

BRITISH CHAMBER OF COMMERCE IN HONG KONG
Annual General Meeting, 28th September 2021
Chairman's Report

Introduction

Ladies and gentlemen, I would like now to present my report for the Chamber's financial year ended 31st December 2020 and for the period of my Chairmanship since the last AGM.

Our Treasurer, Paul McSheaffrey will give a more detailed report on the financial outcome for the year. However, I would like to make a few comments.

We have reported a loss of more than HKD 1 million for the year. In normal circumstances this would be a wholly unacceptable outcome. But, as you all know, 2020 was not a normal year. Along with many of our members we were severely impacted by the effect of the global COVID-19 coronavirus pandemic.

A large part of the Chamber's offering is a form of "hospitality". We offer our members networking and event opportunities where we meet in person often over breakfast, lunch or dinner. The social restrictions, introduced in the first quarter of 2020, prevented nearly all of our networking and in person events. This was the biggest reason for our financial downturn.

At the General Committee we debated how best to respond to these circumstances in the expectation that we would be able to resume a normal level of activity as soon as possible.

We focused on three objectives:

- An ongoing level of interaction and communication with our members through virtual events;
- An ability to continue with our best-in-class advocacy and policy work; and
- An operating platform that we could quickly reactivate once we saw the back of the pandemic.

It is a reflection of the strength of the chamber that we were able to move to online arrangements quickly and flexibly to support these objectives and that our members continued to derive value from these activities.

I don't think any of us predicted that nearly 20 months later we would still be living with the impact of this pandemic. We continue to debate how best to size the chamber and how to deliver the best service to our members. I remain convinced that we should not reduce our activity levels any further and that we should be prepared for the moment when we can resume normal operating activities. This means maintaining our staffing and operations at a level for more usual times whilst also responding to the unique and often volatile set of circumstances prevailing through the pandemic.

Despite our loss for 2020 I do believe that the chamber is in a comfortable financial condition and that it is run prudently and with regard to the right financial metrics whilst also ensuring that we can continue to provide the right level of service to our members.

Let me now turn to the economic and business backdrop in Hong Kong over the last twelve months or so.

Business Background

At last year's AGM and reporting on the activities of 2019 I noted that the economic and societal challenges in Hong Kong had been unique.

I also made reference to some of the significant changes in 2020, including the COVID pandemic, The National Security Legislation, the US Hong Kong Autonomy Act and so on.

These and other more recent events have been at the front of our minds as we have sought to help and guide the membership through the consequences for their businesses.

In responding to this level of political and economic activity we have simply sought to understand better the impacts for our members and to lobby the Government for policies where these might be helpful or, in our view, necessary to support or alleviate the external challenges facing our members.

Covid-19

Let me turn specifically to the work we have done in lobbying the Government on its programme for dealing with COVID-19.

We were quick to acknowledge that the Hong Kong Government has excelled at controlling the spread of COVID in the community. To date there have been a little more than 12,000 cases only and 213 deaths in Hong Kong. Most of the recent recorded infection cases have also been registered at the border as "imported cases"

We have also been supporters of the Government vaccination programme. To date some 66% of the population has received its first dose. However, the rate of take-up has started to decline and the level of vaccinations in citizens aged 80 and above remains persistently low. We will continue to do what we can to support and encourage vaccination.

We have for the most part supported the Government in its management of social restrictions although we have been encouraging a quicker opening of hospitality arrangements.

Whilst we understand the necessity to monitor arrivals at the border for COVID and to enforce a level of quarantine we have, on the other hand, also lobbied to permit greater freedoms for vaccinated travellers. We have stated that vaccinated travellers should get more credit and that a three-week quarantine programme is excessive.

Finally, we have lobbied the Government for a “road map” – that is an indication of the criteria which need to be met to allow greater freedoms both for gatherings in Hong Kong and for arrivals at the border.

We will orient our lobbying work on COVID based on these four principles:

- Continue to encourage community vaccination;
- Permit greater freedoms and give credit to vaccinated travellers so that quarantine can be kept to a minimum and preferably at home;
- Lift social restrictions for gatherings – particularly where attendance can be limited to vaccinated individuals;
- Provide a road map to show how Hong Kong can exit from the current arrangements.

Greater Bay Area

The Chamber has, in my view, become a Thought Leader amongst business associations in analyzing the business opportunities of the Greater Bay Area (“GBA”).

In 2020 we produced two papers advocating for a number of different business segments and how they might benefit from the GBA opportunity, including some policy proposals. Both these papers are available on our website.

In June of this year, we also held a day-long GBA Summit. This was a major achievement for the chamber:

- It was content rich with two plenary panels and four breakout sessions examining the opportunities for financial markets, infrastructure and smart cities, professional services and technology;
- The event was our first major hybrid event consisting of online and some in person attendance and more than 500 attendees;
- We had 33 speakers in total, including seven senior Government officials

Finally, we were honoured and fortunate that the Chief Executive agreed to open our event with a key-note address.

We continue to work with other British Business Associations in Macao and the mainland and of course with our partners at the DIT to make sure we stay on the front line of all GBA developments. Our memberships is very supportive and we have a depth of understanding across so many industries that really our work on GBA is, in my view, unique.

Other Policy Work

Our policy work beyond the focus on GBA has also continued and is led by our Business Policy Unit. This includes the submission we make every year in respect of the Chief Executive’s Policy Address. We completed the work and made our submission for 2021 in July of this year ahead of many other chambers and business associations in Hong Kong. This was a thorough piece of work and relied heavily on

contributions from our business sub committees. I know the final document has been widely distributed across Government and with other business associations and think tanks and has had a powerful impact.

We have also worked on a number of different but related COVID areas, including:

- The Government Loan Guarantee Schemes for SME's;
- How to open borders with the use of COVID passports;
- The reopening of schools and international school enrolment;
- An Infra Action Plan to get the considerable backlog of building projects under way;
- The process for deciding how the Central Harbourfront Site 3 development should be awarded;
- The Smart Port Initiative to connect global supply chains;
- Hong Kong's Cancer Treatment Strategy;
- Hong Kong's Digital Health Strategy

Following on from the National Security Legislation sub-committee we have also established sub committees on the Anti Doxxing legislation and the proposed Anti Foreign Sanctions Legislation to better understand the impact of these new and uncharted areas of legislation for many of our members. As a result of these sub committees, we have sought greater clarification from Government and will continue to monitor these developments and report back to the membership when we can.

The output from each of these initiatives can be found on our website.

Relationship with the Hong Kong SAR Government

I believe that our relationship with the HKSAR administration has grown from strength to strength in the course of the last 12 months.

I have mentioned that the Chief Executive agreed to open our GBA Summit. I am sure she accepted our invitation to give the key-note address because she and her administration see the value of the chamber's contributions to the business, in particular in GBA.

We have ready access to the Chief Secretary for Administration and a frequent dialogue with the Secretary for Commerce & Economic Development when we can lobby and share our thoughts on business and other policy initiatives.

As one of the largest international chambers we have a responsibility to reflect as accurately as we can the views of our members on the business developments in the SAR. The HK SAR Government wants to hear our views and is keen to understand what our members are saying on the issues of the day.

Interaction with the United Kingdom

We nurture and maintain, in my view, an excellent relationship with the British Consulate in Hong Kong. In the course of the last nine months there has been a changing of the guard with the departure of the Consul General, Andy Heyn, and the

DIT Director General, Paul McComb. Whilst we were sad to see them leave, there has been plenty of continuity with the recent arrival of the new Consul General, Brian Davidson, and the new DIT Director General, Nick Heath. Indeed Brian Davidson has agreed to speak at an in-person event with the chamber later in October and I am sure this will be a very popular event.

We have jointly worked with the DIT on an awareness campaign for the 26th Conference of Partners ("COP 26") which will take place in Glasgow in November. This has been organized around a number of events and has covered four themes:

- The Future of Food;
- Energy Transition;
- Logistics & Transport; and
- Green Finance (on 27th October)

The green finance half day event will take place with contributions from both London and Hong Kong participants.

The Executive Director and I carried out our annual London Door Knock in January of this year. The pandemic meant we had to do this virtually. We met with many UK based stakeholders in Business, Government and Parliament via video conference calls to discuss Hong Kong. We are thankful to the Consulate for helping us with these arrangements.

I have summarized the output of these meetings elsewhere, including some of the misunderstandings on the state of Hong Kong that we have tried to correct. The single positive message that emerged from all our meetings is that UK stakeholders care deeply about Hong Kong and want Hong Kong and British business in Hong Kong be successful.

Relationship with the mainland Government

Over the course of my chairmanship the chamber's engagement with the Mainland Ministry of Foreign Affairs in Hong Kong has certainly deepened. We have two or three meetings a year and all at the behest of the ministry. I interpret this positively. The meetings are designed partly to deliver messages but also allow mainland officials to listen to our concerns and understand the issues for international business. We have heard on each occasion how the members of BritCham are important contributors, not just to economic prosperity, but also to the fabric and culture of Hong Kong.

Membership

With the negative effect of Covid-19 on business activity the General Committee and the Executive Team have focused on making sure we keep the Chamber membership at the core of all our activities and that we deliver value for your money.

We have seen some attrition. In 2020 we lost 286 and gained 206 members. A net deficit is a concern and we need to understand how we can better win the support

and trust of any member who decides to terminate its membership. I am pleased to report, however, that we had a net gain of two new sterling members in 2020.

Conclusion

Ladies & Gentlemen before I conclude my address today, I must pay tribute to the General Committee and all the Sub Committee Chairs. I want in particular to thank the two Vice Chairs, Anne Kerr and Jeremy Sheldon, and the Treasurer, Paul McSheaffrey, who have all been unstinting in their support over the last twelve months.

Despite the challenges of the pandemic the Business Sub Committees have continued to meet and discuss the business issues of their sub sectors. This is not only essential work but an essential way for the chamber to maintain its dialogue with members. I am truly grateful to all the sub-committee chairs for their time and dedication.

We have, by the way, established a new and vibrant Creative Industries Committee which has started to meet and is already proposing some exciting event opportunities. Creative Industries have been identified as one of the contributions that Hong Kong can make under China's 14th Five Year Plan and this is also an area where British talent and business can play a significant role.

Today we see three Voting Members step down from the General Committee: Rebecca Sharpe (from Cathay Pacific), Alex Newbigging (from the Jardines Group) and William Lau of BSC Group. They have all given generously of their time and counsel and I thank them for this. I personally will miss their support on GenCom although I am sure we will stay in touch and that they will continue to support the chamber.

The Executive Team, under the leadership of David Graham, has worked with diligence and dedication in the face of the uniquely challenging circumstances of the COVID restrictions. They have shown creativity, flexibility and enormous good humour throughout the last twelve months. The fact that we have stayed open for business and able to serve the interests of our members is a tribute to each and every one of them and I extend a particular hand of thanks to them all.

At the end of today's AGM, the newly voted General Committee will have a separate meeting to elect the officers of the Chamber for the period to the next AGM. I have offered to stand again as Chairman, extending my term to four years in total and thereby completing my second two-year term. I recognize that this is unusual. The economic backdrop, the levels of advocacy and the number of critical initiatives under way inside the Chamber today are truly exceptional. It would be my honour and pleasure to serve until the next AGM.

Ladies and Gentlemen, I certainly do not want to tempt fate by calling an end to the pandemic or even the beginning of the end. But I am sure that once we get through this extraordinary period Hong Kong will return to a renewed level of business vibrancy. In the meantime, notwithstanding the challenges, Hong Kong remains an

exciting market for business, an enjoyable place to live and a wonderful opportunity for friendships.

Ladies & Gentlemen, the great English Romantic poet Percy Bysshe Shelley is supposed to have said "Fear not for the Future; Weep not for the Past". He was like all romantics an optimist. (His optimism was probably misplaced, by the way, since he drowned, aged only 29, in a terrible storm off the coast of Sardinia).

All of us involved in Hong Kong's business community should have no fear of the future. The landscape is exciting and full of opportunities. It is the job of the chamber to throw us much light as possible over those opportunities and to provide a platform where our members can network for discussion.

I am probably not a Romantic but I am certainly an Optimist.

Thank you very much.