



MONITORING OF THE HONG KONG FURNITURE SECTOR

March 2000

Union Européenne de l'Ameublement

in cooperation with
ID Consulting

Co-funded by the
Asia-Invest Programme

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Chapter 1

Introduction

1.1 Hong Kong economic and political overview

Hong Kong's economy has undergone many changes over the last century, today, Hong Kong has emerged as a global centre for trade, finance, manufacturing management, and business service. Hong Kong is a metropolitan economy, more comparable to the economies of the world's great cities than to those of nations. Its economy has been heavily influenced by its links with China, Asian-Pacific region, and the rest of the world.

The Hong Kong economy staged a distinct rebound in 1999 after the Asian financial crisis. On exports of goods, performance was supported by the recovery in demand in the crisis-hit East Asian economies and in Japan, as well as by the sustained economic growth and import absorption in the United States, notwithstanding that exports to the mainland of China remained slack. Locally, investment demand remained sluggish, affected by a still uncertain business outlook, credit restraint and high real interest cost. Yet consumer spending improved visibly, as sentiment turned better while overall economic and financial conditions stabilised. A steadier employment situation and increased asset prices also helped.

The Hong Kong economy staged a distinct rebound in 1999 after the Asian financial crisis

1.2 Some economic indicators of Hong Kong

GDP

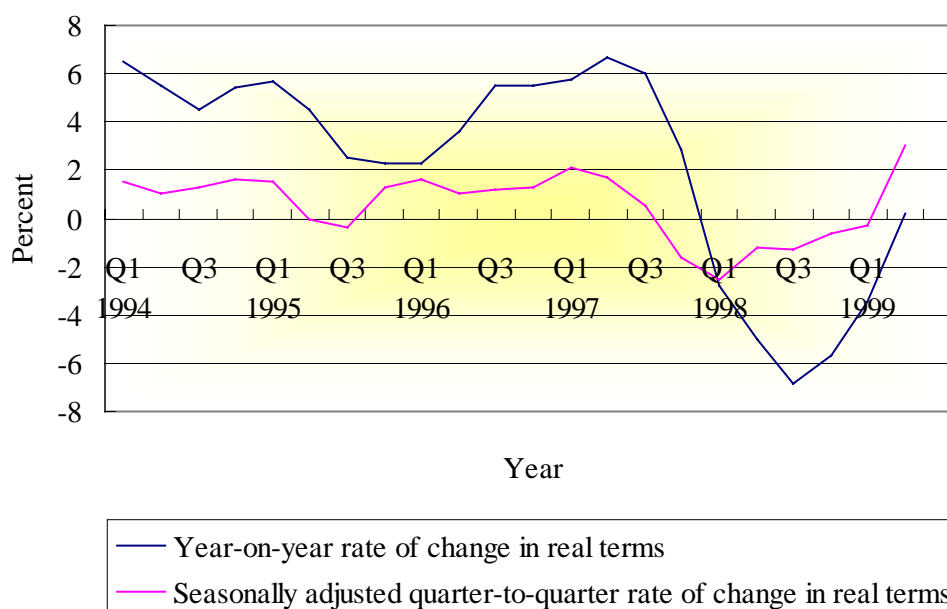
Table 1-1 Hong Kong GDP (1997-1999Q1)

	1997	1998	1999 Q1
GDP at current market prices (HK\$ billion)	1.344	1.286	290

Source: Hong Kong Government Statistic Bureau

Note: Q1=quarter one

Table1-2 Hong Kong GDP (1994-1999Q1)



Source: Hong Kong Statistic Bureau

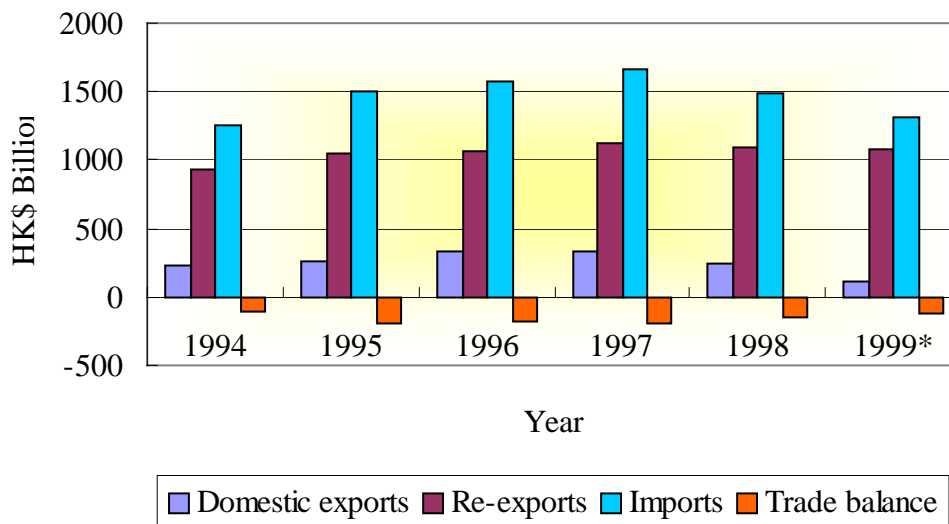
Import/export

Table 1-3 Composition of Hong Kong Import/export performance(1994-1999Q1)

	<i>Unit:KHS Billion</i>					
	1994	1995	1996	1997	1998	1999*
Domestic exports	230	260	330	340	240	120
Re-exports	930	1.050	1.070	1.120	1.100	1.080
Imports	1.260	1.510	1.580	1.660	1.490	1.320
Trade balance	-100	-200	-180	-200	-150	-120

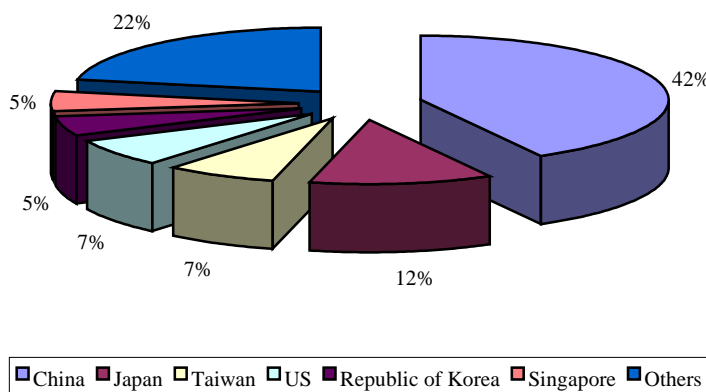
*According to the estimation from HK TDC, base on the trade statistic figures of the first and second quarters in 1999.

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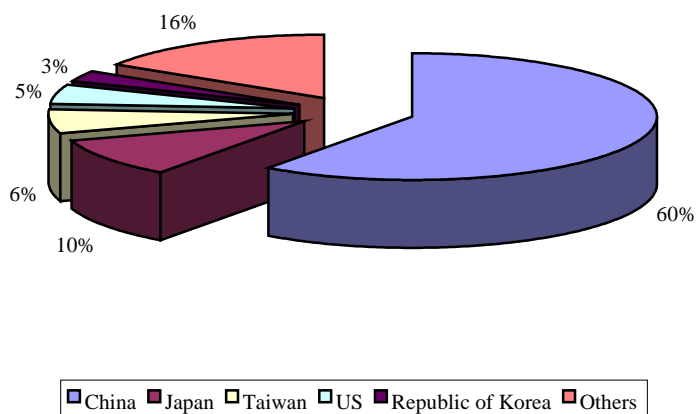
Source: Hong Kong TDC

Table 1-3 Imports by major source to Hong Kong 1998



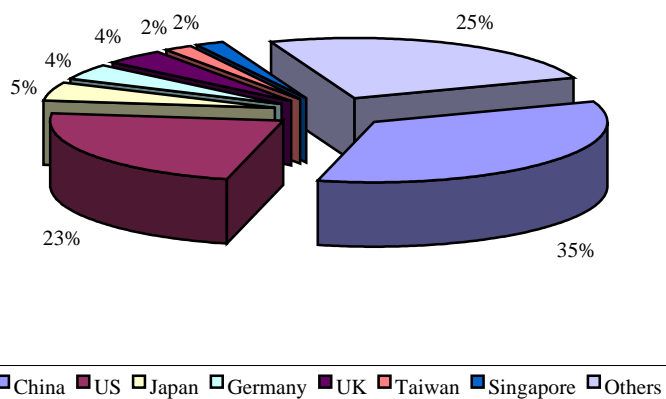
Source: Hong Kong TDC

Table 1-4 Re-exports by major source from Hong Kong 1998



Source: Hong Kong TDC

Table 1-5 Total exports by major market from Hong Kong 1998



Source: Hong Kong TDC

Chapter 2

The Hong Kong Furniture Sector

2.1 Overview

The furniture industry is one of the oldest industries in Hong Kong. According to official statistics, at the end of 1998, there were about 283 establishments in Hong Kong (down from 404 in December 1997), employing more than 1.281 employees. The gross output of Hong Kong furniture industry in 1996 was HK\$ 582 million.

The Hong Kong Furniture & Decoration Trade Association is one of the most important associations for furniture industries. It has 280 members of whom 200 are furniture manufacturers and 80 are trading companies.

Almost all Hong Kong furniture manufacturers had moved their manufacture centre to mainland China due to its low land cost, abundant of inexpensive labour and skilful craft man, especially to Guangdong province. Only the head office and backup centre of furniture manufacturer remain in Hong Kong.

At the international level, the USA, Canada, Italy, Germany, the UK, France, the Netherlands, China, Japan, Singapore, and South Korea are the major furniture production countries in the world. Taiwan is Hong Kong's major competitor in the international furniture market. They are specialised in the mass production of standardised knockdown furniture with modern designs. Their high degree of mechanisation enhances production efficiency by lowering overheads and assuring good quality. Knockdown furniture also implies lower freight

The furniture industry is one of the oldest industries in Hong Kong

Almost all Hong Kong furniture manufacturers had moved their manufacture centre to mainland China

cost than the completed furniture, since the latter is very space consuming in transportation. Vietnam and Malaysia could become Hong Kong's potential competitors, as they possess abundant raw materials for furniture.

Unlike their overseas counterparts, few HK manufacturers produce standardised knockdown furniture. They specialise in producing higher-end set furniture for hotels, offices and other real estates projects under tender contracts. While the majority of HK manufactories have shifted their factories to the mainland, most of them maintain their showrooms, sales or marketing offices, sometimes as contractor companies in Hong Kong. These Hong Kong companies usually provide extensive professional services from designing to delivery.

Unlike their overseas counterparts, few HK manufacturers produce standardised knockdown furniture

Competition in the mainland market increases in recent years, as production there has expanded rapidly as a result of investment by multinational furniture companies from Europe, the US and other Asian economies. Direct competition from mainland indigenous enterprises has also increased, particularly in the low- to medium-end markets.

Both Hong Kong-invested and Chinese local furniture manufacturers are in the process of changing by reducing costs and initiating quality control, improving design, updating management and increasing marketing and sales effectiveness. They are increasingly aware of the importance of quality control in the manufacturing process and management. Many manufacturers have received or applied for ISO9000/ISO9002 certification.

Many HK furniture manufacturers have received or applied for ISO9000 certification

While office and home furniture will continue to dominate the Hong Kong furniture market, children's furniture, hotel furniture and special application furniture for hospitals, libraries, restaurants and health clubs will have great potential in emerging markets.

As to raw materials, Hong Kong depends heavily on imports. Malaysia, Thailand and Burma are the largest suppliers of hardwood. Taiwan and Singapore are the leading suppliers of veneers and plywood. Rattan is mainly imported from Indonesia, while iron and steel come from Japan and Taiwan. Due to a decreased supply

and a rising cost of wood (particularly large pieces for table top), Hong Kong manufacturers have increasingly shifted to the use of glass in design and production. Hong Kong produces an extensive range of glass furniture, including coffee tables, dining tables and wall panels, often available in smoked or clear glass.

HK produces an extensive range of glass furniture

2.2 Hong Kong furniture trade

Performance of Hong Kong Furniture Exports

Following a 10% growth in 1997, Hong Kong's total exports of furniture decreased in 1998 to reach HK\$6.537 million, but rebounded by 12% in the first quarter of 1999.

Domestic exports, as a result of factory relocation, continued to decrease in the past few years. Re-exports of China origin, which accounted for 90% of Hong Kong's total re-exports of furniture, grew by 3% to HK\$5.893 billion in 1998, and by 17% in the first quarter of 1999.

Exports, as a result of factory relocation, continued to decrease in the past few years

Exports to the US, by far the largest market, sustained an 11% growth in 1998 and another 23% in the first quarter of 1999. Exports to Japan, however, decreased by 23% in 1998, amid poor consumer spending. Hong Kong exports to these two markets comprise mainly wooden furniture (traditional Chinese-style and folding chairs) and rattan furniture.

Mainly due to sluggish domestic demand, exports to the Chinese mainland declined by 20% in 1998. However, unlike markets in the US and Japan, exports to the mainland are mainly western-style sofas and cupboards. A large proportion of foreign furniture is re-exported to the Chinese mainland by Hong Kong agents and distributors.

Steady expansion of the Chinese economy and large-scale housing reform programme, including abolishment of welfare housing and reform on housing development and ownership scheme, will boost consumer's spending on housing and furniture. In addition, continuous development in the service sector and tourism industry will boost demand of office and hotel furniture. It is expected that furniture demand will increase by an average annual rate of 10% in the coming years. However,

the vast majority of Chinese consumers can only afford to buy low-and medium-end domestically-manufactured furniture, and the demand for imported high-end furniture is likely to remain weak in short term. China's eventual accession to the WTO will lead the country to further open up its domestic market for imported furniture and domestic sales by overseas-invested enterprises in the mainland. All these element contribute to great opportunities to Hong Kong furniture manufacturers.

A few Hong Kong manufacturers have been competitive in mattress production and start producing under their own brands. Partly due to the competitiveness of mattress production, upholstered seats and sofa beds produced by Hong Kong have also increased in popularity in the region.

In overseas markets, spraying polyester onto lacquer furniture that gives a smooth Italian-style look is very popular. This is a labour-intensive process, which can be applied to all types of designs from antique to modern pieces. The finished products can provide wood grain, granite and even striking tiger skin effect. China Heritage Ltd. is the first to introduce this production technique into Hong Kong.

Hong Kong's exports of furniture to the ASEAN have been hampered by the sluggish domestic demand. Fragile economic recovery, high unemployment and slower income growth have all weakened ASEAN buyers' purchasing power, but macroeconomic fundamentals in the region are gradually improving after the Asian economic crisis, hence bolstering demand for furniture imports from Hong Kong and the Chinese mainland.

Hong Kong's engraved glass products such as office partitions, showcases and shop windows are increasingly popular in overseas markets, especially in Japan. Using the sandblasting technique, the impression of the design is etched on the reverse side of the glass, leaving a smooth finish on the viewing surface. Even portrait can be engraved on this glass furniture. Glass furniture framed with stainless steel has started to gain popularity among certain groups of consumers.

A few Hong Kong manufacturers have been competitive in mattress production and start producing under their own brands

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In South Africa and the Middle East, relatively rich South African consumers are willing to buy medium-to high-end furniture from Hong Kong. Its continuous liberalisation of foreign trade and enhanced economic relations with China will contribute to Hong Kong's furniture exports to South Africa. The Middle East will continue to be a promising emerging market, especially for wooden and rattan furniture. Hong Kong's furniture exports to Dubai, the distribution hub in the region, are expected to fare well in the coming years.

Demand for medium-and high-end furniture in Southern America will continue to be sluggish, as consumer sentiment and import demand are still weak, hit by the Brazilian currency crisis and additional trade barriers in the region. The Eastern European markets are hampered by the Russian economic and political turmoil. The cycle of replacing old furniture there is usually much longer than that in other markets.

Table 2-1 Domestic export, re-export of furniture from Hong Kong (1997-1999Q1)

	1997		1998		Jan-Mar 1999	
	HK\$Mn.	Growth %	HK\$Mn.	Growth %	HK\$Mn.	Growth %
Domestic Exports	224	-16	141	-37	20	-45
Re-Exports	6.403	11	6.395	*	1.735	13
Chinese Mainland	5.740	10	5.893	3	1.640	17
Total Exports	6.628	10	6.537	-1	1.756	12

By Markets	Share %	Growth %	Share %	Growth %	Share %	Growth %
US	51,7	17	58,5	11	63,1	23
Japan	10,9	-16	8,5	-23	8,8	-2
Chinese Mainland	10,2	16	8,2	-20	6	-28
Canada	4,3	27	4,6	7	4,3	14
UK	2,3	12	3,8	65	3,4	18
ASEAN	3,6	4	1,8	-51	2	37

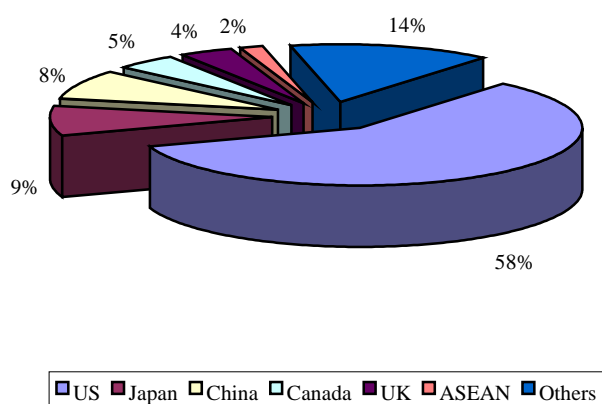
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By Category	Share %	Growth %	Share %	Growth %	Share %	Growth %
Seats & parts of seats	31,6	18	32,7	2	35,2	4
Wooden Furniture	37,4	17	39,2	-10	33,9	19
Metal Furniture	8,6	-8	8,8	2	10,9	-33
Plastic Furniture	0,9	-29	0,7	-23	0,5	-36
Other Furniture	7,9	20	7,1	-12	7,8	30
Parts of Furniture	5,7	30	4,8	-16	3,4	-25
Mattress	1,1	23	0,9	-20	1,4	75

*Insignificant

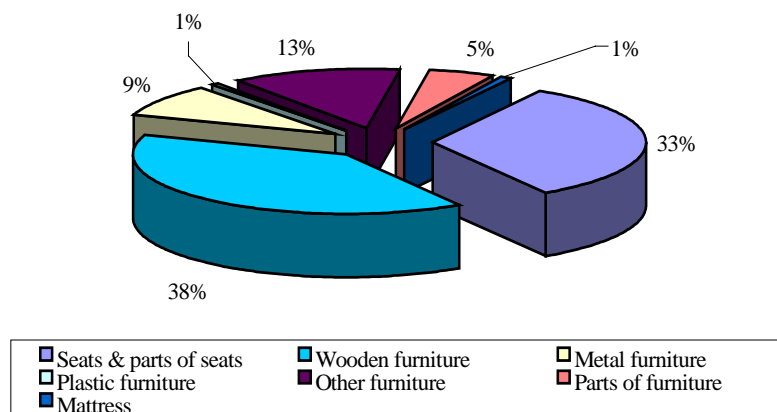
Source: HK TDC

Table 2-2 Destination markets of Hong Kong furniture Export 1998



Source: Hong Kong TDC

Table 2-3 Hong Kong furniture export by categories



Source: Hong Kong TDC

Trade Measures Affecting Furniture Exports

Safety requirements for furniture in overseas countries have been becoming more stringent. Most developed countries stipulate that all furniture must meet the essential requirements, and have increasingly tightened up the enforcement of product safety regulations. For example, the UK government has continuously enforced fire-safety requirements for particular furniture, such as bedding and cushions, fabric sofas, as well as curtains. The US authorities are increasingly aware of fire-safety standards and call for manufacturing more fire-resistant furniture.

However, systematic obstacles to furniture imports are minimal or few in developed countries. The import duty rates are zero in the developed countries for imports from WTO countries.

Safety requirements for furniture in overseas countries have been becoming more stringent

**Table 2-4 Tariffs furniture
 In different countries**

Countries	Tariffs
US	3-5%
Japan	3-5%
Singapore	3-5%
Canada	3-5%
EU	3-5%
China	22%
Chile	11%
Argentina	21-25%
Brazil	10-21%
Hungary	7%
Israel	12%
South Korea	8%
Malaysia	30%
Philippines	25%
Taiwan	1,25-10%
Thailand	20%
Turkey	19,1%
South Africa	22%

Source: World Trade Atlas

Occasionally, some countries have adopted trade measures against exports of certain woods and the use of domestic timber. For example, the Thai government is considering imposing a ban on exports of dried wood. The Chinese government also implemented a ban on felling trees along the Yangtze River in the summer of 1998, which led to an expansion of timber imports from foreign countries, including the US, Russia, Australia and countries in Africa, South America and Southeast Asia.

2.3 The Hong Kong furniture industry by categories

Office furniture

In Hong Kong, about 5% of the market share is for imported high end European and US office furniture. US office furniture is preferred to European's, because it is firm, sturdy, with more modern design and most important of all, with more acceptable price. The most favourable colours in Hong Kong for office furniture are blue, dark red, grey, and similar conservative colour, not like in Europe, offices begin to use bold colours like fresh green,

about 5% of the market share is for imported high end European and US office furniture

bright yellow and scarlet red. The market leaders are Haworth (US), Herman Miller (US) and Steelcase (US).

Around 70-80% of the offices goes for middle range office furniture; they are mainly local manufacturers. The market leaders are Lamex, Ultra, Aurora and Logic. The popular material is beech and maple, mainly import from Canada. As we mentioned before, all these companies have their manufacturing centre in mainland China, for example, Lamex and Ultra are in Dongguan (Guangdong province), while Logic is in Suzhou (Jiangsu Province).

Table 2-5 Market share for office furniture in Hong Kong

Market leader	Market share	Price (Take a workstation as example)
<i>High end</i> Haworth (US) Herman miller (US) Steelcase (US)	5%	HK\$10.000
<i>Mid-end</i> Lamex (HK) Ultra (HK) Logic (HK) Xinxing Group (HK) Zhong Hua Steel (HK)	70-80%	HK\$5.000
<i>Low end</i> Cheaper local products	15-25%	BelowHK\$3.000

Source: field research

In terms of materials, office furniture can be divided into three groups: veneer, laminate and metal. Lamex is good at producing laminated office furniture, its manufacture centre is in Guangdong province; Aurora is good at metal furniture, its manufacturing centre is in Shanghai's outskirts; while Logic is good at producing office furniture that made of veneer, laminate and metal.

Worth to mention is that production of furniture is relatively labour-intensive, with labour cost accounting for about 24% of the total production cost. Comparing with wood and rattan furniture, production of metal furniture is more capital-intensive. The main production processes, including frame cutting, bending, drilling, soldering, polishing and enamel baking, are done by automated machines. Many Hong Kong manufacturers have adopted advanced technology and

machinery in the manufacturing process to enhance efficiency and product quality.

Hotel furniture

In Hong Kong, most of the hotel furniture is sold through contractors. The process is the following: when a hotel has a renovation project, it first goes to a design firm. The designer then works out the suitable design for the hotel and gives it to a contractor who normally has its manufacturing centre in mainland China; if not, the contractor will subcontract to other furniture manufacturers. Even for the most fashionable design, instead of importing from abroad, most of them are manufactured locally, especially in China. Finally, when furniture is produced, the contractor sends them to the hotel according to the contract.

Residential furniture

For residential furniture, consumers in Hong Kong preferred European design to US design; European furniture is much more trendy and stylish, although more expensive. Among European furniture, Italian, Spanish and German brands are most favoured. In Hong Kong, premium European or US brands have around 10-20% market share; local brand or cheaper imported furniture has around 50% of the market while other cheaper local made furniture (made in mainland China) has the rest of the market.

European furniture is considered by HK consumers much more trendy and stylish, although more expensive

Table 2-6 Market share for residential furniture in Hong Kong

Market leader	Market share
<i>High:</i> European furniture	10-20%
<i>Middle:</i> Fu Yun (HK) Four Seas (HK) Ming Hui (HK) Zhong Yu (HK) Fu Li (HK) Zhao Yi (HK)	50%
<i>Low:</i> Cheaper HK furniture	30-40%

The main distributors for the high-end imported furniture are **Condo** (European furniture agent), **Casa Nuova** (Italian furniture agent) and **Universal** (US furniture agent).

2.4 Introduction of the main Hong Kong furniture manufacturers and agents

Logic (manufacture and agent)

Logic international Group Co.Ltd.
No.S303, Hong Kong Plaza Exhibition Hall
No. 283 Huai Hai Zhong Road
Shanghai
Tel: 0086-21-63906688
Fax: 0086-21-63906277

Logic international group is a professional office furniture manufacturer and agent for import office furniture. It was established in 1987, started as an agent for European furniture, and went public on 7th, November 1994. The recent alliance with Hua Run, one of the largest invest company from mainland China, increases the companies' strength. Logic has show room all around China, as well as a complete and effective sales network.

In 1994 and 1995, Logic invest three factories in Zhuhai and Guangzhou, the total investment exceed RMB100 million. Logic has the most comprehensive product line (veneer, laminate and metal) among all the other manufacturers.

In 1997, Logic's factory in China gained the certificate of ISO9002, and it was the first furniture-manufacturing factory to have this in mainland China.

Apart from manufacturing, Logic is also an agent for more than 20 imported brand furniture. The most important brands include: **Keilhaner** (Canadian), **Roneo** (France brand), **Klober** (Germany) and **Formonova** (Italian). All these mentioned brands make up 70% of the sales volume.

Lamex (manufacturer and agent)

Lamex Holdings Ltd/JV company
Dongguan Fortworsth Furniture Co.Ltd.
1st Floor, Guangchang Mansion,
No. 27033,
Shui Chen South Road, Changning Area
Shanghai
Tel: 0086-21-62192700
Fax: 0086-21-62197577

Lamex is one of the largest office furniture manufacturers in both Hong Kong and mainland China. In 1998, Lamex' turnover exceed RMB 1 billion. It employs more than 2.000 persons. Lamex is one of the Fortune Top 500 Enterprise in Hong Kong.

The production centre of Lamex is in Dongguan Da Tang, equipment are imported from Europe and US, while raw material are imported from Europe, US and Malaysia. Lamex has reached international BS5852 standard and 1990 security standard. Right now, it is applying for ISO9002 certificate.

As to after sales service, Lamex was the first company that gives 5 or 10 years guarantee. Other services include free demonstration, cheap short-term lending, computer-assisted design, large project management, furniture installation and repair, renew and cleaning services.

Lamex entered China since 1992, and now, China is Lamex' major market. It distributes its furniture by the form of franchising. There are more than 20 Lamex franchising stores in China. However, there are pros and cons for distribution by franchising.

The pros are that the cost can be lowered, moreover the purchase from the franchisee are always in cash, so as to make sure that there will be no bad debt for Lamex.

The cons are that the profits are shared 50/50 with as a result lower profit margins.

For advertising, Lamex spends around RMB 30 million each for promotions, especially in football match sponsorship. The champion team in A grade Chinese league football matches - Da Lian Wan Da team - is sponsored by Lamex. Besides, "Lamex Cup" Famous Chinese Enterprise Invitational Soccer Tournament greatly increases the Lamex brands name among Chinese consumers.

As to the future development plan, Lamex will cautiously manage the business in Hong Kong as a business strategy quarter, actively expand China market through franchising, so as to enlarge its market share and improve profit margin. At the same time, due to the surplus production capacity and the increasing order from middle

east and South America, Lamex will also actively start to develop these two potential markets.

Lamex is also the agent for more than 20 European and US furniture brands, including Cabriti, Cellini, Rosetto, Faram, Sedus, Girsberger, Dauphin, Eurosit, Assisa and Herman Miller.

Salotto (agent)

Room F, Floor 27th, Building no.2

Jin Ming Maison,

Zuan Yi South Road No.8

Changning Area

Shanghai

Tel: 0086-21-6295777-

Fax: 0086-21-62705028

Salotto is one of the important Hong Kong agents for office furniture; its main competitors are Logic and Lamex.

Salotto was established in 1973, it has close contacts with interior designers, construction companies and furniture manufactures. It is the agent of the following brands: Wilkhahn (Germany), Walter Knoll (Germany), Fritz Hansen (Denmark), Unifor (Italian), Citterio (Italian), Trau press (Italian), Element (Canadian), Nienkamper (Canadian), Leyform (Italian), Giorex (Italian), Lamm (Italian), Lammhults (Swedish), American Seating (US), Hille (UK), Cabas (Italian), Soft (Italian), and Homeline (Italian).

The following clients are using Salotto's products: HK Heng Sheng Bank headquarters; HK Telecom building, HK South China Morning Post building, Shanghai Pudong Hua Yi Bank, IBM Shanghai office, Nanjing office, Bank of China HK and Macao branch, HK airport and China Industrial and Commerce Bank Changzhou branch.

2.5 Problems faced by the Hong Kong furniture industry

- ◆ There is an appreciable shortage of qualified furniture design professionals in Hong Kong. Tough working

conditions, coupled with long training periods of 3-5 years, have been the major factors discouraging the younger generation from joining the industry in Hong Kong.

- ◆ To tackle the problems of environment protection and the availability of raw materials for wooden furniture, manufacturers have tended to produce more metal and glass furniture in recent years.

Chapter 3

Distribution Channels

3.1 Exports

Exports of Chinese-style wooden furniture are handled directly by Hong Kong manufacturers as the quality of these products are difficult to control under sub-contracting arrangements. Usually, these manufacturers have their own shops/showrooms and offices to receive orders from customers directly.

The rattan sector is characterised by the existence of a large number of small-sized sub-contractors producing for the exporters. The exporters themselves may either be manufacturers or trading agents, and they are responsible for ensuring the product quality.

For exports mass-produced furniture such as garden chairs, folding chairs, shoes racks and mattress, most of them rely on trading firms, foreign buying houses stationed in Hong Kong, or appoint sale agents to sell in overseas market.

3.2 Retail outlets

A small number of Hong Kong furniture companies have established their own retail outlets in the overseas markets, particularly the mainland, to sell directly to their customers. Lamex, Logic, Fortune, Dickson, Steeline Office Furniture, Four Seas Furniture, for example, have established subsidiaries, branch offices and showrooms in the major Chinese cities to facilitate domestic sales.

3.3 Agency and distributorship

Agency and distributorship are typical arrangements for selling furniture. For example, Lamex of Hong Kong has agent agreements with 19 overseas furniture manufacturers, including Faram, Sedus, Girsberger, Dauphin, Eurosit, Assisa and Herman Miller. Wah Hing (Hua xing) of Hong Kong also has agent agreements with 8 overseas brand names, including Class, Estel, Dazato, Klober, Lineager, Versa-tiles, Nippon, and Interface.

Agency and distributorship are typical arrangements for selling furniture

3.4 Department stores, supermarkets, chain stores

Department stores, supermarkets, chain stores, speciality furniture shops, showrooms and home centres are main retail channels for furniture. Chain stores have replaced traditional furniture outlets to become the most popular sales channel in North America, while speciality shops are the main sales channel in Japan, followed by department stores, supermarkets, and home centres. Sales through specialised furniture markets like "furniture districts" and "furniture streets" are getting popular in Asia, especially in the Chinese mainland, Taiwan and Hong Kong. Low- and medium-end products are usually sold by local "hypermarkets". Some stores with stronger buying power would rather buy direct from overseas for lower prices.

3.5 Licensing

Local manufacturers are increasingly entering into licensing deals with international brand proprietors. For example, Lamex, one of the biggest office furniture suppliers in Hong Kong, signed a licensee contract with Marcadet Mobilier of France and Dauphin of Germany to manufacture high quality office and contract furniture in Hong Kong bearing the company's brand names. Such a move would cut cost by 25% compared with importing from France. It also helps to introduce new technology into the territory.

Chapter 4

Promotion

4.1 Trade shows

There are various international furniture fairs in which Hong Kong furniture manufacturers and distributors actively participate in order to establish connections and explore market opportunities abroad.

China

- ◆ Beijing International Furniture Show
- ◆ Guangzhou International Furniture & Woodworking Machinery Autumn Fair
- ◆ Shenzhen International Furniture & Woodworking Machinery Spring Fair
- ◆ Shanghai China International Furniture Export Fair

There are also 15 regional furniture fairs held in Dongguan, Shenyang, Kunming, Tianjin, Chengdu, Changchun and Dalian. (Detail please see China report)

Singapore

- ◆ The Asia Pacific Furniture Fair (an annual event organised by the Singapore Furniture Manufacturers & Traders Association)
- ◆ International Office Furniture Fair
- ◆ The ASEAN Furniture Show
- ◆ The International Singapore Furniture Fair
- ◆ FurniTek Asia

The above fairs are all annually held in the World Trade Centre in Singapore.

Japan

- ◆ Tokyo International Good Living Show
- ◆ Tokyo International Furniture Fair.

Europe

- ◆ Cologne International Furniture Fair (held annually in Germany around January)
- ◆ Milan International Furniture Fair (held annually in Italy around April)
- ◆ Paris International Furniture Show (held annually around January)

USA

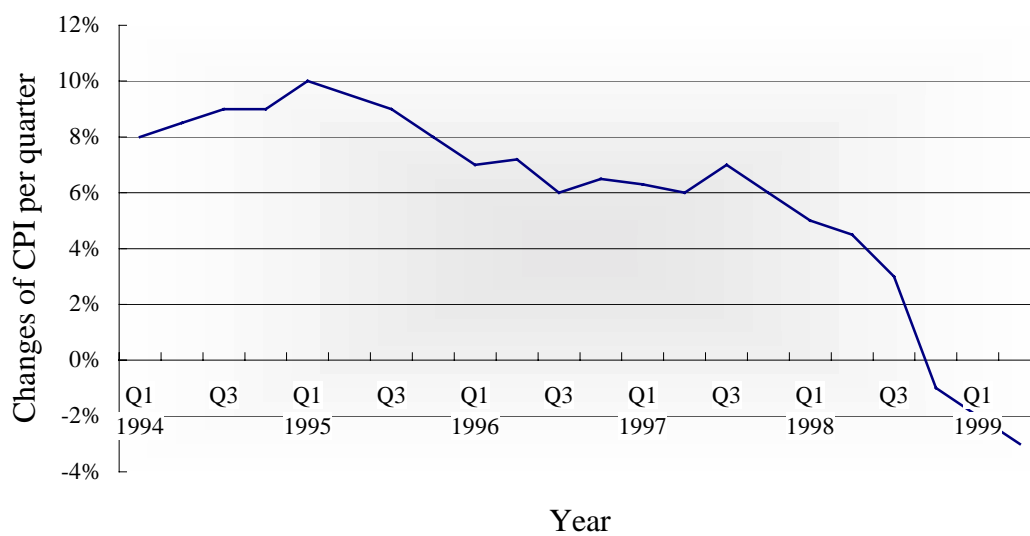
International Home Furnishing Show (in High Point North Carolina twice a year in April and in October annually)

Chapter 5

Consumer Behaviour

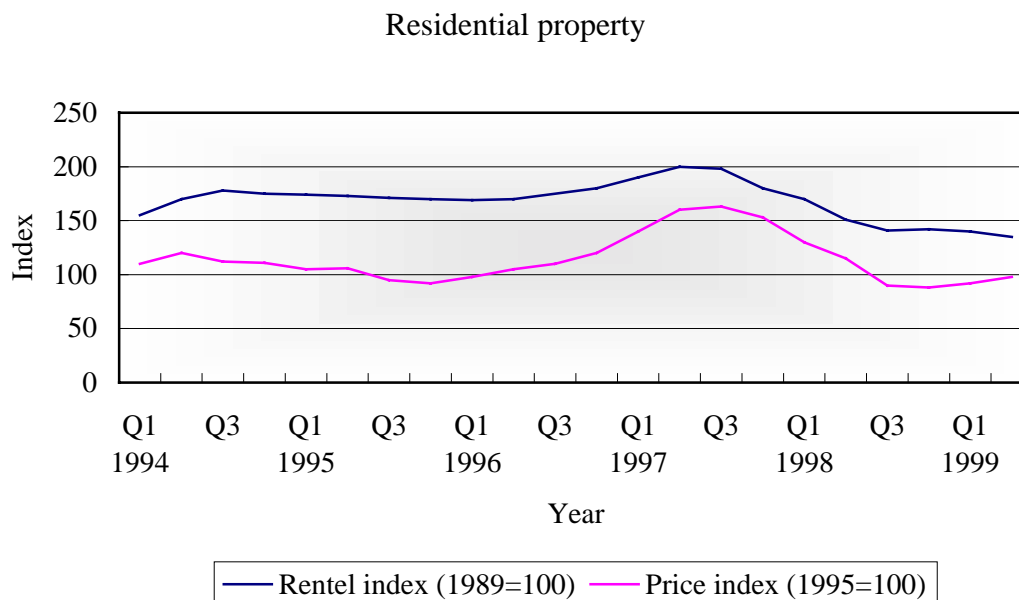
5 Consumer behaviour

Table 5-1 Composite consumer price index in Hong Kong



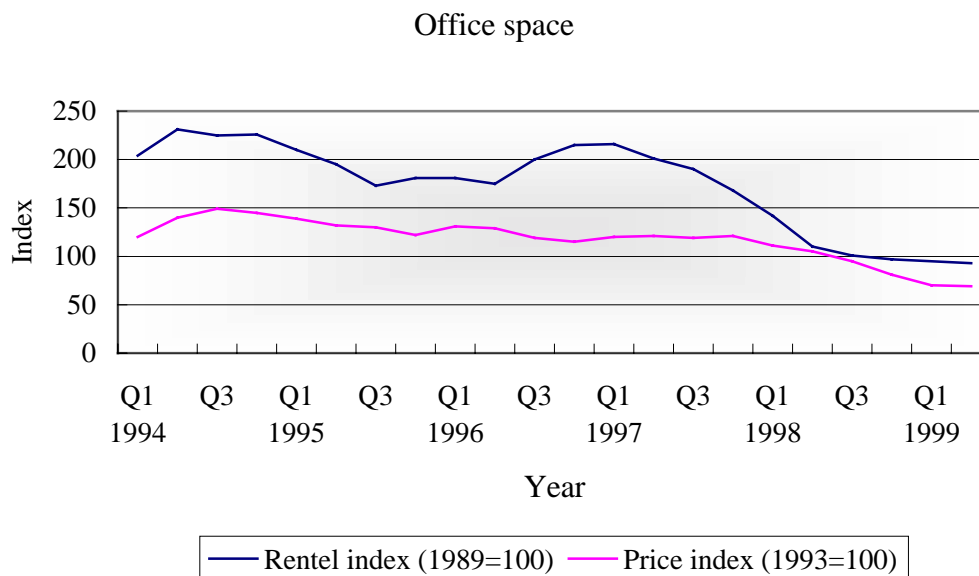
Source: Hong Kong Statistic Bureau

Table 5-2 Residential property price and rentals in Hong Kong



Source: Hong Kong TDC

Table 5-3 Office space property price and rentals



Source: Hong Kong TDC

Consumer preference

Consumers in Hong Kong are increasingly in favour of simple-designed, high quality and reasonable priced furniture. Furniture buyers usually consider style, type of wood and price when making their purchasing decision. Middle-class consumers generally regard wooden furniture as elegant and high-class look. Due to a lack of supply of rosewood and cast-iron, maple, beech, cherry and mahogany are increasingly used in traditional Chinese furniture.

In both overseas and the Chinese markets, replicated Chinese antique furniture compete directly with high-quality foreign brands. Many Chinese companies now scour the Chinese countryside in search of rare woods and antique Chinese furniture. Currently the most popular Chinese antique furniture is Ming - and Qing-style of about one hundred years old.

LEATHER FURNITURE IN HONG KONG

Company
ASIA SOFA MFY LTD

Address
Basement 2 Wai Chi Lane, Shamshuipo Kowloon, HK

Phone n.
852-776 6678 (8 lines)

Fax n.
852-788 3500

MARBLE FURNITURE IN HONG KONG

Company	Address	Phone n.	Fax n.
HANDSOME STONE FURNITURE MFG CO LTD	Room 1406-7 Trinity House,165-171 Wanchai Road, HK	852-893 3321	852-572 2661
HONEST HARVEST CO LTD	Unit A Wing Lok Commercial Centre,154-158 Wing Lok Street,Sheung Wan, HK	852-815 5815	852-854 1759
MDF INTERNATIONAL LTD	11/F Block B, 11 Yuk Yat Street, Tokwawan Kowloon, HK	852-330 1673	852-330 6570
PACIFIC CENTURY RESOURCES LTD	Room 1320 Hing Wai Centre, 7 Tin Wan Praya Road Aberdeen. HK	852-552 2475	852-552 2497
WING HUAN MARBLE & FURNITURE IND.,CO	Unit 9 6/F Block B New Trade Plaza, 6 on Ping Street Shatin, N T Hong Kong	852-2483 3922	852-2483 1265

LIVING ROOM FURNITURE IN HONG KONG

Company	Address	Phone n.	Fax n.
AI (HK) CO LTD	10/F Room 1014-5 Kwai On Factory Estate, 103-113 Tai Lian Pai Road Kwai Chung, HK	852-422 0557	852-485 3513
COTTON GIFT CO LTD	4/F Unit 2 Hope Sea Industrial Centre, 26 Lam Hing Street, Kowloon Bay Kowloon, HK	852-795 9829	852-754 0259
HENFIELD INTERNATIONAL LTD	17/F Unit 1701 Well Fung Industrial Centre, 58-76 Ta Chuen Ping Street, Kwai Chung, HK	852-481 7777	852-481 7703
HONEST HARVEST CO LTD	Unit A Wing Lok Commercial Centre, 154-158 Wing Lok Street Sheung Wan, HK	852-815 5815, 815 5819	852-854 1759
MEI HO TRADING CO	Room 2302 Wharf Cable Tower, 9 Hoi Shing Road, Tsuen Wan New Territories, HK	852-411 0044	852-498 0772
YUE KEE RATTAN FACTORY	G/F 77b Queen's Road East, Wanchai, HK	852-528 1560, 464 7077	852-466 0169

OFFICE FURNITURE & EQUIPMENT IN HONG KONG

Company	Address	Phone n.	Fax n.
AI (HK) CO LTD	10/F Room 1014-5 Kwai On Factory Estate, 103-113 Tai Lian Pai Road, Kwai Chung, HK	852-422 0557	852-485 3513
BONTAP LIMITED	Room 1311 Eastern Harbour Centre, 28 Hoi Chak Street, Qurry Bay, HK	852-516 6212	852-562 5170
GOLDPECKO TIMBER CO LTD	1/F 231 Lockhart Road, Wanchai, HK	852-802 2173	852-507 3000
HONEST HARVEST CO LTD	Unit A Wing Lok Commercial Centre, 154-158 Wing Lok Street, Sheung Wan, HK	852-815 5815, 815 5819	852-854 1759
INDECO OFFICE FURNISHING	7/F Room 702, Tai Sang Commercial Bldg., 24-34 Hennesy Road, Wanchai, HK	852-866 2928	852-866 0566
O'MEX DESIGN & OFFICE FURNITURE TRADING CO	7/F Room 7A King Win Factory Bldg., 65-67 King Yip Street, Kwun Tong Kowloon, HK	852-344 8898, 868 5652	852-344 8898, 526 6478
PROFLEX OFFICE FURNITURE LTD	19/F Tung Ning Bldg., 125-126 Connaught Road Centre, HK	852-544 7793	852-815 0045

SOFA FURNITURE IN HONG KONG

Company	Address	Phone n.	Fax n.
ASIA SOFA MFY LTD	Basement 2 Wai Chi Lane Shamshuipo Kowloon, HK	852-776 6678 (8 lines)	852-788 3500
FINE ARTS FURNITURE DESIGN & DECORATION CO	8/F Block L On Wah Industrial Bldg.,41-43 Au Pui Wan Street, Fo Tan Shatin, HK	852-606 7059,606 7430	852-687 2585
HENFIELD INTERNATIONAL LTD	17/F Unit 1701 Well Fung Industrial Centre,58-76 Ta Chuen Ping Street, Kwai Chung, HK	852-481 7777	852-481 7703
HONEST HARVEST CO LTD	Unit A Wing Lok Commercial Centre,154-158 Wing Lok Street, Sheung Wan, HK	852-815 5815,815 5819	852-854 1759

WOODEN FURNITURE IN HONG KONG

Company	Address	Phone n.	Fax n.
FINE ARTS FURNITURE DESIGN & DECORATION CO	8/F Block L On Wah Industrial Bldg.,41-43 Au Pui Wan Street, Fo Tan Shatin, HK	852-606 7059,606 7430	852-687 2585
GOLDPECKO TIMBER CO LTD	1/F 231 Lockhart Road, Wanchai, HK	852-802 2173	852-507 3000
MDF INTERNATIONAL LTD	11/F Block B 11 Yuk Yat Street, Tokwawan, Kowloon, HK	852-330 1673	852-330 6570
PACIFIC CENTURY RESOURCES LTD	Rm.1320 Hing Wai Centre, 7 Tin Wan Praya Road Aberdeen, HK	852-552 2475	852-552 2497

BEDROOM FURNITURE MARKET IN HK

Company	Address	Phone N.	Fax N.
FINE ARTS FURNITURE DESIGN & DECORATION CO	8/F Block L On Wah Industrial Bldg., 41-43 Au Pui Wan Street Fo Tan Shatin, HK	852-606 7059,606 7430	852-687 2585
HENFIELD INTERNATIONAL LTD	17/F Unit 1701, Well Fung Industrial Centre, 58- 76 Ta Chuen Ping Street, Kwai Chung, HK	852-481 7777	852-481 7703
HONEST HARVEST CO LTD	Unit A Wing Lok Commercial Centre,154-158 Wing Lok Street,Sheung Wan, HK	852-815 5815,815 5819	852-854 1759

CABINETS FURNITURE IN HONG KONG

Company	Address	Phone N.	Fax N.
BONTAP LIMITED	Rm 1311 Eastern Harbour Centre,28 Hoi Chak Street,Quarry Bay,HK	852-516 6212	852-562 5170
INDECO OFFICE FURNISHING	7/F Rm 702,Tai Sang Commercial Bldg.,24-34 Hennessy Road, Wanchai,HK	852-866 2928	852-866 0566

CHILDREN FURNITURE IN HONG KONG

Company
HONEST HARVEST CO LTD

Address
Unit A Wing Lok Commercial Centre,154-158 Wing Lok
Street,Sheung Wan,HK

Phone N.
852-815 5815,815 5819

Fax N.
852-854 1759

CHAIRS MARKET IN HONG KONG

Company	Address	Phone N.	Fax N.
AI (HK) CO LTD	10/F Rm1014-5 Kwai On Factory Estate,103-113 Tai Lian Pai Road,Kwai Chung, HK	852-422 0557	852-485 3513
BONTAP LIMITED	Rm1311 Eastern Harbour Centre,28 Hoi Chak Street,Quarry Bav,HK	852-516 6212	852-562 5170
GOLDPECKO TIMBER CO LTD	1/F 231 Lockhart Road,Wanchai,HK	852-802 2173	852-507 3000
INDECO OFFICE FURNISHINGS	7/F Rm702 Tai Sang Commercial Bldg.,24-34 Hennessy Road,Wanchai,HK	852-866 2928	852-866 0566
O'MEX DESIGN & OFFICE FURNITURE TRADING CO	7/F Rm7A King Win Factory Bldg.,65-67 King Yip Street,Kwun Tong Kowloon,HK	852-344 8898,868 5652	852-344 8898,526 6478
PROFLEX OFFICE FURNITURE LTD	19/F Tung Ning Bldg.,125-126 Connaught Road Centre,HK	852-544 7793	852-815 0045

DINING SETS FURNITURE IN HONG KONG

Company	Address	Phone n.	Fax n.
HENFIELD INTERNATIONAL LTD	17/F Unit 1701,Well Fung Industrial Centre,58-76 Ta Chuen Ping Street,Kwai Chung,HK	852-481 7777	852-481 7703
HONEST HARVEST CO LTD	Unit A Wing Lok Commercial Centre,154-158 Wing Lok Street,Sheung Wan,HK	852-815 5815,815 5819	852-854 1759
MEI HO TRADING CO	Rm2302 Whart Cable Tower,9 Hoi Shing Road,Tsuen Wan New Territories,HK	852-411 0044	852-498 0772
PACIFIC CENTURY RESOURCES LTD	Rm1320 Hing Wai Centre,7 Tin Wan Praya Road Aberdeen,HK	852-552 2475	852-552 2497
WING HUAN MARBLE & FURNITURE IND.,CO	Unit 9 6/F Block B,New Trade Plaza,6 on Ping Street Shatin,NT HK	852-2483 3922	852-2483 1265
YUE KEE RATTAN FACTORY	G/F 77 Queen's Road East,Wanchai,HK	852-528 1560,4647077	852-466 0169

FIBREGLASS FURNITURE IN HONG KONG

Company	Address	Phone n.	Fax n.
HENFIELD INTERNATIONAL LTD	17/F Unit 1701,Well Fung Industrial Centre,58-76 Ta Chuen Ping Street,Kwai Chung,HK	852-481 7777	852-481 7703
PACIFIC CENTURY RESOURCES LTD	Rm1302 Hing Wai Centre,7 Tin Wan Praya Road Aberdeen,HK	852-552 2475	852-552 2497

KITCHEN CARBINETS FURNITURE IN HONG KONG

Company	Address	Phone n.	Fax n.
HONEST HARVEST CO LTD	Unit A Wing Lok Commercial Centre, 154-158 Wing Lok Street, Sheung Wan, HK	852-815 5815, 815 5810	852-854 1759
MEI HO TRADING CO	Rm 2302 Whart Cable Tower, 9 Hoi Shing Road, Tsuen Wan New Territories, HK	852-411 0044	852-498 0772

HOTEL & RESTAURANT FURNITURE IN HONG KONG

Company	Address	Phone n.	Fax n.
GOLDPECKO TIMBER CO LTD	1/F 231 Lockhart Road,Wanchai,HK	852-802 2173	852-507 3000
HONEST HARVEST CO LTD	Unit A Wing Lok Commerical Centre, 154-158 Wing Lok Street,Sheung Wan,HK	852-815 5815,815 5819	852-854 1759
LEIGH BROTHERS FURNITURE LTD	Rm226 Block 1 Tai Wo Hau Factory Estate,ShaTsui Road.Tsuen Wan.HK	852-407 6891	852-407 6223
MDF INTERNATIONAL LTD	11/F Block B,11 Yuk Yat Street,Tokwawan Kowloon,HK	852-330 1673	852-330 6570
PACIFIC CENTURY RESOURCES LTD	Rm1302 Hing Wai Centre,7 Tin Wan Praya Road Aberdeen,HK	852-552 2475	852-552 2497
UNIQUE COLLECTION	14/F B13 Kailey Industrial Centre,12 Fung Yip Street,Chaiwan,HK	852-889 8189	852-889 8015
WING HUAN MARBLE & FURNITURE IND.,CO	Unit 9 6/F Block B New Trade Plaza, 6 on Ping Street Shatin, NT, HK	852-2483 3922	852-2483 1265
YUE KEE RATTAN FACTORY	G/F 77 Queen's Road East, Wanchai, HK	852-528 1560,464 7077	852-466 0169