From the Chairman

It is a year since I presented the Council's plan to expand the Hong Kong Convention and Exhibition Centre (CEC) – our physical marketplace. I am pleased to report we have now secured all necessary approvals and that construction will start in June.

From early 2009 there will be 40% more designated exhibition space at the CEC while preserving the integrity of this special structure. It means that mega fairs anchored at the CEC have a real chance to become No. 1 and stay No. 1 for their industries in the world. The trade fair business is about attracting more and better exhibitors and buyers faster than your competitors. Neighbouring cities are all building large exhibition and convention facilities. We must continue building critical mass to maintain our edge as Asia's premier sourcing platform.

The expansion has become our community's project with shared goals. On behalf of the Council, I wish to take this opportunity to thank all people and organisations concerned. More details of the expansion project can be found on pages 12–15.

Expanding the physical size of trade fairs is only part of the equation. The prime attraction for international buyers is the quality and appeal of products on display. The Council goes to great lengths to emphasise high-end products and brands at our trade fairs as our companies continue to move up the value chain. This exerts positive pressure on all exhibitors to lift their game at every fair. TDC also invests continuously in improving service standards at our fairs, which help to set benchmarks for the whole industry.

Connecting at all levels

A central mission of the Council is to raise Hong Kong's business profile around the world. We leverage global business interest in China in a way that differentiates Hong Kong, bringing out its unique business advantages. TDC's priority is to help connect with businesses owned by small and medium-sized enterprises (SMEs) and bring them to Hong Kong's platform. The more companies we attract, the more international demand there is for Hong Kong's services and the bigger Hong Kong's role in global business. More jobs are created as a result.

On a recent trip to the US, I met more than 1,300 SMEs and senior business executives in Los Angeles, Minneapolis, Chicago and Cincinnati. Earlier, I travelled to the UK and Europe. My main objective was to reach the "unconverted" – those who have yet to experience Hong Kong's platform for business with China and the Asia-Pacific.

Our theme, "Hong Kong: Turning China into Opportunity" resonated well. Most overseas business executives are aware of the huge opportunities presented by China. However, many do not know where to start or who can help and how to manage the risks involved. This is especially true for SMEs with limited resources. TDC's simple message is that Hong Kong's platform and business model provide answers. The Council's offices have since been busy following up interest generated by our outreach programmes. They are also organising return missions to bring these "sales leads" directly to Hong Kong.

High-level dialogue with major overseas trading partners is another strategy for growing Hong Kong's global business. TDC administers six bilateral business committees, including the newly launched Hong Kong–France Business Partnership in November 2005. We have sharpened the focus of these bilaterals to explore business opportunities on a sector-by-sector basis.

It is equally important to ensure the voice of Hong Kong business reaches the right ears in the mainland. I led senior representatives from Hong Kong's business chambers and trade associations in a roundtable discussion with China's visiting Minister of Commerce, Bo Xilai. We covered a wide range of topics, including issues raised by participants from overseas chambers in Hong Kong. Similar meetings were arranged with the Mayors of Beijing and Tianjin.

Capacity audiences of business executives in four US cities – Los Angeles, Minneapolis, Chicago and Cincinnati – turned out to hear our message about "Hong Kong: Turning China into Opportunity". Many were new recruits to TDC outreach programmes.

China's Commerce Minister Bo Xilai co-chaired a high-level business-to-business dialogue hosted in Hong Kong.

"My Car" – the first car designed and manufactured in Hong Kong – was one of the stars of the show at the Innovation & Design Expo.

The Chairman exchanges views with a Vice-Mayor of Beijing, Lu Hao, when co-chairing a business roundtable between Hong Kong and Beijing in the Chinese capital.

More MPEs coming to Hong Kong

A mega trend of our times is the rapid expansion of China's private sector. There are now four million mainland private enterprises (MPEs) and the number is growing at 30% a year. The private sector accounts for more than 60% of national GDP. China's new entrepreneurs need money, markets and management expertise. They also need wealth management services. This is a golden opportunity for Hong Kong!

In the two years since the Council called for mainland enterprises to have easier access to Hong Kong, more MPEs have used this platform to connect with world markets. This is consistent with China's "going out" policy. TDC alone brought more than 2,000 MPEs to Hong Kong during the year and reached out to a further 7,500 through programmes in the mainland. By generating business transactions to and through Hong Kong, MPEs create more demand for services.

Hong Kong moving up the value chain

To those who still worry that Hong Kong will somehow be eclipsed or marginalised, my message is simple: our platform is one of a kind and cannot be recreated elsewhere. If we keep moving up the value chain, if we are proactive about changes in global business and the mainland economy, we have everything to gain and nothing to fear.

The window for Hong Kong companies taking advantage of the Closer Economic Partnership Arrangement (CEPA) is limited. International competitors are lining up for China's further opening under its World Trade Organisation (WTO) commitments. We need to act fast.

In this respect, I am also enthusiastic about Hong Kong's emerging role as a technology marketplace. The mainland is upgrading its technology to enhance competitiveness. Demand for higher technology is especially strong in the manufacturing sector, partly because of the need to comply with environmental codes in major overseas markets. Many international companies with advanced technologies are keen to make inroads into the mainland market. Hong Kong is ideally placed to help them.

We can also assist mainland technology firms to break into overseas markets. Hong Kong is a natural choice for commercialising mainland technologies and marketing them overseas. We have everything it takes – global networks, intellectual property (IP) safeguards and marketing experience – to be a technology trading hub for the entire region. We can import new technologies as well as build on homegrown and regional technology strengths in Hong Kong's centres of learning and science parks, plus our regional connections.

Forging a "Silicon Delta" alliance

An added advantage is that Guangdong produces China's largest share of high-tech manufacturing, accounting for one-third of national output and attracting many of China's most brilliant minds in research and development (R&D). Within Guangdong, Shenzhen leads the way in high-tech production, which accounts for about half of the city's industrial output.

As a first step to realising huge partnership potential, we have moved from a manufacturing alliance started 25 years ago to what we can call a "Silicon Delta" alliance between Hong Kong and Shenzhen. Over the next 25 years we should complement each other in attracting talent, enterprises and venture capital. We should also increase R&D cooperation between our universities.

I recently broached the idea of a city-to-city high-tech alliance with Shenzhen's leadership. It was well received. A joint working group was immediately established between TDC and the Shenzhen Municipal Government. This is a top-priority initiative with a view to making things happen over the next 18 months. We trust this alliance will positively influence our joint aim to clean up the environment in the Pearl River Delta (PRD) over time.

Being fully accountable

When the Council was formed in 1966, guiding principles and internal guidelines were set down for the Executive. These were instrumental in ensuring TDC performed in a way that fulfilled its mandate and brought credit to Hong Kong.

Yesteryear's best practices are not good enough today. Our Annual Plans, published at the start of each promotional year, are formulated with extensive input from stakeholders and are open and transparent. The Council has developed a set of published performance measurements against which to evaluate TDC's effectiveness. Stakeholders, customers and critics alike can readily assess how TDC gives Hong Kong value for money.

Under Executive Director Fred Lam, the management team has delivered a first-rate performance these past two years, doing more with less subvention. This sterling effort is set to continue. For details, I commend you to read Fred Lam's summary (starting on next page). I also wish to take this opportunity to thank Council members for their dedication in overseeing TDC's work; committee chairs and members of TDC's 17 advisory committees; local and international chambers who are TDC's constant partners, and, of course, leaders and members of our extended family of Hong Kong Business Associations around the world. Finally, I thank the many thousands of TDC customers for your continued patronage. Your essential support enables the Council to do even more for Hong Kong. TDC can only succeed if our customers succeed.

Peter Woo, GBS, JP
Chairman

The Chairman attended the annual Hong Kong–Beijing Economic Symposium, held this year in Beijing. Pictured with him is Party Secretary of Beijing Liu Qi.

Former Prime Minister and Member of the Senate of France, Jean Pierre Raffarin, jointly officiated at the launch of the Hong Kong–France Business Partnership in Hong Kong together with the Chairman, who was instrumental in initiating the partnership.

The Chairman was recognised for his role in promoting trade relations and business development between Hong Kong and the US. He received proclamations from leaders of four states he visited. He is pictured here with Governor of Minnesota Tim Pawlenty.

The Chairman received a proclamation from Mayor of Los Angeles Antonio Villaraigosa, represented here by David Libitique.

During visits overseas the Chairman highlighted Hong Kong's role as a shop window for global brands targeting mainland consumers. He is pictured in Milan with Chairman of the Hong Kong–Italy Association Mario Boselli.