



香港會議展覽中心  
Hong Kong Convention and Exhibition Centre

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17 February, 2010

Mrs. Pandora Chan  
Senior Council Secretary  
The Legislative Council Secretariat  
8 Jackson Road, Central  
Hong Kong

Dear Mrs Chan

Concern Over How Hong Kong's Exhibition Industry Can Improve  
Ref: Your Ref: CP/C 1679/2009

I refer to your letter to the Hong Kong Convention and Exhibition Industry Association (HKECIA), dated 27 January. As an Executive Committee member of HKECIA, a representative of Hong Kong Convention and Exhibition Centre (Management) Ltd (HKCEC) has been asked to contribute an opinion.

My objective in this communication is not only to represent HKCEC. More importantly, I wish to respond as an industry professional based upon my decades of industry experience including the last 8 years on the board of UFI, The Global Association of the Exhibition Industry, as well as serving as UFI's Executive Vice President and President between 2007 and 2009.

Industry executives including exhibition organisers and venue management the world over are envious of Hong Kong's leading industry position. Hong Kong is clearly one of the world's proven and leading destination cities in which to stage exhibitions. Hong Kong has the venues, professional expertise, business infrastructure, an extraordinarily safe environment, excellent leisure and hospitality amenities, a long term record of success, and the highest of event standards, all that regularly lure the best of exhibitors and buyers from around the globe.

To the detriment of Hong Kong's industry, there has been confusing coverage in the media over the last several months clouding the real issues. Many facts have been overlooked, distorted or avoided. They are facts central to any objective picture of Hong Kong's exhibition industry and to a rational account of the strategies needed to help it improve and grow further.

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### Open Market

Contrary to what is being said, Hong Kong is an extremely open market to private organisers and there are many in addition to the HKTDC and Global Sources that have a major market share of business at their respective venues. Active business development activities have continued for years and continue today to entice even more organisers. In fact, Hong Kong has more organisers organising events than most comparable cities. The resulting economic impact and the industry's total business in relation to Hong Kong's GDP are amazingly significant.

In 2009, out of the total 98 exhibitions held in HKCEC, 30 were organised by HKTDC and the remainder by 35 private organisers based in Hong Kong and overseas. Among the 98, other than recurrent ones, there were 11 new exhibitions, 5 organised by HKTDC and 6 by private organisers. In 2010, so far, 6 new exhibitions have been confirmed, 2 by HKTDC and 4 by private organisers (one of them plans to move from another venue to HKCEC, the rest new in Hong Kong).

Over the years, many exhibitions by private organisers held in HKCEC have grown to international status, becoming the largest in Asia or even the world. For example, the Asia Pacific Leather Fair, Asia's largest leather fair, held for the 25th time in 2009 and organised by a private company, has grown 12 times since its inception in 1984, even before the HKCEC was built. Mega Show, again organised by a private company beginning in 1992, has grown over 20 times to almost 100,000 sqm spanning across 2 consecutive weeks. This organiser has since developed into a publicly listed company and organises exhibitions in various countries.

Vinexpo, Asia's largest wine event, will again be held in Hong Kong in 2010 after 3 successful experiences in 1998, 2006 and 2008. The organiser is a trade association based in France. Art HK, organised by a group of UK organisers that started only in 2008, has already grown into the most influential contemporary art show in Asia.

As in other business sectors, not all new ventures succeed. Some can not be sustained due to various market related conditions. However, I do not support the claim that Hong Kong's private exhibition sector is in "limbo" as recently put forth by a small Hong Kong "concerned group".

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### Urgent Need to Review Space Demand

I would like to submit what is hopefully obvious: Hong Kong's initiatives in this industry should respond directly and dispassionately to proven demand and growth potential. The initiatives must not become sidelined or diverted by representation, arguments or studies that conceal support by or for any single proponent, faction or venue over another. For example, Hong Kong has two world-class venues and they must be considered for their individual strengths and advantages. They have been built to compete and will remain competitive. When it is advantageous for them to work together and compliment each other for single events, professional management acting in the interest of Hong Kong at each venue assures that they will be complimentary.

### Conclusion

Hong Kong has done many things amazingly right with the development of the exhibition industry and we must not allow the success record or our real and potential growth to be jeopardised in the interest of personal agendas; rather, we must refine our successful methodology as necessary and build upon the solid foundation that has been established.

In order to improve our industry, suggestions about additional space and venues, multiple management and/or joint ownership of one venue, or the role of HKTDC as an organizer are issues that require significant strategic thinking, not emotionalism and quick decisions. What is good for Hong Kong and the industry over time, not what is good for the near term, must be the objective. That thought process must also include rightful consideration of traffic issues, impact on public space and the other infrastructure considerations that the community must demand. And, experiences in the industry (positive and negative experiences), for example, considering other cities that have faced similar issues to ours, listening to experts that can provide unbiased input on building an industry, and taking into consideration of how Hong Kong got to where we are today, must also be considered.

We all know that more space will be needed. In some cases, it's needed even today. Where either the HKCEC or AWE can openly demonstrate sustained growth in demand for its respective facilities and services, its claims deserve proper attention and scrutiny.

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To use averages from overall statistics as a tool for understanding overall sectoral trends is one thing. However, to use those statistics to obscure the fact that one venue can justify expansion compared to another is grossly misleading.

If everything went perfectly, further expansion to one of Hong Kong's venues would take five years. Given all the challenges and concerns, both real and contrived that confront us, I see expansion taking up to eight years to achieve, starting from the decision to go ahead.

#### Recommendation

Responsible government representatives and industry professionals surely will not sit back and wait until the crunch comes, and then look on helplessly as its world class venue's customers are forced to book space in a venue that is less desired by those customers, split its event, or as could be very possible, decide to head for other cities.

What will improve Hong Kong's exhibition industry is to initiate an unbiased assessment of why we are today so envied by so many and to foster strategic thinking on how we capitalise on that success and assure the industry continues to grow over the long term.

Thank you again for this opportunity to provide my professional input.

Sincerely,

Cliff Wallace, CFE  
Managing Director

Encl. Chinese translation