



Bills Committee on Competition Bill  
Legislative Council  
1 Legislative Council Road  
Central  
Hong Kong

**BY HAND**

Dear Sir / Madam

**Written Submissions to Bills Committee on Competition Bill on the Exemption of the Hong Kong Trade Development Council**

**1. Introduction**

Tai Pan Bread & Cakes Ltd. and its subsidiaries and associated companies are a well-established food and beverage company that started its business and is headquartered in Hong Kong. A major part of our business is not only to provide staple food products at competitive prices to Hong Kong but to innovate new food products to market in Hong Kong and overseas.

It is with this latter aspect of our business that we have often dealt, co-operated and worked with the Hong Kong Trade Development Council ("HKTDC").

**2. Justifications for Competition**

Over the years, the competition conditions in Hong Kong has progressively deteriorated for SME's. For the large majority of the food industry which operates on volume and not margin business, the increase pressures of the cost of doing business have squeezed out many entrepreneurs and SME's.

There is no doubt that competition law, if introduced properly, will make the cost of doing business in Hong Kong more competitive.

Nonetheless, there almost always exists an exception to the general rule. In the field of exhibitions, it is important for an event organizer to provide a vertically integrated product to ensure that exhibitors are able to experience end to end service and support.

**3. Synergy**

The HKTDC is a statutory body that was created in 1966 to fill a market void, namely, an entity to promote the products and services of Hong Kong companies within Hong Kong and to the global trade.

Unlike private companies, through our experience, the HKTDC has not deviated from its public service mission. It is not driven by profit concerns but by its mission to promote the Hong Kong brand. In our experience, the exhibitions organized by the HKTDC are often more cost-effective than those of the private sector. We fear that if the HKTDC is not exempt from the Competition Bill, the increased competition may drive the costs of exhibiting in Hong Kong up instead.

#### **4. No Monopoly**

There are several venues for Exhibitions in Hong Kong. For exhibitions to gain traction, either as between business to consumers or business to business, it is necessary for trade shows to grow organically and have stability in venue location.

The exemption of the HKTDC from the Competition Bill will ensure that exhibitions which are important for HK SME's will not be made subject to costly litigation should any preference be (whether actual or perceived) provided to HKTDC as regards the cost of hiring the venue, or even in securing the venue on certain dates.

The data shows that the HKTDC promotes only around 30% of the exhibitions in Hong Kong year round. There is no evidence that exposing the HKTDC to onerous obligations of competition regulations would enhance the private exhibition market.

HKTDC as the market leader in Hong Kong and its quasi-public nature would no doubt be targeted by privately owned competitors who perceive the statutory basis of the HKTDC as conferring an unfair advantage over their operations. This would severely impact upon the HKTDC's operations which would conversely adversely impact SME's such as Tai Pan from promoting its innovative products to the world.

Above summarizes my argument for having HKTDC exempted from "Competition Bill". The success and reputation HKTDC earned today is not from monopoly or sheer lack of competition; it is from many years endeavour and industry support. (we will not support if we were not benefiting!) Good performance and success will bring scale economies and synergy, there is less competition because others cannot match HKTDC's services. I do not agree that HKTDC should be penalized because they have outperformed others.

I would very much appreciate if your office can seriously re-consider the issue and exempt HKTDC from "Competition Bill". Please do not change HKTDC's current mode of operation or take away certain area of business for the sake of encouraging competition. Please support HKTDC so that they can render the complete basket of professional services to HK industries, same as had from the very beginning.

Thank you for your kind attention.

Yours truly,  
Tai Pan Bread & Cakes Company Limited



Johnny Tang  
General Manager