Our guide to Southern China’s trade metropolis
“ONCE THE WORLD’S FACTORY FLOOR, CHINA’S PEARL RIVER DELTA IS NOW THE SILICON DELTA.”

David Liao — President and Chief Executive Officer, China, HSBC

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Our second Sinopolis guide

This is the second in our Sinopolis series of city guides. They are designed to give you insights into China’s larger cities, and are written with the business person in mind.

As we pointed out in our first Sinopolis (which looked at Hangzhou), we know that knowledge of Beijing and Shanghai is already quite strong, so our goal here is to create a series of useful overviews of China’s other, less well-known major cities. There is far more to China than Beijing and Shanghai.

This guide focuses on the southern metropolis of Guangzhou, one of China’s biggest cities by population (13.5 million). It has also played a major role through the centuries as China’s window on world trade. Our guide begins by explaining its history and what makes Guangzhou unique.

Known in former centuries as Canton, the city is the birthplace of Cantonese food – the variety that Chinese restaurants around the world still predominantly serve. Our Visitor Information chapter gives guidance on how to navigate this vast sprawling city and where to sample the best Cantonese food.

Given the complexity of Guangzhou’s geography, this Sinopolis goes into some detail on each of the different zones and business areas, explaining the local government’s development plans and visions for each. Thus aside from its traditional role as a trade centre (the Canton Fair has been held in the city since 1957), we look at Guangzhou’s priority industries (such as the automotive sector); and its goal to become a southern transport hub (capitalising on its port facilities, high-speed rail links, expressways and airport).

The strength of local consumption is analysed in our Retail chapter, while the state of the all-important property sector is also looked at in depth in a separate chapter. Guangzhou’s educational establishments and their contribution to economic growth are considered in the penultimate chapter.

Finally, we look at the forthcoming launch (scheduled for 2018) of a new high-speed train linking Guangzhou to Hong Kong – cutting the journey time to around 48 minutes. This will likely trigger a new phase of growth for the capital of Guangdong province.

We hope you find this edition of Sinopolis of interest. And if a visit to Guangzhou wasn’t on your agenda, perhaps after reading this you might consider adding it onto your next trip to Hong Kong.
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GUANGZHOU
Our guide to Southern China’s trade metropolis

www.weekinchina.com
A city built on trade
A brief history of Guangzhou

When maritime trade was the engine of international commerce, for nearly a hundred years the southern Chinese city of Guangzhou was the only port in China where foreigners could land. Before 1757, there had been a number of coastal access points to the wealth of the Middle Kingdom, but when the emperor grew dubious of foreign powers he restricted their interaction to the south (although a partial exception was made for Russian ships in the north).

There are a number of practical reasons why the emperor chose Guangzhou as the shop counter for foreign trade, not least its geographical location at the mouth of the Pearl River, which feeds into the South China Sea. Even before access to the rest of China was sealed off, Guangzhou had become a vital port along the Silk Road. But Guangzhou also had the benefit of being geographically separated from the emperor’s seat of power in the north. This physical distance between the emperor and the foreign traders was augmented by the strict set of procedures imposed upon the merchants sailing to this southern port.

Firstly, foreign vessels were required to dock downriver, at the site of Whampoa (which today is in the Pazhou district, where the Canton Fair is now held). Once docked their cargo was unloaded onto Chinese junks which then carried the merchants and their wares upstream to a small sandbank in the estuary of the Pearl River, outside the walled city of Guangzhou. The peninsula was known at the time as Shameen, but is today the small islet of Shamian.

The junks that ferried the men and goods to Shameen belonged to one of many Chinese facilitators of trade, known collectively as the Cohong. Each ship would be entrusted to an individual hong and its agents would act as the middlemen between the foreigners and the locals. Above the Cohong lay the Hoppo. The Hoppo were essentially customs officers: a class of government official who primarily oversaw the taxation of trade. The combination of the Cohong and Hoppo conspired to keep foreign traders at additional arm’s length from the seat of Chinese power, as they were also the merchant’s only channel of communication with China. All requests and complaints had to be written to a hong, which would then pass them on to a Hoppo bureaucrat who would decide what course to take, if any at all.
The Thirteen Factories, the area of Guangzhou to which China's Western trade was restricted from 1757–1842
Shameen was the only available stomping ground for foreigners and indeed only then during the trading season. Once the season was over – with the coming and going of the monsoon trade winds – the foreigners were required to leave, often returning to the Portuguese colony of Macau.

To house the merchants during their permitted stay on Shameen, a number of living quarters were built, known as factories. Slowly, as more foreign powers accessed the market, the number of factories increased to thirteen. Thus this period of the China trade became known as the Thirteen Factories, and the protocol was called the Canton System.

A note here should be made about the origins of the word Canton. It certainly comes from a time when Britons interacting with China were for the most part either unable or unwilling to bend their tongues and open their ears to the sound of local pronunciation, and so approximated English transcriptions to Chinese names. However, beyond that there is some debate about the word that inspired the English to derive ‘Canton’. It was perhaps the local pronunciation for Guangdong – the province within which Guangzhou sat and sits still – or the local word for the city itself, Guangzhou. Another theory speculates it was an Anglicisation of the Portuguese name for the area. Regardless, the word passed into popular English parlance and gave birth to the notion of Cantonese – a people, a language and a cuisine that are all popular throughout the world today.

Concurrent to being the only port for legal trade, Canton was also the breeding ground for illicit commerce – most notably opium. During its monopoly on Chinese trade, the East India Company famously made a fortune exporting opium from British India to dealers in China and then using the profits to buy tea for sale in England.

Noticing the growing outflow of silver from the nation and the increase of drug addicts within, the emperor sought to eliminate opium imports. In 1839, he assigned Lin Zexu to perform the task. At this point, the factories that had housed the foreign traders became their prison, as Lin barricaded them inside and cut off supplies, demanding that all stocks of opium be turned over. Eventually, the traders acquiesced, forsaking over 20,000 chests of the drug.

Lin demanded that all merchants signed an agreement not to peddle opium, under punishment of death. The British government objected to the contract and prevented its merchants from signing by occupying the mouth of the Pearl River. In 1840, the British government formally declared war against China, and so began the First Opium War (as a conflict motivated by the narcotics trade it was not the UK’s noblest of military actions, a fact that still rankles in China today). The conflict ended in 1842 with
China’s defeat and the signing of the Treaty of Nanking, which opened up four additional ports to international trade and ceded Hong Kong to British rule. Thus Guangzhou’s century as the sole gateway to China came to a close.

Around 80 years later, Guangzhou once again became the springboard for a war that would change the face of China and its interaction with the outside world. The Chinese revolution had by this point overthrown the imperial government, but failed to unite China under a singular leader. The nation had fallen into a patchwork of states controlled by local warlords. In 1917 Sun Yat-sen, a native of Guangdong province and a pivotal figure in the revolution, had returned from exile and attempted to establish a government in Guangzhou to quash the warlords and unite China.

After a few years of floundering without support, Sun's ambitions were saved by Russia which agreed to finance, arm and train his troops. Using Russian money, the Whampoa Military Academy was founded in 1924 with the purpose of training the National Revolutionary Army (NRA), headed by the future president of the Republic of China, Chiang Kai-shek.

Two years later, in 1926, Chiang Kai-shek led the first troops from Guangzhou on The Northern Expedition – a military campaign with the objective of defeating the
nation’s powerful regional warlords, ousting foreign powers and uniting China. The campaign was fraught with pitfalls: at its launch the NRA consisted of troops with both Communist and Nationalist loyalties, (the latter later purged the former) and even within the dominant Nationalist Party there were factions, which resulted in the campaign being divided into two stages.

However in 1928 the NRA claimed victory when it captured the capital of Beijing and Chiang Kai-shek assumed leadership of a unified China (although beneath the veneer of political unity the country was still being ravaged by infighting and subverted by foreign powers). The Northern Expedition is notable for being one of only two takeover campaigns that have started in the south of China and triumphed.

In 1978 Guangzhou was once more the launchpad for reforms that would revolutionise China, only this time...
they were economic. Guangdong province was the test site for Deng Xiaoping’s vision of Reform and Opening Up, which sought to revitalise the struggling country after decades of economic devastation. As the provincial capital, Guangzhou became the command centre for implementing these reforms. It also served as China’s window on the world once again (see box opposite on the Canton Fair).

In fact, Guangdong province was granted greater autonomy from the central authority of the Communist Party, although there was some concern over granting the southern region a freer hand, since the area was often criticised by Beijing hardliners for its “localism”. Then again, at a great distance from the traditional seat of Chinese power, and thanks to a pervasive local dialect (Cantonese) and a history of dealing with foreign traders, it is understandable why the people of Guangdong might be prone to some “localism” – and largely unashamed of it.

In Guangzhou today this sense of autonomy seems indeed to have become a source of pride. Since the city was given greater authority over its investment schemes in 1978 Guangzhou’s GDP has risen 420%, so perhaps a little hubris is permissible.
Canton Fair

The Canton Fair (officially known as the China Import and Export Fair) began operation in 1957 and has run every year since. A biannual trade convention, the fair was the only window for foreign companies to conduct trade with China during the years in which it operated a largely closed command economy.

At the first fair, there were only 1,223 sellers and 1,021 buyers. Attendance was by invitation only and most of the companies came from countries within Asia. As the fair’s popularity continued to grow, it needed to find new venues. In 1959 the Fair moved to an exhibition hall along Qiyi Road, where it stayed until 1974. Attendance at the fair continued to grow – remaining operational during the intense turbulence of Mao Zedong’s last decade of rule. Just two years before Mao died the fair moved again to a bigger 170,000m² centre in the Yuexiu district of Guangzhou, which at the time was the heart of the city. In 2001 construction began on the fair’s current exhibition centre, in Pazhou on Haizhu island. Work began on the 1,131,000m² complex in 2001 and was completed across three stages, garnering some Rmb6.8 billion in investment.

At the 119th session of the fair (May 2016) 185,596 overseas buyers were in attendance, and export deals totalled over Rmb182.82 billion (around $27.5 billion, based on the exchange rate in early October 2016 of 6.67). However, the value of exports has fallen across the last three sessions (-7.4% in the 118th session, for example). It remains a key destination for buyers from Africa and the Middle East, but thanks to the internet and the growth of e-commerce some importers now bypass the fair.
## Key stats

**City**
- **Permanent population:** 13.5 million (85.53% urbanisation)
- **Area:** 7434.4 square kilometres
- **Average disposable income:**
  - Urban: Rmb46,735 (8.8% year-on-year)
  - Rural: Rmb19,323 (9.4% year-on-year)
- **Import-Export value:**
  - Rmb830.641 billion (3.5% year-on-year)
  - Import: Rmb327.17 billion (-8% year-on-year)
  - Export: Rmb503.48 billion (12.7% year-on-year)
- **Investment from overseas:** Rmb96.77 billion (9.3% year-on-year)

**Tourism**
- **Gross Revenue:** Rmb287 billion (13.9% year-on-year)
- **Foreign tourists:** 8.04 million (2.6% year-on-year)
- **Domestic tourists:** 48.54 million (6.8% year-on-year)
- **Hotels:** 11,970
  - Of which 5-star: 43

**Education**
- **Undergraduates:** 271,400 (class of 2015)
- **Postgraduates:** 23,200 (class of 2015)

**Technology**
- **Patents filed:** 63,296 (36.6% year-on-year)
- **Patents approved:** 39,834 (41.6% year-on-year)

*(Data for 2015)*
An insider’s view of Guangzhou

Sinopolis talks to Monty Ho, HSBC’s Chief Executive in Guangdong, about Guangzhou’s defining qualities

How has China’s history and culture shaped its current role?

Guangzhou has a long tradition of being a trading hub. Traditionally people engaging in business but living in the villages of the Guangdong provincial area would come to Guangzhou, since it was and is the provincial capital, and they’d buy things and then carry them back to their hometown to resell and earn a living. This is a common trading pattern of China. People go to the provincial capital because this is the area where you will find that most of the goods gather, making it ripe for trade.

It was also the first area that opened up to foreigners, and as such it has a very long history of being China’s window to the outside world and of interacting with people from outside China. From this tradition the Canton Trade Fair developed in 1957, and it is still held twice a year here in Guangzhou.

Has e-commerce affected the Canton Fair and other local wholesalers?

Well you can see the traffic at the Canton Fair is less than it was 20 years ago, and maybe it is being affected by the internet age, but it is still the most popular trade fair in China, especially among people coming from developing countries.

And for people buying, for example, household appliances
and clothing, the wholesale markets in Guangzhou are still the point of preference. If you walk down the streets in the old city centre you can always find places that are specialised in household items, or clothing and accessories. They tend to cluster like this. This is another old Chinese business tradition, where sellers essentially form guilds of goods in a particular area and then, as I said before, people come from the surrounding areas to buy these goods and carry them back to their home town or their villages to resell and make a living. So this is a long tradition and Guangzhou is still a hub in this way. But the interesting part about this model of trade is that it isn’t and it wasn’t centrally planned.

What influence does the central government have on Guangzhou?
Well, the central government has targets for Guangzhou. Going forward in the next Five-Year Plan, the central government wants Guangzhou to focus more on new materials, high end manufacturing, and intelligent equipment for developing robots to use in manufacturing.

It also wants to develop and improve the financial sector in Guangzhou, which is why you have the free trade zone in Nansha – a part of Guangzhou city. The Nansha FTZ serves as a testing field for new policies to further open up the markets. New initiatives have been launched to develop the financial sector there, such as allowing enterprises in the free trade zone to borrow or raise funds from overseas and then expatriate them back to Guangzhou. This, amongst other things, will help boost the service sector of Guangzhou.

What is driving Guangzhou’s economy at the moment?
In my estimation, in Guangzhou you’re talking about the service sector: that’s about 60-68% of the GDP. Much higher than the national average. Guangzhou’s economy used to be much more driven by outside investors, who would engage in compensation and processing trade with local companies, and this model helped the city grow some 20 years ago. But even at that time there were lots of local trading services, and that is the genesis of the service sector today.

And then apart from services, there are three pillar industries in the local economy: one is the automobile industry, and another is the peripheral industries that provide support to this sector, such as petrochemical companies. I think these have developed very well in the last 10 years. The third pillar is the electronics business – such as manufacturing printed circuit boards, mobile handsets and computers.

And how is the environment in Guangzhou? Is air quality improving?
The local environment is much better than it was before. I think the catalyst for this development was the Asian Games, in 2010 – two years after the Beijing Olympics. In preparation for that there
INTRODUCTION

Workers weave intricate cables for western brands like Cisco in the southern Chinese city of Guangzhou.
was a lot of improvement in the city’s infrastructure, as well as a remodelling of old communities and residential areas, and this is continuing. So I imagine there’ll be a lot of improvement in terms of the people’s livelihoods. And at the same time as improving infrastructure, the government has been moving the polluting industries out, making sure that Guangzhou is a reasonable place to live.

Previously Guangzhou had somewhat chaotic urban planning, due to the rapidity of its growth. Occasionally, for example, you might end up with a factory sat next to a residential area. But the city has transformed since and they’ve turned the old town, where it was most jumbled, into a new town (Zhujiang New Town) which is very beautiful.

Also, back in 2008 when we had the financial tsunami, the Party secretary of Guangzhou introduced a policy to upgrade the industrial sector and move all these polluting and labour intensive industries to Guangdong’s outlying regions, or even to other provinces. And at the time it was a painful process for the local economy but it was a necessary evil. Now Guangzhou is always ranked top in terms of being the least polluted of the five big cities in China – that’s Beijing, Tianjin, Shanghai, Chongqing and Guangzhou.

And it’s still not perfect but it’s a much better situation than compared to 10 years ago. I should also say that these factories haven’t simply been moved out but they were upgraded as well so that they create less pollution. It wasn’t just NIMBYism.

So how will Guangzhou develop as a city?
I think Guangzhou will become a megacity. Thus far its growth strategy has already seen it incorporate some of the districts that were not previously part of Guangzhou, such as Nansha, Huadu and Zengcheng. But as it grows it is developing better town planning, because ultimately the local government wants to make Guangzhou a good place to live.

This is why specific industries are being given certain areas to develop in. For example, Zengcheng could be an automobile centre: many joint ventures like Guangzhou Auto Group’s one with Honda moved into or set up factories in that location.

The good thing about organising the city in this way is that it creates synergy within the districts, incorporating the relative supporting industries. If you separated them too widely then it might not be efficient.

So I see that they are planning very carefully for the future and they want to make Guangzhou a megacity. Going forward there will be lots of different areas of focus and you will not see Guangzhou become over reliant on any one industry.

The high-speed train from Hong Kong will feed into the south of Guangzhou. Is that area seeing investment and development?
I think maybe it’s a little behind. That area – Panyu – is more of a residential site. I think the reason why they want to direct the high-speed train there is because they want to diversify the area.
a little. But also if you go to the South Station, it’s probably easier to get from there to Nansha or Shunde than it is from the centre of the city.

Taking the holistic view, Guangzhou will not be the end game for the high-speed train, the end game is to connect Hong Kong to other parts of China. This means that for people coming from Hong Kong and looking to go to Hunan will probably be able to stay there for another night once the high-speed line is complete. Previously they would have stopped-over in Guangzhou.

That is a benefit to Hong Kong and you can see that it takes some benefit from Guangzhou, but the same high-speed trains bring benefits to the city as well. They help improve connections between Guangzhou and other major cities by cutting down the travel times between them. Nowadays if I want to see a client in Wuhan or Changsha, I can hop on a train in the morning, be there for lunch, travel back for five, finish the work on my desk and then go home. And this is a win-win situation, helping bring business into China’s interior cities but also designating Guangzhou as a greater hub in Southern China.

At this point, is a lot of business growth in the city led by Guangzhou people or by those from outside?

Guangzhou definitely has a very strong pool of local entrepreneurs, helping generate a growth rate for the first half of this year at 8.1% – much higher than the national average of 6.7%, or Guangdong province’s 7.4%. And in terms of trade we still report about 5% growth in international trade whereas the whole nation reported a drop, so there are still some bright spots in Guangzhou as a local economy.

But of course foreign investment in Guangzhou is also a strong component of the economy. There is a natural draw for foreigners to Guangzhou because it is close to Hong Kong and has a long history of international trade. We are flexible, agile and you could say market-driven.
Guangzhou’s GDP

In 2015 Guangzhou’s GDP grew 8.4%: higher than the national and provincial averages (6.9% and 8.0%). The growth was primarily driven by the tertiary sector which added Rmb1.21 trillion (9.5% growth on the year before).

Local officials have ambitions to boost the city’s GDP to Rmb2.8 trillion by 2020, and to raise the per capita GDP level to Rmb180,000 (in 2015 the level was Rmb133,000, although such figures are contentious since they normally exclude migrant workers from the denominating population).
Lay of the land

Guangzhou is a sprawling city, which occasionally absorbs neighbouring areas. Nansha, for example, only recently became included in Guangzhou’s city limits and there is confusion among some residents as to whether Foshan to the west is part of the city.

For the sake of simplicity, our orientation begins in the Baiyun district to the north of the city centre. This is where the aptly named Guangzhou Baiyun International Airport is found and so for many will be the first point of entry to Guangzhou. Although the airport is roughly 40km from the city’s primary district, Baiyun extends all of that way, encompassing a number of suburban residential districts, schools and a couple of forest parks.

Baiyun tapers as it heads south towards the city. Nestled at its eastern flank is Tianhe district. Tianhe is Guangzhou’s central business district. However to be more exact the CBD is Zhujiang New Town, an area at the southernmost point of Tianhe. Twenty years ago the district was simply fields and farmland on the outskirts of the city, but now it boasts wide streets and skyscrapers, a football stadium, Guangzhou East Railway Station, shopping malls, the American consulate and a collection of local government offices too. It is one of the most desirable places to live in Guangzhou and consequently is also one of the most expensive.

To the west of Tianhe is Yuexiu. Perhaps Guangzhou’s smallest district it is the old heart of Guangzhou. On Beijing Road, a popular shopping destination in Yuexiu, the remnants of the high street that ran through there during the Tang Dynasty (618-907) have been preserved under glass, after they were unearthed during road development. The area has a long history as Guangzhou’s central hub.

West once again is Liwan, which is home to some of the earliest Western settlements in China, on Shamian Island. The island is also the site of the People’s Republic of China’s first five-star hotel: the White Swan.
Guangzhou Circle is a landmark building. It is the headquarters of the Hongda Xingye Group.
Thus far these districts could all be said to be north of the Pearl River. Haizhu district is in the middle of the river. (Given that Guangzhou is part of the Pearl River Delta, some of its districts are in fact islands. However due to the size of the islands this might not be immediately perceptible.) Haizhu is one of the largest of Guangzhou’s estuary islands, stretching beneath Yuexiu and Tianhe. There you’ll find the city’s most recognisable landmark – The Canton Tower – the most prestigious university – Sun Yat-Sen University – and the gargantuan exhibition centre where the Canton Fair is held.

Beneath Haizhu is Panyu district. At its most northern point lies the island of Xiaoguwei, which has been converted into the Higher Education Mega Centre. The most prominent universities in Guangzhou all have a campus on this island and besides that there is not much else. The rest of Panyu is a collection of townships, villages, farmland and industry.

Then finally, at the southern-most point of Guangzhou, there is Nansha. Nansha was developed as part of the Guangdong Free Trade Zone, and is home to the Guangzhou Nansha Economic and Technological Development Zone, or the Nansha New Zone.

There are four other districts in Guangzhou – Huadu, Conghua, Zengcheng and Huangpu. Huadu hosts part of

Conghua and Zengcheng only became part of the city of Guangzhou in 2014
Baiyun International Airport, and Conghua and Zengcheng only became districts of Guangzhou in 2014. Huangpu district is largely industrial, maintaining its historical significance as a port. Huangpu took its name from the island formerly known as Whampoa, of Whampoa Military Academy fame – the Soviet-funded training facility that brought to prominence the paramount leader of the Republic of China, Chiang Kai-shek.

**Transport**

**International flights**

Baiyun International Airport is the centre of operations for China Southern Airlines, China’s largest passenger airline in terms of planes. In 2015 it was the third busiest airport in China in passenger numbers. Most of the air traffic to and from Baiyun is domestic, and most of the international routes are to cities in Asia. Long-haul options are available too from the likes of London, Paris and Los Angeles.

The airport is connected directly to the city centre via the underground system. The journey takes approximately 40 minutes and costs roughly Rmb8 ($1.22). It might be best avoiding this method at rush hour however, as you’re not likely to make many friends trying to shift luggage along the narrow confines of the underground trains. A taxi from the airport to downtown Tianhe district will cost about Rmb100 ($15) on the meter.

**Train from Hong Kong**

From Hong Kong you can ride the MTR Intercity Through Train from Hung Hom station straight to Guangzhou East Railway Station. The journey takes a little over two hours and costs HK$210 ($27). If returning from Guangzhou to Hong Kong by the same train, it’s best to buy your tickets at the East Railway Station, where purchases can be made in both Hong Kong dollars and renminbi. A lot of misinformation online suggests that ticket sales at...
Guangzhou cease six hours before the train is due to depart, but the deadline is closer to 20 minutes before departure, for purchases made in both Guangzhou and Hong Kong. You can buy train tickets several days in advance and the route can be popular so it is best to get them early. A word to the wise: eat before checking in for your train. Although the train has a dining carriage, the holding pens at either terminus have no such fare, which is problematic if faced with a lengthy delay.

A faster train service linking Hong Kong, Shenzhen and Guangzhou is currently under construction and is due for completion in 2018. This high-speed service, known as the Express Rail Link, at its fastest will travel from Kowloon to Guangzhou in 48 minutes but that duration only applies to direct trains; the Express trains that stop at Shenzhen along the way may take over an hour to reach Guangzhou. And when you arrive in Guangzhou the terminus is Guangzhou South Railway Station, which is currently a fairly barren area. The underground connection from Guangzhou South to Zhujiang New Town (the CBD) takes around 40 minutes (for more, see page 88).

**Underground**

The Guangzhou Metro is probably the best way to travel around the city, if you can handle the crowds and resign yourself to the fact that you will likely have to stand. The
In the pipeline
Guangzhou’s underground system is to be massively extended – see page opposite for its eventual size

■ Line 1:
  Guangzhou East Railway Station – The connection station for the bulk of Guangzhou’s intercity trains. Trains connecting to Shenzhen and Hong Kong leave and arrive here, it is also a short distance from IKEA.
  Tianhe Sports Centre – Home to Guangzhou Taobao Evergrande FC
  Huangsha – The best station for access to Shamian Island, the former living quarters of foreign traders during the Qing Dynasty and the current site of the White Swan hotel.

■ Line 2:
  Guangzhou South Railway Station – The terminus of the Hong Kong-Express Rail Link, currently under development. The track already extends to Shenzhen.
  Canton Tower – For access to the Canton Tower.
  Airport South – The southern terminal of Guangzhou’s Baiyun International Airport (located to the north of the city).
Line 4:
Higher Education Mega Centre, North and South – This area offers little save for those attending university at one of the campuses accumulated on the islet.
Jinzhou – A good station for accessing Tian Hou Temple: a striking reconstruction of the Ming Dynasty temple built in honour of Mazu, Queen of the Sea.

Line 5:
(Also) Zhujiang New Town
Liede – For Xingsheng Road, lined with restaurants and bars.

Line 6:
Beijing Road – A pedestrianised shopping street and site of Guangzhou’s city centre during the Tang Dynasty.

Line 8:
Sun Yat-Sen University – The most prestigious university in Guangzhou, providing good grounds for a stroll.

APM (Automated People Mover):
Canton Tower
Guangzhou Opera House
Tianhe Sports Centre South
network has a decent number of connection points, plotting all the major locations of the city, and it’s easy to navigate with station announcements made in Mandarin, Cantonese and English.

(One oddity that might confuse a first timer is that when travelling on Line 6 you are required to change trains at Zhujiang New Town and Tiyu Xilu regardless of whether you want to change lines. Perhaps this system will be smoothed out).

Perhaps the most startling thing about the Metro is its reach. You can head underground from the pristine streets in the city centre and emerge again in a dusty industrial port or close to a country village. The Metro also connects with the neighbouring city Foshan, where a lot of Guangzhou’s manufacturers have moved. This connection is convenient if you need to conduct factory visits, for example.

There are currently nine lines on the Metro system, including the APM (Automated People Mover) – an unmanned, two-carriage train that runs a fairly short north-south stretch. There are four additional lines under construction, due for completion by 2018, but the government’s ambitions are far larger having submitted a proposal to up the total number to 24 (see page 29). However the proposals await approval, so the metro network might not grow to be as extensive as projected.

Taxis, motorbikes and apps
Taxis are a more relaxing travel option if you have time on your hands, and the best option if you’re going somewhere not yet graced by a metro stop. Guangzhou is a heavily congested city, which is in part due to poor
planning and partially down to the unfortunate geography of the area. As Guangzhou is built upon a delta, many areas need to be connected by bridges, which creates choke points.

Even within many of the recently developed areas, the streets are divided into large blocks and the opposing traffic lanes are separated by barriers, providing little option for U-turns or short-cuts. All told, sometimes taxis need to take what seems like a fairly indirect route to your destination, choosing ring roads around the city – but this is often a necessity.

Didi Chuxing and Uber are also commonly used in the city, but since using the services usually requires some form of consultation with the driver (if they can't find exactly where you are) these options might best be left to those with Mandarin or Cantonese language skills.

As you travel further away from the city centre, to Panyu or Huangpu for example, motorbike taxis suddenly become prolific. These ferrymen are entirely unofficial and unregulated. Mostly they are opportunistic workers who linger outside of metro stations or beep at pedestrians as they ride down the street, on the off chance someone might want a lift.

Prices are naturally based entirely on negotiation, but are often very cheap. It’s a quick way to travel and in the

**Transportation Cards**

Like many cities in China and the world, Guangzhou operates a pre-loaded transport card system that can be used on the metro and on the city buses. It is called a *Yangchengka*, as *yangcheng* is one of the monikers for Guangzhou (the name translates as City of Rams and relates to a story that tells how after Guangzhou had suffered famine for many years, five immortals riding on rams came to the city. Each ram carried a stalk of rice in its mouth and gifted the rice to the villagers, permanently ending the famine.) Transport cards can be acquired and loaded at most metro stations.
more remote areas where taxis rarely venture it might be your only option, but of course they are much more dangerous than other modes of transport. Motorbikes are actually banned in the city’s central districts due to the danger and disruption they cause.

**Buses and transport cards**

For an outsider, buses are perhaps only convenient for travelling the distance between wherever you are and the closest metro stop.

Although some buses do make announcements of their stops in English, there is no English information on bus timetables.

**Recommended hotels**

**Shangri-La** – The best choice for attendees of the Canton Fair: within walking distance of the Fair compound, and graced with a secluded pool-garden for winding down after touring the trader’s booths.

**Mandarin Oriental** – Boasting one of Guangzhou’s finest Cantonese restaurants, it is in an elegant setting at the heart of the city’s thriving Tianhe district, located within the upmarket Taikoo Hui shopping mall.
Internet services are restricted in China which can make navigating your way around the city difficult if you’re dependent on things like Google or Google Maps. If you’re unable to get a VPN, Baidu is China’s alternative to Google, though Baidu Maps is not great. Apple Maps actually excels in most parts of China. Gmail (usually), Facebook and Twitter are all unavailable in China so if you rely on these platforms for communication, it’s best to either arrange an alternative or get a VPN. If neither of those options are available, some international hotels appear to bundle a VPN service with their wi-fi.

White Swan – Standing on the island that was once the only place of residence for foreigners in China, the old go-to hotel for executive travellers has had some of its prestige restored by recent renovation.

Four Seasons – A chic design that caps the 103-storey IFC building in Zhujiang New Town, offering views across the river and onto the Canton Tower.

Food

As the former English-name of the city has lent itself to one of the world’s most famous cuisines, you might expect Guangzhou to represent the pinnacle of Cantonese cooking. In fact, many residents in Guangzhou will say that the best Cantonese food comes from Hong Kong and has since been brought back to Guangzhou. But that doesn’t mean there are not great places to eat. Guangzhou still offers a feast of local delicacies and a host of restaurants to enjoy.

Dim Sum (点心)

*Dim sum* is most commonly represented by steamed dumplings, although the name refers more to a manner of preparing and eating the food rather than any one
Har Gow: a popular dim sum dish made with shrimps

particular dish. The banner of dim sum covers any variety of bite-sized treats which can be combined to deliver a light meal of extraordinary flavours and textures. Think of it as Chinese tapas, if you like. Drinking tea with dim sum is known as yum cha – a cultural pastime centred on snacking and chatting around brunch time.

Har Gow (虾饺, Shrimp dumplings)

Har gow is perhaps the most iconic Cantonese dumpling. These dumplings are traditionally dipped in soy sauce or rice vinegar. Though seemingly a plain dish, it is often used to determine the skill of a dim sum chef. The skin must be thin and translucent, yet sturdy enough not to break when picked up with chopsticks. The dumpling must not stick to the bamboo basket it arrives in, nor to other har gow. The shrimp must be fully cooked, yet not overcooked. Due to its fresh flavour, it has gained popularity with Chinese and international diners.

Chee Cheong Fun (猪肠粉, Rice noodle roll)

During the Qing Dynasty, the Qianlong Emperor was travelling through what is now Guangzhou. Due to its popularity among the locals, the emperor was drawn to a local dish called long kan ci and decided to take a detour just to taste it. The emperor was so impressed by the dish that even after he returned to the capital he could not forget it and he decided to rename it chee cheong fun (pig intestine noodles) for its peculiar resemblance to the animal’s entrails.

In fact, this dish is made from rice noodles and is commonly served at breakfast or as a light meal. A wide strip of congealed shahe fen (rice flour and tapioca) is filled with meat or vegetables and served with seasoned soy sauce, which is poured over the dish upon serving. There are many variations depending on the filling: for example, one version is filled with youtiao (fried dough stick), a popular breakfast food.
**Kao Ru Zhu** (烤乳猪, Roast suckling pig)
This dish may be common across the world but the Cantonese have perfected its preparation. The best pork is roasted over a low fire for hours during the day and continuously lathered with oil to ensure the skin transforms into a crisp, golden-brown crackling. And unlike European roasted hogs, a Cantonese pig’s ribs are removed and its body is splayed before cooking, allowing the meat to be sliced rather than carved. While on the theme of pork, Guangzhou is also famed for its stewed trotters, which are slow-boiled in a sticky soup of sugar, vinegar and ginger.

**Long Hu Dou** (龙虎斗)
This dish translates as something like “Dragon and Tiger Fight”, but its ingredients are of a more common order. In lieu of the existence of dragons, snake is substituted in this dish, and in imperial times a variety of wild cats might have been served in place of actual tiger meat. Today often the ‘wild cat’ is more likely to be an unfortunate stray and the methods of capturing these animals and preparing the meat have been rebuked by many as inhumane. Consider its inclusion here less as a recommendation and more as a warning lest you accidentally find yourself gnawing on someone’s former pet.

**Where to eat**

**Guangzhou Restaurant** (广州酒家)
Guangzhou Restaurant is in fact a restaurant chain with its headquarters located at the intersection of Wenchang Road and Shangxiajiu Pedestrian Street, which is...
famous for its Cantonese cuisine and mooncakes during the traditional Chinese Mid-Autumn Festival. As its name suggests, it is one of the most famous restaurants in Guangzhou and is well known across China, having earned titles such as a 'national top 10 restaurant'. Built in 1935, the restaurant has since been registered on Guangzhou’s heritage trail, and as such it must be preserved. Its traditional architecture and decoration conjure an ambience deliberately reminiscent of ancient times.

2 Wen Chang South Road, Liwan District (广州市文昌南路2号)

Tao Tao Ju (陶陶居)
When you ask about restaurants in Guangzhou, everyone speaks of Tou Tou Koi (to give it its Cantonese name). Tao Tao Ju was one of the first luxury restaurants to open in the city. Its origins can be traced back to the Qing Dynasty – its location is at Di Shi Fu, which was then a scenic spot. The founder, disgruntled by the lack of eateries in the area, built a small teahouse. Over its 100 years of history, it transformed into a grand restaurant hosting noted figures of Chinese literature; a plaque on display at the restaurant contains the original handwritten carving of a famous scholar. Serving dim sum and desserts, the restaurant attracts many locals and tourists every day starting from breakfast at 7 until 11 at night.

20 Dishifu Road, Liwan District (荔湾区第十甫路20号)

South Garden Restaurant (南园酒家)
Highly reputed among locals, South Garden Restaurant serves iconic dishes in the Cantonese and Chaozhou (another city in Guangdong) style, using the freshest and finest ingredients. With its pleasant scenery, it is the perfect location for yum cha. Highly popular, you may find a long queue when you arrive, but it is guaranteed to be worth the wait.

142 Qianjin Road, Haizhu District (广州市珠海区前进路142号)

Panxi Restaurant (泮溪酒家)
Located on the bank of Liwan Lake, Panxi Restaurant is a large-scale garden-style eatery on the site of Chang Hua Garden, an imperial garden of the Southern Han Dynasty. In its vast grounds, occupying 12,000 square metres, you will find beautiful eaves and pavilions, decorated with traditional elements of Chinese architecture complete with a large park divided into four sections. Due to the poetic setting, some elderly diners are known to sing an operatic aria or two when the mood is right. Within the
restaurant's huge menu, about 40 dishes and pastries have won prizes in national cooking contests. Some of the most famous include its har gow, taro nests, water chestnut cake and crisp three-flavoured rolls.

No.151, Longjin Road West, Liwan District (广州市荔湾区龙津西路151号)

Attractions

Canton Tower
The Canton Tower (unofficially called Guangzhou Tower) is Guangzhou's primary tourist attraction. Its construction was finished in 2009 and it went operational in 2010 just in time to welcome the Asian Games to the city. At the time it was the tallest tower in the world (today its ranking depends on how you define a tower, but it is certainly not the tallest).

The tower houses two restaurants, four observation levels and an information gallery (albeit with no information in English). A monorail runs around the perimeter of the first exterior observation deck, bringing visitors that little bit closer to the edge. Canton Tower also has what it claims to be the world's highest amusement ride, which raises you, seated, into the air before letting you plunge back down. The drop isn't actually that far, but given that you can only see the ground some 600 metres below, it's enough to get the adrenaline going.

The tower is quite a lively place at night too, when crowds of tourists come out to try and take pictures of themselves against the backdrop of its light display. But if a good photo is what you want, you'd be better off going...
Canton Tower
across the river to the plaza near the Opera House, where you can see the tower in full.

Accessible from Canton Tower station on line 3 of the metro

Shamian Island
Shamian Island was for a period of time between the eighteenth and nineteenth centuries the entry point into China. It was the only place that foreigners were allowed to live, but they could only spend part of the year there to trade their wares.

During the trading season the merchants stayed on Shamian, housed in large buildings known as factories. Besides being dormitories, they were also storehouses and offices of trade.

Today the factories that remain on Shamian serve a similar function to their original use, having mostly been adapted into modern residential compounds and government offices. Some commercial enterprises have moved into the old colonial-style buildings too, such as Starbucks. The island is now a good place to go for a stroll down historic avenues, and it is also home to the White Swan hotel, which was the first five-star hotel available to foreign guests in the People’s Republic of China.

Accessible from Huangsha station on line 1 of the metro

Guangzhou Opera House
Designed by (the recently deceased) British-Iraqi architect Dame Zaha Hadid, the Guangzhou Opera House was the winning entry in a competition in 2002. Work on the opera house began in 2005 and was completed in 2010 – in time for the Asian Games. The work received international acclaim, with architectural critics proclaiming it was “a magnificent example of how a single building can redeem a moribund urban environment” and the structure was praised for being “at once highly theatrical and insistently subtle”.

The contours of the separate buildings of the opera house – reflected in the pool of water they stand above – have led some to compare their appearance to that of two pebbles washed smooth in a river. However, whilst many visitors come simply to see the iconic building, others are more interested in the performances inside. The opera house has hosted a variety of genres, from world class orchestras to the musical Phantom of the Opera; from Russian ballet to the family-friendly Shrek: The Musical, as well as more recently welcoming the Blue Man Group to perform its Las Vegas show.

Accessible from Zhujiang New Town station on line 3 of the metro or Guangzhou Opera House station on the APM

Rmb138 billion
What it cost to build the Guangzhou Opera House

What it cost to build the Guangzhou Opera House

SINOPOLIS: GUANGZHOU
Dragon Lake Golf Club

Only a 15-minute drive from Guangzhou’s Baiyun airport, in the city’s northern district of Huadu, Dragon Lake Golf Club features a 27-hole course secluded between the mountains and the water.

Carved from dramatic terrain, the course is challenging, conjuring deep bunkers from steep fairways and forested rough that tumbles into the lake. Dragon Lake was the host of the 2013 Royal Trophy – a tournament that was designed to pit the best of Europe against the best of Asia (the event was founded by the late Seve Ballesteros).

One legacy of hosting that event remains: a 5-star hotel on the resort’s grounds. The Princess Hotel stands in a quaint village on the fringes of the golf course, with a design inspired by medieval Dutch towns. A standard room in this European oasis costs Rmb1,380 ($207) per night, but larger suites are available for as much as Rmb9,888 ($1,484).

Reservations can be made through www.jiulonghugzhotel.com/en/
Industry
A rich trading legacy

It seems fitting that the city which during imperial times once held the only sanctioned port for trade with the outside world should fulfill the same role during the years of Mao Zedong’s China. After the Communist Party’s victory in 1949 and the founding of the People’s Republic of China, the nation withdrew from the global stage, severing many diplomatic and trading relationships. During this isolationist period, the Canton Fair was born in Guangzhou and, like the Shamian era that preceded it, the event became the only point where China would trade with the outside world.

No doubt part of the reason for choosing Guangzhou as a venue for the fair (initially held annually) was the city’s accessibility to the outside world, with colonial Hong Kong nearby. The city’s geography – at the mouth of the Pearl River – had always made it a key port. Today Guangzhou’s role as a port continues to be one of the main drivers of its economy and the city is keen to position itself as a node on the New Maritime Silk Road (which forms part of Xi Jinping’s ‘One Belt, One Road’ initiative for international trade and investment).

Naturally for a city that has historically dealt with imports and exports, the service industry is at the forefront of Guangzhou’s economy. Today the local economy is led by the tertiary sector, which accounts for roughly 60% of the city’s GDP, including such services as shipping and logistics, insurance, and currency exchange. In the Nansha New Zone (see box) the government is seeking to expand the city’s skillsets, creating clusters dedicated to fintech research and streamlining customs clearance procedures.

Building on its foundation as a prominent port, Guangzhou is also vying to become a leading financial centre for southern China. In 2015 the added value of the financial sector totalled Rmb162.94 billion, rising 14.2% on the year before and accounting for 9% of local GDP. It was

1957
The first year of the Canton Fair, now entering its 120th session
A view of the Canton Tower and Zhujiang New Town
Visitors walk through an entrance to the China Import and Export Fair, also known as the Canton Fair.
also the fastest growing sector of Guangzhou’s economy. A little east of the city centre Guangzhou is currently developing what will become its own financial centre (see Property chapter) and is aiming for financial services to account for 12% of GDP by 2020.

The government is also seeking a major expansion of the city’s logistics sector too. Outlined in the city’s latest Five-Year Plan is the ambition to become a transit hub for both passengers and freight – by sea, air or rail. By 2017 the government wants to be moving 550 million tonnes through its port, including 20 million containers per year.

The airport at Baiyun is China’s third busiest in terms of passenger numbers, serving 55.21 million passengers in 2015. By 2020 that number is targeted to swell to 80 million and there are plans to develop an “international air freight hub” in the Nansha New Zone as well.

The government is hopeful that the service sector can constitute an even larger portion of the city’s GDP by 2020, complementing the manufacturing industries that are clustered in nearby cities. The majority of manufacturing performed in Guangdong is based in Foshan, Dongguan and Shenzhen. Guangzhou is shifting its own manufacturing sector to focus on high-end and high-tech production, with the goal that smart manufacturing will account for 49% of all industrial production by the end of the thirteenth Five-Year Plan.

Car manufacturing is likely to remain a key component of the city’s economy, however, as Guangzhou is the head quarters for Guangzhou Automobile Group (for an interview with GAC, see box). In 2015 the automotive sector generated Rmb377.68 billion, a jump of 6% on the year before. Government planners regards it as a key plank in the city’s industrial strategy, especially as GAC moves to increase its output of more environmentally-friendly hybrid and electric vehicles.

The tonnage that passes through Guangzhou’s ports annually

167 million
Xu Jiayin
China Evergrande

Born to a poor family in Henan in 1958, Xu Jiayin had a tough childhood, especially after his mother died when he was young. Rather than attend university, Xu went to study at the Wuhan Institute of Iron and Steel, which eventually led to a job at Wuyang Iron and Steel, where he worked for 10 years.

In 1992, Xu moved south to work in the booming young city of Shenzhen, and in 1994 he decamped to Guangzhou in search of new markets to develop. At the time, new property developments usually consisted of large units, often with three bedrooms. Xu, who was working as a real estate manager at the time, disregarded this trend and instead instructed that his developments be built of far smaller units. The design proved effective, with his projects selling out rapidly and creating a storm in Guangzhou’s residential market.

Within two and a half years, Xu had generated more than Rmb200 million worth of revenues for his employer – yet his salary was just Rmb4,000 a month. So in 1996, he established his own company, Evergrande Real Estate, in Guangzhou, sticking to the model of his earlier developments: small units, small profits, quick returns on funds.

Each of the company’s developments was a success and by 2004 Evergrande was ranked as one of China’s top 10 largest developers. Five years later, the company listed in Hong Kong, raising $726 million. In 2015, annual sales reached Rmb133 billion. Xu is also part-owner of China’s top football team, Evergrande Taobao FC.
Lu Xiangyang

Guangzhou Youngy Investment

Lu is another example of an ambitious individual drawn to the entrepreneurial hub that is Guangzhou (he was born in 1962 in Anhui province). Although he began his career in the city working for brokers and speculating on land and government bonds, he eventually struck out on his own, founding Guangzhou Youngy Investment and Management Group.

One of his most rewarding investments was made in 1995 when he invested Rmb5 million in BYD, becoming a seed investor in the newly formed battery maker (which would later move into electric carmaking). He knew little about the underlying business but chose to invest because of his trust in BYD’s boss – his cousin, Wang Chuanfu.

His gut feeling was vindicated. His stake, at one point, had a market value of Rmb18.5 billion. That valuation was reached after Warren Buffett became a big BYD shareholder in 2008; CBN recently ranked Lu as China’s 27th richest man with a net worth of Rmb25 billion.

And although it began as a leap of faith, Lu has used his early stake in BYD to direct some of his other major purchases. Lu owns 70% of the world’s second largest lithium mine, located in Sichuan. He is negotiating to buy a cobalt mine in the Democratic Republic of Congo too. As the owner of lithium and cobalt processing facilities in Guangzhou and Nansha, he hopes to create an ‘industrial chain’ around the battery industry, anchored to his BYD investment and the metals required by that business.

Apart from industrial investments, Lu is also involved in commercial real estate, which comprises about 20% of the group’s business. He is currently looking at building an asset management franchise that specialises in non-performing loans.

One of his most rewarding investments was made in 1995 when he invested Rmb5 million in BYD.
Guangzhou Pharmaceutical

The city’s oldest firm

Guangzhou Pharmaceutical Corporation was founded in 1951, but the state-owned enterprise has since taken control of companies far older than itself. One such example is Chen Li Ji, a pharmaceutical firm that can trace its origins back further than any other existing today. Sinopolis speaks to Liang Mingji, CEO of Cheng Li Ji, about how this time-honoured brand is adjusting to the new age.

How old is Chen Li Ji?

Our company was founded in 1600, giving it 416 years of history up to today. It is in fact the oldest traditional Chinese medicine (TCM) company that is still in operation, and in today’s Guangzhou it is the most treasured of the ‘old brands’. Also, because our company is a pharmaceutical company – which is one of the most important industries in the world – and has history in Guangzhou you can say that we’re the ‘breakthrough unit’ of the association of ‘old brands’ here in the city.

And what makes us even more special is that we don’t
Guangzhou Pharmaceutical Corp has five wholly-owned subsidiaries and six in which it owns a controlling share.

How relevant is TCM in today’s China?
Chinese people’s faith in Chinese medicine is still widespread. Of course each place is not the same as the other, but in Guangdong province and the city of Guangzhou, the belief in Chinese medicine is strong.

In all corners of Guangzhou you can find these traditional liangcha stalls – stalls where they have a few different bowls of teas and herbal remedies. This is a form of Chinese medicine that treats what you could call a condition of ‘sub-health’ – when a person is not quite healthy and not quite sick. And so these liangcha stalls, and many other TCMs, take the approach of ‘preventative treatment’. The idea is to take the medicine before you’ve really gotten ill, to restore balance to your system, and prevent the sickness from developing.

Nowadays with the import of Western medicine, which of course normally comes in the form of pills or tablets, a lot of people are seeing these traditional forms of Chinese medicine as much less convenient. For example I think a lot of young people see our laqiaoyaowan [TCM packaged in large wax balls: a technique pioneered by Chen Li Ji] as pretty cumbersome.

How are you addressing these changing attitudes?
So at the moment we’re undergoing a modernisation of Chinese medicine. In terms of pharmaceutical research and development, since maybe 20 years ago we’ve been exploring both how to guarantee effectiveness of the medicine and how to guarantee its safety. But we’re also keen to improve the user experience of our patients. We want our medicine to be easy to carry and easy to use, and we generally want to reduce the aspects of the service that users don’t like. So that’s one direction our company is moving in. In our research of Chinese medicine, we’re slowly integrating the study of foreign, consumable medicine. We want to extract the effectiveness of these medicines so as to concentrate our dosages. Once that’s been achieved we can develop the medicine in various forms. And when it has been developed to the point of being a medicinal food-stuff, then it has reached its most convenient form. Guangzhou Pharma Corp’s Wanglaoji [herbal tea] drink is a good example of this.

Where are your company’s production facilities?
We have two production bases. One is here in Guangzhou, on the same site as our museum; it’s a big building where the medicine takes form, in the shape of tablets and pills. As for where a lot of the medicinal elements are made, that’s not in Guangzhou, that’s in Foshan. The reason why it’s in...
Foshan is because, generally speaking, the production costs are more expensive here. The labour costs and the costs of environmental protection are higher in Guangzhou, which means we tend to place the relatively green and relatively more costly equipment here. In Foshan the environmental regulations are a little more relaxed.

Is the industry mechanising?
It’s like this, in the beginning we were a very traditional producer of Chinese medicine, so in our history we relied on manual methods much more. Then in these last 20 years we’ve gradually begun to research and to use many newer technologies. We’ve cooperated with more producers of these technologies and expanded our use of robotics in replacing human labour, but the number of robots we use is still very low.

But then our staff numbers are quite low as well. Currently in the whole firm we probably have about 800 people. Roughly 600 of them are in production and maybe 100 are in sales. The other 100 are in management. So we’re a medium-sized business rather than a large one; thus far we’ve had less need to change to robotics.

But now following the government’s call for mechanisation and automation, in the future the number of personnel required to make the same volume of goods is likely to become smaller and smaller. And we will absolutely start using more robots – particularly for jobs which are more dangerous, require more productive strength, or where the pollution levels or general environment is particularly bad.

Is the government encouraging this?
Traditional industries are getting support through government policies for automation. We’re hoping to speed up this transformation process, and reduce the labour force. Lower costs is one reason for it, but the crux is the need to reform. You can’t simply say in one sentence “use machines to replace people”, because it’s not that simple. Different work processes must be treated differently. In situations where the process, for instance, exposes workers to high levels of pollution then we’ll likely ultimately use robots. For other situations it’s not appropriate. For example, we use vegetables in our products. The leaves of those vegetables have to be pulled off and that needs to be done by hand.

So we think about the workers as well, it’s not that everything is about costs. We’re also reviewing how to recruit younger workers. This process needs to be sped up, because the Chinese population is aging. In the next 20 years the labour force will shrink.
The Nansha New Zone

Nansha is Guangzhou’s southern-most district, home to its largest port, and contains one of the three areas that constitute the Guangdong Free Trade Zone (FTZ). One is Qianhai, in the city of Shenzhen; another is Hengqin Island, which is a district of Zhuhai; and in kind Nansha is attached to Guangzhou.

The Nansha New Zone was launched in 2015 and is divided into seven major clusters, each focused on a different industry. The clusters cover shipping, financial and commercial development, international education and health, “research for developing Guangdong, Macau and Hong Kong as an integrated region”, science and technology research, overseas investment, and trade processing. However the main objectives of the zone could briefly be described as seeking to simplify import-export procedures, their financing and likewise to integrate the three regions of Guangdong, Macau and Hong Kong.

There are a number of policies in place in the Nansha zone designed to lure businesses into the area. For example, firms do not have to meet a minimum registered capital requirement; corporate tax is pinned at 15% with the possibility of rebates of up to 95% the amount paid; and there is a localised arbitration centre specifically for dealing with issues that arise in the FTZ.

In addition to the policy incentives, there are large scale infrastructure projects under development in the area, including the construction of 20 railway lines and eight expressways.

In terms of GDP growth, the zone is already a success: the economy grew 13.9% year-on-year in the first quarter of 2016, completing nine quarters of continued growth and making it a leading contributor to Guangzhou’s total GDP.
Behind the steering wheel

Sinopolis sits down with Jade Yin, Director of Public Relations at Guangzhou Automobile Group (GAC) to discuss the road ahead for the car firm

How has Guangzhou culture helped shape GAC?
Most of our top executives are from Guangdong, and what’s more they have all lived in Guangzhou for many years. As we all know there are a lot of Chinese, and people from each area of China have their own idiosyncrasies. Guangdong people are very pragmatic.

Guangdong people prefer to do first and talk later, or in some cases act first and then not talk about it at all afterwards.

Guangdong has a long tradition of handling business. The province was the earliest to be affected by the Reform and Opening Up policies in the late 1970s, so our perspective is very open-minded. People say we are the SOE (state-owned enterprise) that least resembles an SOE.

From the moment we started we were focused on market-friendly activities. Guangdong culture may explain this philosophy.

Guangdong people can work with anyone, and they’re very inclusive of other cultures. GAC’s foreign partnerships have all been very good.

Of course luck has been a part of it too, and the local government has been very supportive of us.

What is GAC’s greatest strength?
At the moment our business is fairly comprehensive. We have five major divisions: R&D, manufacturing, finance, car services business, and parts production. So our production chain is pretty absolute. And this year our car finances department has developed very well. We now have our own insurance company, financial services and other related products.

But our R&D has been doing great too. Originally we found that it was our joint venture products that sold a little bit better – in fact when our JV was launched with Toyota in 2004 it turned profitable in the same year – but nowadays our own brand, GAC Trumpchi, is doing exceptionally well. We export it as well, mainly to the Middle East.

And this success is down to our R&D. Maybe compared to some other auto companies we were a bit late in starting

A GAC car was chosen to feature in Transformers 4 after director Michael Bay saw one of their concept vehicles at the Detroit Auto Show
Guangzhou Automobile Group

Founded in 1997, Guangzhou Automobile Group (GAC) was the first state-owned enterprise (SOE) to list on both the A-share and the H-share markets: first the firm listed as an H-share on the Hong Kong Exchange in 2008, and then in 2010 GAC listed A-shares on the Shenzhen Stock Exchange.

Over the course of its growth GAC has expanded to include a number of joint ventures, producing cars for domestic consumption with brands like Toyota, Honda, Mitsubishi and Fiat-Chrysler. The group’s portfolio has extended across the automobile supply chain: GAC has its own parts producer and research and development department, it offers financing options as well as insurance, logistics and leases.

The headquarters of GAC is a skyscraper located in the heart of Tianhe district. A showroom on the ground floor exhibits the latest marques from its various partnerships. GAC’s management work out of this city centre HQ, while its production lines are in factories on the city’s outskirts, in this case in Panyu and Zengcheng district. There are several other factories dotted around China – such as in Changsha, Hangzhou and Xinjiang – with annual capacity running at 1.7 million cars as of September 2016. The factory in Panyu also houses the longest test track in the south of China. Company management says that every single car that rolls off of the production line has to complete before it can be cleared for sale.

At a glance:

303  
Ranking on the Fortune Global 500 (2016)

67,205  
Employees

1,277  
Patents
– our R&D department is only 10 years old now – but we’ve had a lot of success with it. It is very international in fact. At the moment there are over 2,600 R&D workers and one of the most senior members is an Italian. He’s the chief designer for chassis systems.

Is the company’s financial services department growing in importance?
Yes it is, in our thirteenth Five-Year Plan we intend for our financial services department to ultimately account for 15% of our business. At the moment it doesn’t even account for 5%. Last year our revenue was more than Rmb200 billion, but over the next five years we intend to raise that figure to Rmb400 billion with 15% of that coming from financial services, such as car loans and other support for our dealerships.

What types of investment will GAC make?
We will be investing in automotive and related projects. We are test-investing in other areas. We have a department called GAC Capital: it has funds targeting areas such as innovation and healthcare, for example – although it still views the car industry to be the most important investment area.

One example of an investment GAC has made this year is in Uber. We’re not a very big shareholder – we only invested $100 million – but it is an example of a tech-related investment that’s related to the auto industry.

Another key area for GAC is new energy vehicles.

Is capacity still growing?
GAC Motor’s second production line opened in July, adding new capacity of 150,000 units per year. A third production line at GAC Toyota will expand capacity to 600,000 units by 2018.
Zeng Qinghong
President, Guangzhou Automobile Group
Some of Guangzhou’s wealthiest tycoons

<table>
<thead>
<tr>
<th>Name</th>
<th>Worth ($ millions)</th>
<th>Company</th>
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<tbody>
<tr>
<td>Xu Jiayin</td>
<td>9,400</td>
<td>China Evergrande</td>
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<tr>
<td>Ding Lei</td>
<td>8,000</td>
<td>NetEase (founded Guangzhou, now headquartered Beijing)</td>
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<tr>
<td>Lu Xiangyang</td>
<td>5,400</td>
<td>Guangzhou Youngy</td>
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<td>Zhu Mengyi</td>
<td>4,700</td>
<td>Hopson, Pearl River</td>
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Chen Zhuolin
Zhu Mengyi
Zhang Li
Property
A first-tier city without runaway prices

Guangzhou has the lowest average property price of China’s first-tier cities (a category generally accepted as incorporating Beijing, Shanghai, Shenzhen and Guangzhou). Indeed it is only the sixth priciest market in the country (it trails Xiamen and Nanjing). It is also considered to be one of the more stable real estate markets – in fact last year while values in neighbouring Shenzhen surged, Guangzhou saw several months of declines in the first half of the year. These reversed slightly in the second half, but ultimately that meant the cost of new homes rose a marginal 0.5% over 2015 as a whole.

Yet while the cost of a new dwelling didn’t budge much, both the volume and the value of sales grew over the year before, by 28% and 30% respectively. What might explain these figures? The growth in sales – accompanied by a relative stagnation in price – could be due partially to Guangzhou’s recent absorbing of its neighbouring cities Zengcheng, Conghua and Huadu, which were incorporated into the Guangzhou area in 2014. The majority of properties in these outlying districts command a lower price than those in the city centre.

The evolving nature of Guangzhou’s borders naturally has an impact on the assessment of its overall property market. In 2015 sales by gross floor area (GFA) ranked Guangzhou number 13 nationally. However, if you look at “Greater Guangzhou”, a relatively recent urban planning concept which also encompasses the city of Foshan (population 7.3 million), then the area would rank first in terms of sales by GFA.

To avoid this confusion, some analysts prefer to focus purely on Guangzhou’s central districts when discussing the city’s property market. Colliers, for example, reports on residential sales for the “nine central districts” of Guangzhou; average sales prices rose 8.6% year-on-year in the first half of 2016 while sales by volume climbed 38.7%.
City property ranking and trends
Average Price and YOY Growth (as of June 2016)
This increase in sales is attributed in part to the publication of several infrastructure development plans, including the confirmed construction of new metro lines. Guangzhou's transport department's aspirations for the city's underground system are ambitious, and even if only the lines that have already been granted approval go ahead it will extend the metro network dramatically – and turn some formerly less favoured locations into potential hotspots for investment.

There are still residential projects in the pipeline in the city centre, but the area is quickly running out of land to build on. Take the metro to some of its outer reaches and that explains why new skyscrapers are going up in what were once industrial areas. For the moment there isn't much activity in these parts of the city but Guangzhou's urban planners are pursuing two goals: moving out polluters, and regenerating these zones for developers to expand in the decades ahead.

Thanks to new transport links, Guangzhou's property market looks certain to sprawl. But for the moment most of the interest is focused on the still available projects in the city centre. Tianhe is Guangzhou's most desirable location. The area comprises the transport hub that is the East Railway Station and the city's CBD as well as what is being developed into the financial district. Understandably it is the most expensive area in Guangzhou to buy, averaging Rmb32,372 per square metre (it is also the district with the greatest price acceleration, with values up by a fifth between June 2015 and June 2016).

Most of the property in Tianhe takes the form of high rise apartments, many with amenities such as swimming pools and gyms. But besides the flats, there are a select number of mansions tucked away in Tianhe Park.

After Tianhe, the priciest district is Yuexiu, which is the old centre of the city. Although the majority of the properties in this area are older than those in Tianhe, the district's history gives it some distinct advantages for families. For example, some of the best local schools are in the Yuexiu district.

The third area of interest is Haizhu – the island district in the middle of the Pearl River. On top of its hot residential property market, demand for Haizhu's office supply has been rising too. Supply in just
the Pazhou submarket of the district (where the Canton Fair is held) is set to double over the second half of this year. In the first half, office vacancy declined by 1.4 percentage points across the city, to 14.3%, despite the introduction of an additional 214,000 square metres of space. A further 410,000 square metres will become available in the second half.

And renting? A 100 square metre residential apartment in a five year-old building in the Tianhe district would cost between Rmb9,000 and Rmb12,000 per month (buying such an apartment could cost maybe Rmb20,000 per square metre). That, of course, makes Guangzhou’s rental market pretty cheap relative to nearby Hong Kong, where a similar unit would cost four to five times more. As it seeks to boost its own financial centre and take advantage of a bullet train connection with Hong Kong (due in 2018), this price differential might lead some professionals to consider basing themselves there.

There is also a plethora of serviced apartments to choose from within the area (investment in this sector surged 33.8% last year), which might be a more manageable option for many expats. For a 90 square metre serviced apartment in the Tianhe district you could expect to pay around Rmb8,000 per month.
Living the high life

Sinopolis takes a look inside two luxury projects in Guangzhou

The first property – Mayfair by local developer KWG (see map on previous page for its location) – is being developed in the new financial district to the east of Zhujiang New Town, alongside the Pearl River. This tower block of serviced apartments is part of a larger complex which, when complete, will incorporate offices, a mall and a hotel, besides apartments.

The fourth floor of the apartment block is where the lowest-level flats are; these are all studio apartments, offering 41 square metres of living space. The kitchen runs perpendicular to the entrance and adjacent to the bathroom, while the living area melds into a bedroom. A studio like this is priced between Rmb38,000 and Rmb42,000 per square metre – so roughly Rmb1.7 million for the entire unit.

Above the fourth floor and continuing up to the twenty-fourth floor larger options are introduced. The largest at 78 square metres is a two-bedroom flat, targeted towards a couple with a child. There is a separate kitchen and a spacious dining-cum-living room, but perhaps the best selling point is that all the apartments of this size are south-facing – providing views out across the rest of the financial centre and the Pearl River. These are selling for around Rmb3.5 million.

As most of the financial district is still under development, there’s a likelihood that these properties will increase in value as the surrounding amenities come into existence. Already there is an underground station nearby, which takes roughly 15 minutes to reach the CBD, and a bridge to Pazhou, home of the Canton Fair. By 2020 the Guangzhou-Foshan underground line should have been extended to the ‘Financial City’ (see Q&A with KWG's
Roger Law for more on this concept), as well as the APM line, which runs through the city centre.

The second property is 20 or 10 minutes away, depending whether you drive or take the metro, and is between the Zhujiang New Town and the CBD. This luxury project is being developed by another top local developer – China Evergrande – and has been named “Jewelry”. Although the apartments for sale in this building are serviced apartments, they are much grander than average, offering split-level and three-floored units. The split level variety is a 90 square metre open plan studio, with the bedroom stationed on a mezzanine level above the kitchen and dining area.

The units that rise over three floors have 343 square metres of floor space spread across five bedrooms, four bathrooms and two living rooms, plus the kitchen. This mini-mansion costs around Rmb23 million ($3.44 million, based on the exchange rate in early October 2016 of 6.67). One element that could impact values in the tower: just opposite it Guangzhou’s primary venue for Cantonese opera is under construction. This will not block any views, but could lead to price appreciation as the area becomes more of a cultural destination.
Building business
Sinopolis speaks with Roger Law, vice-president of the finance department of KWG, one of the largest local property developers in Guangzhou

How is the property market in Guangzhou?
I think at the moment we’d describe it as a stable market. Out of all the first-tier cities in China – so including itself, Beijing, Shanghai and Shenzhen – Guangzhou is the one that has always had the most stable market. When the property market has shot up elsewhere in the past Guangzhou has lagged behind, but conversely when the general market has fallen, Guangzhou has remained stronger.

I think this is because traditionally Guangzhou has not had so many outside investors rushing in to buy property. Even though Guangdong was the first province to be developed with an eye towards trading with the outside world, this primarily resulted in it building good infrastructure. In other provinces, the local population dream of becoming rich and moving to the provincial capital because the capital provides better living conditions. But in Guangdong many cities are well developed, and they’re all well connected, so people living in Shenzhen have no desire to move to Guangzhou, because if they really want to go there they can take a car or a train and get there in one hour. So for this reason Guangzhou has always been more of a locally-driven market.

Has this created any oversupply in the market?
No, it’s a very self-sustained market: it’s never really been oversupplied nor undersupplied. Shenzhen, for example, is different. Shenzhen was undersupplied for the last couple of years and that’s why the prices in Shenzhen shot up so fast last year. The land supply was very minimal and then there were lots of ultra rich people living there who wanted to invest in property, so that pushed prices up fast.

People say that in Guangzhou they have learnt from the property market experiences of Hong Kong over the past two decades and so have never overheated their own market. They’re cautious.

What are the key areas for property in Guangzhou?
There are two districts in Guangzhou that have the highest prices: Tianhe and Yuexiu, the old town. Even though it’s the old town, Yuexiu still has a lot of good schools and plenty of greenery, which helps keep the price
up. It was also traditionally the place where most of the wealthy lived so there are nice houses there. Tianhe was mainly developed because the train station was there, which is a very important connection point for the city, particularly between Guangzhou and Hong Kong. Pearl River New Town, which is the newly developed CBD, where the museum, library and opera house are, is located in the heart of Tianhe District.

So will the new train line coming into Guangzhou South station help that region develop?
Well traditionally people liked to live on the northern part of the river rather than the southern side. I guess this resulted in the richer people living in the north and those areas becoming more developed, whereas the south would be the district where there was a lot more farmland and working class labour. Nowadays, however, in terms of property prices, there’s greater parity with the north, and the south has more land availability. But the problem is that some developers will have bought land in the area when it was at a peak price, so they are maybe now waiting until a little later to start development, so that the property price can be higher before they even begin.

Then where might first time buyers live?
I guess first time buyers if they are not that wealthy, depending on the family size, might be living on the outskirts where it’s cheaper.

The wealthier people would be living in Tianhe in lower density properties, such as residential flats rather than serviced apartments. For the megarich there are mansions and villas in Tianhe too, hidden in Tianhe Park. Many of them wouldn’t want to live in the outskirts of Guangzhou, because they don’t want to have to travel far, so they prefer to find somewhere of lower density in the city centre.

Where is the most popular KWG project?
Currently we have two projects on sale that are proving more popular – one is in
Foshan, it’s a 50:50 joint venture with the Hong Kong developer Sun Hung Kai Property, and it’s a residential project. Foshan is an interesting area because it recently announced a new policy granting anyone with property in Foshan a hukou [a residency permit entitling holders to local state benefits, such as healthcare and education] and since Foshan is effectively adjoined to Guangzhou by the subway train, I believe a Foshan hukou will be equivalent to a Guangzhou hukou.

Another popular project we’re launching is called the Financial City. It’s a new place designated for development by the Guangzhou city government and intended to become the city’s centre for finance; it’s a small district right next to Pearl River New Town. This is a commercial project but we’re building serviced apartments there as well. Since the land was designated as commercial land we couldn’t simply build residential properties, so we’re building these apartments, which are technically commercial-residential. This distinction has some interesting implications. For example, there are purchasing restrictions in place which limit households to buying only one residential property, but that rule does not apply to serviced apartments. This might partially explain why there are so many serviced apartments in Guangzhou.

**Will the older areas of Guangzhou’s centre be redeveloped?**

Well this is difficult to do, because the people living in those areas would need to be relocated, and that invites a lot of political risk. If the government attempted to move everyone out they might evoke bad press, so I think a lot of city government officials won’t want to take that risk. And then if they do take that risk, it’s still not an easy task. Officials involved could be accused of bribery or the people being moved might feel that they haven’t been properly compensated.

One of our projects – The Riviera – was actually the first renovation project in Guangzhou. The government was responsible for relocating the people that originally lived there. They built a bridge to the south side of the river and built high rises there so they could compensate the people being moved out with these new apartments. This worked because it was so-called ‘nearby relocation’. People are often very reluctant to be relocated to the outskirts because it’s inconvenient and the property value is so much less.

But now there’s not enough space to carry out these sorts of relocation projects in the city centre.
Retail

Shangxiajiu Street: a bustling retail area
Confident consumers

With its permanent role as the capital of Guangdong province, Guangzhou has always been a hub for trade. Local traders from surrounding towns and villages would stock up in its markets. When it later became the nation’s international port, it became a wholesale centre for China – the place where foreign goods and Chinese wares were stockpiled and exchanged.

In modern times the launch of the China Import-Export Fair (commonly known as the Canton Fair) in 1957, saw Guangzhou again become the sole window for direct international trade with China. But besides the internationally-minded Canton Fair, Guangzhou also became home to numerous wholesale outlets, allowing local traders the opportunity to deal in bulk.

Eventually, as China began opening its doors wider in the 1980s, foreigners settled in the city, dealing with these wholesalers. As a result of this trend, Guangzhou became home to China’s largest African community – comprised primarily of traders exporting cheap wholesale items to their home countries.

There are suggestions that the wholesale economy is tailing off, with traffic and sales at the Canton Fair declining, and reports that the once thriving African community is now receding – partially due to a rise in the convenience of e-commerce, and partially due to Chinese companies establishing offices in African nations, cutting out the middlemen of Guangzhou.

However figures from Guangzhou Bureau of Statistics report that wholesale and retail spending are still outperforming food, drink and accommodation as a proportion of consumer spending, rising 11.2% in 2015, to Rmb693 billion, while the latter amalgam increased 9.8% to Rmb100 billion.

In fact, research from the Fung Business Intelligence Centre (FBIC) suggested that it was department stores that were suffering the brunt of losses to e-commerce. In Guangzhou, a number of department stores have tackled this problem by opening “e-commerce experiential stores” which provide two types of goods: duty-paid and bonded imports. The former items are subjected to all normal import duties and tariffs, whereas the latter are taxed more lightly as though they were posted to the individual from overseas.
At the high end: Taikoo Hui Shopping Centre
Apple’s Parc Central retail store in Guangzhou. When it opened in January 2016 there were long queues – in spite of the rain – as local consumers lined up to buy iPhones.
The bonded imports aren’t stocked inside the experiential stores, but are kept within bonded warehouses, generally within the Nansha New Zone. The stores simply retain display items of the bonded goods. As the name suggests, this model is designed to allow customers to experience their products before purchasing them, while continuing to enjoy the low prices offered by e-commerce sites.

In 2015, Mopark Department Store in Tianhe became the first in Guangzhou to implement this strategy, converting one of its departments into an experiential store. Across Guangzhou a further 15 shops followed suit. Two years prior to opening its experiential store, Mopark made another decision to convert parts of its department stores into factory outlets. According to the Hong Kong Trade Development Council, on the first day of opening its outlet stores, mall turnover jumped 300-400% and footfall nearly doubled. That said, the retail industry in Guangzhou is still experimenting with models to compete against (and work with) e-commerce.

But unfortunately for local retailers it is not just e-commerce that is syphoning business away from the city: it is Hong Kong too. Many wealthy Guangzhou residents find it is cheaper to travel across the border to Hong Kong and return with luxury goods than it is to purchase the same products at Guangzhou’s malls. There were also signs

in 2015 of Guangzhou’s luxury market declining, with sales of clothes falling year-on-year, and the news that Louis Vuitton was closing its store in the luxury mall La Perle. A more nuanced view suggests that while fashion sales declined, revenue from jewellery rose, and although Louis Vuitton closed one store it has kept open another in the Taikoo Hui Mall in Tianhe.

According to Savills an additional 70,000 square metres was added to the gross floor area accounted for by shopping malls across Guangzhou in the first half of 2016, yet despite this increasing the city’s vacancy rate actually declined 0.7% from the half before. A number of international brands found their way into Guangzhou for the first time too, such as middle market fashion firms Hollister, French Connection and Old Navy.
The highest rents for retail units are in Tianhe, but fell marginally in the first quarter of 2016.
The malls

In Zhujiang New Town, the CBD at the southern tip of Tianhe, there is an IFC shopping mall housing mid-to-high end brands such as Emporio Armani, Sony, Triumph, Lego and Chow Tai Fook. Although situated en route to one of Guangzhou’s busiest metro interchanges the mall’s footfall has not been stellar. Sinopolis noted that a number of units inside are under development, indicating that previous tenants hadn’t found their ventures profitable enough to stay.

Perhaps draining IFC’s consumer base is the GT Land Plaza Mall a couple of blocks away. The gargantuan structure consists of four buildings, named for the seasons, and also houses a 45-storey office tower and a hotel managed by Dubai’s Jumeirah Group. The shopping mall caters to a similar class of brands to IFC, but an area of the top floor has been given over to an “e-commerce experiential store”.

Slightly further north is Teemall, a much larger complex than IFC but smaller than the GT Land Plaza. Teemall, like many others has a broad retail offering, stocking mid-to-high range fashion brands like Calvin Klein, Victoria’s Secret and Omega, as well as premium electronic products, such as those made by Huawei, Samsung and Apple. However on the upper-levels is the Teemall Department Store, which sells many of the same brands that can be found elsewhere in the mall.

In Yuexiu district is the La Perle shopping centre: the high-end shopping mall from which Louis Vuitton
devoted in late 2015. Currently a Salvatore Ferragamo is fitting itself into the vacated lot, although it already has a store further inside. Next to the forthcoming Ferragamo store is a Hermès. On the top floor of the mall, a department store is under construction specialising in designer clothes for children.

What may be confusing for visitors to La Perle is that it has an interior connection to the adjacent Guangzhou Friendship Store, but the malls are quite different. La Perle keeps its emphasis on high-end foreign brands. While the Friendship Store does offer a variety of foreign fashion labels, such as Karen Millen and Max & Co, it also stocks a number of local brands. Moreover, it is an outlet store, meaning its goods are often steeply discounted.

Offering even cheaper deals and far fewer big brands is the Baima Clothes Market, a little further west of La Perle. This is one of Guangzhou’s larger outlet stores, primarily stocking domestic brands, as well as some Japanese and South Korean labels.

But possibly the most similar of the malls to those in Hong Kong is Taikoo Hui in Tianhe – built by and operated by Swire, the Hong Kong property conglomerate. Focusing on prestige stores like Chanel, it adjoins grade A offices and the Mandarin Oriental hotel.
A trend setter

Treasury Wine Estates (TWE) China sales director for its wholesale division, Jack Wu, prefers to view the Guangzhou market less as a singular entity and more as one part of a complex ecosystem. “We look at Guangdong province, rather than just the city of Guangzhou, because consumption levels in some of the tier-two cities are higher than even those in the first-tiers”. Although Wu admits that Guangzhou is probably leading sales in The South (TWE’s term for the Guangdong market), he stresses the importance of its neighbouring cities, such as Foshan, for sales growth.

To this end, Guangzhou is effectively a dynamic showroom for the Australian company’s labels – which include the Australian wines Penfolds and Wolf Blass and Stag’s Leap from Napa Valley in the US.

The wine market in this provincial capital has already matured substantially: a refinement in large part due to the volume of inter-regional and international trade handled by the city’s offices. The city’s government previously drove much of the wine industry’s sales but since officials are now prohibited from taking part in luxury banquets the private sector has taken a greater share.

Wu notes that when clients congregate in Guangzhou to wine and dine it is an opportunity for TWE to spread awareness of its products. According to him, ‘The South’ market provides this type of organic advertising more readily than elsewhere in China. This speaks to how the Cantonese enjoy their food; a passion that reveals itself readily through the local cuisine. “The South market is actually the biggest cognac market in China,” Wu says, “Because they drink it during lunch and dinner.”

Thanks to this refined palate, the Guangzhou wine market is arguably a good litmus test for the rest of China, indicating which trends might develop. But in some of the neighbouring second-tier cities, TWE is still in educating mode, having run 50 wine tasting dinners over the last six months. After introducing their own wines at these events, TWE promotes them as luxury gifts for partners and clients, further feeding on the Pearl River Delta’s business acumen.
Sales of consumer goods are growing each year in Guangzhou but the rate of growth is slowing towards single digits.
A mind for business

Some people in Guangzhou argue that the city didn’t always place a great emphasis on higher education. Families traditionally would encourage their children to leave education relatively young and join the family business.

But as Guangzhou has grown in wealth and become more cosmopolitan, parents have come to value the education of their children more. Yet its tradition of favouring practical knowledge and perpetuating family business continues. For example, Guangzhou’s current Five-Year Plan aims to see the city emerge as a national champion for vocational education by 2020.

Also notable: a pilot programme launched in 2015, in which 36 primary and secondary schools implemented classes for students on financial management. Pan Xuzhao, who authored the scheme’s textbook, determined that “investment, financial management and trading shares are part of the family now”, and argued it was better to educate children early on in these matters. (The new curriculum no doubt also has something to do with Guangzhou’s push to become the financial centre of south China.)

In other ways Guangzhou is following the trend apparent across the rest of China in seeking to attract those with international experience into its education sector. The city government has allocated Rmb3.5 billion to developing ‘industry leadership and talent’ over the next five years, a portion of which will be used to support foreign students who decide to stay in Guangzhou and start businesses after graduating, creating what are being dubbed “talent green cards”.

Besides attempting to attract foreigners to stay the local government is also hoping to lure back its residents who have gone to study abroad – the highly coveted group known to the Chinese as “sea turtles”. As a primer for this Guangzhou launched its “Elite Plan”

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50,000

The annual cost – in renminbi – of one “CEO course” offered in Guangzhou, to children as young as three
Students attend an outdoor joint lesson outside a school building in Guangzhou.
The Higher Education Mega Centre was opened in 2004 on Xiaoguwei Island in Panyu district, although it’s separated only by the river from Haizhu district. Initially 10 universities opened campuses on the island, and were later joined by another three. With the exception of Guangzhou University, which relocated to the Mega Centre, all of the universities have maintained their former campuses elsewhere in Guangzhou.

The island is a fairly self-maintained entity: every university has its own sports facilities in addition to communal recreation grounds; each provides dormitories as well (with separate free-of-charge accommodation for lecturers); and there are a number of on-campus shops and eateries. For a visitor – and perhaps even a resident – the island lacks much to do (aside from studying). However, it isn’t far from the city centre, connected by two expressways and a metro line (23 minutes to the CBD).
programme five years ago, which sponsors a few individuals to study abroad. The scheme covers the living and travel expenses of the successful candidates for five years, with a typical living allowance of up to Rmb13,000 per month. Candidates must have already completed a BA or an MA (but can’t be over 35), with the emphasis on generating PhD students. In its five years of operation the scheme has sent 157 people abroad, 70 of whom have already returned.

International schools

There are a number of highly esteemed international schools in Guangzhou, catering for children from nursery levels through to high school graduation and providing a range of curricula. Naturally The British School of Guangzhou (pictured above) offers a British curriculum, the American International School of Guangzhou an American education, and the Clifford School International follows a Canadian curriculum. But there are also some schools which don’t focus on emulating the teachings of any particular nation, such as the Utahloy International School.

By Chinese law, it is a requirement for all students attending an international school to possess a non-Chinese passport. Unsurprisingly, as Guangzhou and its residents have become richer, the international schools have seen an influx of local enrolments — with offspring of the wealthy having obtained the prerequisite foreign passport.
Sun Yat-Sen University

Sun Yat-Sen University was founded in 1924 by the eponymous revolutionary leader, whom many consider to be the father of modern China. When Sun founded the university he named it the National Canton University. It wasn’t until a year after his death that the university was renamed in his honour, in testament to the respect both the Nationalist and Communist parties shared for him. (At the time – 1926 – the two parties were engaged in a tenuous alliance, which would eventually collapse into civil war, resulting in victory for the Communists. Yet Sun, who founded the Nationalist party, is still much revered in China today.)

Although most commonly known to the outside world as Sun Yat-sen University, the institute also goes by the name of Zhongshan University. This duality is partially due to the discrepancy between Cantonese and Mandarin, but also as a result of the different names Sun Yat-sen acquired for himself during his lifetime. It was while studying in Hong Kong that Sun Yat-sen came to be known by this name, the English spelling of which is based on the Cantonese pronunciation. But Sun was also known as Sun Zhongshan, which is the pinyin spelling of the Mandarin pronunciation of a Japanese name given to him when studying in the country.

Perhaps as confusing as Sun Yat-sen’s name changes are the origins of the university. Like many other educational institutions, the Sun Yat-Sen University (SYSU) that stands today is the result of a myriad of mergers and secessions. Its main campus in Haizhu District took over the grounds from Lingnan University in 1953 – a school established by missionary workers in 1888. Besides this primary campus, SYSU has three others all but one of which are in Guangzhou (the outlier is in Zhuhai). Its most recent campus is located in the Guangzhou Higher Education Mega Centre.

The north campus is the university’s centre for medical studies. It formally joined SYSU in 2001 but its heritage can be traced back to 1866, when the Pok Tsai Medical School was founded. This college was the first in China to teach Western medicine. Besides medicine, SYSU has a multi-disciplinary focus on natural sciences, engineering, social sciences and humanities. Today it frequently ranks in the top 10 of China’s universities and is the most prestigious in Guangzhou.

“Study Extensively, Enquire Accurately, Reflect Carefully, Discriminate Clearly, Practice Earnestly.”

- The university’s motto, originally inscribed by Sun Yat-sen when he founded the National Canton University in 1924
Coming soon: the high-speed train link to Hong Kong
The fast track

The Beijing-Guangzhou high speed rail link is the longest of its kind, running 2,239 kilometres from the capital in the north to the provincial capital of Guangdong. The route is split into several stages, with major cities along the way acting as transfer nodes. The final stage of the rail network is currently under construction and has been for some time: it will link Guangzhou to Hong Kong via Shenzhen, adding an extra 142 kilometres to what is already the world’s longest high-speed train line.

The journey from Beijing to Hong Kong will take roughly 10 hours once the final link is complete, compared to the three or so hours it takes to fly. So the value of the train line is clearly in the sum of its parts rather than its length as a whole. This is particularly pertinent in Guangdong. In 2015 five of the 10 most frequently used high-speed lines nationally were in the province as well.

This interconnectivity is integral to Guangzhou’s vision of its future as a hub for business. By the year 2020 Guangdong intends to implement a comprehensive inter-city high-speed train network, with Guangzhou as its central axis. The network already expands to production areas like Dongguan, Chaozhou, and Shantou. There will be new high-speed trains to more remote economies like Maoming and Yangjiang.

Beyond Guangdong

The Guangzhou-Hong Kong Express Link will be just one of many high-speed links the city has or is establishing across China. Like the Hong Kong link, a number of these connections operate from the Guangzhou South station. From Guangzhou South there are lines linking the city to Wuhan, Changsha, Nanchang, Hangzhou, Beijing and Shanghai. Although flying to the last three destinations is faster, rail is a better solution for people doing a tour of several cities en route, such as Wuhan, Changsha or Nanchang.

However, the Hong Kong line may prove to be the most influential, especially for international visitors. Owners and investors in local factories are set to benefit in particular. For them, travelling to Guangzhou South Station will be considerably quicker than the current route; particularly as a lot of Guangzhou’s factories are near the South station.
High-speed trains from Hong Kong will arrive at Guangzhou South Railway Station.
This terminus is also much closer to Foshan, where a lot of manufacturing is based. The completion of the Express Link is also likely to coincide with the opening of another underground line that will link Guangzhou South with Foshan. There’s also a high-speed link from Guangzhou South to Zhuhai – a major port in the Pearl River Delta – which stops at Shunde, home to the tech giant Midea.

**Not so fast**

In Hong Kong, the Express Link has been planned primarily with these travelling businesspeople in mind, focusing on the time the average commuter will save. Currently the train connection between Hong Kong and Guangzhou takes roughly two and a half hours; the new high-speed link is advertised as taking only 48 minutes. MTR Corp, the group managing the line’s construction on the Hong Kong side, estimates the link will save 42 million hours of travel time annually, generating “HK$87 billion in economic benefits” over 50 years, based simply on the time saved.

However, this rapid journey time is only true of direct trains; the trains that stop at Shenzhen along the way may take over an hour. There is also some uncertainty over how many stops the trains will make on their way to Guangzhou, but the general consensus appears to be five or six.
What has also proven controversial is the cost of the connection. Initially construction was budgeted at HK$65 billion, but in early 2016 that value was raised to HK$84.4 billion – news that sparked a brawl among Hong Kong’s lawmakers. The increase in the budget has been accompanied by a delay in completion, with the Hong Kong-Shenzhen section of rail now due to be finished by the end of 2018 as opposed to the original 2015 deadline.

The most delicate decision is yet to be taken, and it involves passport control. To maximise the train’s speed benefits it makes sense not to stop at the Hong Kong border for immigration clearance, but rather go straight through to the new terminus in West Kowloon. The suggestion is that mainland Chinese customs officers could be based at that station, alongside those from Hong Kong. A vocal group of Hong Kong politicians oppose this, arguing it would violate Hong Kong’s Basic Law and undermine the principle of One Country, Two Systems, by giving mainland officials jurisdiction within the territory. That said, it looks to be the only practical solution if the train is to operate as efficiently as possible.

**Historical connection, new realities**

The idea to connect Hong Kong to the mainland via a railway was first proposed in 1864 by the British engineer Macdonald Stephenson, but was largely
THE NEW FAST TRAIN TO HONG KONG

99,000
Estimated daily passenger volume for the new high-speed train

18,600
Daily passengers due to arrive in Guangzhou each day from Hong Kong on the new train

3 minutes
Frequency of the high-speed trains at peak times

ignored until colonial Britain became more worried about other European powers exerting a greater influence in China. In the 1890s a number of concessions were won by British firms including the right to construct a line connecting Kowloon and Canton (modern day Guangzhou).

The Kowloon-side of the venture was completed first, with the Chinese side of the line opening a year later in 1911. The line ran successfully for a couple of decades before it was severed by the Japanese in 1938, to prevent supplies being sent into China from Hong Kong. After the Communist Party’s victory in the civil war in 1949, the Guangzhou terminus of the line was destroyed and the through-train service from Kowloon to the mainland ceased. It didn’t resume until 1979.

The new line will be transformational, shortening commuting times to about an hour. This opens up the prospect of Hong Kong people buying more affordable flats near Guangzhou South station and commuting to work in Hong Kong daily – following in the footsteps of the commuters priced out of the London property market who also make daily train journeys to work.
Useful Phrases

你好
HELLO
Speaking the language

Cantonese has been a culturally significant language for centuries, notably producing Cantonese opera, which dates back to the Song Dynasty of the 13th century. More recently, the language reasserted itself in the Chinese-speaking world through the frenzied activity of Hong Kong’s film industry, which trailed only Hollywood and Bollywood in movie output for much of the 1970s and 1980s. Later, Cantonese kept up its influence with the rise of Cantopop songs that ruled the roost across China for much of the 1990s.

Some 60 million people in China claim Cantonese as their mother tongue – roughly the same number of people worldwide whose first language is Italian. Despite this vast user base, many Cantonese perceive their language as under threat. Since 1955 China has promoted Putonghua (common speech Mandarin) as its lingua franca.

This has led to some sensitivity in Hong Kong where there was little interest in speaking Putonghua before the territory was returned to Chinese rule in 1997. Now Putonghua has overtaken English as the second-most spoken language, although Cantonese remains dominant in daily conversation, the media and local commerce.

There’s unease in Guangdong too, where the massive influx of migrant workers from other parts of China has seen Cantonese become a secondary language to Putonghua in some cities, such as Shenzhen. In Guangzhou, however, Cantonese has better maintained its dominance, leading to protests when efforts were made to replace Cantonese-language television with programming in Putonghua. This preservation of local Cantonese culture and language is one of the things that makes Guangzhou distinct.

However, while differences in spoken Chinese can vary dramatically – depending on whether someone is speaking Putonghua, Cantonese or a dialect – the same is not true of China’s writing system. Chinese characters are universally understood. So if you are trying to get a taxi to a key attraction, or even order food, just show the page opposite and point at what you want.
Point and Go

请带我去。。。 Please take me to...

广州塔 Canton Tower

沙面岛 Shamian Island

广州大剧院 Guangzhou Opera House

中山大学，南校区（海珠区，新港西路135号） Sun Yat-sen University, Main (South) Campus

天河城（天河区，天河路208路） Teemall

太古汇（天河区，天河路383号） Taikoo Hui

高德置地广场（天河区，花城大道85号） GT Land Plaza

白马服装市场（越秀区，站南路16号） Baima

丽柏广场（越秀区，环市东路367号） La Perle

我要。。。 I would like to eat/drink...

虾饺 Shrimp dumplings

猪肠粉 Pork rice noodle rolls

烤乳猪 Roast suckling pig
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