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Welcome to Sinopolis

This is the fourth 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.

This guide focuses on the central Chinese metropolis of Wuhan, the provincial capital of Hubei and home to one of the biggest university populations on the planet (just shy of one million students are in seats of higher education there).

Thanks to its strategic location on the Yangtze River and in the centre of China, much of China’s key transport infrastructure runs through it. This made it a key player, for instance, in tea exports and its renewed role as an engine of trade is well underway as part of President Xi Jinping’s Belt and Road Initiative.

Wuhan is a giant conurbation that was created from the merger of three ancient cities early last century. In the nineteenth century it was the cradle of China’s heavy industry drive and today it makes 1.9 million cars a year or 6.5% of the country’s total.

It was the site of one of China’s earliest universities and today has 84 institutions of higher education – all of which are driving its knowledge economy. The establishment of the Optics Valley has encouraged tech firms like Huawei to establish R&D centres there (Tencent also has an R&D facility in Wuhan), while a host of new economy giants like Xiaomi have put their second headquarters in the zone (the company’s founder Lei Jun is one of the many business titans who went to university in Wuhan).

The city is a Chinese leader in the production of optical fibre and makes half of the nation’s output of laser equipment. It is also a designated hub for China’s semiconductor revolution.

The city has also undergone a population and development boom in recent years, with the space devoted to prime shopping centres growing fivefold over the last decade and annual retail sales surging from about Rmb71.2 billion at the start of this century to Rmb620 billion ($90 billion) last year.

Local tycoon Zhou Fuyu – the man behind the famed Wuhan-based food brand Zhou Hei Ya (which operates 1,200 stores in 78 cities) – spoke to Sinopolis (see page 70) and admitted: “I feel the city has changed massively. The pace of Wuhan’s urban development has far exceeded our expectations.”

We hope you find this edition of Sinopolis of interest, and that perhaps it will inspire you to add Wuhan to your travel itinerary.
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WUHAN
China’s most central city

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A city steeped in history
A brief history of Wuhan

Sitting at the confluence of the Yangtze River and its biggest tributary the Han River, Wuhan has always been China’s central thoroughfare – linking goods and people from across the country and beyond. Aside from its role as a commercial hub, the city has shaped Chinese history at key moments such as in 1911 when it sparked the revolution that ended over two millennia of absolute monarchy.

Legend has it that Wuhan’s origins lie with Yu the Great, the mythical figure most celebrated for mastering China’s flood prone rivers. Around 4,000 years ago he supposedly redirected the Han River, a move that created a vast alluvial plain in Hubei province. The city of Wuhan was at the heart of this bread basket, and prior to being merged into a single conurbation was historically three separate cities: Wuchang (which was south of the Yangtze River), Hankou (to the northwest), and Hanyang (to the southwest).

Archaeologists have found evidence of sophisticated Neolithic cultures in Wuhan. During the Spring and Autumn and Warring State periods (771–221 BC) it was part of the Chu kingdom, then the largest in China by land area. Many believe Wuhan is where Bo Ya, a Chu kingdom musician famed for playing the seven-string Guqin, encountered his soulmate – a classic story that came to symbolise friendship in Chinese culture. Qu Yuan, the Chu politician whom the annual Dragon Boat Festival commemorates, likely penned some of China’s most famous poems while strolling around Wuhan’s East Lake.

Wuhan finally became a capital during the Three Kingdoms period (220–280), when the ruler of the Wu state, Sun Quan, shifted his seat of government there. It was also Sun who commissioned the construction of the famous Yellow Crane Tower – a watchtower located west of Wuchang, and later a recurring literary subject of numerous classical poets including Cui Hao and Li Bai from the Tang Dynasty.

It was during the Tang Dynasty (618-907) – viewed by many Chinese historians as the country’s most glorious period, with its level of development far surpassing Europe’s – that Wuhan gained prominence as a trading and transportation hub. It continued to prosper through the period of Mongol rule (1271-1368), when it was made the capital of one of the 10 provinces within the Yuan
SINOPOLIS: WUHAN

Yellow Crane Tower
INTRODUCTION

SINOPOLIS: WUHAN

Old Palace
Dynasty’s empire. Known as Huguang, that huge province covered today’s Hubei and Hunan as well as Guangdong and Guangxi.

But its real boost came in the succeeding Ming Dynasty (1368-1644), when the first emperor, Zhu Yuanzhang, made his sixth son a Duke of Chu (a name harking back to the Warring States period). The city was massively expanded and became one of the largest ‘castle towns’ in that region of China.

Helpfully the Han River changed its course during the Ming’s Chenghua Era (1464–1487). It now reached the Yangtze River from the north side of the Tortoise Mountain, and created a natural harbour north of the Han River – in the area known as Hankou today. In this period of rapidly growing maritime trade, Wuhan’s key position at the centre of China’s major internal waterway saw it prosper as the transport hub for salt, rice, timber and other commodities.

By the end of the High Qing Era (1683–1839), Wuhan’s port area of Hankou was already one of the empire’s major goods distribution centres, with tea being a key pillar and Wuhan at the start of a trade link known as the “Great Tea Road”. Beginning at Hankou’s port, with tea sourced from southern Fujian province, the 13,000km corridor travelled as far as St Petersburg. Between 1871 and 1890, Wuhan was responsible for 60% of the Qing’s total tea exports. It was dubbed internationally as the “Tea Port of the Orient”.

However, when the Qing lost to the European powers in what is termed the Second Opium War, Wuhan’s Hankou became one of 11 treaty ports established in the aftermath of the Qing’s defeat. From the 1860s it became one of the most cosmopolitan places in China with around 15 countries establishing their embassies in the city. Jardine Matheson and HSBC were among the first batch of foreign companies to set up branches in the Hankou treaty port.

As a result, the city’s exports more than quadrupled in the five decades leading to the end of the Qing Dynasty in 1911. Alongside Shanghai, Tianjin and Guangzhou, it was one of China’s most significant windows to the world.
American journalist Walter Weyl called the city “the Chicago of China” in an article he wrote in 1918 for Harper’s Magazine. Aside from the importance of its port he also correctly predicted that it would be the hub of China’s fast expanding rail network.

A key figure of the later Qing period was Wuhan’s viceroy between 1889 and 1907, who pushed through reforms that laid the foundation for China’s development of heavy industry. Viceroy Zhang Zhidong established Hangyang Ironworks, the country’s first and largest steel company at the time; Hubei Arsenal, which produced German-designed guns; various cotton mills that industrialised textile production; and Ziqiang Institute, which taught foreign languages, science, and business subjects as the forerunner to the prestigious Wuhan University. One of his most significant achievements was supervising the construction of China’s first north-south railway, which comprised two parts. The northern section linked Beijing and Hankou, and the southern one connected Guangzhou and Wuchang – which used Wuhan’s Hankou as the nexus linking multiple provinces between Beijing and southerly Guangzhou.

Wuhan’s role in the 1911 revolution that toppled the Qing and created the Republic of China was also related to railways. The financially-strapped Qing government tried to nationalise the railways – and then resell them to a foreign consortium – enraging local business interests that had invested in building them. Social uprisings followed. China’s most modern army had been set up by Viceroy Zhang in Wuhan, but instead of following orders to put down the rebels it mutinied on 10 October 1911 and began conquering the surrounding provinces. The Qing Dynasty quickly imploded and in 1912 many millennia of imperial rule was replaced by a republic under the idealistic politician Sun Yat-sen.

Unfortunately this would not be a peaceful period as the country fractured and various warlords took control of key regions. By the 1920s the dominant force in government was Sun’s protege, the KMT party head and general Chiang Kai-shek. In 1926 he launched his Northern Expedition to wipe out the rival warlords. Significantly he chose Wuhan as his headquarters and for the first time Wuchang, Hankou, and Hangyang were unified into a single city. Technically it was Chiang who created and named the entity we know as Wuhan today.

As a political and military centre, Wuhan continued to grow until Japan’s 1937 invasion. To defend Wuhan and buy time in 1938 Chiang opened the dykes of the Yellow River, unleashing a flood that caused massive loss of life but also slowed the advance of the Japanese. Chiang used this delay to move his forces and equipment further inland to Chongqing, which became
Participants hold a portrait of Mao Zedong while swimming across the Yangtze River in Wuhan
Mao, who visited Wuhan more than 50 times in his life, loved swimming in the Yangtze River. In the summer of 1966, the 73-year-old Party chairman made a very public swim across the river to display his vitality.

Mao, who visited Wuhan more than 50 times in his life, loved swimming in the Yangtze River. In the summer of 1966, the 73-year-old Party chairman made a very public swim across the river – in a move designed to symbolise his vitality and that he was very much in charge. The ripple effect continued down the decades as the city still organises a river-crossing swim every year in memory of Mao.

However, Wuhan was sidelined in the initial stages of the post-1978 reforms initiated by Deng Xiaoping, who insisted that coastal regions should be given priority with the hope that their new wealth would eventually trickle down to more inland areas.

After a couple of decades of relative neglect, Wuhan only started to receive more attention from the central government in the last 10 or so years. While heavy industry continues to be the mainstay of its economy, the local government is planning to transform the ancient city into a national logistics, transportation and technology hub. Since 2014 about Rmb686 billion ($99.8 billion) has been spent to upgrade its infrastructure. Skyscrapers, apartment blocks, a better underground system, and a new airport are visible signs that Wuhan is gearing up for its modern renaissance – with a population now close to 11 million, or a roughly a tenfold increase on its size in the early 1950s.
### Key Statistics (2017)

<table>
<thead>
<tr>
<th>Category</th>
<th>Data Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>City</strong></td>
<td>Permanent population 10.89 million</td>
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<tr>
<td><strong>Area</strong></td>
<td>8569.15 square kilometres</td>
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<tr>
<td><strong>Average annual disposable income</strong></td>
<td>Rmb38,642 (+9.2% year-on-year)</td>
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<tr>
<td>Urban</td>
<td>Rmb43,405 (+9.2% year-on-year)</td>
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<tr>
<td>Rural</td>
<td>Rmb20,887 (+9.1% year-on-year)</td>
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<tr>
<td><strong>Economy</strong></td>
<td>Import-Export value Rmb193.6 billion</td>
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<tr>
<td>Import</td>
<td>Rmb77.8 billion (+17% year-on-year)</td>
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<tr>
<td>Export</td>
<td>Rmb115.8 billion (+27.8% year-on-year)</td>
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<tr>
<td>Trading partners</td>
<td>205</td>
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<td><strong>Foreign investment</strong></td>
<td>Rmb822.7 billion (+41.3% year-on-year)</td>
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<tr>
<td><strong>Fixed asset investment</strong></td>
<td>Rmb787.2 billion (+11% year-on-year)</td>
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<tr>
<td>Infrastructure</td>
<td>Rmb210.2 billion (+19.2% year-on-year)</td>
</tr>
<tr>
<td><strong>Retail sales</strong></td>
<td>Rmb619.6 billion (+10.4% year-on-year)</td>
</tr>
<tr>
<td><strong>Tourism</strong></td>
<td>Domestic visitors to Wuhan 257.1 million (+11.3% year-on-year)</td>
</tr>
<tr>
<td></td>
<td>revenue Rmb269.9 billion (+12.2% year-on-year)</td>
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<td></td>
<td>International foreign tourists 2.5 million (+11.1% year-on-year)</td>
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<tr>
<td></td>
<td>revenue Rmb11.6 billion (+11.7% year-on-year)</td>
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<td><strong>Hotels</strong></td>
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<td>General colleges and universities 84</td>
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<td>Students</td>
<td>948,000</td>
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<td>Postgraduates</td>
<td>127,000</td>
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<td><strong>Vocational schools</strong></td>
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<tr>
<td>Students</td>
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<tr>
<td><strong>Technology</strong></td>
<td>Patents filed 49,726 (+10.9% year-on-year)</td>
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<tr>
<td>Patents approved</td>
<td>25,528 (+11.2% year-on-year)</td>
</tr>
<tr>
<td>High-tech firms</td>
<td>2,827 (+29.9% year-on-year)</td>
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</table>
Why did the 1911 Revolution take place in Wuhan?

The history of the modern republic of China began in Wuhan: the uprising on October 10, 1911, in Wuchang, one of the cities later merged into current day Wuhan, triggered the Xinhai Revolution, toppled the Qing Dynasty and overthrew millennia of imperial rule.

Why Wuhan?

To answer this question we have to go beyond the glorified and simplified version of history.

By 1911 the Qing court was so fragile that every sensible person knew its rule was living on borrowed time. Revolutionaries were gearing up for armed rebellion everywhere, and without a Manchurian nobleman daring to be emperor, the dynasty put on the throne a three-year-old toddler, Puyi, who later called himself Henry.

As rebellion broke out in Wuchang, local government heads in control of the armed forces found themselves with a life-or-death choice to make. Should they stay loyal to the imperial rulers and suppress the uprisings (knowing they would be prosecuted once the Qing court collapsed); or join the rebels and risk being executed by the armed forces of the Qing?

As the political landscape teetered a strange sequence of events unleashed the revolution.

One trigger was a stock market crisis in Shanghai when the price of rubber stocks crashed in 1910 (after the United States restricted imports). A number of key Chinese lenders went under as a result. In order to raise funds to pay its war debts, the Qing court decided to nationalise a railway in Sichuan and sell it to foreign businesses. The decision stoked massive protests in Sichuan and the central government was forced to redeploy most of its
troops from Wuchang to Sichuan.

This upset the military balance in Wuchang. And on the fateful night of October 9, 1911, an accidental explosion (caused, some say, by a careless revolutionary who was smoking while mixing gunpowder) left the armed rebels no choice but to act and start an uprising. The head of Hubei, a Manchu, ordered a military crackdown but it failed when his key subordinates staged a mutiny and joined the revolutionaries.

The mutineers then established a military government representing Hubei province. This set the template for others to follow. Emperor Puyi, then six years-old, abdicated on February 1912. The Republic of China was founded – with the fateful Wuchang uprising seen as the starting point of the Xinhai Revolution.

Sun Yat-sen, the founder of modern China, had high hopes for Wuhan. In his three-volume tome The International Development of China, Sun said Wuhan would become one of the world’s biggest cities, rivalling New York and London. The plan could be achieved, Sun suggested, by building 100,000 miles of railway track with Wuhan as the connecting hub.

This blueprint for Wuhan was said to have inspired the nickname bestowed on the Chinese political revolutionary: Sun the Big Cannon.
How is Wuhan’s economy performing at present?
In terms of economic vigour and functionality, it outranks a lot of cities in central China, and is undoubtedly leading the rest of Hubei province. Last year its gross domestic product reached Rmb1.34 trillion ($195 billion), expanding by 8% on the year. It was the first year that its economic growth was above the country’s average. Nationally it ranked ninth among all the cities in China, just behind Chongqing, Tianjin, Suzhou, Chengdu and the four tier-one cities. By 2025, Wuhan will become the 11th fastest growing economy out of 600 top cities in the world, according to consultancy McKinsey. That is powered by its position as an education, transportation and technology centre. Its outward-looking orientation – which is a result of its long history as a port city – also helps.

What are the key drivers of Wuhan’s economy?
Wuhan has traditionally been strong in automotive engineering,
steelmaking, and other kinds of heavy industry. Yet the local government started to restructure the economy a decade ago. Guided by the national strategy of “Made in China 2025” (which aims to transform the country into an advanced industrial economy by 2025) as well as supply-side reforms, Wuhan is actively upgrading its pillar industries. By this I am referring to a shift in focus to create more value-added goods and engage in high-tech production.

So you could expect more new energy vehicles or better quality steel from Wuhan. Other industries that are receiving much attention from the local government include optical communications, biotechnology, logistics, and other new economy industries. Its potential is noted by many new economy companies such as Alibaba, Tencent, and SF Express, which have already pledged strategic investments to Wuhan. Mind you, heavy industries still play an important role in Wuhan’s economy, it’s just that they are shifting from being energy-intensive and polluting to more environmentally friendly. Green materials and technologies are a priority for Wuhan’s industrial development.

How does Wuhan collaborate with other cities?
Within Hubei province, firstly, there is a strategy known as “One Principal, Two Subordinates” That means Wuhan will be the locomotive supporting the development of Hubei Province with the two surrounding important cities: Xiangyang and Yichang. Each of them will carve out a district to form the Hubei Free Trade Zone, where more market-oriented rules will be trialled. Secondly, Wuhan will also form a close-knit circle with eight neighbouring cities, namely Huangshi, Xiaogan, Huanggang, Ezhou, Xianning, Xiantao, Qianjiang, and Tianmen, which are all within 1 hour reach thanks to the new expressways and the trans-city rail network.

The idea is to allow full mobilisation of talents and resources within the enclave, and to help smaller cities grow together with Wuhan. Outside Hubei, Wuhan collaborates with three other provincial capitals along the middle reach of the Yangtze River, namely Changsha, Hefei and Nanchang, as well as the eastern metropolises that form the Yangtze River Delta. The Wuhan government and Zhejiang Chamber of Commerce, for instance, signed a strategic cooperation agreement in Shanghai last year. The initiative suggested that a lot of companies that had got their start on the east coast (because of greater economic liberalisation at an earlier time) now see Wuhan as the springboard to the entire country and will add new capacity here.

What role does Wuhan play in the Belt and Road Initiative?
By virtue of its advantageous location in central China, Hubei is set to benefit greatly from this epoch-making opportunity. Companies in the province and along the economic corridor reportedly struck deals worth Rmb7.48 billion in 2016, and the figure for 2017 could only be larger. As the provincial capital and backbone of the Yangtze River Economic Belt, Wuhan is of course strategically important. Let me give you an example: the rail
operator Wuhan Hankou International Logistics is now running freight trains between Wuhan and Europe. At the outset – in 2015 – these trains were all filled to capacity at departure, but returned empty. But as the Belt and Road programme developed, these trains now bring goods back. So they are facilitating both exports and imports, which is boosting the region’s economy.

Moreover, companies engaging in optical communication infrastructure (a key industry of Wuhan) are seeing more chances to export their services and technology, as there is strong demand from Belt and Road countries, especially those in Southeast Asia.

**How important is the Optics Valley to Wuhan’s economy in the future?**
Optics Valley is essential to Wuhan’s economic development. At the beginning it was just a cluster for entrepreneurial and innovative activities, but over time it has become a pillar underpinning the city’s economy, much like Silicon Valley in the US. Hosting high-tech firms, incubators, and fintech companies, Optics Valley will have a knock-on effect of attracting more international attention, foreign capital, and talents to Wuhan. In short, it is helping Wuhan reinvent itself.

As mentioned, the Hubei Free Trade Zone comprises three segments that are located separately, with the one in Wuhan based in Optics Valley. It is hard to compare and contrast Wuhan’s free trade zone against its predecessors such as Shanghai and Tianjin at the moment because the policy is still at a preliminary
stage. But I believe innovation will be a key element given the local government’s strong preference for it.

In what way does having a lot of universities benefit Wuhan? Currently the government is targeting retaining one million graduates over the next five years. Graduates are young and skilled, thus bringing a demographic dividend to the city. Besides, the mix of institutions in Wuhan is rich, meaning that the city will likely have a wide array of expertise including technology, design, law, business, ecology – you name it.

Previously a lot of Wuhan’s graduates left for Beijing, Shanghai, Guangzhou and Shenzhen because these cities opened up faster and provided more work opportunities. To catch up, the government is trying to nurture high-growth industries, draw more investment, and bolster the city’s existing strength. After all, offering housing incentives such as a subsidy is not sufficient to make those with ‘talents’ stay. What graduates really want is to be able to apply their skills and knowledge. A strong corporate sector with flourishing companies is therefore the most powerful pull. Since 2017 the government has released a slew of directives to retain talents, setting targets for various administrative districts.

When do you expect Wuhan to become a fully developed logistics centre?
At present, it is already the principal interchange station of the national high-speed railway, offering direct links with 22 provincial capitals. And most cities in China are reachable within 2-3 hours from its new Tianhe International Airport.

There will certainly be more infrastructure projects in the next decade. For instance, a new port area is being constructed at Hannan [on the left bank of the Yangtze River]. It is designed to host a container terminal and an automobile logistics park. [Leading courier] SF Express is also building a cargo airport in Ezhou, which is just 61 miles from Wuhan. The local government hopes that direct flights to cities in five continents can be established by 2020. But this is dependent on how well Wuhan is recognised internationally in the near future.

Despite its advantageous location, Wuhan still needs a lot of softer infrastructure – attracting more skilled professionals, for instance – to achieve its goal of becoming a more prominently known global city.
A bird's eye view...

There are 13 zones under the jurisdiction of Wuhan, of which six are suburban areas. For simplicity, our orientation will focus on the 7 central districts, namely Jiang’an, Jianghan, Qiaokou, Hanyang, Wuchang, Qingshan, and Hongshan. Together they represent just 10% of Wuhan’s total area, but house the majority of the city’s population and commercial activities.

The centre of Wuhan is at the confluence of the Yangtze River and the Han River, rimmed by a 31-kilometre ring road comprising Jiefang Avenue in Hankou (see map), Wuchang’s Zhongnan Road and two Wuhan Yangtze River Bridges that run in parallel.

Running through the busiest part of Hankou, Jiefang Avenue separates Jianghan, a commercial business centre with the most luxurious shopping mall (see page 78), from Jiang’an, which used to be the concession area. A lot of the European-style buildings in the district were offices of Western banks, foreign consulates and churches, many of which are now converted for different uses.

In 1984 Yanjiang Avenue, which is aligned with Jiefang Avenue (and facing the Hankou Bund), became the seat of the local government, while Wuchang’s Zhongnan Road was redesignated as a business district that enjoys close proximity with Wuhan’s most important tourist spots including the Yellow Crane Tower, Hubu Alley and monuments to the 1911 Revolution (see pages 42, 47 and 50). The Yellow Crane Tower sits at the mouth of the Wuhan Yangtze River Bridge, which also serves as a pedestrian overpass for travellers going between Hanyang and Wuchang. At the other end of the bridge in Hanyang is the Qingchuan Pavilion (see page 49).

North of Zhongnan Road is Hongshan Square, which connects the Zhongbei Road and which leads to the 48km...
second ring road that includes the Erqi Yangtze River Bridge in its northern section and the Yingwuzhou Yangtze River Bridge in the south. The square is a recreational space and is named after the district where the provincial government of Hubei is based.

Before 1986, Hongshan was predominantly farmland, thanks to the abundant water resources it draws from dozens of lakes, including the country's second largest inland body, the East Lake. But economic development and the demand to attract talent have turned the swamp into a district housing many reputed higher education institutions, including Wuhan University and Huazhong University of Science & Technology (see pages 101 and 102).

A large number of scholars and their brainpower have driven the growth of the East Lake Hi-tech Development Zone, also known as the Optics Valley. The moniker alludes to its accomplishment in producing 60% of China’s optical fibre and its role as the key laboratory for other optical communication technology. As the zone continues to diversify and improve its infrastructure, tech companies have increasingly based their research centres in Wuhan, including Huawei and Xiaomi.

Bordering Hongshan district to the north is Qingshan, an industrial area that sits between the second and third ring roads. Qingshan owes its development to the location there of the state-owned Wuhan Iron and Steel Corporation. In 2016 it merged with a Shanghai-based peer to form the Baowu Steel Group, which is now the world’s second biggest steelmaker after Luxembourg-based ArcelorMittal.

Also sandwiched between the two ring roads on the other side of town is Qiaokou. Lying on the banks of the Han River, it is the oldest part of Hankou, with its Hanzheng Street being one of the oldest markets. But its shops today are far from trendy. The city’s centre has shifted to Jiang’an and Jianghan, although the ongoing restoration is expected to give the area a facelift soon.

Wuhan is urbanising and absorbing an increasing population, so not surprisingly rapid development is underway beyond the central areas. That has encouraged large-scale residential development in suburban districts including Dongxihu to the west, Jiangxia to the south, Caidian in the southwest, Huangpi in the north, and Xinzhou in the northeast. A fourth ring road to improve access to such areas is slated for completion in 2019.
Water woes

Wuhan is inextricably linked with great floods. Legend has it that the tripartite city came into being after a feat by Yu the Great to tame the deluge. But for over four thousand years water and attendant catastrophes have continued to plague the metropolis. The frequent inundations are partly explained by Wuhan’s geography. After all, it straddles the middle reaches of the Yangtze River, and sits on a low-lying terrain with plentiful lakes and rivers. The Yangtze is Asia’s longest river at 6,380km, and also the world’s third longest waterway. As it courses southward from the elevated Tibetan Plateau, and turns eastward from Sichuan, its altitude also decreases drastically. That leads to problems that generally surface in summer, when torrential rain exacerbates the impact of snowmelt, and increases water levels to the point that the river can no longer be contained within its banks.

To ease water troubles, Wuhan built its first dyke in 1635. It stretched from Qiaokou district in the west to today’s Dongdi Street in Jianghan district. Named after its architect (Yuan Chang) the embankment gave rise to a bustling market in the vicinity, around which Hanzheng Street stands today. Another significant dyke was built in 1905 by Zhang Zhidong which helped separate Hankou from the Dongxi Lake that draws water from the Han River. Subsequent enhancements made the dyke taller, which has since 2010 formed part of the arterial road known as the Third Ring. In fact, the cityscape of Wuhan has been shaped to a great extent by the flood relief infrastructure erected over the years.

In 2016, Wuhan again experienced serious floods that made headlines around the world. In one week the megacity received a record 570mm of rainfall, while the Yangtze River broke its banks, swamping even the underground lines. Although the losses and casualties it caused were fewer than those left by a similar disaster in 1998, many were appalled to learn that the chaos had some man-made causes too. To make room for urban development, about a third of the lakes in Wuhan had been reclaimed since 1949, which considerably reduced the city’s capacity for water retention. Worse still, projects to improve the drainage system were reportedly set back by corruption. A three-year municipal initiative saw 70% of its Rmb13 billion budget go missing.

The city is now looking to resolve its flood issues through a landscape engineering programme called “sponge city” (the local government name for water projects). Under the initiative, Rmb2 billion ($290 million) has been invested to turn the embankment area in Qingshan district into a green park. Other projects in the pipeline include upgrading Hanyang’s sewerage system and developing permeable paving. It is estimated that Rmb20 billion has been earmarked for the so-called “sponge city” projects.

Wuhan’s water area totals 2217.6 square kilometres, comprising 165 waterways of at least 5km length and 166 lakes. They account for 26% of the city’s landmass.

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Transport

International arrivals – Tianhe International Airport
Opened in 1995, Wuhan’s Tianhe International Airport located in the Huangpi district is the biggest airline hub in central China, handling 23 million passengers in 2017. It supports direct flights to over 100 domestic destinations and 59 overseas including Dubai, London, Los Angeles, Luxembourg, Mauritius, Melbourne, Moscow, Paris, Rome, San Francisco and Sydney. By 2020, the number of international routes will be increased to 70. You could be eligible to stay in Wuhan without a visa for 72 hours if you are transiting through it to a third country and hold the passport of a country that’s included in the policy (there are 53 as of August 2018).

Tianhe Airport has three terminals but only Terminal 3 (T3) is in service since the other two are under renovation. Opened in August 2017, T3 is within an hour of Wuhan’s downtown, and can be reached by the city’s underground metro. It is linked to the terminus station of Metro Line 2, or 10 stops away from the Hankou Railway Station. There are also shuttle buses that travel between the airport and the three towns of Wuhan for Rmb17-32. (See http://jyw.wuhan.gov.cn/chfw/103573.html for updated schedules)
While a taxi is perhaps the most comfortable option for connecting to the airport, it is also costlier. Expect to pay at least Rmb100 ($14.57) for the journey, and even more during peak hours because of traffic congestion.

**High-speed trains**
Located in the very centre of China, Wuhan is within reach of most major cities in less than five hours via bullet trains. It is a major stop for the east-west corridor connecting Shanghai and Chengdu, as well as for the north-south corridor ending in Hong Kong’s West Kowloon. Upon the completion of the Hubei section by 2022, the travelling time between Wuhan and Shanghai will drop to around four hours.

Currently there are three train stations in Wuhan, namely the Wuchang Railway Station, the Wuhan Railway Station, and the Hankou Railway Station. But only the latter two run high-speed trains.

A Chinese ID card is required for booking high-speed train tickets through the official ticketing system. As a result, most non-residents buy through third-party travel agents and their websites, which might charge you a slight premium. The tickets can be redeemed at the service counters at high-speed train stations (arrive early, as queues are large). The self-service machines at stations are as yet unable to process foreign travel documents.

To travel to nearby cities within the Wuhan Metropolitan Area, take the intercity railway. Since opening in 2013 with a service to the southern city of Xianning (bordering Jiangxi and Hunan provinces), three more lines were added. While the Huangshi line goes southeast and reaches Ezhou,
Huangshi, and Daye; the Huanggang line travels across the Yangtze River to the east. The northern line is linked to Wuhan’s Metro Line 2, which connects Tianhe International Airport and Xiaogan (with only five stops in between). A new leg joining Xiantao – west of Wuhan – is under construction, and due to start service in 2019.

**Rapid transit system**

Wuhan’s subway has cut the time for travelling between the ‘three towns’ (they are separated by water). Since its opening in 2000, seven lines have progressively gone into operation. Their trains generally run at intervals of no more than 5 minutes between 6am and 10:30pm daily. While the process of going through pre-boarding security checks can seem cumbersome, all stations are generally user-friendly, with their announcements and notices made in both Mandarin Chinese and English. Each ride costs between Rmb2-6, depending on the distance you travel.

The underground network has so far been concentrated in Hankou, partly because it is designed to spread out from the city’s business and commercial centre. Yet the many lakes in Wuchang have also presented technical challenges for metro construction. By 2021 the Wuhan Metro Group says it will add eight more extensions or new lines to better integrate Wuchang into the system and make Hanyang more accessible. In the works there are also 11 additional links for suburban areas, as well as for improving existing urban services.

Wuhan’s rapid transport system also includes trams, which mainly operate in the East Lake New Technology Development Zone, also known as the Optics Valley.

**Taxi**

Taxis – mostly painted yellow-and-white or green-and-white – remain the most convenient means to get around, as Wuhan’s rail system is yet to reach throughout the city. Normally the first 3 kilometres costs Rmb10, and Rmb1.8 for every subsequent kilometre. If the cab is a Citroën C-Triomphe sedan, usually painted blue, the fare will rise to Rmb10 for the first 2 kilometres, and Rmb2 for every kilometre afterwards. As is the case in other mainland China’s bullet trains operate on a three-tier class structure, with Business Class being the most expensive, followed by First Class, then Second Class. For a 4.5-hour trip between Wuhan and Hong Kong, a second-class seat costs around Rmb610 ($89). That is compared to around $272 for a 2-hour flight on local airlines and around $496 on Cathay Pacific in economy class.
Cities, there will be a 50% surcharge for every kilometre after a journey of 10 kilometres, and Rmb1 for every 2.5 minutes of waiting time. To raise the general public’s disposable income, tolls levied at nine bridges, a tunnel and a highway have been abolished since January 1, 2018. Traffic gridlock tends to occur between 6:30am-9am and 5pm-7:30pm on weekdays.

**Buses and BRT**
There are 467 bus routes across Wuhan, with those services starting with number 4 being tourism buses that take you to major attractions. Each ride costs Rmb2, or Rmb1 for non-air-conditioned cars. There is, however, no English information on bus timetables. The government is also promoting Bus Rapid Transit (BRT), an aboveground system that operates on dedicated platforms. Wuhan’s first BRT lane runs from the Wuchang Railway Station to the Optics Valley Railway Station. Seven other lanes will be established by 2020.

**Ferry**
It should come as little surprise that water transport has long been a popular means to travel between Hankou, Hanyang, and Wuchang. Today there are eight routes joining 13 piers on both side of the Yangtze River; of which four are for regular commutes, and the rest are for sightseeing. The most popular route travels between Wuhanguan (Hankou) and Zhonghua Road (Wuchang). The first ferry departs at 6:30am and the last at 8pm. Each ride costs Rmb1.5 per person or more if bringing a bike or motorcycle on board. Another popular route travels between Jijiazui (Hankou) and Hanyangmen (Wuchang) from 7am to 6.40pm. Each ride costs Rmb2 per person. Ferries on both routes depart every 20 minutes.

**Transportation cards: Wuhan Tong**
Wuhan’s transport system can be accessed by a reloadable contactless smart card similar to London’s Oyster Card or Hong Kong’s Octopus card. Known as “Wuhan Tong,” it can be acquired from the city’s underground stations for a deposit of Rmb20 (which is not in fact fully refundable). A monthly fee of Rmb0.4, or Rmb2 for less than a year, will be...
deducted from the deposit should the card be returned to the operator.

You can load the card – with up to Rmb1000 – at underground stations, Wuhan Tong service centres, partner retailers, or even via Alipay on mobile phones that support Near Field Communications (NFC). It can be used with Wuhan’s metro, buses, ferries, and increasingly for purchases at supermarkets, convenience stores, pharmacies and cinemas. Using the card for public transport will allow you to enjoy a 20% discount off the original fare and other interchange concessions within 90 minutes from the first journey being made.

Outside of Wuhan, the card is also usable in satellite cities including Anlu, Daye, Ezhou, Hanchuan, Xiantao, Xiaogan, and Yingcheng.

**Internet access:**
Just like in any city in mainland China, web navigation in Wuhan is subject to the country’s Great Firewall, meaning Google, Twitter, Facebook and WhatsApp are not available. If you rely on these platforms for communication, it is essential to arrange a virtual private network (VPN) or activate roaming services before arrival.

AutoNavi and Baidu Maps are the most common local alternatives for getting your bearings or planning trips – if you are able to understand Chinese characters. Taken over by Alibaba in 2014, Nasdaq-listed AutoNavi (also known as Amap or Gaode) is the top choice among locals with 133 million monthly active users in the first quarter of 2018, versus Baidu Map’s 85 million.

Based on the entered destination, AutoNavi provides route recommendations with the travelling distance and time specified. The options can be further sorted by “less walking distance”, “fewer transport interchanges,” and so forth. It also informs users about nearby restaurants, cafes, hotels, gyms, malls and other entertainment venues based on their location.

AutoNavi doesn’t offer ride-hailing itself, but it allows users to compare and choose such services (Didi, Caocao, Shouqi) within its platform. It is especially useful for taking buses or underground trains as it can accurately track one’s location and stops along the journey.

For iPhone users, Apple Maps, which sources its data from AutoNavi, is also a handy option.
Wuhan Underground System

Wuhan’s underground system is the sixth busiest in China, handling 2.5 million people daily as of the end of 2017. The government has decided to develop it in four phases and so far only the first two of these are completed. Taking a very long term view there are plans for 25 lines covering 1,100 kilometres by 2049.

Line 1 (Jinghe – Hankou North):
• Dazhi Road – the interchange station linking Line 6, close to Jinghan Avenue, Jiefang Avenue, and Jiqing street, a food-stall corner
• Huangpu Road – the interchange station linking Line 8, giving immediate access to Wuhan Tiandi, the newly developed commercial-cum-residential complex
• Xunlimen – stands at Jianghan Road, close to RT Mart (a supermarket), New World Department Store, and M+ shopping mall

Line 2 (Tianhe International Airport – Optics Valley Square):
• Tianhe International Airport – direct access to Terminal 3 of Wuhan’s new airport
• Hankou Railway Station – a major high-speed train station
• Zhongshan Park – immediate access to the most popular recreation venue at the heart of the city (see page 55), close to a cluster of shopping malls including the landmark Wuhan Plaza
• Wangjiadun East – the interchange station linking Line 7 (under construction); close to Hankou’s CBD and the restaurant cluster along Xuesong Road
• Jiedaokou – the interchange station linking Line 8 (under construction); close to the main entrance of the prestigious Wuhan University
• Pangxiejia – the interchange station linking Line 7 (under construction); close to Fanyuehui, where national food chains concentrate, and Tanhualin, an ancient district repurposed into a quaint cultural and café zone
• Optics Valley Square – close to the 1.3-kilometre Optics Valley shopping street that features various replicas of European attractions such as France’s Arc de Triomphe as well as the top-tier Huazhong University of Science and Technology

Line 3 (Hongtu Avenue - Zhuanyang Avenue):
• Luojiazhuang – close to the Gude Temple (see page 48)
• Hong Kong Road – the interchange station linking Line 6; immediate access to the commercial district as well as the Wuhan Library

Line 4 (Wuhan Railway Station - Huangjinkou):
• Wuhan Railway Station – a major high-speed train station yet far from the city centre
• Chuhuahan Street – close to the landmark shopping and entertainment complex (see page 54)
• Zhongnan Road – Wuchang’s CBD
• Wuchang Railway Station – built in 1916 and revamped in
Wuhan’s underground system is the sixth busiest in China

2008, it provides standard express links with other major cities in Hubei Province

- **Shouyi Road** – close to the food market at Hubu Alley (see page 42)
- **Fuxing Road** – close to the 1911 Revolution Museum and the Yellow Crane Tower (see pages 47 and 50)

**Line 6 (Jinyinhu Park – Dongfeng Motor Company):**
- **Liuduqiao** – along Zhongshan Avenue, which cuts through Sanmin Road and is close to the former headquarters of the Wuhan National Government, now a museum (see page 51)
- **Jianghan Road** – the interchange station linking Line 2; direct access to the pedestrian street ending at the Hankou Customs House Museum and the Hankou Bund (see pages 50 and 51)
- **Heptachord Terrace (Qintai)** – close to the historical site Guqin Tai (see page 48 and the HanyangZao Art Zone (also known as the 824 Art Factory)

**Line 8 (Liyuan - Jintan Road):**
- **Liyuan** – close to the East Lake Eco-tourism Zone (see page 54)

**Line 21 or Yangluo Line (Houhui Avenue - Jintai):**
it covers Xinzhou, a suburban area in the northeast along the northern bank of the Yangtze River
Food: Wuhan’s best known dishes

Reganmian (热干面)
Sold in street carts and fast food outlets, reganmian (hot dry noodles) are the signature food of Wuhan, eaten at any time of the day – as a meal or snack. The dish mixes alkaline noodles with soy sauce, sesame paste, chilli oil, and a wide array of toppings including pickles, chopped green onion and garlic chives. Other variations will see the base noodle served with spicy shrimp or beef. Customers can usually watch the preparation process, as the food item is cooked-to-order. It begins with some al dente noodles spread for cooling, then cooked in boiling water with sesame oil until completion. The final step is mixing – sometimes according to the customers’ preference. Along with Sichuan’s dandanmian, Shanxi’s daoxiomian (also known as knife-cut noodles), Liangguang’s yifumian and northern China’s zhajiangmian, hot dry noodles is one of China’s top-five noodle dishes.

Sanxian doupi (三鲜豆皮)
A popular breakfast item, sanxian doupi got its name from having its doupi wrapping caked together by fried glutinous rice along with three fresh ingredients (i.e. sanxian). The three fresh ingredients are eggs, shrimps, and meat, seasoned with scallions, soy sauce, yellow wine, pepper and a little vinegar. Some versions include mushroom or bamboo sprouts. A good doupi (made of rice flour, egg, and mung bean powder), fried to golden-brown, should be crispy but not oily, and strong enough to hold the cake in a square shape. Some have said the dish was popularised by an 87 year-old restaurant called Lao Tong Cheng, which served the dish to Chairman Mao, North Korea’s Kim Il-sung, and other leaders. Its flagship store is now located along Jiqing street in the Hankou area.
**Mian wo (面窝)**
It’s a thin, deep-fried doughnut made of soymilk, brown rice, milk, flour and sprinkled with sesame and chopped scallions. Golden-brown on the exterior but white inside, mian wo usually has a slightly salty taste (sometimes spiced up by ginger). A sweet variant may be made with diced sweet potato. Locals say there are four ways to savour the popular food item: (1) as a standalone snack served hot; (2) wrapped inside baba (粑粑) – a type of thick, round, heavy bread; (3) dipped into spicy noodle soup; (4) alongside local rice wine that is mildly sweet.

**Spicy duck neck (鸭脖)**
Simmered for hours in a piquant broth of red pepper, chilli powder, Pixian bean paste, star anise and dozens of other spices and condiments, the supposedly tasteless part of a duck – the neck – comes off with a subtle, variegated flavour that is comparable to Sichuan mala, but not as tongue-tingling. Chopped into one or two inches long, the reddish-brown finger food is often served as a beer snack. The proper way to savour it is to first nibble on the outside, pop the different spine bones apart and suck out the remaining meat. The preparation method is also applied to other duck parts including the tongue, head, feet, liver, and kidney, which are collectively called “Wuhan Duck”.

*Zhongshan Avenue street food*
Following the release of movie and TV drama Life Show in 2002 – adapted from a novel written by Wuhan-born author Chi Li – “Wuhan Duck” gained nationwide popularity with shops selling the local titbit sprouting up in Nanjing, Shanghai, and many other major cities.

**Wuchang fish (武昌鱼)**

A kind of bream with a blunt snout, Wuchang Fish was first found in the Liangzi Lake of Echeng County in Hubei Province. It has been an iconic food item since the Three Kingdom Period and became popular after Chairman Mao Zedong mentioned it in a poem. Similar to other freshwater fish, it has a lot of bones, but its meat is particularly tender. There are as many as 30 ways to prepare the fish such as steaming or red-braising, all created by Great China Restaurant (大中华酒楼), which served Mao in 1956. The fish specialist has opened a few branches across Wuhan, with its flagship located at 907 Xiongchu Avenue in the Hongshan district.

**Hong cai tai (紅菜苔)**

Historically offered to the emperor as a tribute, hong cai tai is a succulent, crunchy vegetable with a refreshing flavour. Its name is a pun, which highlights the magenta colour of its petiole (“hong” is how “red” is pronounced in Mandarin) as well as its origin in the Hongshan district of Wuchang. It can be prepared in multiple ways, most commonly fried with vinegar or mala spices. One local specialty featuring the plant is called “Fried Hong cai tai
with Cured Meat’ (红菜苔炒腊肉), which uses bacon grease to bring out the sweetness of the plant. *Hong cai tai* is said to be highly nutritious, rich in calcium, phosphorus, iron, carotene, and vitamin C. Locals reckon it’s best to have the vegetable in winter.

**Crayfish (小龙虾)**
Why is crayfish such a Wuhan specialty when the freshwater delicacy is available across China? Because nearly 60% of the crustacean harvested in the country comes from Hubei province. It goes without saying that Wuhan is its main export hub, where the crayfish first arrives and is therefore fresher than in many other Chinese cities. Known as “little lobster” locally, it is usually cooked via a quick dip in boiling hot oil, then tossed in different flavour sauces. Apart from being a dinner item, it is particularly popular during summer as a beer snack. The species was originally imported in the 1920s by Japanese traders to the eastern Chinese city of Nanjing to keep pests in check. It has taken the country by storm in recent years, prompting specialty restaurants such as Liangliang Zhengxia (靓靓蒸虾) and Bali Longxia (巴厘龙虾) to open branches everywhere. But locals still believe the best crayfish is served at those restaurants’ flagships on Xuesong Road in the Jianghan district.
A centre for crayfish

There are many theories about how crayfish, a freshwater crustacean, was introduced to China. The most popular belief is that some Japanese, who traditionally used the parasite-carrying species for feeding bullfrogs, released them into the waters of Jiangsu province when the second Sino-Japanese war (1937-1945) drew to an end. Yet the burrowing creatures did not proliferate until they reached Wuhan’s Jianghan Plain, where its vast network of rivers and lakes created an ideal habitat.

Chinese farmers initially saw crayfish as an invasive pest. But a later discovery that local consumers liked its sweet and succulent taste prompted mass-rearing. Usually called “little lobster” at restaurants and delicatessens, its popularity has taken the country by storm in the past couple of years. Despite an 18% decline in exports due to trade barriers in the US and Europe, China’s crayfish industry was last year worth Rmb268.5 billion ($39.27 billion), up 83.2% on 2016.

Powering such growth was Hubei, which supplied 56% of the country’s crayfish, totalling 113 million tonnes in 2017. While Jingzhou and Qianjiang – both within 220 kilometres of Wuhan – are the centres for harvesting and processing crayfish respectively, Wuhan provides the infrastructure for trading and exporting the popular species. Its Baishazhou Seafood Market in the Hongshan district is the country’s biggest crayfish dealer, selling 200 tonnes to buyers from across the country daily. Trains from the central city also transported 100,000 crayfish to Moscow during FIFA’s 2018 World Cup.

The industry boom has given rise to various crayfish by-products such as chitin, a chemical most notable for its health benefits. Its manufacturing was supported by a Rmb500 million partnership between Wuhan University and Qianjiang-based Huashan Aquatic Food & Produce, which now derives the bulk of its income from exporting crayfish by-products.

Crayfish is generally available from March, but it gets meatier – and therefore tastes best – between June and August. A warning: do not eat crayfish if it’s raw and avoid the heads, which are a hotbed for parasites.
Where to eat

**Dayin Art Restaurant & Wine House** (大胤艺术餐厅 • 酒艺术馆)
Linked to the historic Qingchuan Pavilion, Dayin distinguishes itself by presenting modern Hubei cuisine artistically. Grain porridge, for instance, will be disguised as a pot plant, and durian cakes will be shaped like ducklings. Opened by Cheng Jianlin, a renowned wine collector and sommelier from Wuhan, the petite restaurant features traditional Chinese décor with Buddhist elements. One allure of Dayin is the Chutian Wine Culture Museum of Art it houses, which showcases a wide range of Chinese liquor including some rare *baijiu*. Behind the glittering displays is an exclusive dining room which can be booked for executive lunches or dinners. It also hosts a quaint teahouse on the upper floor.

*Binjiang Avenue, Hanyang – next to the public transportation station outside the main entrance of Qingchuan Pavilion* (滨江大道晴川阁正门公交车站旁)

**Jiangtan Impression** (江滩 • 印象)
Here is where you can enjoy Hubei cuisine with a view of the Yangtze River. Next to the entrance to Jiangtan Park (a recreational area that features a 3.4km promenade along the Yangtze River), the restaurant offers *alfresco* dining on
The spot where the bustling dockyard of colonial Hankou used to be. The two-storey restaurant has a vintage interior. It does not offer any communal eating spaces, but instead has multiple suites that make your dining experience private. Guests are encouraged to try some locally made red wine.

56 Yanjiang Road, Jiangtan Park, Hankou
(沿江大道56号 - 江滩公园内)

Jiajing Zhen (珈境 • 臻)
If you are tired of having just Hubei cuisine during your stay in Wuhan, consider Jiajing Zhen, which serves various regional Chinese cuisines but with a modern twist. It is particularly good at turning street food such as glutinous rice cake (糍粑), deep-fried lotus root sandwich (炸藕夹), or brown sugar guokui (红糖锅盔) into exquisite items. Located in the bustling commercial district of Jianghan, the restaurant is ideal for business dining because of its quiet atmosphere and attentive service.

3/F, Shanghai Pudong Development Bank Building, 218 Xinhua Road, Jianghan
(新华路218号浦发银行大厦3楼)

Xia Casserole (夏氏砂锅)
A popular restaurant for both locals and visitors, Xia Casserole cooks up a wide array of agrarian Hubei cuisine. Turtle casserole, authentic fish-paste noodles, and egg tofu are the highlights of this eatery where the provincial culinary traditions are well preserved. It also offers a uniquely modified hot dry noodles that features crab legs. The two-storey restaurant has antique Chinese décor and houses dozens of sequestered tables that offer a sense of privacy.

231 Safety Village, Xuesong Road, Wangsongyuan, Jianghan
(万松园雪松路安全村231号)

Hubu Alley (户部巷)
This is where you can have it all. Dubbed “the number one alley for Han breakfast”, this 150m long walking street is lined with more than a hundred food stalls serving all kinds of Hubei snacks. Almost all the local food chains have an
outlet here, including Cai Linji (蔡林记), best known for hot dry noodles; Four Seasons’ Soup Dumplings (四季美汤包); and braised duck retailer Zhouheiya (周黑鸭). Close to the shipyard on the Yangtze River, Hubu Lane has been a hotbed of culinary activity ever since the Ming Dynasty, when it was part of the area that hosted the local treasury and grain stores called Simenkou (司门口). It later became a breakfast hangout as commuters took to grabbing a quick bite before taking their ferries to work. It is also popular among tourists, who tend to drop by after visiting the Yellow Crane Tower or Chairman Mao’s old residence which is nearby. Hubu Alley can be crowded throughout the evening till midnight. Jiqing Street (吉庆街), in the former concession area of Jiang’an, also sells a similar range of famed Wuhan snacks.

Cafés & bars

**Angelina**
The Parisian café put its third China outlet in Wuhan’s most luxurious mall Wuhan International Plaza. You can have a cup of authentic hot chocolate with French pastries here.

*B1, Wuhan International Plaza, 690 Jiefang Avenue, Jianghan* (江汉区解放大道690号武汉国际广场地库B1)

**Beyond Book Story (物外书店)**
Opened in April 2017, the 75 square metre bookstore is housed inside a colonial building along Zhongshan Road. It used to be the office of Dafu Bank during the early twentieth century and post-1949 became the magazine department of the Wuhan Library. It has since undergone a makeover by architect Lee Wei-min, who had previously designed the popular Eslite bookstores from Taiwan. English titles, however, only account for a small corner of the bookstore. The café provides fresh juices and Western pastries. It also allows you to recharge your phone. There is a 10,000 square metre outlet in Hanyang, which features a garden patio and another newly-opened venue in the K11 mall in the Optics Valley.

*637 Zhongshan Road, Jiang’an, Hankou* (江岸区中山大道637号)
Big Water Café (大水的店)
Visually appealing, this quaint coffee shop features retro décor with floor-to-ceiling bookcases, vintage furniture, mosaic tiles and ornaments. Its foyer is an exhibition space showcasing various cultural products inspired by Wuhan, most remarkably a hand-drawn city guide by the café’s owner. Should you visit the caffeinated hideaway, do also take a stroll in its Tanhualin (昙华林) neighborhood.

During the Ming and Qing Dynasties, Tanhualin was where Hubei’s xiucai – scholars who passed the county level exams – gathered and studied for the higher-level imperial examination. After Hankou was forced open in 1861, foreign missionaries came here to preach, open public schools and run clinics. Today only a handful of those old buildings are preserved, however.

56 Tanhualin Road, Tanhualin, Wuchang
(昙华林路昙华林56号)

Lihuangpi Road (黎黄陂路)
A good place to rest your legs after touring around the former concession quarter where heritage buildings are scattered. In continental style, Lihuangpi Road is a colourful street lined with ‘hipster’ cafes. Many offer alfresco dining. It’s a popular site where local couples shoot their pre-wedding pictures.

Lihuangpi Road, Jiang’an
(江岸区黎黄陂路)

Up Coffee (矢量咖啡)
This café is located inside the Sisyphe Bookstore. Quiet and work-friendly with free wifi and power outlets, it offers a reasonable coffee selection.

3F, Horizon Shopping Mall, Wuhan Tiandi, Jiang’an, Hankou
(江岸区武汉天地壹方购物中心3F)

Brussels & Atomium Beer Pub
Known for its warm and friendly atmosphere, The Atomium is a place to drink Belgian beers and meet up with visitors and expats. Patrons can enjoy the view of the Xibei Lake on the bar’s terrace.

XiBeiHu Lu 8-8, Hankou
(汉口西北湖路8附8号)
Where to stay

The Westin Wuhan Wuchang
Close to the Yangtze River, The Westin Wuhan Wuchang has luxurious rooms, an indoor swimming pool and soothing spa treatments. It offers six restaurants, including a wine bar-cum-cigar lounge. The eight private dining rooms at its Chinese restaurant (Zen5es) all feature a stunning outdoor balcony overlooking the Yangtze River and the city beyond. The upscale accommodation also provides secretarial and translation services at its business centre.

96 Linjiang Road, Wuchang
(武昌临江路96号)

Wanda Realm Wuhan
At one end of the shopping street of Chuhe Hanjie, and just opposite to the acclaimed Han Show Theatre, Wanda Realm Wuhan offers convenient access to shopping, entertainment and fine dining options. The complimentary buffet breakfast is sumptuous, featuring both Western and Asian styles, including popular Hubei dishes. Its palatial multipurpose rooms are ideal for business meetings and banquets.

105 Donghu Road, Shuiguohu Street, Wuchang
(武昌水果湖街东湖路105号)

Marco Polo Wuhan
At the centre of the former concession area of Hankou, Marco Polo Wuhan stands out for its impeccable service. Its café The Verandah is well-known for its selection of speciality coffees, teas and traditional high teas. The hotel is just minutes away from Jiangtan Park, a recreational precinct that features a scenic promenade along the Yangtze River.

159 Yanjiang Avenue, Jiang’an, Hankou
(汉口江岸区沿江大道159号)
VISITOR INFORMATION

New World Wuhan Hotel

Run by Hong Kong-based New World Development, this five-star hotel is located at the heart of Hankou’s commercial district. It is within walking distance of many of the regional offices of multinational companies, the Wuhan International Plaza and Wuhan International Convention and Exhibition Centre. It houses a Chinese restaurant that serves Cantonese, Sichuan and local Wuhan cuisines, as well as an Italian trattoria with an open kitchen.

630 Jiefang Avenue, Qiao Kou, Hankou (汉口硚口区解放大道630号)

Hilton Wuhan Riverside

Sitting almost at the confluence of the Han River and the Yangtze River, this Hilton (in Hanyang) is just minutes away from the city centre of Hankou. The best view of Wuchang – featuring the Yellow Crane Tower – can be viewed from The Brasserie which serves breakfast daily. The hotel also houses a Chinese restaurant with 10 private dining rooms and a cozy Western restaurant. It has a fully-equipped gym, yoga room, as well as an indoor pool and a spa.

190 Binjiang Avenue, Hanyang (汉阳滨江大道190号)

InterContinental Wuhan

Next to the Wuhan International Expo Centre, the InterContinental Wuhan offers high quality rooms and suites, with many facing the Yangtze River. Guests can enjoy a selection of English and Chinese teas as well as savoury snacks at its palatial lobby lounge accompanied by music. It is linked directly to a convention centre that accommodates 65 function rooms, including a 4,000-seat grand ballroom.

666 Qingchuan Boulevard, Hanyang (汉阳市清川大道666号)
Attractions

Temples and towers

**Yellow Crane Tower (黄鹤楼)**
One of the four most renowned towers in China, the Yellow Crane Tower was built during the Three Kingdoms Period as a lookout spot. Its fame grew as many classical Chinese poets including Cui Hao and Li Bai drew inspiration from its beauty. The tower was damaged and repaired at least seven times during the Ming and Qing Dynasties, and completely wrecked in a fire in 1884. The current structure was erected in 1981. Sitting on the peak of the Snake Hill in Wuchang, the five-storied yellow-tiled pagoda offers a vantage point over the Yangtze River. Its surrounding area has been developed into a recreational park, which also hosts the Jingchu dance and music shows performed by the Yellow Crane Tower Entertainment Group. (Jingchu is a pre-Han regional culture that emerged in the Han River region in the West Zhou Dynasty between 1066-256BC.)

**Guiyuan Temple (归元寺)**
Established in 1658, Guiyuan Temple was once a royal temple of the Great Qing. Having experienced the ravages of wars and revolutions, its existing structures were reconstructed in fits and starts during the reigns of Emperors Xianfeng, Tongzhi and Guangxu. Thanks to Zhou Enlai, the first Premier of the People’s Republic of China, it escaped the devastation of the Cultural Revolution and underwent a significant rebuilding and expansion after 1973. Today the sanctuary covers an area of 17,500 square metres with more than 200 temples, storing roughly 7,000 volumes of Buddhist classics. The entrance has a huge lotus pond with fish and turtles, where believers partake in fangsheng (i.e. a rite to symbolically “relieve” or “save” the lives of creatures destined for slaughter). A key building is the Arhat Hall.
VISITOR INFORMATION

Guiyuan Temple

(also known as Luohan Tang) where 500 life-like Arhats sculptures are displayed. It is also worth checking out the Yuantong Ge close to the Guanyin Square. Completed in 2013, Yuantong Ge is a two-part structure with a pavilion sitting on a pedestal made of granite stone. The pedestal is a quiet hall with many images of Guanyin, or Avalokiteśvara.

Gude Temple

Located in Hankou, Gude Temple exudes an exotic air given its unique architectural style was modelled on the Ananda Temple in Myanmar’s Bagan. With Ionic columns and elaborate window grilles, it appears more like a gothic cathedral than a typical Chinese Buddhist temple. Completed in 1913, Gude Temple is not what it once was. Unfortunately, it suffered considerable damage during the Cultural Revolution and is still in disrepair. Tourists can pay a visit by offering incense in lieu of entrance tickets.

Guqin Tai

A tranquil recreational site that commemorates Bo Ya, a musician that specialised in the guqin (a plucked seven-string Chinese instrument), during the Spring and Autumn Periods. Legends suggests the site is where Bo met his confident Zhong Ziqi – both were from Hubei. A year after their encounter, Bo learnt that Zhong had passed away. The
tragic news broke Bo’s heart because he felt that nobody could understand his music anymore. He then broke his *guqin* and decided to never play it again. The famed relationship between Bo and Zhong is associated with a common idiomatic Chinese expression *zhīyīn*, which connotes friendship while literally meaning “understanding the music”.

**Qingchuan Pavilion (晴川阁)**
A historic site that comprises Qingchuan Tower, Yuji Palace and Tiemen Gate. Yuji Palace was built between 1131-1162 during the Southern Song Dynasty to commemorate Yu the Great, the legendary ruler who tamed the deluge and is said to have inaugurated dynastic rule in ancient China. The Palace underwent a revamp in the Ming Dynasty, during which the Qingchuan Tower was added to match the Yellow Crane Tower on the opposite side of the Yangtze River. The site is also linked to Tiemen Gate (铁门关) – erected during the Three Kingdoms Period by Wu to defend itself against Wei. Tiemen Gate had been a key military fortress until after the Tang Dynasty. Yet it was destroyed during the late Ming. The current structure was rebuilt in 1993. Qingchuan Tower is likewise a reconstruction as it fell into ruins during the 1911 revolution.

**Museums**

**Hubei Provincial Museum (湖北省博物馆)**
One of the eight national museums in China, it collected over 200,000 artefacts, with many unearthed from Paleolithic sites as well as from tombs of Chu from the Spring and Autumn and Warring States periods. Among its treasures include the bronze Sword of Goujian, the Chime Bells (the largest musical instrument ever discovered), the Blue-and-white *siaitu* vase from the Yuan Dynasty and items from the tomb of Prince Liangzhuang of the Ming Dynasty. Do also check out the East Lake Eco-tourism Zone.
VISITOR INFORMATION

THE HANKOU CUSTOMS HOUSE MUSEUM (江汉关博物馆)
Through historical documents, photos, and artefacts, this museum evokes the development of Hankou as a treaty port and what life was like in the concession area following the Qing’s defeat by Britain and France in the second Opium War in 1858. The building that houses the museum is a European-style structure erected in 1924 by the colonial powers to celebrate the diamond jubilee of the opening up of Hankou. It was previously the office of the Hankou Customs department responsible for examining and taxing imports and exports, postal services and port administration. Sitting at the juncture of the bustling Jianghan Road and the Hankou Bund (facing onto the Yangtze River), the complex is now a Wuhan landmark.

1911 REVOLUTION MUSEUM (辛亥革命博物馆)
Chronicling the revolution that toppled the last dynasty in China, it opened in 2011 to commemorate the Centennial anniversary of the event (see page 15). Apart from a fascinating permanent exhibition, the building itself is a From the ideology of nationalism to the new era of socialism with Chinese characteristics, it is a comprehensive display of the development of China’s political, economic, cultural, and educational system. The museum also exhibits the significant achievements of the Chinese people under the leadership of the Communist Party of China, highlighting the country’s path to national rejuvenation.
VISITOR INFORMATION

from historical records, the museum also presents models and lively simulations to vividly recount the history. Located south of Shouyi Square, it is just minutes from the former site of the Hubei Military Government.

**Wuhan Art Museum (武汉美术馆)**
With a collection of modern and contemporary art by local artists – the bulk of which are oil paintings – the museum has special exhibitions showcasing **guohua** (a kind of native painting that usually features black ink, watercolour and calligraphy), sculpture, and photography. Its neoclassical style building is the former site of Tianjin-based Kincheng Banking Corporation, one of the four best capitalised commercial banks in northern China during the 1920s.

**Pedestrian streets**

**Jianghan Road (江汉路)**
Jianghan Road has been a busy commercial hub since a century ago when Hankou was forced open by Western powers. Many of the colonial-style buildings lining the 1.6-kilometre street used to be the offices of local banks, and are now repurposed for sporting goods, fashion, electronics, and food retailers. It stretches from the junction linking the Jiefang Avenue through to the Hankou Customs House Museum on the Yanjiang Avenue. Along Yanjiang Avenue, which faces the Hankou Bund, stands the former residence of Madame Sun Yat-sen, converted from a Russian bank. Jianghan Road is also in close proximity with a number of shopping complexes such as the Wangfujing department store and CK Hutchison’s M+ shopping mall.

**Zhongshan Avenue (中山大道)**
Named for Sun Yat-sen, the 8.5-kilometre thoroughfare was once a key traffic artery of Hankou cutting through...
Not many historical figures have the same honour, but Zhang Zhidong has a road named after him in Wuhan. Moreover, memorials of Zhang can be found throughout Hubei’s provincial capital, including numerous heritage buildings built by his pupils to commemorate him.

Zhang was one of the four most famous officials of the late Qing Dynasty. In 1889, he was appointed as viceroy, or governor-general of Hubei. That was one of the darkest periods of China’s so-called “Century of Humiliations” when the country was torn apart by wars and foreign interventions. Yet during Zhang’s 17-year tenure as the viceroy of Hubei, he was credited for laying the foundations that turned Wuhan into a modern city.

Such was his impact that even Mao Zedong once remarked that the Chinese should not forget Zhang’s contribution when it comes to the development of the country’s heavy industry.

The scholar-official was a reputable reformer in the Qing court, although he still insisted on the importance of traditional Chinese values. His thinking could be best summarised in the verse “Chinese learning for fundamental principles and Western learning for practical application”, which Zhang himself wrote in 1889.

His first move in Wuhan was to set up a government-owned textile plant in Wuchang in 1893. That was followed by the creation of a large steel and munitions plant at Hanyang. The latter, also known as the Hanyang Arsenal,
was the largest heavy industrial plant in Asia at the time. It set the industrial standards for “made in China” in products that included heat-resistant bricks, steel tools and, most importantly, guns. Hanyang 88, or Hanyang Zao, which simply means “made in Hanyang”, based on the German Gewehr 88, became the most widely adopted (and most trusted) weapon used by most Chinese troops.

Zhang also sent workers and students to study in European countries, with a focus on engineering and modern industrial technologies.

The local economy boomed as a result and gave rise to the concept of “Big Wuhan”. Under Zhang’s influence Wuhan’s economy became the second largest in China, trailing only Shanghai.

Zhang died in 1909 but he had sowed the seeds for the 1911 revolution that made the Republic of China possible. That was because the two most important ingredients for a uprising to happen – money and guns – were both easily available in Wuhan, all thanks to Zhang’s achievement.

A museum dedicated to Zhang was established in Yue Lake, on the spot where the old Hanyang Iron Works factory stood. It was completed in May 2018 by New York-based Studio Libeskind.
Zhongshan Avenue got a two-year makeover in 2016 and links up 48 streets including the picturesque Lihuangpi Road.

different concession zones. Thanks to a two-year makeover completed in 2016, it now links up 48 streets such as the picturesque Lihuangpi Road (黎黄陂路) and accommodates over 160 heritage buildings, including the former headquarters of the Wuhan National Government. Now a museum, the former headquarters is where the Kuomintang and the Communist Party plotted against regional warlords. Reminiscent of other metropolitan walking streets (think Regent Street in London), Zhongshan Avenue glistens at night when all the shops are lit up.

Chu River Han Street (楚河汉街)
This area comprises an artificial river connecting two inner city lakes and a walking street (parts are underground) lined with food stores and international brands such as Zara, Gap and Muji. Developed by Beijing-based Wanda Group, the Rmb50 billion ($7.35 billion) tourism-cum-amusement complex features a number of landmark projects including a Madame Tussauds museum, the Han Show Theatre (see below), and a massive IMAX Cinema. The indoor movie theme park – inside a huge gold building shaped like a set of ancient Chinese bells – has been under renovation since the second half of 2016. The 1.5-kilometre pedestrian street also leads to other shopping malls and to upscale hotels run by Wanda.

Recreational sites

East Lake Eco-tourism Zone (东湖生态旅游风景区)
Fancy some serenity amid nature and idyllic scenes? Then visit the eco-tourism zone developed around the East Lake,
the second largest inner city lake in China. (For perspective, it is six times the size of the famed West Lake in Hangzhou.) Covering an area of 88 square kilometres, the site is divided into five parts, with Tingtao and Moshan being the most popular ones. Apart from woods and lakes, the eco-tourism zone features a great many monuments celebrating ancient Jingchu culture.

An efficient way to see the East Lake is to take the 100-minute sightseeing cruise at the Han Street harbour, which departs every hour between 10am-4pm and 7pm-9pm.

**Zhongshan Park (中山公园)**

Named after Sun Yat-sen, the founding father of republican China, Zhongshan is one of the biggest urban parks in Wuhan. It has undergone multiple expansions since being nationalised in 1927. With an area of 328,000 square metres, the park is divided into three parts. The central area contains historical monuments such as the Japanese Surrender Hall, the bronze statue of Sun Yat-sen and his wife Soong Ching-ling, and a building in memory of Zhang Zhidong (see box on page 52). At the rear is an amusement park with over 40 different rides such as a Ferris Wheel, a roller coaster, a water slide and bumper cars. Closer to the entrance are a number of gardens and ponds that locals enjoy for chilling out, dancing and exercising.

**Entertainment**

**Han Show (汉秀)**

This is a 90-minute performance that integrates dance, music, acrobatics, sports, stunts, and electronic visual effects. It is directed by Franco Dragone, the Italian-Belgian dramatist famed for producing the most prestigious shows by Canada’s Cirque du Soleil. The iconic theatre, designed by British architect Mark Fisher, resembles a
Zhiyinhao is a 70-minute show telling the story of Wuhan since the 1920s.

Han Show

traditional “red lantern”. It features a 27.5m high diving platform and a massive performance pool that has a capacity equivalent to four Olympic swimming pools.

Zhiyinhao (知音号)

More than a grand steam liner on the Yangtze River, Zhiyinhao is a museum-cum-playhouse that tells the story of Wuhan since the 1920s. Adopting the style of an experiential theatre, the 70-minute performance at Zhiyinhao is not confined to the stage, but roams between the wharf, the decks and hundreds of cabins. The idea is to let the audience interact with the cast and be part of the drama. One can also try on Republican outfits during the cruise. The production is led by Fan Yue, the esteemed director who supervised the opening and closing ceremonies of the Beijing Olympic Games in 2008.

Red Tourism

Since 2005 the Chinese government has actively promoted a type of tourism that aims to instil the principles and spirit of the Chinese Communist Party. In Wuhan, such attractions are concentrated in the Dufudi Revolutionary Area (都府堤红色旅游景区) in Wuchang, which comprises the former residence of Mao Zedong, the heritage site of the Peasant Movement Training Institute, the memorial hall of martyr Chen Tanqiu, and the official venue of the fifth national congress of the CPC. The linking thread of these locales is the armed conflicts between the Kuomintang (KMT)-led government of the Republic of China and Mao’s Red Army, which escalated after 1927 when the KMT (led by Chiang Kai-shek) commanded a violent purge of communists in Shanghai. The neighbourhood also owes its significance to the Party literature “Report on Hunan Peasants Movement,” written by Mao during his stay in Wuhan in 1927.
An employee inspects the newly-made optical cables at a factory in Wuhan.
The pre-Han Jingchu civilisation (1042-202 BC), which dated back to the Zhou Dynasty, covered a vast expanse of land, stretching all the way to today’s Henan, Anhui, Jiangxi, and Hunan provinces. But it owed its origin to the Han River, which explains why Hubei unabashedly lays claims to it and makes “Jingchu” its moniker.

One achievement of the eight-century long Jingchu period was the manufacture of objects in bronze, which, in the early days, were almost always intended for rituals. Food, drink, flowers or incense were placed in these elaborate vessels as offerings to the venerated dead. The alloy was later used for sophisticated weaponry during the Warring States Period. The Sword of Goujian, for instance, has held a fascination for generations because of its unusual sharpness and resistance to being tarnished. Nobody knows how the treasure, which originally belonged to the hardy King of Yue, made its way to Hubei, where it was unearthed in 1965 (see page 49). But many believe the Jingchu mastered the skills of casting swords from bronze after annexing Yue.

The tradition of metallurgy in Hubei foreshadows the industrial might of its future capital, Wuhan, which had mostly depended economically on aquaculture and cotton production till the Self-strengthening Movement in the late Qing. The campaign, which aimed to supercharge China’s technology, military and economy, led to a number of heavy industry investments in Hangyang, including China’s first steelmaker and most advanced gun producer. Since then heavy industry and manufacturing have held sway over Wuhan’s economy. In absolute terms it accounted for 35% of the city’s gross domestic product in 2017, growing nearly 202 times since China’s opening up and reform period began in 1978.

The bulk of the value, however, no longer comes from the iron and steel sectors, given the central government’s push for ‘supply side reforms’ over the past few years. Following its merger with its bigger rival in Shanghai in 2016, Wuhan Iron and Steel has shifted its focus toward real estate, water management, senior housing, and sustainable urban development. The move could be logical considering that Qingshan district – once the base of Wuhan Iron and Steel and populated mainly by its workers and their relatives – is set to be repurposed.
Peugeot Citroen, Renault, Nissan and Honda all have joint venture car plants in Wuhan.
French connection

Wuhan has received the biggest amount of French investment among all Chinese cities, partly due to the strategic partnership between Dongfeng and PSA Peugeot Citroën. But increasingly such investment is also directed toward urban development. In 2014 a land area of 39 square kilometers in the southwestern Caidian district was carved out for the so-called Sino-French Eco-City. It is meant to provide a smart and sustainable surroundings for a population of 200,000 by 2030.
Picking up the baton is the automobile industry, which made up 76% of Wuhan’s industrial value in 2017. Producing 1.9 million motor vehicles that year, or 6.5% of the country’s total, Wuhan is ranked seventh among all Chinese cities in terms of production volume. Dongfeng Motor Corporation, headquartered at the Economic and Technological Development Zone in Hannan district, controls four of the five biggest car assemblers in the city. It partners with Nissan and Honda from Japan, as well as PSA Peugeot Citroën and Renault from France, which brought not only foreign direct investment into the city, but also expertise that made Wuhan a magnet for other companies along the automotive supply chain.

Capitalising on the national strategy of “Made in China 2025”, which aims to lift the country’s industries up the value chain, Wuhan is also seeking to adapt to the latest technology trends, particularly in clean energy, biopharma, cloud computing, artificial intelligence, fintech and advanced manufacturing. The effort is evidenced by the slew of advanced technology firms and investments that have been lured to the East Lake High-Tech Development Zone (see page 63), which was designated as part of the Hubei Pilot Free Trade Zone in 2017 April.

Established in 1988, the High-Tech zone came to be known as China’s Optics Valley by virtue of being a powerhouse for optoelectronics production. Tapping a huge talent pool from the city’s many research institutions, it has incubated a number of leading vendors such as Yangtze Optical Fibre and Cable, the world’s largest supplier of optical fibre, and Fiberhome Telecommunication Technologies, a fibre optic network and ICT solutions developer.

The Valley was deemed nationally strategic following Chinese President Xi Jinping’s visit in April 2018, in which he advocated scientific self-reliance and urged local companies to achieve technological breakthroughs. The remarks – made at Fiberhome’s headquarters and the integrated circuit assembly lines of Wuhan Xinxin Semiconductor Manufacturing – came as ZTE Corp, a Shenzhen-based telecommunication equipment provider, took a beating from a ban by the US that halted chip supplies for its products, leading ZTE to temporarily shut. The establishment of the China Information and Communication Technology Group in Wuhan, formed by merging Fiberhome and Beijing-based Datang Telecom, was announced two months after Xi’s visit. Apart from supporting the rollout of fifth-generation (5G) infrastructure in China, the new entity was expected to develop communication networks for Belt-and-Road countries.

As the most central city in China, Wuhan is well
SINOPOLIS: WUHAN

poised to rekindle its ancient role as the country’s core logistics hub.

Last year the sector handled goods worth Rmb3.3 trillion, contributing 9% of the city’s GDP. Since 2015 Wuhan has poured tens of billions of yuan annually into developing its logistics infrastructure, including the New Port Industry Cluster around the Yangluo Port in the Xinzhou district, and the Airport Industry Cluster in the northwest. The former enables cargo lanes between Wuhan and neighbouring countries such as Japan, South Korea, and those in Southeast Asia. The latter is closely linked to the Wujiaoshan station where freight trains along the Trans-Eurasia Expressway stop. This shrinks the transportation time between Wuhan and London to 22 days, and 15 days to Hamburg.

Although 69% of such trains were initially mainly carrying exports from China, they are increasingly returning with an array of imports such as French wine, German beer, Russian cooking oil, Belarusian milk and, Uzbekistan cotton yarn – a sign of the increasing sophistication of Chinese consumer demand.
Wuhan is not immediately associated with entrepreneurship. And yet for many top Chinese unicorns it has become an increasingly popular venue. Over 50 internet and tech companies had set up their second headquarter offices in Wuhan as of August 2018. The list includes consumer electronic device producer Xiaomi, social e-commerce platform Little Red Book (Xiaohongshu), speech-recognition solution developer iFlytek, facial recognition firm Megvii, and bike-sharing operator Mobike, to name but a few. Other companies such as Huawei and Tencent are ploughing billions of yuan into establishing research and development centres in the city’s tech hub.

Rising costs of living and labour shortages in established tech hubs such as Beijing and Shenzhen offer part of the explanation. But another factor is the generous incentives offered by the city’s East Lake High-Tech Development Zone, or Optics Valley. To begin with, Rmb10 billion has been set aside per annum for the sole purpose of enticing businesses and people with special skills to the zone. Companies that qualify are given as much as Rmb100 million in subsidies. Their fixed asset investment will be matched proportionally with a maximum cash reward of Rmb100 million. A tax break of as much as Rmb50 million will be given to companies that manage to book revenue of Rmb1 billion or above, or Rmb20 million for unicorns. Alumni of any universities in Wuhan could be eligible for a maximum subsidy of Rmb100 million for registering their businesses in the zone, along with relocation subsidies. The list goes on...
## Notable R&D projects in Wuhan

<table>
<thead>
<tr>
<th>Company</th>
<th>Investment (in billions of yuan)</th>
<th>Location</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xiaomi</td>
<td>23</td>
<td>Optics Valley</td>
<td>Its second headquarters with over 1,000 employees; focuses on artificial intelligence and retail technology</td>
</tr>
<tr>
<td>NIO</td>
<td>20</td>
<td>Optics Valley</td>
<td>Intelligent new energy vehicle industry park</td>
</tr>
<tr>
<td>Huawei</td>
<td>5</td>
<td>Optics Valley</td>
<td>A 10-building research centre focuses on optoelectronic systems and smart home technology; to accommodate over 10,000 employees</td>
</tr>
<tr>
<td>Vision Group’s Shenzhen Centre Power Tech</td>
<td>3.9</td>
<td>Economic &amp; Technological Development Zone (Hannan)</td>
<td>Hydrogen energy park for fuel cell production and developing related technology</td>
</tr>
<tr>
<td>China Chengxin International Credit Rating</td>
<td>2</td>
<td>Optics Valley</td>
<td>Headquarters (relocated from Shanghai)</td>
</tr>
<tr>
<td>Tencent</td>
<td>1</td>
<td>Jiangxia District</td>
<td>Wireless internet technology R&amp;D</td>
</tr>
<tr>
<td>O Luxe Holdings (backed by Li Ka-shing; owns Kyoto-based electric sportscar automaker GLM)</td>
<td>Undisclosed</td>
<td>Optics Valley</td>
<td>Assembly lines with 3D printing technology for electric taxi and ride-hailing service fleets</td>
</tr>
<tr>
<td>ThoughtWorks</td>
<td>Undisclosed</td>
<td>Optics Valley</td>
<td>Its only R&amp;D and software delivery centre in China</td>
</tr>
</tbody>
</table>
Wuhan’s Local Tycoons

Liu Baolin
Jointown Pharmaceutical

Liu Baolin is one of the most famous faces among Hubei’s tycoons.

Born in 1953, the Hubei native dropped out of school to support his family in a rural village. At 16, having received only a month’s crash course in basic healthcare training, he became a “barefoot doctor” in his hometown Yingcheng. The profession required Liu to travel for long hours in poor neighbourhoods – on foot – to deliver basic medicine and treatments.

Liu’s hard-working style and attention to detail earned him a good reputation. Soon villagers in nearby counties would themselves travel to seek him out. Buoyed by the experience, Liu switched tack in 1985 and set up a medicine wholesaler in Yingcheng.

Liu was his own leading salesman. He shuttled back and forth between villages, carrying a basket of medicines on his shoulders and knocking at the doors of clinics. The business did well enough for Liu to buy a house and take a break from work while he looked for other opportunities.
Figuring that distribution would become a key sector for pharmaceutical firms he travelled south to Hainan, where market reforms had been accelerated. Then he began planning for a wider distribution network, linking medical wholesalers with local pharmaceutical firms.

Liu’s breakthrough came in 1999, when restrictions on private investment in the healthcare industry were further relaxed. The following year, he founded Jointown Pharmaceutical in Wuhan focusing on pharmaceutical distribution, logistics and retail.

Jointown made sales of Rmb400 million ($58.2 million) in its first year. In 2007, Liu brought in foreign capital through a new joint venture, and in late 2010 the company went public in Shanghai, raising Rmb1.9 billion.

Operating 31 province-level logistics bases and 81 distribution centres to supply more than 290,000 different medical products, Jointown Group is one of the leading non-state medicine distributors in the country. By 2017, the company had more than 25,000 staff working in nearly 953 stores nationwide. Its market value was close to Rmb30 billion by September 2018. Hurun Rich List put Liu’s net worth at Rmb10 billion.

The growth was driven partly by an increase in online sales, and also a policy change in 2016, which mandated drug manufacturers to either perform direct delivery or commission a qualified distributor – so as to ensure quality control. With its licences to distribute specialty drugs, Jointown was tapped by the country’s tech behemoths, namely Alibaba, Tencent, and Ping An Insurance Group (which runs a medical platform called “Good Doctor”) as their partner.

In July 2018, Jointown also invested in an elderly home project in Wuhan. The private-public-partnership (PPP) scheme is the first of its kind in the city.

Liu’s many years of experience as a barefoot doctor have given him a unique perspective versus his competitors, he says. While his state-owned rivals tend to focus on big-ticket orders from major hospitals in big cities, Jointown goes the extra mile to serve lower-tier hospitals and handle drugs with lower-margins.
probably one of the most ambitious men in Hubei, Yan Zhi has always aspired to become the richest man in the province, and help Wuhan – China’s biggest wholesale market some 500 years ago – to recover its lost glory.

Born in 1972, the Hubei native dropped out of school when he was only 17 and took over his father’s job as a printer.

In 1992 he joined the Communist Party and became a reporter at a local business newspaper in Wuhan. In the same year, he was dumped by his girlfriend, allegedly because he did not own his own apartment. That’s when Yan penned his first poem and became a prolific writer. So far he has published at least 18 books including compilations of his poems.

Besides writing poetry, Yan also realised that to prosper in Wuhan he had to own his own business (and property). He founded Zall in 1996 initially as a media agency. In a major coup he bought up space in the provincial papers and then persuaded 50 home appliance brands to market their products through him.

Yan began to expand into other more profitable businesses such as textile manufacturing. It wasn’t until...
2003 that Yan made his first move into property, inspired by his ordeal of looking for a new headquarters. As far as he knew, a lot of his friends were facing similar issues.

In 2005 he embarked on Zall Development’s first project, No. 1 Enterprise Community in Wuhan, which was designed to house the offices of small and medium-sized enterprises. Within two years more than 100 companies had moved in. This marked Yan’s big break as a real estate developer.

Leveraging on Wuhan’s new positioning as China’s logistical hub, Zall made a big move in 2007, investing Rmb6 billion to turn a rubbish dump in Wuhan’s northern suburbs into an international trading centre (see page 76).

Yan has focused on wholesale markets for items like shoes and clothes, but his prediction was that the Yangtze River would become an even more crucial artery, so he acquired a port operator to accompany his other investments in Wuhan.

The investment paid off, as many firms have moved out of Wuhan’s old commercial district to Yan’s new facility. Moreover, Wuhan benefited from the large-scale migration of manufacturing bases from the coast to China’s west.

In 2011, Yan’s Zall Smart Commerce went public in Hong Kong. The group has since diversified into civil aviation. In 2016 Zall took his expansion online by acquiring a 30% strategic stake in Nasdaq-listed Chinese e-commerce firm Lightinthebox for about $77 million.

In February 2018, Hurun Rich List put Yan’s net worth at Rmb60.5 billion, ranking him the richest man in Hubei for three years in a row.

Yan has kept a keen interest in books. So much so that the company in 2013 opened the Zall Bookstore, the biggest book retailer in Wuhan.

A stand-out alumnus of Wuhan University, Yan gave a speech at his alma mater’s year-opening ceremony in September 2018. He told the 7,000-students in the audience that he has owed his success to the event 25 years ago when he was jilted by his lover...
## Some of Wuhan's wealthiest tycoons (2017 data)

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<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Worth (in billions of yuan)</th>
<th>Company</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yan Zhi</td>
<td>45</td>
<td>38.5</td>
<td>Zall Group</td>
<td>Real estate investment</td>
</tr>
<tr>
<td>Wang Muqing</td>
<td>67</td>
<td>10.5</td>
<td>China ZhengTong Auto Services</td>
<td>Automotive</td>
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<tr>
<td>Liu Baolin</td>
<td>64</td>
<td>10</td>
<td>Jointown Pharmaceutical Group</td>
<td>Pharmaceutical</td>
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<tr>
<td>Zhou Fuyu</td>
<td>42</td>
<td>9.5</td>
<td>Zhou Hei Ya</td>
<td>Food</td>
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<tr>
<td>Huang Li &amp; family</td>
<td>54</td>
<td>8.2</td>
<td>Gaode Electronics</td>
<td>Electronics</td>
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<tr>
<td>Ai Luming</td>
<td>60</td>
<td>6.7</td>
<td>Wuhan Modern Technology Industry Group</td>
<td>Pharmaceutical, real estate, education investment</td>
</tr>
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<td>Liu Shulin</td>
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<td>6</td>
<td>Jointown Pharmaceutical Group</td>
<td>Pharmaceutical, logistics</td>
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<td>Liu Zhaonian</td>
<td>57</td>
<td>5.3</td>
<td>Jointown Pharmaceutical Group</td>
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<td>Zhang Meihua</td>
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<td>Wuhan Langold Real Estate</td>
<td>Real estate</td>
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If you have taken high-speed trains in China, chances are you will see many travellers carrying a bright yellow bag that features a dark-haired cartoon character in a suit and tie. Such is the trademark of Zhou Hei Ya, a household name best known for its takeaway spicy braised duck neck. Founded in 2002, the Hong Kong-listed company now operates 1,196 stores in 78 Chinese cities across 16 provinces and municipalities. Sinopolis spoke with its founder, Zhou Fuyu, at its headquarters in Wuhan about his business philosophy and future plans.

What prompted you to build a business around spicy duck neck? Did you envision Zhou Hei Ya would become a national brand back at the outset?

When I was little and living in Chongqing my dream had always been to make braised food. I liked how it tasted, and I saw people deriving material comfort from it. Yet there was no relevant opportunity upon my graduation, so I moved to Wuhan where my brother-in-law ran a braised food eatery. At the time I didn’t find his products desirable so I worked day and night to come up with a new recipe. Thank goodness it worked! But I wasn’t dreaming big till 2004, with the success of McDonald’s and the likes, it dawned on me that food retailing could grow really big as a chain. So I began to work on Zhou Hei Ya’s expansion in 2006. In the past decade our enterprising spirit has changed a lot. Now we are no longer happy with just building a national brand; we want to go global.

Has the Chinese palate evolved over the years?

Our palate changes in accordance with our lifestyles, the flow of information and the ease of transport. Around 20 to 30 years ago the Shanghainese people liked sweetness but frowned upon Sichuan peppercorn. Yet their preference has changed. Transportation has shrunk geographical distance, so, too, the difference in human palates. As people travel more frequently and become more open-minded, there are fewer clashes in tastes. That also explains why our popularity is growing in Guangdong, in coastal areas, in the east and also the north.

Is crayfish your next big bet?

Crayfish is our new product. I’ve been looking at it for four
“We are no longer happy with just building a national brand; we want to go global”
years and it has become very trendy among youngsters, especially in the last two years. So you see McDonald’s introduce crayfish burgers and Pizza Hut crayfish pizza. The craze is nationwide. For Zhou Hei Ya, this is an opportunity. Conventionally crayfish is served hot and not supposed to be a “takeaway”, but our MAP [short for Modified Atmosphere Packaging] technology allows it to be carried around safely. Compared to vacuum packing, MAP preserves the taste of food better, and yet it can also extend the shelf life of the food inside. It brings convenience to customers who want to enjoy fresh food – in this case, crayfish – at home or on the road. That said, we don’t bet our future on one single product. We just want to expand our offerings to customers.

**Why do you focus on expanding offline channels when people are increasingly shopping online? Aren’t counterfeit stores a worry?**

Taking the cues from Alibaba and Tencent, online and offline channels are interactive. That’s why we are embracing both. The key is to bring forth convenience. Our customers can buy our products through the mini app on WeChat or have them delivered on-demand. Young people nowadays are just very eager to trade money for time, mobile is therefore an important payment channel. Yet offline is just as significant. At the end of the day, human beings are social animals. We have to go out and meet people. With that in mind, I am building outlets that provide customers a point to interact. Besides, our shops – through their décor and style – allow us to communicate our corporate culture. There are things that just can’t be experienced online.

We have had some success in cracking down on counterfeit shops, partly because the government is placing more emphasis on intellectual property rights. But they won’t be completely gone. After all, Zhou Hei Ya is a rather influential brand. What we can do is to better educate our customers so that they can tell the sheep from the goat. We’ve also tried to manage our expansion through loyalty programmes, which are supported by a database developed by SAP [a German software developer]. We have over 10 million members; many of them enjoy the perks of the programme, which can’t be so easily copied by counterfeit shops.

**What are your goals for the next five years?**

We will focus on ramping up our production capacity, which is fundamental to marketisation. We are now building manufacturing facilities in southern China, north China, southwest China and east China. The one in the north has already started operation since the beginning of this year; while the one in southern China is due early next
year. Once they are completed, we can quickly add more points of sale. The relatively short shelf life of our products means that the travelling distance between our production base and retail outlets has to be reasonably short. With only two facilities at present our market is actually pretty narrow. Our production buildout is still at a preliminary stage; but given its pace, I am hopeful that we can open 200 to 300 outlets every year soon.

**Do you have a timeline for Zhou Hei Ya to become a global brand?**

Since last year we’ve been in touch with the Chinese government to see how we can take our brand abroad. We are committed to working on it. But we will need to first improve ourselves and satisfy the demands of both the foreign and Chinese governments.

When we go overseas, we hope that we’re not just serving the Chinese in Western or Southeast Asian countries, but also the local communities. While it is important to adapt our products to fit the local culture, some Chinese elements will have to stay. Chinese culinary practice is widely recognised across the globe. I remember when we tried to test some Dutch equipment [in 2016] on our recipes, the local people actually liked it, to our surprise. They even brought ducks from the supermarket and asked us to braise some for them.
Will you continue to be headquartered in Wuhan? How has Wuhan changed over the years in your view?

It doesn’t matter to me where Zhou Hei Ya’s headquarters are based as long as it allows me to examine our production and run the company effectively. You don’t base your company in New York just because it looks glitzy. Wuhan is where I grew my company, and I’m used to the life here. Moreover, it hosts our largest production facility. Staying here allows me to always look for ways to optimise its performance.

Talking about Wuhan, I feel that the city has changed massively. It’s always been a junction where people travelling across the country have to pass through. Its transportation system is just getting more and more advanced. Wuhan also has a huge capacity to assimilate foreigners, which makes it an attractive destination for entrepreneurs. The pace of its urban development has far exceeded our expectations.

What do you value most when it comes to running a business?

Last year I went on a learning tour and visited nine century-old companies from places like the US, Holland, Finland, Germany and Japan. I had a conversation with a leader of a Global 500 company, who emphasised innovation, trustworthiness and teamwork among the ingredients in his success recipe. I too think that a company should prioritise quality, which is the root of any operation. And being innovative allows it to win customers, while teamwork makes scaling up possible.

We spent tens of millions on our sewage system. Some of our peers had laughed at us, saying that the sum represented others’ budget for the entire factory. But judging from the current situation, I think we’ve made the right decision. We need to be responsible for our customers. And therefore we tend to adopt the best technology from around the world. A lot of our key equipment is imported. To ensure customer safety, we are also hesitant to expand through the franchise model. Running self-operated shops, it seems to me, is still the most reliable way to control quality. That said I’m looking forward to a way where we can strike a fine balance between wider footprints and quality.
Being marked down

Under the leadership of its former mayor Ruan Chengfa, Wuhan was once dubbed “the city of digs” because over 5,500 construction sites were simultaneously scattered across the metropolis. Many of these projects were meant for residential purposes with the city’s population growing at a breakneck pace, having expanded 21% between 2008 and 2017. Last year investment in housing projects, despite a slowdown, reached a record high of Rmb184 billion ($26.8 billion), approximating to 23% of the city’s total fixed asset investment, or 68.5% of the overall property segment.

The abundance in supply, however, did not translate into stable prices. In fact, they have roughly quadrupled in the last decade, with each square metre sold for an average of around Rmb17,721 ($2,579) as of October 2018, notwithstanding the slew of cooling measures released over the past two years.

Wuhan saw its latest upcycle begin in 2015 when the housing mania in tier-one cities spread outwards. Apart from speculative capital, deep-pocketed developers from other cities were also keen to increase their land bank in the fast-growing city even if it meant paying a high premium. Hong Kong-based Shui On Land, Shenzhen-based Gemdale, Guangzhou’s Yuexiu and Shenzhen Investment are some of the developers that built up their land bank rather heavily in Wuhan.

In 2016 there were 17 diwang sold in Wuhan. Diwang generally refers to land parcels that are auctioned at a premium rate of over 40% with a consideration of at least Rmb500 million. It goes without saying that such high prices need to be passed on to end-buyers – a quandary for the developers thanks to a local government initiative to curb the prices of new projects. Developers have had to make sure that their new units are marketed at rates “guided” by the authorities or they will not be issued the necessary presale permits. The policy was blamed for the unusual phenomenon whereby new homes were significantly cheaper than their second-hand equivalents.

To get round the caps some developers also tried to maintain profitability through charging so-called furnishing fees on top of the basic price.

In 2018 the government further tightened rules on developers’ sales practices and mandated that some
Hankou district
Wuhan skyline
projects should have at least 60% of their units allocated to buyers with genuine demand, meaning those without a residential unit in Wuhan and who had no record of home purchases within the city over the last three years. It also required ID verification of home buyers to ensure that the new units were sold to eligible parties.

The restriction was presented as a solution to the outcry that a lot of buyers with actual housing needs could not get hold of a unit. After the city approved drawing lots as a means to allocate housing, many found that they were still priced out because of the staggering prepayment amounts demanded by real estate agents for entering the lottery system.

In some cases, full payment, as opposed to downpayment, was demanded when a deal was being negotiated. The measures have yet to really cool Wuhan’s property market. But they have already deterred some developers from bidding for land in the city, which might further dent housing supply, and frustrate the government’s plan to lure and retain skilled workers with home purchase rights and concessions (see page 98).

**Renting**

Facing similar housing challenges to leading top-tier cities, Wuhan was selected in July 2017 as one of the 12 cities to pilot a rental scheme for mid- to high-end apartments. The business model relies on institutional lessors, which sign long-term lease contracts with landlords, to manage, furnish, and sub-lease property units that target millennials. The sector has thus far attracted a number of global private equity firms such as New York-based Warburg Pincus and Tiger Global Management from the US, thanks to strong government support.

In Wuhan, a major state-owned bank is now offering to finance up to 90% of investments that are linked with such rental projects over a period of 25 years. Apartment lessors also get priority to obtain loans and advances. In addition an online home rental platform developed by the local government and a state-owned bank was unveiled in November 2017 to add transparency to the nascent market.

While rental companies will be subject to the supervision of Wuhan’s housing security and management bureau, financial arrangements can be facilitated through the centralised platform aided by facial recognition technology.

Compared to the home ownership market, Wuhan’s rental market is relatively stable. Yet the price range is huge, between Rmb1,000 to Rmb30,000 per square metre depending on size and location. The average rent per square metre was Rmb33.23 per month as of August 2018.
PROPERTY

New homes in Wuhan cost around Rmb16,069 per square metre as of August 2018, according to anjuke.com. Price controls aside, the average is brought down by the surge in supply in urban renewal areas or districts that are still under development and hence not as well supported by local amenities. Most prime locations such as Jianghan, Qiaokou and Wuchang tend to see new flats marketed for at least Rmb20,000 per square metre.

Among the three districts, Jianghan fetches the highest price for luxury homes, thanks to its close proximity to the most well known shopping centre and business district where executives and senior managers tend to work. The new projects in the area, a lot of them high-rise estates, tend to be linked to metro stations, new shopping malls and office blocks that altogether form multipurpose complexes with gyms, entertainment facilities, restaurants and schools. One example would be Vanke Golden Age, due for completion in early 2019. Located at the Lingjiao Lake Station, it features six 40-floor buildings with mid-sized apartments of between 72-136 square metres. Its presale price stands at Rmb31,500 per square metre, of which Rmb2,000 is a ‘furnishing fee’.

An equally expensive district is Zhongbei Road in Wuchang, which is designated to become the financial
district of Central China with the potential to host 40% of the city’s financial institutions and 200 headquarters. Many well known developers from around the country including Evergrande, Greenland, Poly Property, Sunac and Yuexiu have properties in the area, where they tended to build larger units, and market them at above Rmb32,000 per square metre – a price tag that factors in having good schools in nearby Shuiguohu district.

Qiaokou in Hankou has attracted more attention in recent years, especially after its Gutian area completed its eight-year makeover in 2016. After hundreds of factories were relocated, Gutian is now one of the trendier areas in Wuhan with new landmarks such as the IICG Wuhan Shopping Centre, which contains IKEA’s third megastore in China. Some housing projects that overlook the Han River in Gutian fetch above Rmb25,000 per square metre.

Looking beyond the traditional prime districts, a lot of buyers are eying the East Lake High-Tech Development Zone (also known as Optics Valley), which has been promoted as a talent centre and Wuhan’s future economic engine. Since October 2017 the area’s new home prices have risen 41% on average.

Other up-and-coming districts include Jiang’an, Baishazhou and Changjiang New City. Jiang’an, in particular, saw some of its new units sold for nearly Rmb40,000 per square metre. Close to the former concession area, Jiang’an has been rejuvenated by a landmark known as Wuhan Tiandi completed in 2018. Developed by Shui On Land, it has a construction area of 1.44 million square metres, featuring the trendy Horizon Mall and blocks of Grade-A office towers including the Ping An Finance Centre. The Wuhan Tiandi area is now considered upmarket by locals – but housing supply is restricted by government moves to protect historic buildings.

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Stately homes

Similar to other big cities in China, Wuhan developers now like to sandwich luxury homes between hotels and offices inside a single skyscraper. The 480-metre Greenland Wuhan Centre, for instance, has 20 floors of serviced apartments on the 66th-85th floors, which sit above offices but below the Ritz Carlton hotel. Each floor contains 6, 9 or 12 units depending on their sizes, which range between 251-504 square metres. Targeting senior executives, prominent individuals, and the super-affluent, they are sold for Rmb80,000-100,000 per square metre. Yet that has yet to factor in the monthly management fee of around Rmb35 per square metre. The building is designed by Chicago-based Adrian Smith + Gordon Gill Architecture, which was also the mastermind behind Dubai’s Burj Khalifa Tower, the tallest building in the world since 2008.

One big selling point of the Greenland Wuhan Centre is its location. Sitting at the Wuchang Binjiang Business District facing the Yangtze River, a new business district within the first ring road, it is well supported by transportation infrastructure. Metro lines 2, 5, 7 and 8 will all be linked with the neighbourhood in addition to the two Yangtze River Bridges. Dwellers will also be supported by an eight-storey shopping mall (also built by Greenland) with an area of 120,000 square metres.

The building itself, with a construction cost of Rmb30 billion, grabbed headlines in August 2018 following the local government’s decision to cap its height at 21% lower than the planned 636 metres (2,086 feet). The revision was due to the expansion of the city’s air transit hub in 2017, which puts the planned 126-floor tower within the path of planes approaching Tianhe International Airport. The decree has thwarted Greenland’s ambition to displace Shanghai Tower in Pudong as China’s tallest building. The half-finished Greenland project is expected to be completed in June 2020.

Outside of the downtown area there is a bigger supply of lower rise units fit for families. A project called Guocai Guanglifang in the Optics Valley, for instance, has met with enthusiasm. A 190 square metre two-storey house in the estate, marketed at Rmb5.7 million (or Rmb30,000 per square metre), features a foyer, a study, a guestroom, a kitchen, a sitting room and a dining room on the ground floor, and two bedrooms with three balconies on the upper floor. All rooms are designed to be south-facing with independent bathrooms. People who enjoy playing golf have an added benefit from living here as it is just minutes away from the Yishan Golf Club, which is one of just six venues used by the PGA Tour Series China.

The estate is expected to house some influential people because of its close proximity to a number of government departments such as the East Lake High-Tech Management Committee, the Hubei Province Radio and Television Station Building, a branch office of the People’s Daily as well as a National Security Bureau. Transportation-wise, Guocai Guanglifang is now served by metro line 11’s Luoyu Road station. Soon it will be connected by metro lines 30 and 9, Bus Rapid Transit (BRT) route 3, as well as 11 tramways. This broad infrastructure network means that commuting to the Wuhan Railway Station to catch high-speed trains or visiting the mega shopping centre Guanggu World at the centre of the Optics Valley will each take just about 10 minutes.
A model depicts Greenland Wuhan Centre
Wuhan’s property prices by district

Average price: Rmb/square metre (August 2018)

- Huangpi: 10,285
- Dongxihu: 13,550
- Jiang’an: 15,512
- Qingshan: 14,500
- Xinzhou: 7,800
- Qiaokou: 22,860
- Jianghan: 32,861
- Wuchang: 33,900
- Hongshan: 23,742
- Hangyang: 14,520
- East Lake High-Tech Development Zone: 14,633
- Caidian: 7,837
- Economic & Technological Dev. Zone - Hannan: 13,950
- Jiangxia: 12,075
New World: over 25 years in Wuhan

Sinopolis spoke with Tang Hong, the Wuhan and Ningbo Regional Chief Executive of New World China Land, the mainland unit of Hong Kong-based New World Development Company. Among the first batch of foreign developers that helped transform Wuhan into a modern metropolis, New World has since 1993 invested in various core infrastructure projects in the city including the Second Wuhan Yangtze River Bridge, the Tianhe Airport and the airport expressway. Having shifted its focus to shopping malls, office towers and residential estates, New World has thus far ploughed over Rmb40 billion into Wuhan, making it the biggest portfolio of assets that the group has in any city in mainland China. Currently it is building the Chow Tai Fook (CTF) Finance Centre on the northern bank of the Yangtze River, a landmark precinct that will host one of the city’s tallest skyscrapers.

Why is Wuhan the destination of New World’s biggest investment in China?

When New World began its expansion in China, it focused on places that were in dire need of overseas experience and capital for urban development. Wuhan was one of them. The metropolis only started its development in 1989. It lacked both financial muscle and experience at the time, so New World took it upon itself to help finance some of its infrastructure. The decision had, of course, factored in the huge economic potential lying in the city, which has much to do with its advantageous location. As the most central city in central China, by flight it is under two hours from Guangzhou and Hong Kong in the south, Shanghai in the east, Beijing and Shenyang in the north, and Xi’an in the northwest. It also sits on the Yangtze River, China’s...
most vital artery of all time. Its location is simply propitious. What’s more, Wuhan is sizable. After all, it’s a conurbation yoking together three cities.

How has your portfolio in Wuhan shifted over the years? We began with the Second Wuhan Yangtze River Bridge because there was only one bridge in Wuhan from 1958 to 1995. Imagine people could only rely on one passage to travel between north and south by road. But such infrastructure-oriented investments were in the 1980s and 1990s when Wuhan’s development was at an early stage. As the city evolved, its needs have also become more complex. Just like other major cities in China, real estate in Wuhan is no longer all about housing. That has steered us, since the early 2000s, to focus on composite developments, meaning integrating malls, offices, residential properties, and sometimes schools, within one area. Such direction is fitting for New World, given our expertise in building comprehensive functional venues such as the Convention and Exhibition Centre in Hong Kong.

How is Wuhan’s residential property market different from other major cities in China? Compared to other tier-one cities, Wuhan’s residential market is still in the developing stage. In a decade the housing space sold in the city has grown nearly four times to around 20 million square metres in 2017. Such volume, comparable to those of the top-ranking cities in China, suggests the residential demand in Wuhan is huge. More importantly, a lot of such demand is genuine, meaning that properties are bought as dwellings where one hangs one’s hat. Ten years ago Wuhan’s downtown homes were sold for about Rmb4,000 per square metre on average, and now for around Rmb8,000-9,000 as the city expands. For tier-one cities such as Beijing, however, the prices have jumped from below Rmb20,000 to Rmb70,000-80,000 or even higher if the property is located within the third ring. Same for units in Shanghai’s inner ring. If we look at land prices, those in Wuhan are now sold for Rmb5,000-7,000 per square metre, versus Rmb10,000-20,000 or above in similar-ranked cities such as Hangzhou and Nanjing. I’m not saying that there is no speculative demand in Wuhan, just that the proportion is relatively small.

What inspired New World to build a mini-city in Wuhan’s Optics Valley? Beijing’s Zhongguancun is the first national advanced technology development zone in China. Optics Valley is the second. Over the years it has become a powerhouse for optoelectronic engineering, and an incubator for different kinds of technology. In 2016 it was selected to be a pilot
free trade zone. So it carries a lot of national strategic functions. But since the tech hub was developed from a university cluster, it lacks a lot of urban facilities that are crucial for the zone’s further development. We spotted the gap, and in 2011 started a project called Wuhan Guanggu New World along the Guanshan Road. It’s a mixed-use establishment covering an area of 520,000 square metres. The first segment is a high-end residential estate catering for ‘talents’ working in the Optics Valley. That’s why we also saw fit to include kindergartens there. The second is some commercial developments, comprising a K11 Art Mall, two office towers, and hotels. The latter not only serves the dwellers in Guanggu New World, but also the entire high-tech zone. It adds convenience and provides the necessary amenities to the area.

We are also starting to develop a residential project in Hanyang, which used to be an industrial area. We are positive on its future, as the local government has invested a lot to enhance the design of the town in recent years. Wuhan’s International Expo Center is located there too, so there are an increasing number of tertiary services. It is actually attracting a lot more traffic now. From what I’ve learnt from the government, Hanyang’s development is supposed to complement the other two towns, so that they will grow as a whole. That explains why it is much better connected with the rest of the metropolis now. Via the elevated expressway, Hanyang is just under 30 minutes from where I am [in Hankou].

**Can you discuss the Wuhan CTF Finance Centre in the Erqi Binjiang Business District? When will it be finally completed?**

The Erqi Binjiang Business District in Hankou is designed to bolster future development led by the Yangtze River Economic Belt. Soon after we laid the foundation of the CTF Finance Centre in June 2018, we coordinated early stage planning and other preparation work at the same time. Hopefully we can start construction in the first half of 2019, and build the supporting infrastructure in the neighbourhood. The project might take five to eight years. It’s rather complex, integrating apartments, offices, malls, gardens, etc. The skyscraper will be the landmark of the Erqi Binjiang Business District. That’s a government requirement.

**Given there are so many foreign developers entering Wuhan, how is New World differentiating itself against its peers?**

There will always be competition. Everybody wants to have a slice of Wuhan. But I think we have the edge over others by being a first-mover in building integrated development. From our experience, such structures tend to generate huge synergy among different components and is very

“No matter what, I’ll always be a part of this city.”

**SINOPOLIS: WUHAN**
helpful in attracting target customers.

Let me give you an example. We started pre-leasing the offices in our Wuhan Guanggu New World in 2017. The take-up rate at the beginning was relatively slow versus our expectation. But things turned around rather dramatically after we had opened our K11 mall there in November. That indicates the commonality between our mall users and office tenants. A lot of our office customers might think that their staff are likely to be K11 shoppers, and the coffee shop we house is where their staff hang out. That’s the kind of synergy that can’t be achieved with one single office block or mall. The key to traffic is dependent on how integrated your establishment is.

How is New World coping with the high office vacancy rates in Wuhan? Are you worried about the ongoing trend?

Compared to other cities, Wuhan’s office vacancy rate is rather high, with some buildings seeing above 30%. Worse still, there will be more supply in the future. That is giving us pressure. But behind the staggering number we see huge demand. We are now operating three offices, namely Wuhan New World International Trade Tower in Hankou, Wuhan Guanggu New World, and Wuhan New World Centre along Jiefang Road in the Qiaokou District. While vacancy is everywhere, our take-up rate is higher than average, reaching above 80%. We achieved that by providing exclusive services to our tenants, including organising investment fairs or business community gatherings. It also helps that customers with similar demands like to cluster together. In our case, that’s foreign firms. We also have the French and American consulates in our International Trade Tower. Yes, there’s pressure, but what we can do is to continue to deliver better services.

Office supply in Wuhan will reach 8 million square metres or above in the next five years. I don’t think it’s that easy to be completely digested. Yet I think there’s enough demand to absorb up to 80% of the supply. All you have to do is to stay competitive and not fall into that vacancy trap. I am confident despite increased competition.

What’s your view on the development of Changjiang New City, the so-called ‘fourth town” of Wuhan?

The government is now pushing this through the Yangtze River Economic Belt, which is a national strategy. From that perspective, we believe it has good prospects. But it won’t be realised within five years given the necessary bureaucracy for a government-led project. It’s still in an early stage and we’ll pay close attention to it. What we can do now, more practically, is to focus on the CTF Finance Centre in the Erqi Binjiang Business District, which is core to the Yangtze River Economic Belt.
Retail
More malls to come

Hanzheng Street, which runs for miles along the northern bank of the Han River, is widely believed to be Wuhan’s oldest marketplace. During the Qing Dynasty it was where people shopped for food, satin, metal, paint, candles and paper. Some literature indicates it came into being after the Han River changed its course and cut through Hangyang, suggesting it is the settlement that gave rise to Hankou. The bustling street remained a commercial hub into modern times, yet the goods traded there were often criticised for being shoddy and bogus. In 2011 the government decided to give the area a facelift. As a result over 11,000 of its occupants were relocated to a wholesale shopping centre called North Hankou International Trade Centre, operated by the Zall Group.

The demolition of Hanzheng Street not only marks how heritage is a lesser priority in Wuhan than new development, but also demonstrates the changing behaviour of the city’s consumers. Instead of buying goods at random clusters of mom-and-pop retailers, shoppers are increasingly hunting for branded items in upscale or stylish malls.

The trend has driven a fivefold increase in the supply of prime shopping centres in Wuhan in the past decade, totalling 6.58 million square metres by the first half of 2018, according to real estate services company Jones Lang LaSalle (JLL). This huge increase was not only thanks to the ambitious plans of local developers. In fact, seven out of the city’s top 10 mall developers – measured by the gross floor area they have built as of 2018 – were from outside Wuhan.

**Wuhan’s retail sales and urban disposable income per capita**

The supply of prime shopping centres grew fivefold in the past decade to 6.58 million square metres
Wushang Plaza: Wuhan’s oldest mall
What these developers recognised was the robust growth in Wuhan’s household purchasing power. In the last decade Wuhan’s urban dwellers have seen their disposable income rise at a compound annual rate of 10%, while retail sales have risen still faster at 12.9%, notwithstanding President Xi Jinping’s anti-extravagance campaign and a slowing macro backdrop.

In 2017 the city’s overall consumption spend hit Rmb619.6 billion, up 10.4% from a year earlier. Urbanites’ average annual disposable income, meanwhile, climbed 9.2% to Rmb43,405.

One company that has been benefiting a lot from the uptrend is the Wuhan Department Store Group. Also known as Wushang, the state-owned landlord-cum-supermarket chain operator has seen its net profits log double-digit growth every year since 2005. In 2017 its bottom line reached Rmb1.2 billion as revenue topped Rmb18.1 billion, growing 25.2% and 2.4% respectively.
the most high-end brands such as Louis Vuitton, Hermès, and Cartier.

Its flagship Wuhan Mo’er City – comprising the Wuhan International Plaza, the Wushang Plaza and the World Trade Plaza along Jiefang Avenue – is the most established shopping complex in Wuhan and therefore a top traffic generator for brands with shops there. The Lancôme in Wushang, for example, turned over Rmb80 million in 2017, and that outlet was ranked the country’s largest by sales for any department store concession, according to Shanghai Securities News. Due to its distinct advantage in attracting traffic, developers such as Hong Kong-based Hang Lung, New World’s K11, and Guangzhou’s Yuexiu are all erecting mega malls within walking distance of Mo’er City.

Meanwhile, Wushang is building another landmark in the central business district in Wuchang called Wushang Dream Times Plaza. Focusing less on conventional goods, the Rmb12 billion project (with a construction area of 816,700 square metres) will feature multiple theme parks such as Legoland, Freezing Island, an aquarium, a technology museum, as well as the largest indoor ski facility in central China. The design is adapting to customers that are more attuned to shopping online, and therefore tend to look for experiences offline.

E-commerce sales in Wuhan jumped 41.1% on the year to Rmb51.2 billion in 2017, representing 12.9% of the city’s

### Chinese cities "new retail" index

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Due to the sheer number of schools and students it hosts, Wuhan has a relatively youthful demographic. That translates to a bigger cohort of consumers that are tech-savvy and frequent spenders.

A survey by Guangzhou-based newspaper Southern Metropolis Daily in May 2018 found that Wuhan is China’s sixth most “new-retail” friendly city. (“New-retail” is generally understood as the seamless integration of online and offline elements for a better shopping experience.) Of four metrics, Wuhan achieved particularly high marks in the area of customer participation rate, second only to Beijing. Aside from promising growth in household disposable income, Wuhan did well because of an 89% mobile payment penetration rate and a sizable population aged between 15 and 64 (i.e. over 80% of its inhabitants, which is the highest among all Chinese cities.)

Dragging Wuhan lower on the league table is the relatively weak presence of “new-retail” companies. But that is set to change as more such companies shift their focus. Alibaba’s Hema Supermarkets, whose operation relies heavily on mobile technology, is planning to open 50 outlets in Wuhan over the next three years. The first started operating in Wuchang’s Fanyuehui mall cluster in April 2018. Local brands such as Cai Linji, famous for making reganmian (see page 36 for more) and Bestore, a snack retailer, are also jumping on the bandwagon to invest more in technology and “new retail”.

Geographical distribution of Wuhan’s malls

<table>
<thead>
<tr>
<th>Existing malls</th>
<th>Upcoming malls</th>
</tr>
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</table>

Hankou

Hanyang

Wuchang

East Lake

SOURCE: ALL
Q&A with JLL’s Wuhan boss: is oversupply an issue?

Sinopolis sits down with Rayman Tseng, managing director of real estate services provider Jones Lang LaSalle (JLL)’s Wuhan branch, to learn more about the commercial property sector in Wuhan

Are rental rates rising at Wuhan’s malls?
The average net rental rates across the city have grown 54.5% since 2005, reaching Rmb442 per square metre per month as of 2018’s second quarter. Yet it has kind of plateaued since 2013 when supply became more abundant. All in all, vigorous business activities and operators’ tendency to pre-lease their properties before opening it to the public have helped maintain their vacancy rates at below 10% over the last decade. It stood at 8% as of the second quarter in 2018.

Who is renting?
Eateries, fast fashion, entertainment and kids-related categories are fast taking up space in malls, followed by affordable luxury brands, cosmetics, accessories and sporting goods providers. Luxury retailers, department stores and electronics, however, have significantly slowed their
expansion. The trend is in line with other major cities in China, where conspicuous consumption is discouraged and electronic goods are more often traded online.

Where are the new malls?
Hankou has been traditionally the hub for business activity; it has therefore remained the top destination for developers looking to build new malls.

By gross floor area Hankou houses 46.3% of the shopping space in Wuhan, while Wuchang and Hanyang host 38.8% and 15% respectively. We expect the trend to persist over the next three years while supply will be greatly increased from the current 6.6 million square metres across the town.

That said, there are signs that malls in Wuhan are decentralising. One factor is the relentless buildout of the underground network, which has allowed numerous residential precincts to sprout. That often comes with demand for nearby shopping facilities. The Panlongcheng D-Mall, for instance, was unveiled in December 2017 to accommodate a new community in the Huangpi district. Located outside of the third ring road in the north, it’s a 30-minute drive away from the city centre. Yet it has attracted the Metro Group, a German cash-and-carry chain, to open a branch there. It has put together a wide array of midmarket restaurants and child-related services providers.

What about the office market?
The total supply of prime offices will reach 7.57 million square metres by 2020, meaning an increase of 56.7% from now. Rental rates are therefore expected to trend downward, with those for Grade-B buildings dropping faster. They are now averaging at Rmb74 per square metre per month [editor’s note: for comparison Beijing would be around Rmb220 per square metre per month], while those for Grade-A buildings stand at Rmb106. Location-wise, we will see more offices move to Jiang’an, Qiaokou, and Hongshan.

Much of the demand since 2017 has been coming from advanced technology companies, followed by construction firms and financial services providers. Nearly 92% of them are driven by the need to open new offices in Wuhan. As demand has yet to catch up with supply, the vacancy rates of Wuhan’s offices, now standing at 37.4%, will likely keep rising.

But they will be reasonably absorbed, eventually, if the development in Chengdu is any indication. The capital of southwestern Sichuan province has seen its office vacancy rates decline from above 40% three to four years ago to the current 12% as its economy gained pace. Besides, the current supply in Wuhan only approximates to what a district in Shanghai needs. Wuhan’s office market is promising in the long run if you believe in its economic potential.
Education
The battle for talent

When the British Prime Minister Theresa May travelled with a 50-strong business delegation – her biggest ever – to China in January 2018, the first deal she struck was related to the education sector. And she did it in Wuhan. Her choice was apt, considering Wuhan has historically been home to the largest number of university students of any city in the world (with Guangzhou only recently overtaking it). It also ranks just after Beijing and Shanghai in terms of postgraduate students, indicating that its seats of learning are not just about volume but quality too.

Its best known schools, Wuhan University and the Huazhong University of Science and Technology (HUST), have nurtured a long list of prominent Chinese, including Xiaomi’s founder Lei Jun, WeChat’s founding programmer Allen Zhang Xiaolong, tennis player Li Na and Chen Dongsheng, founder of Taikang Insurance Group. The prominent Chinese artist Zeng Fanzhi (famed for his record-setting Mask Series; see Week in China issue 210) was born and educated in Wuhan at the Hubei Institute of Fine Arts.

There are 84 higher education institutions in Wuhan, which in 2017 enrolled a combined 948,000 students. The number dropped from 966,400 in 2013, a downtrend that somewhat exacerbated the brain drain that the city has long struggled with. In 2007 about 55% of Wuhan graduates chose to stay in the city after schooling. That portion dropped to less than a third by the end of 2016. Many left for better work opportunities and higher living standards elsewhere. According to a 2017 survey by HUST, about 21% of its postgraduates preferred to work in Beijing, Shanghai and Guangzhou, 18% opted for Jiangsu and Zhejiang provinces, and 17% for other prosperous coastal cities.

Since February 2017 the local government has pushed through a slew of measures with a goal of retaining one million graduates over the next five years. Apart from lowering the threshold for graduates to obtain a hukou (the important household registration certificate that grants access to social welfare), and raising the minimum wage, the government also started offering eligible graduates a 20% discount on buying a home.

But the government understands that the young and
Students wearing academic gowns attend their graduation ceremony at Wuhan University.
bright need more than financial sweeteners to stay. To create better career prospects, it is aggressively enticing companies to set up branches, research and development centres, or even regional headquarters in Wuhan (see page 63), so that young graduates can work for companies they admire.

It is also encouraging start-ups and more entrepreneurial activity. A Rmb50 billion matching fund to foster new economy companies was set up in the East Lake High-Tech Development Zone. The government envisages a positive feedback loop whereby more investment and a bigger economy attract more skilled personnel, fuelling more innovation and higher quality GDP growth. Direct investments from Wuhan alumni into the city totalled Rmb1.3 trillion in 2017, representing 50.4% of the funds that the city raised that same year. It remains to be seen whether the policy will yield lasting results. After all, this is not the first time that Wuhan has mobilised a ‘talent programme’. In 2013 it offered similar incentives, only to see their impact sag after the first year. Besides, the battle for talent among its Chinese peers has intensified over the years. Changsha, Chengdu, Nanjing, Ningbo, Xi’an and Zhengzhou are all upping the ante too.
Wuhan University

This elite school is considered to be the best in Hubei and one of the top 10 universities in China. It can trace its history back to the Self-Strengthening Movement of 1893, when reformist Zhang Zhidong established a school, called the Ziqiang Institute, primarily to train a new generation of diplomats.

Located in Wuchang, the Ziqiang Institute offered four disciplines initially, namely foreign languages, mathematics, science and business, and took only 20 students for each. Its name and identity shifted many times over the course of its history, with its campus briefly moved to Sichuan during the Japanese Occupation.

Although some have argued the true predecessor of Wuhan University should be the National Wuchang Higher Normal College established in 1913, the university pays homage to Ziqiang Institute with its motto: “Self-improvement, Perseverance, Truth-seeking and Innovation”. (‘Self-improvement’ is the equivalent of ziqiang in Mandarin Chinese.)

Today, Wuhan University boasts a massive campus of 3.46 square kilometres, thanks to its absorption of three other institutions that specialised in surveying, medicine and hydraulic engineering in 2000.

It had a student body of 55,811 as of November 2017, of which 53% are at undergraduate level, 34% master’s and 13% PhD. There are also 2,265 overseas students studying full-time or on exchange programmes.

With an outward-looking attitude, Wuhan University has also partnered with Duke University in the US. The pair formed the Duke Kunshan University, which started admitting students in 2014.

Academic excellence aside, the university’s beautiful campus has always been a draw for visitors, especially during spring when its cherry blossoms bloom. The main campus features palatial buildings that blend Chinese and Western styles, with the scenic Mountain Lojia and the East Lake completing the vista.
The history of HUST is much longer than its official founding in 2000. It was formed by a merger between Tongji Medical University, Huazhong Institute of Technology and Wuhan Urban Construction Institute, all of which had been through earlier consolidation processes too. The Huazhong Institute of Technology, for instance, came from a folding together of the electricity and mechanical engineering departments of Wuhan University, Hunan University, Guangxi University, Nanchang University and South China Institute of Technology in 1953.

HUST’s tradition made the school particularly strong in the areas of science and technology, as its name suggests. It runs a large numbers of research centres including the Wuhan National Laboratories for Optoelectronics, which is one of the six such national laboratories in China, as well as nine top-tier hospitals. In 2017 about 31% of its graduates went to work at Fortune Global 500 companies. Huawei, in particular, has historically hired a large number of its staff from the school, including two of its rotating chairmen and CFO, Sabrina Meng (daughter of Huawei’s founder Ren Zhengfei). Other notable alumni include Zhou Yunjie (chairman of Haier Electronics), Gong Hongjia (the angel investor most famous for forming surveillance equipment maker Hikvision), and Yao Xin (founder of video-streaming platform PPTV).
E-sports live-streaming platform Douyu is the pride of Wuhan. Established in 2014, it took less than three years to become the city’s first unicorn with big-ticket investments from Sequoia and Tencent. Ergo its two co-founders, Zhang Wenming and Chen Shaojie, also became the city’s lionised millennial entrepreneurs. The 34 year-old Zhang, in particular, was widely seen as the poster child of young talents making it big with backing from the city.

Zhang is actually from Peixian County in Jiangsu province, but he majored in computer science at the Wuhan University of Technology. After trying his luck in Shenzhen for a year upon graduating in 2006, he moved back to Wuhan with a view to doing something in the booming online gaming sector. In the process he discovered people not only liked playing video games, but also enjoyed watching contests among gamers. He then created a website where viewers could comment on and reward competing gamers in real time. By being creative in attracting traffic – hiring professional Korean gamers as contestants and using pretty faces as presenters – Douyu saw its revenue surge 708 times in the three years:

Case study: Zhang Wenming
Douyu – a university unicorn
manage dealings. However, there are downsides in tier-one cities too,” said Zhang, noting that Douyu would hardly stand out among the vast array of tech companies in Beijing, Shanghai, Guangzhou and Shenzhen, and that operating costs in those cities are also considerably higher. More skilled staff also tended to jump ship more often in tier-one cities as they are exposed to more career opportunities.

In its initial stage of development, Douyu was actually registered in Guangzhou because that was where its angel investor was based. But it decided to move all its assets back to Wuhan and make Optics Valley its headquarters in May 2015. The strong support it had received from the officials overseeing the high-tech zone was a key reason. “They met us every two weeks to see if we were up against any kinds of difficulties,” said Zhang.

With Tencent doubling down on its investment in March 2018, Douyu saw its valuation rise to $1.5 billion. The streaming site is preparing for an initial public offering on Nasdaq to raise $600-700 million.

Douyu means ‘Siamese fighting fish’ in Chinese, and as its name suggests, it says it is ready to wrestle with any challengers.

Following its establishment, and the company expanded into other lucrative forms of live broadcasting. Reflecting on his road to success, Zhang told local media that there was a time he thought seriously about moving to Shanghai. “[In Shanghai] there are a lot of e-sports clubs, gaming companies and influential presenters. It’s easier to