

# UPS Asia Business Monitor 2010

Hong Kong

“Call for further innovation and  
government support”



# Introduction

The UPS Asia Business Monitor (ABM) is an award-winning annual survey that began in 2005. The UPS ABM aims to assess the competitiveness of SMEs in thirteen major markets across the Asia Pacific region and to provide the latest insights on changing opinions, attitudes and habits of SME leaders. In its sixth year, among the 1,350 SMEs surveyed across the region, the UPS ABM surveyed 100 Hong Kong SMEs.

This year's survey reveals that while 36% of Hong Kong SMEs expect business growth this year, they continue to cite innovation, government support and labor costs as the top obstacles to their competitiveness.

With fewer financing concerns, Hong Kong SMEs focus on hiring and new markets, such as the Middle East and Latin America, for growth.

Additional slides are available at the end of this presentation.

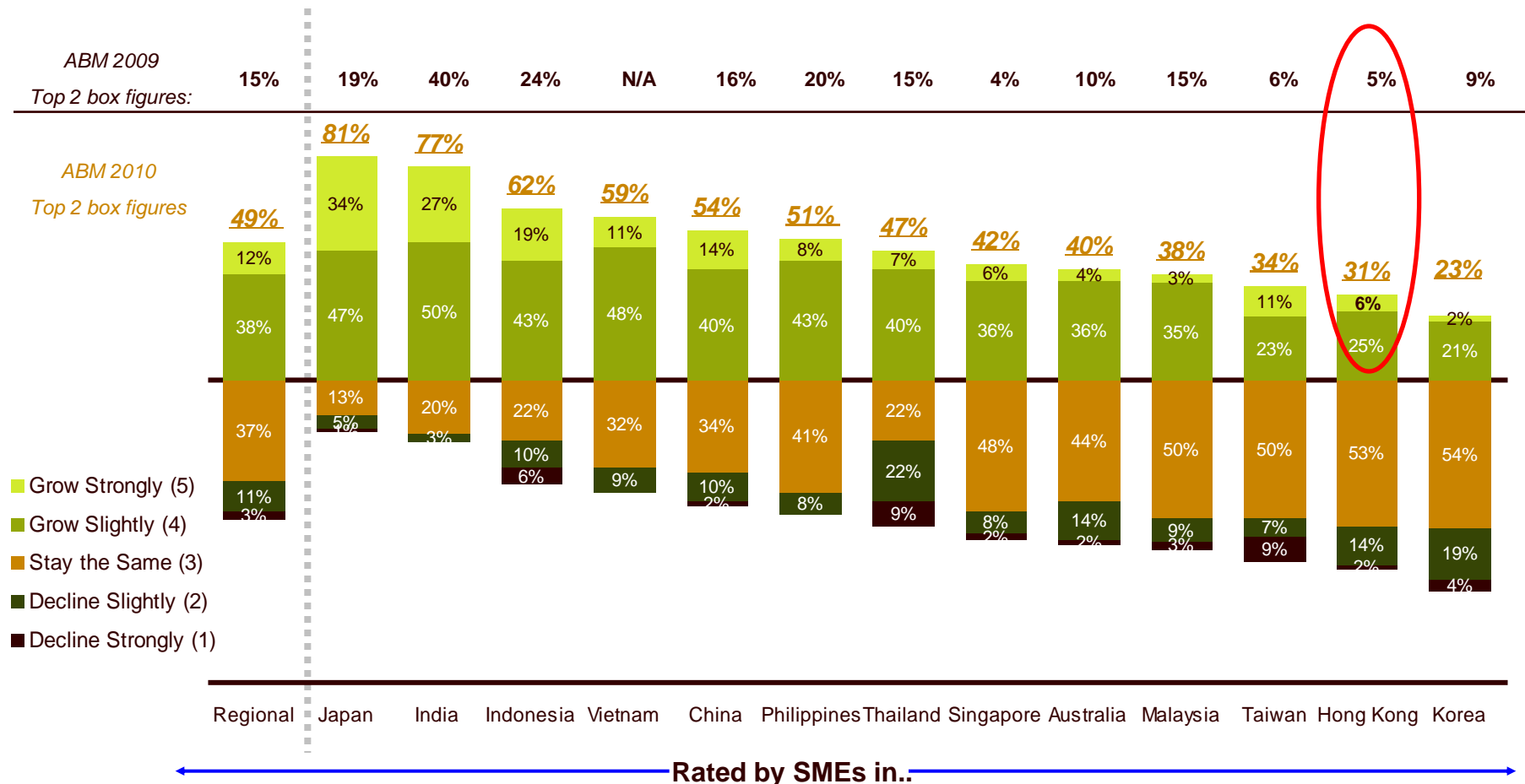
# Agenda

1. **Economic and business sentiment**
2. **SME competitiveness**
3. **Looking forward**
4. **Appendix**

# Economic and business sentiment

# Renewed confidence in Hong Kong's economic growth

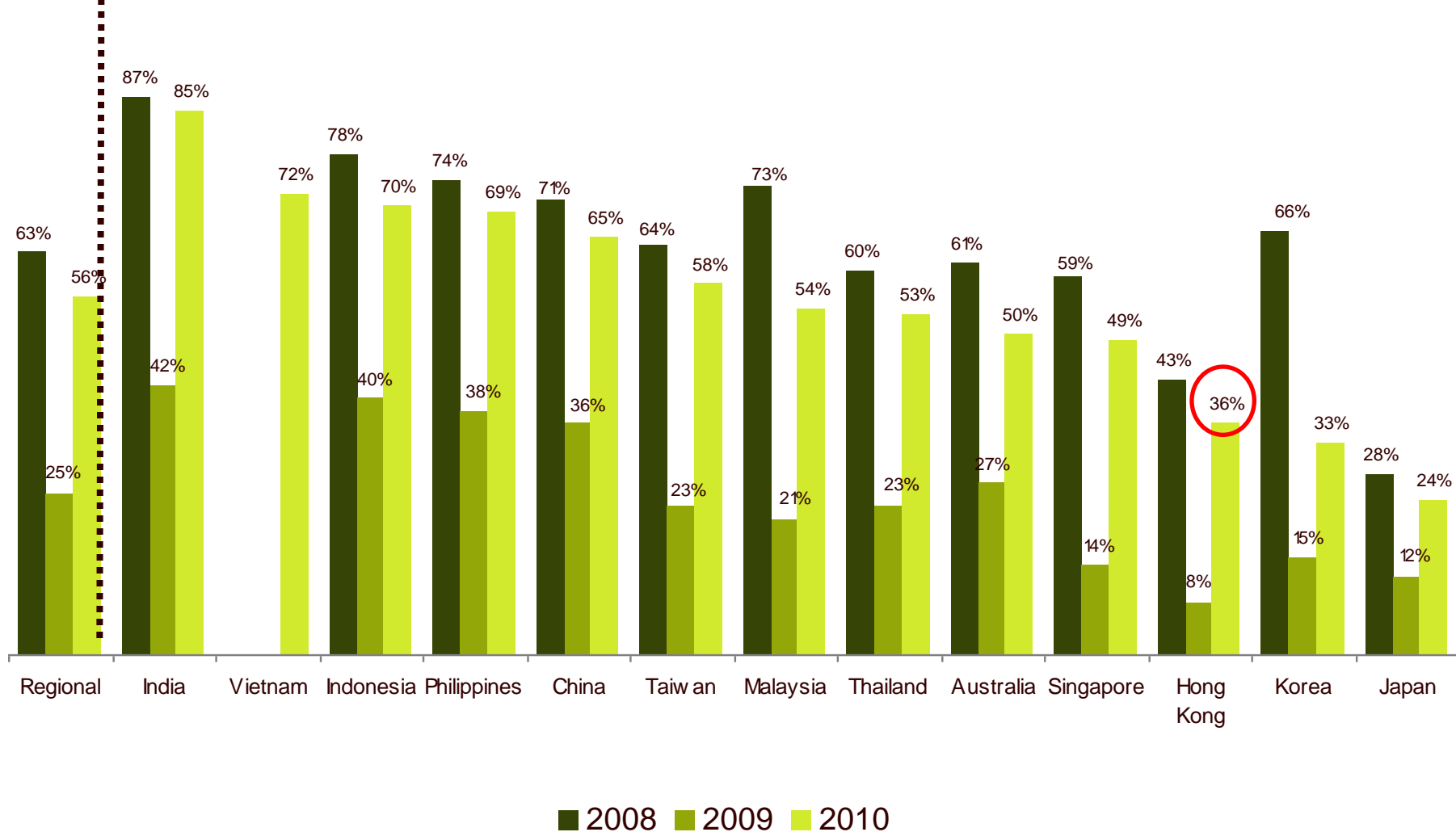
Q. How do you rate the prospects for economic growth across the region in 2010?



\* Vietnam is new market in 2010

# Business prospects have almost rebounded to pre-crisis levels of 2008

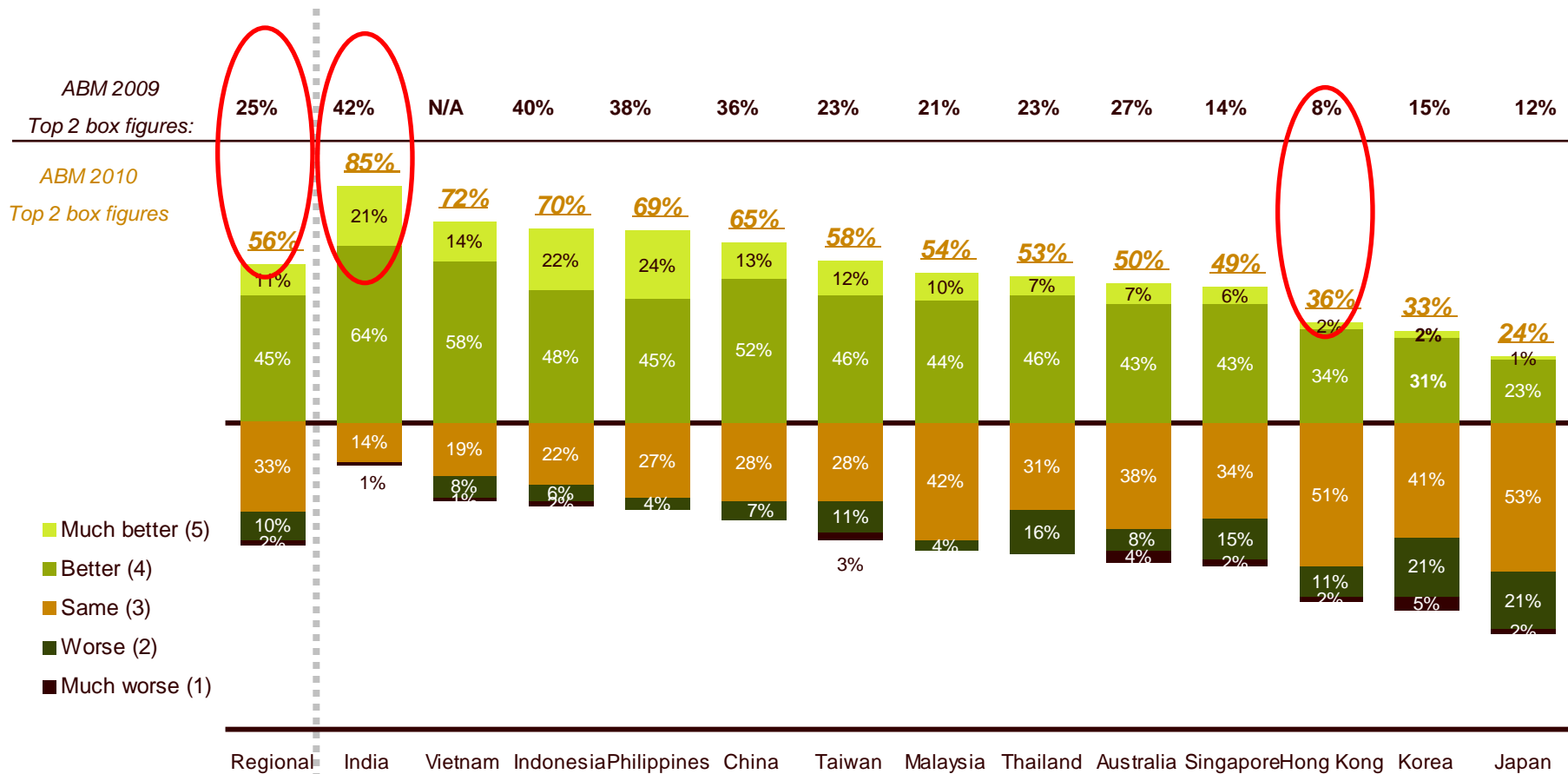
Q. Do you think your company's overall prospects in 2010 will be better, worse or about the same as 2009?



\* Vietnam is new market in 2010

# Hong Kong SMEs are confident yet cautious about their own business growth

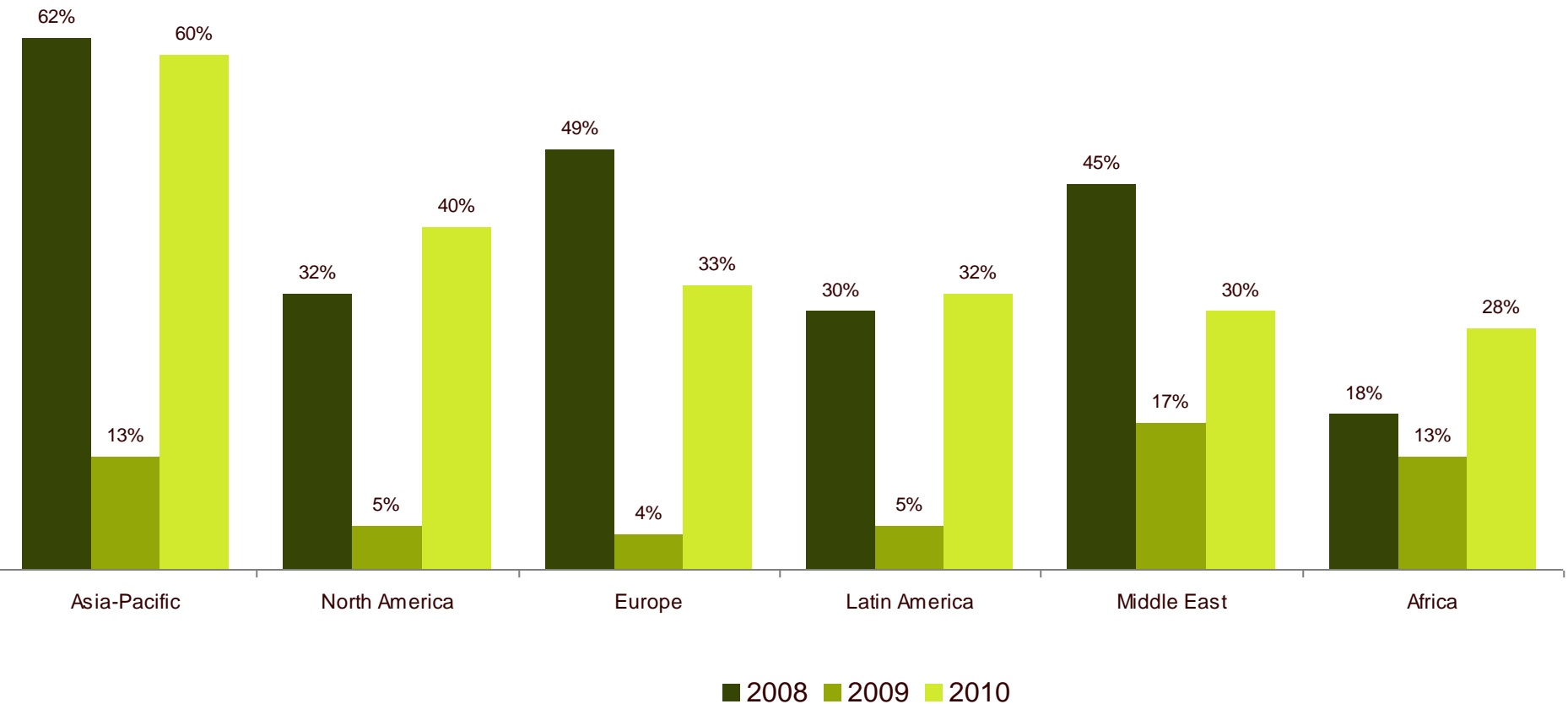
Q. Do you think your company's overall prospects 2010 will be better, worse or about the same as 2009?



\* Vietnam is new market in 2010

# Hong Kong SMEs are positive towards trade growth

Q. How do you rate the prospects for volume of trade growth between your country and the following in 2010?

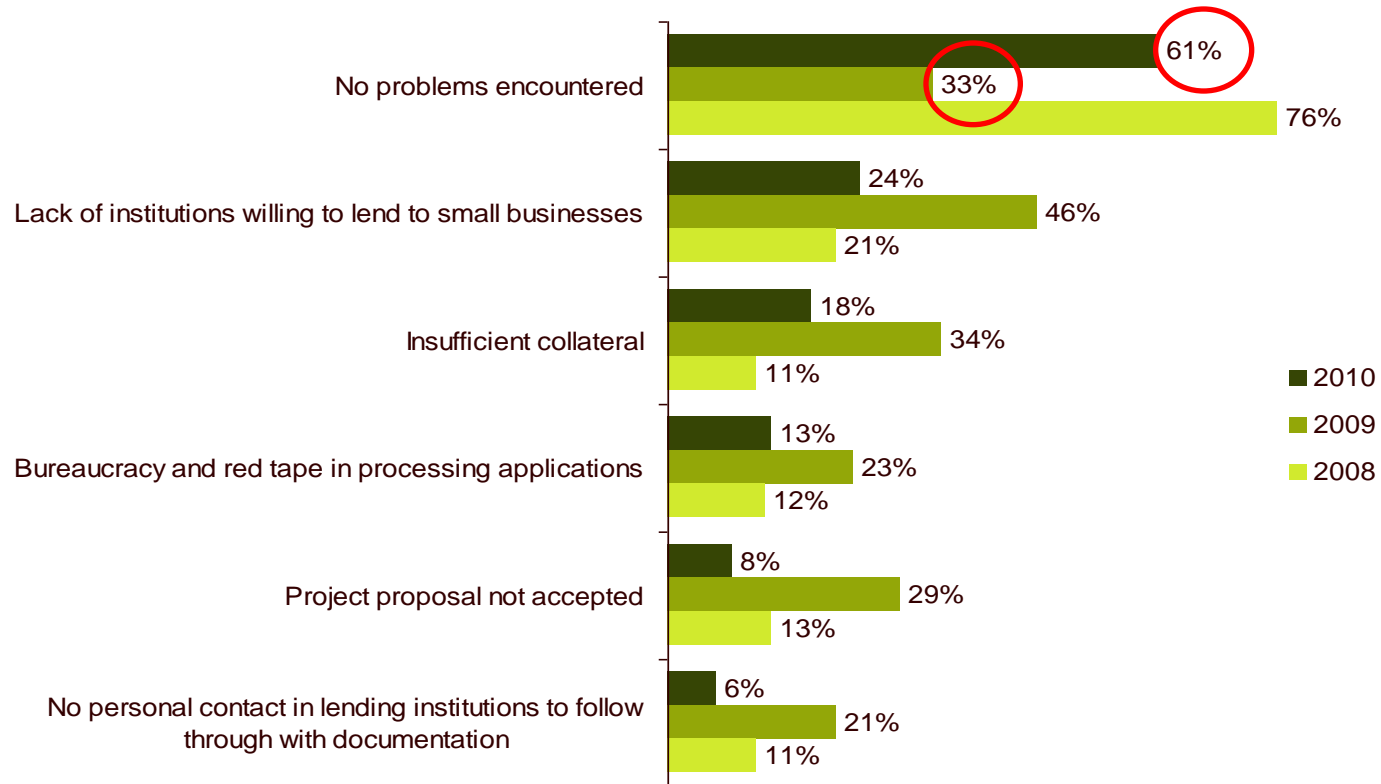


\* North America past figures are from combining US and Canada. Asia Pacific labeled as Intra-Asia in 2008-2009  
Base : Hong Kong in 2008, 2009 and 2010

# Hong Kong SMEs are encountering less problems in financing business

Q. Which of the following problems have you encountered in financing your business?

## Hong Kong

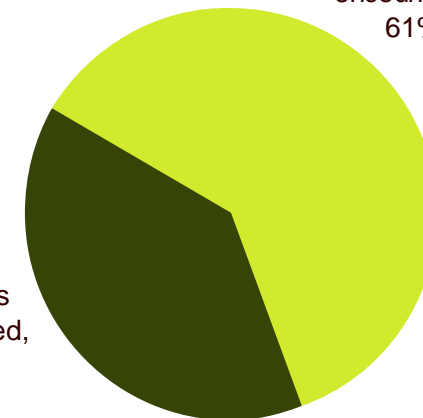
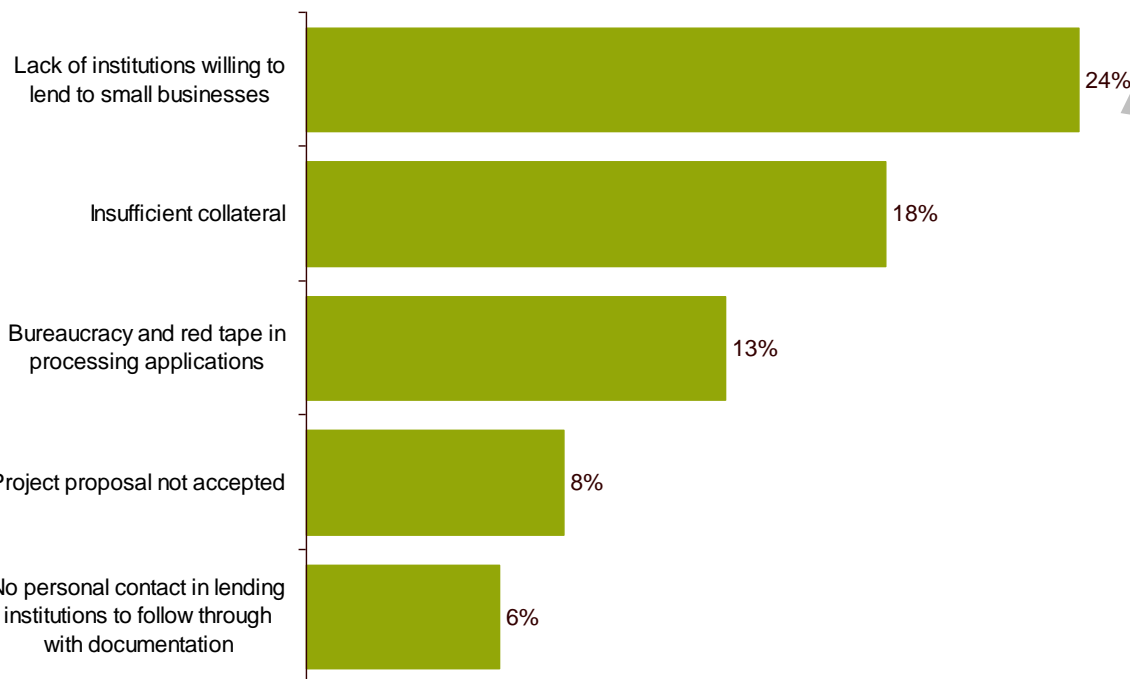


# Problems encountered in financing business

Q. Which of the following problems have you encountered in financing your business in Hong Kong?

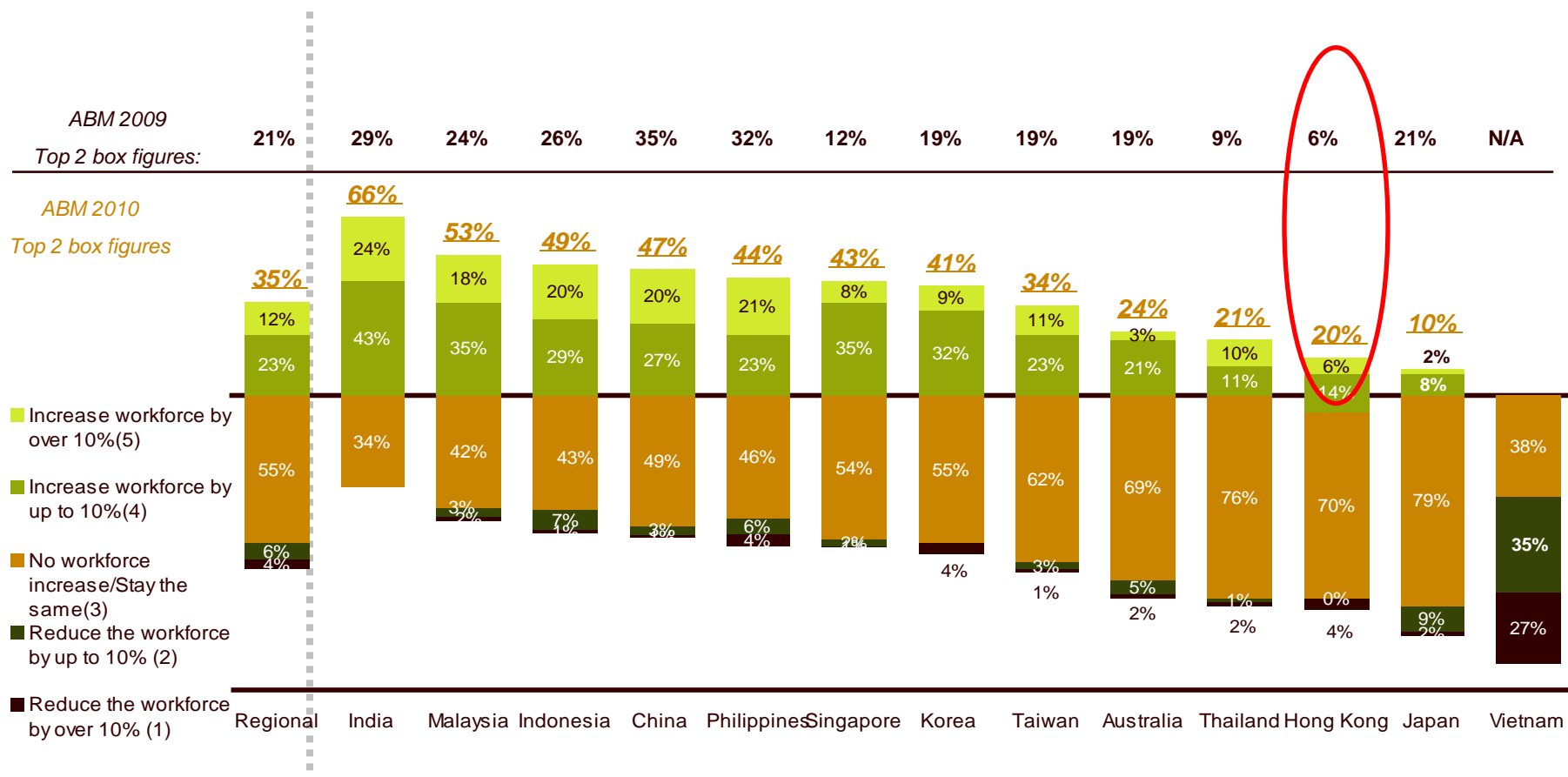
No problems encountered, 61%

Problems encountered, 39%



# As financial fears begin to wane, hiring mode returns

Q. In 2010, what workforce projection do you have for your company?

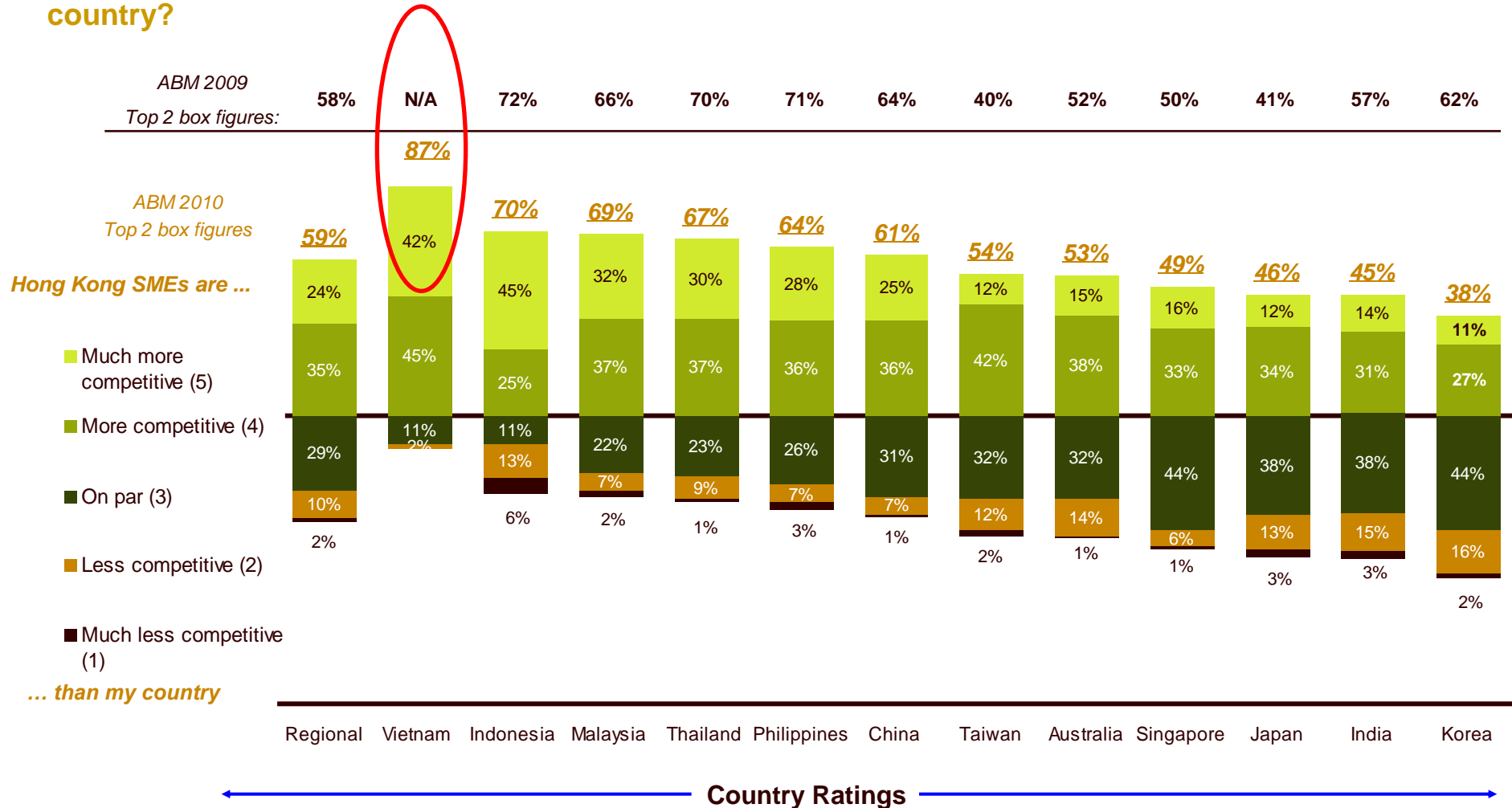


\* Vietnam is new market in 2010

# SME competitiveness

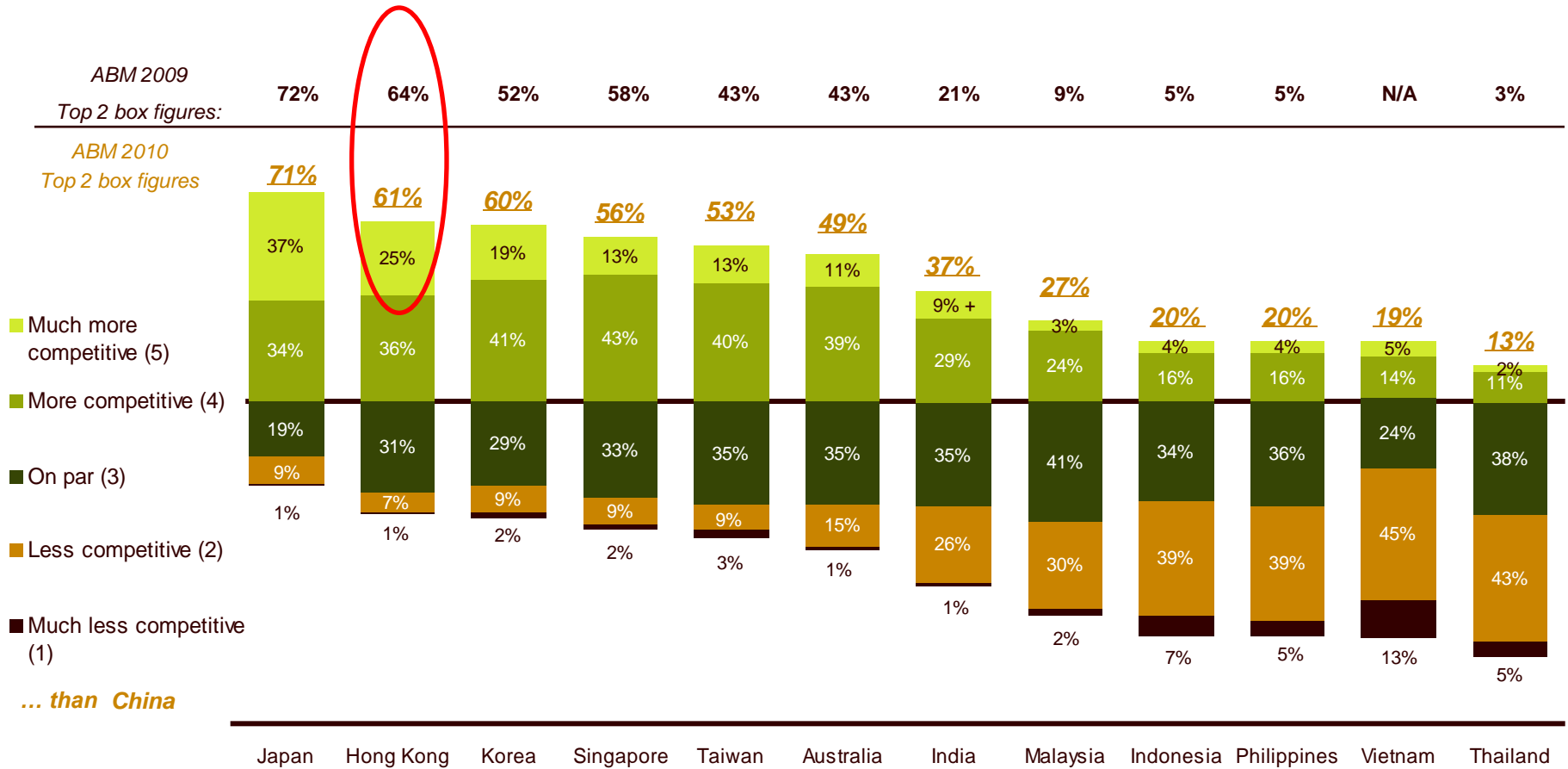
# Competitiveness of Hong Kong SMEs - Rated by each market

Q. How would you rate SMEs in each of the following countries compared with SMEs in your own country?



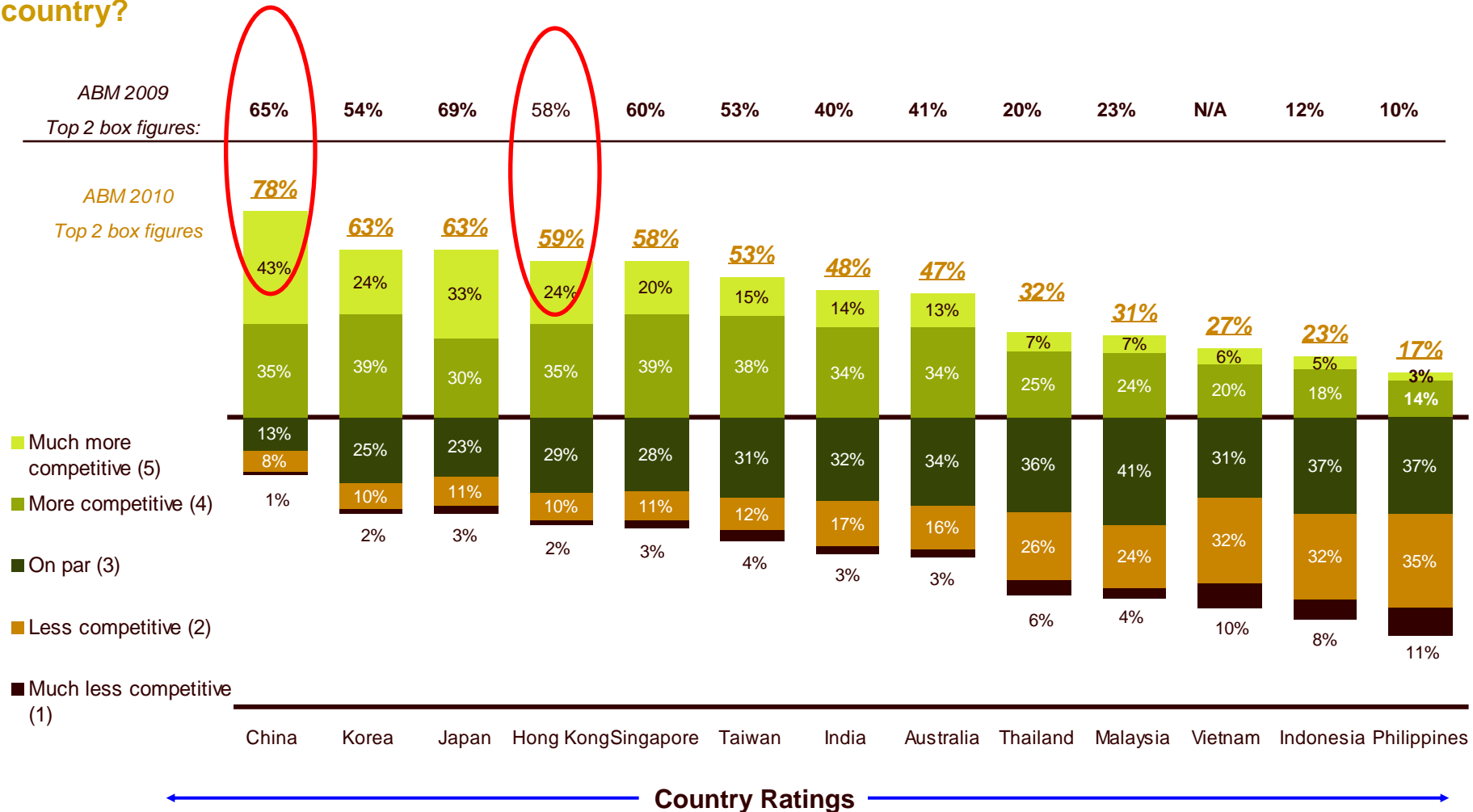
# Hong Kong remains the 2<sup>nd</sup> most competitive market in the eyes of Chinese SMEs

Q. How would you rate SMEs in each of the following countries compared with SMEs in your own country?



# China is the most competitive country in Asia Pacific

Q. How would you rate SMEs in each of the following countries compared with SMEs in your own country?



# Contributions & Obstacles to SME Competitiveness

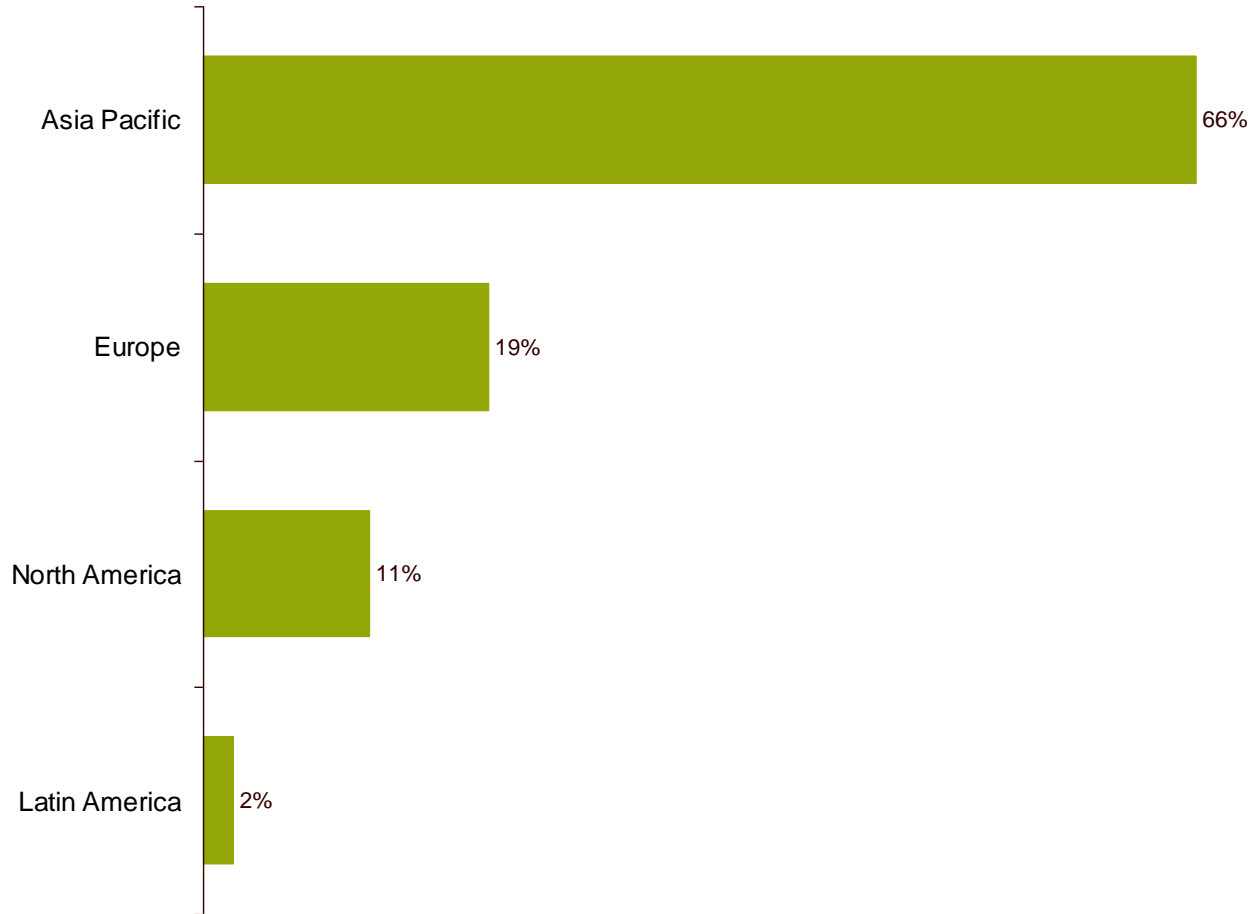
Q. How important are each of the following factors in contributing to SME competitiveness in your country? Which of the following factors do you consider to be lacking and which therefore are obstacles to SME competitiveness in your country?

	Important Factors	Lacking
Free-market economy	91%	11%
Access to funding and working capital	77%	39%
Labour costs	84%	55%
Innovation	80%	61%
Supply-chain efficiency	77%	26%
Entrepreneurial spirit	68%	33%
Government support	67%	61%
Legal framework	81%	12%
Transportation infrastructure	84%	8%
IT adoption	79%	23%
Access to overseas markets	81%	27%
Access to market intelligence and other business information	84%	16%

# Looking forward

# Most Hong Kong SMEs are currently focused on the Asia Pacific

Q. What percentage of your business is with the following regions now?



# However many are considering opportunities outside the traditional markets

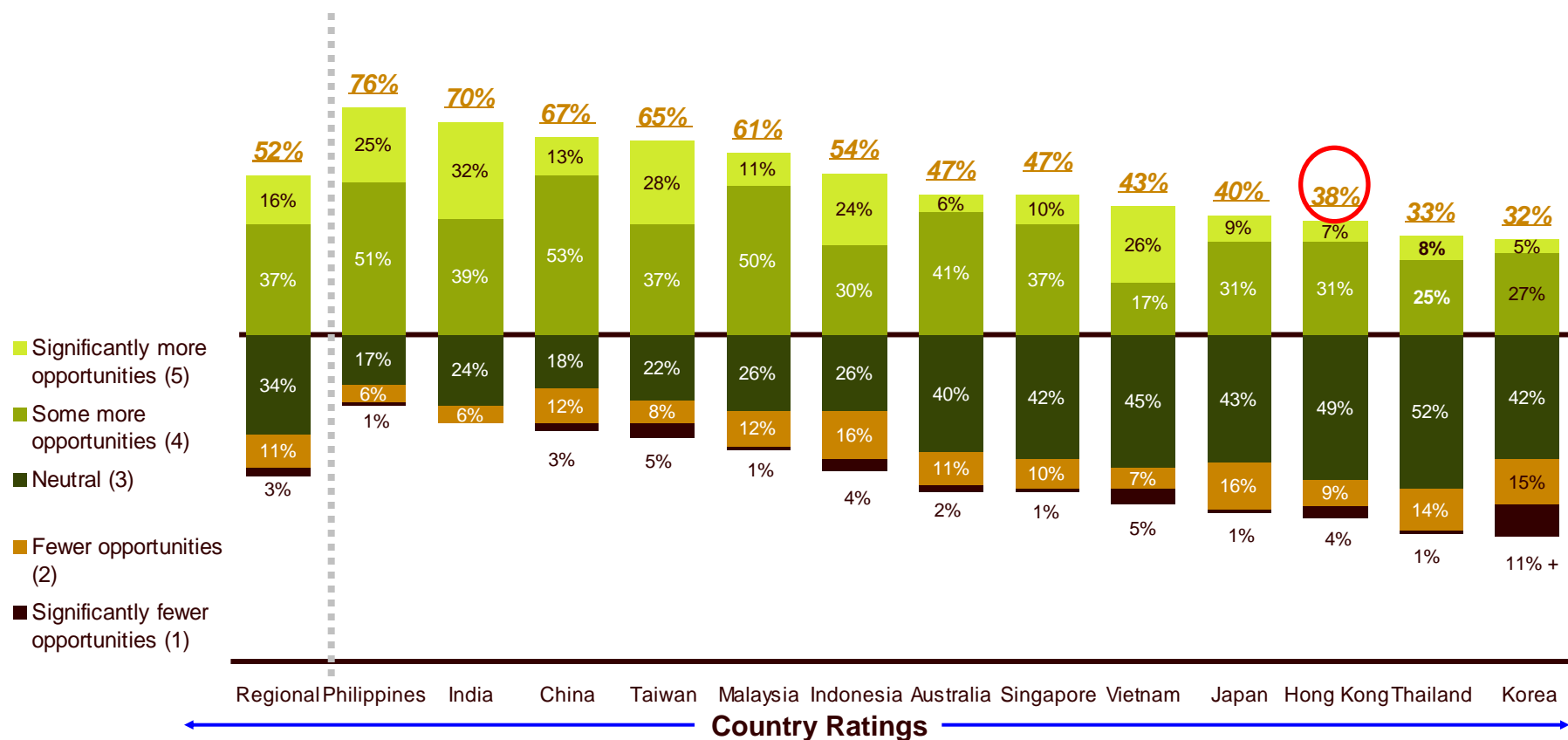
Q. Which of the following regions do you anticipate expanding into over next 3 years?

%	Asia Pacific	Europe	Middle East	North America	Africa	Latin America
<b>All Markets</b>	<b>56%</b>	<b>20%</b>	<b>19%</b>	<b>14%</b>	<b>12%</b>	<b>11%</b>
Australia	29%	5%	5%	5%	<u>1%</u>	<u>1%</u>
China	19%	13%	7%	13%	9%	6%
Hong Kong	<b>41%</b>	12%	<b>19%</b>	10%	7%	<b>14%</b>
India	35%	16%	8%	13%	9%	4%
Indonesia	<b>86%</b>	42%	<b>47%</b>	<b>27%</b>	25%	22%
Japan	68%	<u>3%</u>	7%	6%	4%	8%
Korea	50%	5%	18%	5%	17%	11%
Malaysia	80%	30%	37%	15%	15%	8%
Philippines	77%	35%	18%	25%	8%	16%
Singapore	81%	12%	23%	<u>4%</u>	9%	7%
Taiwan	47%	30%	16%	<b>27%</b>	5%	17%
Thailand	78%	<b>49%</b>	45%	21%	<b>41%</b>	<b>31%</b>
Vietnam	57%	8%	<u>2%</u>	9%	<u>1%</u>	<u>1%</u>

Note: - Green text indicates higher than regional average, Red text indicates lower than regional average  
 - Bold/underline indicates the country with the highest and lowest scores

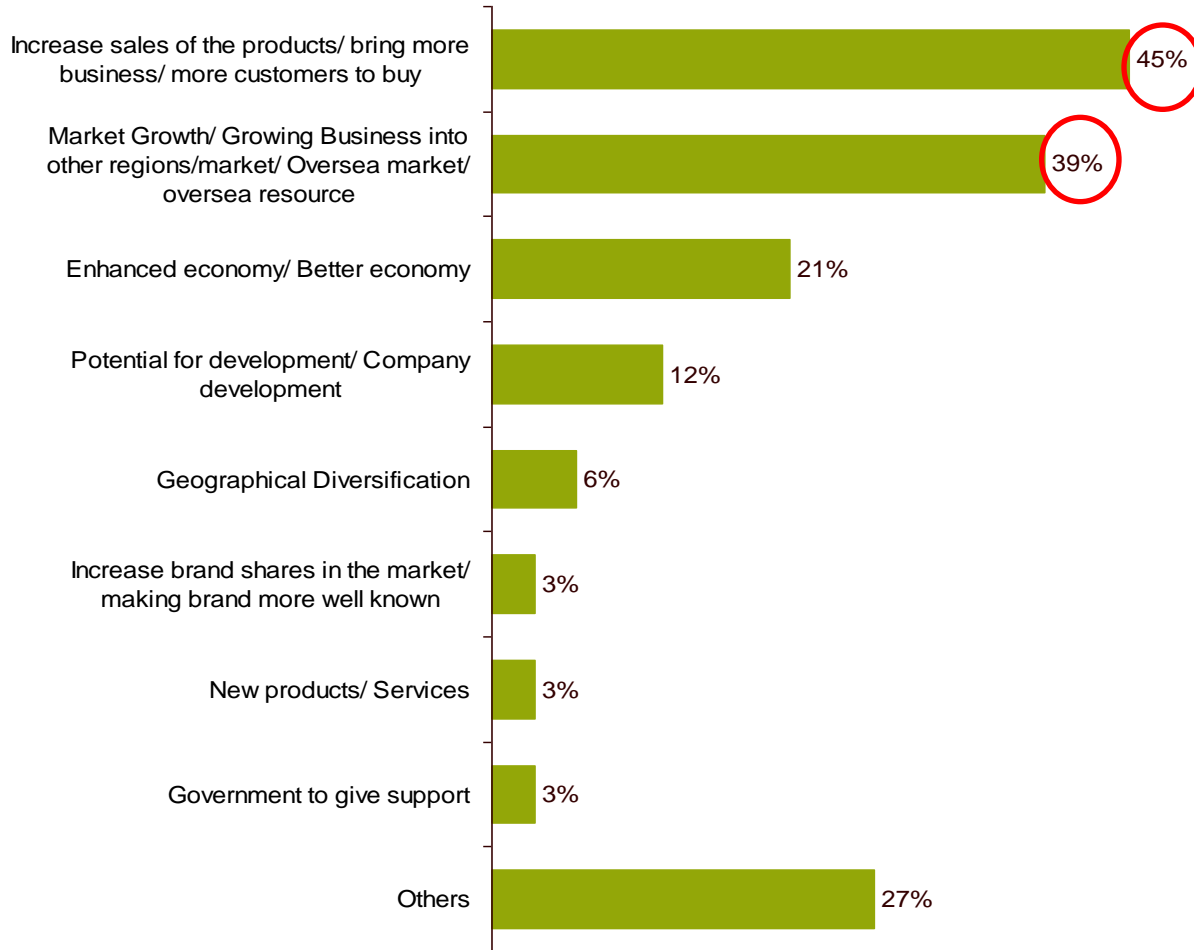
# Level of Business Opportunity for SMEs

Q. Looking specifically at opportunities for SMEs in your country this year (2010) versus last year, what level of opportunities do you see for your business in 2010? Would you say there are.....



# Types of Business Opportunity – Hong Kong

## Q. What type of opportunity would that be?



# Appendix

# Overview of Methodology

Fieldwork period: March 11, 2010 – April 20, 2010

Total sample: n=1,351

Respondent Qualification:

- Locally-based & Privately held companies
- Maximum 250 employees
- Key Strategic Decision-Makers

Sample breakdown by market:

<b>Australia</b>	<b>China</b>	<b>Hong Kong</b>	<b>India</b>	<b>Indonesia</b>	<b>Japan</b>
n=100	n=150	n=100	n=101	n=100	n=100

<b>Korea</b>	<b>Malaysia</b>	<b>Philippines</b>	<b>Singapore</b>	<b>Taiwan</b>	<b>Thailand</b>	<b>Vietnam</b>
n=100	n=100	n=100	n=100	n=100	n=100	n=100