

**For discussion on
21 September 2021**

Legislative Council Panel on Commerce and Industry

Convention and Exhibition Industry in Hong Kong

Purpose

This paper briefs Members on the future development of the convention and exhibition (C&E) industry in Hong Kong.

Overview of C&E Industry

2. The Nation's 14th Five-Year Plan continues to support Hong Kong to enhance its status as an international trading centre, and the C&E industry is an important element thereof. Every year, Hong Kong hosts around 250 large-scale international conventions, including the "Asian Financial Forum", "Asian Logistics and Maritime Conference", "Belt and Road Summit" and "Business of Design Week", bringing together government and business leaders to deliberate on the latest trend and development of the related areas and to facilitate business meetings. Regarding exhibitions, Hong Kong hosts over 160 large-scale international exhibitions every year. Among them, over 10 are the largest Asian or even global sourcing platforms for the trades concerned, including electronics, jewellery, gifts, watches and clocks, lighting, etc.

3. The C&E industry attracts high-spending overnight business visitors to Hong Kong, spurring economic activities and creating employment in sectors such as tourism, retail, catering, entertainment industries, etc. According to the Hong Kong Tourism Board, Hong Kong attracted 1.69 million overnight MICE (Meetings, Incentives, Conventions and Exhibitions) visitors in 2019, with an average spending of about HK\$7,200, which is 23% higher than that of all overnight visitors.

4. The pandemic brings challenges to the C&E industry around the world. According to the information provided by the management companies of the Hong Kong Convention and Exhibition Centre (HKCEC) and AsiaWorld-Expo

(AWE), 203 exhibitions originally scheduled during the 19-month period from February 2020 to November 2021 were postponed or cancelled. As the pandemic situation in Hong Kong eases, some of the local public exhibitions were successfully held during summer, such as the Hong Kong Book Fair, Ani-Com & Games Hong Kong, Hong Kong Brands and Products Shopping Festival and Food Expo, etc. Nevertheless, international trade exhibitions rely on the participation of non-local exhibitors and buyers, they are still being affected by the global pandemic situation and quarantine requirements.

5. The Government is promoting the development of Hong Kong's C&E industry in the short, medium and long terms through provision of financial assistance, promotion of online exhibitions and expansion of C&E facilities, in order to consolidate and enhance Hong Kong's status as an international C&E hub.

Provision of Financial Assistance

6. The Government implements the Convention and Exhibition Industry Subsidy Scheme (the Scheme) with a commitment of \$1.07 billion to help the trade, through providing financial assistance, resume the organisation of C&E events as the pandemic situation eases. The Scheme consists of two parts. The first part started from 3 October 2020 and subsidises organisers of exhibitions and international conventions held at the HKCEC and AWE 100% of the venue rental without ceiling, and the Government urges the organisers to share the subsidy with participants. The other part started from 30 November 2020 and subsidises exhibitors of exhibitions organised by Hong Kong Trade Development Council (HKTDC) 50% of their participation fees, subject to a cap of \$10,000 per nine-square-metre booth and 10 booths per exhibitor each time as well as participants of HKTDC's major conventions 50% of their participation fees subject to a cap of \$10,000 each time. The Scheme was originally planned to last for 12 months, and the Government has extended the validity of the Scheme twice until 30 June 2022.

7. As of 31 August 2021, the Scheme has provided total subsidy of around \$121.85 million to 53 exhibitions, which involved around 7,670 exhibitors (around 6,000 local exhibitors and around 1,670 non-local exhibitors) and around 941,000 visits (around 938,000 local visits and around 3,000 non-local visits).

8. Eligible exhibitors can also apply for funding support under the "SME Export Marketing Fund" (EMF) to cover their participation fees of the relevant events on a matching basis. Since April 2021, for a period of two years, the funding scope of the EMF has been expanded to cover large-scale exhibitions and

virtual exhibitions targeting the local market held by organisations with good track record, and the eligibility criteria has been relaxed from covering SMEs only to covering non-listed enterprises. The EMF will support enterprises to conduct more local market promotional activities and business expansion, so as to alleviate the impact of shrinking business in overseas markets.

Promotion of Online Exhibitions

9. Amid the pandemic, the C&E industry needs to be more flexible, such as organising online exhibitions and online business matching etc., and there are also more and more exhibitions held in hybrid mode. In 2020, the HKTDC organised a number of online exhibitions to connect buyers and suppliers around the world, help unlock opportunities and explore overseas markets. The HKTDC also organised its flagship conventions such as the “Belt and Road Summit”, “Asian Financial Forum” and “Asian Logistics, Maritime and Aviation Conference” on virtual platforms, providing an avenue for stakeholders worldwide to share and exchange views amidst the pandemic. As the pandemic situation in Hong Kong eases, the HKTDC resumed organising physical conventions and exhibitions this year, making use of hybrid mode comprising both physical and virtual platforms to organise various C&E events, so as to broaden the reach to global audience.

10. The Financial Secretary announced in this year’s Budget that the Government will provide an additional subvention of a total of \$301 million from 2021-22 to 2023-24 to the HKTDC to develop virtual platforms to enhance its capability in organising hybrid events to provide a seamless event experience for users (e.g. enhancing instant interaction functions, using artificial intelligence to help users conduct year-round business matching). The HKTDC will also proceed with digitalisation to enhance its overall service efficiency and quality, as well as upgrade its online service system for greater convenience to users and to provide personalised market analysis. In addition, the HKTDC will strengthen big data analysis to help forecast future business trends, and provide SMEs with services that are more effective, more diversified and better suit their needs.

Expansion of C&E Facilities

11. While online C&E events can help enterprises maintain business activities during the pandemic, physical C&E events, especially those emphasising on personal experience and establishing business connections, are indispensable. According to the study published by the Global Association of the Exhibition Industry in January 2021, 64% of the respondents considered that COVID-19 confirmed the value of face-to-face events and the C&E industry

would rebound quickly after the pandemic. Only 14% of the respondents considered that virtual exhibitions had the potential to replace traditional physical exhibitions.

12. Therefore, in the long run, there is still a considerable demand for C&E facilities. We must prepare for the future in order to consolidate and enhance Hong Kong's status as a premier international C&E and sourcing centre by expanding C&E facilities in a pragmatic and cost effective manner with synergy with existing facilities and ancillary facilities in the vicinity, such that the C&E facilities in Hong Kong will better suit the need of the new mode of C&E activities. In this regard, we are proceeding with the expansion of C&E facilities in Wan Chai North and on the Airport Island.

Wan Chai North Redevelopment

13. The Government first announced the plan to redevelop the sites of the three government towers in Wan Chai North and the Kong Wan Fire Station into C&E facilities, hotel and grade A office (hereafter referred as the Wan Chai North Redevelopment) in the Policy Address in 2017, and reaffirmed its implementation in the Policy Address in 2020. The Government is taking forward projects of new government buildings in various districts to gradually relocate the concerned government departments and law court, and will carry out demolition and redevelopment afterwards.

14. The Government has commissioned the HKTDC and its consultants to conduct a series of technical studies. We preliminarily estimate that the site would provide around 30,150 square metres of additional rentable C&E space, comprising three storeys of exhibition halls seamlessly connected to the HKCEC, a column-free multipurpose hall suitable for large-scale international conferences, meeting rooms, etc.; a 500-room hotel; and about 90,000 square metres of Grade A office. There will be synergy between the new C&E facilities and the HKCEC, allowing greater flexibility for C&E events.

15. In addition, the Government will take the opportunity of the Wan Chai North Redevelopment to improve the road and pedestrian connections in Wan Chai North, thereby on the one hand improving the traffic condition, and on the other enhancing the pedestrian connectivity, in particular the connections between the C&E facilities and Wan Chai, Admiralty and Exhibition Centre MTR Stations, as well as connections with the harbourfront and public open spaces in Wan Chai North.

16. The Government has consulted the Wan Chai District Council and Harbourfront Commission on the preliminary scheme and obtained their support. The Government will initiate statutory town planning and road gazettal procedures in due course.

AWE Expansion

17. The Airport Authority (AA) has conducted a consultancy study on the AWE phase two expansion and will invest in the expansion. According to the preliminary design, the AWE phase two expansion will provide an additional 36,550 square metres of additional rentable C&E space, comprising exhibition halls and meeting rooms as well as the largest indoor performance venue in Hong Kong which could accommodate 20,000 patrons. There will be synergy between the AWE and the neighbouring SKYCITY, providing C&E, hotel, shopping, catering and entertainment facilities.

18. Upon completion of the two projects, the C&E space in Wan Chai North and on the Airport Island will increase by more than 40% to over 220,000 square metres.

Advice Sought

19. Members are invited to offer views on the future development of the C&E industry in Hong Kong.

**Commerce and Economic Development Bureau
September 2021**