

Jack So, JP  
Chairman



# From the Chairman

While this is my first Chairman's message in a TDC annual report, it is not my first role with this enterprising organisation.

Having served as Executive Director from 1985 to 1992, I am "coming home" to an environment that is quite different from the one that I left.

In the 15 years since my departure, Hong Kong has completed its shift of manufacturing to the southern Chinese mainland, and the economy today is dominated by the services sector.



Left: Incoming TDC Chairman Jack So helps outgoing Chairman Peter Woo unveil the appreciation gift at Mr Woo's honorary dinner. The sculpture was made of preserved glass from the Hong Kong Convention and Exhibition Centre Atrium Link. Mr So assumed the TDC chairmanship on 1 October 2007

Our trade shows, many of which were developed during my previous tour of duty, have grown very large. Several have become the biggest in Asia.

Our mega fairs now not only fill up the extension of the Hong Kong Convention and Exhibition Centre (HKCEC), which has been in operation since 1997, but will also fully utilise the forthcoming Atrium expansion. The Council still needs more space to accommodate the tremendous demand for downtown exhibition space as Hong Kong further consolidates its position as Asia's sourcing centre.

Just as it was doing 20 years ago, the TDC continues to promote business between Hong Kong and the rest of the world. We have opened more offices in the mainland, vastly expanded our activities programme, launched and refined our online sourcing services, and made significant strides in promoting Hong Kong's services industries while creating new opportunities in overseas markets.

In everything that we do, the Council remains loyal to its mission: to create opportunities for Hong Kong

companies; to deliver value by promoting trade in goods and services, while connecting the world's small and medium-sized enterprises (SMEs) through Hong Kong's business platform.

Our challenge, as always, is to find new ways to serve SMEs. This was one of the main focus areas of my predecessor, Peter Woo. Major progress was achieved during his chairmanship from 2000 to 2007. SMEs are now enjoying a full range of services offered by the Council.

### Focus on Trade Fairs

Trade fairs are critical to our economy. A study done for the Hong Kong Exhibition and Convention Industry Association in 2006 reported that such events create some HK\$26.4 billion in economic benefits for Hong Kong each year, in addition to the billions of dollars in business orders for local companies.

Manufacturing and trading communities worldwide have embraced the TDC's trade fairs for two reasons: one, our uncompromising dedication to quality; and



Left: Getting down to business with the Chairman of the Guangxi Zhuang Autonomous Region, Ma Biao. Mr So led a study mission consisting of more than 70 Hong Kong delegates to Guangxi in late March 2008. The purpose of the visit was to review Guangxi as a possible relocation alternative for Hong Kong companies in the Pearl River Delta facing operational challenges in outward processing manufacturing

two, the downtown location of Wan Chai – close to banking, legal and logistics services, as well as restaurants and after-hours entertainment.

Our studies have shown that even with the forthcoming Atrium expansion, which will enlarge our exhibition area from approximately 46,000 to 66,000 square metres, we still need at least another 34,000 square metres of exhibition space in Wan Chai to help secure Hong Kong's future as Asia's trade fair capital. The Council has submitted an application for expansion, and is now discussing the best way forward with the HKSAR Government.

### Moving Closer to the Mainland

Deepening our ties with the mainland is also a central focus. We already team up with our mainland colleagues on international road shows, telling overseas audiences about the benefits of doing business with China through Hong Kong.

On the one hand, we are intensifying our efforts to open up the mainland consumer market for Hong Kong goods, building on the popularity of our brands, particularly those that appeal to lifestyle-conscious, middle-class mainland consumers. On the other hand, the TDC is also helping Hong Kong manufacturers to upgrade their design expertise and brand-building ability. In recognition of our efforts in building Hong Kong brands in the mainland, the HKSAR Government has incorporated this as part of its action agenda to complement China's 11<sup>th</sup> Five-Year Programme.

One of our immediate tasks is to assist Hong Kong companies in the Pearl River Delta (PRD) to cope with new environmental and labour requirements, as well as the rising costs associated with doing business. There are as many as 60,000 Hong Kong-owned or operated manufacturing companies in the PRD, and we are doing all we can to help them upgrade their operations.



Left: Exchanging pleasantries with Chen Zuo'er, the Deputy Director of the State Council's Hong Kong and Macao Affairs Office, during their meeting in November



Left: Renewing friendship with Liu Qi, Party Secretary of Beijing, during the Beijing-Hong Kong Economic Cooperation Symposium, held last November in the nation's capital

Opposite: Meeting with Alexander Prokhorenko, Chairman of the St Petersburg City Government Committee on External Relations, while visiting St Petersburg City Government last October as part of a familiarisation tour of the Russian market



Those companies that cannot meet the new challenges may have to relocate their factories to lower-cost regions. We have already begun helping interested companies learn more about the possibility of moving their operations further inland. I have personally been on a number of fact-finding missions, and found that neighbouring provinces such as Guangxi, Hunan and Jiangxi will welcome them with open arms.

In the reverse direction, the Council is assisting many mainland enterprises to "go out" to international markets using Hong Kong's business platform, through the hosting of CEO training programmes, educational seminars and other outreach activities. Recently, we also opened our product publications and online business matching facilities to mainland advertisers.

## Looking to Emerging Markets

Apart from the mainland, it is important that we continue to blaze new trails for Hong Kong SMEs in emerging markets to further reduce our dependence on the US economy.

Identified key markets include ASEAN countries such as Vietnam, Thailand and Malaysia. Central and Eastern European countries also hold good promise, especially Poland, Hungary and the Czech Republic.

Moreover, Russia's growing consumerism makes it an attractive destination for Hong Kong goods and services, and we will ride on the success of our Style Hong Kong in Moscow event, in 2007, to mount further initiatives in this market.

One of our prominent emerging markets over the last three years has been the Middle East, where Hong Kong companies have returned annually to forge new business ties in the thriving trading hub of Dubai. By the same token, India's economy continues to gain momentum. As with the mainland, it features an emerging middle class with significant consumption power. Here, we are actively considering how best to build on our current sector-specific promotions to raise the image of Hong Kong products and services.

## Promoting Services

Today, with more than 90 per cent of Hong Kong's GDP derived from its services industries, the Council has accordingly expanded its promotional scope to cover the various service sectors.

After taking a leading role in organising the inaugural Asian Financial Forum (AFF) in 2007, we are already planning ahead for the second AFF, to be held in January 2009.

The Council has also made good progress in promoting Hong Kong's creative industries, including film production, design and technology-related services. The Hong Kong International Film and TV Market, better known as FILMART, is now recognised as one of the top three film markets of its kind in the world. The TDC has also co-organised such promotions as Business of Design Week and the Hong Kong Licensing Show.

## Looking Ahead

Over the past few decades, the Council has significantly influenced Hong Kong's evolution from a manufacturing centre and export economy, to a trading centre and, ultimately, towards the service economy that it is today.

The value of the TDC is measured not only in its ability to cope with change, but in anticipating new trends, and in many instances bringing about the kind of change that is beneficial to Hong Kong. That is why we cannot do more of the same every year. Already a new three-year plan that will guide us through 2010/11 has been finalised. The plan will provide fresh initiatives to take our industries to the next level of development.

We can only achieve our goals with the support of the HKSAR Government, all of the industrial and service sectors, and last but not least, the continued good guidance from Council members and dedication of our staff.