



# Business with China

Making it Work for Entrepreneur –  
Hong Kong as Entry Strategy



**Johnson W. K. Choi, MBA, RFC.**

Hong Kong.China.Hawaii Chamber of  
Commerce

Hawaii Pacific Export Council – United  
States Department of Commerce  
Honolulu

CMC Consulting Group, Inc.

Makai Motion Pictures, LLC.

Wednesday, November 14 2007

Royal Lahaina Resort – Maui – Hawaii, USA.

Additional information go to:  
<http://www.hkchcc.org/>



11/15/2007

Hong Kong.China.Hawaii Chamber of  
Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

1



# The China Market

**Things to Consider.....**

**Huge potential market**

**1.3 Billion People**

**Mandarin is the National Language**

**English skill poor**

**Rule of Law – newly adopted in 1987,  
unevenly applied**

**Individual Property Right (IPR)**

**Non-convertible currency**

**Economy growing 9%+, Pearl River Delta  
15%+ for the past 10 years**

**Expect to be World largest economy by 2025**

**Factory to the world**

**One party system**



11/15/2007

Hong Kong.China.Hawaii Chamber of  
Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

2



# The China Market



**That is what many companies have done – dive into China without well thought out plan or strategy back with sufficient financial resources**



11/15/2007

Hong Kong,China,Hawaii Chamber of Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

3



# The China Market



**Found themselves landed in rough water**

**China is not 1 single market**

**Difficult to communicate with buyers and distributors**

**The cultural differences, many "get to know you" meetings, wining and dining**

**Difficulties in obtaining accurate financial information**

**Unable or difficult to obtain local Company information**

**Quality of original and actual final product not match**

**Production distribution and logistic challenges**



11/15/2007

Hong Kong,China,Hawaii Chamber of Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

4



# The China Market



**Calling your office for help**

**The help may not come.....**

**Company did not commit sufficient financial resources**

**Top management of the Company might not have done their homework if there is a market for its products and/or services**

**The executive sent to China enjoyed so much of the wining, dining and night life and forgot about why he/she was in China**



11/15/2007

Hong Kong,China,Hawaii Chamber of Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

5



# The China Market



**If you could turn back the clock**



**Doing it right the first time**



11/15/2007

Hong Kong,China,Hawaii Chamber of Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

6



# The China Market

**If you need a heart surgeon**



**Do you want to hire a new medical school graduate?**



**Or an experience surgeon who has performed 100s of heart surgery?**

**Doing it right the first time!**



11/15/2007

Hong Kong,China,Hawaii Chamber of Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

7



# The China Market



**Experiences and Performance Record required the test of time**



**Let us compare it with the successes and experiences of Hong Kong in the China market for the past 30 years**

**Doing it right the first time!**



11/15/2007

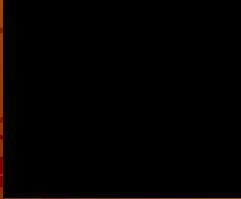
Hong Kong,China,Hawaii Chamber of Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

8



## What United States Commercial Service says, especially if you do not have the deep pocket of a Fortune 500 Company?

*"Many companies have found that the best way to learn about the Chinese market and mitigate many of these risks is by using Hong Kong as a gateway. Ease of doing business in Hong Kong is on par with the U.S., and Hong Kong Chinese can provide experience, knowledge and important contacts in China."* The Hidden Costs of Doing Business in China, Written by : Regina E. Grantz, Edited by Heather Tomasetti, ([www.buyusa.gov/hongkong/en/](http://www.buyusa.gov/hongkong/en/))



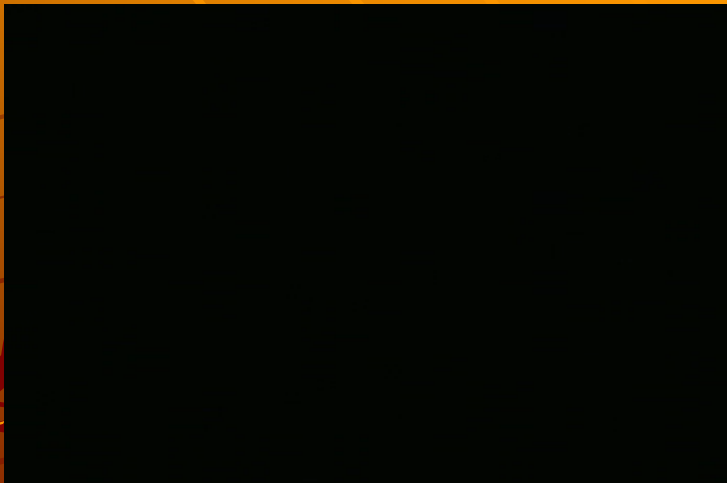
Hawaii's China Connection  
Trailer: 4 Episodes of 20 minutes each have been viewed by more than 200 million people in China and throughout Asia since 2005



11/15/2007

Hong Kong.China.Hawaii Chamber of Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

9



Hong Kong – The World's City



11/15/2007

Hong Kong.China.Hawaii Chamber of Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

10

Hong Kong - Live It Love It

11/15/2007

Hong Kong,China,Hawaii Chamber of Commerce(c) www.hkchcc.org

11

## The China Market

### Why Hong Kong? location location location

State of Hawaii

=

Hong Kong is smaller than the Island of Kauai; 400 sq miles Verses 500 sq miles

11/15/2007

Hong Kong,China,Hawaii Chamber of Commerce(c) www.hkchcc.org

12



# The China Market

## Why Hong Kong?



11/15/2007

Hong Kong, China, Hawaii Chamber of Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

13



# The China Market

## Why Hong Kong?



Hong Kong Convention and Exhibition Centre's expansion will increase its exhibition space by 42%



11/15/2007

Hong Kong, China, Hawaii Chamber of Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)

14



# The China Market

## Why Hong Kong?



11/15/2007

Hong Kong, China, Hawaii Chamber of Commerce(c) www.hkchcc.org

15



# The China Market

## Why Hong Kong?



11/15/2007

Hong Kong, China, Hawaii Chamber of Commerce(c) www.hkchcc.org

16





# The China Market

## Why Hong Kong?



11/15/2007

Hong Kong, China, Hawaii Chamber of Commerce(c) www.hkchcc.org

17



# The China Market

## Why Hong Kong?



11/15/2007

Hong Kong, China, Hawaii Chamber of Commerce(c) www.hkchcc.org

18



# The China Market

## Why Hong Kong?



11/15/2007

Hong Kong,China.Hawaii Chamber of Commerce(c) www.hkchcc.org

19



# The China Market

## Why Hong Kong?



### For a place smaller than Island of Kauai....

Strategic two-way platform for trade with and investment in Mainland China

19% of China's imports and 22% of exports handled through Hong Kong

980 flights a week between Hong Kong and 48 Mainland cities – less than 3.5 hours to all major financial centers in Asia (i.e. leave Shanghai in the early morning, home in time for dinner with family)

Huge pool of entrepreneurs with decades of experience in Mainland China

6,440 overseas and Chinese mainland companies have offices in Hong Kong to manage their China and Asian operations

7+ million people, 27 million visitors, Average per capital income US\$24,000+

Hong Kong companies hired more than 12 million workers in the Pearl River Delta region

Many executives running international companies in China are from Hong Kong

11/15/2007

Hong Kong,China.Hawaii Chamber of Commerce(c) www.hkchcc.org

20



# The China Market

## Why Hong Kong?



11/15/2007

Hong Kong, China, Hawaii Chamber of Commerce(c) www.hkchcc.org

### Hong Kong provides.....

**Capital (70 of the world 100 largest bank has offices in HK) i.e. took you 1 week to cash a US\$100,000 check in Scotland – takes 2 seconds in HK**

**Management that understand China market**

**Professional services (Attorney, CPA & etc)**

**World-class infrastructure**

**Access to and knowledge of international markets**

**Efficient transport and advance communications**

**Connections to the international business community**

**Technology**

**International Arbitration Center - 394 cases arbitrated in Hong Kong in 2006**

**A base for foreign firms to access the Greater Pearl River Delta (PRD) and China**

21



# The China Market

## Why Hong Kong?



11/15/2007

Hong Kong, China, Hawaii Chamber of Commerce(c) www.hkchcc.org

### Economic Outlook....

**World's freest economy 13 years in a row by the Heritage Foundation at Washington DC**

**8.6% GDP growth in 2006,**

**7.8% in 2005**

**Record employment of 3.83 million,**

**unemployment down to 4.8%, a 78-month low**

**Record breaking 27 million tourist arrivals in 2006, 23 million in 2005**

**Preferred location for investment & regional operation – Managing China Operation from HK**

**Preferred capital formation center for Mainland China – US\$60 billion raised via IPO in 2006**

**US\$200 Billion of investment from China expecting to go to HK in the next 12 months, US\$42 billion Foreign Directly investment (FDI) in 2006 (12B-Shanghai) – projected US\$48 billion (12.4B-Shanghai) in 2007**

22



# The China Market

## Why Hong Kong?



### American will feel at home in HK...

100,000 American work and live in HK

Rule of Law – Common Law – the Court of Final Appeal (equivalent to U. S. Supreme Court) is in Hong Kong and NOT Beijing

Preferred Arbitration Center

Corruption FREE – the Independent Commission Against Corruption (ICAC) has sent 100s of government officials and business executives in HK to jail since 1972 – no one is above the Law

Convertible currency

16% maximum Corporate tax rate, taxable only for income derived from HK

Both Chinese and English are official languages

Average per capital income is US\$24,000

Freedom of Speech, Religion and Press

11/15/2007

Hong Kong,China,Hawaii Chamber of Commerce(c) www.hkchcc.org

23



# The China Market

## Why Hong Kong?



### Build your Brand in HK - cost effective

If Your Product/Service has NO Brand recognition in China?

27 million visitors with 16 million from China visit HK annually

Tourist from China outspent the Japanese, American and European

Chinese tourist visited your HK Stores will look for your stores in major cities like Shanghai, Beijing, Guangzhou and etc

Many Hong Kong brand name products and companies such as Sasa Cosmetics found successes in China – if your product not selling in HK will probably not sell in China – ideal test market before spending millions!

Business Focus, 5 – 6 meetings/day easy task – no need to bring government officials, wine and dine before meetings – just get down to business

Note: A brand name product in your local market may not be a recognized brand in China – do your homework!

11/15/2007

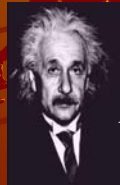
Hong Kong,China,Hawaii Chamber of Commerce(c) www.hkchcc.org

24



## Be Smart - think HK

Your key to China and Asian Markets – if you have a choice?



11/15/2007

Hong Kong,China,Hawaii Chamber of Commerce(c) www.hkchcc.org

25



## WHY HKCHcc/CMC/HPEC Team Work?

Why Hong Kong,China,Hawaii Chamber of Commerce (HKCHcc) / CMC Consulting Group Inc (CMC) / Hawaii Pacific Export Council - U. S. Dept of Commerce (HPEC)?



Through us, you have immediate access to the followings:

Our offices in San Francisco, Honolulu, HK & Shanghai

Access to U. S. Commercial Offices throughout Asia (world)

Access to HK Trade Development Council (HKTDC) with more than 21 offices in China & Asia, 45 offices worldwide, its Chairman – a non paid position are multi-millionaire – 80% privately funded – very business focus

Access to American Chamber of Commerce (AmCham) in Shanghai and Hong Kong, its membership consist of most of the Fortune 500 Companies

Access to 15 Collaboration Partners and 20,000 Members Worldwide

Access to Network of proven Professionals (i.e. Lawyer, Investment Bankers, CPA & International Bankers)

One call or email, we can put it together for you right here in Hawaii (or HK, SF & Shanghai) saving you time & \$

11/15/2007

Hong Kong,China,Hawaii Chamber of Commerce(c) www.hkchcc.org

26



**Thank you**

**Johnson W. K. Choi, MBA, RFC.**

Hong Kong.China.Hawaii Chamber of Commerce

Hawaii Pacific Export Council

CMC Consulting Group Inc

1188 Bishop Street, Suite 3403

Honolulu, Hawaii 96813, USA

Phone: Hawaii: (808) 524-5738, San Francisco: (415) 691-6168

Hong Kong: (852) 8171-3118; Fax: (808) 524-8063

More information go to: <http://www.hkchcc.org/> or email: [johnsonchoi@johnsonchoi.com](mailto:johnsonchoi@johnsonchoi.com)



11/15/2007



Hong Kong.China.Hawaii Chamber of  
Commerce(c) [www.hkchcc.org](http://www.hkchcc.org)



27