



# BUSINESS PLEASURE



SPECIAL ISSUE  
CANTON  
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**1978**



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# A Tale of Two Cities

Marco Polo may be said to have started China's commerce with the West but businessmen in Kwangchow and Hong Kong took it up where he left off hundreds of years ago and they are still at it — and going strong.

Kwangchow was one of the first Chinese cities to have trade with foreign countries and, in fact, an Imperial edict in 1757 designated it as the only place in China for foreign trade.

Hong Kong, with one of the three most perfect natural harbours in the world, was born out of the entrepot trade.

The two port cities have grown and developed and each has assumed a personality of its own. Yet there is much in common for the people in both cities are Cantonese speaking a dialect not readily understood in other parts of China.

Kwangchow is the capital of Kwangtung province and most Chinese in Hong Kong have their roots there. It is estimated that eight out of every ten Hong Kong residents have Cantonese as their mother tongue.

This affinity is most evident during the lunar new year when there is always a mass exodus from Hong Kong to the towns and villages of Kwangtung to celebrate the Spring Festival. This year, an estimated 250,000 made the border crossing to visit friends and relatives during the festival period.

In general, the Cantonese are great eaters and good talkers and fine specimens are not hard to come by either in Kwangchow or in Hong Kong.

They eat practically anything that moves under the sun and an old Chinese saying about the ideal

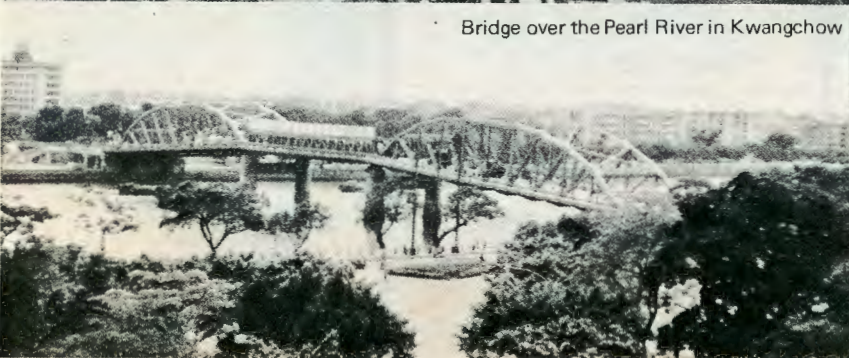
view of life credits them for this: "It is best to be born in Soochow (famed for its beautiful women), dress up in Hangchow (known as the 'in-place' for fine silk fashions and garments), eat in Kwangchow (for variety and taste) and die in Liuchow (for its coffin wood.)"

They love talking — which accounts for the large number of tea houses where they meet to talk — and in a sense, noise.

In the early nineteenth century, an American packet captain observed that "for the two noisiest cities in the world, I'd pick Naples any time of the year and Canton in the tea season."

Nowadays, car horns and bicycle bells create quite a din during rush hours in Kwangchow.

The noise in Hong Kong is of a different kind but the Cantonese also contribute to it.



# KCR-The Tie That Binds

The Kowloon-Canton Railway is the tie that binds the two cities. Hong Kong, in fact, is the starting point for the world's longest train journey — a 10,000 mile trip into China on KCR, across the breadth of Russia on the Trans-Siberian Railway and into Europe, then on to the train ferry across the English Channel to Victoria Station in the heart of London.

For the last four years, the man who ran the British section of KCR was Mr. Reg Gregory. British Rail seconded him to Hong Kong but has now sent him half-way round the world to reorganise Botswana's 500-mile rail line linking South Africa and Rhodesia.

Below is his farewell contribution to BUSINESS PLEASURE on the KCR:

Authority for the construction of the KCR was granted by

Ordinance in 1905 and work started the following year. On the triple tenth, October 10, 1910, the railway opened for traffic and a year later, trains operated through to Canton.

The railway was built for a double track railway but until 1974, when double tracking started, it remained a single line with passing points at intermediate stations with the exception of Sheung Shui, the penultimate station before reaching the border at Lowu.

The double tracking is primarily justified by the redeployment of the population from urban Hong Kong and Kowloon into the New Territories but additionally, with the development of the freight termini which is taking place concurrently, it will provide an opportunity for a greater inflow of goods from China to Hong Kong than has been possible in the past.

This should enhance the value of Hong Kong to China as well as providing confidence that the profitable performance of the Kowloon-Canton Railway over the last 22 years will continue.

The railway was a feature of a series of concessions granted to the British and Chinese Corporation in acknowledgement of the Imperial Government of China granting a concession to a Franco-Belgian consortium to build a railway between Peking and Hankow in 1897.

But the concession was not utilised and subsequently, the ceding of the New Territories to the United Kingdom altered the basis of the original proposal. In consequence, the British government built the British section and the Viceroy of Canton was responsible for the line between Canton and Shumchun.

Originally, the railway operated solely between Kowloon and Canton. In 1937, it was connected to the remainder of the Chinese system when the Japanese invasion



KCR's New Terminus at Hung Hom and the man who moved it there, Mr. Reg Gregory.



of China progressively blocked the various ports used by the Chinese government to supply materials to their armed forces.

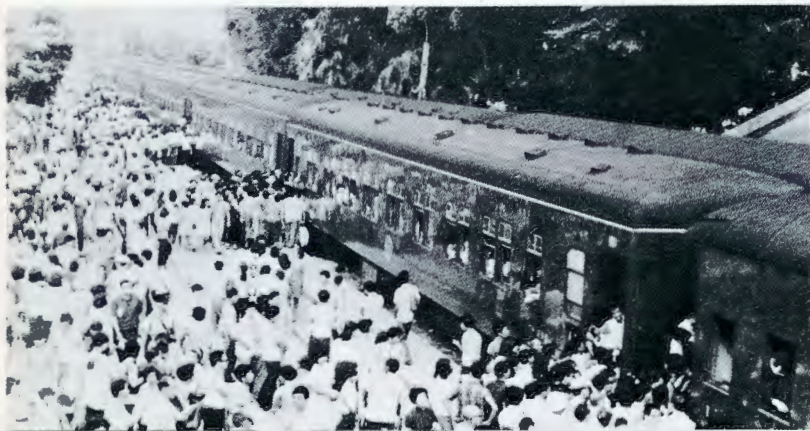
The railway operated throughout the Japanese occupation but on a limited scale.

The railway which originally operated from Tsimshatsui to Lowu included a two-foot gauge branch line from Fanling to Shataukok which was closed in 1925. In 1975, the southern railway terminus was moved from Tsimshatsui to Hunghom and currently, double tracking of the railway is being implemented between Hunghom and the border.

The work also includes construction of a new tunnel passing through Beacon Hill just north of Kowloon. Additional work in progress includes the building of a second line and platform at Sheung Shui, a new loop line to service the Shatin racecourse, the completion of a marshalling yard at Lowu and the reconstruction of Mongkok and Shatin stations. In both cases, the reconstruction involves commercial development over the stations.

Railway consultants have recommended to the Hong Kong government that the railway should be electrified at 25,000 volts, overhead, between Hunghom and Lowu in order to fully exploit the double track. They have also recommended that it should be extended back to Tsimshatsui from Hunghom underground.

They are also considering the possibility of a branch line between Taipo via Sek Kong, Kam Tin, Yuen Long to Tuen Mun.



CR station scenes — now and as it was when it first started



**BUSINESS PLEASURE**

# THE CANTON FAIR

The Chinese Export Commodities Fair in Kwangchow (Canton) this spring marks the full return of China to an active and positive role in international trading.

The leadership has had time to make a few albeit vital changes and adjustments since the fall of the "Gang of Four" in 1976 and the Fair reflects the impact of the new policies on the Chinese national economy.

The nation is now committed to revitalising its economy and the long march towards modernisation is to be a short one for the objective is to catch up with the industrial powers of the world by this century.

In internal terms, this means administrative reforms to build up a comprehensive national industrial and economic system and, with its establishment, the division of China into six economic regions to ensure

a fairly balanced economic growth.

Implied in this is the immediate need for China to develop foreign trade, increase investments in agriculture and modernise industry. For in recent years, foreign trade has been sluggish, agriculture has had three consecutive bad years and industry was in the dumps for two years before showing signs of recovery in the middle of last year.

China's hard currency reserves are under a little pressure, due in some part to unexpectedly heavy grain purchases.

But the need to import advanced machinery and technology is imperative and one estimate is that China is out shopping this year for goods and knowhow with a fistful of 2,500 million US dollar notes.

To help pay for this, China has on offer at the Fair a wider range of products, better packaged than

before and especially in the consumer field. Prices, however, are expected to be up generally.

The Fair, 43rd of its kind since 1957, is important for China trading and this applies to old China hands as much as to new China hands. It affords unique opportunities for meeting representatives of the Chinese national trade corporations and for keeping in contact with them.

The occasion is a two-way exchange between buyers and sellers and as a rule, they do a lot of business in commodities. Initial discussions and trade enquiries on capital equipment generally take place at the Fair but contracts are usually finalised at some later time elsewhere.

The Fair moved to its present building on the placid stretch by Liuhua, less than one kilometre from the railway terminal, in the spring of 1974. A four-storey, five-wing complex, the building has a total floor space of 110,000 square metres. The exhibition area comes to about 60,000 square metres.



# Doing Business in China

There is no mystery about doing business in China but by the same token, there is no "Open Sesame" formula that can universally apply at all times.

The Chinese concept of foreign trade is based on the principle of equality and mutual benefit. And true to centuries-old tradition, a Chinese businessman's word is his bond. What is more important, he expects reciprocation.

In this context, doing business in China is really a matter of trust and mutual respect. In a way, this explains why it takes time, in most cases, to "get things moving" in the initial stages of China trading.

If there is a magic formula, it is to make contact with the appropriate Chinese trade representatives and, through word and action, gain their confidence.

Chinese trade representatives

come from nine Chinese national corporations working under the Ministry of Foreign Trade. They are

\* China National Cereals, Oils & Foodstuffs Import & Export Corporation (CNCOFIEC);

\* China National Native Produce & Animal By-Products Import & Export Corporation (CNNPABIEC);

\* China National Textiles Import & Export Corporation (CNTIEC);

\* China National Light Industrial Products Import & Export Corporation (CNLIPIEC);

\* China National Machinery Import & Export Corporation (CNMIEC);

\* China National Chemicals Import & Export Corporation (CNCIEC);

\* China National Metals & Minerals Import & Export Corpora-

tion (CNMMIEC);

\* China National Technical Import Corporation (CNTIC);

\* China National Arts & Crafts Import & Export Corporation (CNACIEC).

The last mentioned, CNACIEC, officially opened for business on January 1 this year.

With the exception of CNTIC, all have head offices in Peking and branches in major cities. CNTIC works out of Peking, only to import complete plants and advanced technology.

Head office and branches of a corporation do not necessarily handle the same import or export lines. And when in doubt, it is best to direct queries to the head office.

Contact with the corporations can be established by direct mail, cable or telex but it is preferable to have face-to-face meetings.

The twice-yearly Chinese Export Commodities Fair provides good opportunities for such meetings as corporation representatives are always in attendance.



# Insurance in China

The insurance business in China is very much a state monopoly but even so, there are two state-private joint insurance companies — the China Insurance Company Limited and the Tai Ping Insurance Company Limited.

They underwrite ocean marine transportation, fire, life, personal accident, workman's compensation and motor vehicle insurance.

But the giant of all three is the state-owned People's Insurance Company of China with head office in Peking and branches all over the country. Its business covers transport insurance on China's imports and exports, ocean-going ships, aviation, international reinsurance, insurance on the property of foreign embassies and visitors in China as well as residents, and fire and motor car insurance.

Nearly all of China's imports are insured with the company. Foreign importers generally arrange their own insurance on China's exports but the company will also underwrite exports on request.

The People's Insurance Company has reinsurance ties with some 400 insurance companies in 80 countries and regions. It also has more than 260 loss surveying and claims settling agents in the principal ports of the world.

## **THE PEOPLE'S INSURANCE COMPANY OF CHINA**

Head Office  
108 Hsi Chiao Min Hsing Peking  
P.O. Box 2149 Peking  
Cable: 42001 Peking  
Telex: RENBAO PK341

With branches in major Chinese ports and cities  
Cable: 42001 plus name of place

## **CHINA INSURANCE COMPANY LIMITED**

Head Office in Peking with branches in Hong Kong, Singapore, Kuala Lumpur, Penang and Macao.  
Cable: CHINSURCO plus name of city

## **THE TAI PING INSURANCE COMPANY LIMITED**

Head Office in Peking with branches in Hong Kong, Singapore, Kuala Lumpur, Penang and Ipoh.  
Cable: TAIPINGINC plus name of city

# Whither Sino-U.S. Trade?

All available indications suggest that the outlook for Sino-U.S. trade is good — but it can be so much better.

With the Chinese leadership set on production, there appears to be increasing business opportunities, especially in the area of high technology and specialised equipment in key industries like mining, machine-building and petroleum.

But the indications are that the trade picture will not undergo any radical changes for the better unless

and until the two countries resolve the burning issue of normalising relations.

When that happens, they can indulge in trade exchanges and hold fairs and exhibitions in each other's country. By that time, they would have settled the frozen assets and foreign claims dispute involving US\$77 million of Chinese bank deposits blocked in the U.S. and US\$196 million U.S. private claims for facilities expropriated by the Chinese government.