Executive Director's summary

Probably the most enjoyable part of my job is daily interaction with **SMEs,** who drive Hong Kong's external trade, and are the Council's core customers. They have vision yet are practical. They are focused and results-oriented, yet flexible. They know how to leverage resources and deliver value for money. In short, they are an inspiration for how to run TDC!

2005/06 was about delivering more (while costing Hong Kong even *less*) and continuing to improve TDC as an organisation. Taking a leaf from those we serve, we strove for practicality behind vision, focus behind action, and hard numbers behind outcomes.

Here are just some of those numbers:

- Highest number *ever* (20,000) of Hong Kong companies participating in TDC promotional activities around the world
- Highest number *ever* (114,400) of overseas and mainland companies coming to Hong Kong to do business as a direct result of TDC's efforts
- Lowest ratio *ever* (31.8%) of administrative to operational costs

To crown a good year, we also reached a record level of financial self-sufficiency. This was just as well as Government's subvention declined by a further HK$20 million. For every HK$100 TDC spends promoting Hong Kong's trade, we now generate HK$85 ourselves by providing value-adding services for which customers are willing to pay. There are many success stories resulting from individual Hong Kong companies using TDC's services (see a sampling on page 80).

We further improved TDC's financial position, as presented with increased transparency from page 81. The key was stepping up activity levels while simultaneously expanding our customer base (see chart over page). Revenue went up HK$98 million, hard on the heels of a HK$215 million increase the previous year, after Sars. This significant jump over two years reflects growing support from the business community. Overheads went down HK$20 million, thanks to tight cost controls and even higher productivity. We recorded a surplus of HK$121 million – which gives TDC more to invest in trade promotion.

TDC's promotional work in 2005/06 focused on four ongoing endeavours of equal importance. They have a chapter each in this report.

The *first* is strengthening Hong Kong as Asia's premier sourcing platform with "must visit" trade fairs. The *second* is developing China as a domestic market, leveraging Hong Kong's head start with CEPA. The *third* is promoting Hong Kong's products and services overseas, with emerging markets a particular priority. The *fourth* is marketing Hong Kong internationally so that more companies use this platform.

Within these broad directions there were initiatives of particular note.

TDC took the lead in bringing **MPEs** to Hong Kong to experience personally the advantages of "going out" to the world from this platform. As noted by a leading local newspaper, this is a key strategy to pre-empt any question of Hong Kong being marginalised.

We dramatically upgraded our approach to **marketing**, raising Hong Kong's business profile internationally to reach the "unconverted". Stronger, more consistent messaging was based on in-depth research into what drives overseas executives' decisions to use Hong Kong for their China business (see page 52).

Introducing Hong Kong-designed products to Shenzhen Mayor Xu Zongheng.

Heading a Hong Kong services-sector mission to Saudi Arabia and meeting Board Member of the Jeddah Chamber of Commerce and Industry Abdullah Bakr Redwan.

Key performance indicators

	2003/04	2004/05	2005/06 (% change over 2003/04)
Companies visiting Hong Kong through TDC's efforts	75,100	110,100	114,400 (+52%)
Participants at TDC trade fairs			
• Exhibitors	15,200	21,400	23,200 (+53%)
• Buyers	330,300	483,600	514,000 (+56%)
Advertisers on TDC's online business platform	1,900	3,000	3,760 (+98%)
Average daily user sessions on TDC's portal	72,500	112,000	156,000 (+115%)
Improvement in the administrative/operational budgetary ratio	34.4%	33%	31.8%
Self-sufficiency	68.4%	82.4%	85.1%

Taking Hong Kong's message to Hungary, an important emerging market...

...and welcoming a return mission from Hungary to Hong Kong, led by Prime Minister Ferenc Gyurcsány.

We facilitated local SMEs to accelerate up the value chain through **branding**. We promoted local brands heavily, especially in the Chinese mainland, where we raised Hong Kong's trend-setter image.

At the same time, we strengthened TDC's own branding (see page 68). A moment ago I mentioned the support TDC enjoys from the business community. This is never something to be taken for granted. A priority was to improve TDC's corporate outreach and brand marketing so we may offer our services to even more SMEs.

It is important, too, that the broader community understands the contribution of external trade to Hong Kong. We made TDC's public fairs even more enjoyable as trade and industry showcases. Meanwhile, our employees stepped up community good works, winning TDC a caring organisation award.

Bottom-line results are important. But for a public service organisation like TDC they cannot be the only drivers of performance. Trade promotion is a people- and knowledge-based business. The values, commitment and skills of our employees are mission critical for TDC. We devote a section to initiatives to strengthen TDC by developing our human capital, as well as further improving governance and internal processes (see page 69).

As the Council approaches its 40th anniversary later this year, there are plenty of opportunities and challenges to keep TDC on its toes. Starting construction of the CEC expansion is one. Launching six new trade shows, with private sector partners, is another. TDC must also pathfind ways for Hong Kong companies to benefit from Guangdong's new emphasis on heavy industry and services. The list goes on (see page106). And we cannot wait to get going.

Fred Lam

Fred Lam, JP
Executive Director