this business. If HKTDC is exempted from the Competition law, HKTDC can continue this concerted practice that limits the market. This is a concern for our official contracting business.

3. HKTDC's own contracting arm. Our understanding is that HKTDC's own contracting arm was established just to handle stand-fitting contracts in exhibitions/events organized by HKTDC. However, HKTDC's contracting arm may expand its business to handle stand-fitting contracts in exhibitions/events organized by private exhibition organizers, for example because of financial pressure. If HKTDC is exempted from the Competition law, HKTDC can use its substantial market power to drive out private competitors by, for example, underpricing while assuring execution. This affects our exhibition booth and contracting businesses.

4. Access to hall for private contractors. Private contractors should be given the same early access to the hall as HKTDC gets for its own jobs, both for build-up and tear-down. Under the proposed exemption, in a concerted practice to limit the market HKTDC can continue to favor its own contracting arm and eventually drive out private competitors by hindering their execution. This is a concern for our exhibition booth business.

5. New exhibitions in categories/product lines already covered by the private sector. If HKTDC is exempted, HKTDC can use its substantial market power to drive out private competitors from undertaking new exhibitions by, for example, steering exhibitors to HKTDC's organizer business. This is a concern for our exhibition organizer business, which we are also engaged in.

6. International shows in China. If HKTDC is exempted, HKTDC can use its substantial market power to drive out private competitors from undertaking international shows in China by, for example, representing itself as the only Hong Kong entity that can assure execution for such shows. This is another concern for our exhibition organizer business.

We hope you will reconsider the proposed exemption, and thank you for your time in considering our submission.

Regards,



Lawrence Chia
Chairman