BRITAIN

IN HONG KONG

The Official Magazine of The British Chamber of Commerce in Hong Kong **Issue 55 Jul-Aug 2018**

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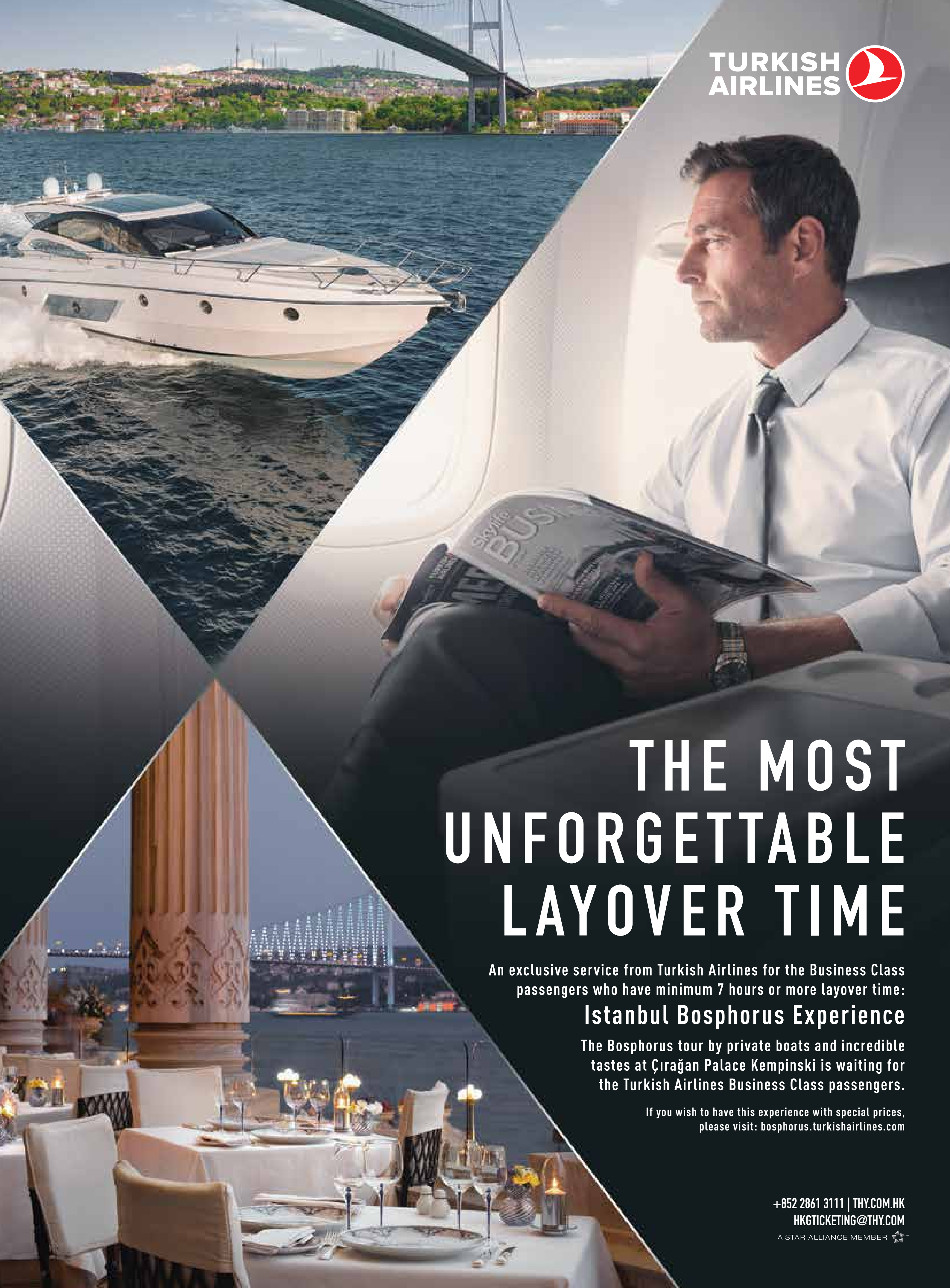
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BRITAIN IN HONG KONG

July – August 2018

The Official Magazine of The British Chamber of Commerce in Hong Kong

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The British Chamber's Sterling Members

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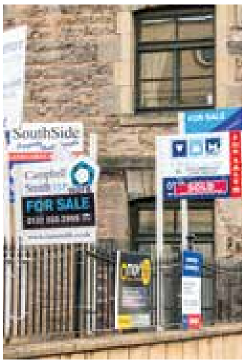

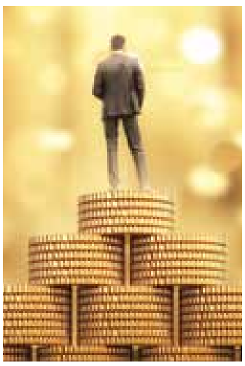


Dear British Chamber members,

I am honoured to have been elected as Chairman of the Chamber and delighted that Anne Kerr and Rupert Hogg have agreed to become Vice Chairs and Simon Donowho to continue as Treasurer. The Chamber is one of the most active and respected business chambers in Hong Kong and I am fully cognisant of the responsibility to represent our members' interests to the best of our abilities. We, together with the newly-elected General Committee, look forward to serving in our roles and doing just this.

I would also like to record my thanks to the outgoing Chairman, Mark Greenberg, for his outstanding leadership over the last two years and for his invaluable contribution to the Chamber over a much longer period. I have had the honour of working with Mark, as one of his Vice Chairs, and I have seen firsthand the rigour and discipline with which he has chaired meetings and events, and his passion for our purpose. I don't think a meeting went by where he did not remind us that Hong Kong is not only open for business but also one of the best places in the world to support enterprise. We owe him a collective debt of gratitude. And I owe him a personal debt of gratitude for the way he has helped prepare me for this job over the last few transitional weeks.

When Mark took over as Chairman, two years ago, we had just learned the outcome of the referendum on the UK's membership of the European Union.

Today, as I write my first Chairman's message, I am conscious that we are just a few months away from the actual exit. The support for our members in Hong Kong has, in this context, never been more important and we will continue to help you formulate your views and understand the consequences as policies are developed and guidelines proposed.

I also believe that Hong Kong has a pivotal role in extracting the best from the exit decision. The Chamber has been careful not to take a position on the politics of Brexit and that will continue to be the case. Nevertheless, as a consequence of the decision, it is clear that the UK government wants to support British businesses as they develop the opportunities in markets away from the European Union, with Hong Kong and other markets in this region a high priority.

In this context the Chamber will continue to support our members in analysing, understanding and better presenting these opportunities, including the Belt & Road Initiative, the Greater Bay Area, China Opening, and how to benefit from the FTA with ASEAN. And when I juxtapose this agenda with the extraordinary developments in AI, fintech, healthcare, logistics, green technology and big data, that are right on our doorstep, I could not be more excited for business in Hong Kong.

It is also our job to reflect back to United Kingdom stakeholders the pivotal role that Hong Kong can play in pursuing these opportunities and how our members can help.

The Chamber is an organisation run for the benefit of its members. Our speaker programme, the idea flow from our committees, the thought leadership from our events and the networking that takes place inside Chamber meetings are a testament to the extraordinary contribution of our members. I know I speak for the entire General Committee when I say we are truly grateful to you for this engagement. It is the key to the Chamber's success. When I consider the changes and opportunities in the business landscape ahead, the more we should value this network, learn from and encourage each other and enjoy the wonderful congeniality the Chamber offers.

I strongly encourage all members to get actively involved to ensure the Chamber continues to develop and deliver as an effective network and voice for its members. The General and Executive committees do not have a monopoly on the Chamber agenda. We want to hear from you if there is a subject that we have overlooked or needs more airtime. I would be happy to hear from you myself or contact the Chamber Executive. Please do come to our events, join our committees and make your voice heard. We need more, not less, of this.

None of the Chamber's activities would be possible without the wonderful dedication of Andrew Seaton and the executive team. I am indeed grateful for their hard work in the daily delivery of the high quality services to our members.

The Chamber is also about having fun. On a lighter note I encourage as many of you as possible to sign up for a table at the Chamber Annual Ball which this year will take place at the Grand Hyatt on Friday, 7th September.

Once again – thank you for entrusting me with this role and I look forward to meeting and getting to know more of you as the year ahead rolls out.

Peter Burnett

Peter Burnett

Chairman,
The British Chamber of
Commerce in Hong Kong

Peter Burnett Elected Chairman of the British Chamber of Commerce in Hong Kong

The Chamber held its Annual General Meeting on Thursday 7 June 2018 at the Hong Kong Club and Peter Burnett, Standard Chartered Bank Hong Kong Ltd, was elected as the new Chairman of the Chamber for 2018 - 2019. In the outgoing Chairman's report Mark Greenberg, Jardine Matheson, looked back on a busy and successful year for the Chamber and thanked members for their support during his Chairmanship.

The meeting also saw Anne Kerr, Mott MacDonald, re-elected and Rupert Hogg, Cathay Pacific Airways Limited, elected as Vice-Chairs.

Mr Burnett said: "I am honoured to have been elected as Chairman of the Chamber and delighted that Anne Kerr and Rupert Hogg have agreed to become Vice Chairs. The British Chamber is one of the most active and respected business chambers in Hong Kong. With the UK's exit from the European Union and the greater focus this will bring on opportunities for UK business in this region, with opportunities flowing from the Greater Bay initiative, and Belt and Road, and with the great pace of innovation and technological change, this is going to be an exciting and crucial period for Hong Kong. Chamber member companies include some of Hong Kong's biggest investors and employers. We look forward to continuing to contribute to Hong Kong's success as the leading international business and financial centre in the region."

A ballot was held to elect the new members of the General Committee and Chairman. The results are announced as follows:

Chairman: Peter Burnett, Standard Chartered Bank Hong Kong Ltd

Vice-Chair: Anne Kerr, Mott MacDonald Ltd

Vice-Chair: Rupert Hogg, Cathay Pacific Airways Limited

Treasurer: Simon Donowho, KPMG Corporate Finance Limited

Elected Directors:

Benjamin Birks, Zung Fu Company Limited

David Dodwell, Strategic Access Ltd

David Haigh, EY

Chris Harvey, Accenture

Stephen Kitts, Eversheds Sutherland

William Lau, B.S.C. Group Limited

Timothy Peirson-Smith, Executive Counsel Limited

Susheela Rivers, DLA Piper

Jeremy Sheldon, JLL

Stuart Tait, The Hong Kong and Shanghai Banking Corporation Limited


Peter Burnett


Anne Kerr


Rupert Hogg

The Chamber Extends a Helping Hand to Those in Need

In mid-May, the British Chamber team ventured out to Yau Tong, where Feeding Hong Kong headquarters is located, and spent a day volunteering at their warehouse. An organisation that collects surplus food from airlines, supermarkets, restaurants and cafes, Feeding Hong Kong redistributes it to various local charities around town. In a few hours, the team packaged 3.6 tonnes of food, providing up to 8,574 meals for those in need.

Every month, Feeding Hong Kong rescues up to 45 tonnes of potentially wasted food, working with volunteers such as ourselves, as well as 'Bread Runners' who collect bread from bakeries and cafes throughout the week.

The Chamber team was very proud to be able to extend a helping hand in this worthy cause. To find out more about how you can help out, visit www.feedinghk.org

Bupa Picks Up Top Prizes at Bloomberg Awards

Bupa won the "Excellence" prize in three categories – "Medical Care", "Health and Protection" and "Claims Management" – at the renowned Financial Institution Awards 2018 organised by Bloomberg Businessweek/Chinese Edition in Hong Kong on 25 May 2018.

Jonathan Quach, General Manager of Bupa Global Asia Pacific receives the award from Bloomberg BusinessWeek/ Chinese Edition

The awards recognise financial institutions who set exceptional industry standards in medical protection and professional service. Bupa attained the highest honour in its categories by providing a full suite of customer-focused products offering comprehensive health solutions and an excellent customer experience. The recognition further affirms Bupa as a global healthcare specialist and a leading provider in healthcare funding and provision in Hong Kong. Bupa is the UK's largest insurer and aims to be the most preferred healthcare partner for clients in Hong Kong, mainland China and across the Asia Pacific region.

Hey Travelista Launches in Hong Kong

Hey Travelista is a global travel platform designed to inspire people to travel and to offer a new way of booking your next holiday. The company focuses on a curated 5-star hotel experience – not just a room. Unlike OTAs and traditional travel agencies, it doesn't offer single night accommodation – all its offers are for a period of stay (min 2 or 3 nights) alongside value added inclusions for no extra charge. The longer you stay, the more inclusions you will get! Hey Travelista's offers are unique to the company and are sold on a limited time offer – this means that the packages are so competitive, they can only afford to sell them for a couple of weeks at a time. Hey Travelista works directly with the hotels to negotiate the very best offers and packages for its registered membership base.

HEY TRAVELISTA

As a very special offer, Hey Travelista is offering complimentary membership to Chamber members and an additional 5% off all bookings when you register at www.heytravelista.com and enter the Partner Code "HKBC18hmm", (until 30 September 2018).

Make Space In Your Diary for the 2018 British Chamber Annual Ball

> *Every year the ball has a fun theme, and in 2018 we will be blasting off into space and transporting guests to the stars for a space extravaganza.*

The highlight of the British Chamber's events calendar is our Annual Ball. It's the biggest fancy dress party in town, bringing together over 350 members from the international business community for a brilliant networking opportunity over drinks, food and dancing. We are delighted to announce that for the third year running, Jardines and Accenture will be the title sponsors for the event. The night is also the Chamber's biggest single fundraising initiative, and this year is no exception as we will again support two charities, to be announced. Every year the ball has a fun theme, and in 2018 we will be blasting off into space and transporting guests to the stars for a space extravaganza. Expect some familiar Star Wars, Doctor Who, and Marvel inspired costumes, and look out for the photos in the next issue of Britain in Hong Kong. You can book your seat at www.britcham.com

New Virgin Partnership Introduces Flights from London to Sydney via Hong Kong

Virgin Atlantic and Virgin Australia have announced the expansion of their new codeshare agreement, creating more travel options between the UK and Australia – and giving customers the opportunity to travel around the world purely on Virgin airlines.

Now travelers who book through Virgin Atlantic will be able to buy tickets directly to Sydney, connecting via Hong Kong, onto Virgin Australia services. The new codeshare is available on flights departing from 2nd July. The new Sydney service is in addition to the Melbourne flights, whose codeshare services launched earlier this year. Customers travelling through LA are already able to fly directly to Sydney, Melbourne and Brisbane as part of the codeshare.

The Chamber Supports Bring Me A Book

Last year at The Summer Ceilidh, the Chamber raised over HK$20,000 for Bring Me A Book™ Hong Kong, an organisation to encourage family literacy, which strengthens family and community bonds and creates a love of learning. They provide children's books to underprivileged children in Hong Kong, training for parents and teachers at nurseries, kindergartens and health clinics.

The donation has been used to install a bookcase library at Caritas Lok Miu Early Education & Training Centre. The centre provides training and educational services to children who are disabled, suffer from developmental delay, and are born prematurely or with congenital diseases.

To find out more about how you can volunteer or donate, visit www.bringmeabook.org.hk

Sponsored by SCOTTISH DEVELOPMENT INTERNATIONAL

The Rt Hon Nicola Sturgeon, MSP, First Minister of Scotland

13 April 2018

On Friday 13 April, the Chamber welcomed the Right Honourable Nicola Sturgeon MSP, the First Minister of Scotland, for a distinguished speaker luncheon.

The First Minister was quick to acknowledge the historical ties between Hong Kong and Scotland, going back many generations, but wanted to use her trip to reinforce the fact that the links between the two are not just based on that long history, but focused on the future.

There were several areas the First Minister mentioned in which Scotland had a competitive advantage for attracting foreign investment, namely in areas such as education, green energy, and technology. Edinburgh was recently named the best city in Europe to set up a technology company, and its university consistently scores highly in global university rankings.

The Scottish government has recently legislated that by 2022, 50% of public sector boards should be made up of women, and the First Minister acknowledged that the biggest change in recent years is the recognition that gender equality has been more widely accepted as better for the success of boards and in improving the bottom line. She does not have power over the private boards in Scotland but hopes that the legislation will encourage private companies to follow suit and reflect on the diversity on their own boards.

Our thanks go to Scottish Development International for their support of this event, to Highland Spring for their sponsorship, and to the Island Shangri-La team for their fantastic service.

The Rt Hon Lord Coe, CH KBE

2 May 2018

Lord Sebastian Coe, President of the International Association of Athletics Federations (IAAF) and the Executive Chairman of CSM Sport & Entertainment, joined the Chamber in early May to discuss the developments and impacts of sport over the last decade. As an athlete, he won Olympic gold medals in the 1,500 metres in 1980 and 1984 and set 12 middle-distance world records. He went on to become the Member of Parliament for Falmouth and Camborne and later chaired the London Organising Committee of the Olympic and Paralympic Games.

Lord Coe highlighted that much has changed in the last 10 years and technology has certainly played a significant role. The London 2012 Olympics saw more social media activity in the first two hours of the opening ceremony than the entire Beijing Olympics in 2008. Lord Coe believes that Tokyo will be the driver of the Olympic Games moving forward and is excited to see what they will deliver.

Lord Coe said that, whilst sport has changed a lot, there is still a long way to go. Sport needs to appeal to the young, it needs to encourage gender equality and inclusion (the Gay Games is coming to Hong Kong in 2022 and is an important example of this effort), and it needs to have a clear vision to attract good brands and maintain momentum.

Sponsored by BARCLAYS

The Digital Transformation Challenge

11 May 2018

On 11 May, the British Chamber's Women in Business committee was delighted to host Dr Kim Winser OBE, Founder and CEO of Winser London, as part of the Inspirational Women Series sponsored by Barclays.

Kim explained some of the reasons behind why she chose to start her own brand, Winser London, after years of experience as CEO of big British brands such as Marks & Spencer, Pringle of Scotland, and Aquascutum. She spoke at length about the importance of acknowledging, and responding to, the increased power of the consumer. A consumer using digital demands more. Companies need to respond with more transparency, more speed, and more agility. This is something that can't be fixed with just an additional digital process or an extension of existing practice, and Kim suggested that companies need to look at disrupting the core business model to adapt to this change.

She also spoke of her experience as a non-executive director on the boards of the Natural History Museum, and also the Hong Kong and Shanghai Hotels group, noticing the impact of a more diverse board in prompting significant and beneficial changes to companies.

A big thank you to Barclays for their continued support of the Inspirational Women Series, and to our fantastic moderator Kirti Lad, Executive Director at Meraki Executive Search and Consulting.

Experts Give Their Views on Impact of New Privacy Laws

16 May 2018

Ahead of the much-discussed General Data Protection Regulation (GDPR) launched in May, the Chamber held a panel event bringing together experts across fields including financial crime, cybersecurity, law and regulatory affairs to discuss the colliding worlds of privacy regulations, financial technology and financial crime.

The panellists outlined the significant sanctions which companies can be hit with if they are not compliant. This will be a particular challenge for SMEs to ensure they are compliant given the resources and expertise needed. It was noted any company – large or small – operating in multiple countries has to deal with a span of privacy laws globally. It is now the cost of doing business. However, the benefit of GDPR for those operating in Europe is having just one standard to meet across 27 countries.

The group discussed the tension between an individual's data protection, right to be forgotten etc, and regulations to combat money laundering, terrorist financing and so on. It was concluded that neither should have priority over the other. However, there must be more collaboration between regulators and privacy commissions, as well as between governments and private business to ensure successful efforts from both sides.

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Gender Pay Parity – Does it Make a Difference?

6 June 2018

Between Hollywood's Time Up movement, and the ramifications of new gender pay reporting legislation in the UK, the issue of a gender pay gap has been dominant in the news this year. Never one to shy away from a good debate, the Chamber's Women in Business committee this year looked to tackle this thorny issue with a panel featuring Hong Kong LegCo member Kenneth Leung, Kathryn Weaver from law firm Lewis Silkin, Adrian Warr from communications firm Edelman, and Deirdre Lander from advisory company Willis Towers Watson. The discussion was moderated by Avril Parkin from Thomson Reuters.

The difference between equal, or fair, pay and pay parity was something that was highlighted early on in the discussion. Equal pay (where two individuals doing the same job are paid the same) is widely to be expected in a company, but pay parity (where men and women across an organisation are paid the same) is quite a different matter. Is it achievable? Even if we get to a point of pay parity across all companies, is it really solving the problem of inequality in the workplace? Or is it just a symptom of an underlying male-dominated meritocracy that pervades not just the workplace but wider society?

The discussion raised many important questions, and each of the panellists ended the night by giving their own takeaways on what businesses can do now to try to assess any imbalance, and also some thoughts for the future in the age of AI and automation. The discussion continued amongst the speakers and guests long after the panel had formally ended.

It was a thought-provoking and lively evening, and a big thank you is in order to our title sponsor Lewis Silkin, and also to our host Thomson Reuters, for making this event possible.

New British Chamber Members for April/May 2018

Charles Russell Speechlys

Charles Russell Speechlys is a law firm headquartered in London with offices in the UK, Europe, the Middle East and Asia. We have an unusually broad range of skills and experience across the full spectrum of business and personal needs.

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Legal
Corporate

DP World

DP World is a leading enabler of global trade and an integral part of the supply chain. We operate multiple yet related businesses – from marine and inland terminals, maritime services, logistics and ancillary services to technology-driven trade solutions.

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Maritime Port Operations
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Ryder Architecture is an international design practice established in Newcastle in 1953. Ryder also has teams in London, Glasgow, Liverpool, Hong Kong and Vancouver. Projects range in value from $500,000 to $3,000m in a wide range of sectors.

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Safe as Houses

With Hong Kong's seemingly unstoppable property boom, some buyers are looking overseas for cheaper investments. But not every deal is as good as it may look. – By Sarah Graham

For many people living and working in Hong Kong, owning a property in the city will likely only ever be a pipe dream.

In January this year, Hong Kong was named the world's least affordable city by US planning consultancy Demographia for the eighth successive year, beating other markets that have proved red hot in recent years, including Sydney and Vancouver. The survey found the median property price in Hong Kong is now 19.4 times the median income. That compares to 8.5 in London, which has also been reported to be experiencing an affordability crisis.

It's easy then to see the allure of looking overseas for cheaper real estate. And buying an "off-plan" property – those that have been designed but are yet to be built – can be an even more attractive prospect for an investor looking to shell out less for a desirable property.

If you've never purchased an off-plan property – or a buyer-led scheme as they're also known – here's how it works. Developers draw up authority-approved plans which they then advertise through real-estate agents and exhibitions. The attraction for the investor is simple: they buy the off-plan property for up to 35%

cheaper than the market price on completion. The benefit for the developer is that they raise a significant amount of capital before they even purchase the building materials.

Marcus Sohlberg of AsiaPropertyHQ explains: "Investors normally don't pay for the complete property up front, but an initial deposit of around 10%, and sometimes with continuing payment instalments. These will be put at stake in case the developer defaults or can't finalise a project. In case a developer defaults on a project, a solution can be that another developer takes on the project and finalises it."

Sounds like a win, win situation? In many cases, it is. However, a number of Asian investors have found themselves in hot water after investing in developments that are now standing half-completed, or worse still, not even started. One example is the Angelgate development in Manchester, UK. Billed as "an original and inspiring place to live" on the website of Emerging Developments Property Investment Specialists, the development would comprise 334 one-and two-bed luxury apartments, a concierge, fitness suite, landscaped gardens and car parking. Early investors were promised a 7% yield assured for two years after its scheduled completion in February 2016.

But things didn't go according to plan. A number of investors from Hong Kong contacted Greater Manchester Police in December 2016 complaining they had between them ploughed millions of pounds sterling into the scheme yet construction had stalled. It soon emerged that the construction company, PHD1 Ltd, had gone into liquidation. Developer Far East Consortium (FEC) has since acquired the Angelgate site, which borders its £200 million MeadowSide development of 756 apartments and town houses.

MeadowSide and Angelgate sit on the doorstep of Manchester's Northern Gateway,

> *(New) guidelines will be effective in governing the sale of overseas property, they enforce that the project has received development consent from their local governing body, they ensure that the agency in Hong Kong has implemented due diligence reports and they also enforce that the Hong Kong agency research the validity of buying restrictions for the given project.* – *Harrison Chapman, Senior Operations Manager at Colliers International*

an investment partnership between FEC and Manchester City Council to deliver 15,000 new homes across the northern side of central Manchester over the next decade.

Gavin Taylor, Regional General Manager of FEC Manchester, said: "Having acquired the Angelgate site at auction, we will prepare new plans for a residential development and hope to submit a revised planning application to Manchester City Council before the end of 2018."

Great Manchester Police has since passed its investment fraud investigation to Titan, the North West Regional Organised Crime Unit. A spokesperson said: "There have been a number of referrals from different police forces concerning investment fraud."

The initial plan submitted by developers of Manchester's Angelgate project

Tips from Knight Frank for purchasing off-plan property:

- Be cautious on the selection of property consultancy
- Understand the tenure of the property
- Understand the economic and social situation of the country
- Familiarise yourself with the property information, market conditions and the appreciation potential of the property
- Arrange for property and site viewing
- Weigh in on the options for payment
- Stay informed on taxes and property management
- Calculate the purchasing power
- Be aware of currency exchange rate fluctuations
- Look into bank mortgage and monthly payment methods

While in some countries there are regulations governing the sale of such properties, in others there is no redress or financial life raft.

In Hong Kong, however, changes are afoot in terms of regulating licensed real estate agents selling property overseas following the introduction in April of new guidelines issued by the Estate Agents Authority of Hong Kong. Any licensed agents found in breach of the regulations may be subject to disciplinary action by the authority.

Harrison Chapman, Senior Operations Manager at global real estate firm Colliers International, welcomes the new regulations. "These guidelines will be effective in governing the sale of overseas property. They enforce that the project has received development consent from the local governing body, they ensure that the agency in Hong Kong has implemented due diligence reports and they also enforce that the Hong Kong agency research the validity of buying restrictions for the given project," he said. "In saying this, I must stress that investors do their own due diligence and only purchase from reputable agencies that work for established developers."

Talk to many people in the real estate business about buying off-plan, and the message is clear: do your homework before you invest.

Mei Han Wong, Executive Director - Head of International Project Marketing at Knight Frank says: "As property prices in Hong Kong continue to soar, many investors are keen to diversify their investment portfolio by investing overseas, in particular new-build properties which are increasing in popularity to international investors due to a competitive off-plan price and minimal work prospective buyers need to do. However, as with any forms of investing, there are areas which buyers have to fully understand before putting the money into property overseas."

Christopher Dillon author of the Landed series of real estate books, agrees investors must do their own due diligence.

"Find out who the builder is. Have they completed projects in this city before? Were the projects delivered on time and on budget? Is the developer in financial difficulty or being sued by unhappy customers?" he says.

"I find it astonishing that anyone would buy sight unseen in a city they've never visited. If I was spending US$500,000 on a home, I'd get on a plane

and walk the neighbourhood to see what's nearby – like brownfield sites or social housing – and see if the area is being gentrified or in decline. I'd check prices for comparable homes and visit projects that the developer completed five or 10 years ago, to see how well they've aged."

While that's clearly sound advice, it may not always be possible for a potential buyer to scope out a location, or check whether a developer has the correct permits to begin building. Jones Lang LaSalle (JLL), a leading professional services firm specialising in real estate and investment management, is one such licensed agent that does most of the due diligence footwork for clients.

"At JLL we do our due diligence with regards to the developers before we take on the project. We also ensure we have teams on the ground in those cities who can ensure what we're taking on will be a viable project.

– Anne-Marie Sage, Head of International Residential Property Services, Asia Pacific at JLL"

Anne-Marie Sage, JLL's Head of International Residential Property Services, Asia Pacific, says the agency, which has a global workforce of 83,500 operating in over 80 countries, prides itself on selecting the most reputable developers for its clients.

"At JLL we do our due diligence with regards to the developers before we take on the project. We also ensure we have teams on the ground in those cities who can ensure what we're taking on will be a viable project," she said.

As long as there's no end in sight to Hong Kong's property price boom, some investors will naturally seek cheaper, more spacious real estate overseas. But the message is clear. If you want more bang for your buck, be prepared to do your homework. B

Rates of Change

After years of stagnation, Hong Kong's interest rates began to rise in 2018. So what does the future hold? – By Jimmy Chow

Hong Kong interest rates have been edging up on the heels of US Federal Reserve (the Fed) rate increases that began at the end of 2015. The question is, how closely will local rates track their US counterparts down the road? And more importantly, what impact will this have on the health of the city's economy, in particular the housing market?

A number of factors this year have prompted concern among borrowers that Hong Kong mortgage rates will rise.

In mid-June, the three-month Hong Kong Interbank Offered Rate (Hibor), Hong Kong's short-term interbank lending rate, jumped by more than 20 basis points to reach 2% after the Fed raised its key overnight rate by 25 basis points to 2%.

This rise came on the back of the Hong Kong Monetary Authority (HKMA) increasing its base rate to 2.25% to follow the Fed's move. As local base rate goes up, the cost of borrowing by banks from Hong Kong's de facto central bank also increases, thereby exerting upward pressure on Hibor.

Under the currency peg, Hong Kong's benchmark rates are designed to track US interest rate movements, but the pace is subject to local liquidity and economic conditions. Within the peg, the value of the Hong Kong dollar has room to fluctuate –

known as a trading band – between 7.75 to 7.85 Hong Kong dollars to one US dollar.

Economists believe the pace of rate hikes in Hong Kong will remain slow. However, the ultra-low interest rate environment locally, which has shielded home loan borrowers from the effects of US rate increases for a while, will not last forever. Mortgage rates are likely to rise little by little from this year on.

Between 2010 and 2016, the three-month Hibor was close to zero. It began to climb, albeit modestly, in early 2016 and reached approximately 2% in June, a 10-year high. Having said that, there is still some way to go to rise back to the levels of 4-6% considered to be more "normal", according to the HKMA.

In a blog published in late May, Howard Lee, Deputy Chief Executive of the HKMA, reiterated that Hong Kong's de facto central bank would remain committed to pegging the HKD to the USD.

Ahead of the Fed's June 13 hike of 0.25%, he wrote that it is highly likely that the Fed would raise interest rates later this year. When it occurs, the negative spreads between short-term HKD interest rates and their USD counterparts, in particular the overnight rates, will widen, attracting more carry trades that sell HKD for USD, he wrote.

Under the HKD/USD peg mechanism, the HKD will likely weaken as a result of more carry trade activities. This process will lead to "normalisation of interbank liquidity and HKD interest rates".

Excess liquidity in Hong Kong as a consequence of zero interest rates and zero spreads in the past few years will be gradually mopped up by carry trades, arbitrage activities that seek to profit from the HKD-USD interest rate spreads risk free.

"We think the recent HKD depreciation towards the top of the 7.75-7.85 trading band, driven by widening USD-HKD interest rate differentials, is likely to culminate in HKMA intervention to defend a break of 7.85. This will result in reduced HKD liquidity and higher HKD interest rates," said Hamish Pepper, head of FX and rates strategy at Barclays Research based in Singapore.

> ***While higher Hong Kong interest rates will ultimately be needed to maintain the peg, we think the HKMA's comfort with this is likely to increase [later] this year as inflation rises. – Hamish Pepper, head of FX and rates strategy at Barclays Research***

But the HKMA's reluctance to withdraw liquidity more aggressively as a way to accelerate rate hikes reflects an aversion to inheriting tighter US monetary policy, given still-subdued inflation pressures locally rather than a waning commitment to the peg, he added.

Hong Kong's headline inflation rate moderated to 1.9% in April from 2.6% in March. "While higher Hong Kong interest rates will ultimately be needed to maintain the peg, we think the HKMA's comfort with this is likely to increase [later] this year as inflation rises," said Pepper.

Hong Kong's strong external balances, in part supported by strong China growth and in part by improving inbound tourism, will also help offset capital outflow

Hamish Pepper, Head of FX and Rates Strategy at Barclays Research

pressures, he furthered, citing Balance of Payment statistics. Hong Kong's current account surplus widened to 4.4% of GDP in Q3 2017, from 3.4% of GDP in Q1 2017, and is likely to hold up in 2018 as the global economy recovers.

Kelvin Lau, Senior Greater China Economist at Standard Chartered in Hong Kong, said the negative spread between the HKD and USD benchmark rates will continue to narrow. Yet, this gap may not completely disappear as long as the right balance is struck.

"It will be no surprise that HKD interest rates will eventually catch up with US levels as the Fed hikes rates, whether this year or next. After all, Hong Kong's benchmark rate has been well behind the US for some time and it's natural for the gap to narrow," he explained.

After multiple rounds of currency market intervention by the HKMA, Hong Kong's foreign currency reserve assets shrank to about US$434.4 billion at the end of April, from US$440.3 billion at the end of March.

"The war chest, by historical standard, still has very strong firepower to keep the local currency peg to the US dollar. My guesstimate is that one-month Hibor, as a proxy for short-term rate, will not go above 3% by the end of next year."

Kelvin Lau, Senior Greater China Economist at Standard Chartered in Hong Kong

Earlier this year, the Hong Kong Stock Exchange relaxed some of the listing rules to encourage tech firms with dual-class shareholding structure and pre-revenue biotech firms to list on the Hong Kong stock market.

According to Deloitte, the Hong Kong IPO market now stands a good chance to secure a top-three spot globally in terms of capital raising. As Hong Kong's IPO market heats up, it is common for a sought-after IPO to be oversubscribed by hundreds of times as investors borrow heavily to place orders. In other words, a substantial amount of local money could be locked up during a red hot IPO.

While it is expected that the forthcoming IPOs will likely cause a cash crunch and drive short-term rates higher, Lau believes the impact of a strong IPO pipeline this year on liquidity will be short-lived.

Sean Ellison, Senior Economist of Asia-Pacific for the Royal Institution of Chartered Surveyors (RICS), said mortgage rates would likely rise as 2018 progresses.

Respondents to the RICS Hong Kong Residential Market Survey are already reporting some tightening of credit conditions at banks, an indication that this excess liquidity is starting to dry up and mortgage rates in Hong Kong will become more sensitive to US rates.

“It will be no surprise that HKD interest rates will eventually catch up with US levels as the Fed hikes rates, whether this year or next. – Kelvin Lau, senior Greater China economist at Standard Chartered in Hong Kong”

By most indicators, housing in Hong Kong is among the most unaffordable in the world. The ultra-low interest rate environment is undeniably one key factor behind runaway home prices. It is now hoped that rate hike expectations will help moderate price growth.

Sean Ellison, Senior Economist of Asia-Pacific for the Royal Insitution of Chartered Surveyors

However, higher rates alone are not expected to bring about a reversal in home price inflation, particularly since Hong Kong banks must adhere to strict loan-to-value ratios when lending, Ellison said.

Since 2012 the Hong Kong government has implemented various cooling measures, from tightening mortgage lending to imposing stamp duty surcharges on second homes and non-Hong Kong buyers, in attempts to rein in price growth.

Although research by the IMF shows that these policies were effective in slowing home price inflation to some degree, they do not appear to have had as much impact as in similar markets like Singapore.

So You Want To Be a Non-Executive Director? Here's How.

NED roles can be demanding, but for many they're hugely rewarding.

– By Hannah Carmichael

Whether planning to create a plural career, heading towards retirement, or adding to an already impressive CV, non-executive directorships are high on the agenda for many executives. This is despite the very real legal liabilities and risks, the demanding workload and, in many Asian countries, relatively low pay. So why are NED roles so sought after and what can executives do to prepare for their journey to the boardroom?

A non-executive director (NED) role can be a rewarding way of staying involved in business once an executive career has come to an end. A NED will use their experience and skills to guide a company through decision-making in the interests of its shareholders, providing an oversight role, listening, advising and then ultimately leaving the executives to get on with the day job. For a handful of meetings a year, a few board papers to read and reasonable compensation, the appeal is understandable.

> *If you are looking to prepare for the boardroom, a good place to start is working out what value you can bring.*

The reality, however, can be very different. Meetings can average one a month, but 25 whole day meetings a year is not unusual – and that's just those that are planned. Then there are committee meetings on top. If a company is going through a major M&A deal, or is in crisis, a NED's workload can be tripled, often with very little notice. Board papers can be hundreds of pages long and require questions and clarity prior to the actual meeting. As for the compensation, according to Willis Towers Watson the median remuneration for a NED in a MidCap company in Hong Kong was just $217,000 in 2016/17.

However, when you speak to a NED about their role, whilst they will always say it's demanding, they are usually extremely enthusiastic about what they do. A NED position within a company that is the right fit can be hugely rewarding. Ian Stone, independent NED for the US$500 billion market cap internet company Tencent says: "Being an independent NED for Tencent and part of the company story has been an enormously fascinating and fulfilling experience. Tencent's significant success is down to a visionary, innovative and passionate team and it is a privilege to serve on the board."

If you are looking to prepare for the boardroom, a good place to start is working out what value you can bring. You don't have to be an accountant or lawyer with 40 years of practice behind you. It may be that you have developed expertise in new areas where companies have skill gaps, for example cyber security. According to Heidrick and Struggles Board Monitor Report 2018, directors view cybersecurity threats as one of the top five trends having the greatest effect on their company over the next five years, and only 28% of directors view themselves as having a high level of knowledge of cybersecurity risks. Another area could be HR – increasingly companies are being scrutinised for executive remuneration, so if you are an experienced HR professional, you could be a valuable addition to the board make up.

> ***"A NED will use their experience and skills to guide a company through decision-making in the interests of its shareholders, providing an oversight role, listening, advising and then ultimately leaving the executives to get on with the day job."***

Whatever your skill set and background, all non-executive directors should possess certain behaviours in order to be an effective member of the board. A non-executive director needs to leave their ego at the door, be diplomatic, supportive and provide a measured response. Building trust, understanding how to resolve conflict, remaining cooperative and constructive are all essential to avoid a board losing track, missing vital detail and ultimately letting the company down.

Taken seriously, the NED role is a job to be proud of. Preparation is key, as is not underestimating its value and importance. With corporate governance reforms ensuring more opportunities in Hong Kong are opening up, if you want to be a NED, now is a good time to take some steps towards your journey to the boardroom.

Hannah Carmichael
Programme Director NED Asia, Financial Times

With today's boards under more pressure than ever before, the Financial Times has designed a diploma to equip internationally-minded, independent non-executive directors for the specific requirements of the role. This in-depth learning assists INEDs to carry out their duties successfully for their own benefit and to increase long term value for companies whose boards they sit on. An international network of senior leaders opens up a life-long network for future learning, networking and support.

FT | NON-EXECUTIVE DIRECTOR PROGRAMME

What Sells in Hong Kong Sells in China

The Belt and Road and Greater Bay Area initiatives are potentially huge for UK businesses exporting to Hong Kong and mainland China.

– By Paul McComb

Having spent the previous 18 months leading the set-up of the new UK Department for International Trade, I arrived in Hong Kong in December 2017, as the new Director General for Trade and Investment – and boy did I need to hit the ground running!

The GREAT Festival of Innovation – the UK's biggest trade event in the globe in 2018 – was only a matter of months away and there was an air of anticipation in Hong Kong, with everyone I met talking about the 'Greater Bay Area' and the 'Belt and Road'. I must confess with the delivery of the festival in front of the Hong Kong team, everything else got only cursory attention.

However, with the festival delivered, I enjoyed a few weeks rest, and decided to crawl over trade flow data between the UK and Hong Kong, UK and mainland China, and between China and Hong Kong, and I discovered something that many readers of this excellent magazine have probably known for years!

A third of all UK exports to China are to Hong Kong

Just over 5% of UK exports, worth £32.7 billion, are to China and about a third of that, £10.5 billion, is to Hong Kong. The bulk of these exports, just under 80%, are goods with 20% of trade in services – Hong Kong figures are 73% goods, 27% services.

While these figures underline the prominent and continuing role of Hong Kong in the UK's trade with China, it is perhaps surprising that UK exports are not even higher.

Hong Kong is an advanced world class city with a population of 7.3 million people and a strong demand for UK goods and services. One might have hoped that the growth of mainland China's urban population, to 786 million – 100 times the size of Hong Kong – should have led to a similarly greater demand for UK goods and services.

But if you dig deeper two other factors emerge which might help explain this.

Hong Kong is made for trade

First, many of the UK goods exports to Hong Kong probably get re-exported to mainland China. Hong Kong plays an important entrepot role for trade between mainland China and the rest of the world – re-exporting around US$435 billion, which is just under

90% of Hong Kong's total re-export trade value. So Hong Kong is clearly made for international trade, which is reflected by the fact that the services sector contributed to 92% of GDP and accounted for 88% of total employment.

Second, it is easier for UK companies to do business with Hong Kong. Hong Kong is 5th in the world when it comes to ease of doing business; China is 78th. The Mainland and Hong Kong Closer Economic Partnership Agreement (CEPA) also offers international companies improved market access to the mainland, through Hong Kong, regardless of nationality and size.

The Bay Area

I mentioned at the head of this article that, when I arrived in Hong Kong, everyone was talking about the Belt and Road and Greater Bay Area initiatives. Much has been written about both topics, including in this magazine, by people with much more knowledge and understanding than I have. But the anticipated blueprint for the Greater Bay Area (GBA) is potentially a huge opportunity for UK businesses.

The GBA covers 11 cities, including Hong Kong and Macau, with a combined GDP of US$1.5 trillion today, predicted to grow to US$4.3 trillion by 2030 – so more than the GDP of Australia today and larger than Germany if the 2030 predictions are achieved.

The current population of the GBA is approaching 70 million and the infrastructure and transport plans promise travel between each city in an hour or so, thanks to the high speed rail expansion, an extra 3000km of additional roads, tunnels and bridges – so a population roughly the size of the UK able to get around in less than a half a day is pretty amazing.

But the lightbulb moment came when I attended a lunch with the Hong Kong European Business Council, where we had a lively discussion about the Greater Bay Area initiative. The one message, however, that I took away was, and I quote, …what sells in Hong Kong sells in China…. Maybe I took away what I wanted to hear, but it sounded plausible.

UK Trade in Numbers

To help address the public interest in trade and specifically UK trade data the Department for International Trade recently published UK trade in numbers. This publication contains the latest trade and investment statistics, as of date of publication. It draws on a number of sources from the UK, including the Office for National Statistics (ONS), HM Revenue & Customs (HMRC) and the Department for International Trade (DIT), and international databases. It is a handy reference whether you use trade statistics on a daily basis or just wish to better understand the UK trade position.
www.gov.uk/government/statistics/uk-trade-in-numbers

So what?

The British Government and the work of the Department for International Trade supports and encourages UK businesses to drive sustainable growth through selling more abroad. Our role is to help and support businesses to develop strategies to achieve this – increasingly that will be through opening markets and building free and fair trading frameworks with new and existing partners.

While we do that in this region, Hong Kong must remain the easiest international gateway to mainland China. And, if the hypotheses that 'what sells in Hong Kong sells in China' holds true, and the Greater Bay Area initiative delivers an expanded economic market of the scale anticipated, UK exports to China could, indeed should, more than double!

Paul McComb
Director
General Trade & Investment, Hong Kong & Macao
Department for International Trade

The UK's Department for International Trade (DIT) has an overall responsibility for promoting UK trade across the world and attracting foreign investment to its economy. DIT is a specialised government body with a responsibility for negotiating international trade policy, supporting business, as well as delivering an outward-looking trade diplomacy strategy.

BUSINESS IS GREAT
BRITAIN & NORTHERN IRELAND

The Quest for Wealth

With fluctuating inflation and volatile markets, what's the secret to building long-term wealth?

– By Ian Burns

The path to financial security can be complex, but five principles can help keep you on track.

Progress in recent decades – from the sophistication of technology to the availability of round-the-clock services – has simplified many parts of our lives. But it has brought complexity too, particularly in matters of personal finance. Many people find the decisions they need to make on saving and investing difficult, and this confusion has deepened as financial services have modernised. The real danger is that people disengage from the process of how to create the wealth they need for their future.

While many things have changed, the key principles on which investors should follow in their quest for wealth have remained consistent.

> *"If you maintain adequate liquidity, you should avoid the need to sell long-term investments at a bad time."*

Old habits

All over the developed world, savers are enduring the lowest returns on cash for centuries; but many remain wary of stock markets. Instead, many continue to accumulate cash; perhaps, overwhelmed by choice, it is easier to cling to old habits. However, cash is vital to investment strategy, and enough should be kept on deposit. If you maintain adequate liquidity, you should avoid the need to sell long-term investments at a bad time. As a guide, you should have enough to cover both expected needs and unforeseen emergencies.

Loyalty's return

Over the long term, investment in real assets, such as equities, provides the best chance of inflation-beating returns. When the 'dotcom bubble' burst in March 2000, global equities tumbled for three years; share prices rose until the 2008 financial crisis took markets to a low in

March 2009. Since then, shares have climbed again, with ups and downs along the way, to near-record levels. Investors cannot consistently and successfully time markets, but those who hold assets for extended periods can reap the cumulative benefit of time's smoothing effect on market fluctuations. No one knows what will happen to share prices in the short term, but those who invest over a longer period – say five years or more – are likely to be better off than they are today.

> *"No one knows what will happen to share prices in the short term, but those who invest over a longer period – say five years or more – are likely to be better off than they are today"*

Steady attrition

One persistent obstacle that an individual will need to overcome on the road to wealth creation is inflation. Even modest levels of inflation can erode cash in a low interest rate environment. And all of us at some point in our lives are likely to live through at least one period of significant inflation. The effects of inflation can be as severe as a sharp fall in markets. However, whereas market dips are usually followed by recoveries, inflation permanently reduces the value of your savings. While you should hold money on deposit for short-term needs, there is significant risk in trying to play safe by putting all your money into cash-like investments.

The importance of diversification

The old adage 'don't put all your eggs in one basket' still rings true. As well as the appropriate level of cash, it is important to diversify as widely as possible across different investments, ensuring the selection of assets won't react in the same way to market events. Just as investments will not rise at the same pace or time, you should ensure that they do not fall at the same time either. Shares, bonds and commercial property are examples of assets that can provide growth. Investing in funds rather than individual investments also spreads money more widely. By investing in a selection of funds that diversify across different shares, sectors and regions, as well as asset classes, investors will be better placed to withstand shifts in economic conditions and achieve above-inflation returns over the long term.

Pathfinders

Different managers have different styles and assets; but many invest in the same way, variety is no guarantee of diversity. There are many fund managers to select from; some are excellent, some are very good, and some are not. Understanding how your adviser researches, selects and monitors fund managers should be a priority. There are no risk-free paths for investors and making an informed confident choice is not easy. The key to building long-term wealth is a realistic assessment of needs and goals that reflects a level of risk that feels comfortable.

Individuals are often hesitant to review their approach to wealth creation; but advice is the key for a planned, long-term strategy and for peace of mind.

Ian Burns
Head of Business – Hong Kong, St James's Place Wealth Management

St. James's Place is a FTSE 100 company with £90.7bn of client funds under management. Through our partnership, we offer face-to-face wealth management advice to individuals and businesses. For over 20 years our success has been underpinned by the strength of the relationship between our partners and their clients.

ST. JAMES'S PLACE
WEALTH MANAGEMENT

Getting Your House in Order

Asian investors have ploughed £1 billion into London new-build property market – but they may be unknowingly left exposed to UK inheritance tax liability. – By Jason Pearce

It is well known that Asian investors are drawn to the London property market and have been for a number of years.

Properties in London, whilst expensive, have been viewed as a reliable asset class for many Asian investors looking to diversify their investment portfolios. This trend could possibly rise as the investment opportunities continue to be attractive following a fall in the value of the British pound.

> *"With so much money flowing into the UK new-build property market, investors need to be aware of their potential exposure to UK inheritance tax (IHT)."*

New analysis by Old Mutual International shows the extent to which overseas investment into the London residential new-build property market is dominated by Asian investors.

Using data from the Office of National Statistics, and the Centre for Housing Policy, both in the UK, Old Mutual International estimates that £1 billion was invested in the London new-build property market alone in 2017 from Asian investors, predominantly based in Hong Kong and Singapore.

Asia accounted for approximately 60% of total overseas sales, with Hong Kong (32%) and Singapore (21%) the top two regions by far.

The Centre for Housing Policy research shows that it's not just those with surplus cash who are investing in the UK property market, but serious investors are prepared to take a leveraged position. In Singapore approximately 68% of property sales are from a mortgage, well above the average of 54%, and in Hong Kong 55% of sales are mortgaged. This shows investors in Singapore and Hong Kong are more likely to borrow in order to invest in UK property compared to investors from other regions.

Inheritance tax exposure

With so much money flowing into the UK new-build property market, investors need to be aware of their potential exposure to UK inheritance tax (IHT). IHT is payable on death on any property or assets owned in the UK by the deceased. This is irrespective of domicile status or whether the deceased lived in the UK or overseas.

UK IHT is set at 40%, so needs to be properly planned for. However, there is a risk that a high number of investors in the region, both individuals and company investors, could be left exposed if they are unaware of the potential IHT liability.

If an investor's estate is hit with a UK IHT bill they haven't planned for, this could potentially create a real headache for their beneficiaries. Beneficiaries may not have the cash required to pay the IHT bill, and they may not be able to sell the assets quickly enough to access the cash they need.

To help ease this headache, if investors know there is a future liability on their estate, they can put plans in place to provide their executors with the required funds. For example, by writing a life policy in trust, or using appropriate IHT trust planning alongside their investments during their lifetime.

New exposure for those who invest through an overseas corporate structure

Over the years, a common way for non-UK domiciles to invest in the residential London property market has been through an overseas corporate structure (known as 'enveloping'). Residential property could previously be held through a corporate structure without being subject to UK IHT on death. However, the rules have now changed, and HMRC, the UK's tax authority, will now 'see through' the structure and the individual will be taxed on death as though they held the property directly.

> *If an investor's estate is hit with a UK IHT bill they haven't planned for, this could potentially create a real headache for their beneficiaries.*

These new rules received Royal Assent on 16 November 2017 and were backdated to apply from 6 April 2017. This will impact a large number of investors, and anyone concerned should seek professional advice to help ensure this new exposure is adequately managed.

The data shows just how important the London property market is for investors based in Asia, particularly in Hong Kong and Singapore. With any investment comes risk, and investors need to ensure they are aware of these risks to enable them to be correctly managed. With professional advice, managing the exposure to UK IHT is fairly straightforward, and could help protect the investor's beneficiaries on their death.

Jason Pearce
Head of Technical Sales, Hong Kong & NE Asia, Old Mutual International, Hong Kong

Old Mutual International, part of Quilter, provides offshore and cross-border wealth management solutions for affluent and high net worth local, internationally mobile and expatriate investors. The Hong Kong branch was established in 1991, and the Singapore branch in 2008, to provide innovative, flexible, wealth management solutions and local support to its customers.

OLDMUTUAL INTERNATIONAL

A UK Tax Deadline Not To Be Missed

Those with remuneration loan agreements should register their intention to settle tax affairs by 30 September 2018 – or face penalties.

– By Mark Taylor

We are soon to approach 30 September 2018. This date is arguably one of the most important deadlines of recent note that has been set by the UK tax authority, HM Revenue & Customs (HMRC), in its attempt to tackle tax avoidance and offshore tax evasion.

Tax Avoidance

Taxpayers, whether employees, employers or self-employed contractors, who have entered into contractor/disguised remuneration loan arrangements, often non-repayable received from offshore employee benefit trusts, have a last opportunity to register their intention by 30 September 2018 to settle their tax affairs. They must also by this date provide HMRC with all relevant information to enable settlement proposal figures to be issued.

Those taxpayers who fail to register and settle their tax affairs whom still have loans outstanding at 5 April 2019 face a 'loan charge' that will fall due for immediate payment on that date.

Some taxpayers will face tax exposure over several years, meaning those who do not have the savings or assets to make immediate payment will require time-to-pay arrangements to be negotiated with HMRC or face bankruptcy.

If you are a user of such loan arrangements, with loan amounts outstanding, you should immediately seek advice from a specialist who can review your position and let you know where you stand.

Offshore tax evasion

The UK introduced legislation in late 2017 called

'Requirement to Correct' (RTC). In summary, if you do not correct an historic UK tax error before 30 September 2018, and HMRC later discovers the mistake (e.g. through information received under the Common Reporting Standards sharing regime); there will be crippling penalties (200% of the tax plus 10% of the value of any related assets). In addition, HMRC may publish your details on their website, which is watched by the media.

The RTC legislation will not just affect UK residents. If you are an individual, trustee or director/shareholder of a non-UK company and have consistently resided outside of the UK, you may still have a UK tax problem.

The UK's tax system has far-reaching tentacles so if you (in whatever capacity you are acting) have any connection to the UK, you should soon check the position carefully, just to make sure that nothing has been missed. If it turns out that there has been a mistake, it is possible to limit your exposure to just the tax missed plus any interest (i.e. no penalties). A disclosure can then be made (whether unprompted or prompted by HMRC), using the HMRC's Worldwide Disclosure Facility (WDF). However, HMRC's WDF closes its door on 30 September 2018.

"HMRC is under pressure to crack down on offshore 'wealthy' taxpayers and has challenging prosecution targets to meet, so specialist advice must be sought about the most appropriate disclosure process to minimise any potential prosecution."

Any person who has knowingly and deliberately evaded UK tax in respect of offshore income, assets or gains should think very carefully about whether HMRC's WDF is the right disclosure process for them, given it does not provide immunity from prosecution. Alarmingly, HMRC is not averse to criminally investigating taxpayers whom are seeking to disclose irregularities and settle their tax affairs on a civil basis. HMRC is under pressure to crack down on offshore 'wealthy' taxpayers and has challenging prosecution targets to meet, so specialist advice must be sought about the most appropriate disclosure process to minimise any potential prosecution. In certain circumstances, HMRC's Code of Practice 9 Contractual Disclosure Facility would be a more suitable disclosure process given it provides immunity from prosecution in relation to all matters that are fully disclosed.

If you are entirely confident that you have complied with all your UK tax-reporting obligations, you do not need to worry (perhaps make a note on your files that you considered RTC but felt there was no need to act further). However, if you are at all uncertain, then you should seek advice from a specialist who can review your position and advise you accordingly.

One of the most unusual aspects to the RTC legislation is that you are generally not able to rely on the fact you took tax advice in the first place. While this may seem nonsensical, it can be solved by receiving a second opinion now, which you can rely on if HMRC successfully challenge your historic actions.

One thing that is certain is that the draconian assessment and penalty powers HMRC will have at its disposal post 30 September 2018 means that many taxpayers are currently in the 'last chance saloon' and the bar has just called last orders.

Mark Taylor
Head of Tax Investigations and Dispute Resolution, Buzzacott

Buzzacott is a Top 23 accountancy firm based in the City of London, with a second office in Hong Kong. Our specialist teams collaborate to provide the highest calibre of advice. We're big enough to display deep knowledge over a broad range of specialisms and small enough to understand the power of personal connections. We help our clients simplify today's complexities, address tomorrow's challenges, and take fear out of the equation. We anticipate problems before they happen, and offer tailor-made solutions. We take time to understand our clients, discovering what makes them tick.

Buzzacott

Technology Puts Sport on a Winning Streak

The evolution of sport in an increasingly digital and data-driven world presents new opportunities for businesses.

– By Holly Millward

The 2018 Football World Cup has kicked off in Russia. Whatever your allegiances, already the tournament has served up a veritable feast of human headlines. We've revelled as World Champions Germany were beaten by Mexico, we've roared as Ronaldo scored a hat-trick against 2010 winners Spain, and we've revered the Icelandic goalkeeper Halldorssen who made a stunning Lionel Messi penalty save. At the time of writing, England are yet to kick off their campaign so we shall all hold our breath, paint our faces and close our eyes a bit.

We love sport because it is a celebration of being human. A celebration of success and as often of failure. Of willing the invincible and witnessing frailty. It is one of life's true remaining passion points, an aggregator of people and the starting point to explain why businesses may use it as a platform – simply, to connect.

Connect they sure can. Because there is an irony here that all this humanity sits in the context of an increasingly technological, data-driven and connected world. So, I'll aim to keep this simple by addressing three areas. What the changes are, what the changes mean for the experiences and finally a view on how such advances can be used to allow businesses to generate growth.

It all starts with the consumer, because sport has customers and potential customers like any other business. The media through which the customer consumes the product drives the revenue, so when that starts to change, so do the tactics. Younger consumers prefer to watch sport on their digital devices, therefore social networks are beginning to stream sport live. We're also seeing non-traditional media companies aggressively pursuing sports rights, with Amazon announcing earlier this month that it will stream 2019/2020 Premier League matches in a landmark move for the game of football. Other tech players will surely follow.

If that is a brief snapshot of the story of change outside the stadia, so what of the experience at the events themselves?

In less than a month from now, you'll know that the British summer has truly arrived when the picturesque greenery of Centre Court at Wimbledon beams on to our screens. Let's paint the picture of this event. Wimbledon is the oldest tennis tournament in the world and widely considered the most prestigious. Since 1877, every player has worn all-white uniform. Strawberries and cream has been a delicacy at the tournament since the 19th Century. This most traditional of British sporting

events seems like the last place on earth you'd find cutting edge technology. Yet both on and off the court, customer innovations abound.

For instance, fans can chat to virtual assistant 'Fred' on their iPhone app as they navigate the tournament. Fred, an artificial intelligence (AI) chatbot named after the great Fred Perry, will be helping visitors find their nearest strawberry stand as well as alerting them to who's playing on Centre Court next.

As well as AI, the sports industry is ramping up its investment in Augmented Reality (AR) and Virtual Reality (VR) technologies, acknowledging their potential to disrupt content consumption. At Wimbledon, those watching the practice matches can, through AR, simply point their phone at any player and gain insight into their past performances and why they might be the one to watch. Meanwhile in the VR space, installing 360-degree cameras in stadiums will mean the possibility of offering the experience of events in virtual distribution. Strawberries and cream in my back garden it is then.

We know that information is power and in the case of sport, it flows both ways. We might well know more about the performance of our stars on the field, but in return, more is known about our lives and our behaviours. Where GDPR allows it, the golden nuggets of information for businesses are there. From information around frequency of our attendance, to transaction data, to the pointier end in our demographics, life stage and purchase preferences.

What does this mean for the business of sport and those who choose to invest in it?

As we see it, these evolutions create huge opportunity for businesses. Like any compelling sporting drama, this is a race of sorts too. Those in the business of sport are seeking ways to better understand data from this wide array of sources and hone strategies and operations accordingly, whether event organiser or sponsor.

Sources of increased data through sport include significant fan bases, social media behaviour, and event transactions and engagements. As a sponsor with revenue targets, ultimately this data can be used to determine who might buy what and when, from an insurance product to a roof over one's head. Going forward, smart use of data will be fundamental to marketing efforts, allowing businesses to get ahead of the competition and demonstrate ROI.

We are already on the road to an ever more connected world and the platform sport is no different. To close where we started, the power of sport remains to connect with people through passion points. The drama that unfolds will continue to showcase everything that makes us human. But sport sits in the context of what we believe is an exciting new world, for us as consumers and those businesses that seek to drive value from it. If harnessed in the right way, information can be the force for better business and growth. B

Holly Millward
Managing Director, Asia
CSM Sport & Entertainment

CSM Sport & Entertainment, part of Chime Communications, brings together leading industry experts to offer the full range of services across sport and entertainment marketing. Working with brands, rights owners and live experiences, CSM exists to create impact through challenging convention. CSM, across 27 offices in 19 countries, is made up of 1,000 entrepreneurial people. In Asia, CSM has offices in Hong Kong, Singapore and Japan.

Artificial Intelligence in the Age of the Customer

How businesses can harness the power of AI to revitalise the customer experience.

– By Mark Lunt

To those employees involved with daily customer service interactions, it's no secret that we are well into the Age of the Customer. Today's customers have exacting expectations of the brands that receive their business. For service staff, this results in the need to deliver ever quicker responses and to be alert to opportunities to upsell, while simultaneously personalising the conversation. Sending the right message at the right time is vitally important.

However, we're also in the dawn of the Artificial Intelligence (AI) era, which will alleviate the burden on staff. According to Gartner, 85% of customer relationships will take place without human interaction by 2020[1]. Businesses applying innovative AI technologies such as chatbots and Robotic Process Automation (RPA) – software robots that handle routine manual desktop tasks in a timely and accurate manner – will drive the customer service revolution in three key ways.

1. Unprecedented Efficiency

When fully integrated into backend systems, RPA increases the ability of chatbots to handle a greater volume of customer requests in real time. Software robots that operate at all hours complete routine tasks many times faster than their human customer service counterparts. This 24/7 self-service model provides the flexibility that customers crave. Instead of waiting on hold to talk to a customer service representative during their workday, they can handle tasks in their own time in the way that makes them most comfortable (i.e. over an instant message, on the phone, through email, etc.)

2. Increased Accuracy

When customer service employees are handling huge volumes of customer requests each day, it's easy for details to be missed and for problems to fall through the cracks. When businesses use RPA software, they can achieve 100% accurate, consistent, and policy-compliant results. Clerical errors become a thing of the past. They can say goodbye to angry follow-up phone calls from customers who received the wrong exchanged product or were shortchanged on their refund.

3. Better Productivity and Resource Allocation

While RPA technology handles routine tasks with 100% accuracy, team members are free to focus on those unstructured, problem-solving activities that may be too complex for AI software to take on. This leads to an increase in employee engagement, resulting in dramatic productivity enhancement. When situations arise that require a human and empathetic touch, RPA technology ensures that customer service agents have time to handle those situations in a manner that makes the customer feel valued.

"*JOS's customer-centric solutions address business needs and enable our clients to lead their industry's digital transformation.*"

According to a report from Forbes, 38% of organisations believe that AI and robots will be "fully implemented" in their companies within five years[2]. The sooner companies can employ AI-powered solutions, the sooner they can achieve the clear competitive edge that comes with providing demonstrably better customer service.

Here at JOS, we have established a Digital Solutions Team to support the deployment of innovative technologies like AI, RPA, and chatbots. JOS's customer-centric solutions address business needs and enable our clients to lead their industry's digital transformation.

Most companies have different standard procedures that can be automated to improve efficiency. In the finance sector, JOS is working on applying RPA technology to quick approval services for leasing, validation and mobile force management automation. In operation functions, JOS has identified and helped automate invoice and delivery note matching, verification and ratification.

As we've gone through the process of helping a range of clients to identify and implement the most suitable AI technology for their needs, we've discovered a few central considerations that should be addressed before a business proceeds with AI:

- First, contemplate which areas of customer service are best suited to RPA technology. Time-consuming tasks that don't require human involvement or judgment are ideal to take off your customer representatives' plates.
- Clearly define your business goals and expectations about how AI can make your company more efficient and profitable. Take this list to potential tech vendors so that you can better access their solutions and compatibility with your company.
- Research what AI solution will best meet your customers' needs and expectations. Take note of any past customer feedback you may have received when thinking through your options and deciding priorities.
- Plan carefully to make the best use of the resources which the new technology is expected to free up for more productive and value creating work.

[1] *According to the data from Gartner Customer 360 Summit*

[2] *According to data from Forbes in 2017*

Mark Lunt
Group Managing Director, JOS

JOS, a division of the JTH Group, is a systems integrator, solutions provider and technology consultancy with extensive local and industry knowledge. With 2,000+ IT professionals in nine offices across Asia, JOS has improved the performance of more than 10,000 clients. JOS has experience in AI, big data, cloud computing, enterprise applications, enterprise security, IoT, mobility and next generation infrastructure.

Closing the Gender Pay Gap

Gender pay has dominated the headlines recently and prompted some countries to introduce legislation, but what are the implications for Asia-based employees of UK companies?

– By Kathryn Weaver

This year, Iceland became the first country to legally enforce equal pay, and in the UK, the US and Germany, organisations of a certain size are now required to publish their gender pay data and/or provide this data to the government (with other countries, such as Australia, Belgium and Austria having had gender pay reporting obligations in place for years). Whilst equality of pay between men and women has been the subject of debate and legislation for many decades (the US Equal Pay Act was signed in 1963 and the UK Equal Pay Act received Royal Ascent in 1970), there does seem to be a renewed focus on this topic in 2018 and a more targeted attack on addressing this still prevalent issue. That said, the World Economic Forum has recently estimated that it will take 217 years to close the gender pay gap, so there is still much work to be done!

Gender pay gap reporting obligations in the UK and what this means for Asia

Looking specifically at the UK, for years the government encouraged companies to voluntarily make public their gender pay gap but only seven companies came forward to do this. As a result, and in a move to bring about better gender equality in the workplace, the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 were introduced and came into force on 6 April 2017.

These regulations require companies with 250+ employees to file pay disclosures with the government and publish the same on their company website. Specifically, these companies have to report on:

- the difference between men's and women's mean and median pay, based on an hourly pay rate for the pay period including 5 April each year;
- the difference between men's and women's mean and median bonus pay in the 12 months to April each year;
- the proportion of male and female employees falling within each of the company's four quartile pay bands; and

- the proportion of male and female employees who received bonus pay in the relevant pay period.

The reporting obligations refer to "relevant employees", which are defined as persons employed by a relevant employer on the "snapshot date" of 5 April and include individuals working under a contract of service, some casual/bank workers and some contractors (if they are providing a personal service for a company). It does not include partners or LLP members.

If employers fail to comply with the regulations, there are no statutory penalties set out in the legislation (contrast this with the proposed Northern Ireland legislation, where companies could face fines of £5,000 per employee for failing to comply). That said, the Equality and Human Rights Commission believes it does have the powers to take action (on the basis that failure to publish would be an "unlawful act" under the Equality Act) and has written to the 1,500+ employers who failed to publish their gender pay gaps on time, advising them that they could be investigated if they continue to fail to comply with the legislation, and giving them a timescale in which to comply. No further update has been published on how many actual investigations have since taken place.

> *"UK regulations require companies with 250+ employees to file pay disclosures with the government and publish the same on their company website."*

Implications for Asia-based employees of UK companies

The regulations may be relevant to Asia-based employees working for UK companies because the concept of "relevant employees" extends to employees based overseas with a "close connection to Great Britain", e.g. their employment contract is subject to UK law, they have a residence in the UK and/or UK tax legislation applies to them. Therefore, the Asia offices of UK companies should ensure they are familiar with the regulations and what information they are required to collate and provide to their UK-based colleagues in order to ensure the company meets its obligations year on year.

Cross collaboration with the head office is essential to ensure an effective process is in place for this. HR personnel will need continually to ensure their data is up-to-date for the employees who are covered by the regulations, including assessing on-going factors, such as part-time versus full-time work, career breaks, parental leave and bonuses, and the impact this may have on their reporting figures.

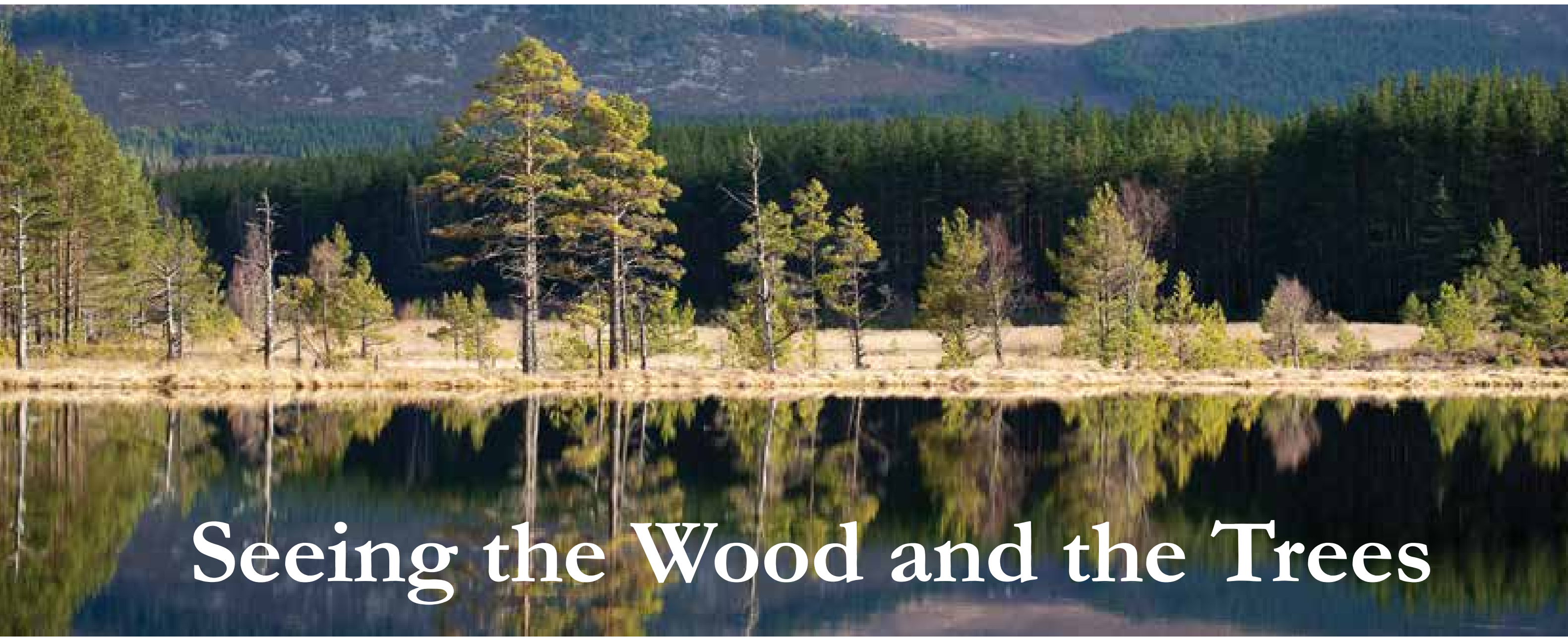
Asia has a wider role to play

All UK employers caught by the regulations would have published their first gender pay gap reports on or before 4 April 2018. This would have caused conversations within organisations not only in the UK, but in the company's Asian offices too, as to their gender pay gap and how to reduce it.

While Asian companies have no legal obligation to report their gender pay gap statistics, they may wish at least to consider analysing their pay data, and assessing whether they may have a problem. Furthermore, Asian companies, irrespective of whether they have a UK office, may decide to use this as an opportunity to review and improve their hiring, compensation, promotion and retention policies and processes to ensure that every employee is compensated fairly and has the same career opportunities at every level.

Kathryn Weaver
Partner,
Lewis Silkin

Lewis Silkin LLP is a commercial law firm based in the UK and Hong Kong. Its market-leading employment law practice, with over 100 employment specialists is consistently top ranked by legal directories. The Hong Kong office opened its doors in May 2015 to support the rapidly expanding employment law and global mobility needs of its clients across the Asia-Pacific region. The office provides a "one stop shop" for the delivery of employment and global mobility services across the region and provides a first contact point for APAC-based businesses and individuals seeking advice on UK and European employment law and business immigration issues.



Seeing the Wood and the Trees

Commercial forestry is booming as architects turn to sustainable wood – and the UK is at the forefront of investment returns.

– By David Robertson

While investment in commercial forestry may sound dated in today's fast-paced and high-tech world, those who are "in the know" will tell you the UK forestry scene is booming, and providing financial returns for investors that for over two decades have outstripped commercial property, gilts and equities.

Global Commodity

Timber is a truly global commodity and with the UK being the third largest importer of sawn softwood lumber in the world after China and the USA, the supply chains in the UK are starting to feel the pinch in the fight for the global timber resource. In 2016, 24% of world sawn wood was used in Europe, 27% in North and Central America, and a massive 38% consumed in Asia with China dominating that figure.

> *"The ongoing growth of demand for sawn timber in China is proving to be a major disruptor for the "normal" trade routes for raw material, especially from North America and Pacific Rim nations."*

The ongoing growth of demand for sawn timber in China is proving to be a major disruptor for the "normal" trade routes for raw material, especially from North America and Pacific Rim nations. With China's ambitious Belt and Road Initiative (BRI) having potential to link regular UK supply lines in Europe to demand farther east, this puts significant pressure on UK timber supplies.

Greater Innovation

This pressure on supply comes at a time when architects and designers are turning to wood more and more to allow them to design buildings utilising timber's unmatched sustainability credentials and enhanced technical qualities. High-quality timber frame housing, which dominates over 70% of the new build market in Scotland, has significant potential to infiltrate south of the border to provide the ability to meet the ambitious UK housing targets for the years ahead. Off-site manufacturing in highly efficient factory environments not only allows for an extremely high quality of finish but also considerably lower wastage of material. The further use of technological advancements such as I Joists and Cross Laminated Timber (CLT) allow wood to be used in place of traditional steel loadbearing members and over greater spans.

Home Grown

The world-leading processing sector in the UK has a hunger for raw material grown in the traditional commercial forestry areas of the nation and politicians have to consider their approach to providing a homegrown resource to meet this demand.

These figures outperform UK equities, gilts and commercial property returns over all periods.

It is worth noting that these forestry returns are entirely free of income tax, provide 100% IHT shelter and have limited exposure to Capital Gains Tax.

Each country within the UK has a strong commitment to expanding forestry cover, but none more than in Scotland where the aim of the Scottish Government is to grow forest cover from the current 18% to 25% by 2050. This is being achieved by setting new planting targets of 10,000 hectares per annum up to 2020, rising to 15,000 per annum by 2025. To stimulate this there are extremely attractive, tax-free, capital grants available to assist with funding the establishment process.

> ***For those domiciled in the UK, or with UK tax considerations, forestry provides a real asset-based investment with excellent tax and wealth preservation advantages.***

For those domiciled in the UK, or with UK tax considerations, forestry provides a real asset-based investment with excellent tax and wealth preservation advantages. For both domiciled and non-domiciled investors, the strong performance in UK plantation capital values also provides excellent opportunities for real asset-based investments. With the drivers of global demand and limited supply this is a position likely to persist over a long period.

Returns

What does all this mean for the investor in UK commercial forestry? The current MSCI IPD Annual UK Forestry Index shows total returns for 2017 at 13.9%. Annualised figures for three, five, 10 and 25 years were 11.6%, 13.6%, 15.7% and 9.2% respectively.

David Robertson
Head of Investment, Scottish Woodlands Ltd

Scottish Woodlands Ltd was established in 1967 and is an all services forest management company based in Edinburgh, UK. They specialise in acquisition and management of UK based forestry assets for private and corporate investors from the UK and overseas. For more information visit www.scottishwoodlands.co.uk or email david.robertson@scottishwoodlands.co.uk

The Hidden Financial Risks of Critical Illness

We all face the risk of critical illness, but how can we financially prepare before it strikes?

– By Sady Wong

Critical illness is no longer a taboo subject in Hong Kong – it is a health-related topic that the general public is becoming increasingly interested in. For example, the *Thematic Household Survey* issued by the Hong Kong government last year found that one in five people are suffering chronic health conditions, including diabetes, heart disease, cancers and stroke. The latest cancer statistics published by the Hong Kong Cancer Registry found that the number of new cancer cases in Hong Kong has increased by an average of 2.9 per cent year-on-year from 2005 to 2015, and the actual number of new cancer cases hit a record high of 30,318 as of 2016.

So the question now is how should we financially prepare for the battle for health should chronic illness strike? It is sensible to plan and make a wise choice out of the myriad of critical illness insurance products out there so that, if one is struck by the misfortune of serious sickness, he or she can fall back on a safety net that is essential to give peace of mind, and allows one to focus on the path to recovery.

Tumours: the health and financial risks actually start at diagnosis

According to the Centre for Health Protection, malignant tumours have been Hong Kong's number one cause of death between 2001 and 2016. To understand the key considerations for selecting the suitable insurance protection, one should understand the health and financial risks associated with the disease.

Regardless of the nature of the tumour, patients are all exposed to financial and health risks once they begin the diagnosis. When a tumour is discovered, a patient will need to go through extensive tests to find out whether the tumour is malignant or benign. Despite technological advancements, the use of invasive surgery to completely remove tumours for further testing is still often recommended by doctors in order to determine the tumour's nature accurately.

While an important procedure in the medical diagnosis, many do not realise that the invasive surgery may come with considerable risks. According to the statistical data revealed in *The American Journal of Surgery Volume 211 (Issue 1)*, the 30-day mortality rate among benign liver tumour surgery patients reached 9 per cent, while 21 per cent of those undergoing the operation suffered major complications such as infections, renal failure, stroke, coma and cardiac arrest. In addition to these potential health risks, one should not neglect the implication of medical expenses here – the procedure or the treatment of complications can be costly, not to mention the additional financial pressure caused by possible loss of income during rehabilitation.

At present, the majority of critical illness products will only cover the medical expenses when the tumour proves to be malignant. For a more comprehensive protection, it is important to pay attention to the insurance products' coverage of benign tumours in order to make sure one is well covered financially regardless of the diagnosis outcome.

On the other hand, when a patient is unfortunately diagnosed with malignant tumour, the road to recovery is essentially a battle of resources and time. For one, not many targeted cancer drugs, which can cost tens of thousands of dollars per treatment course, are listed on the Hospital Authority Drug Formulary. This means cancer patients will have to shoulder the bulk of costs should they want to explore outside of the limited options of subsidised treatments available on the Drugs Formulary.

Another financial challenge faced by cancer patients is the prospect of multiple incidents of critical illness. Whilst it is possible for a cancer survivor to suffer from sicknesses such as heart disease or stroke in later stages of life, they may not be able to make another claim on their critical illness insurance if they have previously made a claim for cancer. This grim reality is something one needs to grapple with when putting together a health plan.

How to choose the most reliable critical illness insurance product

In order to ensure they have the level of protection that fits their needs, consumers are recommended to take the following factors into consideration when choosing a critical illness insurance product:

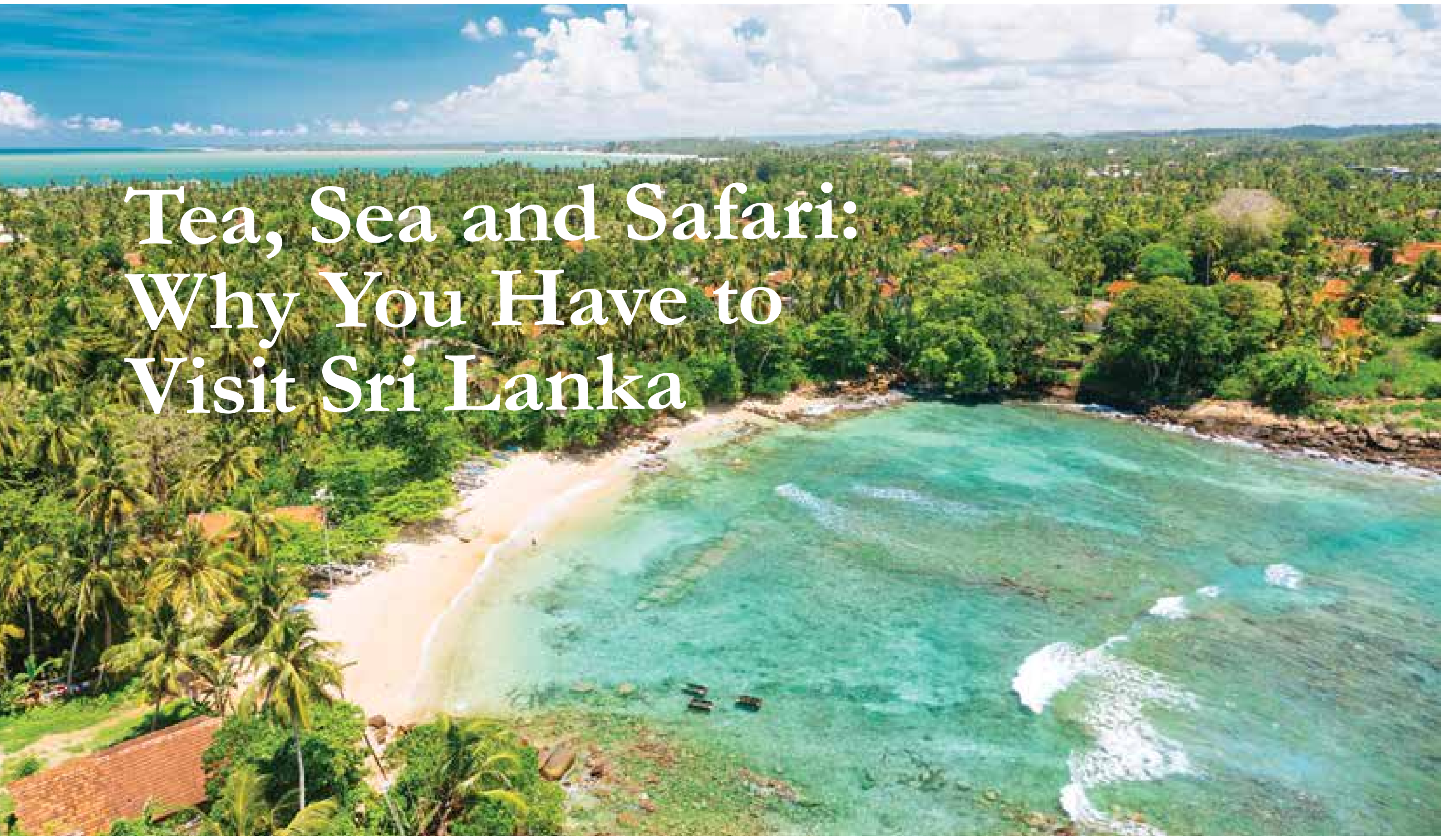
- Coverage of early stage major diseases, such as pre-cancerous lesions;
- Coverage of tumours that a doctor suspects to be malignant and can only be confirmed as benign by complete surgical removal;
- Premium exemptions to those diagnosed with early stage major diseases;
- Inclusion of multiple claims on major diseases; and
- Coverage of diseases caused by previously unknown congenital conditions or by abnormal development.

Choose well, and one will be equipped to fight your own battle for health. Regular body check-ups also go a long way. An early diagnosis can significantly increase the recovery rate of cancer patients. With breast cancer for example, if diagnosed at the time of onset in the first and second phase, the recovery rate could be as high as 80% to 90%. Even in the third phase, the recovery rate still reaches 60%.

By making sure you are well covered for different scenarios, you have taken important steps towards properly managing your health. B

The above is attributed to Sady Wong, Senior Director, Product Management of Prudential Hong Kong Limited (Prudential). Sady has been with Prudential for more than 15 years. She is a veteran in the insurance industry with over 20 years of experience covering product development and management, strategic planning and business development.

Sady Wong
Senior Director, Product Management, Prudential Hong Kong Limited



Tea, Sea and Safari: Why You Have to Visit Sri Lanka

This gem in the Indian Ocean is shining more than ever. Here's why you need to see it now.

– By Lightfoot Travel

Have you heard? Sri Lanka is more than having a moment. And deservedly so, after years of turmoil this tiny island off the southern tip of India is starting to gain its confidence as one of the most beautiful, diverse, natural, and captivating places on the planet. It's impossible to pinpoint exactly one thing that's attracting travellers here because Sri Lanka offers something for all. From jungle to beaches, countryside to colonial architecture, wildlife to water sports: plan a visit soon, before everybody realises just how special it is.

Discover tea in the Hill Country

Combine a tropical jungle with the Scottish Highlands and you've got the unique landscape of Sri Lanka's Hill Country. Rustic winding roads snake up through carpets of tea plantations which are dotted with pops of brightly coloured clothes worn by those tending to the land. Sprinkled within the vast swathes of green are stone walls, cheerily painted rows of remote houses, and old working tea factories dating back over a hundred years. Going on a factory tour is a fascinating way to spend a morning. Norwood Estate Tea Factory, which dates back to 1870, is especially insightful as you can learn about the tea-making process, see the machinery in action, and embark on some tea-tasting. The region is also excellent for trekking with several guided walks on offer, including excursions to the famous Adam's Peak holy mountain which is best experienced at sunrise.

Stay: Accommodation here is secluded, peaceful, and utterly charming. Tientsin Bungalow, one of the Ceylon Tea Trails properties, is the ex-home of a tea planter family and exudes British heritage and hospitality. The property features just six bedrooms, cosy furnishings, a drawing room with a roaring fireplace, and a delightful veradah which is the ideal spot for an afternoon tea surrounded by rose bushes and birdsong.

Lightfoot Travel Tip: The most enchanting way to depart the Hill Country is by an old-fashioned train from Hatton. Heralded as one of the most scenic journeys in the world, pull down the window in your carriage and watch as the landscape takes you away from the misty mountains and into rolling countryside interspersed with plunging ravines, cascading waterfalls and all manner of flora and fauna.

Enjoy the sea and sweeping beaches

While hilly vistas and sweeping panoramas take precedence in the centre of Sri Lanka, the south and west of the island is ruled by golden-tan sands and a thriving beach scene. Mirissa Beach is a pretty bay where you can go early morning whale watching, looking for blue and sperm whales that populate the coast here. Weligama is a longer stretch of sand that's perfect for surfing. Join a private class, and then hit the waves with your guide. Away from the coast, visitors can head to the walled enclave of Galle Fort (a 15-minute drive away from Weligama) for rambling lanes, 18th century Dutch architecture, quirky cafes, and independent shopping boutiques. KK The Collection (71 Pedlar Street) is a gorgeous homeware store offering linens, crafts and home accessories, and Barefoot (704 Galle Road) stocks ethical and local textiles. Join the locals in the evening to watch the sunset from the ancient walls of the fortress – a spectacular sight.


Tientsin Bungalow

Stay: Cape Weligama is a resort with huge private residences and sizeable private and shared pools set amongst manicured gardens. Bedrooms are stylish and relaxing, with huge beds and free-standing baths. The main restaurant offers panoramic views over the Indian Ocean, and The Surf Bar is a cool spot for sundowners. Perched on a secluded promontory on the island's

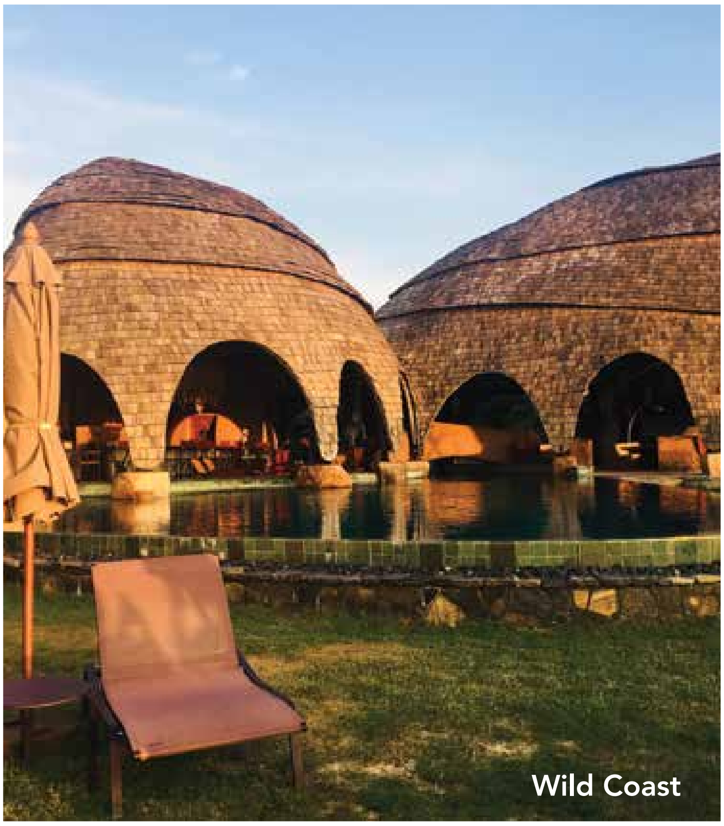

Cape Weligama

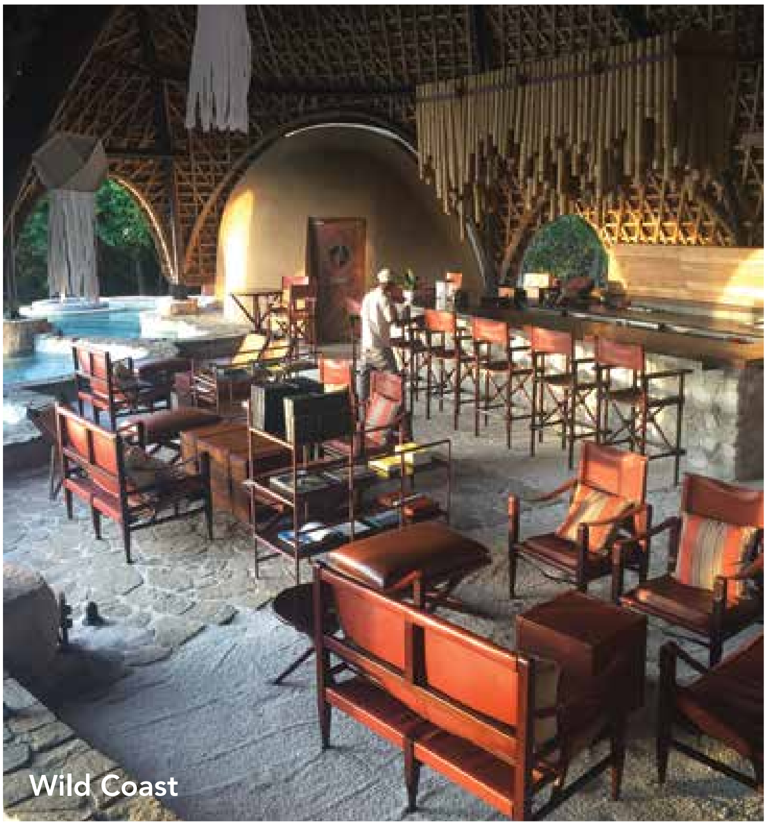

Galle


Tea Trails


Amangalla Verandah


Cape Weligama


Wild Coast


Wild Coast

southern tip, Cape Weligama boasts one of the most romantic spots in Sri Lanka, so book a private meal on the cliff top and make a memory of it.

Lightfoot Travel Tip: Step back into a bygone era with an afternoon tea at Amangalla in Galle. This grand hotel is housed in the old Dutch Governor's residence and still retains its chic colonial styling and original furnishings. Enjoy a three-tiered platter of cakes and sandwiches on the verandah and watch the world go by.

Head on a safari

The south eastern tip of Sri Lanka introduces you to an entirely different landscape: one of bleached white trees, rocky outcrops and brackish lagoons. It's also where you'll find Yala National Park, Sri Lanka's oldest nature reserve, where four-fifths of the park is strictly a designated Natural Reserve and home to leopards, elephants, sloth bears, buffalo, mongoose and exotic birds. With such a wealth of wildlife roaming free, the main thing to do here is go on a safari. Several luxury camps are hidden amongst wilderness and all of them arrange jeeps that will bounce you along the sandy tracks with binoculars in hand in search of animals. Go early in the morning for temperate weather and a relaxing breakfast picnic while parked next to a waterhole filled with watchful crocs.

Stay: Wild Coast Tented Lodge is a remote safari camp in Yala National Park with leopards on one side and the ocean on the other. Cast any memories of traditional tents aside as the accommodation here is made up of glamorous cocoon-like tents designed to resemble the boulders on the beach on which it's located. Each tent is decorated with teak floors, leather chairs, freestanding copper bath tubs and a high-tech sound system. All come with large balconies, and some have plunge pools. Families with kids are most welcome – there's even a super-cool kids' tent that children will love.

Lightfoot Travel Tip: The restaurant at Wild Coast Lodge looks over the infinity pool and towards the beach that's raw and romantic. For a dinner to remember, grab your portable room lantern and ask your private butler to escort you to a secluded spot on the sand for a fresh seafood barbeque. B

DESIRE MADE REAL

Eat & Drink

Named after the formidable female pirate who took the China seas by storm, **Madame Ching** is a modern Chinese restaurant and roast house that brings a bold approach to the familiar flavours of Chinese cuisine. Never straying far from the heart of local recipes, dishes tell a story of Chinese provenance in reimagined ways. The menu of inspired dishes and cocktails at affordable prices make for a social dining experience any day of the week.

Madame Ching, G/F, 5 Star Street, Wan Chai, Hong Kong, (+852) 2577 7227, info@madameching.hk

Gough's on Gough is a modern British restaurant that exudes style, craftsmanship, hospitality, and charm. Customers will enjoy an unparalleled experience in the captivating and generously appointed dining room and bar, with a menu by Head Chef Arron Rhodes, that revisits classic British styles using fresh seasonal ingredients of select provenance, including a raw bar with fresh British seafood, and a selection of bespoke crafted cocktails, fine champagnes and wines. Gough's on Gough is the first restaurant by Timothy Oulton.

Gough's on Gough, 15 Gough Street, Central, Hong Kong

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Body

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Getaway

Located in the newly-fashionable district of North Point on Hong Kong Island, **Hotel VIC** boasts spectacular panoramic views of Victoria Harbour and direct access to a waterfront promenade. The twin-tower hotel offers 671 affordable luxury guestrooms and suites with complimentary lightning-fast WiFi, flat-screen televisions and a tailor-made smartphone app that puts services like in-room dining, table reservations, networking and multimedia entertainment at guests' fingertips. Dining options include a sophisticated rooftop restaurant and bar, an all-day outlet and a deli shop, complemented by diverse eateries and superb shopping in the hotel's ground floor and 2nd floors, as well as in an adjoining mall and the vibrant surrounding area. Links to Hong Kong's superb public transport network, including the MTR and ferries, are just steps away from the hotel.

To learn more about Hotel VIC and book with the best room rate, please visit hotelvic.com

Hotel VIC on the Harbour, 1 North Point Estate Lane, North Point, Hong Kong. Contact: info@hotelvic.com

Jewellery & Accessories

This summer **Monica Vinader** continues its celebration of women with the launch of the Nura Friendship bracelet. A statement piece for strong women across the globe, the style will become a platform for inspirational messages, quotes and dedications, whilst simultaneously raising funds for Women for Women International, to support women around the world affected by conflict.

Featuring a large polished surface that's perfectly suited to extended messages and quotes, the Nura Friendship bracelet takes Monica Vinader's in-house personalisation service to new heights.

The Nura Friendship bracelet marks the 10th anniversary of Monica Vinader and is the brainchild of founders Monica and Gabriela Vinader who want to continue their support of a charity close to their hearts during this year of celebrations.

www.monicavinader.com

Step Out in Style

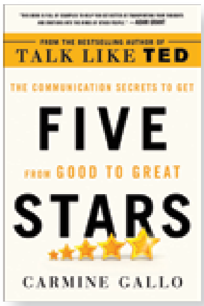
For Autumn Winter '18, **Mulberry** introduces the Leighton, a collection inspired by and designed for the Mulberry woman – youthful in spirit and bold in character.

Available in two silhouettes, the Leighton and the Small Leighton, this new shape is constructed with a modern slouch in soft, supple leather. This season, Mulberry's accessories share a theme of versatile femininity, as evidenced by the Leighton's trio of straps which invite a flexibility of attitude and aesthetic.

The Leighton embodies Creative Director Johnny Coca's point of view on femininity: a balance of magnetic strength, modern attitude, and delicate playfulness with a touch of eccentricity.

Book Shelf

Book Shelf presents the favourites – new and old – of Chamber members for your suggested reading pleasure.



Five Stars: The Communication Secrets to Get from Good to Great

By Carmine Gallo

According to a recent survey, 94% of hiring managers say an employee with stronger communication skills has a better chance of being promoted to a leadership position than an employee with more years of experience but weaker verbal skills.

In Five Stars, Gallo interviews scholars and scientists, CEOs and billionaires, Navy SEALs, NASA astronauts, and leaders at companies like Google, Nike, and Airbnb to show first-hand how they use words to get buy-in for their ideas.

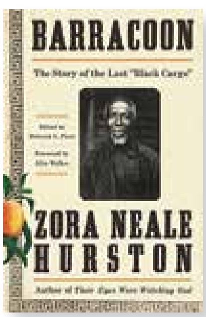
No machine, software or robot can replicate ideas. And at a time when ideas matter more than ever, those who can persuade, inspire, and ignite the imagination of others will be irreplaceable. Five Stars is the guide to gaining a human competitive advantage in the knowledge economy.

Merge: The Closing Between Technology and Us

By PHD, Mark Holden, Ray Kurzweil

The next three decades will be the most technologically disruptive era in human history. Advances in artificial intelligence, combined with radical breakthroughs in hardware, will usher in an era that sounds like science fiction today. Devices will fade away, virtual environments will emerge and super-smart AI assistants will organise our lives and run our businesses. In this new world, our relationship with technology will change forever. We will, both virtually and biologically, merge together.

Based on exclusive interviews with inspirational business leaders, world-renowned academics and pioneering researchers, Merge investigates the five stages of this extraordinary journey. Crucially, it identifies what needs to be done today in order to prepare for tomorrow – a future in which humanity and technology become inextricably linked.



Barracoon: The Story of the Last "Black Cargo"

By Zora Neale Hurston

In 1927, Zora Neale Hurston visited Plateau, Alabama, just outside Mobile, to interview 86-year-old Cudjo Lewis. Of the millions of men, women, and children transported from Africa to America as slaves, Cudjo was then the only person alive to tell the story of this integral part of the nation's history. Hurston recorded Cudjo's firsthand account of the raid that led to his capture and bondage 50 years after the Atlantic slave trade was outlawed in the United States.

Based on those interviews, Barracoon masterfully illustrates the tragedy of slavery and of one life forever defined by it. Offering insight into the wicked legacy that continues to haunt us all, this moving and powerful work is an invaluable contribution to our shared history and culture.

Member Offers

There are many great benefits of being a member of The British Chamber of Commerce. One of those is the Member Offers programme, an exclusive package of member discounts which range from dining and hospitality, to travel and business services.

Please present your membership card to enjoy these special offers. Full offer details are available online at www.britcham.com/membership/membersoffers

Food & Beverage & Accommodation

Beef & Liberty – 10% discount on dining bill in Central, Wan Chai and Stanley locations

Alto Bar & Grill – 10% discount on a-la-carte dining

Bizou American Brasserie – 10% discount on the dining bill

Bread Street Kitchen & Bar Gordon Ramsay – 10% discount on the dining bill

Classified – Complimentary small plate with purchase of main

Dot Cod Seafood Restaurant & Oyster Bar – 15% discount on dining between Monday to Saturday

Grand Hyatt Hong Kong – Up to 15% discount on food and beverage

great Food Hall – 10% discount upon spending $300 in one transaction

Hanwoo Beef Specialist – 10% off dining bill for Korean BBQ

Island Shangri-La Hong Kong – 15% off food and beverage at all restaurants and cafés at Island Shangri-La

London House Gordon Ramsay – 10% discount on the dining bill

The Pawn by Tom Aikens – Receive a welcome drink at the Botanicals Bar, 20% off for dinner and 10% off for lunch

V Serviced Apartment – 10% off the "Best Available Rate" of the month

Lifestyle & Travel

Hey Travelista – Complimentary Membership to Hey Travelista & 5% off all bookings

British Airways – 5% discount on all flights from Hong Kong to UK and onwards to Europe

Jeeves London's Finest Dry Cleaners – 15% discount on dry cleaning services

Picked by Poppins – 10% discount on first 10 purchases of mummy, baby & children products

sense of touch – 20% discount on treatments for first time clients, and 10% on subsequent visits

virgin atlantic – 5% discount on all flights from Hong Kong to London

Business Services

China-Britain Business Council – Enjoy members' rates on events hosted by the China-Britain Business Council

BBAM – Enjoy members' rates on events hosted by the British Business Association of Macao

Email marketing@britcham.com to suggest an offer to our members.
Strictly limited to member companies only.

After Angels

Each year, many businesses apply to the British Chamber's Business Angel Programme to seek mentors, advice and possible funding to get their dreams off the ground. In a brief Q&A in each issue, Britain in Hong Kong will endeavour to reacquaint our members with the successful applicants of the programme and showcase who they are and where fortune and hard work has taken them.

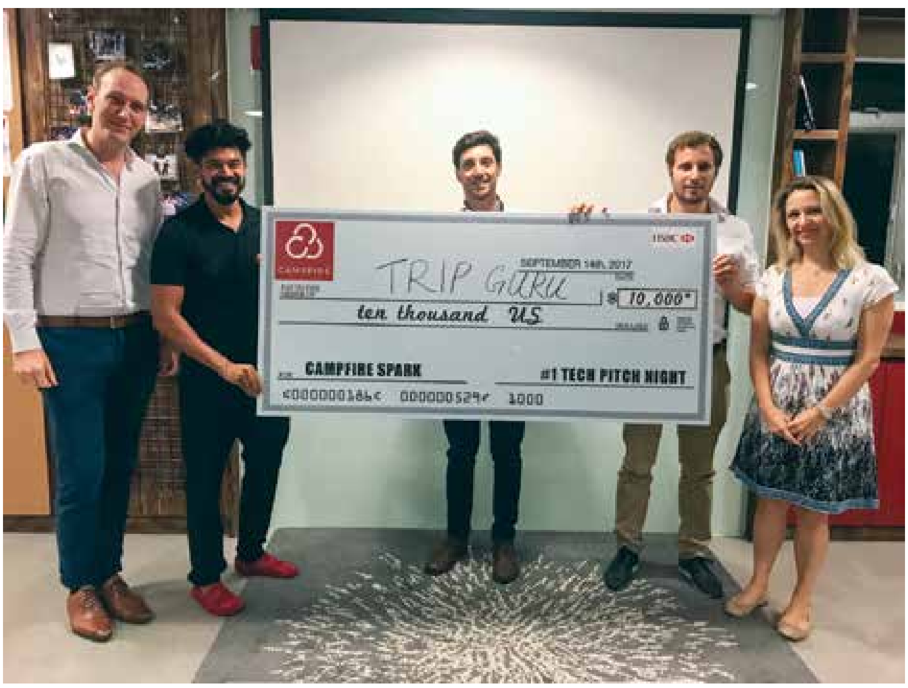
Sebastian Renzacci
CEO & Founder, Trip Guru

When did you apply to the British Chamber's Angel Business Programme?

We participated in the Britcham Angels Programme in October 2017.

What funding or other support have you received through the programme?

The Britcham Angels programme set me up with a public speaking coach to refine Trip Guru's brand storytelling. My session with Patrick Eng from Connect Communications helped us restructure our deck and create an engaging presentation to deliver our message and brand with more impact. That was pivotal in our success in future public appearances, including CoCoon's pitch competition where we emerged as a finalist in December 2017 after two extremely competitive knockout rounds. The programme helped us raise awareness in Hong Kong's angel investor ecosystem and get a few introductions that wouldn't have otherwise been possible.



What has your growth or development been since then?

In Q4 2017, we joined the Betatron Accelerator Programme, which helped us raise our profile and get exposure in Hong Kong's start-up scene. During those four months of intensive mentorship and support, we were able to quadruple our sales and refine our business model. That gave investors the confidence to seed as much as US$500,000 which we plan to inject into market expansion, technology and headcount.

Trip Guru is currently available in 16 locations in Southeast Asia hosting more than 700 activities from 350 local tour operators. We are planning to launch our mobile app in early Q3 2018 and expand into China, India, Nepal and Myanmar among other key high potential markets. So far, we've been able to connect over 3,000 travellers through our curated experiences.

What's next for the company and your team?

Trip Guru's co-founders Sebastian Renzacci and Francesco Piccolo plan to inject the new funding into Market Expansion. The goal is to achieve regional scale in its primary market, Southeast Asia, in the first semester of 2018. Aside from cementing its presence in seven countries and 16 destinations in the said region, Trip Guru also plans to open tours in new Asian markets including China, India, Nepal and Myanmar.

About the company:

TripGuru
www.thetripguru.com

Trip Guru is a booking platform that connects travellers via authentic experiences. Its curated group tours appeal to millennial globetrotters in search of social connections and unique activities. The Hong Kong-based travel startup currently operates in 16 destinations within seven countries including Bali, Chiang Mai, Bangkok, Phuket and Ho Chi Minh. Since Trip Guru's launch in April 2017, it has become the preferred travel platform with 1,000+ adventures for over 10,000 independent travelers and discerning explorers.

About the Business Angel Programme:

The British Chamber's Business Angel Programme, launched in late 2007, was the first such initiative to be launched in Hong Kong. Since its inception, the Business Angel committee has reviewed applications from hundreds of enthusiastic Hong Kong entrepreneurs, introducing many of them to a wealth of Angel Investors and Professional Advisors drawn from the membership of the British Chamber. The Business Angel Programme runs a series of events every year, which allows shortlisted candidates to present their business plans in front of a panel of investors and enjoy the opportunity to network and make valuable contacts. The British Chamber Business Angel Programme is sponsored by Baker Tilly Hong Kong and supported by TiE HK and Connect Communication.

For more information visit angel.britcham.com

Tour of Hong Kong's Iconic Container Port Reveals Scale of Operation

20 April 2018

The Chamber's Logistics Committee invited members and guests to visit Hong Kong Container Port, the world's 5th largest, handling over 20 million TEU containers (Twenty-foot Equivalent Units) in 2017.

Hosted by Logistics Committee Chair Mark Millar, this sold-out excursion involved a coach journey – with enlightening and entertaining industry commentary – to Kwai Chung for a behind-the-scenes visit to Hongkong International Terminals Limited (HIT), which handles over half of Hong Kong Port's total container throughput.

HIT's customer service staff Joey Pun and Ivy Li provided an introduction to the container business and explained the cargo dynamics across South China. Using multi-media displays, Joey and Ivy explained the operational flows and demonstrated the important role that technology plays in modern-day port management. Finally, we took a bus tour around the container yard, and saw the enormous scale of these massive container ships.

Established in 1969, Hongkong International Terminals Limited (HIT) operates 12 berths at Terminals 4, 6, 7 and 9 and is part of the Hutchison Ports global network of port and logistics operations.

In Hong Kong, Trade and Logistics – including container shipping – is the largest of the four pillar industries of our economy, representing 22% of GDP and 20% of employment. Globally respected as one of the world's leading maritime clusters with a large, vibrant shipping community, Hong Kong enables 330 container vessel services per week to over 470 destinations around the world. With the newly-dredged 17-metre approach channel, our port can handle the latest 20,000 container capacity mega-vessels, which are 400 metres long and almost 60 metres wide!

Participants in this site visit represented a wide cross section of industry sectors, demonstrating the broad interest in learning more about this iconic container port at the very heart of Hong Kong.

Watch out for the Logistics Committee's behind-the-scenes visit to the airport later this year!

UK Minister Hears of Maritime Challenges and Opportunities Facing Hong Kong

28 May 2018

On Monday, 28 May the Chamber's Logistics Committee met with Ms Nusrat Ghani MP, the Parliamentary Under Secretary of State for Transport and Assistant Government Whip.

The minister is responsible for Maritime and Transport activity, as well as accessibility issues across all transport modes.

Members of the Chamber's Logistics Committee were invited to this private lunch to share insights about maritime challenges and opportunities in Hong Kong and in the UK, as well as broader discussions around the Belt and Road Initiative (BRI) and the Greater Bay Area (GBA).

Also in attendance were representatives from the Hong Kong Ship Owners Association and staff from the Department for Transport in London and DIT in Hong Kong.

SHAKEN NOT STIRRED

Sponsored by Berkeley Group

24 April 2018 – The Pawn, Hong Kong, 62 Johnston Road, Wanchai


Harjit Brown (British Connections) and Dan Healy (Williams Lea Tag)


Colin Bloomfield (British Connections) and Mark Loasby (Connect Communication)


George Henein (IMS), Sheila Dickinson (The Fry Group) and Anastasios Papadopoulos (IMS)


Stephanie Chan and James Sutton (The Fry Group)


Emma Harvey (Gammon Construction) and Helen Cochrane (Meinhardt Infrastructure & Environment)


Fanny Chan (HK Visa Connections), Sunny Davis (UBS) and Naznin Matin (Mizuho Securities Asia)


Andre Kung (Haitong International Securities) and Robbie Maloney (PAD39 Digital)


Colin Bloomfield (British Connections), Robin Sillars (Giles Group) and Andrea Vandermeer


Alun Grassick (Kelly Castles Estates), Jonathan Sykes and William Frisby (Inspiration Asia)


Rachel Mamaradlo (PAD39 Digital) and Ellen Leung (British Chamber of Commerce in Hong Kong)


James Sutton (The Fry Group), Caroline Hibberd (Hogan Lovells) and Stephanie Chan (The Fry Group)


James Sutton (The Fry Group) and Mark Loasby (Connect Communication)

SHAKEN NOT STIRRED

Sponsored by Berkeley Group

31 May 2018 – Porterhouse, 7/F California Tower, Central


Furaya Soki and Trady Mang (Yamato Logistics)


Sean Lai and Danny Harrington (ITS Tutorial School)


Jeremy Newton (Currie & Brown) and Ian Cocking (Clyde & Co)


Nadia Mikhailovna Lanning (AIA), Mark Lanning (Withers) and Frances Moffet-Kouadio (UK Trade & Investment)


Andrew Hall (ITS) and Anthony Bowers (Tallant Asia)


Andrew Seaton (British Chamber of Commerce in Hong Kong) and Timothy Peirson-Smith (Executive Counsel)


Jennifer Tattersall and Silvia To (British Chamber of Commerce in Hong Kong)


Ashley Howlett (Gammon Construction) and Penny Hubbard-Brown (HKUST)


Frances Moffet-Kouadio (UK Trade & Investment), Steve Duckworth (ERM), Danny Harrington (ITS) and Ruth Bailey (SNC Lavalin)


Ryan Ng (atrain) and Robin Sillars (Giles Group)


Mei Yong (Law In Order) and Rafael Dressler (Ardee)


June Hongsuwan (Fulbright Wealth Management), Pearl Ng (Pearly) and Nadia Mikhailovna Lanning (AIA)

Perspectives

In each issue of Britain in Hong Kong, the Chamber checks in with one of its Sterling Members to get a fresh perspective on our local businesses, and a peek into the personalities of our captains of industry.

Gabriel Wong

Head of Corporate Finance & One Belt One Road Leader, PwC China

How's business?

Business is very good these days! I'm responsible for corporate finance and, in particular, for how PwC supports the Belt & Road Initiative (BRI). As businesses become more global and different geographical domains feel closer to each other than they once did, the deal opportunities become more apparent.

What are your plans for the firm in the region this year?

My plan is to develop more cross-border transactions between China and BRI countries. I'm especially focussed on Central and Eastern Europe, South-East Asia, and North-East Africa. These are not investor destinations that many business people know about. But Central and Eastern Europe, for example, offers lots of opportunities as a gateway to the EU.

"My plan is to develop more cross-border transactions between China and BRI countries. I'm especially focussed on Central and Eastern Europe, South-East Asia, and North-East Africa."

What, to your mind, has been the most crucial element in the success of your company over the years?

We are a trusted business advisor that can leverage a highly-connected global network of experts.

What does your work involve personally?

One of the things I love about my work is the opportunity to learn about new markets. In the last eight months I've been to Kazakhstan, Georgia, Serbia, Poland, and the Czech Republic – just to name a few. In the process, I also learn about their history and culture, so there is a lot of personal development as well.

How does the British Chamber of Commerce add value to your business?

I was honoured to be invited to speak about the Belt & Road Initiative at the GREAT Festival of Innovation. The UK has been playing an active role in BRI and the Chamber helps promote that.

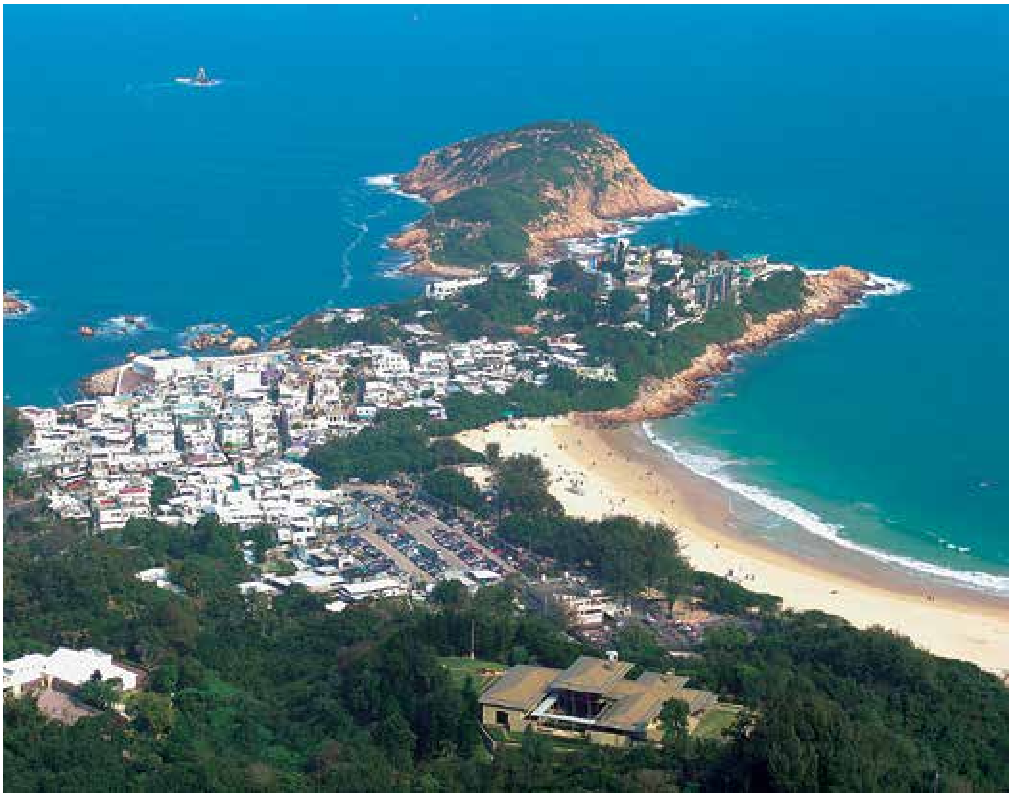
> *One of the things I love about my work is the opportunity to learn about new markets. In the last eight months I've been to Kazakhstan, Georgia, Serbia, Poland, and the Czech Republic – just to name a few.*

How long have you been living in Hong Kong?

I grew up in Hong Kong but I moved to Shanghai in 2001.

What is your favourite place in Hong Kong?

I was born in Aberdeen and I like to be near the sea. For that reason, Stanley is my favourite place.



What would you say is the chief Hong Kong-related issue that takes up a lot of your time at the moment?

I think Hong Kong has a valuable opportunity right now to reposition itself in terms of the role it plays in BRI and, of course, the Greater Bay Area.

What's something you've learned recently that you didn't know before?

I didn't realise how much Central & Eastern Europe had changed in the last two or three decades. I first went to Poland in 1991 and the cities still showed damage from the war. When I visited again last December I found totally different modern cities that have benefitted from a great deal of EU investment.

What is your favourite (non-professional) occupation?

I love sports. In fact, when I was younger I always wanted to be a professional sportsman – ideally a footballer! I used to represent Hong Kong at badminton – my last trophy was in the Men's Doubles at the HK Open in 1986. I still try to play football every Saturday.

What is your most marked characteristic?

I like to think I'm cheerful and sociable, with a good social network. Participating in sports has definitely encouraged that trait.

If you had a motto, what would it be?

Be thankful for your life.

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[1] The Guardian University Guide 2017

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[2] QS World University Rankings 2019

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