



KPMG in Hangzhou

Strong investment into the Yangtze River Delta is lifting the economy of Hangzhou, and the demand for professional services from both multinationals and Chinese companies has led KPMG to establish an office in this dynamic city.

Its scenery famed for centuries across China, Hangzhou, capital city of prosperous Zhejiang province, is a city that attracts attention. When Marco Polo visited the city in the late 13th Century, he declared it to be one of the most splendid in the world. Today, Hangzhou is a six million-strong city full of culture, contrasts and constant change. It is also a city brimming with opportunities for domestic and multinational companies alike.

Investment environment

Hangzhou is growing rapidly. Ranked by Forbes Magazine as the “Best city in China for business” for the past two years, the pace of economic development is remarkable. Moreover, on a list of China’s top 100 cities published by the National Bureau of Statistics, Hangzhou ranked eighth—the only city in the Yangtze River Delta other than Shanghai to make the top ten.

The city’s good infrastructure and well-educated workforce make Hangzhou very attractive to business, and many multinational companies are already established in Hangzhou, or plan to expand there. In addition, Hangzhou is a hot-spot for the burgeoning domestic private sector. Many of these enterprises are household names in China, and, with the government pledging to provide support, the number and scale of these firms are expected to rise rapidly.

Just a few of the names on the long list of eminent companies in the city are¹:

- Bayer
- China Construction Bank
- Ericsson
- GE
- Huawei – 3Com
- IBM
- Itokin
- Kawasaki
- Matsushita
- Motorola
- Messer
- Philips
- Porsche
- Siemens
- Sumitomo
- Toshiba
- China Mobile
- China Telecom

Quick facts

Hangzhou

Population: 6.52 million
Total GDP: US\$30.39 billion (up 15%)
Per capita GDP: US\$4,694 (up 14%)
Total utilized FDI: US\$1.10 billion (up 9%)
Mobile phone use: 3.85 million subscribers

Zhejiang Province

Population: 47.2 million
Total GDP: US\$135 billion
Per capita GDP: US\$2,890
Total utilized FDI: US\$3.08 billion
Mobile phone use: 23.23 million subscribers

Source:

Business Monitor, Hangzhou Economic Technology Development Zone, Hangzhou Xiaoshan Economic & Technological Development Zone

Strong investment in the Yangtze River Delta area is providing significant economic benefits to cities such as Hangzhou. Local industry has traditionally centred on textiles, silk and machinery, but this has changed. Light industry, such as electronics and bio-technology, has developed rapidly in recent years. In a push to further encourage such industries, state-level industrial zones have been established to lure both foreign and local investors.

Reflecting the Government's drive to modernise the industry profile of Hangzhou, there are a number of preferential tax policies available for companies wishing to establish high-technology businesses, especially in the Hangzhou Hi-Tech Industry Development Zone. This seems to be paying off—Hangzhou is home to a number of key Internet firms, including leading e-Commerce firm Alibaba, which owns and operates the Yahoo! brand in China, after Yahoo! purchased a US\$1 billion stake in the firm in late 2005².

In addition, the already-thriving tourism sector is set to receive a boost in 2006, when Hangzhou will host the World Leisure Expo. This major international event is expected to draw around one million overseas and 15 million domestic visitors to the city from April to October 2006³.



KPMG's China Desk network

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At the heart of the Yangtze River Delta

Located 180 kilometres south of Shanghai, Hangzhou is one of the 15 vice-provincial level cities in China. The city is easily reached by road and rail from Shanghai; and with a new international airport, direct flights are available from a growing number of international cities, as well as many within China.

Well positioned

Zhejiang province continues to attract high levels of foreign investment and as local enterprises flourish, so the need for professional services firms is expected to continue rising.

The opening of KPMG's Hangzhou office in late 2005 means that we are well-positioned to provide tax advisory, financial advisory and business advisory services to domestic state and privately-owned enterprises, as well as multinational clients moving to the area.

KPMG in China

Established in Hong Kong in 1945, KPMG is one of the largest professional services firms in China.

KPMG established an office in Beijing in 1983 and in 1992 KPMG was the first international accounting firm to be granted a foreign joint venture license in China by the Ministry of Finance. Today KPMG in China has offices in Beijing, Qingdao, Shanghai, Chengdu, Hangzhou, Guangzhou, Shenzhen, Hong Kong and Macau, and employs more than 5,200 professionals.

Our business in China has established industry groups, enabling targeted industry-specific experience to be provided to businesses. We are leaders in our markets, with an extensive client base of large and prestigious companies in China and the region.

KPMG's China Desk network

KPMG's China Desk network is a network of professionals from KPMG member firms dedicated to assisting foreign companies investing in China, and to support Chinese companies investing overseas.

The China Desk network assists foreign companies as they invest in China, who may have a broad range of needs—from market entry studies to transaction assistance, and from royalty revenue protection to fraud and mismanagement investigations. KPMG in China offers a full range of services to the international investor.

The China Desk network also serves Chinese companies looking to invest overseas in overseas markets, and has assisted Chinese companies with major overseas investments as well as providing transaction, migration and taxation advisory services.

About KPMG

KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. We operate in 144 countries and have more than 104,000 professionals working in member firms around the world.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative. KPMG International provides no client services.

For more information on our new office, and how we can help you in Hangzhou, please contact us.



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KPMG Advisory (China) Limited, Hangzhou Branch was issued with a Hangzhou business license by the Hangzhou Administrative Bureau for Industry and Commerce on 15 September 2005.

KPMG Advisory (China) Limited's scope of business, in accordance with its Hangzhou business license, is financial advisory, tax advisory, business advisory (except for intermediary for goods), investment advisory (except for securities and futures), corporate management advisory, international economic advisory and market research (operating under license subject to government approval).

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References

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- 2 www.alibaba.com
www.forbes.com
- 3 www.wl-expo.com