



# HSBC

*Survey on Local Enterprises' Expansion Plans in the  
China Domestic Market  
March 2010*



香港大學民意研究計劃  
The University of Hong Kong  
Public Opinion Programme

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# Research Background and Objectives

- This survey was commissioned by The Hongkong and Shanghai Banking Corporation Limited (HSBC).
- The key objective is to collect information on local enterprises' engagement in the China Domestic Market (CDM), including their plans to enter, expand and invest in this market.
- The survey questionnaire was designed by the University of Hong Kong Public Opinion Programme (HKU POP) after consulting HSBC. Fieldwork and data analysis were conducted independently by HKU POP.

## Contact Information

**Date of survey:** 18 January – 26 February, 2010

**Target population:** Local enterprises

**Survey method:** Random telephone interview by real interviewers, with the employers or representatives who were in the position to make business decision in the target companies and spoke Cantonese

**Sample size:** 1,005 successful cases

**Response rate:** 62.2%

**Sampling error:** Less than +/-3.2% at a 95% confidence interval



# Survey Findings

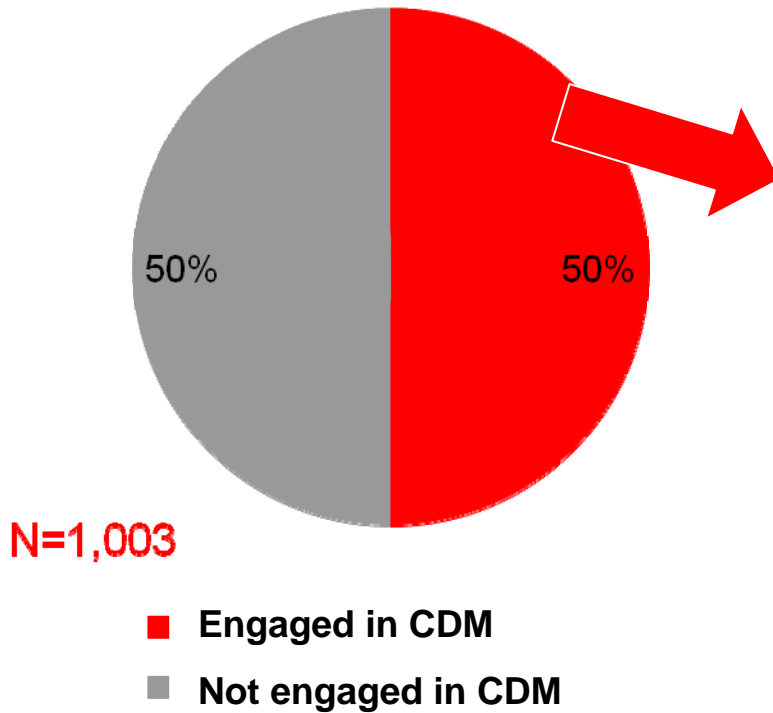


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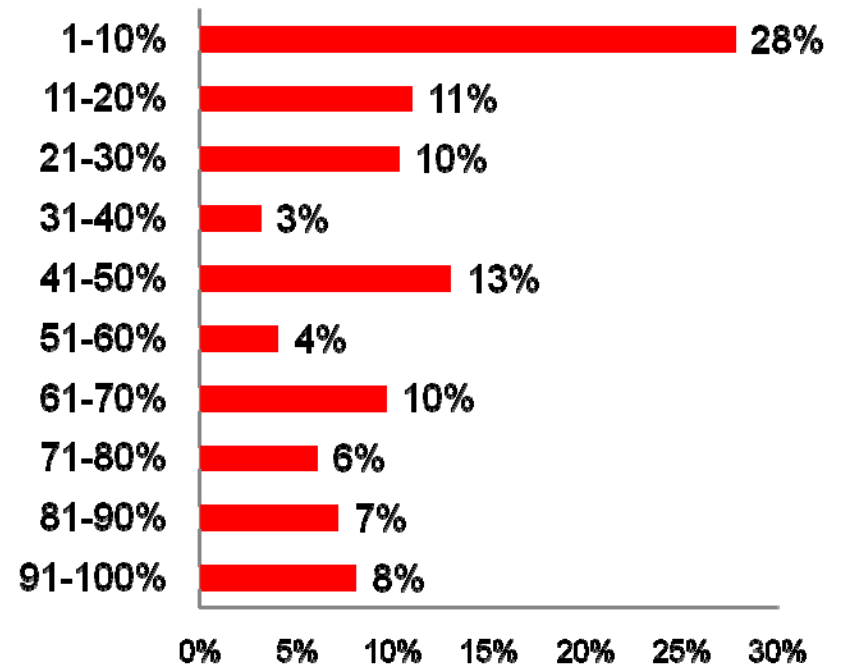
# Current Engagement in China Domestic Market

50% local enterprises are engaged in CDM



**N=447**  
 (Excluding “not sure, but engaged in CDM”)

**Percentage of annual sales turnover to/in CDM**

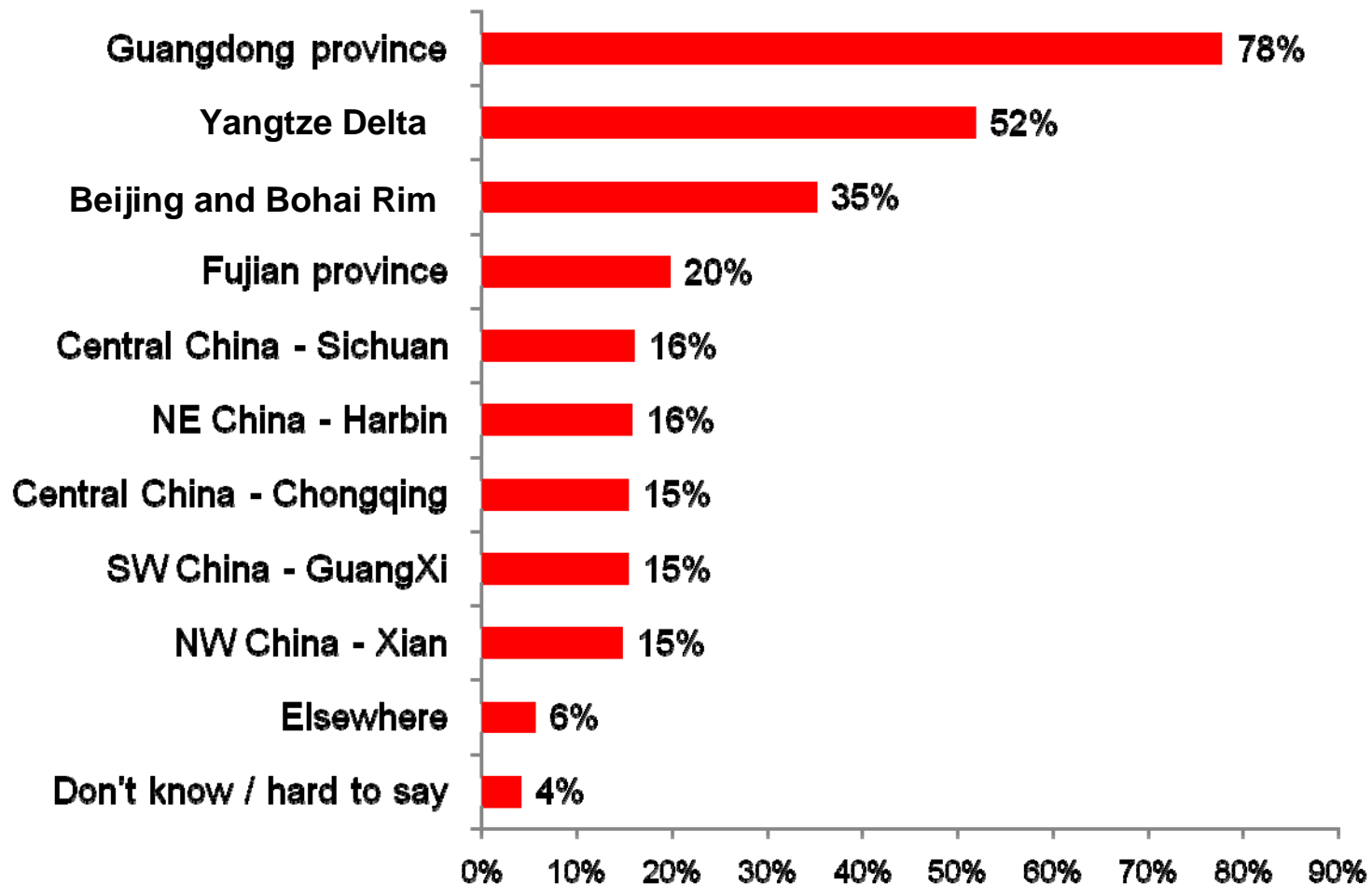


## Industries Engaged in CDM

Industries	% of companies engaged in CDM	Mean % of annual sales turnover
Machinery and equipment 機械設備	64%	58%
Building materials 建築原材料	60%	49%
Clothing / textiles 成衣 / 紡織品	53%	39%
Chemical products 化學產品	53%	46%
Commercial services 商業服務	53%	28%
Electronic products 電子產品	50%	41%

# Business Outlets in Mainland China

*Most popular outlet was Guangdong Province*



N=502



*Companies Already Engaged in CDM*



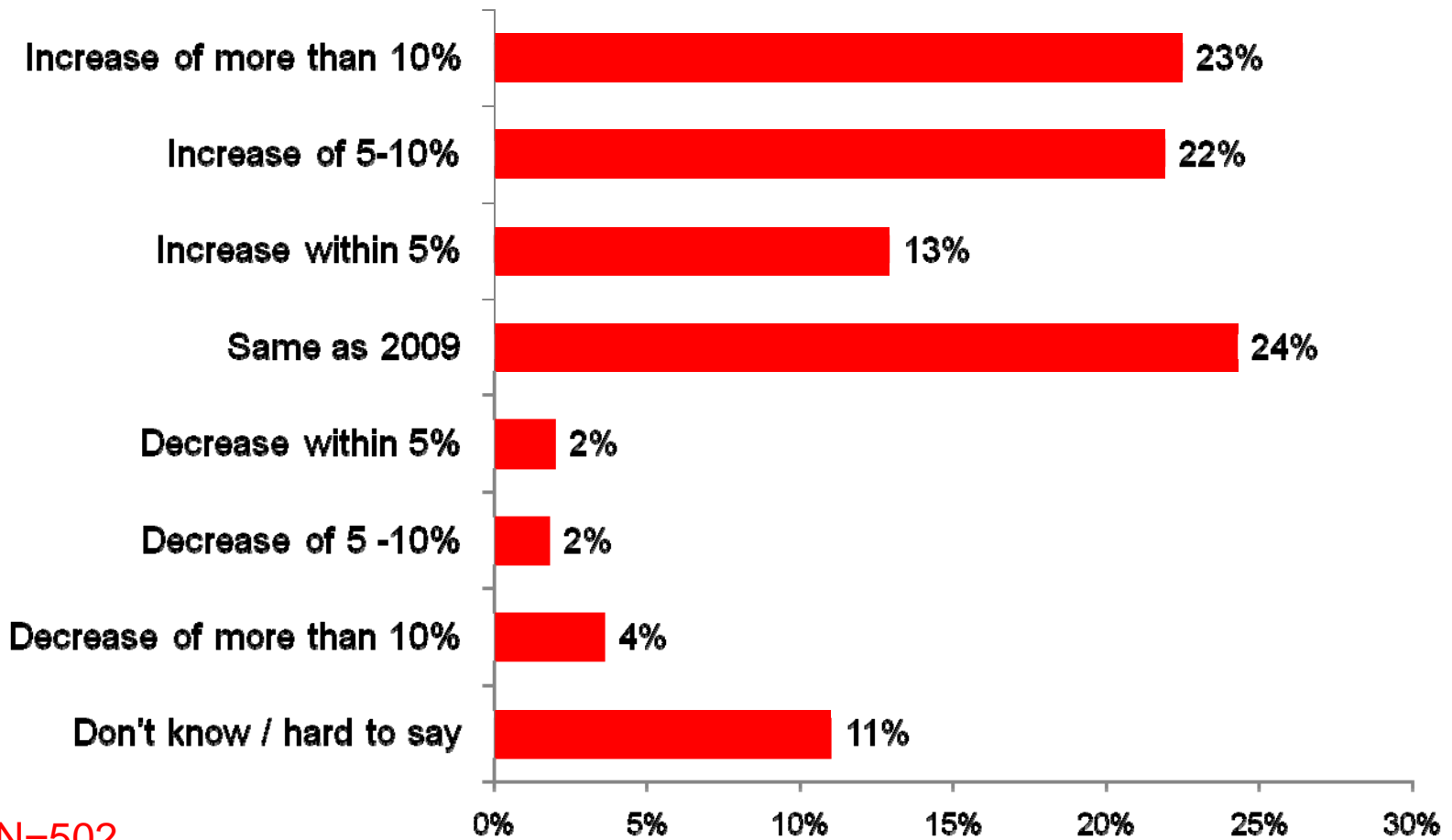
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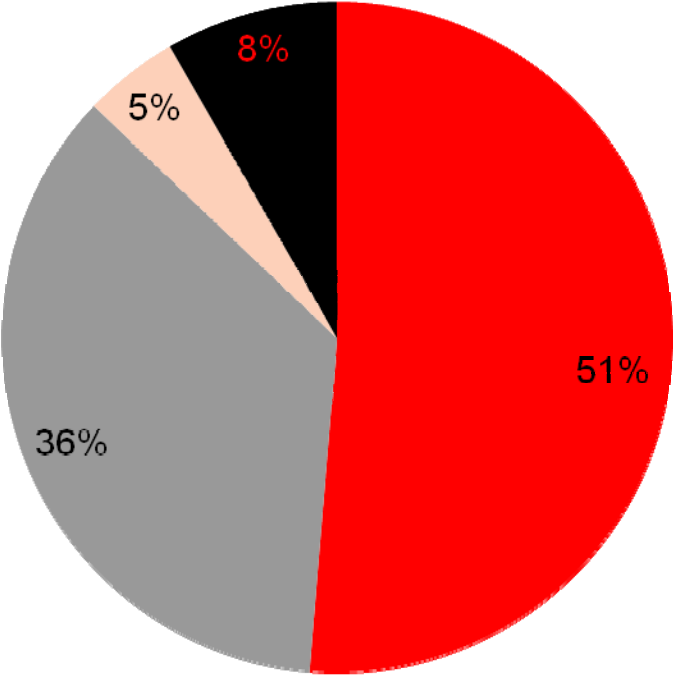
# Anticipated Business Outlook in CDM in the Next 12 months

*Local enterprises are optimistic*



# Business Expansion Plans in CDM

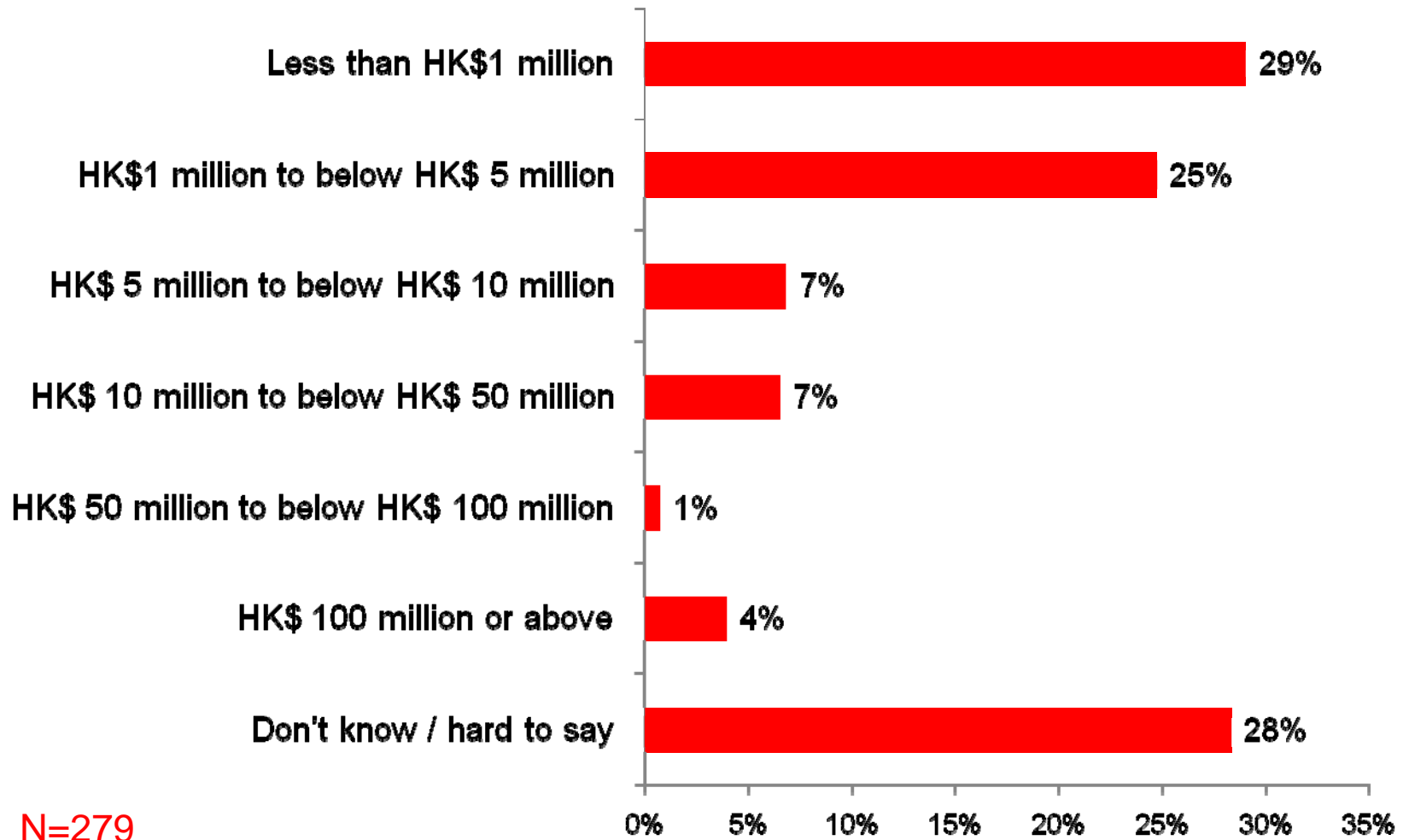
*Around 50% of enterprises plan to expand in the next 2 years*



N=503

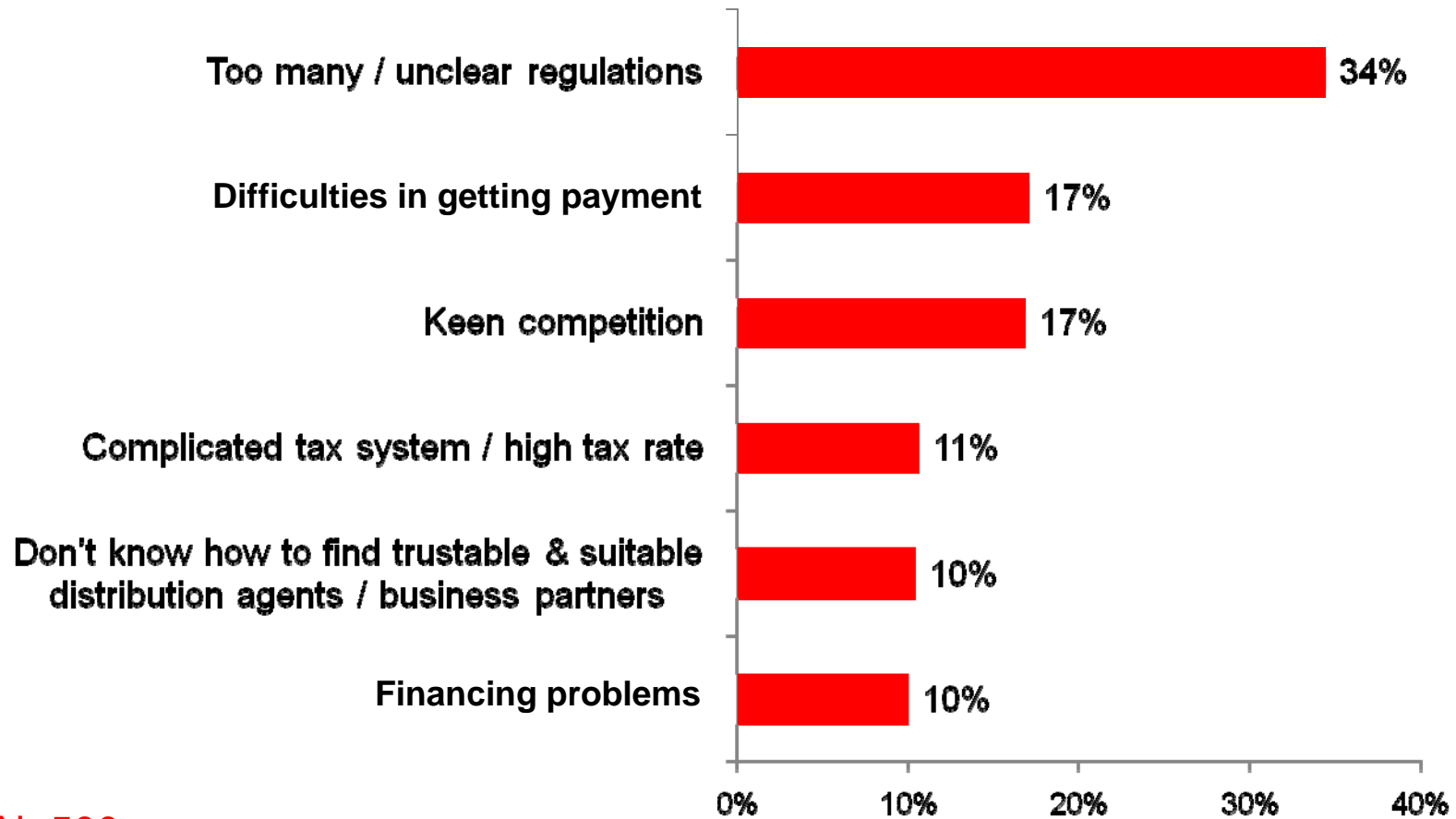
■ Yes   ■ No   ■ Maybe   ■ Don't know/ hard to say

# Intended Investment Amount for Expansion



# Major Obstacles for Starting / Running CDM

*“Too many / unclear regulations” is the most serious challenge*



N=500



*Companies Not Yet Engaged in CDM*

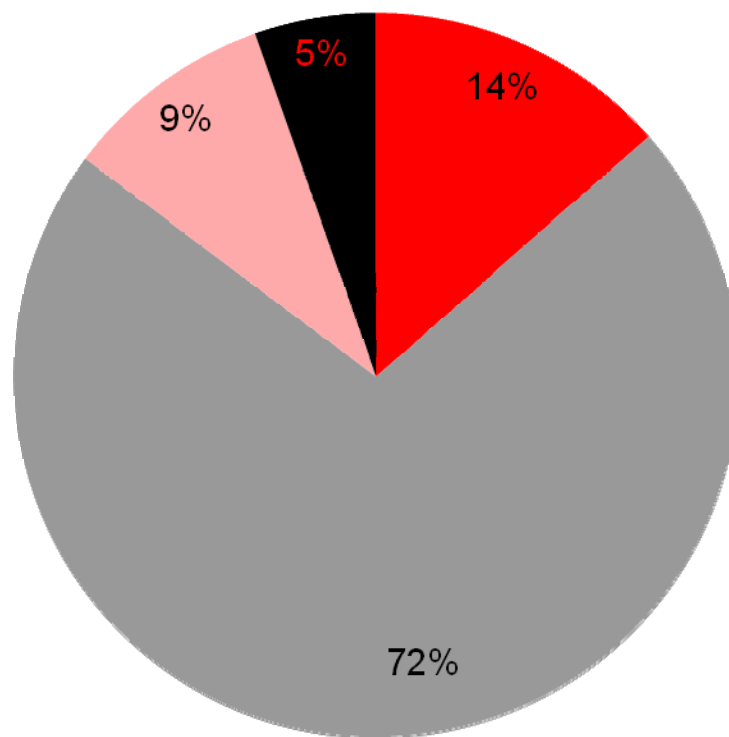


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# Plans to Enter CDM within the Next 2 years

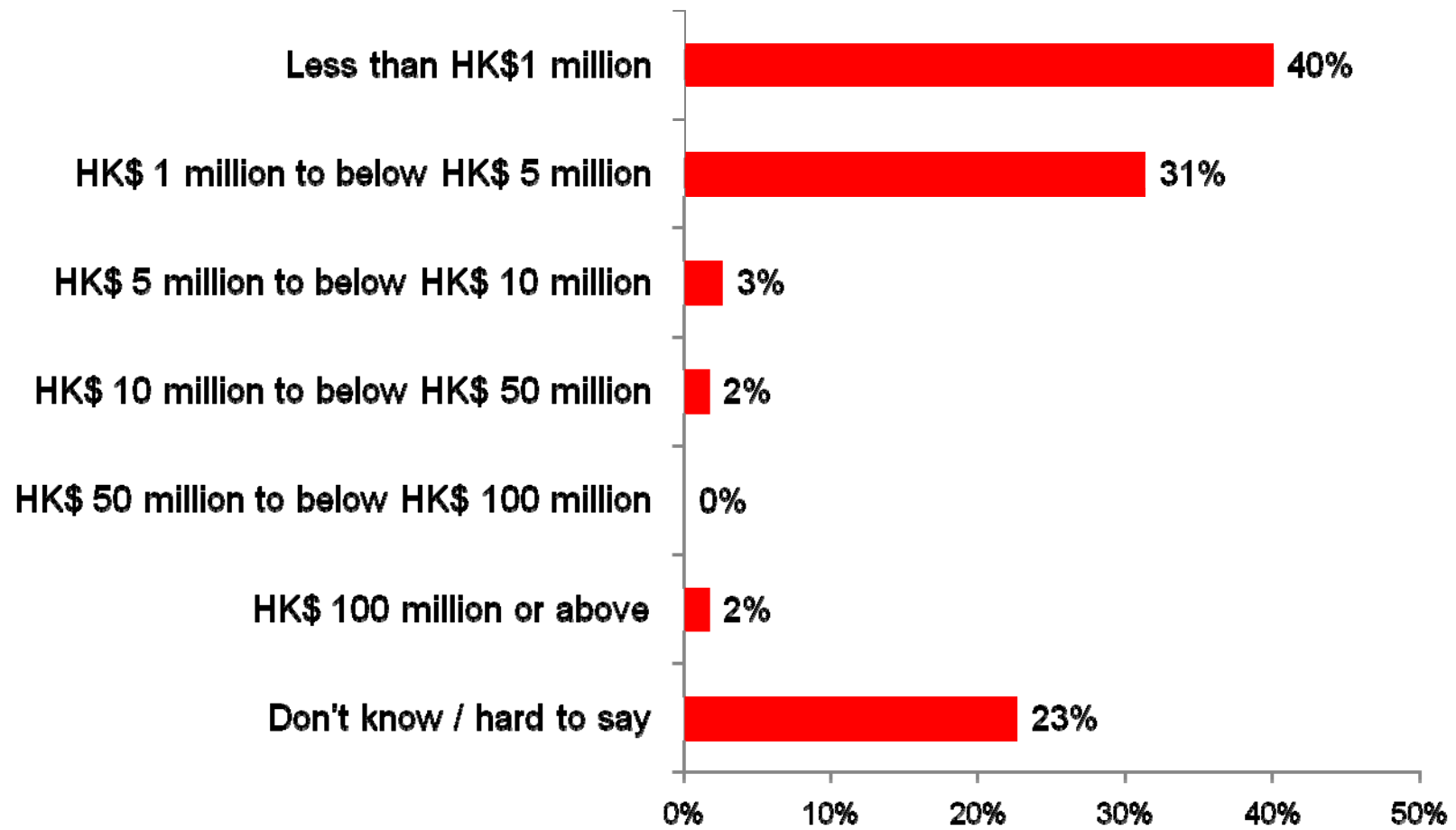
14% of enterprises not already in mainland China plan to enter the CDM



N=499

■ Yes ■ No ■ Maybe ■ Don't know/ hard to say

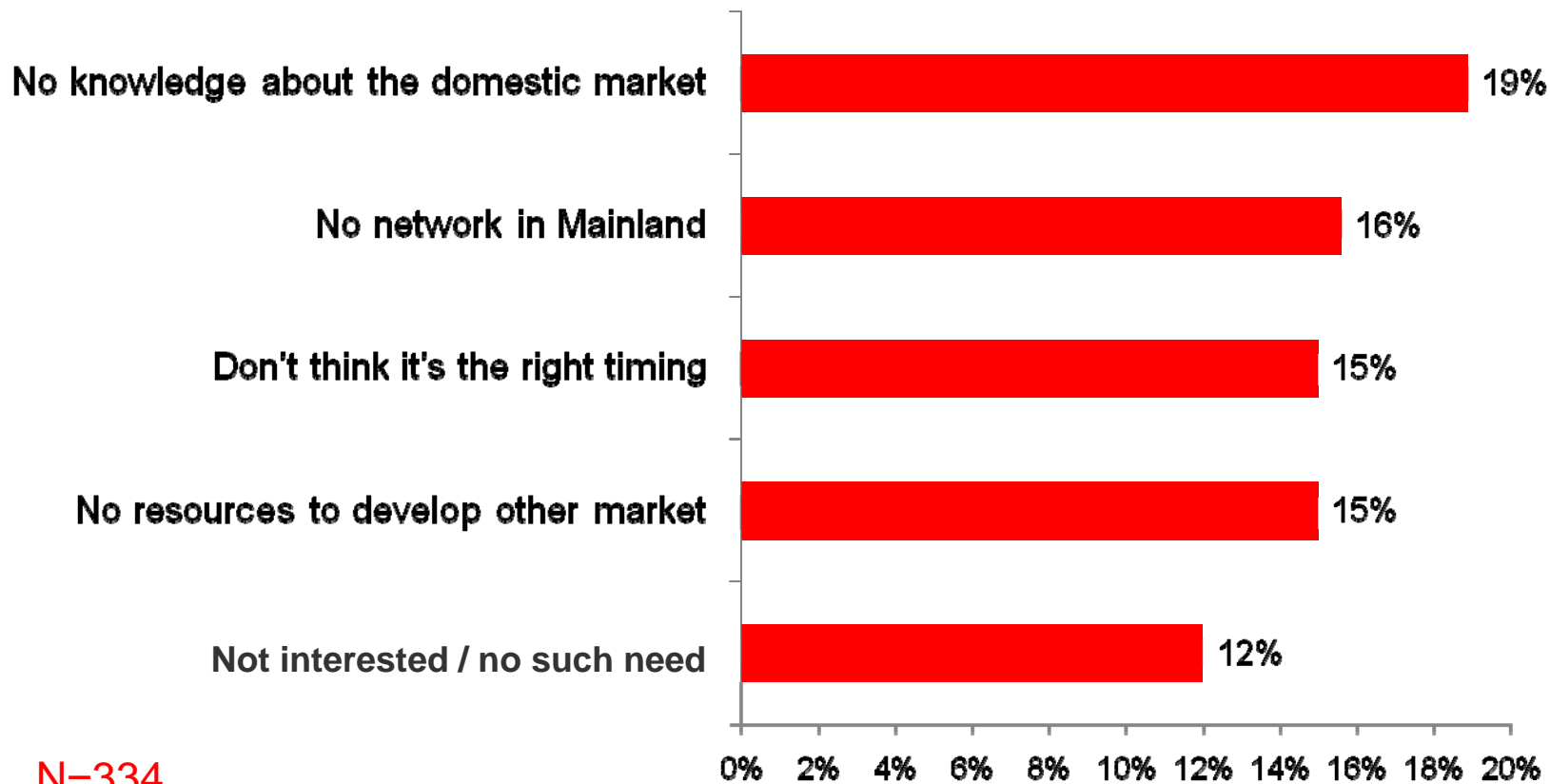
# Intended Initial Investment Amount



N=115

# Major Obstacles for Entering the CDM

*“No knowledge about the domestic market” is the main consideration factor*



**N=334**

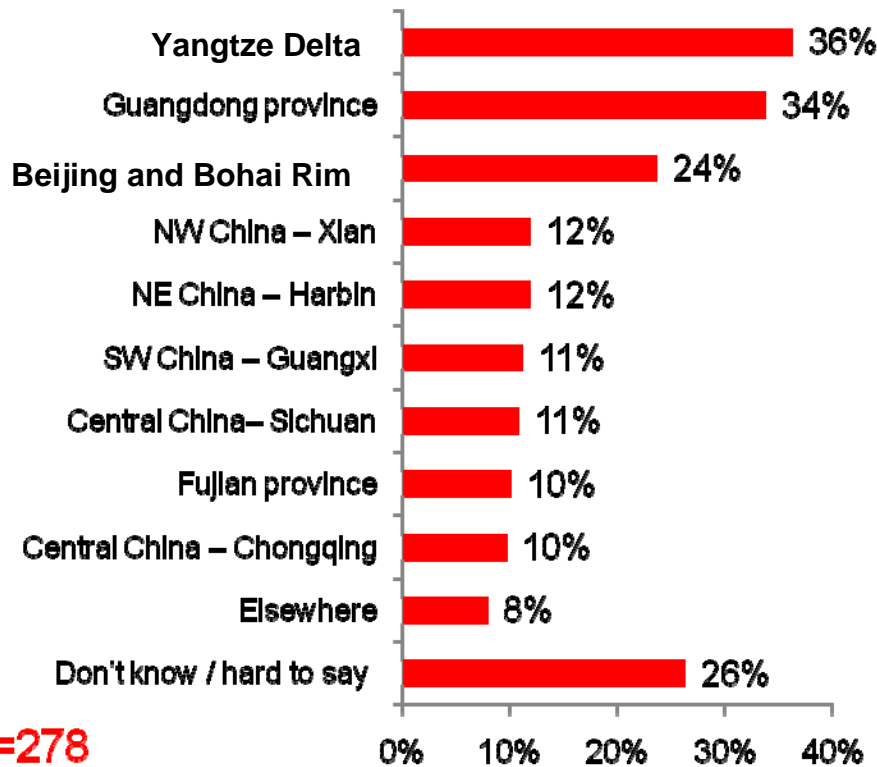
*(excluding those whose businesses are not suitable for CDM)*



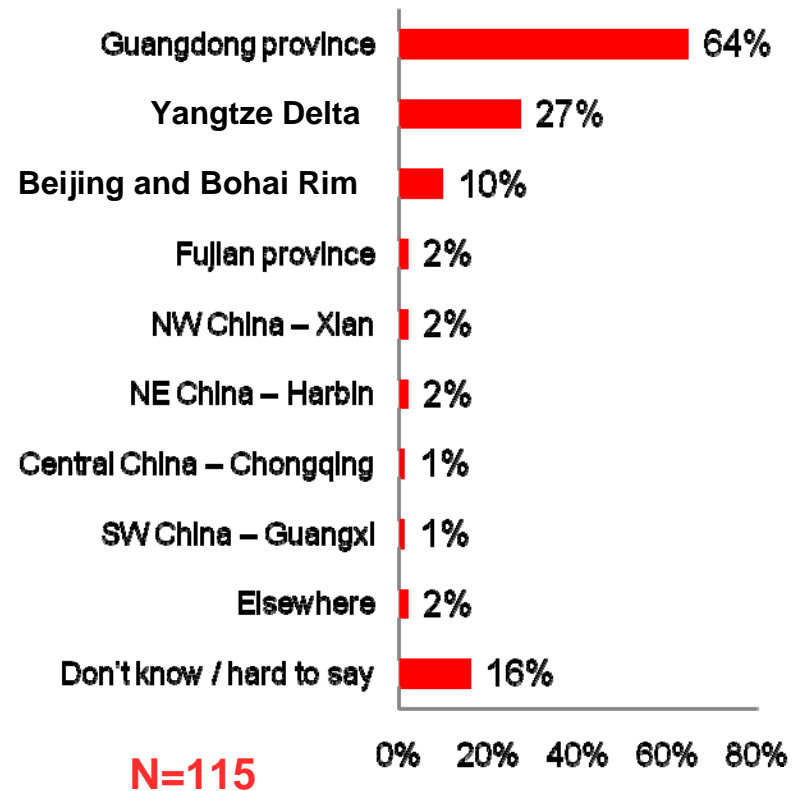
# Intended Expansion Outlets & the First Intended Outlets

*The 3 most popular outlets were “Yangtze Delta”, “Guangdong Province” and “Beijing and Bohai Rim”*

## Companies already engaged in CDM and planned to expand



## Companies not yet engaged in CDM but planned to enter



# CHINA DOMESTIC MARKET SURVEY

## Summary

- Half of local enterprises (50%) are already engaged in China Domestic Market (CDM).
- Local enterprises are optimistic on the CDM business outlook in the next 12 months.
- 50% enterprises already engaged in CDM plan to expand in the next 12 to 24 months; among them, 54% plan to invest less than HK\$5 million.

# CHINA DOMESTIC MARKET SURVEY

## Summary

- Top 3 challenges of starting / running CDM are “too many / unclear regulations”, “difficult to get payment” and “keen competition”.
- 14% of those not yet engaged in CDM plan to enter this market in the next 12 to 24 months, just more than 70% intended to invest less than HK\$5 million.
- Top 3 obstacles of entering CDM: “No knowledge about domestic market”, “No network in mainland” and “it’s not the right timing”.

**Thank You.**