



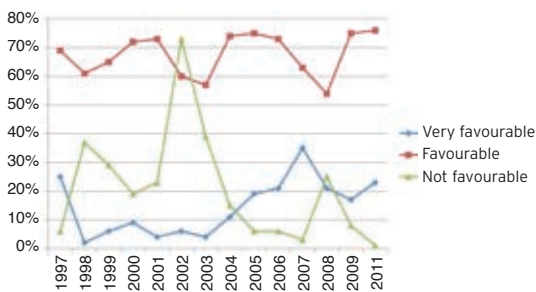
Swedish Chamber of Commerce in Hong Kong
and Swedish Trade Council - South China

Business Confidence Survey 2011

- 14th consecutive year

**A summary of the annual survey that monitors the business
climate among Sweden-related companies in Hong Kong**

Present business climate in Hong Kong

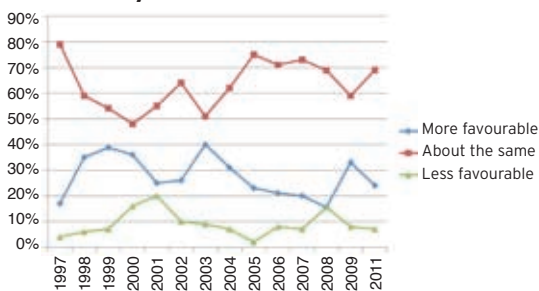


The nature of the respondents' Hong Kong business is mostly in sales/marketing, which accounts for 22 per cent of the business sector. The vast majority of Swedish Hong Kong-based companies – 40 per cent – launched through incorporation.

Business Climate 2011

The present business climate in Hong Kong continues its favourable path, with 23 per cent of respondents viewing the climate as “very favourable” and 76 per cent viewing it as “favourable”. Only 1 per cent sees the climate as “unreceptive”, a promising improvement on last year’s 8 per cent.

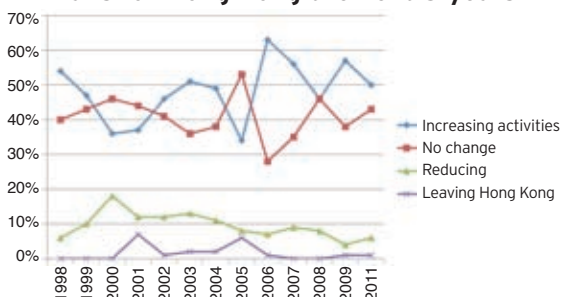
Business climate in Hong Kong for the next 3 years



Business Climate in the next three years

Despite the present very positive climate, respondents seem rather more conservative with regard to the future than they did last year. Some 69 per cent believe that the climate will stay “about the same”, a 10 per cent increase from last year. Some 24 per cent have a positive outlook, expecting it “to improve”, while 7 per cent think it will be “less favourable” than it is now. The figures last year were 59 per cent, 33 per cent and 8 per cent respectively.

Plans for Hong Kong the next 3 years



Companies' future performance

An overwhelming 99 per cent of respondents will continue their businesses in Hong Kong. Most companies expect the business climate to “stay the same”, yet 50 per cent are still planning on increasing their activities within the next three years; 43 per cent have “no changes” planned and 6 per cent are “gradually reducing” their activities (4 per cent last year).

Housing and Education

One of the drawbacks in Hong Kong, according to respondents, is housing costs, both for residential housing and office space. Most – 88 per cent – say housing prices in Hong Kong are “unacceptably high”. Education, on the other hand, is rated in general as “good”, with the majority calling education either “satisfactory” (62 per cent) or “good” (26 per cent).

Activities in the Region

Unsurprisingly, 79 per cent of respondents are engaged in activities in China, with 69 per cent stating that they “have used or are using” Hong Kong as a gateway to the neighbouring nation. Some 85 per cent consider it “advantageous” to use Hong Kong as a launch pad into China, and 61 per cent have a Hong Kong office as their regional headquarters, with 95 per cent saying they will maintain it as such for the foreseeable future.

Most Interesting Markets in the Region

China continues to dominate as the most interesting market, followed yet again by India and Vietnam (no change from last year). Within China, the region of most interest is the growing city of Shanghai, which was selected by 48 per cent of respondents.

Advantages of Doing Business in Hong Kong/China

Hong Kong continues to produce an advantageous business climate, with 21 per cent stating the legal and regulatory system is the main benefit. Other positive aspects are the taxation system, endorsed by 20 per cent, closely followed by public security and safety at 17 per cent. China, on the other hand, has cost advantages, with 33 per cent saying it is the main advantage of doing business there. Regional competitiveness (at 23 per cent) comes in at second place.

Disadvantages of Doing Business in Hong Kong/China

As mentioned, one of the disadvantages to doing business in Hong Kong is the operational costs, which were cited by 59 per cent of respondents. This is about the same as last year, when operational costs were cited “very much” an obstacle by 50 per cent of respondents. China, conversely, has very different drawbacks. Adapting to local rules and regulations is the hardest obstacle to overcome, with 44 per cent stating this as the main problem (even more than last year’s 32 per cent).

