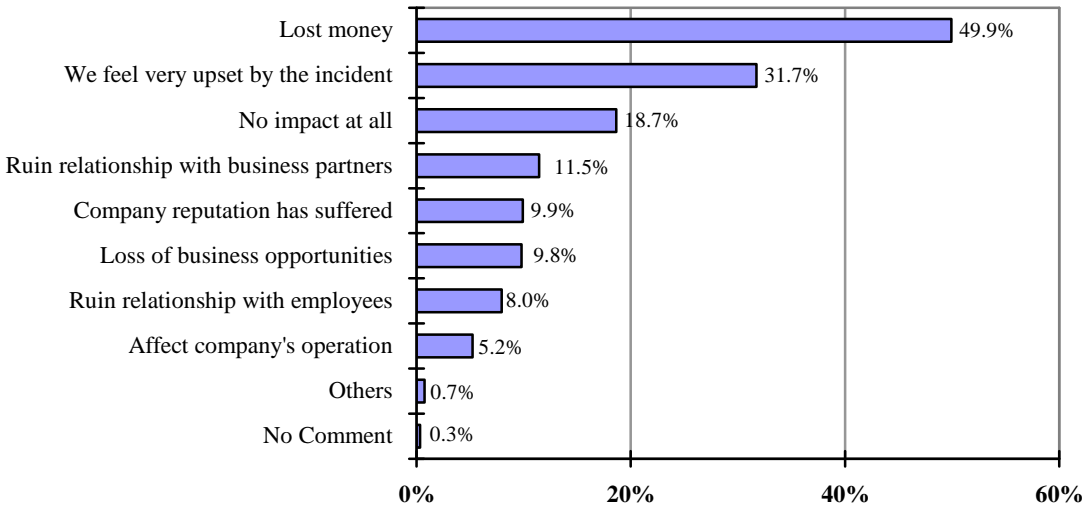


5. Handling of Difficult-to-solve Problems or Disputes

Impact of the problems on the companies

5.1 About one third of the incidents related to difficult-to-solve problems were considered important by the companies, and for about 19% of these, the companies concerned indicated that there was no impact on them. In about half of the incidents (50%), the companies had lost money, and in another 32%, the companies indicated that their staff felt very upset by the problems. In some incidents, the relationship with business partners was ruined (accounting for 12% of incidents), company reputation suffered (10%), business opportunities lost (10%), relationship with employees ruined (8%), or company operations affected (5%).

Percentage of incidents considered important by impact of problems/ disputes on company

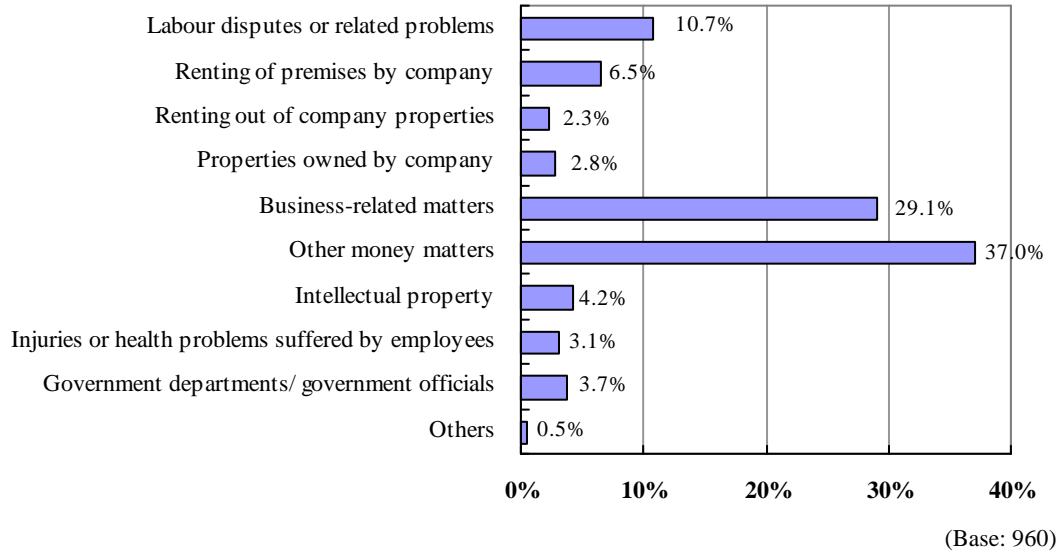


(Multiple response; Base: 1,434)

Whether actions taken

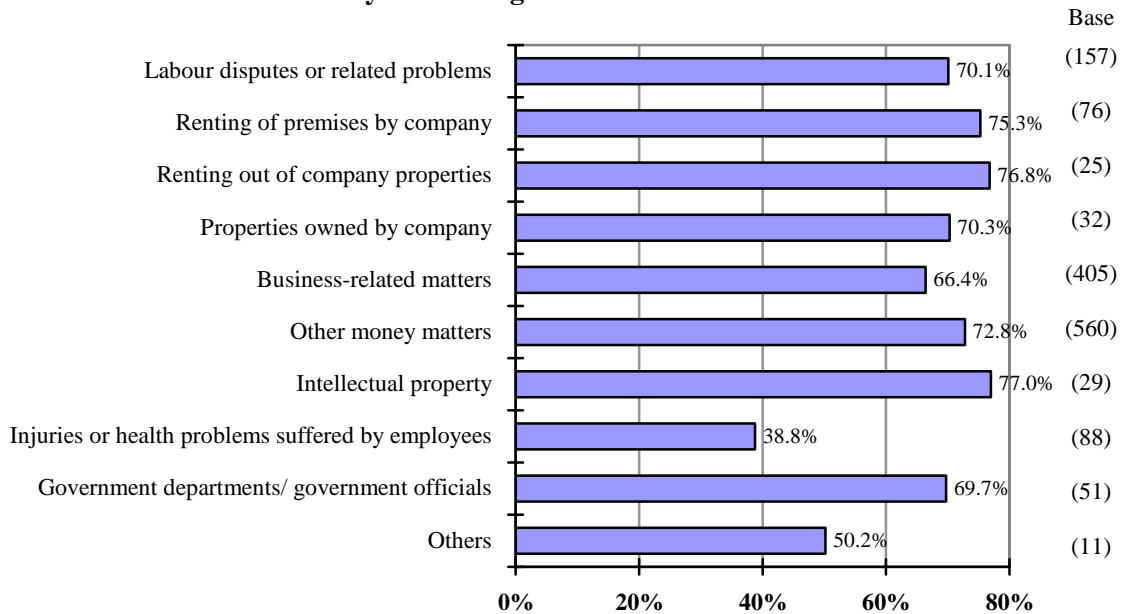
5.2 Despite their impacts, not all incidents considered important were followed up with actions. Overall, actions had been taken on 69% of these incidents. The general profile of the incidents for which actions had been taken was as follows.

**Percentage distribution of incidents that were important
for which actions had been taken by main categories of incidents**



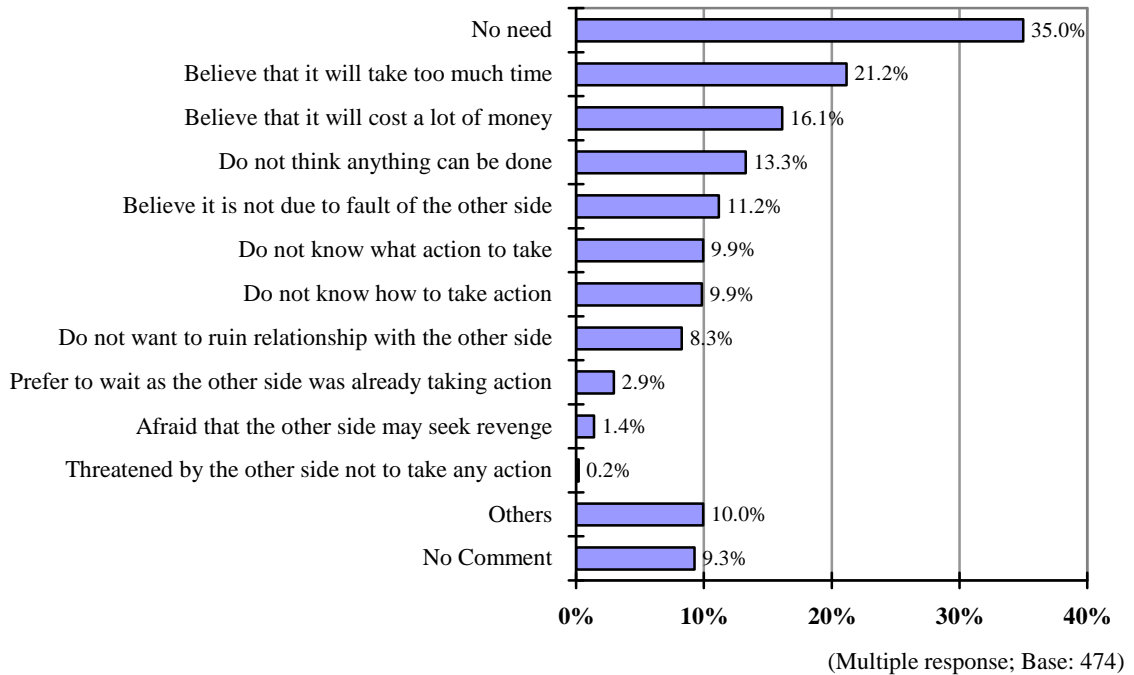
5.3 The percentages of incidents with actions taken were generally quite similar for different categories of incidents, with the exception of injuries or health problems suffered by employees, which was the lowest at 39%.

**Percentage of incidents with actions taken
by main categories of incidents**



5.4 For the 31% of incidents considered important but with no action taken by the companies concerned, the main reasons were “no need” (accounting for 35% of incidents), “believe it will take too much time” (21%), “believe it will cost a lot of money” (16%) and “do not think anything can be done” (13%).

**Percentage of incidents with no action taken
by reasons for not taking action**

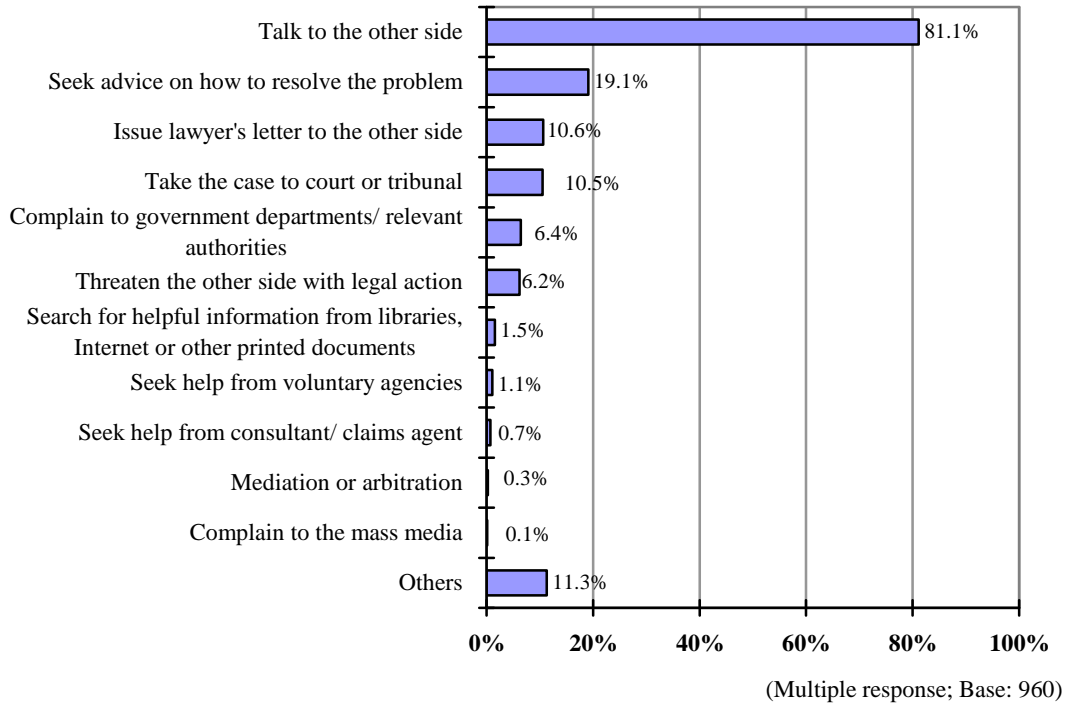


The ensuing analyses focus on incidents which were important and with actions taken.

Types of actions taken

5.5 For incidents with actions taken, the actions taken were mainly talking to the other side (accounting for 81% of incidents concerned) and seeking advice on how to resolve the problem (19%). About 11% of the incidents were taken to court or tribunals and less than 1% referred to mediation or arbitration. Issuing of lawyer’s letter to the other side accounted for 11% and threatening the other side with legal actions, 6%. Complaints were made to government departments or relevant authorities in respect of 6% of incidents.

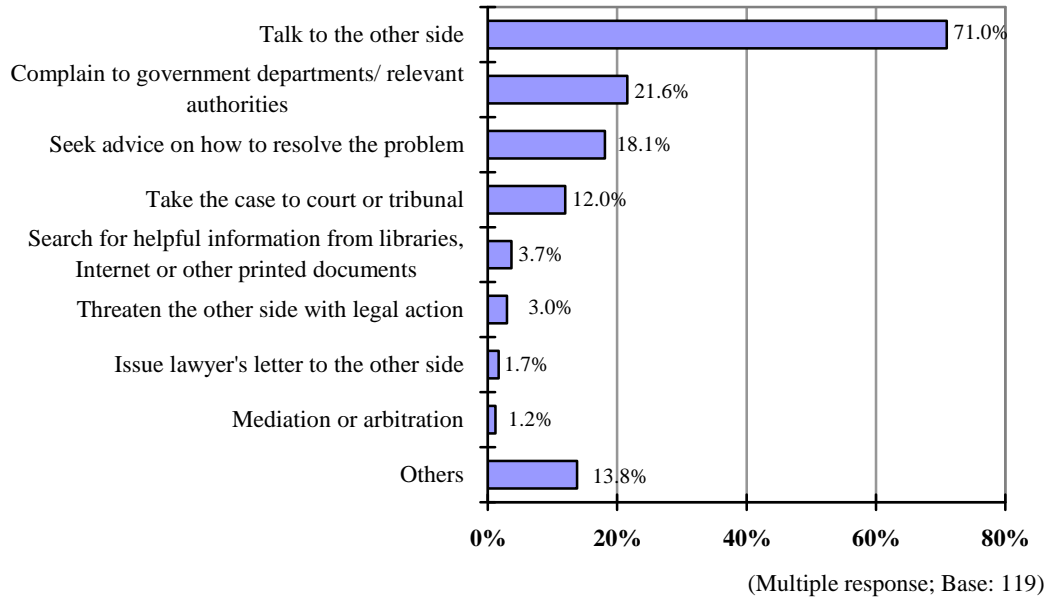
Percentage of incidents with action taken by types of actions



Labour disputes or related problems

5.6 For incidents related to labour disputes or problems with actions taken, the actions were mainly talking to the other side (accounting for 71% of incidents concerned), complaining to government departments or relevant authorities (22%), and seeking advice on how to resolve the problem (18%). Only about 12% of the incidents were taken to court or tribunal and 1% referred to mediation or arbitration. Threatening the other side with legal actions accounted for 3% and issuing of lawyer’s letter to the other side, 2%.

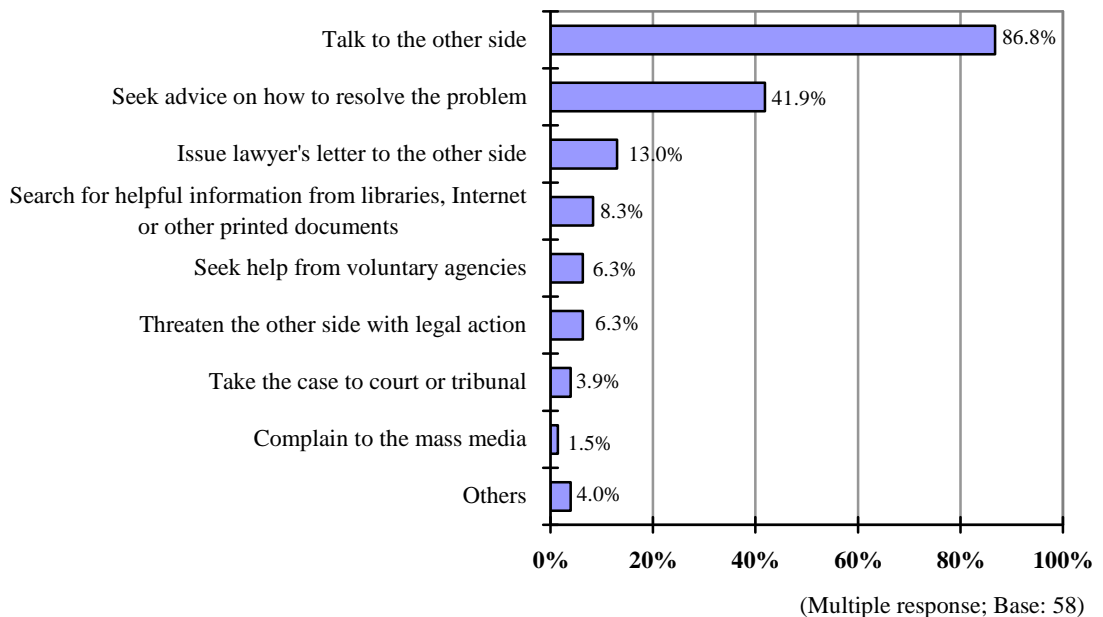
**Percentage of incidents on labour disputes
or related problems with actions taken by types of actions**



Renting of premises by company

5.7 For incidents related to renting of premises by company, the actions taken were mainly talking to the other side (accounting for 87% of incidents concerned) and seeking advice on how to resolve the problem (42%). Issuing of lawyer’s letter to the other side accounted for about 13% of incidents and threatening the other side with legal actions, 6%. Only about 4% of incidents were taken to court or tribunals.

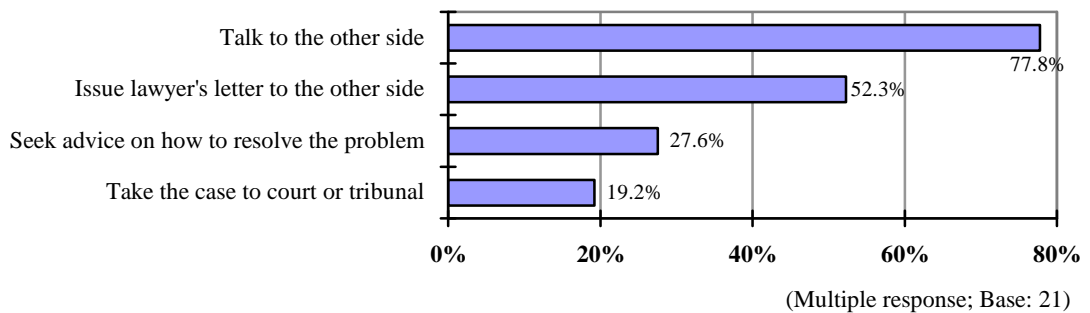
**Percentage of incidents related to renting of premises by company
with actions taken by types of actions**



Renting out of company properties

5.8 For incidents related to renting out of company properties, the types of actions taken were mainly talking to the other side (accounting for 78% of incidents concerned) and issuing of lawyer’s letter to the other side (52%). Seeking advice on how to resolve the problem accounted for about 28% of incidents, and about 19% of incidents were taken to court or tribunal.

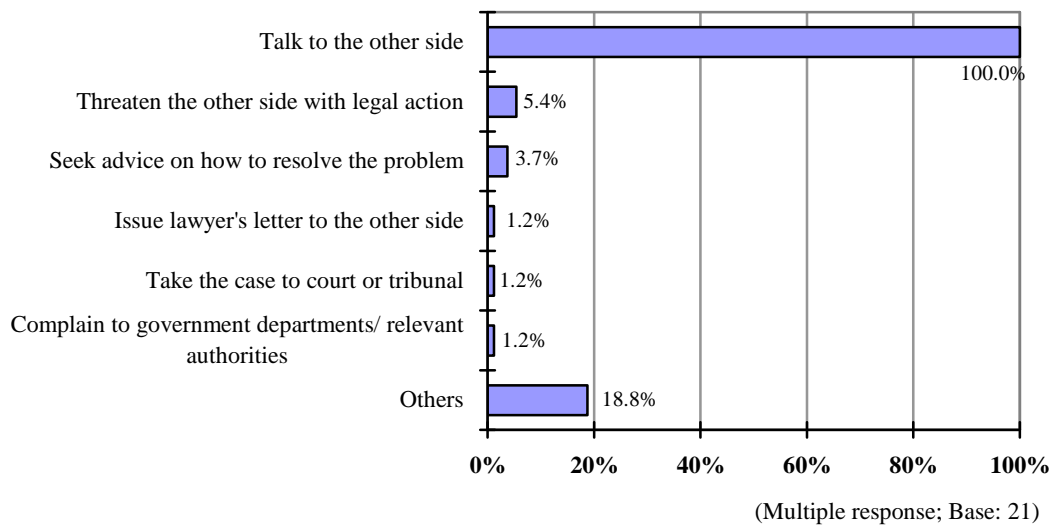
Percentage of incidents related to renting out of company properties with actions taken by types of actions



Properties owned by company

5.9 For incidents related to properties owned by company with actions taken, the action always taken was talking to the other side. For 5% of the incidents, the respondents threatened the other side with legal actions, and 4% sought advice on how to resolve their problems. About 1% of the incidents were taken to court or tribunal.

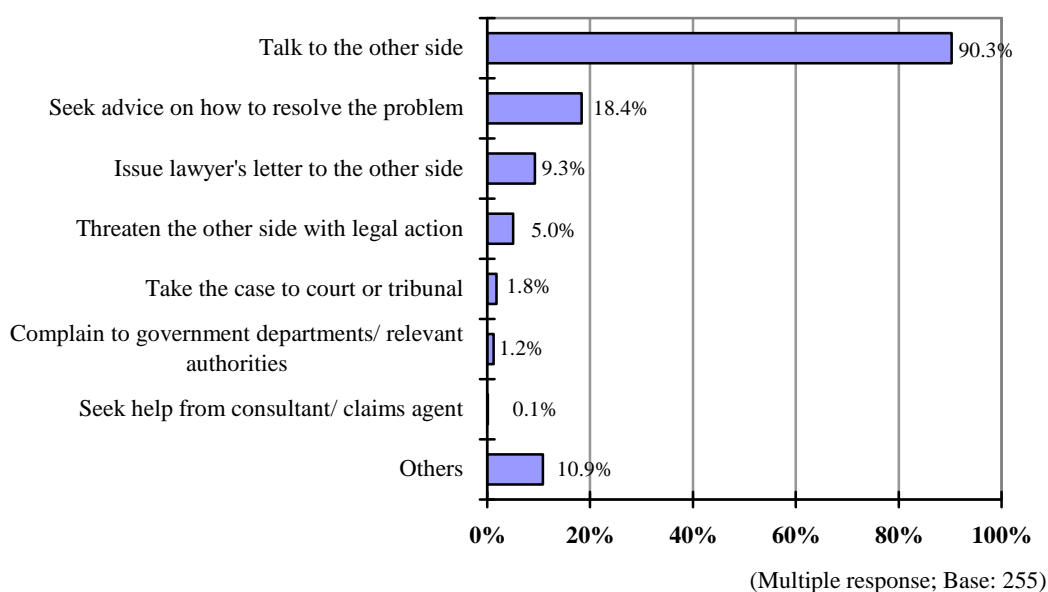
Percentage of incidents related to properties owned by company with actions taken by types of actions



Business-related matters

5.10 For incidents concerning business-related matters, the actions taken were mainly talking to the other side (accounting for 90% of incidents concerned) and seeking advice on how to resolve the problem (18%). Issuing of lawyer's letter to the other side accounted for about 9% of incidents and threatening the other side with legal actions, 5%. Only less than 3% of the incidents were taken to court or tribunal.

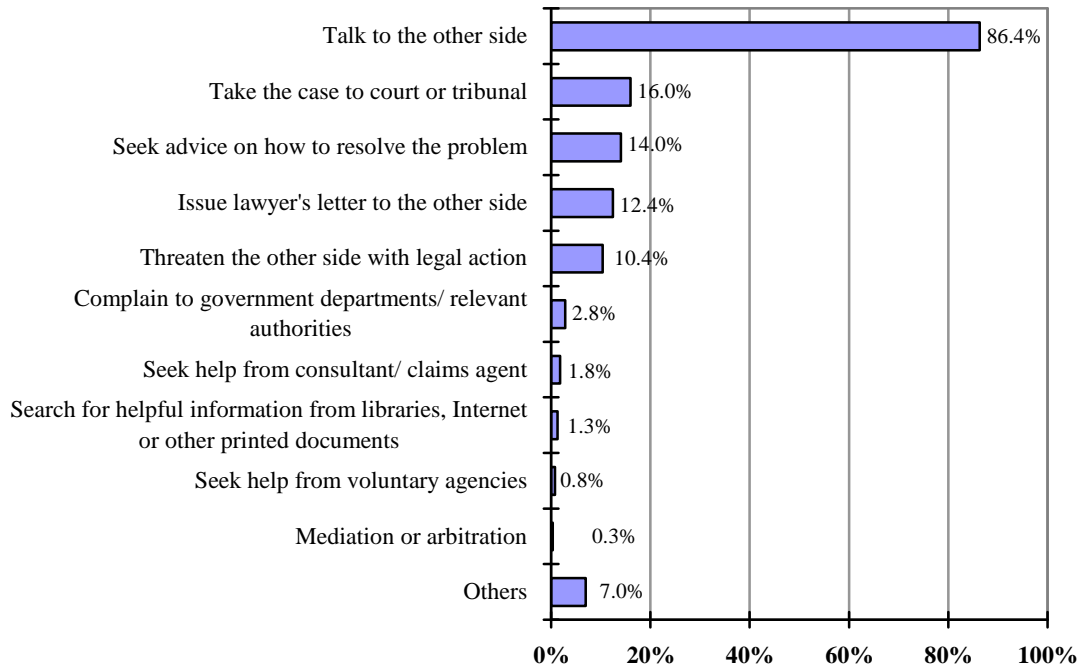
Percentage of incidents concerning business-related matters with actions taken by types of actions



Other money matters

5.11 For incidents related to other money matters, the actions taken were mainly talking to the other side (accounting for 86% of incidents concerned) and seeking advice on how to resolve the problem (14%). Issuing of lawyer's letter to the other side accounted for about 12% of incidents and threatening the other side with legal actions, 10%. About 16% of the incidents were taken to court or tribunal.

**Percentage of incidents related to other money matters
with actions taken by types of actions**

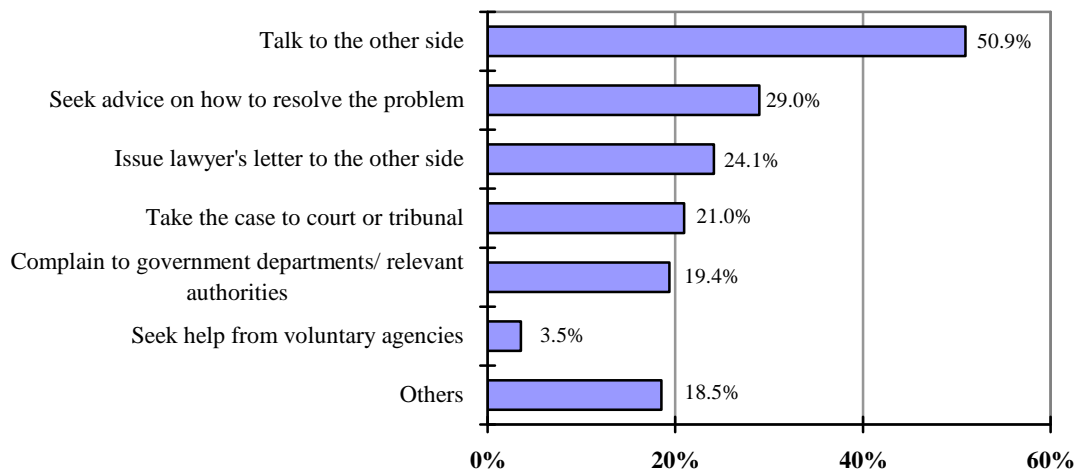


(Multiple response; Base: 396)

Intellectual property

5.12 For incidents related to intellectual property, the actions taken were mainly talking to the other side (accounting for 51% of incidents concerned) and seeking advice on how to resolve the problem (29%). Issuing of lawyer’s letter to the other side accounted for about 24% of the incidents. About 21% were taken to court or tribunal, and complaints were made to government departments or relevant authorities for 19% of the incidents.

**Percentage of incidents related to intellectual property
with actions taken by types of actions**

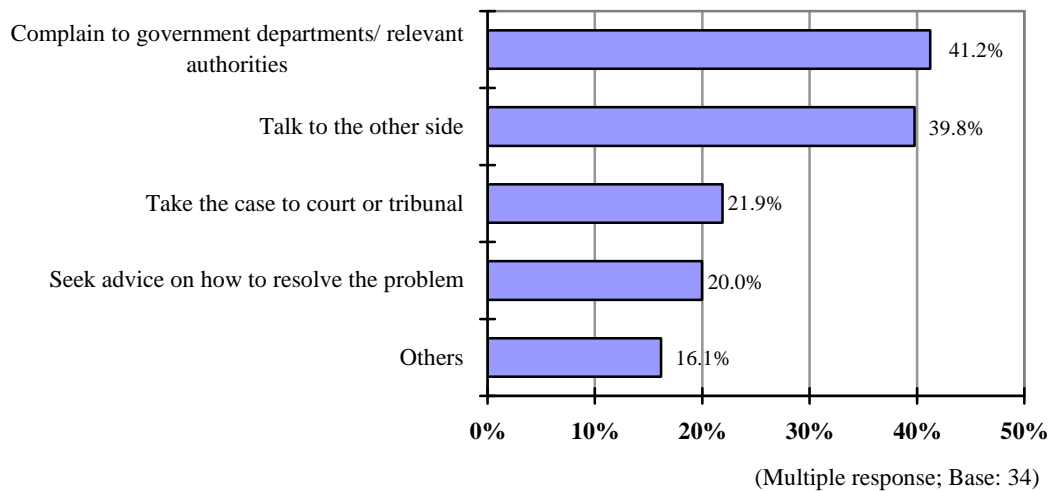


(Multiple response; Base: 20)

Injuries or health problems suffered by employees

5.13 For incidents related to employee injuries or health problems, the actions taken were mainly talking to the other side (accounting for 40% of incidents concerned), complaining to government departments or relevant authorities (41%) and seeking advice on how to resolve the problem (20%). About 22% of the incidents were taken to court or tribunal.

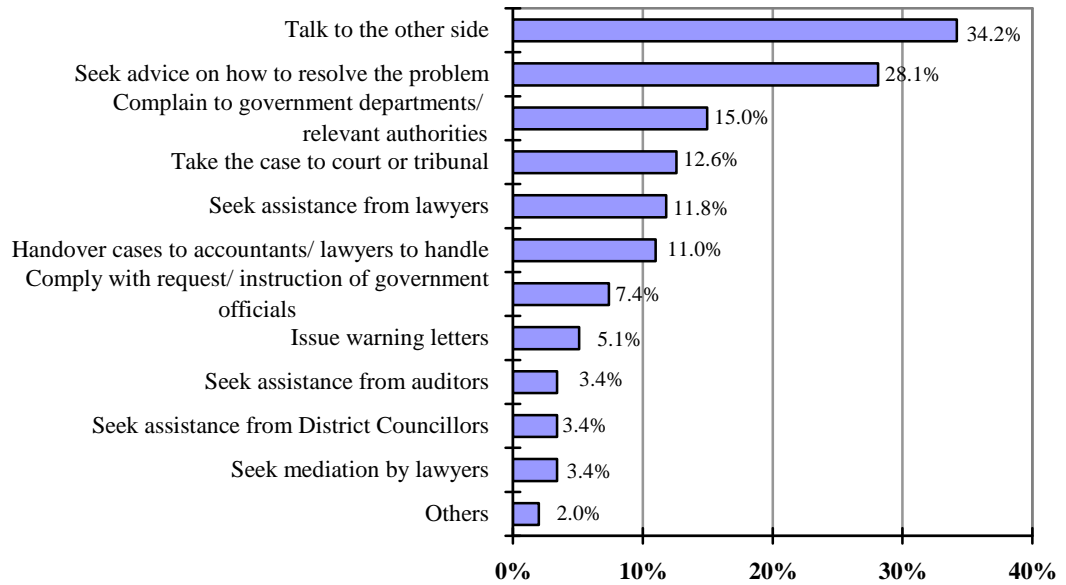
Percentage of incidents related to injuries or health problems suffered by employees with actions taken by types of actions



Government departments or government officials

5.14 For incidents related to government departments or government officials, the actions taken were mainly talking to the other side (accounting for 34% of incidents concerned) and seeking advice on how to resolve the problem (28%). About 13% were taken to court or tribunal, and complaints were made to government departments or relevant authorities for 15% of the incidents.

Percentage of incidents related to government departments/ officials with actions taken by types of actions

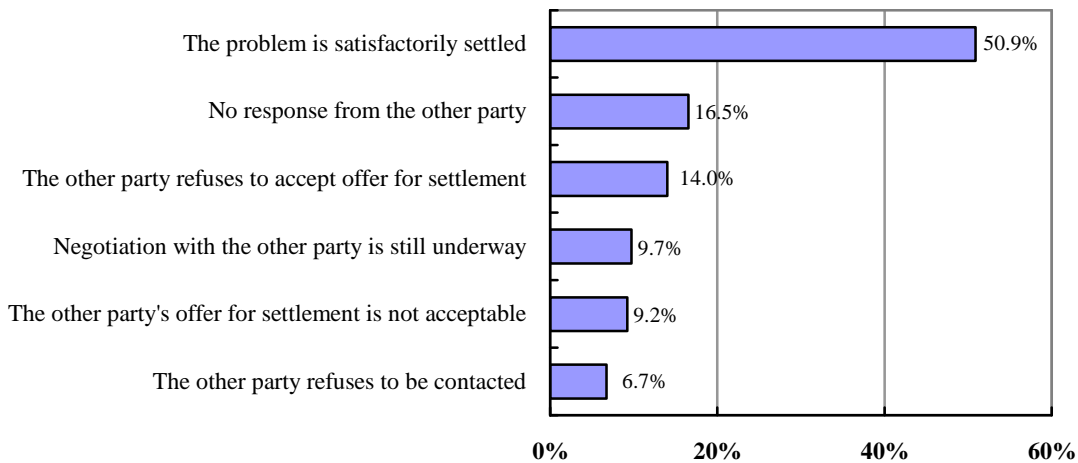


(Multiple response; Base: 30)

Contacts with the other parties

5.15 For 96% of incidents with actions taken, the companies concerned had attempted to contact the other parties through various means. For these cases, slightly more than half (51%) were satisfactorily settled. The others were not settled because negotiation was still going on, or that the other parties had no response after having been contacted, refused to be contacted or to accept the offer, or made counter-offers which were not acceptable.

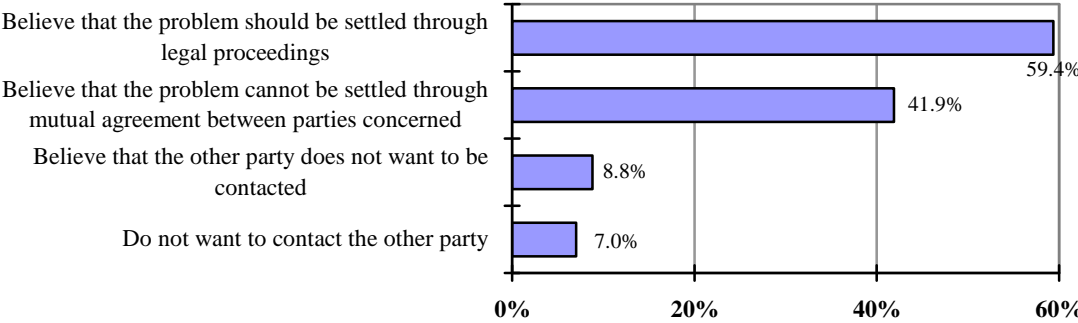
Percentage of incidents with other party contacted by outcomes



(Multiple response; Base: 921)

5.16 For the remaining 4% of incidents where the companies concerned had not attempted to contact the other parties, the reasons were mainly that it was believed that the problems had to be settled by legal proceedings (accounting for 59% of incidents involved), or that the problems could not be settled through mutual agreement between parties concerned (42%).

Percentage of incidents with other party not contacted by reasons for not contacting

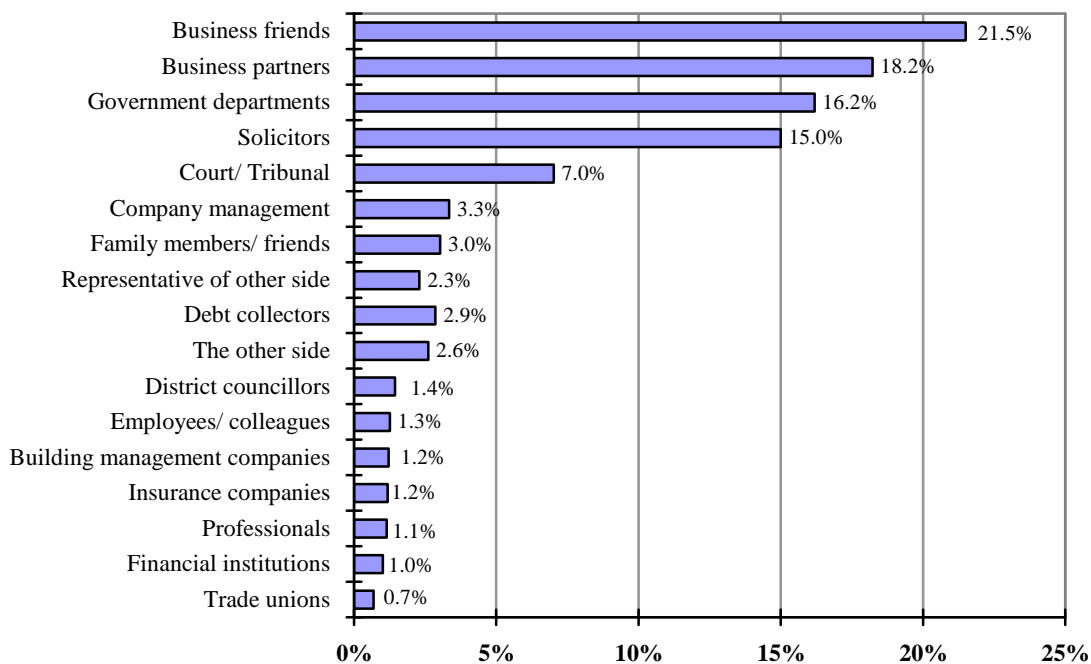


(Multiple response; Base: 38)

Help seeking behaviour

5.17 In trying to solve the problems or disputes, the companies concerned usually tried to contact their business friends first (accounting for 22% of incidents), or their business partners (18%), government departments (16%) or solicitors (15%).

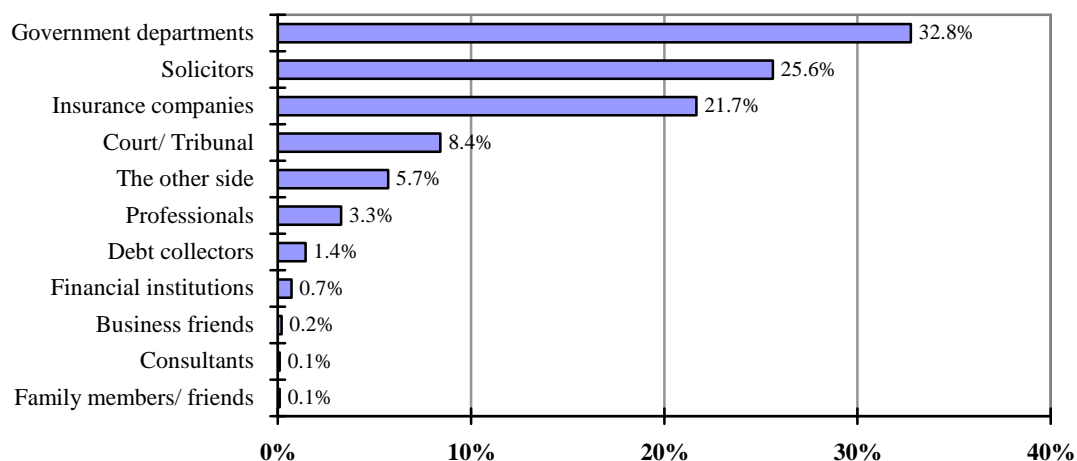
**Percentage distribution of incidents by the first party
the companies tried to contact for assistance**



(Base: 210)

5.18 As regards the second party the companies tried to contact for assistance, they usually approached government departments (accounting for 33% of incidents), solicitors (26%) or insurance companies (22%).

**Percentage distribution of incidents by the second party
the companies tried to contact for assistance**



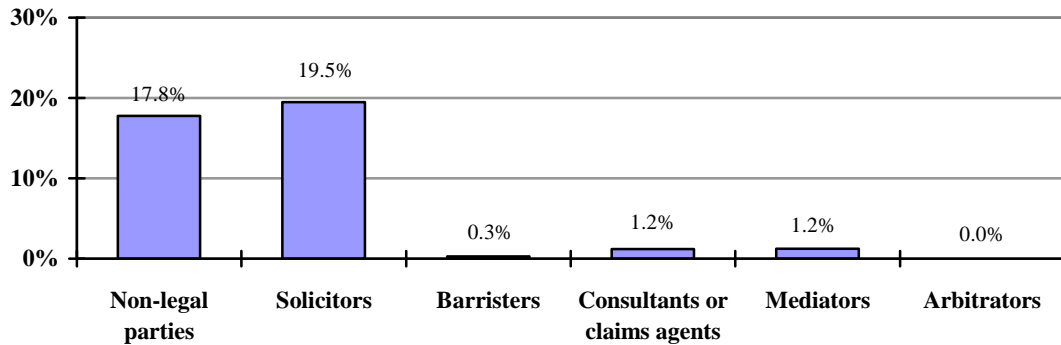
(Base: 45)

As for the third party, the companies more commonly tried to approach government departments, debt collectors, insurance companies and the representative of the other side.

Assistance obtained from outside parties

5.19 Of the incidents with actions taken, about one third (34%) had obtained some assistance from outside parties, including e.g. non-legal personnel or organisations, solicitors, barristers, consultants or claims agents, and mediators and arbitrators.

Percentage of incidents with actions taken and with assistance obtained by parties

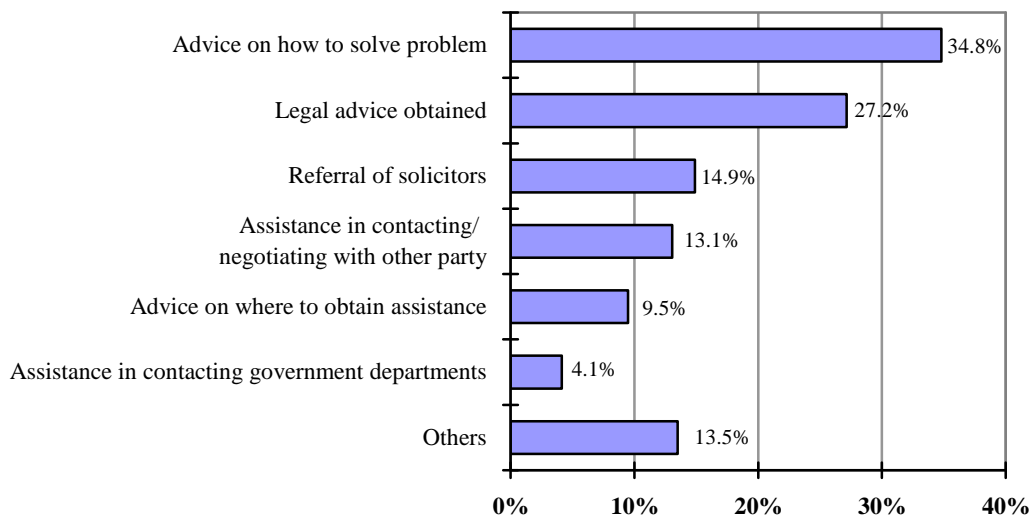


(Multiple response; Base: 960)

Non-legal personnel or organisations

5.20 For only about 18% of the incidents with actions taken, assistance was obtained from non-legal personnel or organisations such as business friends or individuals who were not lawyers, and organisations such as insurance companies and relevant government departments (e.g. Labour Department). For about 35% of these incidents, advice was provided on how to solve the problems. For about 27%, legal advice was obtained. Assistance in referral of solicitors was obtained for about 15% of incidents and assistance in contacting/ negotiating with the other party, 13%.

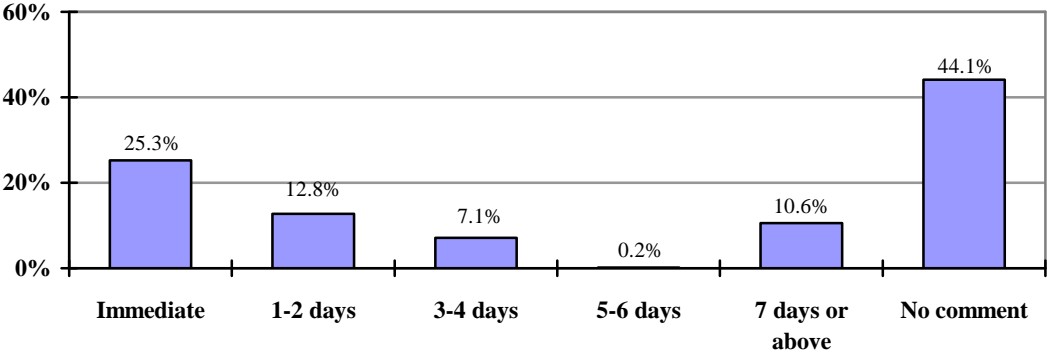
Percentage of incidents with assistance obtained from non-legal parties by types of assistance provided



(Multiple response; Base: 183)

5.21 The companies were able to obtain immediate assistance from parties contacted for about 25% of these incidents, and another 20% within 1-4 days. For about 11%, however, the companies had to wait for 7 days or more before getting assistance.

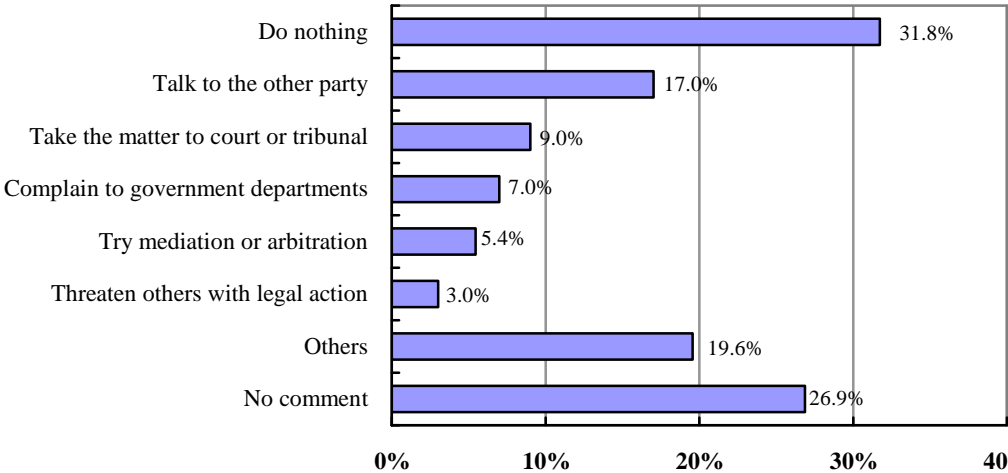
Percentage distribution of incidents by waiting time required before obtaining assistance from parties contacted



(Base: 208)

5.22 For about 32% of the incidents assisted, the follow-up action suggested was to “do nothing”. For about 17% of incidents, the companies were suggested to “talk to the other side”. Other follow-up actions suggested by people consulted were to “take the matter to court or tribunal” (accounting for 9% of incidents concerned), “complain to government departments” (7%), “try mediation or arbitration” (5%), or to “threaten other side with legal actions” (3%).

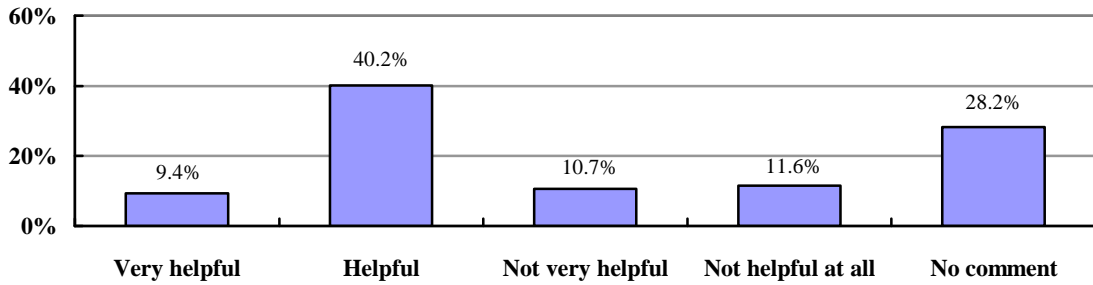
Percentage of incidents by types of follow-up actions suggested by contacted parties



(Multiple response; Base: 183)

5.23 For about half of the incidents, the companies concerned considered the assistance provided helpful or very helpful. On the other hand, for about 22%, the companies found the assistance not very helpful or not helpful at all.

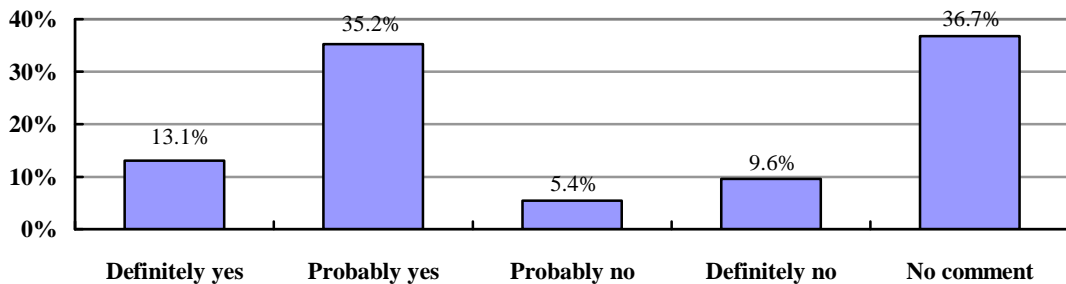
**Percentage distribution of incidents
by whether advice or assistance helpful**



(Base: 208)

5.24 In 48% of the incidents, the companies concerned would definitely or probably recommend other companies facing similar situations to seek assistance from non-legal personnel or organisations. On the other hand, in about 15% of incidents, the companies concerned would not recommend seeking assistance from these parties.

**Percentage distribution of incidents by whether would recommend
other companies to seek assistance from parties consulted**

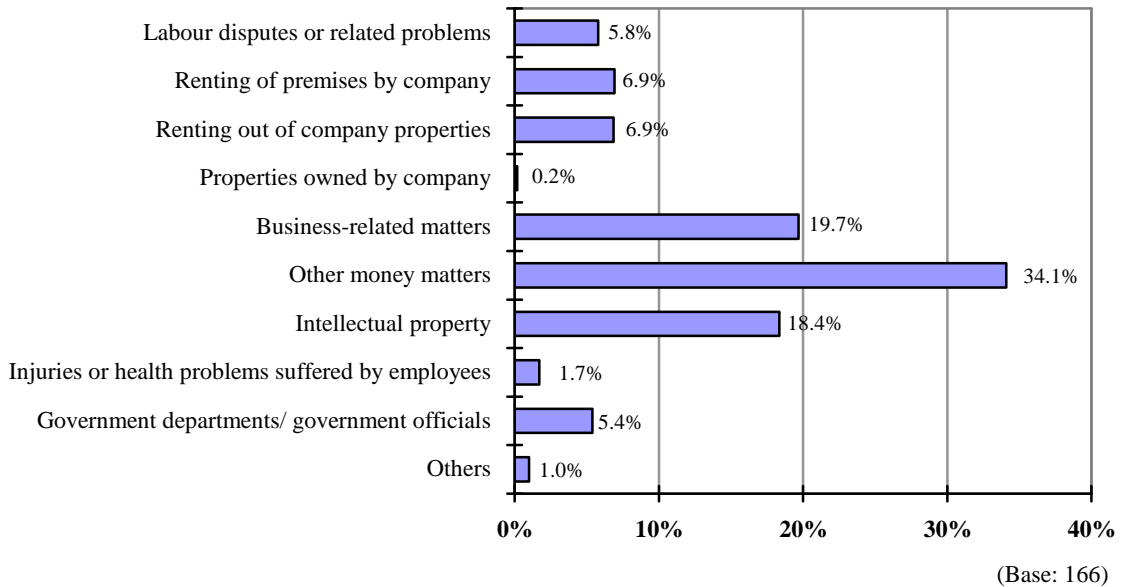


(Base: 208)

Solicitors

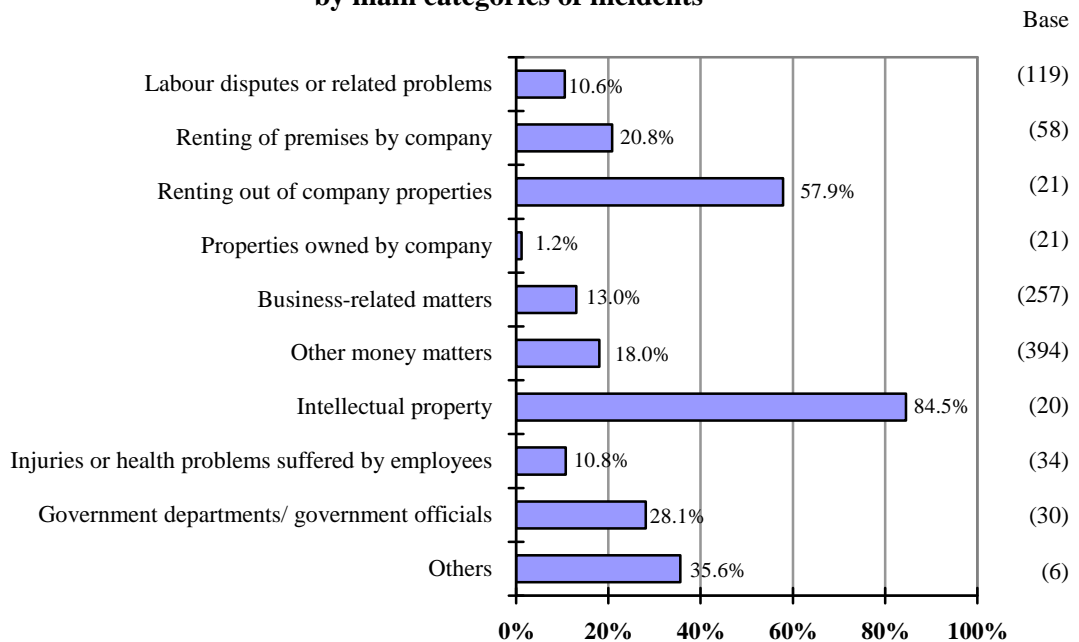
5.25 For about 20% of the incidents with actions taken, assistance from solicitors was obtained by the companies. An overall profile of these incidents is as follows:

**Percentage distribution of incidents with solicitors' assistance
by main categories of incidents**



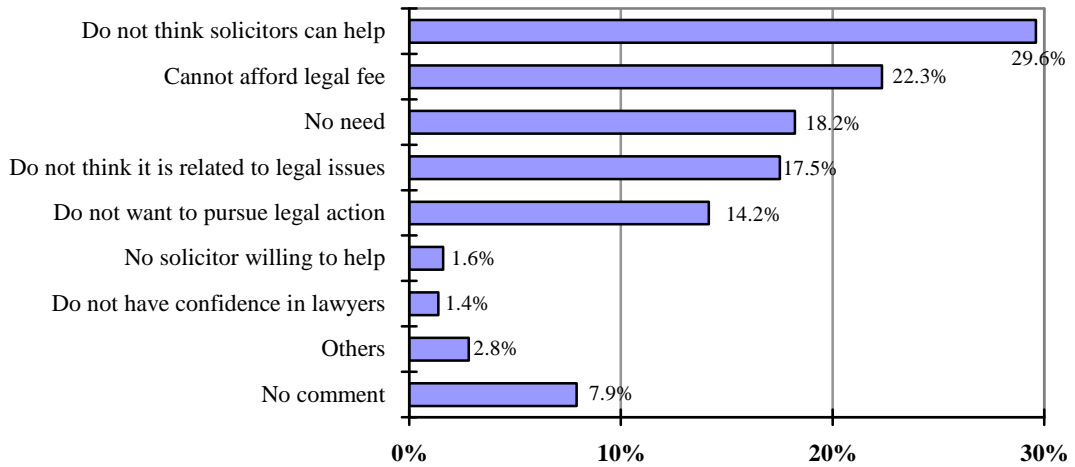
5.26 The proportion of incidents with solicitors' assistance was higher for incidents related to intellectual property (accounting for 85% of such incidents), renting out of company properties (58%), and government departments/ government officials (28%).

**Percentage of incidents with solicitors' assistance
by main categories of incidents**



5.27 For the remaining 80% of incidents, the reasons for not seeking assistance or advice from solicitors were mainly that the companies “did not think solicitors could help” (accounting for 30% of incidents concerned), “could not afford legal fee” (22%), “had no need” (18%), “did not think it was related to legal issues” (18%) or “did not want to pursue legal actions” (14%).

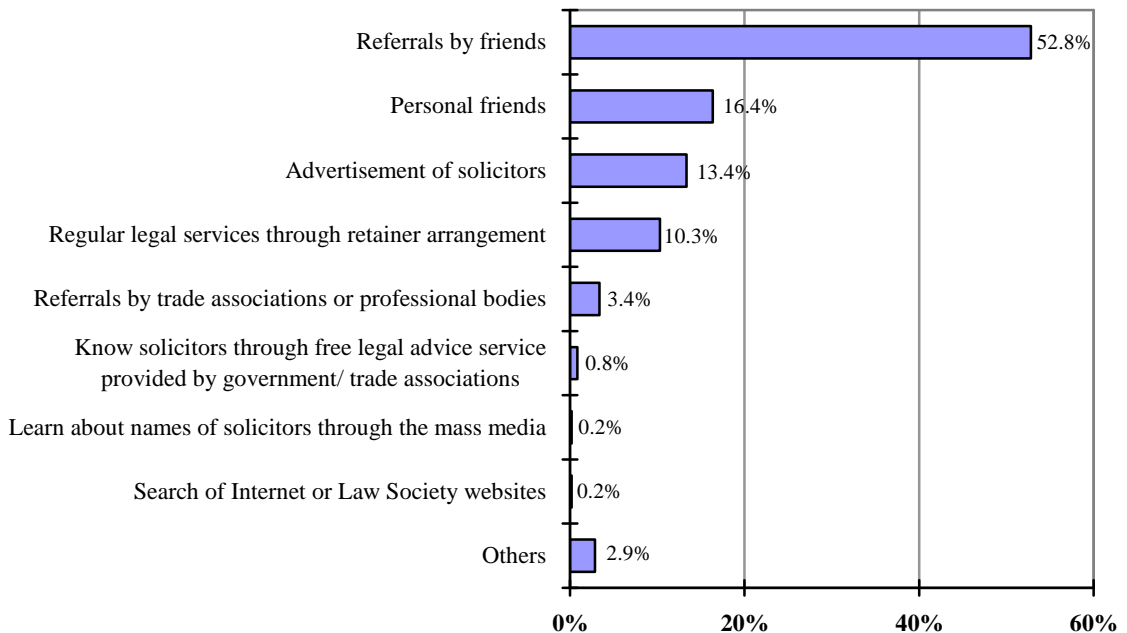
Percentage of incidents for which solicitors' assistance not obtained by reasons



(Multiple response; Base: 788)

5.28 For incidents with assistance from solicitors, the main channel for finding the solicitors was “referrals by friends”, accounting for 53% of incidents concerned. For about 16% of incidents, the solicitors were personal friends of the companies’ staff. Advertisement of solicitors accounted for 13% of the incidents and retainer service arrangements represented 10%.

Percentage of incidents with solicitors' assistance by channels of finding solicitors

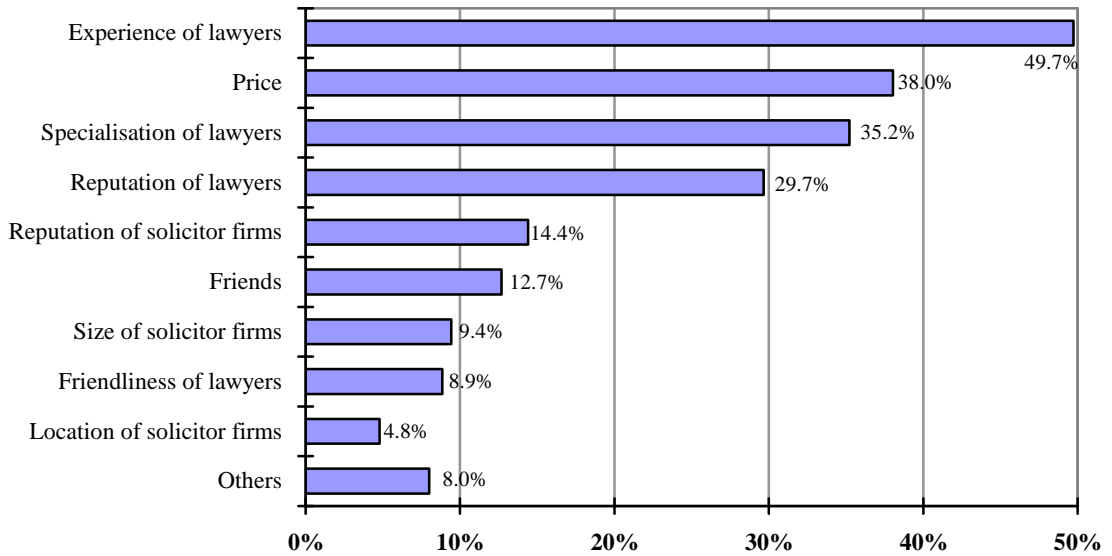


(Multiple response; Base: 166)

5.29 For these incidents, the main factors affecting the choice of solicitors were the experience of the lawyers (accounting for 50% of incidents concerned), price (38%),

specialisation of lawyers (35%) and reputation of lawyers (30%). Factors like location of solicitor firms, friendliness of lawyers and size of solicitor firms were less frequently cited factors.

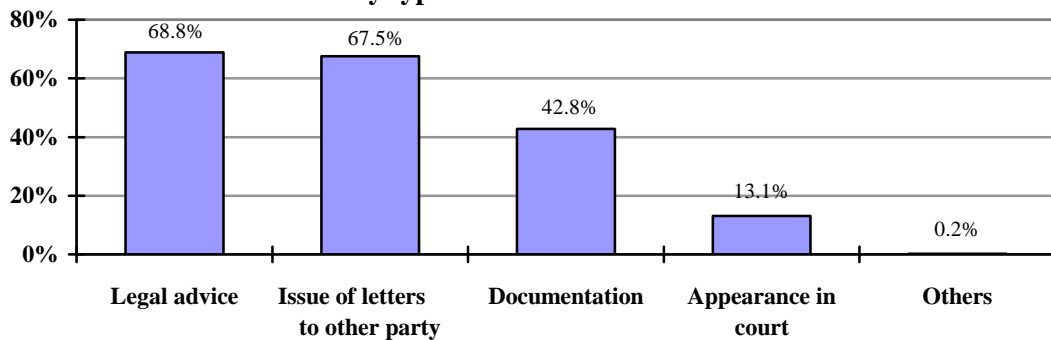
Percentage of incidents with solicitors' assistance by factors affecting choice of solicitors



(Multiple response; Base: 166)

5.30 As regards the types of assistance or advice obtained, legal advice and issue of letters to other party accounted for more than half (69% and 68% respectively), while assistance in documentation accounted for 43%. For about 13% of the incidents, assistance in appearance in court was obtained.

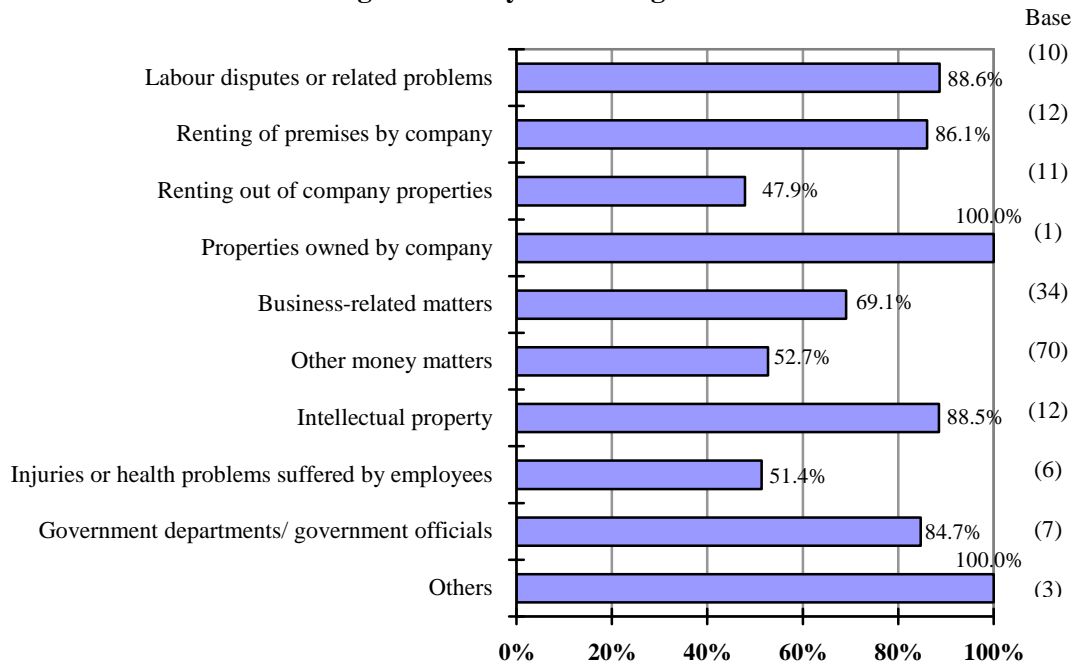
Percentage of incidents with solicitors' assistance/ advice obtained by types of assistance/ advice



(Multiple response; Base: 166)

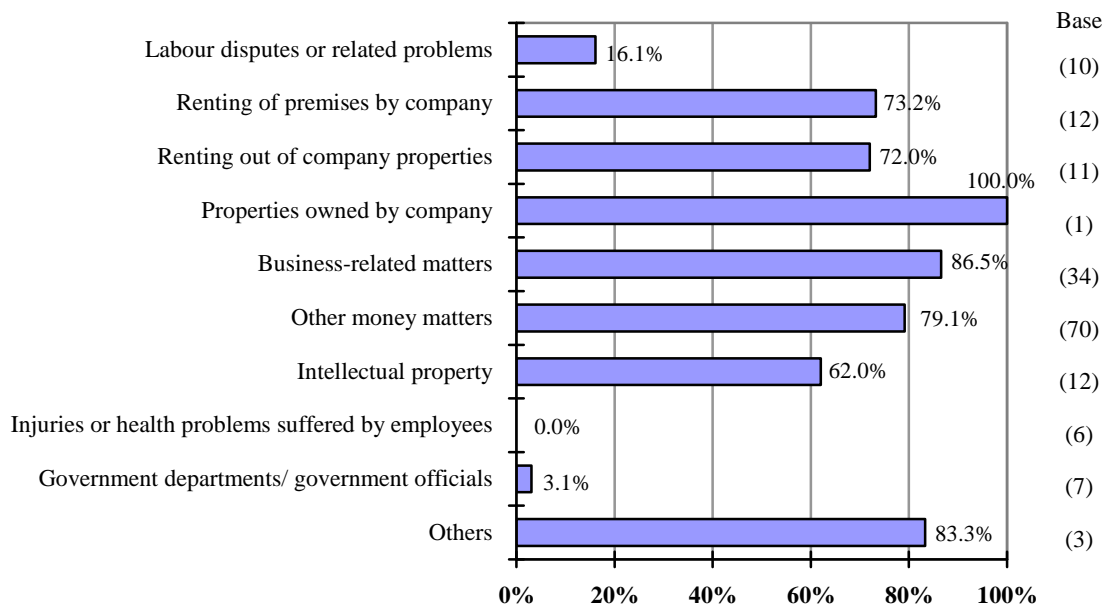
5.31 The percentage of incidents with assistance obtained from solicitors in the form of legal advice was higher for those related to properties owned by company (100%), labour disputes or related problems (89%) and intellectual property (89%).

**Percentage of incidents with solicitors' assistance
in the form of legal advice by main categories of incidents**

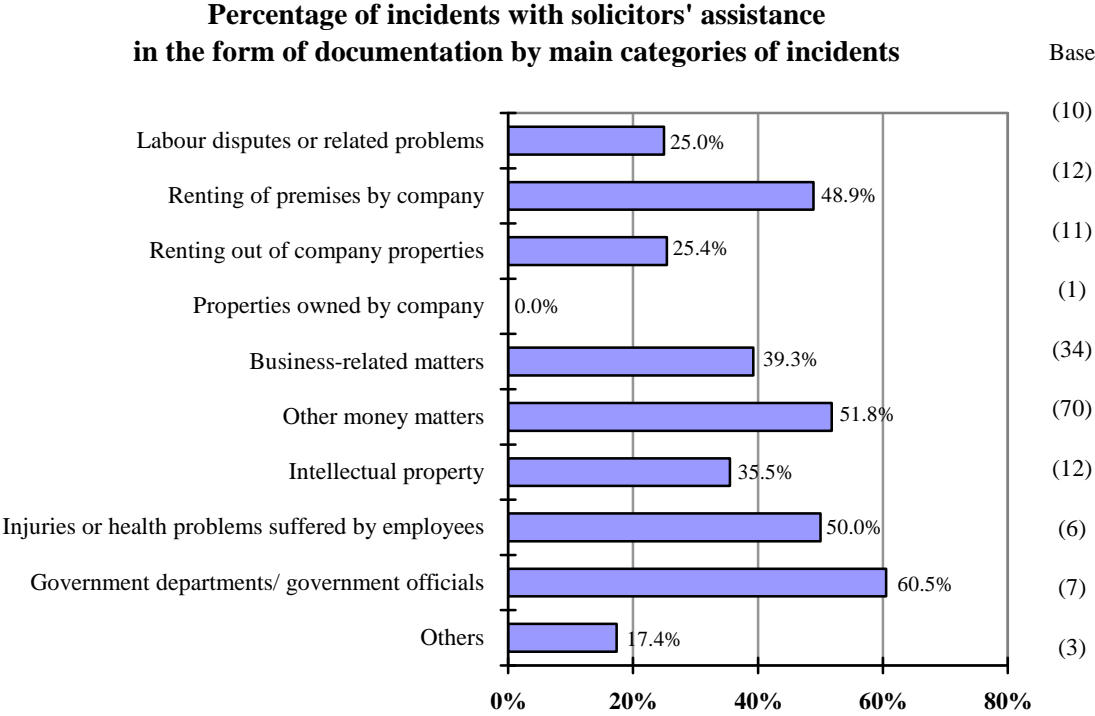


5.32 The percentage of incidents with assistance obtained in the form of issuing solicitor's letter to the other side was higher for those related to properties owned by company (100%), business-related matters (87%), and other money matters (79%).

**Percentage of incidents with solicitors' assistance in the form of
issuing letter to other side by main categories of incidents**

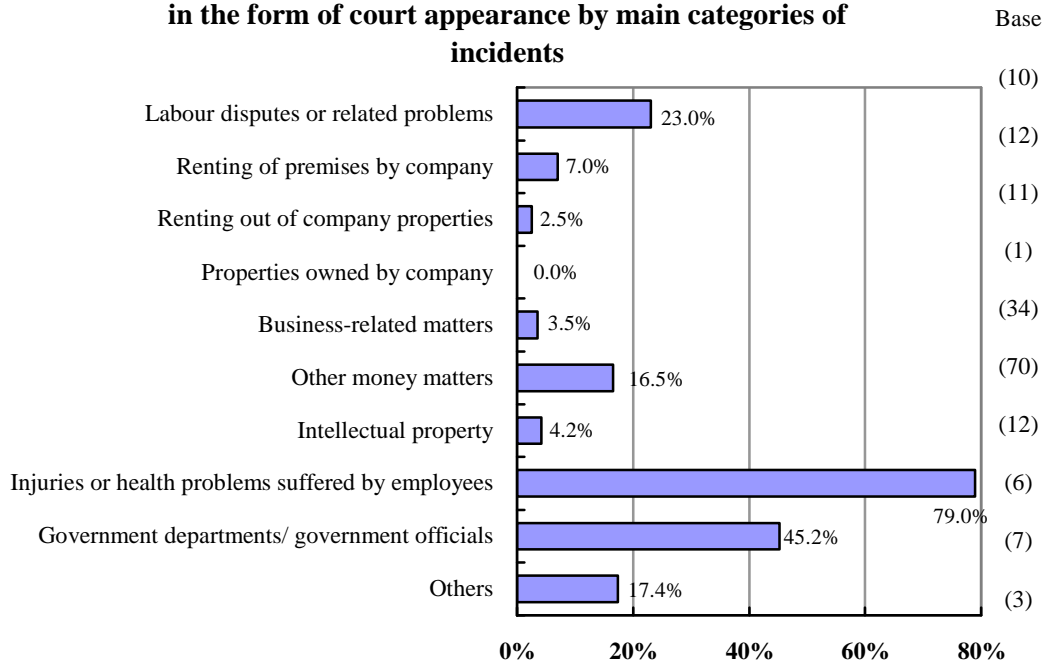


5.33 The percentage of incidents with solicitors' assistance obtained in the form of documentation was higher for those involving government departments/ government officials (61%), other money matters (52%), and injuries or health problems of employees (50%).



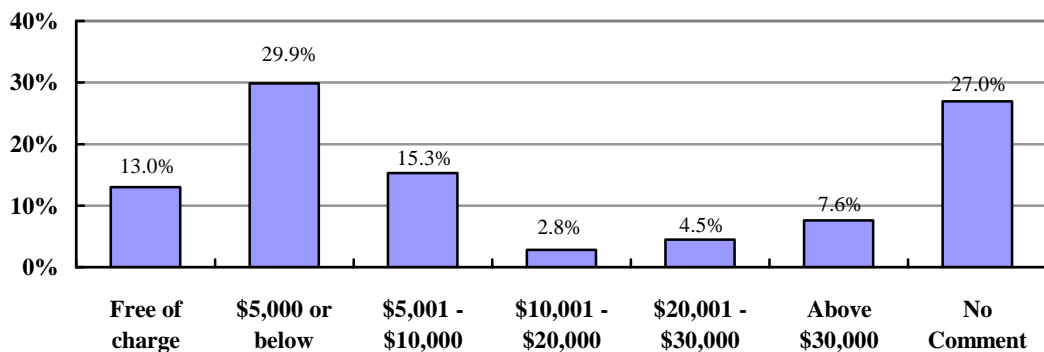
5.34 The percentage of incidents with solicitors' assistance obtained in the form of appearance in court was higher for those involving injuries or health problems of employees (79%), government departments or government officials (45%), labour disputes or related problems (23%) and other money matters (17%).

**Percentage of incidents with solicitors' assistance
in the form of court appearance by main categories of
incidents**



5.35 For incidents with assistance from solicitors, the companies were charged on average \$11,650. The average charge was higher, at \$60,340, if the service of barristers was also used, and was lower if no barristers were involved, at \$11,300. In about 13% of the incidents, the service was provided free of charge. For another 45%, the amount charged by solicitors was \$10,000 or below, and for 7%, between \$10,001-30,000. More than \$30,000 was charged for about 8% of the incidents

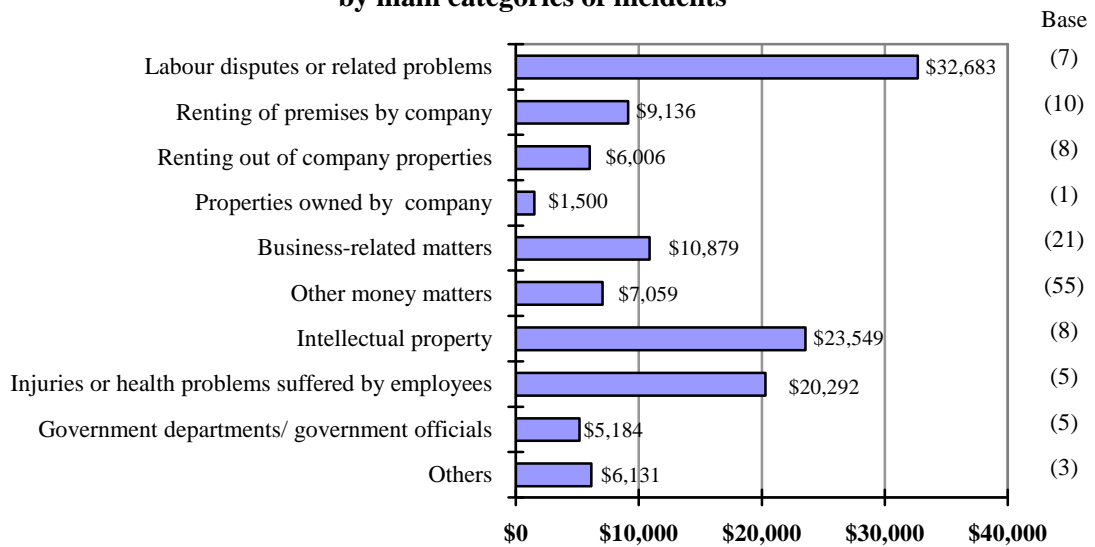
**Percentage distribution of incidents
by amount of legal fees charged by solicitors**



(Base: 166)

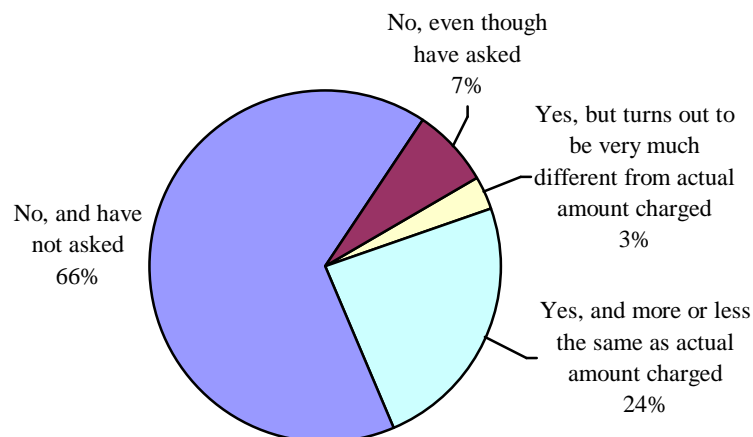
5.36 For these incidents, the average amount charged by solicitors was higher for incidents related to labour problems (at \$32,680), intellectual property (\$23,550) and injuries or health problems suffered by employees (\$20,290).

**Average amount of legal fee charged by solicitors
by main categories of incidents**



5.37 For about 66% of the incidents, the companies concerned did not know how the legal fee was calculated and had not asked for such information. For a further 7% of incidents, the companies concerned did not know how the legal fee was calculated even though they had asked for the information. For about 24% of incidents, the companies concerned knew how the legal fee was calculated, and the actual amount turned out to be more or less the same as originally estimated. On the other hand, for a small proportion of incidents (3%), the companies concerned knew how the fee was calculated, but the actual amount charged turned out to be very much different from what was originally calculated.

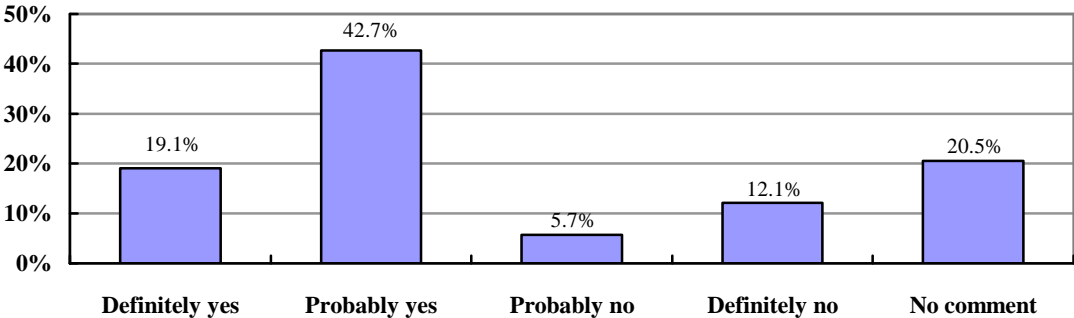
**Percentage distribution of incidents with solicitors' assistance
by whether knowing how legal fee calculated**



(Base: 166)

5.38 For more than half (62%) of the incidents, the companies concerned would definitely or probably recommend the solicitors they had consulted to other companies facing similar situations. About 12% would definitely not and a further 6% would probably not recommend their solicitors similarly.

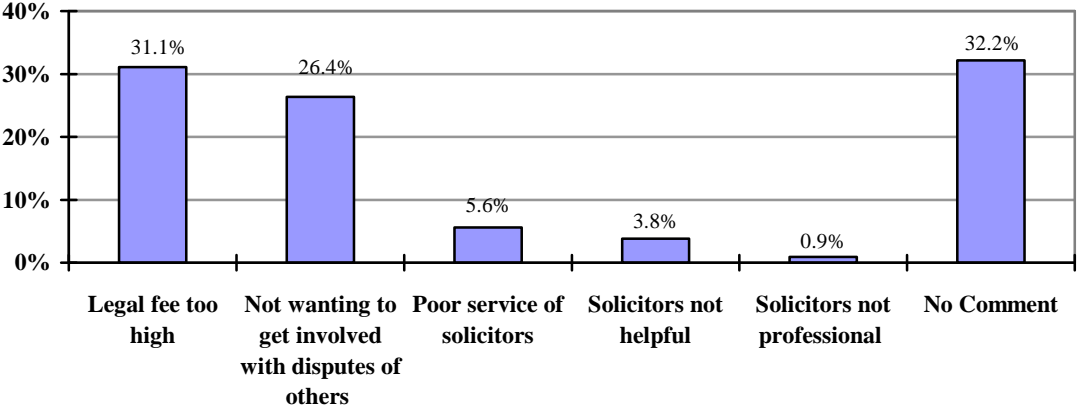
Percentage distribution of incidents with solicitors' assistance by whether would recommend solicitors to other companies



(Base: 166)

5.39 For the incidents in which the companies concerned would definitely or probably not recommend their solicitors to other companies, the main reasons were that they considered the legal fee was too high (accounting for 31% of incidents concerned) and that they did not want to get involved with disputes of other companies (26%). Poor service of solicitors accounted for only 6% of the incidents concerned.

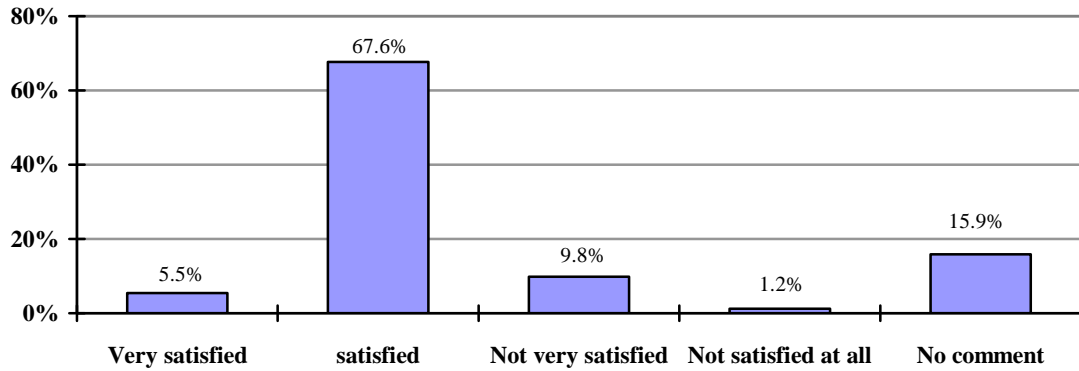
Percentage distribution of incidents in which companies would not recommend the solicitors to other companies by reasons



(Base: 33)

5.40 For 73% of the incidents, the companies concerned were very satisfied or satisfied with the services provided by the solicitors. Only about 11% were not satisfied or not very satisfied.

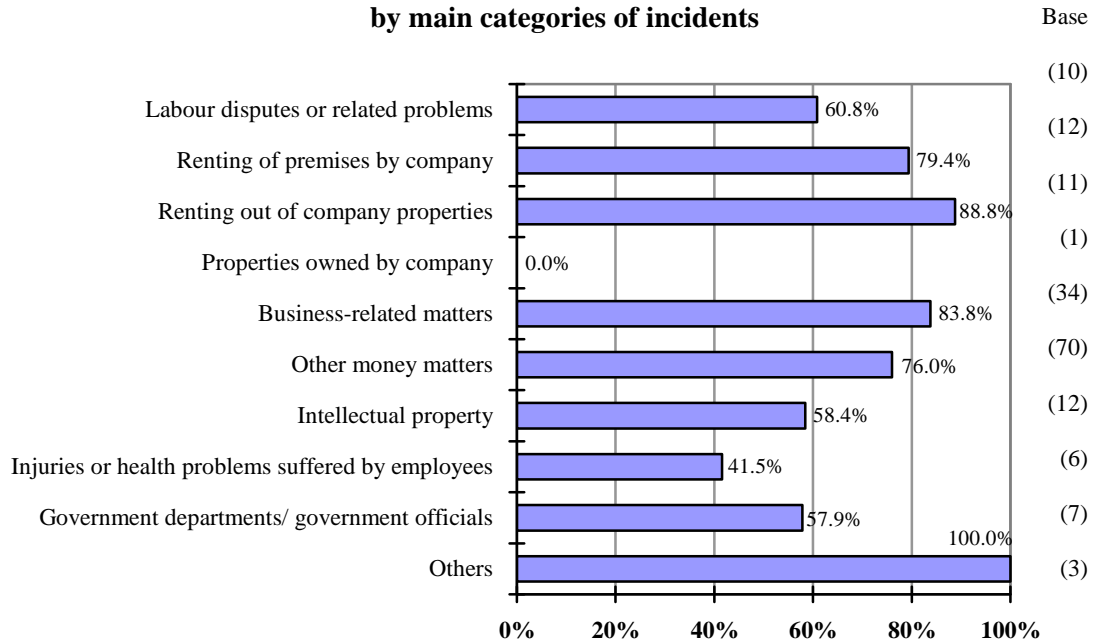
**Percentage distribution of incidents with solicitors' assistance
by whether satisfied with services of solicitors**



(Base: 166)

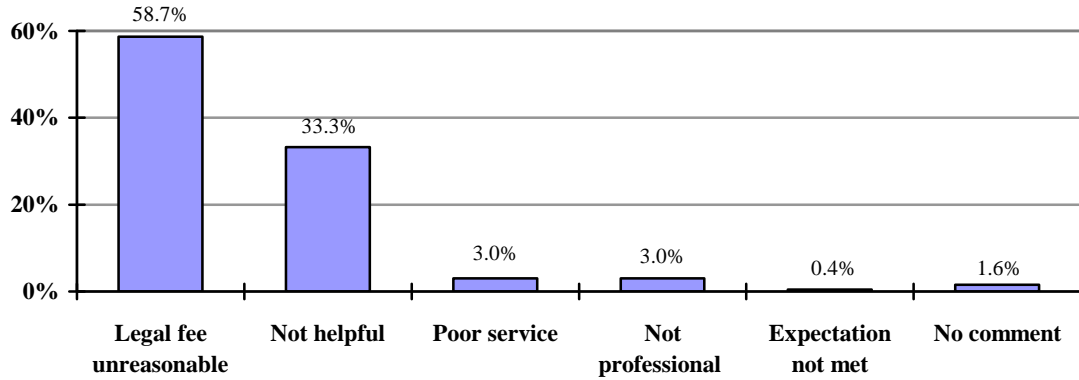
5.41 The proportion of incidents in which the companies concerned were very satisfied or satisfied with the services provided by the solicitors appeared higher for incidents related to renting out of company properties, business-related matters, renting of premises by company and other money matters.

**Percentage of incidents with solicitors' assistance in which companies
satisfied or very satisfied with services of solicitors
by main categories of incidents**



5.42 For incidents in which the companies concerned were not very satisfied or not satisfied at all with the services provided by the solicitors, the main reasons were that the legal fees were unreasonable (accounting for 59% of incidents concerned) or that the solicitors were not helpful (33%).

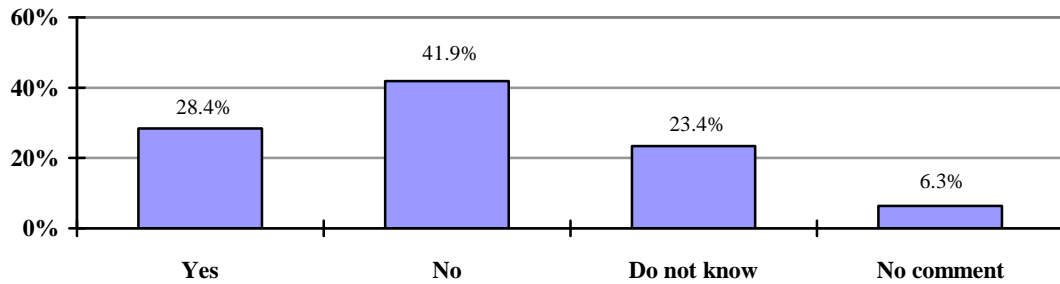
Percentage distribution of incidents for which companies not satisfied with services of solicitors by reasons



(Base: 21)

5.43 In about 28% of incidents with assistance from solicitors, the companies concerned indicated that the other side had also hired lawyers to help. For about 42% of incidents, the other side had not hired lawyers.

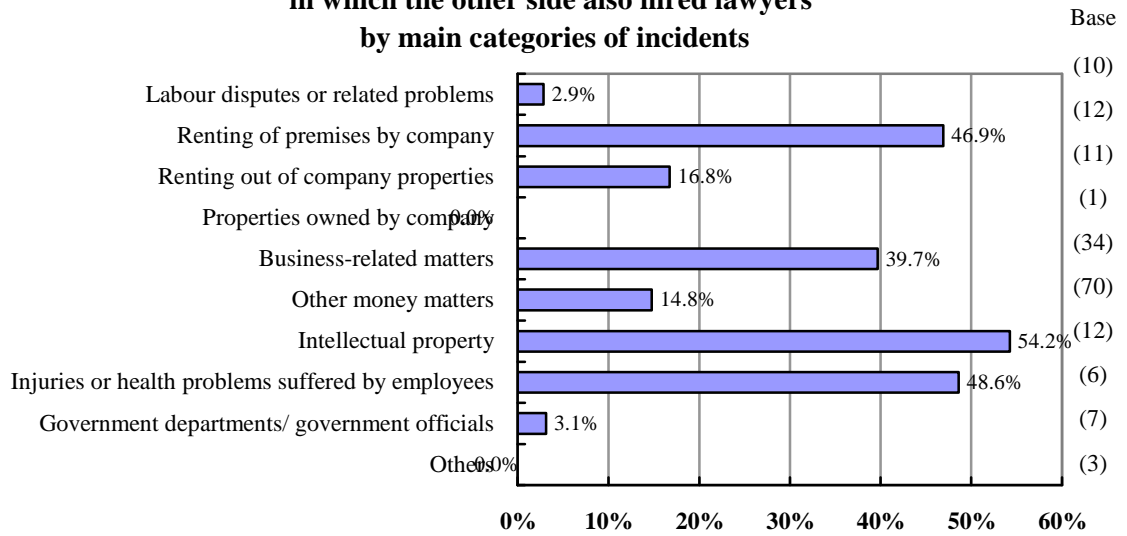
Percentage distribution of incidents with solicitors' assistance by whether the other side hired lawyers to help



(Base: 166)

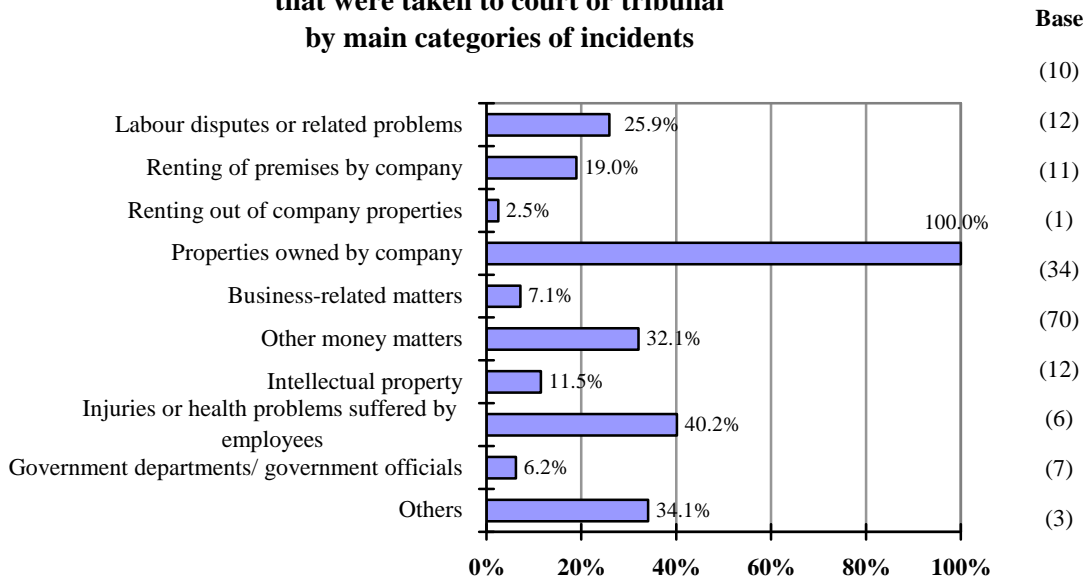
5.44 The percentage of incidents with solicitors' assistance in which the other side also hired lawyers was higher for those related to intellectual property (54%), injuries or health problems of employees (49%), and renting of premises by company (47%).

**Percentage of incidents with solicitors' assistance
in which the other side also hired lawyers
by main categories of incidents**



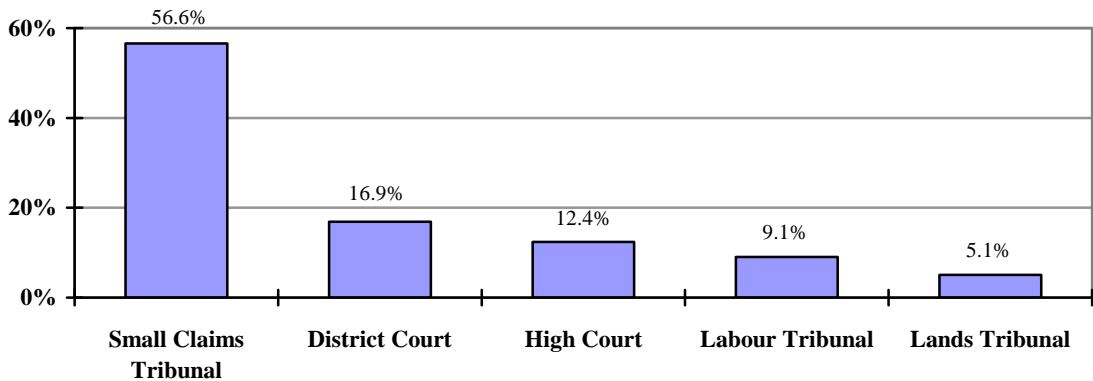
5.45 About 19% of incidents with assistance from solicitors were taken to court or tribunal. The percentage of incidents with assistance from solicitors that were taken to court or tribunal was higher for those related to properties owned by company (100%), injuries or health problems of employee (40%) and other money matters (32%).

**Percentage of incidents with solicitors' assistance
that were taken to court or tribunal
by main categories of incidents**



5.46 For these incidents, more than half (57%) were taken to the Small Claims Tribunal and another 14% to the Lands or Labour Tribunals. About 17% were dealt with at the District Court and the remaining 12% at the High Court.

Percentage distribution of incidents that were taken to court or tribunal by types of court or tribunal

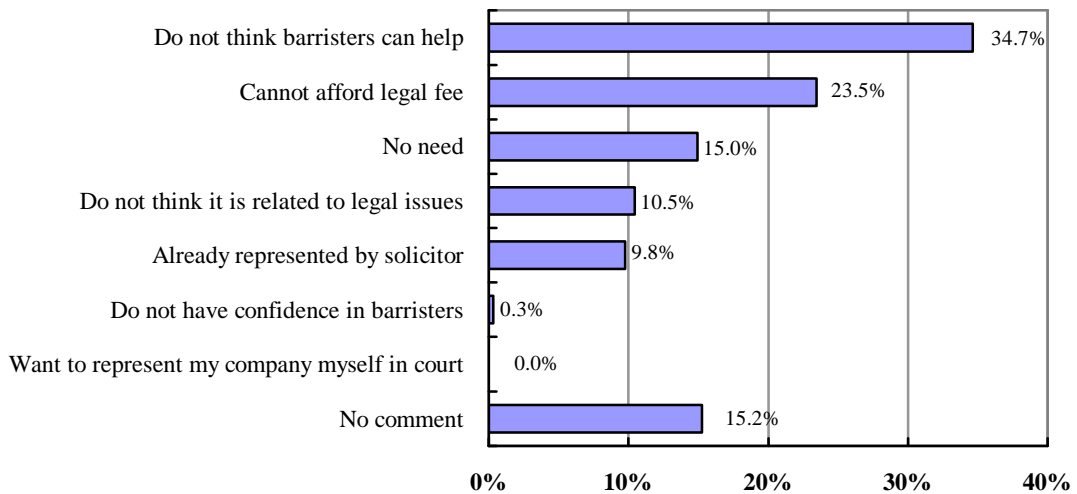


(Base: 44)

Barristers

5.47 In only about 0.26% of incidents with actions taken, the companies concerned were represented by barristers in court proceedings. For incidents that were taken to District Court or High Court, about 16% involved representation by barristers. For incidents with no assistance from barristers, the reasons were mainly that the companies did not think that barristers could help (accounting for 35% of incidents concerned), or they could not afford the legal fees (24%) or had no need (15%).

Percentage of incidents with no assistance from barristers by reasons



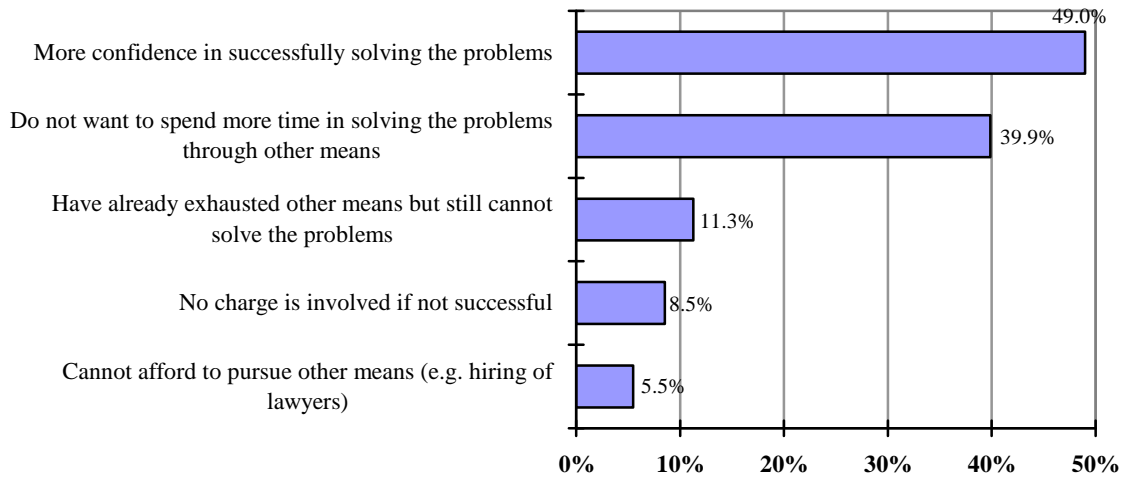
(Multiple response; Base: 949)

5.48 The key factors affecting the choice of barristers appeared to be the experience of the barristers and their specialisation. Price also seemed to be a factor in some incidents. The companies concerned appeared to be satisfied with the services provided by their barristers. Due to limited data availability, analysis at a more detailed level is not possible.

Consultants or claims agents

5.49 In only about 1.2% of incidents with actions taken, the companies concerned had used the services of consultants or claims agents. The bulk of such incidents (94%) were related to other money matters and the others were business-related matters. The reasons for using these services were mainly that the companies concerned had confidence that their use could successfully solve the problem (accounting for 49% of incidents concerned), or that the companies did not want to spend more time through other means (40%).

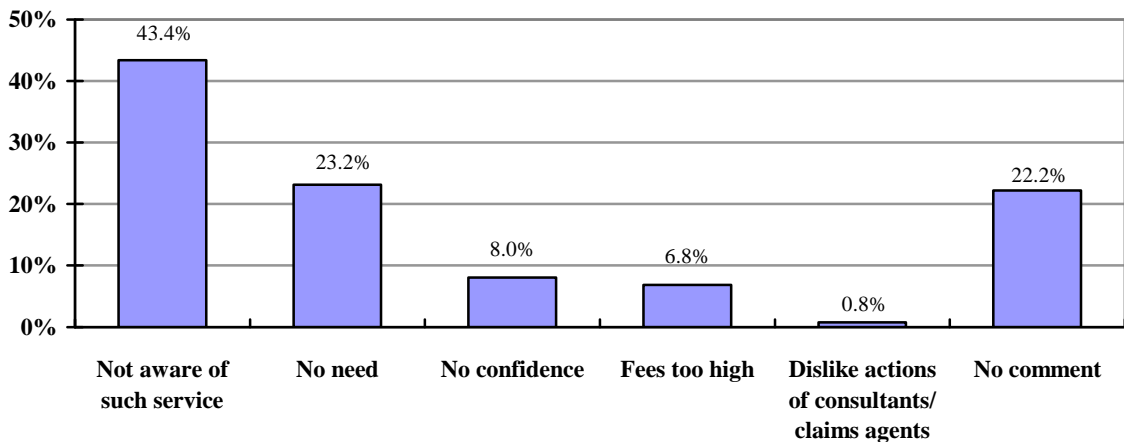
Percentage of incidents using consultants/ claims agents by reasons



(Multiple response, Base: 16)

5.50 For companies that did not use the services of consultants or claims agents, the reasons were not being aware of such services (accounting for 43% of incidents concerned), no need (23%), no confidence (8%) or the fees were too high (7%).

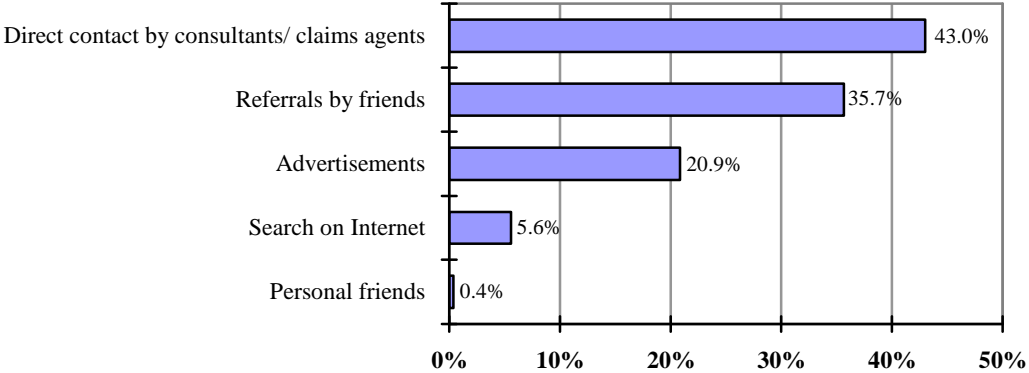
Percentage of incidents not using consultants/ claims agents by reasons



(Multiple response, Base: 936)

5.51 The channels of finding consultants or claims agents were mainly through direct contacts made by consultants or claims agents (accounting for 43% of incidents concerned), referrals by friends (36%) and advertisements (21%).

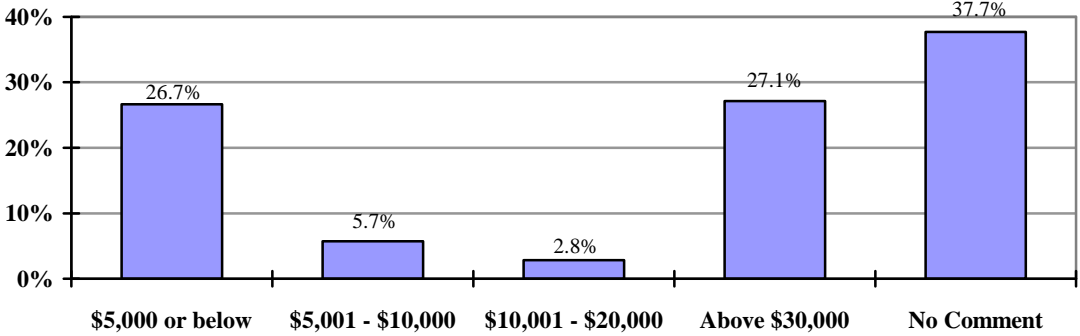
Percentage of incidents using consultants/ claims agents by channels of finding such services



(Multiple response, Base: 16)

5.52 The average fee charged by consultants or claims agents was \$35,590, and the median was \$10,000. About 27% of incidents were charged a fee of \$5,000 or less, while another 27% were charged a fee of more than \$30,000. For 44% of incidents, the companies concerned indicated that they knew how the fees were calculated, which was based on a percentage of money recovered. For the remaining 56%, the companies did not know how the fees were calculated.

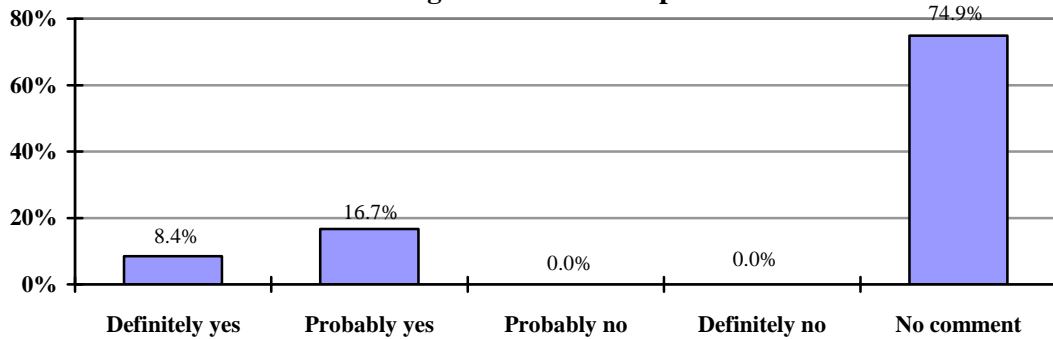
Percentage distribution of incidents using consultants/ claims agents by amount of fee charged



(Base: 16)

5.53 For about 75% of the incidents, the companies involved did not wish to comment whether they would recommend the consultants or claims agents they had used to other companies facing similar situations, while the others indicated they would definitely or probably recommend their consultants or claims agents to other companies.

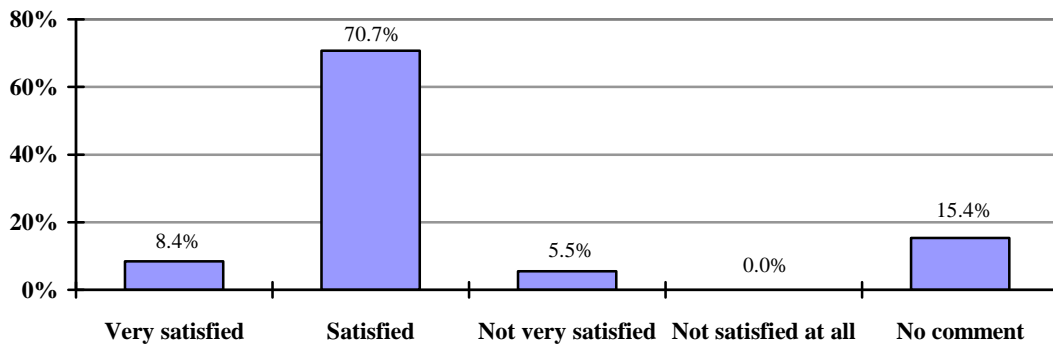
Percentage distribution of incidents that using consultants/claims agents by whether would recommend consultants/claims agents to other companies



(Base: 16)

Nevertheless, for most (79%) of the incidents in which consultants or claims agents were used, the companies concerned were satisfied or very satisfied with the services provided.

Percentage distribution of incidents that using consultants/claims agents by whether satisfied with services provided

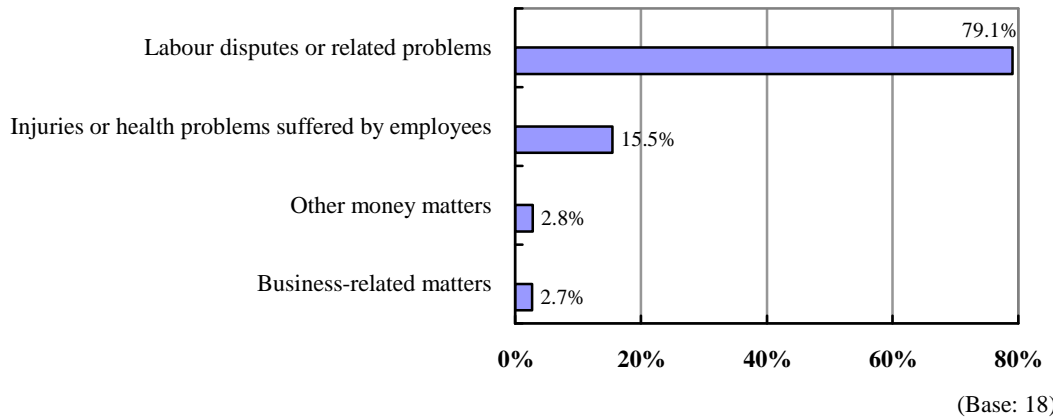


(Base: 16)

Mediators

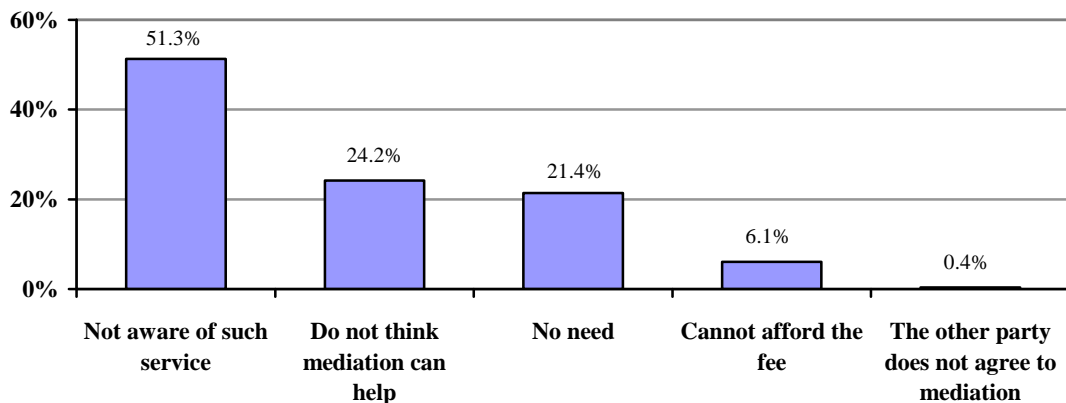
5.54 In only about 1.2% of incidents with actions taken, the companies concerned had used mediation services. Most (79%) of these were incidents concerning labour disputes or related problems, while a further 16% were related to employee injuries or health problems.

**Percentage distribution of incidents using mediation services
by main categories of incidents**



5.55 For companies that did not use mediation, the main reasons were not being aware of such services (accounting for 51% of incidents concerned), not believing mediation could help (24%) or there was no need (21%).

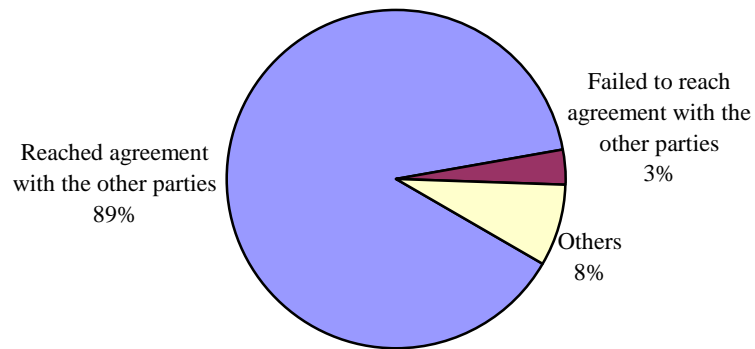
**Percentage of incidents not using mediation services
by reasons**



(Multiple response; Base: 881)

5.56 For the great majority (89%) of incidents in which mediation was used, agreement was reached with the other parties. Failure to reach agreement with the other parties only accounted for 3% of the incidents concerned.

**Percentage distribution of incidents that used mediation services
by outcomes of mediation**

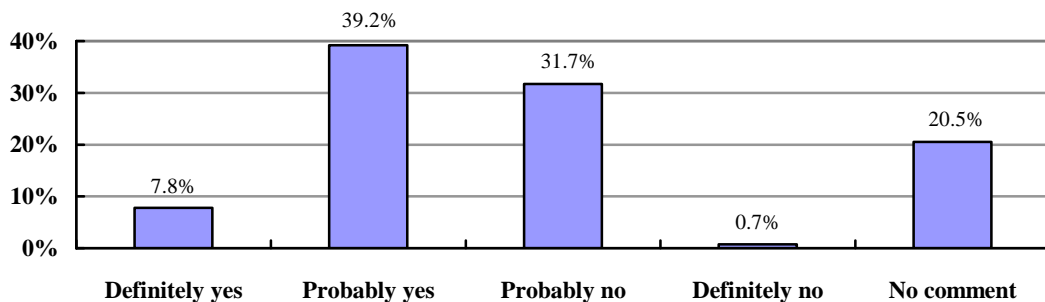


(Base: 18)

In most (68%) of the incidents, the companies concerned were not accompanied by anyone other than the mediators. For the remaining 32%, the companies were mainly accompanied by business friends.

5.57 For the great majority (97%) of incidents in which mediation was used, the services were provided free of charge. In slightly less than half (47%) of the incidents, the companies concerned would definitely or probably recommend the mediators whose services they had used to other companies facing similar situations. For a further 32%, the companies would not recommend their mediators to other companies.

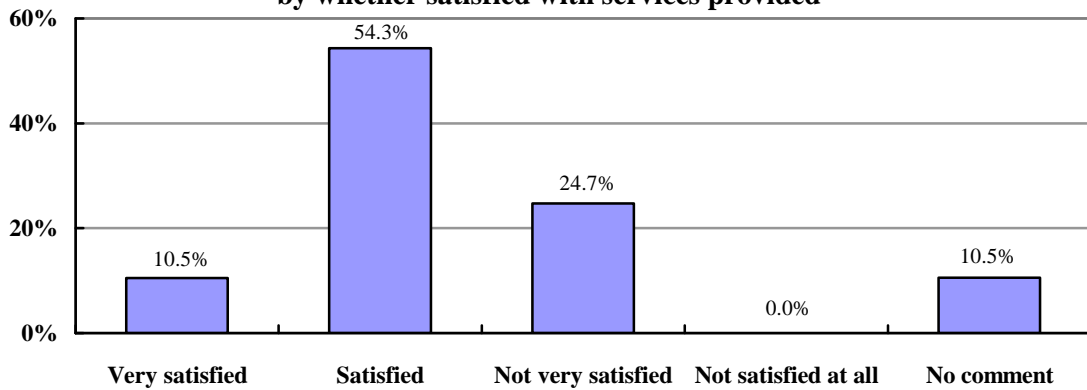
**Percentage distribution of incidents that used mediation services
by whether would recommend mediators to other companies**



(Base: 18)

5.58 In more than half (65%) of the incidents in which mediation was used, the companies concerned were satisfied or very satisfied with the services provided. For about 25% of incidents, the companies were not very satisfied.

Percentage distribution of incidents that used mediation services by whether satisfied with services provided

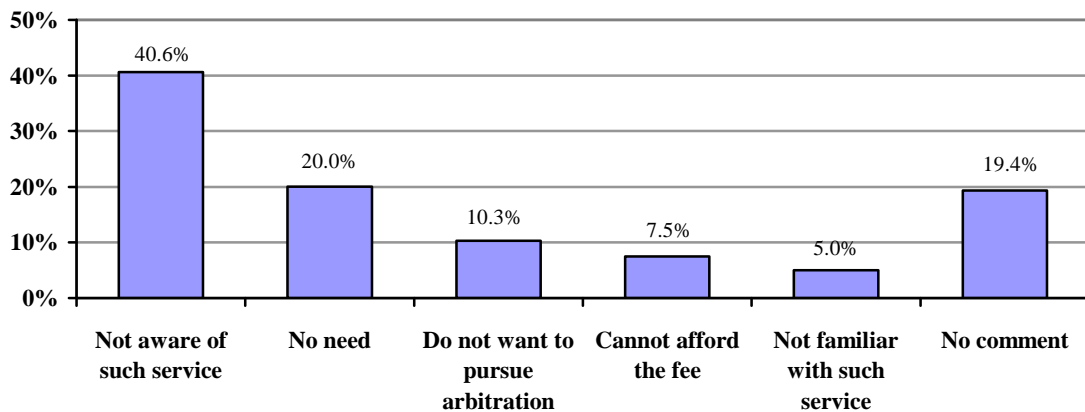


(Base: 18)

Arbitrators

5.59 No company indicated that they had used arbitration services. The main reasons for not using arbitration services were not being aware of such services (accounting for 41% of incidents concerned), no need (20%) and not wanting to pursue arbitration (10%). Not being able to afford the fees accounted for only 8%.

Percentage of incidents not using arbitration services by reasons



(Multiple response; Base: 951)

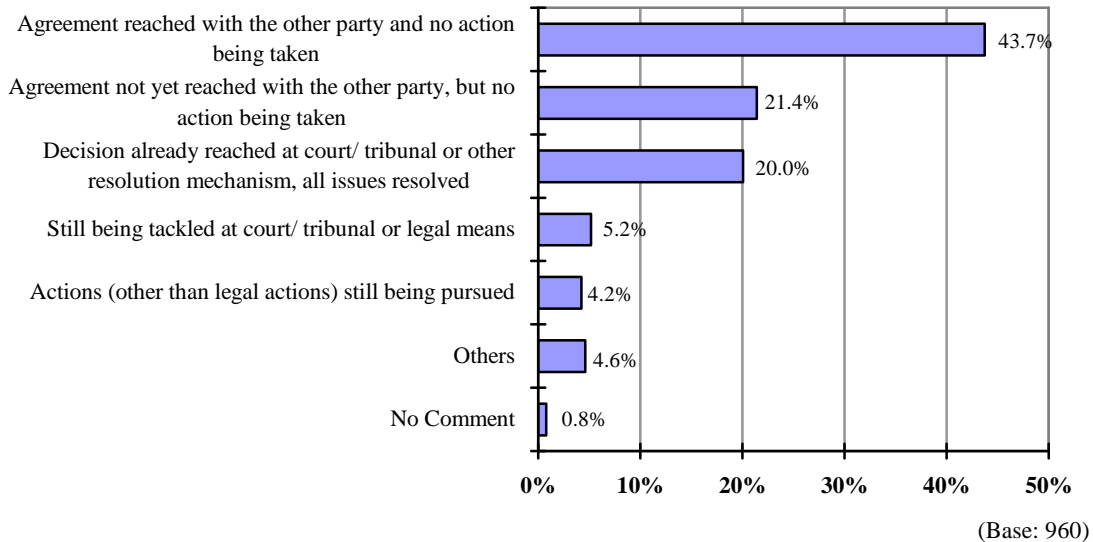
Outcome of actions taken to tackle difficult-to-solve problems or disputes

Current status

5.60 For the majority of incidents, no further action was being taken. For about 44% of incidents, agreement had been reached with the other parties and thus no action was being taken. For another 20% of incidents, decision had already been reached in court or tribunal, or through other resolution mechanism, with all issues resolved. For about

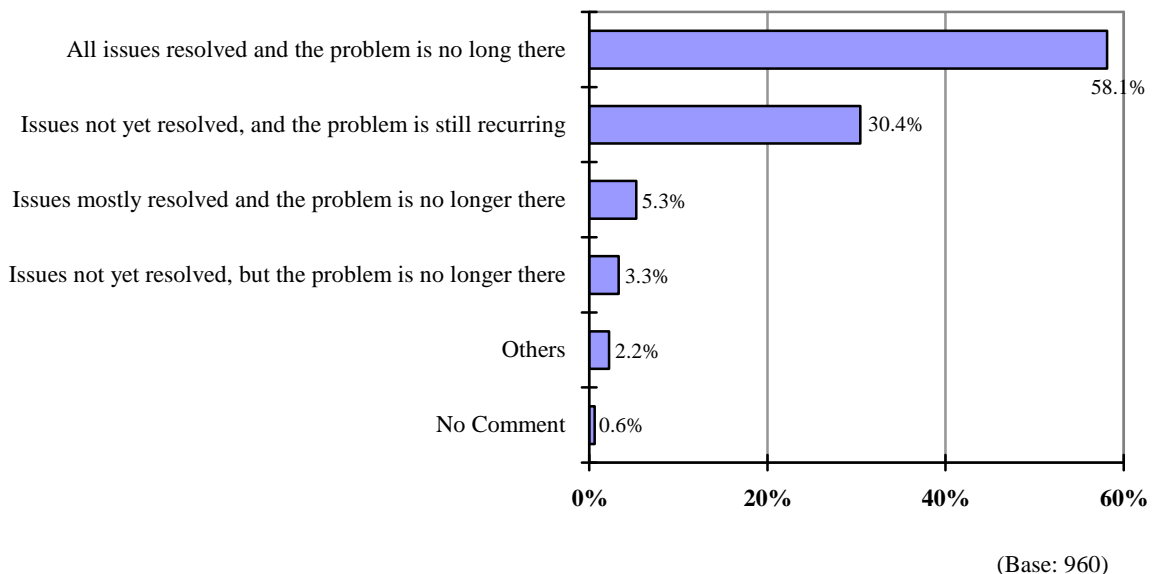
21% of incidents, although agreement had not yet been reached with the other parties, no action was being taken. For only about 9% of incidents, the issues were either being tackled in court or tribunal, or through other means.

Percentage distribution of incidents by current status of actions taken



5.61 As regards the problems or disputes that were being tackled, more than half (63%) had all or most issues resolved and the problems were no longer there. However, for 30% of the incidents, the issues had not yet been resolved and the problems were still recurring.

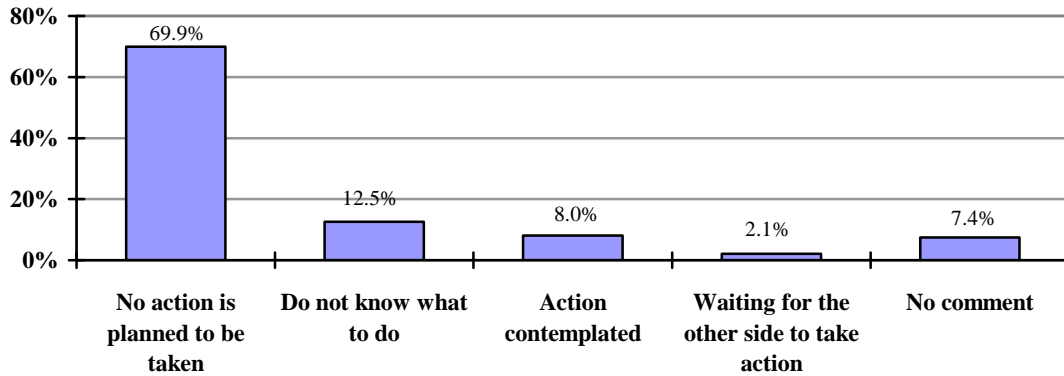
Percentage distribution of incidents by current status of problems



5.62 For the majority of incidents with actions taken (70%), the companies concerned were not planning to take any further follow-up actions. For another 13%, the companies

indicated they did not know what to do next. For only about 8% of incidents, the companies concerned were contemplating further actions, and for a further 2%, the companies were waiting the other side to take actions.

Percentage distribution of incidents by whether follow-up actions being taken

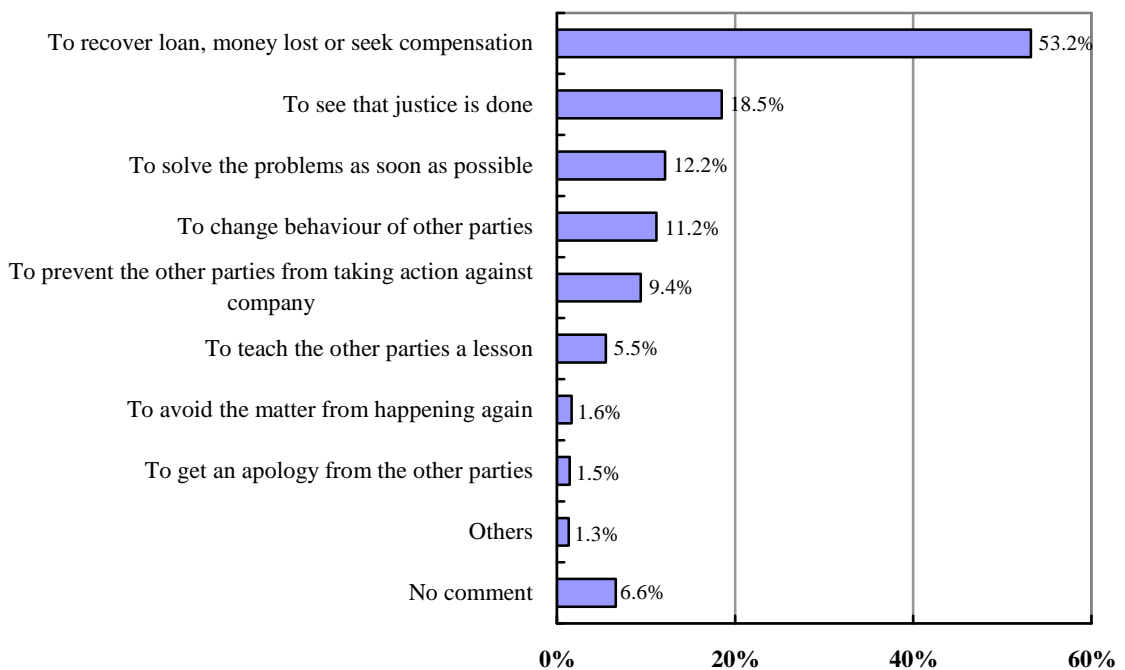


(Base: 960)

Whether objectives met

5.63 For more than half (53%) of the incidents, the objective of taking actions was to recover loan or money lost, or to seek compensation. For about 19% of incidents, action was taken to see that justice was done. Other major objectives were to solve the problems as soon as possible (12%), to change the behaviour of the other parties (11%), or to prevent the other parties from taking actions against the companies concerned (9%).

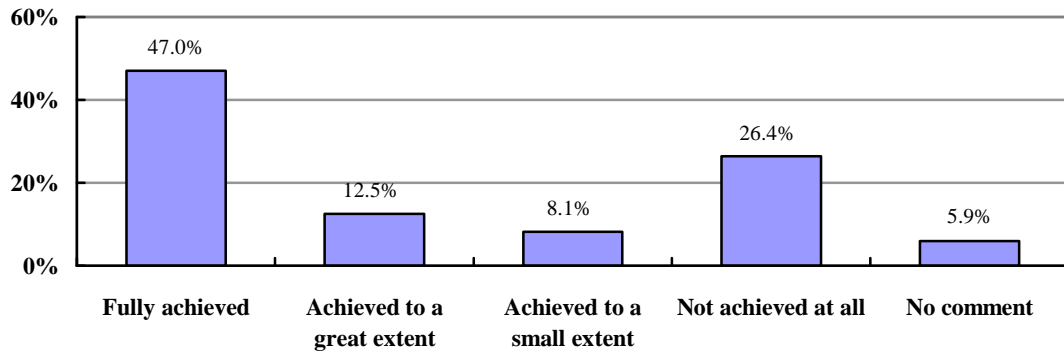
Percentage of incidents by objectives of taking actions



(Multiple response; Base: 960)

5.64 For more than half (60%) of the incidents, the objectives of taking actions were fully or largely achieved. On the other hand, for about 26%, the companies concerned indicated that their objectives were not achieved at all.

Percentage distribution of incidents by whether objectives achieved

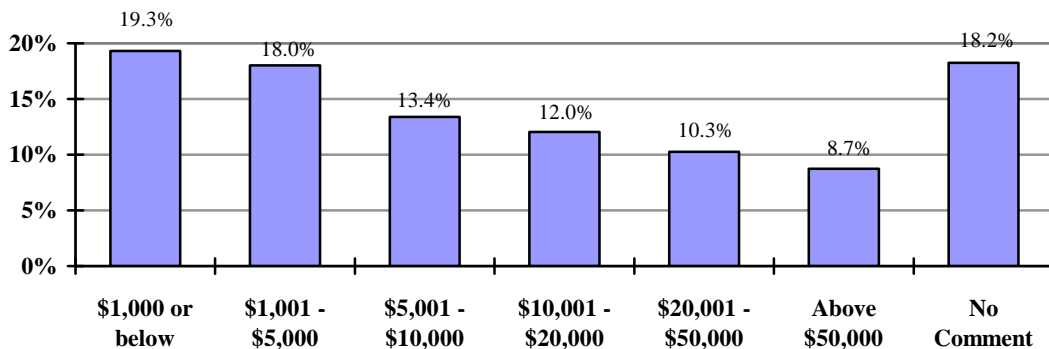


(Base: 960)

Impact of actions taken on companies

5.65 For about 31% of the incidents with actions taken, the companies concerned had spent money in solving the problems. The amount of money spent ranged from \$1,000 or below (accounting for 19% of incidents with money spent) to more than \$50,000 (9%), but overall 51% spent \$10,000 or less.

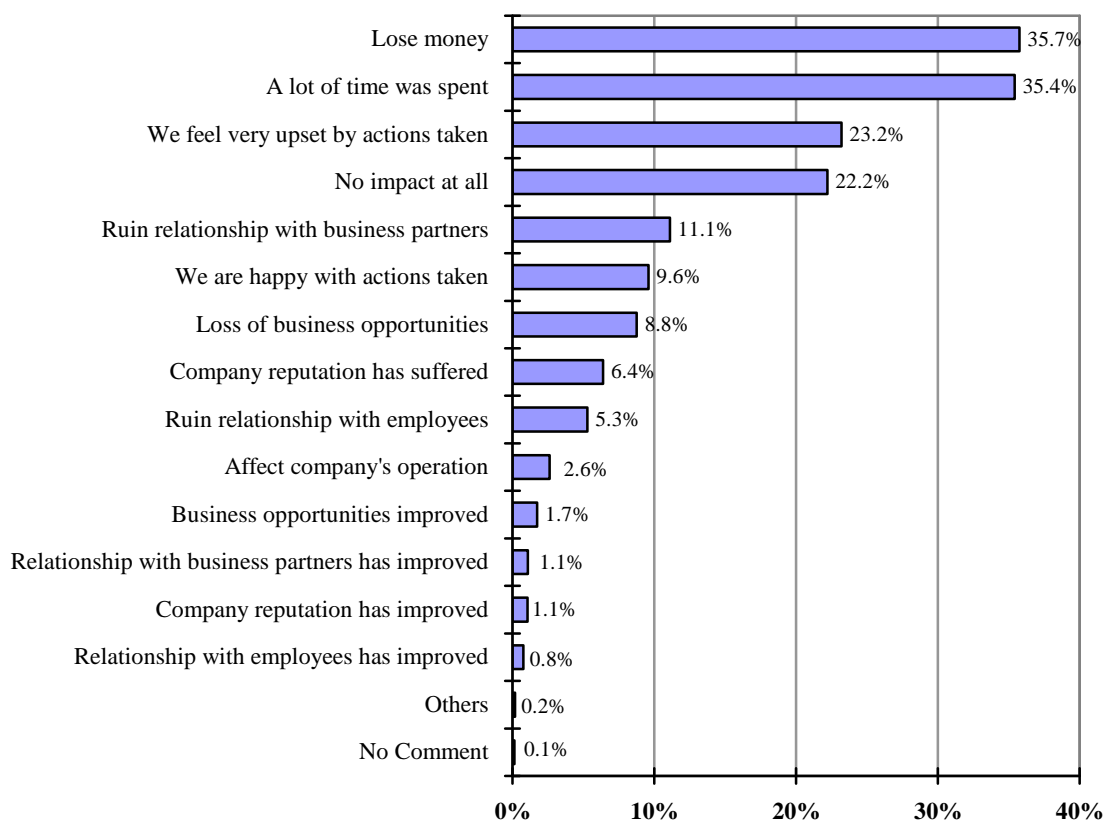
Percentage distribution of incidents with actions taken and with money spent by amount



(Base: 302)

5.66 For about 22% of incidents with actions taken, the companies concerned indicated that the actions had no impact on the companies. For about 36% of the incidents, the companies concerned had lost money and for 35%, the companies indicated that they had spent a lot of time in taking actions. In about 23% of incidents, the company staff felt very upset by the actions taken.

**Percentage of incidents with actions taken to resolve problems
by impact on company of actions taken**



(Multiple response; Base: 960)

5.67 In a smaller proportion of incidents, on the other hand, the companies concerned indicated that they were happy with the actions taken (accounting for 10% of incidents), or that there was improvement in their business opportunities (2%), company reputation (1%), or in their relationship with employees (1%) or business partners (1%).

6. Views on Access to Justice

Overview

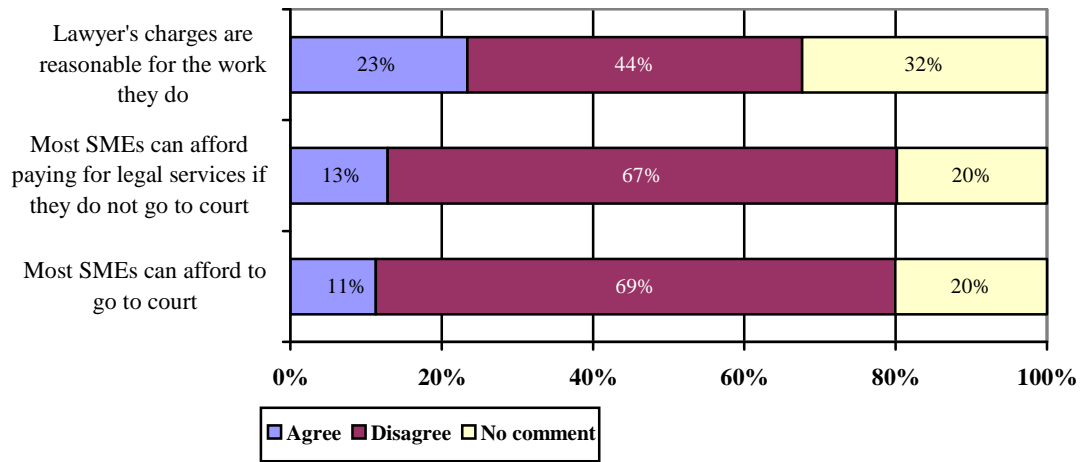
6.1 Twelve questions were asked in the survey to tap the views of SME managers on the issues related to access to justice. These questions could reasonably be classified into three main categories, namely “affordability”, “confidence” and “knowledge”. In the paragraphs below, answers related to all twelve questions are presented under the three main categories.

Affordability and legal fees

6.2 By design, three questions asked in the survey were related to affordability and legal fees. It may be seen from the chart below that only a small percentage (23%) of SMEs agreed that lawyer’s charges were reasonable for the work they did. The percentage

was even lower for agreeing that most SMEs could afford paying for legal services if they did not go to court (13%), or that most SMEs could afford to go to court (11%).

Percentage distribution of companies whether agreeing with statements related to affordability and legal fees

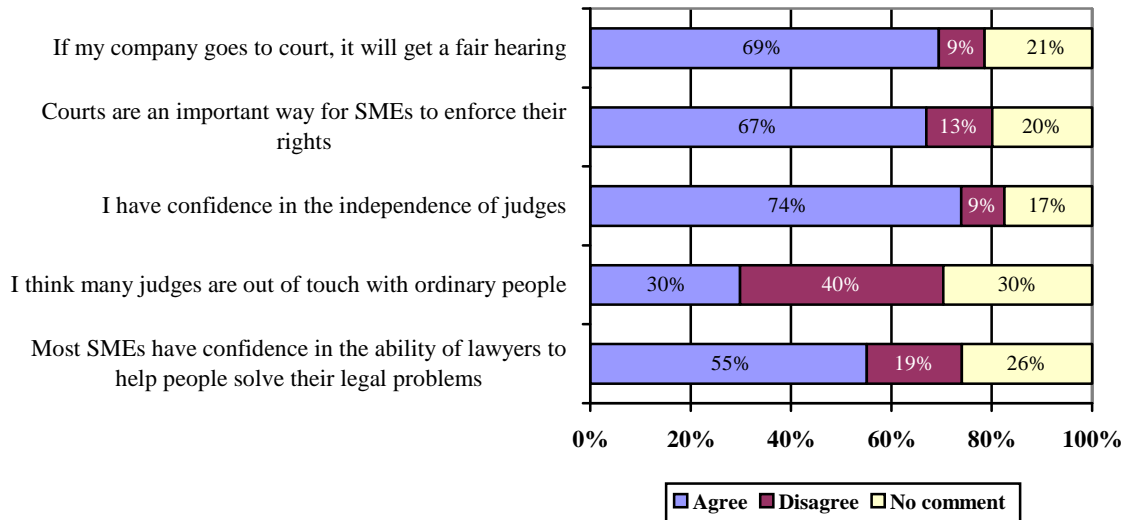


(Base: 1,813)

Confidence and related views

6.3 Five questions in the survey were related to confidence in the legal system. Most SMEs agreed to the statements “if my company goes to court, it will get a fair hearing” (accounting for 69% of SMEs enumerated), “courts are an important way for small and medium enterprises to enforce their rights” (67%) and “I have confidence in the independence of judges” (74%), indicating that SMEs in general had high confidence in the judiciary. The percentage agreeing that most SMEs had confidence in the ability of lawyers to help people solve legal problems was lower at 55%. Only a small proportion of SMEs agreed that many judges were out of touch with ordinary people (30%), which was lower than the percentage that disagreed (40%), while about 30% did not wish to comment.

Percentage distribution of companies whether agreeing with statements related to confidence in legal system and related matters

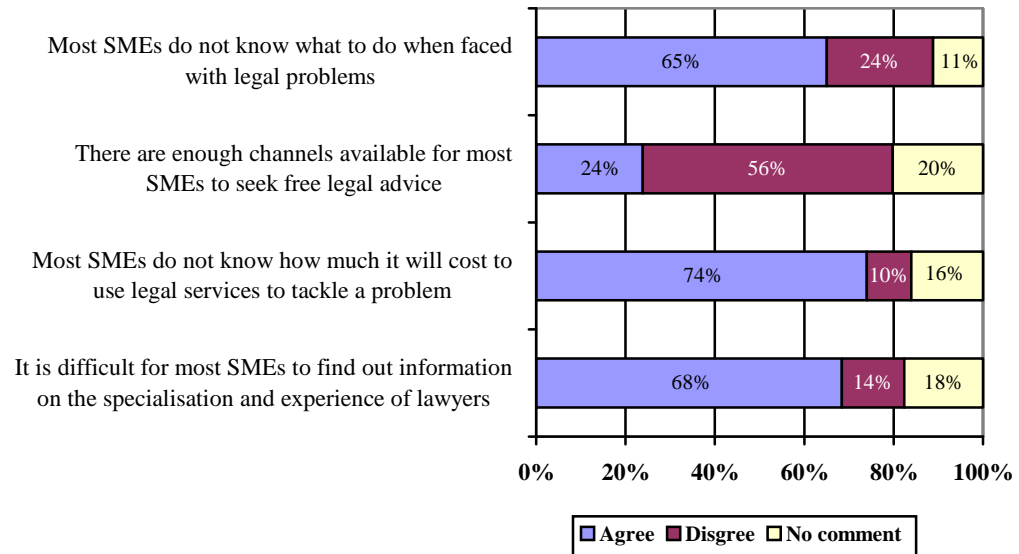


(Base: 1,813)

Knowledge

- 6.4 Four questions asked in the survey were related to knowledge. Most SMEs agreed with the statements “most small and medium enterprises do not know what to do when faced with legal problems” (accounting for 65% of SMEs enumerated), “most small and medium enterprises do not know how much it will cost to use legal services to tackle a problem” (74%) and “it is difficult for most small and medium enterprises to find out information on the specialisation and experience of lawyers” (68%), indicating that SMEs in general had little knowledge about how to deal with justiciable problems, the cost involved and how to find suitable lawyers.
- 6.5 Furthermore, only a small proportion agreed that there were enough channels for most SMEs to seek free legal advice (24%), indicating that these companies had problems seeking free legal advice.

Percentage distribution of companies whether agreeing with statements related to knowledge



(Base: 1,813)

7. Conclusion

- 7.1 This is the first time a territory-wide establishment survey was conducted in Hong Kong to find out how SMEs deal with difficult-to-solve problems or disputes. At this stage, before the statistical information is compared with the data from the supply study, it is premature to reach any conclusion related to access to justice. Nevertheless, a number of preliminary observations may be made.
- 7.2 As high as 46% of SMEs indicated that they had experienced difficult-to-solve problems or disputes that occurred in Hong Kong or had a significant connection with Hong Kong, including 30% in the past 12 months. Problems encountered were mainly business related and money related matters. 33% of these problems were considered important, of which 69% had actions taken.
- 7.3 The most common action taken to tackle difficult-to-solve problems was talking to the other side. About 11% of incidents with actions taken were taken to courts or tribunals, while less than 1% resorted to mediation or arbitration.
- 7.4 In about 20% of cases which had actions taken, the services of solicitors were used, and in less than 1%, the companies were represented by barristers in court proceedings.
- 7.5 The SMEs had a high level of confidence in the judicial system in Hong Kong, but generally considered legal services costly and unaffordable. They also had insufficient knowledge about how to deal with justiciable problems, the cost involved and how to find suitable lawyers.