Convention and Exhibition Industry in Hong Kong

Overview

- Being the world's 7th largest trading economy, Hong Kong has developed into a premier convention and exhibition centre in the region. As a free port with superb air connectivity at the heart of Asia, exhibitors and visitors can come to Hong Kong conveniently, making the city a preferred location in staging international conventions and exhibitions.

- The city’s main MICE[1] venues include the HKCEC in the main business district, the AWE near the airport and the Hong Kong International Trade and Exhibition Centre in Kowloon Bay.

- In 2017, Hong Kong was crowned as “World’s Leading Business Travel Destination” in the World Travel Awards, “Best City for Meetings” in the Smart Travel Asia Awards and “Best Business City in Asia” in the Business Traveller Asia-Pacific Awards.

- The Mainland and Hong Kong governments signed the Agreement on Trade in Services in December 2015 in respect of applying liberalisation measures for Hong Kong service suppliers and professionals on the mainland from June 2016.

Industry Data

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Recent Development

More than 50 venues in various sizes are available in Hong Kong for exhibitions and conventions. The main venues for MICE events are the Hong Kong Convention and Exhibition Centre (HKCEC) in the main business district, the AsiaWorld-Expo (AWE) near the airport and the Hong Kong International Trade and Exhibition Centre in Kowloon Bay. Total available exhibition space in Hong Kong now exceeds 150,000 sq m. In 2017, Hong Kong hosted more than 100 exhibitions, with more than 1.9 million overseas overnight MICE visitors. In Hong Kong, the HKTDC organises more than 30 large-scale exhibitions a year, forming 11 of the largest marketplaces of their kinds in Asia, five of which are the world’s largest, including electronics, jewellery, gifts, watches & clocks and lighting, connecting around 39,000 exhibitors and more than 750,000 buyers.

Hong Kong has received worldwide recognition as one of the best destinations for MICE and business travellers. In 2017, Hong Kong was crowned as "World’s Leading Business Travel Destination" in the World Travel Awards, "Best Business City in Asia" in the Smart
Travel Asia Awards and “Best Business City in Asia” in the Business Traveller Asia-Pacific Awards.

During peak season, the HKCEC and AWE often face the challenge of tight exhibition space supply. A government-commissioned consultancy study estimates a peak-period shortfall of about 130,000 sq m of convention and exhibition space in Hong Kong by 2028. In the 2017 Policy Address, the government has proposed to demolish and redevelop three government buildings into a new wing that can be connected and integrated with the existing HKCEC in Wan Chai North. A new convention centre will also be developed above the MTR Exhibition Station of the Shatin to Central Link to provide an additional 15,000 sq m of convention space.

The Hong Kong Tourism Board (HKTB) has launched MEHK since 2008 to offer one-stop professional support to MICE organisers choosing Hong Kong as a destination for meetings and exhibitions. Such services include publicity, visitor promotion, coordination of site inspection, facilitation in securing local dignitaries as officiating guest and liaison with government departments. As recognition of MEHK’s quality services, HKTB was awarded “Best Convention Bureau, Asia Pacific” in the CEI Readers’ Choice Awards 2018.

To tackle the shortage of space at the HKCEC during peak seasons, an endeavour to hold “one show, two locations” at both the HKCEC and AWE has been adopted since 2009, with free shuttle bus services offered. The September version of the Hong Kong Jewellery and Gem Fair, for example, has successfully adopted the approach since 2009. Exhibitors and buyers recorded respective growth rates of 21% and 51% from 2009 to 2014.

Service Providers

A wide variety of service companies are involved in the convention and exhibition industry, including event organisers, stand constructors, insurance companies, freight forwarders, travel agents and hotels. However, the central role played by event organisers in bringing together all these services makes them the most important industry service providers.

Exhibitions are broadly divided into two kinds: trade fairs and consumer fairs. The former targets buyers in specific industries operating largely on a B-to-B basis, while the latter is open to the public, thereby targeting primarily the local market. Well recognised as a regional trade hub, Hong Kong succeeds in attracting a lot of overseas exhibitors and buyers to attend the city’s trade shows, with attendees able to enjoy an international exposure within the show.

Some exhibition organisers also provide a one-stop-shop solution by organising, additionally, conferences and seminars, also bundling other side events to supplement the exhibitions. The main function of the supplementary events is to provide a holistic platform for the participants to have an exchange on recent industry developments and market information.

Currently there are over 100 exhibition service providers offering specialised or integrated exhibition services. Some of the major international event organisers set up their regional headquarters in Hong Kong, which look after events organised in Hong Kong and on the Chinese mainland. In general, the larger international organisations have a wide variety of shows whereas the smaller organisers tend to specialise in
organising similar shows in different locations.

Apart from activities organised in the territory, Hong Kong's convention and exhibition organisers are also active in arranging their exhibitors to exhibit overseas. While the Chinese mainland is a priority, organisers are also actively looking for locations to organise their trade and exhibition events. Locations include not only those in developed markets, but also developing markets like the Middle East and Eastern Europe.

In coping with the continual increase in inbound tourists, Hong Kong has seen parallel growth in hotel room supply. As at end 2017, there were 277 hotels offering 78,935 rooms at different price levels compared with 225 hotels and 70,017 rooms in 2013, increasing by 23% and 13% respectively. The number of hotels is expected to go up to 327 and raise the room number to 90,893 rooms in 2021.

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<tr>
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<th>High Tariff A Hotels</th>
<th>High Tariff B Hotels</th>
<th>Medium Tariff Hotels</th>
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Source: Hong Kong Tourism Board

**Exports of Services**

A main source of export income from the convention and exhibition industry is the spending by overseas participants to events held in Hong Kong.

According to the latest available figures from the *Economic Impact Study* commissioned by the *Hong Kong Exhibition & Convention Industry Association (HKECIA)*, the exhibition industry contributed HK$52.9 billion (US$6.8 billion) to Hong Kong's economy in 2016 (equivalent to 2.1% of Hong Kong’s GDP).

The exhibition industry's activities during 2016 were estimated to have provided an employment equivalent to 77,000 full-time jobs across a number of related industries. The expenditure and employment opportunities generated by the exhibition industry benefit not just the industry players such as venue operators, exhibition organisers and stand contractors, but also advertising, hotels, retail, food and beverages sectors.

According to 2017 *Hong Kong Exhibition Survey by the HKECIA*, the performance of the industry grew modestly, with regional, international and Chinese mainland companies expanding to Hong Kong. In 2017, the overall number of exhibiting companies increased by 5.2% to over 72,000. The overall visitor numbers to Hong Kong exhibitions grew by 11.8% to over 2.4 million. The survey reaffirmed Hong Kong’s leading position as an important trade platform in Asia, with the encouraging growth in both the number of exhibiting companies and the number of exhibition visitors from the Chinese mainland.
and the other parts of Asia-Pacific.

The Mainland-Hong Kong Closer Economic Partnership (CEPA)

After ten annual Supplements to keep widening and broadening the liberalisation measures in favour of Hong Kong Service Supplier (HKSS), Hong Kong and the mainland entered into a subsidiary agreement under CEPA in 2014 to achieve basic liberalisation of trade in service trade in Guangdong (“Guangdong Agreement”). This was then followed in December 2015 by the Agreement on Trade in Services (“ATIS”) to extend the coverage of the 2014 agreement from Guangdong to the rest of the mainland. Unlike the Supplements which adopted a positive-list approach to introducing liberalisation measures, the two latest CEPA agreements adopt a hybrid approach to granting preferential access to Hong Kong using both positive and negative lists.

The ATIS, which covers and consolidates commitments relating to liberalisation of trade in services provided in CEPA and its Supplements and also the Guangdong Agreement, will be implemented from June 2016. There is no reserved restriction for HKSS under the negative list. Regarding the positive list, HKSS are allowed to provide, in the form of wholly owned operations, convention services and exhibition services on the mainland. Operations set up by HKSS on the mainland, in the form of wholly owned enterprises or joint ventures, are also allowed to undertake the relevant businesses in Hong Kong and Macau.

Further, HKSS are allowed to organise exhibitions, in the form of cross-border supply, in the Guangdong Province, Shanghai Municipality, Beijing Municipality, Tianjin Municipality, Chongqing Municipality, Zhejiang Province, Jiangsu Province, Fujian Province, Jiangxi Province, Hunan Province, Guangxi Zhuang Autonomous Region, Hainan Province, Sichuan Province, Guizhou Province and Yunnan Province on a pilot basis, measures previously covered by CEPA Supplements IV and VI. In addition, contractual service providers employed by HKSS, are allowed to provide services under this sector or sub-sector on the mainland in the mode of the movement of natural persons, a measure originally covered by Supplement X. Details of the preferential access concerning the convention and exhibition services sector can be found at this website.

As of June 2018, 24 HKSS certificates in the convention and exhibition sector had been issued by the Hong Kong government.

[1] MICE is referred to Meetings, Incentives, Conventions and Exhibitions.

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