CENTRAL POLICY UNIT

HONG KONG SPECIAL ADMINISTRATIVE REGION

CONSULTANCY STUDY ON SOCIAL, ECONOMIC AND POLITICAL DEVELOPMENTS IN PAN-PEARL RIVER DELTA REGION (EXCEPT THE GUANGDONG PROVINCE) AND THEIR IMPLICATIONS FOR HONG KONG

SECOND BI-MONTHLY REPORT

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Executive Summary

1 The Central Economic Work Conference held at the end of 2007 proposed to put "quality" first and to "prevent the economy from overheating, to curb inflation and to put an emphasis on livelihood" as directions for macro-economic controls in 2008. A tight monetary policy that reflected a shift from a prudent one that had been pursued for 10 years as well as a prudent fiscal policy was advocated and food safety was emphasized. The work directions of the Pan-PRD members for 2008 were more or less the same as that of 2007. Guangdong proposed to have an in-depth study on the economic development trend and to tactically remove the unfavourable factors that restrained Guangdong's development. Sichuan proposed to re-examine the situation of the Province. The new Secretaries of CPC Committee of the two Provinces were devising the new future development directions. Such controls have a relatively larger impact on provinces/ cities which are outward-oriented and which rely strongly on finance and real estate including Hong Kong.

2 In January 2008, Wuhan (武漢) and the cluster of cities of Changsha, Zhuzhou and Xiangtan (in short "Chang-Zhu-Tan" , 長株潭) become a "Pilot Reform Zone for Coordinated Building of a Resource-Saving and Environmentally Friendly Society" (資源節約型和環境友好型社會建設綜合配套改革試驗區). "Chang-Zhu-Tan-Wuhan" becomes the development axis for the "Rise of Central Region" due to its regional radiating coverage, development potential, ability as a hub, and the Mainland's regional development strategy. The trial schemes of Chengdu-Chongqing (成渝) and Chang-Zhu-Tan-Wuhan make the Yangtze River basin a powerful engine for China's economic development and exert pressure on Guangdong-Hong Kong. Hong Kong can export services and talent oriented for city management, co-operate with the Wuhan Airport, and set up office(s) in Central China. Hong Kong should reposition itself in response to the urbanization of Guangzhou and cities in Central China.

3 Beihai(北海), Haikou (海口), Guilin(桂林), Kunming(昆明), Guiyang(貴陽), Nanning(南寧), Mianyang(綿陽), Changsha(長沙), Nanchang(南昌), Hefei(合肥) and Xiamen(廈門) jointly signed the *Beihai Declaration of South China Tourism Cities Co-operative* 《中國南方旅遊城市協作體北海宣言》. Hong Kong is excluded and may lose its influence in policies on regional tourism development.

Hong Kong should keep track of the Mainland's tourism development and co-operative activities and begin targeted collaboration. It could also participate in or establish a co-operation mechanism involving various Pan-PRD cities.

4 In December 2007, the ninth Bonded Logistics Park was approved to be established in Fuzhou (福州). Fuzhou hopes to boost industrial development and help export-processing enterprises resolve tax issues so they need not arrange cargoes for "one day crossing-the-border tours" (境外一日遊) in order to gain tax rebates. The set up of a Bonded Logistics Park accelerates local logistics development. Hong Kong can make use of a mixed mode of container carriers and feeder operators to stimulate freight shipment with Fujian, Taiwan, and other such regions that benefit from Taiwan investment as Guangxi. It should also encourage financial institutions to set up local branches and promote the training of personnel for the logistics industry to maintain its collaboration with the Mainland.

5 Fujian has proposed to enhance co-operation with Taiwan's electro-optical industry (光電) to form an industrial base for electro-optical display devices in Xiamen and electro-optical lighting in Quanzhou (泉州), resembling the Taiwan investment in Jiangxu (江蘇). The volume of production would exceed 100 billion. Hong Kong might consider cooperating with Taiwan enterprises to develop the production line for LCD-TFT display panels (7th generation or above) and integrating with the electro-optical industries in the PRD. It could also make use of its international relations to import knowledge and talent, stimulate advancement on scientific research education, and accumulate experiences of new and hi-tech industries.

6 Jiangxi hopes to transform resource advantages into industrial advantages and plans to develop industries of copper, iron, and steel as well as photovoltaic(光伏) that have values of over 100 billion. Economic development is to be boosted through industrial groups. The mission is an ambitious one and it is anticipated that the Jiangxi Government and relevant enterprises will meet many challenges. Hong Kong can take reference to the Jiangxi case in developing its photovoltaic industry and investigate the feasibility and outlook of developing the capital- and technology-intensive photovoltaic industry in Hong Kong. It can be begun from the scope of integrated applications to promote the development of technology and professional personnel and gradually transforms Hong Kong into developing hi-tech industries.

7 Hunan and other major agricultural provinces make use of the opportunity when industries move inwards from the coastal cities and encourage labourers to return to their hometowns to run their own businesses. The number of returnees rises every year and the "movement of going back to run business" (返鄉創業潮) has become a trend after the "movement of peasant workers" (民工潮). The Central Government supports the move. This exerts pressure on Hong Kong enterprises in the PRD that employ large numbers of peasant workers. There is a lack of technical people on the one hand and on the other hand price competition becomes even more intense. Hong Kong may promote a concept of "Designed in Hong Kong" and integrate "fine quality" and "low-price". The former is an advantage of "Designed in Hong Kong" while the latter is an advantage of being "produced in the inland rural factories" for Hong Kong's industrial upgrading and transformation.

8 In Jiangxi, the largest production base of methanol for vehicles is to be situated in Jiujiang (九江). The project is the result of industrial collaboration between Jiangxi and Shanghai. The outlook of such coal-based fuel, endorsed by the Central Government, is still less promising than that from non-crop-based ethanol. Hong Kong has a narrow industrial base and can hardly collaborate with the Mainland in regional co-operation. Neither has Hong Kong devised plans to tackle shortages of petroleum. Hong Kong should study and introduce the technology that was induced during the application process. This might be a new growth point for service exports. Moreover, it should keep track of the policies and latest developments on fuel substitutes in the Mainland in order to explore room for collaboration and opportunities for the export of intellectual services.

9 Starting from December 2007, Hainan can supply vegetables to Hong Kong and Macao directly through the Shenzhen-to-Hong Kong Agricultural Products Processing and Distribution Centre (深圳市供港農產品加工配送中心). This has laid the foundation for collaboration among Hong Kong, Hainan, and Shenzhen. Hong Kong enterprises can make use of the distribution network of the Shenzhen Distribution Centre, supported by stringent safety checks on food origins at the Hong Kong checkpoint, to source and ship high-quality food and vegetables from China and Hainan. Under this arrangement, Hong Kong can ship high-priced agricultural products to the territory to consolidate its status as an international gourmet paradise.

10 Guangxi has in recent years increased its technological inputs to participate in the silk industry (which covers mulberries, silkworms, cocoons, and silk) that has started to shift to the central and western regions of China. The local government hopes to increase the revenues of local peasants and boost the local economy while the Central Government hopes to raise the international competitiveness of the silk industry through the east-to-west movement of mulberries. Nevertheless, a traditional industrialization mode has been adopted which may result in a state of over emphasis on low price competition and which may finally devastate silk industries in the coastal areas.

11 *The Business Confidence Survey 2007* (《商業信心調查 2007》) showed that the number of European Union (EU) headquarters in Chengdu (成都) ranked the third. The close ties between Chengdu and the EU and advantages in economic development and scientific research attract EU enterprises to Chengdu. Nevertheless, the economic benefits of developing headquarters in Chengdu have yet to be revealed and there is also crisis of going off. Hong Kong's various advantages are now weakened. It has not striven to be a research and development centre of foreign enterprises and coupled with the Guangzhou factor Hong Kong is now under pressure. Hong Kong should strengthen international exchanges and the nurturing of talent to attract international talent and develop research and development centres. It is hoped Hong Kong can provide more services on top of the stock market to assist Mainland enterprises to expand business through Hong Kong.

12 In late January 2008, there were many news regarding the merging and acquisition of airports in the south-western region. This included the capital expansion of the Chengdu Shuangliu International Airport (成都雙流國際機場). The General Administration of Civil Aviation of China promulgated at the end of January the *Layout Plan for the Nation's Airports for Civil Aviation*《全國民用機場佈局規劃》and proposed the layout plan of airports in the coming decade. Chengdu and Kunming are competing for the status as China's fourth aviation hub. Hong Kong should pro-actively extend co-operation between the Mainland and Hong Kong on aviation to co-operations between airports and clusters of airports to facilitate the entry of Hong Kong's aviation service providers into the Mainland. It should also consider expanding supporting facilities at Hong Kong Airport, adding an airport logistics park, and speeding up the development of integrated supply logistics systems.

Appendix I：Statistical Data for the Pan-PRD Provinces/ Region

Major Economic Indicators of Fujian

	2005	2006	2007
Nominal Gross Domestic Product (RMB 100 million)	6,568.9	7,614.6	9,160.1
Real Gross Domestic Product Growth (%)	11.6	14.8	15.1
Urban Per Capita Annual Disposable Income (RMB)	12,321.3	13,753.3	15,505.0
Rural Per Capita Net Income (RMB)	4,450.4	4,834.8	5,467.0
Consumer Price Index (Same period of preceding year=100)	102.2	100.8	105.2
Retail Sales of Consumer Goods (RMB 100 million)	2,345.8	2,704.2	3,187.9
Year-on-year Growth (%)	13.8	15.3	17.9
Value-Added of Industry above Designated Size (RMB 100 million)*	2,291.3	2,847.8	3,396.5
Year-on-year Growth (%)	24.1	24.3	21.5
City, County and Above Investment in Fixed Assets (RMB 100 million)	1,958.3	2,730.1	3,863.0
Year-on-year Growth (%)	22.8	39.4	39.7
Value of Exports (USD 100 million)**	359.5	417.2	499.4
Year-on-year Growth (%)	17.7	16.1	21.0
Value of Imports (USD 100 million)**	208.5	231.7	245.2
Year-on-year Growth (%)	8.1	11.1	14.6
Utilised Foreign Direct Investment (USD 100 million)***	26.1	32.2	40.6

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices
3. Sources of 2007 data are National Bureau of Statistics of China：http://www.stats.gov.cn/, and Fujian Provincial Bureau of Statistics：http://www.stats-fj.gov.cn/

* Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

** Divided by destination within territory, and origin of goods within territory.

*** Data source of 2005 and 2006：2007 Fujian Statistical Yearbook, and data source of 2007：Fujian Provincial Bureau of Statistics：http://www.stats-fj.gov.cn/

Major Economic Indicators of Jiangxi

	2005	2006	2007
Nominal Gross Domestic Product (RMB 100 million)	4,056.8	4,670.5	5,469.0
Real Gross Domestic Product Growth (%)	12.8	12.3	13.0
Urban Per Capita Annual Disposable Income (RMB)	8,619.7	9,551.1	11,222.0
Rural Per Capita Net Income (RMB)	3,128.9	3,459.5	4,098.0
Consumer Price Index (Same period of preceding year=100)	101.7	101.2	104.8
Retail Sales of Consumer Goods (RMB 100 million)	1,236.2	1,428.0	1,683.1
Year-on-year Growth (%)	15.0	15.5	17.9
Value-Added of Industry above Designated Size (RMB 100 million)*	882.3	1,288.1	1,761.7
Year-on-year Growth (%)	42.8	46.0	24.6
City, County and Above Investment in Fixed Assets (RMB 100 million)	1,902.7	2,377.4	2,950.4
Year-on-year Growth (%)	28.7	25.0	24.2
Value of Exports (USD 100 million)**	26.5	39.5	54.6
Year-on-year Growth (%)	1.8	48.9	45.5
Value of Imports (USD 100 million)**	23.1	33.0	40.2
Year-on-year Growth (%)	4.3	43.1	64.6
Utilised Foreign Direct Investment (USD 100 million)***	24.2	28.1	31.0

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices
3. Sources of 2007 data are National Bureau of Statistics of China：http://www.stats.gov.cn/, Jiangxi Statistical Information Net：http://www.jxstj.gov.cn/, and Statistical Information of Guizhou, http://www.gz.stats.gov.cn/index.shtml.

* Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

** Divided by destination within territory, and origin of goods within territory.

***Data source of 2005 and 2006:2007 Jiangxi Statistical Yearbook, data source of 2007:Jiangxi Statistical Information Net,http://provincedata.mofcom.gov.cn/

Major Economic Indicators of Hunan

	2005	2006	2007
Nominal Gross Domestic Product (RMB 100 million)	6,511.3	7,568.9	9,145.0
Real Gross Domestic Product Growth (%)	11.6	12.2	14.4
Urban Per Capita Annual Disposable Income (RMB)	9,524.0	10,504.7	12,293.5
Rural Per Capita Net Income (RMB)	3,117.7	3,389.6	3,904.3
Consumer Price Index (Same period of preceding year=100)	102.3	101.4	105.6
Retail Sales of Consumer Goods (RMB 100 million)	2,459.1	2,834.2	3,356.5
Year-on-year Growth (%)	14.4	15.3	18.4
Value-Added of Industry above Designated Size (RMB 100 million)*	1,629.8	2,089.1	2,656.0
Year-on-year Growth (%)	36.0	28.2	24.3
City, County and Above Investment in Fixed Assets (RMB 100 million)	2,204.0	2,718.4	3,749.1
Year-on-year Growth (%)	31.2	23.3	34.6
Value of Exports (USD 100 million)**	38.6	51.8	65.2
Year-on-year Growth (%)	22.6	34.3	28.0
Value of Imports (USD 100 million)**	31.0	28.0	31.7
Year-on-year Growth (%)	5.6	-9.8	40.2
Utilised Foreign Direct Investment (USD 100 million)***	20.7	25.9	32.7

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices
3. Sources of 2007 data are National Bureau of Statistics of China：http://www.stats.gov.cn/, Statistical Information of Hunan：http://www.hntj.gov.cn/, and Statistical Information of Guizhou, http://www.gz.stats.gov.cn/index.shtml.

* Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

** Divided by destination within territory, and origin of goods within territory.

*** Source: 湖南省商務廳, http://big5.mofcom.gov.cn/gate/big5/gcc.hunan.mofcom.gov.cn/, and Statistical Information of Hunan：http://www.hntj.gov.cn/

Major Economic Indicators of Guangxi

	2005	2006	2007
Nominal Gross Domestic Product (RMB 100 million)	4,075.8	4,828.5	5,885.9
Real Gross Domestic Product Growth (%)	13.2	13.6	14.9
Urban Per Capita Annual Disposable Income (RMB)	9,286.7	9,898.8	12,200.0
Rural Per Capita Net Income (RMB)	2,494.7	2,770.5	3,224.0
Consumer Price Index (Same period of preceding year=100)	102.4	101.3	106.1
Retail Sales of Consumer Goods (RMB 100 million)	1,397.0	1,600.8	1,897.9
Year-on-year Growth (%)	14.3	14.6	18.6
Value-Added of Industry above Designated Size (RMB 100 million)*	794.6	1,074.8	1,430.9
Year-on-year Growth (%)	33.4	35.3	26.5
City, County and Above Investment in Fixed Assets (RMB 100 million)	1,480.9	1,947.3	2,627.5
Year-on-year Growth (%)	35.3	31.5	31.7
Value of Exports (USD 100 million)**	28.7	38.3	51.1
Year-on-year Growth (%)	24.1	33.4	42.3
Value of Imports (USD 100 million)**	28.9	37.8	41.7
Year-on-year Growth (%)	14.8	30.7	35.4
Utilised Foreign Direct Investment (USD 100 million)***	6.4	7.1	12.9

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices
3. Sources of 2007 data are National Bureau of Statistics of China：http://www.stats.gov.cn/, and Guangxi Statistical Information Net, http://www.gxtj.gov.cn/

* Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

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*** Data source of 2005 and 2006：2007 Guangxi Statistical Yearbook, and data source of 2007：Guangxi Statistical Information Net, http://www.gxtj.gov.cn/

Major Economic Indicators of Hainan

	2005	2006	2007
Nominal Gross Domestic Product (RMB 100 million)	894.6	1,052.9	1,229.6
Real Gross Domestic Product Growth (%)	10.2	12.5	14.5
Urban Per Capita Annual Disposable Income (RMB)	8,123.9	9,395.1	10,997.0
Rural Per Capita Net Income (RMB)	3,004.0	3,255.5	3,791.0
Consumer Price Index (Same period of preceding year=100)	101.5	101.5	105.0
Retail Sales of Consumer Goods (RMB 100 million)	268.6	308.3	362.0
Year-on-year Growth (%)	13.4	14.8	17.4
Value-Added of Industry above Designated Size (RMB 100 million)*	152.5	190.3	256.4
Year-on-year Growth (%)	48.5	24.8	33.8
City, County and Above Investment in Fixed Assets (RMB 100 million)	339.2	396.7	472.2
Year-on-year Growth (%)	16.6	16.9	18.9
Value of Exports (USD 100 million)**	8.5	11.0	18.4
Year-on-year Growth (%)	3.3	29.1	26.3
Value of Imports (USD 100 million)**	12.7	22.9	55.2
Year-on-year Growth (%)	-38.9	80.8	120.0
Utilised Foreign Direct Investment (USD 100 million)	7.1	7.9	11.3

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices
3. Sources of 2007 data are National Bureau of Statistics of China：http://www.stats.gov.cn/, and Hainan Provincial Bureau of Statistics：http://www.statistic.hainan.gov.cn/

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Major Economic Indicators of Sichuan

	2005	2006	2007
Nominal Gross Domestic Product (RMB 100 million)	7,385.1	8,637.8	10,505.3
Real Gross Domestic Product Growth (%)	12.6	13.3	14.2
Urban Per Capita Annual Disposable Income (RMB)	8,386.0	9,350.1	11,098.0
Rural Per Capita Net Income (RMB)	2,802.8	3,002.4	3,546.7
Consumer Price Index (Same period of preceding year=100)	101.7	102.3	105.9
Retail Sales of Consumer Goods (RMB 100 million)	2,981.4	3,421.6	4,015.6
Year-on-year Growth (%)	14.0	14.8	17.4
Value-Added of Industry above Designated Size (RMB 100 million)*	2,160.2	2,786.6	3,580.7
Year-on-year Growth (%)	39.7	29.0	25.4
City, County and Above Investment in Fixed Assets (RMB 100 million)	2,991.8	3,927.6	5,045.8
Year-on-year Growth (%)	28.8	31.3	28.5
Value of Exports (USD 100 million)**	40.9	56.8	86.1
Year-on-year Growth (%)	17.3	38.7	30.0
Value of Imports (USD 100 million)**	35.8	50.0	57.8
Year-on-year Growth (%)	11.7	39.5	31.4
Utilised Foreign Direct Investment (USD 100 million)***	11.0	14.7	17.7

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices
3. Sources of 2007 data are National Bureau of Statistics of China：http://www.stats.gov.cn/, and Statistical Information of Sichuan, http://www.sc.stats.gov.cn/

* Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

** Divided by destination within territory, and origin of goods within territory.

*** Data source of 2005 and 2006：2007 Guizhou Statistical Yearbook, and data source of 2007：Sichuan Provincial People's Government, http://www.sc.gov.cn/.

Major Economic Indicators of Guizhou

	2005	2006	2007
Nominal Gross Domestic Product (RMB 100 million)	1,979.1	2,282.0	2,710.3
Real Gross Domestic Product Growth (%)	11.6	11.6	13.7
Urban Per Capita Annual Disposable Income (RMB)	8,151.1	9,116.6	10,678.4
Rural Per Capita Net Income (RMB)	1,877.0	1,984.6	2,374.9
Consumer Price Index (Same period of preceding year=100)	101.0	101.7	106.4
Retail Sales of Consumer Goods (RMB 100 million)	606.9	689.8	821.8
Year-on-year Growth (%)	13.4	13.7	19.1
Value-Added of Industry above Designated Size (RMB 100 million)*	585.9	747.4	843.7
Year-on-year Growth (%)	33.6	27.6	16.8
City, County and Above Investment in Fixed Assets (RMB 100 million)	899.3	1,048.7	1,286.1
Year-on-year Growth (%)	15.3	16.6	22.1
Value of Exports (USD 100 million)**	11.3	13.5	14.7
Year-on-year Growth (%)	-10.5	19.0	41.1
Value of Imports (USD 100 million)**	9.0	8.6	8.1
Year-on-year Growth (%)	-17.9	-4.7	39.3
Utilised Foreign Direct Investment (USD 100 million)***	1.1	0.9	1.3

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices
3. Sources of 2007 data are National Bureau of Statistics of China：http://www.stats.gov.cn/, Province Data Net, http://provincedata.mofcom.gov.cn/, Statistical Information of Guizhou, http://www.gz.stats.gov.cn/index.shtml, and Guangxi Statistical Information Net, http://www.gxtj.gov.cn/.

* Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

** Divided by destination within territory, and origin of goods within territory.

*** Data source of 2005 and 2006：2007 Guizhou Statistical Yearbook, and data source of 2007：Province Data Net, http://provincedata.mofcom.gov.cn/

Major Economic Indicators of Yunnan

	2005	2006	2007
Nominal Gross Domestic Product (RMB 100 million)	3,472.9	4,006.7	4,721.8
Real Gross Domestic Product Growth (%)	9.0	11.9	12.3
Urban Per Capita Annual Disposable Income (RMB)	9,265.9	10,069.9	11,496.0
Rural Per Capita Net Income (RMB)	2,041.8	2,250.5	2,600.0
Consumer Price Index (Same period of preceding year=100)	101.4	101.9	105.9
Retail Sales of Consumer Goods (RMB 100 million)	1,034.4	1,188.9	1,394.5
Year-on-year Growth (%)	13.0	14.9	17.3
Value-Added of Industry above Designated Size (RMB 100 million)*	998.8	1,271.5	1,700.0
Year-on-year Growth (%)	13.3	27.3	17.0
City, County and Above Investment in Fixed Assets (RMB 100 million)	1,592.3	1,924.1	2,798.9
Year-on-year Growth (%)	43.1	20.8	26.1
Value of Exports (USD 100 million)**	23.9	30.6	47.4
Year-on-year Growth (%)	18.1	28.3	39.6
Value of Imports (USD 100 million)**	26.1	33.2	40.4
Year-on-year Growth (%)	52.3	27.1	42.7
Utilised Foreign Direct Investment (USD 100 million)***	1.9	3.0	5.0

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices
3. Sources of 2007 data are National Bureau of Statistics of China：http://www.stats.gov.cn/, Province Data Net, http://provincedata.mofcom.gov.cn/, Statistical Information of Guizhou, http://www.gz.stats.gov.cn/index.shtml, and Guangxi Statistical Information Net, http://www.gxtj.gov.cn/.

* Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million

** Divided by destination within territory, and origin of goods within territory.

*** Data source of 2005 and 2006: Yunnan Bureau of Statistics：http://www.stats.yn.gov.cn/, and data source of 2007: Province Data Net：http://provincedata.mofcom.gov.cn/address/index.asp.

Major Economic Indicators of Guangdong

	2005	2006	2007
Nominal Gross Domestic Product (RMB 100 million)	22,366.5	26,204.5	30,673.7
Real Gross Domestic Product Growth (%)	13.8	14.6	14.5
Urban Per Capita Annual Disposable Income (RMB)	14,769.9	16,015.6	17,699.3
Rural Per Capita Net Income (RMB)	4,690.5	5,079.8	5,624.0
Consumer Price Index (Same period of preceding year=100)	102.3	101.8	103.7
Retail Sales of Consumer Goods (RMB 100 million)	7,882.6	9,118.1	10,598.1
Year-on-year Growth (%)	15.0	15.7	16.2
Value-Added of Industry above Designated Size (RMB 100 million)*	9,416.4	11,780.9	13,079.2
Year-on-year Growth (%)	24.7	25.1	18.3
City, County and Above Investment in Fixed Assets (RMB 100 million)	5,890.1	6,553.7	7,522.7
Year-on-year Growth (%)	17.1	11.3	13.7
Value of Exports (USD 100 million)**	2,381.6	3,054.6	3,692.5
Year-on-year Growth (%)	24.3	26.8	22.2
Value of Imports (USD 100 million)**	1,898.2	2,363.7	2,648.0
Year-on-year Growth (%)	14.7	19.3	17.5
Utilised Foreign Direct Investment (USD 100 million)***	151.7	178.1	171.3

Notes：

1. Data of 2005 and 2006 are from China Statistical Yearbook (2006 and 2007) and China Statistical Abstract (2006 and 2007), if not otherwise specified.
2. The year-on-year growth is not calculated at comparable prices.
3. Sources of 2007 data are *China Monthly Economic Indicators* (《中國經濟景氣月報》), National Bureau of Statistics of China：http://www.stats.gov.cn/, and Statistical Information of Guangdong, http://www.gdstats.gov.cn/

* Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million.

** Divided by destination within territory, and origin of goods within territory.

*** Data source of 2005 and 2006：2007 Guangdong Statistical Yearbook, and data source of 2007：Statistical Information of Guangdong, http://www.gdstats.gov.cn/

Nine Pan-PRD Provinces/Region: Statistics at a Glance (2007)

	Fujian	Jiangxi	Hunan	Guangxi	Hainan	Sichuan	Guizhou	Yunnan	Guangdong
Nominal Gross Domestic Product (RMB 100 million)	9,160.1	5,469.0	9,145.0	5,885.9	1,229.6	10,505.3	2,710.3	4,721.8	30,673.7
Real Gross Domestic Product Growth (%)	15.1	13.0	14.4	14.9	14.5	14.2	13.7	12.3	14.5
Urban Per Capita Annual Disposable Income (RMB)	15,505.0	11,222.0	12,293.5	12,200.0	10,997.0	11,098.0	10,678.4	11,496.0	17,699.3
Rural Per Capita Cash Income (RMB)	5,467.0	4,098.0	3,904.3	3,224.0	3,791.0	3,546.7	2,374.9	2,600.0	5,624.0
Consumer Price Index(Same period of preceding year=100)	105.2	104.8	105.6	106.1	105.0	105.9	106.4	105.9	103.7
Retail Sales of Consumer Goods (RMB 100 million)	3,187.9	1,683.1	3,356.5	1,897.9	362.0	4,015.6	821.8	1,394.5	10,598.1
Year-on-year Growth (%)	17.9	17.9	18.4	18.6	17.4	17.4	19.1	17.3	16.2
Value-Added of Industry above Designated Size (RMB 100 million)*	3,396.5	1,761.7	2,656.0	1,430.9	256.4	3,580.7	843.7	1,700.0	13,079.2
Year-on-year Growth (%)	21.5	24.6	24.3	26.5	33.8	25.4	16.8	17.0	18.3
City, County and Above Investment in Fixed Assets (RMB 100 million)	3,863.0	2,950.4	3,749.1	2,627.5	472.2	5,045.8	1286.1	2,798.9	7,522.7
Year-on-year Growth (%)	39.7	24.2	34.6	31.7	18.9	28.5	22.1	26.1	13.7
Value of Exports (USD 100 million)**	499.4	54.6	65.2	51.1	18.4	86.1	14.7	47.4	3,692.5
Year-on-year Growth (%)	21.0	45.5	28.0	42.3	26.3	30.0	41.1	39.6	22.2
Value of Imports (USD 100 million)**	245.2	40.2	31.7	41.7	55.2	57.8	8.1	40.4	2,648.0
Year-on-year Growth (%)	14.6	64.6	40.2	35.4	120.0	31.4	39.3	42.7	17.5
Utilised Foreign Direct Investment (USD 100 million)***	40.6	31.0	32.7	12.9	11.3	17.7	1.27	5.0	171.3

Notes：

1. The year-on-year growth is not calculated at comparable prices.
2. Data Sources：National Bureau of Statistics of China：http://www.stats.gov.cn/, and Provincial Bureaus of Statistics of the Pan-PRD Provinces/ Region.

* Includes all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million .

** Divided by destination within territory, and origin of goods within territory.

*** Data source of 2007：Provincial Bureaus of Statistics of the Pan-PRD Provinces/ Region.

Nine Pan-PRD Provinces/Region: 10-Year Economic Trend (1997 - 2006)

Average Annual Growth Rate	Fujian	Jiangxi	Hunan	Hainan	Guangxi	Sichuan	Guizhow	Yunnan	Guangdong	Total
Real Gross Domestic Product Growth	11.4%	10.7%	10.0%	9.5%	9.9%	10.3%	9.7%	8.8%	12.1%	10.9%
Nominal Per Capita Gross Domestic Product	9.9%	12.0%	11.4%	9.3%	11.3%	11.3%	11.3%	9.3%	11.7%	12.7%
Value-Added of Industry above Designated Size*	14.3%	24.1%	18.3%	10.8%	18.4%	18.6%	19.2%	16.9%	14.8%	16.9%
City, County and Above Investment in Fixed Assets	18.9%	20.9%	19.0%	17.8%	16.3%	18.8%	17.0%	10.5%	19.1%	18.2%
Retail Sales of Consumer Goods	11.8%	11.0%	11.8%	9.8%	10.1%	12.2%	11.2%	10.9%	13.5%	12.2%
Value of Exports	16.9%	15.2%	15.2%	2.4%	5.4%	18.3%	13.0%	10.9%	17.0%	16.6%
Value of Imports	13.0%	4.7%	22.5%	9.0%	20.8%	28.0%	18.3%	17.1%	17.5%	16.8%
Utilised Foreign Direct Investment (USD 100 million) **	404.9	118.7	124.8	60.2	55.8	65.2	15.1	15.5	1,267.1	2,127.4
Urban Per Capita Annual Disposable Income ***	9.4%	9.9%	8.1%	7.6%	7.6%	7.9%	8.3%	6.8%	7.2%	8.1%
Rural Per Capita Net Income ***	6.3%	5.7%	5.8%	6.7%	4.4%	6.7%	4.8%	5.6%	4.3%	5.6%

Notes:

1. Unless otherwise specified, this table presents average growth rates for the period of 1997 to 2006.

2.Data source of 1997：*China Compendium of Statistics 1949-2004*(《新中國五十五年統計資料彙編》).

3.Data source of 2006：*2007 China Statistical Yearbook.*

* The item refers to all state-owned industrial enterprises and the non-state-owned industrial enterprises with an annual sales income of over RMB 5 million. The growth rates are for the period of 1998-2006, as the National Bureau of Statistics of China started to compile this data after 1998. Data source of 1998：*China Compendium of Statistics 1949-2004.* Data source of 2006：Provincial Bureaus of Statistics of the Pan-PRD provinces/ region.

**Cumulative data. Data source of 1997-2004：*China Compendium of Statistics 1949-2004.* Data source of Fujian, Jiangxi, Hunan and Hainan in 2005：Provincial Bureaus of Statistics of the provinces. Data source of 2006：Provincial Bureaus of Statistics of the Pan-PRD provinces/ region.

***Due to adjustment on statistical definition of urban/rural population, quite significant disparities were identified for these two items across the concerned period. Hence the average growth rates of the Pan-PRD provinces/ region are simple average ones, instead of weighted average that would take population into account.

Appendix II：Glossary

Beihai Declaration of South China Tourism Cities Co-operative	《中國南方旅遊城市協作體北海宣言》
Electro-optical Industry	光電產業
Going back to run business	返鄉創業潮
Layout Plan for the Nation's Airports for Civil Aviation	《全國民用機場佈局規劃》
New Industrialisation	新型工業化
One day crossing-the-border tours	境外一日遊
Photovoltaic Industry	光伏產業
Pilot Reform Zone for Coordinated Building of a Resource-Saving and Environmentally Friendly Society	資源節約型和環境友好型社會建設綜合配套改革試驗區
Rise of Central Region	中部崛起
Shenzhen-to-Hong Kong Agricultural Products Processing and Distribution Centre	深圳市供港農產品加工配送中心
The Business Confidence Survey 2007	《商業信心調查 2007》