

Our Ref : IHK/AMB/2/3

Your Ref : CB1/PL/FA

17 October 2003

Miss Salumi Chan
Clerk to Panel on Financial Affairs
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Miss Chan,

**Panel on Financial Affairs
Follow-up to special meeting on 11 October 2003**

Hong Kong Harbour Fest

I refer to your letter of 14 October addressed to the Financial Secretary seeking clarification of certain matters relating to the Rolling Stones' participation in the Hong Kong Harbour Fest. He has asked me to reply on his behalf.

The sequence of events leading up to signature of the Rolling Stones contract with the American Chamber of Commerce in Hong Kong (AmCham) is set out in the attachment. As can be seen, the key dates are :

- (a) 2 October AmCham signed contract.
- (b) 14 October Rolling Stones management signed contract.

On 11 October, the Government informed the Panel that the Rolling Stones management had declined to sign the contract. This was an accurate report of the position as it then stood.

On 13 October, the Rolling Stones Tour Director was reported by Reuters as having said “We have received the deposit money from Hong Kong and the band’s lawyers have a signed contract having concluded negotiations last week.” The statement does not say that the band’s management have signed the contract – because on that day they had not – it says that they have “a signed contract” but fails to make clear that “signed” refers only to AmCham. In that respect, the statement is incomplete but not factually wrong.

I trust that explains the position. I would be pleased to attend a Panel meeting to answer questions from Members if considered necessary.

Yours sincerely,

(M J T Rowse)
Director-General of Investment Promotion

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Other than the lease on the Tamar site, the Government is a party to only one contract, namely the one with AmCham, on the entire HarbourFest event. A copy of this contract will be provided to Members separately in response to another letter from the Panel on the HarbourFest event. The contract between the Government and AmCham was preceded by a number of interim memoranda of understanding.

2. All contracts with artists, contractors and other parties relating to the HarbourFest event are entered into by AmCham and the concerned parties.

3. The schedule of events with respect to the Rolling Stones (RS) participation in HarbourFest is as follows (all dates/times quoted are Hong Kong unless otherwise indicated):

2 nd half August	AmCham agent and RS management reached broad agreement on performance by RS (including fee, approximate performance dates, etc.) through e-mails/telephone conversations.
3 September	AmCham announced they were finalising negotiations with RS management for the band to appear on 7 and 9 November.
September	AmCham agent and RS management finalised detailed contract documents [#] .
1 October	Completed contract documents were ready for signature by both sides.
2 October	AmCham signed contract documents and forwarded them to RS management. Around the same time, AmCham agent forwarded to RS management a 50% deposit in accordance with standard industry practice. Letters of Credit for the balance were also forwarded subsequently, also standard industry practice in such cases.

[#] The contract is actually a set of three separate contracts.

- 3-8 October RS management failed to sign contract documents, declined to give approval for AmCham to announce firm performance dates of RS in Hong Kong and to put tickets on sale.
- 8 October AmCham met DGIP. Meeting concluded Hong Kong should now take a tough stand, and if necessary be prepared to take contract off the table. DGIP, upon invitation, joined AmCham agent in late night conference call with RS management. Hong Kong side explained timing constraints at its end. RS management confirmed Hong Kong deal was settled, but problems remained with their proposed RS concerts elsewhere and these must be resolved before Hong Kong performance could be confirmed. Hong Kong side pressed RS management for firm answer no later than midnight next day and gave notice that failure to meet this timetable would mean the whole deal was off.
- 9 October Another late night conference call between AmCham agent, DGIP and RS management. RS management said they were working very hard to finalise signatures of contract documents at their end. AmCham agent and DGIP told RS management that with effect from midnight (by then only a short time away), the contract should be considered "off the table" and the Hong Kong side would confirm this in writing the next day .
- 10 October AmCham group met, DGIP also present, and confirmed decision to pull contract. AmCham agent formally informed RS management by email of Hong Kong's position.
- 13 October Reuters story quoted RS tour director Michael Cohl as saying RS performance in Hong Kong would go ahead.

- 14 October
- AmCham group and DGIP met and agreed to entertain RS position provided written confirmation from RS management was received that day, that tickets could go on sale on 15 October, and that RS would lend special assistance to marketing effort to help make up for lost time.
 - RS management confirmed in writing that RS performance dates in Hong Kong could be announced, that tickets could be put on sale and that contract documents would be signed by them during their working day (Toronto time) and sent immediately.
- 15 October
- Contract documents, signed by RS management, arrived. Tickets went on sale in Hong Kong.