



World Eye Reports Hong Kong



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Hong Kong navigates through rough seas

Thriving on its global reputation of openness, Hong Kong is still one of the world's freest economies and most cosmopolitan regions. Its unique character, formed over more than a century as a leading trading and financial center, has resulted in a resilience that many countries would envy.

Its cultural diversity, a harmonious, perfect blend of East and West, has created a very business-friendly playing field.

Ranked 3rd by the World Bank in 2009's Ease of Doing Business Index, Hong Kong has one of the highest concentrations of corporate headquarters in the Asia-Pacific region.

With the world's sixth-highest GDP, Hong Kong is clearly an important center for international finance and trade, as it also supports 33 percent of foreign capital flows into China.

Aside from geographical accessibility, Hong Kong gets its competitive edge from a number of factors, including its world-class infrastructure, low corporate tax rate, rule of law, free trade and minimal government intervention. Its "hot sectors" continue to be finance, logistics, tourism and professional services.

Alex Fong, CEO of the Hong Kong General Chamber of Commerce, is confident that 2010 will be a year of positive growth, as the world slowly but surely sees signs of recovery and stability in the world's major consumer markets.

"Hong Kong is fortunate because we have China, with its growing economy," says Fong about the special administrative region's (SAR) critical role in facilitating the mainland's economic interaction with the rest of the world, which is the core of the region's economy.

"From two-way trade and logistics to capital investment, business services and initial public offerings, the opportunities available in Hong Kong lean strongly toward the China market. It is a safe place for foreign businesses and SMEs to test the Chinese market," he continues.

Yoshihiro Fujiura, president of the Hong Kong Japanese Chamber of Commerce and Industry agrees with Fong, noting the influx of "Japanese companies looking for joint ventures in Hong Kong to do

future business in China." Hong Kong maintains strong business ties with Japan, with bilateral trade amounting to 25 percent of Hong Kong's nominal



Yoshihiro Fujiura, chairman of the Hong Kong Japanese Chamber of Commerce and Industry

GDP, according to Fong. There remains a strong flow of foreign investment into Hong Kong, with Japanese companies favoring the financial services sector and more than 2,000 Japanese companies setting up offices in the region.

With the Hong Kong govern-



Alex Fong, CEO of the Hong Kong General Chamber of Commerce

ment determined to minimize pollution generated from industrial growth, particularly in the South China region, and address other environmental issues, Japanese companies, well-versed in environmental technologies, have identified a fresh opportunity for growth.

"Japanese companies can use this to their advantage by collabo-

rating on several projects in Hong Kong using advanced green technologies, particularly in air and water treatment and energy management," says Fujiura.

Meanwhile, the relationship between Japan and Hong Kong continues to evolve, says Japanese Consul General Shigekazu Sato.

"Our bilateral relationships are constantly developing. Hong Kong has become the largest importer of Japanese agricultural and marine products, even surpassing the amount of Japan's exports to the United States," Sato points out.

Hong Kong also hosts the world's busiest international air cargo terminal, with excellent connections throughout Asia and the world, and is one of the world's finest shipping ports. Despite the global recession, the industry has grown.

"A big reason for our success as established shipowners in the region is the historical relationship we have with our Japanese friends, which is unduplicated anywhere else in the world," says Hong Kong Shipowners Association Chairman Kenneth Koo.

The association's past chairman, Peter Cremers, confirms there has been continual growth in the region's shipping industry despite the global crisis.

"In particular, the ship-management industry is doing very well, because in a difficult market cost becomes very important. Hong Kong gives the best possible environment for the shipping industry because you are in full control of your own business, and any income from shipping is tax exempt," Cremers says.

Chairman Kingson Lee of the Hong Kong Sea Transport and Logistics Association is optimistic that this industry will benefit from the growth and transformation of China from a low-cost industrial hub into a huge consumer market.

Minoru Suzuki, director general of the Japan External Trade Organization in Hong Kong, agrees.

"The SAR is an international financial and logistics center with lots of accumulated knowhow and expertise. This status can be maintained for years to come and will also evolve from being just a gateway to mainland China to becoming the economic center for South China and the Pearl River Delta," says Suzuki. ♦



Because of its prudent economic policies, Hong Kong emerged from the recent global recession stronger than ever, retaining its status as one of the world's leading financial and trading centers.

DCH offers collaborative partnership and a gateway into China

Foresight and expertise are two important reasons behind the growing success of Dah Chong Hong Holdings Ltd. (DCH) in the China market. DCH is a Hong Kong-listed trading conglomerate, with three major businesses covering motor vehicles, food and logistics.

"Twenty years ago we anticipated that Hong Kong would become a springboard for China, so we started our entry into the market early on. It's a market with huge potential that we just could not afford to miss," recalls Deputy Chairman and Executive Director Alex H. F. Chu.

The competitive strength of DCH in China lies in its wide distribution network and full-service logistic platforms established over the last 20 years, as well as its strong relationships with local and provincial governments and businesses.

In spite of the lingering economic worries, the company still sees robust growth coming from mainland China.

"We can achieve positive results in times of economic turmoil because we have planned ahead. Our networking in China was set up not today, but years ago. This is the benefit of foresight," says Chu.

China's fast-growing consumer market makes Hong Kong a very strategic location for DCH to have its headquarters, not to mention the convenience of having a manufacturing base next door supplying Hong Kong and the world.

DCH has set up three regional headquarters: in Guangzhou, the heart of the Pearl River Delta; in Beijing, the heart of the Bohai Bay; and in Shanghai, the heart of the Yangtze River Delta. These regional HQs also support other satellite distribution centers across the country.

Deputy Chairman Chu is actively looking for more business partners for DCH's fast-moving consumer goods (FMCG) business. Knowing the great potential for Japa-

nese food products in China, he cites the quality of Japanese foodstuffs for the premium sector of the market.

"Their products are safe, reliable and the beautiful packaging is like art," he says.

With over 60 years of experience, DCH is able to prevent principals or suppliers looking to enter the China market from "getting their fingers burnt."

By means of a collaborative partnership or embarking on a partnership with DCH, FMCG brand owners can enjoy economies in different aspects of the business and easy access into the China market by means of utilizing DCH's one-stop supply chain distribution system.

A full range of value-added logistics services are also available in their logistics hub located in southern China, which includes bonded repacking and relabeling, import and re-export bonded warehousing, GPS tracking security service, vendor managed inventory, etc.

"Partnering with us is one of the best ways to ride on the fast train to success. We are open and keen to take up new opportunities and prefer to strike while the iron is hot!" Chu says.

DCH understands the "strategic direction" of China and recognizes the respective cultures and characteristics of each targeted province, which translates into specific and



Dah Chong Hong Deputy Chairman and Executive Director Alex H. F. Chu

varied preferences by consumers in those provinces.

"We are market-driven and customer-oriented, being able to both meet the demands of the supplier and to appeal to the consumer. Each market is unique and our strength is in our flexibility to meet a precise requirement while remaining cost-efficient in providing world-class services," he says. ♦

www.dch.com.hk

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Crown Motors still leads the pack in Hong Kong

Recipient of Toyota Motor Corp.'s coveted Triple Crown Award for a record 18 straight years (No. 1 overall as well as for passenger vehicles and commercial vehicles), Hong-Kong based Crown Motors Ltd. is arguably the special autonomous

region's market leader in sales of passenger, commercial and overall vehicles.

Since its establishment in 1966, business has grown steadily for Crown Motors, being the sole distributor of Toyota, Lexus, Daihatsu and Hino brands, with Toyota

as its biggest brand in Hong Kong.

"The success of Crown Motors would not be possible without Toyota looking at Hong Kong as a market that required products that meet specific needs. As a market leader, you need to introduce new products that are unique," says Managing Director of Crown Motors Ltd. Patrick S. Lee.

"We take bold steps to invest in marketing and advertising and promoting the right products to the right consumers. We continue to distribute suitable models for Hong Kong's domestic market. Our development strategy is synergized with Toyota's global strategy - giving value for money in line with our 'Customer First' philosophy. We carefully study each market and foresee the trends," Lee adds.

Given that the Hong Kong government reduced by 30 percent the required first registration tax, or FRT, on "green" cars, Crown Motors has expanded its line of

environmentally friendly vehicles, aware that more customers would take advantage of the government incentive.

It now sells Toyota's Prius, Alphasud 4-seater and Noah, as well as Lexus LS600hL, GS450h and RX450h, all of which are entitled to a government tax subsidy.

"This helps us continue to generate consumer preference in the marketplace, and our partners Toyota and Lexus can introduce these high-technology products without the consumer paying for all the premiums. Our business continues to grow with environmental awareness," says Lee.

Crown Motors also hopes to introduce Toyota plug-in hybrid vehicles for testing with the government in the middle of this year.

"It's a very exciting project for us because it will be the very first plug-in hybrid from Toyota. Hong Kong is one of the best places in the world to promote hybrid and electric vehicles for a number of



Crown Motors Managing Director Patrick S. Lee

reasons. It is geographically small and the infrastructure of electricity is good," Lee says.

"The plug-in hybrid is our response to the call of the government to introduce electric, plug-in hybrid vehicles to Hong Kong. So, we raised our hand and said 'Yes, we are ready to do it,'" he adds. ♦

www.crown-motors.com



Africa Coastal Shipping Line
(Member of GMT Shipping Group)
20/F Harbour Commercial Building
122-124 Connaught Road Central
Sheung Wan, Hong Kong
Tel: +852 2581 8000 Fax: +852 2851 8399
Elisabeth Lefebvre +852 6017 8095 elisabeth.lefebvre@acsilhk.com
Ng Ming Kit +852 9726 9039 mingkit.ng@acsilhk.com

Crown Motors Ltd.

Your Trusted Distributor of Fine Automobiles in Hong Kong



Tel: (852) 2562 2226
Website: www.crown-motors.com

Dah Sing banks on the growth of the Pearl River Delta

Any lingering apprehension that remains regarding Hong Kong's political and economic stability can now be completely dismissed.

"Twelve years ago, Hong Kong's industrial base was thought to be facing a sunset scenario, but I certainly saw things differently," recalls Dah Sing Group Chairman David S. Y. Wong about post-hand-over fears in 1997.

"In the early 80s, we survived a very severe banking crisis in Hong Kong. At that time, seven banks in critical condition were under the government's intensive care. I told myself: It's either I sell out or, with the help of my colleagues like Derek Wong (Dah Sing Group managing director), we could buy two of these banks," continues Wong about one of his boldest business decisions years before.

In 1987, the Dah Sing Group acquired the Hong Kong Industrial and Commercial Bank and five years later, the Wing On Bank, catapulting the conglomerate to the top of the region's economy.

Aside from operating several businesses with manufacturing-



Dah Sing Group Chairman David S. Y. Wong

based companies in the Pearl River Delta, Dah Sing has been recognized as one of the most progressive and innovative financial service groups in the region, as well as in neighboring Macau and mainland China.

"We are a pioneer in the development of consumer banking,

SME lending and bank assurance sectors among the midsize financial services groups in Hong Kong, and this culture of innovation and progress has been fundamental to the growth of the Group's business," the chairman says.

With over 1 million credit cards issued, Dah Sing Bank is one of Hong Kong's leading credit card issuers and most active affinity card issuers with brands such as ANA airlines, Hello Kitty and APITA YUNI department stores. And because of its partnership with Mitsubishi Tokyo-UFJ Bank, Dah Sing is able to offer full retail banking services to all visiting customers of the Japanese bank.

With the closer integration of Hong Kong, Macau and Guangdong Province and the construction of a new bridge between Zhuhai, Macau and Hong Kong, the growth of the Pearl River Delta will clearly benefit Dah Sing, which also has subsidiaries in Guangdong and Shanghai.

"We see the future, the grand picture. We see a rising sun," says Wong. ♦

www.dahsing.com

GMT Shipping Group focuses on Africa

Hong Kong-based GMT Shipping Group specializes in transporting steel products, general and project cargo, as it provides first-class services to all major ports in West Africa, the Middle East, India and China to and from the Baltic Sea, Black Sea and Brazil.

Backed by over 44 years of experience in international shipping and related activities as well as long, good standing relationships with customers, Founding Chairman Bosco Ngan continuously develops strategies to bring further growth and ensure the company's commitment to safety, reliability and excellent service.

"We have engaged ourselves in a total commitment to provide our customers with truly value-added services and cater to their each and every need. Our strong commitment to safety and reliability in our services has allowed us to maintain a solid position in a niche market today after almost 30 years," Ngan says.

Last November, GMT Shipping Group formally announced the launching of Africa Coastal Shipping Line (ACSL) service, which provides a fully integrated coastal service between South and West Africa. Ngan aims to launch this groundbreaking service in the first quarter of 2010 to highlight the importance of Africa and develop

the huge potential of intra-Africa trade.

"The conceptual framework of Africa Coastal Services six years ago was a very important milestone for us, designed to complement the Ghana Ports and Harbors Authority's plan to position the port as a main gateway into Africa. The service will be complemented and supported by our 50,000-sq.-meter, multipurpose terminal in Tema as a hub for transshipment of goods into other ports of Africa," says Ngan.

To fully support this line, GMT Shipping Group assigned its two newly built, multipurpose vessels of 7,500 deadweight tons – the m/v African Coastal One and m/v African Coastal Two.

"Our dream planning is to eventually have six vessels in about three years' time to meet growing service requirements along the whole African coast, a region abundant with resources and plenty of potential," says Ngan.

At present, GMT Shipping Group has offices in 18 countries, including Belgium, Brazil, China, Greece, India and Nigeria. In Africa, it operates in Angola, Benin, Cote d'Ivoire, Ghana, Liberia, Nigeria and Senegal and plans to expand to other markets, including Japan, the U.S. and Australia.

"I believe in the competitive strength of



GMT Shipping Group Founding Chairman Bosco Ngan (center) with officials from the West Africa Port Authority (left to right): Sery Drepoba Leandre, Yehiri G. Christophe, Mame Pierre and Ado Jean Jacques Louis

Japan and I see great potential for partnerships in the shipping business," says Ngan, who urges Japanese foreign aid offices and other trading and industrial cor-

porations to link up with GMT Shipping Group for their development projects in Africa. ♦
www.gmtshipping.com



The m/v African Coastal One is one of the two newly built vessels assigned to GMT Shipping Group's coastal service in Africa.

"We have engaged ourselves in a total commitment to provide our customers with truly value-added services and cater to their each and every need. Our strong commitment to safety and reliability in our services has allowed us to maintain a solid position in a niche market today after almost 30 years."

Ship management specialist serves the world

Bernhard Schulte Shipmanagement (BSM) was created in 2008 following the integration of four leading autonomous ship management organizations, namely Dorchester Atlantic Marine (1978), Eurasia Group (1981), Hanseatic Shipping (1972) and Vorsetzen Bereederungs-und Schiff-fahrtskontor (1999), which were already owned by the Schulte Group.

Amid extremely high demand for professional services, BSM offers a unified and extremely resourceful global platform and an unparalleled concentration of shore- and ship-based expertise, providing clients with a superior portfolio of maritime and engineering services and a wide range of valued-added services including chartering, insurance, LNG consultancy, maritime travel, maritime catering, newbuilding design and supervision, port agen-

cies and radio accounting.

As one of the market leaders in quality, versatility and fleet size, BSM's infrastructure of service delivery centers, crew delivery centers and maritime training centers in more than 25 locations around the globe maintains the

From its own strategically located service delivery centers around the world, BSM's onboard and onshore specialists are highly experienced in managing vessels and fleets of every age and type – from container vessels, conventional bulkers, gravity-fed self-unloading bulk carriers, Panamax, post-Panamax and Handysize vessels, RO-RO ships, pure car carriers to crude, chemical, LNG, LPG tankers, heavy-lift vessels, semi-submersibles and FPSOs.

It has the specialist knowledge, experience, up-to-date systems and certifications in place to manage all types of vessels and fleets currently with maximum efficiency.

Wherever in the world vessels operate, BSM has become the first choice for the full range of international ship management solutions. ♦

www.bs-shipmanagement.com

BERNHARD SCHULTE SHIPMANAGEMENT

highest degree of integrity, safety and operational excellence over a managed fleet of more than 600 ships. Today, it employs more than 16,000 professionals onboard and ashore. BSM's objective is to keep vessels operating at peak productivity with an absolute minimum of downtime while ensuring the strictest safety, environmental and health standards.

Japanese trading giant maintains confidence in South China

The economy of South China, which encompasses the international city Hong Kong and the dynamic Pearl River Delta region, continues to achieve growth that is fueled by strong domestic demand.

Hong Kong represents an important force for change in South China. Despite predictions that the city's role would diminish after the handover, Hong Kong has continued to grow, even in the face of challenges like the Asian Financial Crisis and the SARS epidemic.

During the recent economic crisis, Hong Kong has benefited from its ability to advance with China's growth and, as "Asia's world city," it has provided a platform for helping Chinese domestic companies extend their vision to the world by doing business in a global manner. At the same time, Hong Kong has also seen an influx of capital and human resources, primarily from mainland China.

The city offers a high degree of freedom and continues to welcome the growing numbers of students as well as immigrants entering the city through the government's Capital Investment Entrant Scheme.

"Hong Kong is part of China, yet distinct from China, and this is the source of its strength," says Toshimitsu Urabe, deputy chief representative for China of Mitsubishi Corp. and president of Mitsubishi Corp. Hong Kong.

Stationed in this dynamic city, Mitsubishi Corp. Hong Kong has been broadening its core business activities

across South China in diverse industries including chemical, machinery, energy, food, paper as well as ship sales. In addition, the Mitsubishi Corp. group has subsidiaries for IPP business, food and beverage, metals and apparel.

In addition to the existing areas, Mitsubishi also has a strong focus on environment-related businesses.

"Short-term profit is not necessarily important to our company. We look for great benefit from investing our energies to this purpose for the generations to come," says Urabe.

In line with its focus on environmental protection, Mitsubishi has scheduled to introduce the i-MiEV (Mitsubishi Innovative Electric Vehicle) to the Hong Kong market.

"The Hong Kong market has been very receptive to our efforts to help clean up the environment," says Urabe, who believes environmental protection is the key issue to maintain the prosperity of Hong Kong as one of the world's vital economic hubs.

To develop further into the Chinese market and to maximize Hong Kong's unique role, Mitsubishi Corp. will collaborate closely with its offices in Hong Kong, Guangzhou, Shenzhen and Xiamen for doing business in South China.

"We are confident of a prosperous future in South China, including Hong Kong," says Urabe. ♦
www.mitsubishicorp.com



Toshimitsu Urabe, deputy chief representative for China and president of Mitsubishi Corp. Hong Kong

TCM grows slowly but surely

Teh-Hu Cargocean Management Co., Ltd. (TCM) began operations in 1974 with a fleet of 10 small bulk carriers and tweendeckers ranging from 10,000 to 20,000 deadweight tons.

Between 1974 and 2004, the company was steered by Chung Kia Liu as chairman and Kenneth Keung Wah Lo as managing director. Lo, who chaired the Hong Kong Shipowners Association from 1986 to 1987, has doubled as chairman since 2004 following the death of Liu.

By 1985, TCM's fleet had reached 19 vessels with an aggregate of 900,000 deadweight tons, consistently undertaking programs to renew its fleet with Handysize, Panamax and Capesize newbuildings.

"Its vessels came from IHI of Japan, Austin & Pickersgill of England, Hyundai, Samsung and Samho of South Korea, China Shipbuilding Corp. of Taiwan and Shanghai Waigaoqiao Shipbuilding of China. But from 1988, the group decided to focus on



Teh-Hu Cargocean Chairman and Managing Director Kenneth Keung Wah Lo

Capesize carriers only.

Aside from the strong financial backing from well-known financial institutions such as Calyon and BNP Paribas of France, TCM enjoys a very close relationship with reputable charterers, including the "Big Three" of Japan, P&O of the U.K., Navios of the U.S., Egon Oldendorff of Germany, Cobelfret and Bocimar of Belgium.

In 2000, TCM put its fleet under the technical and crewing management of a Hong Kong ship management company to allow top management to focus on the business side of shipping and diversify investments in other areas.

"At the moment, our shipping investment is still our core business but we are planning for the next 20 years. We hope our investments in other areas as mentioned above will eventually be just as successful. To catch the right market at the right time requires experience, the knowledge and of course a little bit of luck," says Lo. ♦

The center of Asia, the world's city

In every sense of the word, Hong Kong is a melting pot – a truly global city that marries East and West seamlessly through its historical hutongs (narrow alleys or roads) and colossal skyscrapers.

Despite what many critics feared before the turn of the century, Hong Kong has not lost its unique cosmopolitan atmosphere since the handover to China in 1997. After over a decade, Hong Kong is as vibrant as ever.

For the business traveler, there is no better place in the world to be. The ease of movement and the familiarity brought about by its cosmopolitan atmosphere make living convenient and comfortable.

Its train system, the MTR, or Mass Transit Railway, ef-

ficiently links all the major areas of the city. Coupled together with the trams and world-famous Star Ferries, the public transportation system of Hong Kong is rated as one of the best and most sophisticated in the world.

MTR's Airport Express connects the multiple award-winning Hong Kong International Airport, known locally as Chek Lap Kok Airport, to the city in as little as 24 minutes.

From here, a short ride to the AsiaWorld-Expo or the busy Hong Kong Convention and Exhibition Center is another reason the region is quickly becoming a financial and investment hub, not merely a gateway to mainland China.

Business aside, fashion, food and fun are what keep people coming back. One can find the world's luxury brands, an abundance of cuisine and leisure activities to appeal to anyone's taste right at the doorstep of your hotel.

With the tax on wine abolished in 2008 and an increased interest from the public, Hong Kong has overtaken New York and London as the world's most important wine market.

With a population of over 7 million and a land area less than half the size of Tokyo, Hong Kong is one of the most densely populated areas in the world. But what remains a secret to many travelers is that the attractions of Hong Kong are not limited to the inner city.

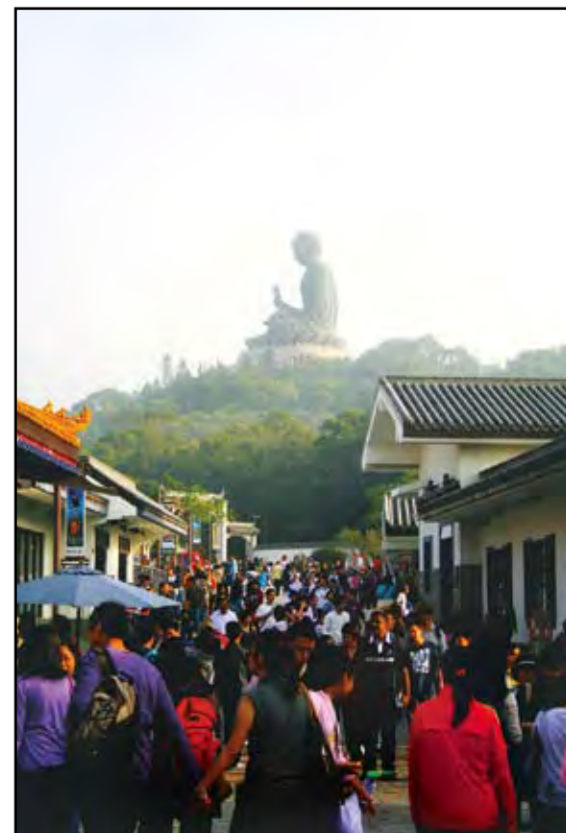
Once free from the urban hustle and bustle, the rest of the region is lush and green.

Activities such as mountain biking in the Sai Kung or Tai Lam Country Parks provide a great way to break free from the stresses of the city and balance out all the other activities that may take a toll on your body.

The annual Standard Chartered Hong Kong Marathon is another attraction that draws people from around the world. Held on Feb. 28 this year, the city will become a proving ground for the world's elite runners and amateur athletes wanting to test their spirits and push their limits.

At night, standing along the world-famous Victoria Harbour, looking at the Symphony of Lights multimedia show

atop the skyscrapers of the city, one has the feeling that this is truly a special place. Gateway to China or financial hub, Hong Kong is clearly the world's city. ♦



The Tian Tan Buddha, the world's tallest outdoor seated bronze buddha statue, is located on Lantau Island.

COUNTRY FILE

TOTAL AREA: 1,104 SQ. KM
POPULATION: 7.05 MILLION (JULY 2009 EST.)
CURRENCY: HONG KONG DOLLAR (HKD)
AVG. EXCHANGE RATE: \$1=7.8 HKD

GDP: \$208.8 BILLION (2009 EST.)
GDP REAL GROWTH: -3.1% (2009 EST.)
GDP PER CAPITA (PPP): \$42,700 (2009 EST.)
UNEMPLOYMENT: 5.9% (2009 EST.)
INFLATION: -0.3% (2009 EST.)

MAIN INDUSTRIES: TEXTILES, CLOTHING, TOURISM, BANKING, SHIPPING, ELECTRONICS, PLASTICS, TOYS, WATCHES, CLOCKS
EXPORTS: ELECTRICAL MACHINERY AND APPLIANCES, TEXTILES, APPAREL, FOOTWEAR, WATCHES AND CLOCKS, TOYS, PLASTICS, PRECIOUS STONES, PRINTED MATERIAL
IMPORTS: RAW MATERIALS AND SEMI-MANUFACTURES, CONSUMER GOODS, CAPITAL GOODS, FOODSTUFFS, FUEL (MOST IS RE-EXPORTED)

MAIN EXPORT MARKETS (% SHARE): CHINA (48.5%), U.S. (12.8%), JAPAN (4.3%)

MAIN IMPORT MARKETS (% SHARE): CHINA (46.6%), JAPAN (9.8%), SINGAPORE (6.4%), U.S. (5%)



Source: CIA World Factbook



A shopping mecca, Hong Kong has a wide array of shops and stores that cater to both cost-conscious consumers and luxury-loving shoppers.