

Introduction to Development in Hangzhou

Hangzhou's Pillar Industries

- Communications equipment, food, light industries, textiles and garment, electronics, electrical appliances, and tourism.

Trends and Characteristics of Hangzhou's Development

- Dubbed as "Shanghai's back garden", Hangzhou is the economic, cultural and tourism centre of Zhejiang province.
- Light industries especially garment and umbrella making, and new- and high-tech industries are well developed.
- Private enterprises are flourishing and awash with private funds.

Development of Hangzhou's Private Economy

- In 2002, the industrial output value of individual businesses and private enterprises rose at an annual rate of 20.6% to top Rmb148.627 billion. In terms of retail sales of consumer goods, individual businesses and private enterprises posted a 15.9% year-on-year growth to Rmb19.737 billion in 2002.

Hong Kong-Hangzhou Economic and Trade Relations

- Hong Kong is the largest source of foreign investment in Hangzhou, accounting for 40.59% of the city's total. Hong Kong investment is mainly concentrated in the restaurant, food, garment and logistics sectors. In 2003, trade between Hong Kong and Hangzhou rose by 21% to US\$367 million.

Business Opportunities for Hong Kong Service Providers in Hangzhou

- Finance, investment, accounting and legal: Some of the private enterprises with strong backing are looking to Hong Kong as a springboard to the world market (for example through setting up subsidiary companies in Hong Kong). However, few of them fully understand the regulations regarding company set-up. They are also less familiar with Hong Kong's accounting system than the one practised locally.
- Real estate development, management and related services: As provincial capital of Zhejiang and a popular tourist destination, Hangzhou has a vibrant real estate sector characterised by strong demand. Property developers in Hangzhou are keen to cooperate with related Hong Kong service suppliers such as in the areas of architectural and interior design, sales and management.
- Product design: Enterprises generally have no problem with quality control or during the manufacturing process. Shortage of design talent is, however, a teething problem.
- Marketing: Many private enterprises are keen to explore overseas markets but currently have limited knowledge about them. Hence, Hangzhou enterprises have strong demand for professional marketing services backed by a good understanding of the local situation as well as international market trends.
- Convention and exhibition: Quite a number of trade fairs and conferences are held in Hangzhou each year. The city is on the city list of large organisations including the United Nations for hosting meetings. Professional convention and exhibition services are therefore in big demand in Hangzhou.
- Education: There are a number of well known universities in Hangzhou. Local students have strong demand for world-class undergraduate and graduate education. Teaming up with local institutions to explore opportunities in Hangzhou's education sector is therefore an option.
- Tourism: Hangzhou's abundant tourism resources attract large numbers of visitors every year. How to provide the required dining and accommodation facilities for these visitors has become an issue. Hong Kong investors have a lot of experience in hotel development and management. There is much scope for Hong Kong's participation in this sector.
- Hangzhou authorities strongly support the setting up of a "CEPA Hong Kong Services Centre" in the city. TDC will consult Hong Kong industry representatives and study the feasibility and operation model of such an initiative. At the same time, efforts will be made to lobby the Hangzhou authorities for preferential policies in this regard.