



# *Way-Out of the Financial Tsunami*

## *--- A Perspective of HK Manufactures*

*Mr. Cliff Sun*  
*Deputy Chairman, Federation of Hong Kong Industries*  
*17<sup>th</sup> April, 2009*



Your total solution to excellence  
卓越成就 源自優質管理

Inter TQM



# ***Financial Tsunami – Impact on FHKI Members***

- **FHKI has over 3,000 members:**
  - Production facilities in Pearl River Delta area
- **10-20% of manufacturing factories in PRD area:**
  - Already closed down
  - Be closed down if situation does not improve



# Assessment of Current Situation

- **Shrinking orders**
  - Average reduction of 35%
- **Rising production costs**
  - Cost increased by 17%
- **Governments' Stimulating Policies**
  - Special loan schemes
  - Tax rebate on export
  - Suspension of social security payment & minimum wage increase





# Looking to the Future...

## **FHKI foresees:**

- **A prolonged period of recovery for:**
  - World economy
  - Demand of manufactured goods
- **A process of restructuring & integration**
  - Manufacturing industry in China





# Strategies to Survive

## *Three-pronged approaches:*

- Enhance overall efficiency
- Create new products or services
- Explore emerging markets
  - Including Chinese domestic market





# Short Term Strategies

- Downsize production capacity
- Improve credit status & cash reserve

***Prepare for the WORST scenario!***



# Medium Term Strategies

- **Consider horizontal / vertical acquisition**
  - Consolidate businesses
  - Streamline production
- **Re-think business models**
  - US / European markets vs. NEW markets





# Long Term Strategies

- **Target the Mainland market**
  - Mainland market less impacted during global economic downturn
  - High growth potential
- **Develop differentiated products or services**
  - Meeting diversified needs of a vast population





# Who Can Survive?

- A game of “Survival of the Fittest”
- Those who survive will enjoy:
  - Improved efficiency
  - Differentiated products or services
  - Access to huge & developing markets

***Prospect of manufacturers in China  
remains BRIGHT!***





***Thank You***

**Any Question?**

